

COMMITTEE REPORT

HOUSE

(11)

5/9/85

FURTHER:

Date: _____

The Committee on FINANCE has had HB 247

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

under consideration and recommends:

- 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 Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT
HOUSE

5/9

(7)

FURTHER: FINANCE

4/4/85

Date: _____

The Committee on JUDICIARY has had HB 247

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

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 247 (JUD) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{indivdual} recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

W. G. Hill

Adrian L. Taylor

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Roll & Roll No Rec.

Roll & Roll No Rec.

Roll & Roll No Rec.

W. G. Hill

CHAIRMAN

4/4

COMMITTEE REPORT

HOUSE

JUDICIARY

(7)

FURTHER: FINANCE

2/27/85

Date: April 2, 1985

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 247

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

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 247 (SA) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" ~~NO~~ Fiscal Note Sup 41
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

HURLEY Katie Hurley

M. MILLER Mike Miller

MEMBERS HAVING OTHER RECOMMENDATIONS:

NAVARRE Mike Navarre - no rec

JENKINS Roger L Jenkins No Rec

COLLINS [Signature]

BOUCHER Pat Boucher No Rec

CATO Bette Cato No Rec

Katie Hurley
CHAIRMAN

Bannister

Offered: 5/9/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 247 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill."

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

9 * Section 1. AS 05.15.020 is amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted
11 under this chapter may not be conducted by a municipality or a quali-
12 fied organization, and a raffle may not be conducted by a political
13 organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 * Sec. 2. AS 05.15.020 is amended by adding new subsections to read:

19 (b) An activity permitted under this chapter, except a raffle
20 permitted under AS 05.15.100(c), may be conducted by an operator for a
21 municipality or qualified organization if an annual operator's permit
22 is obtained from the department, a fee of \$200 is paid to the depart-
23 ment, and a bond or other security acceptable to the department is
24 filed with the department in an amount equal to 10 percent of esti-
25 mated gross receipts from all activities to be conducted by the opera-
26 tor in the calendar year. The operator's permit is in addition to the
27 permit required to be obtained by the municipality or qualified orga-
28 nization on whose behalf the operator conducts the activity.

29 (c) An additional fee of one and one-half percent of the gross

1 receipts, less the value of prizes awarded, from an activity permitted
2 under this chapter shall be paid to the department annually by the
3 municipality, qualified organization, or political organization au-
4 thorized to conduct the activity, except that an operator is liable
5 for and shall pay to the department the additional fee for activities
6 conducted by the operator on behalf of a municipality or qualified
7 organization.

8 * Sec. 3. AS 05.15 is amended by adding a new section to read:

9 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
10 or security filed under AS 05.15.020(b) must be made payable to the
11 department and must be conditioned upon payment to the department of
12 the fee required by AS 05.15.020(c) and payment to the authorizing
13 permittee of net proceeds as required by AS 05.15.165(b). If the
14 operator fails to make the required payments, the operator forfeits
15 the bond or security to the department.

16 (b) The amount forfeited under (a) of this section shall be
17 first used to satisfy delinquent fees, interest, and penalties due the
18 department under this chapter. If the amount forfeited is not ex-
19 hausted by payment of delinquent fees, interest, and penalties, the
20 department may use the remaining amount to pay net proceeds due an
21 authorizing permittee. The total amount available for payment of net
22 proceeds shall be prorated among the permittees to whom proceeds are
23 due from that operator.

24 * Sec. 4. 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 for a permit, a qualified organization shall
28 notify the local government of the proposed activity of the applica-
29 tion and the location where the proposed activity will be conducted.

1 (b) Local government approval by resolution is required for
2 three activities: bingo games, pull-tabs, and special-draw games. The
3 commissioner may not issue a permit to a qualified organization for
4 these activities in a jurisdiction that has not approved the activity.
5 The qualified organization shall include evidence of approval with its
6 initial application.

7 (c) A local government may protest issuance of a permit for
8 activities other than those described in (b) of this section, and the
9 renewal of a permit for an activity that requires approval under (b)
10 of this section, by filing with the commissioner a resolution stating
11 the reasons for the protest. A protest may be based on the organiza-
12 tion's lack of qualifications for a permit or a finding that the
13 proposed activity is not in the best interests of the public. The
14 commissioner may consider the protest resolution in the determination
15 to issue or renew a permit.

16 (d) If a permittee changes the location of an activity in the
17 jurisdiction for which a permit has been issued, the permittee shall
18 notify the department and the local government within 30 days after
19 moving to the new location.

20 (e) To conduct an activity in an additional jurisdiction, a
21 permittee shall file an application with the department and shall
22 notify the local government of the proposed activity. An activity may
23 not be conducted in an additional jurisdiction until approval from the
24 commissioner is obtained.

25 (f) The commissioner may limit the locations in which activities
26 under this chapter may be conducted.

27 (g) To conduct an activity at a location that is more than five
28 miles from a local government or that is within the unorganized bor-
29 ough, a qualified organization, in accordance with the procedures

1 established by the commissioner, shall obtain the approval of the
2 commissioner, and is not required to comply with (a) - (e) of this
3 section.

4 * Sec. 5. 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 shall adopt regula-
7 tions necessary to implement this chapter, including regulations on
8 the control and issuance of permits, authorized expenses, investi-
9 gations and audits, recordkeeping and accounting, bond and security
10 forfeiture, prizes, equipment, suspension and revocation of permits
11 and licenses, definition of special-draw games, distribution of pull-
12 tabs, and other matters that the commissioner considers necessary.

13 * Sec. 6. 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, including a political organization and an operator, and
17 the books and records of a person licensed to distribute pull-tab
18 games in the state [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY
19 THE REASONABLE COST OF THE EXAMINATION]. The commissioner may issue
20 subpoenas for the attendance of witnesses and the production of books,
21 records, and other documents.

22 * Sec. 7. AS 05.15.080 is repealed and reenacted to read:

23 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
24 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
25 A municipality or a qualified organization issued a permit to conduct
26 an activity authorized under this chapter shall file a report with the
27 department no later than the last business day of the month following
28 the month in which the activity was conducted. A political organiza-
29 tion that has been issued a permit to conduct a raffle shall file a

1 report with the department no later than the last business day of the
2 month when the raffle was completed. The report must include the type
3 of activity conducted, the date and location of the activity, the
4 amount of gross receipts, the amount of authorized expenses, the value
5 of prizes awarded, the amount of net proceeds, and other information
6 the commissioner may require by regulation.

7 (b) In addition to the reports required by (a) of this section,
8 a municipality, qualified organization, and political organization
9 issued a permit to conduct an activity authorized under this chapter
10 shall file an annual report with the department no later than Janu-
11 ary 31 of the year following the year in which activities were con-
12 ducted, accompanied by the payment of the additional fee required by
13 AS 05.15.020(c). The report must list the types of activities
14 conducted, and, for each activity, the total amount of gross receipts,
15 the total amount of authorized expenses, the total value of prizes
16 awarded, and the total amount of net proceeds. The report must also
17 include the disposition or intended disposition of the net proceeds.
18 If a municipality or qualified organization authorizes an operator to
19 conduct activities on its behalf, it shall include in its annual
20 report each activity conducted on its behalf, the name of the operator
21 conducting the activity, the date and location of each activity, and
22 the net proceeds received from the operator for each activity.

23 * Sec. 8. AS 05.15 is amended by adding a new section to read:

24 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
25 TORS. (a) An operator shall file a report with the department no
26 later than the last business day of the month following the month in
27 which an activity was conducted. For each municipality and qualified
28 organization on whose behalf an activity was conducted, the report
29 must include the date and location of each activity, the type of

1 activity conducted, the amount of gross receipts, the amount of au-
2 thorized expenses, the value of prizes awarded, the amount of net
3 proceeds paid, and other information the commissioner may require by
4 regulation.

5 (b) An operator shall file an annual report with the department
6 no later than January 31 of the year following the year in which
7 activities were conducted, accompanied by the payment of the addition-
8 al fee required by AS 05.15.020(c). The report must list the types of
9 activities conducted, the municipalities and qualified organizations
10 on whose behalf the activities were conducted, the total amount of
11 gross receipts, the total amount of authorized expenses, the total
12 value of prizes awarded, and the total amount of net proceeds paid to
13 each municipality and qualified organization.

14 * Sec. 9. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
16 REPORTS AND PAYMENT OF FEES. (a) The applications and reports re-
17 quired by this chapter must be filed and executed under penalty of
18 perjury and signed by the following, as applicable:

19 (1) a bona fide member in good standing of the qualified
20 organization;

21 (2) a person authorized to sign on behalf of the municipal-
22 ity;

23 (3) the candidate or campaign treasurer of the political
24 organization;

25 (4) the operator; or

26 (5) the person licensed to distribute pull-tab games in the
27 state.

28 (b) Upon a showing of reasonable cause for delay, the commis-
29 sioner may grant an extension, not exceeding 30 days, for the filing

1 of a report required under this chapter. An extension of time for the
2 payment of a fee may not be granted.

3 (c) A permittee may not conduct an activity under this chapter
4 during a period in which a report or fee is delinquent.

5 (d) A delinquent fee bears interest at the rate set by AS 43.-
6 05.225.

7 * Sec. 10. AS 05.15.100(a) is amended to read:

8 (a) The commissioner [OF REVENUE] may issue a permit to a muni-
9 cipality or qualified organization. The permit gives the municipality
10 or organization the privilege of conducting bingo, raffles and lotter-
11 ies, ice classics, rain classics, and dog mushers' contests [, FISH
12 DERBIES AND CONTESTS OF SKILL].

13 * Sec. 11. AS 05.15.100 is amended by adding new subsections to read:

14 (c) The commissioner may issue a permit to conduct a raffle to a
15 political organization. No more than six raffles may be conducted by
16 a political organization in a calendar year. An operator's permit may
17 not be issued under (d) of this section for a raffle permitted under
18 this subsection.

19 (d) The commissioner may issue an operator's permit to a natural
20 person authorized by a municipality or a qualified organization to
21 conduct an activity permitted under this chapter on its behalf. The
22 commissioner may also issue an operator's permit to a municipality or
23 a qualified organization authorized by another municipality or qual-
24 ified organization to conduct an activity on its behalf.

25 * Sec. 12. AS 05.15.120 is amended to read:

26 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant shall be a
27 municipality or qualified organization to be eligible for a permit,
28 except that a raffle permit may be issued to a political organization
29 under AS 05.15.100(c), and an operator's permit may be issued to a

1 natural person under AS 05.15.100(d).

2 * Sec. 13. AS 05.15.140(a) is amended to read:

3 (a) The commissioner [OF REVENUE] may not issue or renew a
4 permit except on [UPON] satisfactory proof that (1) the applicant is a
5 municipality, a [OR] qualified organization, or an operator; (2) the
6 activity may be permitted under this chapter; [,] and (3) the issuance
7 of a permit is not detrimental to the best interests of the public.
8 On [UPON] request of the commissioner [OF REVENUE], the applicant
9 shall prove conclusively each of these requirements before a permit
10 may be issued or renewed.

11 * Sec. 14. AS 05.15.140(b) is amended to read:

12 (b) In an application for a permit, a municipality, a [OR]
13 qualified organization, or an operator shall disclose the name and
14 address of each person responsible for the operation of the activity
15 and whether a [ANY] person named

16 (1) has ever been convicted of a felony or gambling misde-
17 meanor; or

18 (2) has a [PROHIBITED] financial interest [, AS DEFINED IN
19 REGULATIONS ADOPTED BY THE COMMISSIONER,] in the operation of the
20 activity except that an operator may be paid compensation for services
21 rendered.

22 * Sec. 15. AS 05.15.140(c) is repealed and reenacted to read:

23 (c) The commissioner may not issue a permit for an activity that
24 is conducted by

25 (1) an operator who has been convicted of a felony or a
26 gambling misdemeanor or who has a financial interest in the activity
27 other than being paid compensation for services rendered;

28 (2) a person whose name and address must be disclosed under
29 (b) of this section who has been convicted of a felony or gambling

1 misdemeanor or who has a financial interest in the activity other than
2 being paid compensation for services rendered.

3 * Sec. 16. AS 05.15.160 is amended to read:

4 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [NO
5 ITEM OF EXPENSE] may be incurred or paid in connection with the opera-
6 tion of an activity under a permit issued under this chapter are
7 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

10 (2) personal services [RENDERED THAT ARE NOT DIRECTLY OR
11 INDIRECTLY] involved with the operation of the activity, including
12 those [; OR

13 (3) PERSONAL SERVICES INVOLVED WITH THE OPERATION OF THE
14 ACTIVITY PROVIDED THE SERVICES ARE] performed by

15 (A) an employee of the permittee; [MUNICIPALITY, QUALI-
16 FIED ORGANIZATION,] or

17 (B) a consultant hired by the permittee [MUNICIPALITY
18 OR QUALIFIED ORGANIZATION] conducting the activity [AND THE
19 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

20 * Sec. 17. AS 05.15.160 is amended by adding a new subsection to read:

21 (b) The expenses authorized by (a) of this section may not
22 exceed 25 percent of a permittee's annual gross receipts from the
23 authorized activity.

24 * Sec. 18. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
26 qualified organization from activities authorized under this chapter
27 may not be less than 15 percent of the organization's annual gross
28 receipts from the activities.

29 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an

1 activity for more than one authorizing permittee in a 24-hour period.

2 (b) An operator shall pay the authorizing permittee the net
3 proceeds from an activity within 15 calendar days after the date of
4 the activity. The payment shall be made by check, and the operator
5 shall obtain a signed receipt from the authorizing permittee. The
6 authorizing permittee shall keep a copy of the receipt for its re-
7 cords.

8 (c) An authorizing permittee shall designate a representative as
9 its agent to work with the operator. The representative of a quali-
10 fied organization shall be a bona fide member in good standing of the
11 organization. The representative is entitled to access to all books
12 and records of the operator relating to the activity conducted by the
13 operator for the authorizing permittee. The commissioner may order
14 the production of the books and records of an operator if the operator
15 does not voluntarily make them available to the representative.

16 (d) If the department finds that an operator has incurred ex-
17 penses that are not authorized under AS 05.15.160(a), or has incurred
18 expenses in excess of the amount authorized under AS 05.15.160(b), or
19 has paid an authorizing permittee less than the minimum amount of net
20 proceeds required by AS 05.15.163, the department shall order the
21 operator to refund to the authorizing permittee the amount of the
22 unauthorized expenses, or the difference between the minimum amount of
23 net proceeds set under AS 05.15.163 and the amount of the net proceeds
24 actually paid, whichever is greater. The operator shall pay the
25 authorizing permittee interest on the amount ordered to be paid at the
26 rate of 1.5 percent a month for each month or fraction of a month
27 between the date of the activity and the date the refund is made.

28 (e) The name of the operator and the name of each authorizing
29 permittee on whose behalf an activity is conducted must be disclosed

1 in each advertisement of an activity. The operator shall post its
2 operator's permit and a copy of the permit of the authorizing per-
3 mittee at the location of the activity.

4 * Sec. 19. AS 05.15.180(a) is amended to read:

5 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
6 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
7 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
8 STRUMENTS] used, designed, or intended primarily for gaming or gam-
9 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
10 thorized by regulation and used in an activity authorized under this
11 chapter [THE COMMISSIONER].

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

13 Sec. 05.15.185. PULL-TAB GAMES. (a) A person may not dis-
14 tribute pull-tab games to another person in this state for use within
15 this state, unless the person first obtains a license from the commis-
16 sioner authorizing that person to distribute pull-tab games in the
17 state.

18 (b) All pull-tabs distributed in the state by a person licensed
19 by the commissioner shall be numbered, and each set of pull-tabs shall
20 be sealed and marked with a numbered label purchased by the licensee
21 from the department.

22 (c) A person licensed under this section may distribute pull-tab
23 games only to a municipality or a qualified organization that has
24 obtained a permit authorizing it to conduct a pull-tab game under this
25 chapter.

26 (d) A person licensed by the commissioner to distribute pull-tab
27 games in the state shall

28 (1) pay an annual fee of \$1000; and

29 (2) report, as required by the commissioner, for all pull-

1 tab games distributed in the state, the name of the permittee to whom
2 the games are distributed, the numbers on the pull-tabs, and the
3 number on the label marking each set of pull-tabs.

4 (e) The commissioner may suspend or revoke a license issued
5 under this section if the licensee fails to comply with the require-
6 ments of this section.

7 (f) In this section, "distribute" means to sell, distribute,
8 furnish, or supply.

9 * Sec. 21. AS 05.15.200(b) is repealed and reenacted to read:

10 (b) If a person wilfully makes and signs an application, report
11 or other document required under this chapter that contains a written
12 declaration that it is made under the penalty of perjury and the
13 person does not believe the declaration to be true, the person is
14 guilty of perjury.

15 * Sec. 22. AS 05.15.210(6) is amended to read:

16 (6) "dog mushers' contest" means a game of chance [CONTEST]
17 in which prizes are awarded for the correct guess of the racing time
18 of a dog team or of team position in the race [, INCLUDING PRIZES TO
19 THE RACE CONTESTANTS];

20 * Sec. 23. AS 05.15.210(12) is amended to read:

21 (12) "ice classic" means a game of chance in which a prize
22 of money is awarded for the closest guess of the time the ice moves in
23 a body of water or watercourse in the state [AND IS LIMITED TO THE
24 NENANA AND CHENA ICE POOLS IN THE SAME MANNER AS THEY WERE CONDUCTED
25 IN 1959 AND PREVIOUS YEARS];

26 * Sec 24. AS 05.15.210(15) is repealed and reenacted to read:

27 (15) "net proceeds" means the gross receipts from an autho-
28 rized activity less the fee described in AS 05.15.020(c), the expenses
29 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

1 * Sec. 25. AS 05.15.210(18) is repealed and reenacted to read:

2 (18) "political organization" means a candidate who, or a
3 group that, has registered and filed with the Alaska Public Offices
4 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
5 for nomination or election to the Presidency or the Vice-Presidency of
6 the United States or the U.S. Congress, or an authorized committee of
7 a candidate for national office;

8 * Sec. 26. AS 05.15.210(19) is repealed and reenacted to read:

9 (19) "qualified organization" means a domestic corporation
10 organized under AS 10.20 that has been in existence for three years
11 after the issuance of its certificate of incorporation, a religious
12 corporation formed under AS 10.40 that has been in existence for three
13 years after the date of filing its articles of incorporation, a labor
14 organization that has been in existence for three years, or a politi-
15 cal party as defined in AS 15.60.010;

16 * Sec. 27. AS 05.15.210(20) is amended to read:

17 (20) "raffle and lottery" means the selling of rights to
18 participate, and the awarding of prizes [, IN THE SPECIFIED KINDS OF
19 GAMES OF CHANCE SOMETIMES KNOWN AS PULL-TAB GAMES IN WHICH THE PRICE
20 OF EACH CHANCE IS \$2 OR LESS AND] in the specified kind of game of
21 chance sometimes known as a raffle or lottery, conducted by the draw-
22 ing for prizes by chance;

23 * Sec. 28. AS 05.15.210 is amended by adding new paragraphs to read:

24 (24) "authorizing permittee" means a municipality or qual-
25 ified organization that authorizes an operator to conduct on its
26 behalf an activity subject to this chapter;

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

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

29 (27) "established village" means an unincorporated community

1 where 25 or more people reside permanently as a social unit;

2 (28) "local government" means an established village or
3 municipality, except for the unorganized borough, that covers or is
4 within five miles of the site of an activity that is the subject of a
5 permit or application for a permit under this chapter;

6 (29) "operator" means a natural person who, or a municipal-
7 ity or qualified organization that, has obtained a permit authorizing
8 it to operate an activity subject to this chapter on behalf of another
9 permittee;

10 (30) "pull-tab game" means a game of chance where a card,
11 the face of which is covered to conceal a number, symbol, or set of
12 symbols, is purchased by the participant for a price of \$2 or less and
13 where a prize is awarded for a card containing certain numbers or
14 symbols designated in advance and at random.

15 * Sec. 29. AS 05.15.180(b), 05.15.210(2), (3), (4), (5), (7), (8), (9),
16 (10), (17), (22), and (23) are repealed.

Offered: 4/4/85
Referred: Judiciary and
Finance

Permitter

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 247 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST 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 amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted
11 under this chapter may not be conducted by a municipality or a quali-
12 fied organization, and a raffle may not be conducted by a political
13 organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 * Sec. 2. AS 05.15.020 is amended by adding new subsections to read:

19 (b) An activity permitted under this chapter, except a raffle
20 permitted under AS 05.15.100(c), may be conducted by an operator for a
21 municipality or qualified organization if an annual operator's permit
22 is obtained from the department, a fee of \$200 is paid to the depart-
23 ment, and a bond or other security acceptable to the department is
24 filed with the department in an amount equal to 10 percent of esti-
25 mated gross receipts from all activities to be conducted by the opera-
26 tor in the calendar year. The operator's permit is in addition to the
27 permit required to be obtained by the municipality or qualified orga-
28 nization on whose behalf the operator conducts the activity.

29 (c) An additional fee of one and one-half percent of the gross

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1 receipts, less the value of prizes awarded, from an activity permitted
2 under this chapter shall be paid to the department annually by the
3 municipality, qualified organization, or political organization au-
4 thorized to conduct the activity, except that an operator is liable
5 for and shall pay to the department the additional fee for activities
6 conducted by the operator on behalf of a municipality or qualified
7 organization.

8 * Sec. 3. AS 05.15 is amended by adding a new section to read:

9 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
10 or security filed under AS 05.15.020(b) must be made payable to the
11 Department of Revenue and must be conditioned upon payment to the
12 department of the fee required by AS 05.15.020(c) and payment to the
13 authorizing permittee of net proceeds as required by AS 05.15.165(b).
14 If the operator fails to make the required payments, the operator
15 forfeits the bond or security to the department.

16 (b) The amount forfeited under (a) of this section shall be
17 first used to satisfy delinquent fees, interest, and penalties due the
18 department under this chapter. If the amount forfeited is not ex-
19 hausted by payment of delinquent fees, interest, and penalties, the
20 department may use the remaining amount to pay net proceeds due an
21 authorizing permittee. The total amount available for payment of net
22 proceeds shall be prorated among the permittees to whom proceeds are
23 due from that operator.

24 * Sec. 4. 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 for a permit, a qualified organization shall
28 notify the local government nearest to the location of the proposed
29 activity of the application and the location where the proposed

1 activity will be conducted.

2 (b) Local government approval by resolution is required for
3 three activities: bingo games, pull-tabs, and special-draw games. The
4 commissioner may not issue a permit to a qualified organization for
5 these activities in a jurisdiction that has not approved the activity.
6 The qualified organization shall include evidence of approval with its
7 initial application.

8 (c) A local government may protest issuance of a permit for
9 activities other than those described in (b) of this section, and the
10 renewal of a permit for an activity that requires approval under (b)
11 of this section, by filing with the commissioner a resolution stating
12 the reasons for the protest. A protest may be based on the organiza-
13 tion's lack of qualifications for a permit or a finding that the
14 proposed activity is not in the best interests of the public. The
15 commissioner may consider the protest resolution in the determination
16 to issue or renew a permit.

17 (d) If a permittee changes the location of an activity in the
18 jurisdiction for which a permit has been issued, the permittee shall
19 notify the department and the local government within 30 days after
20 moving to the new location.

21 (e) To conduct an activity in an additional jurisdiction, a
22 permittee shall file an application with the department and shall
23 notify the local government nearest the location of the proposed
24 activity. An activity may not be conducted in an additional jurisdic-
25 tion until approval from the commissioner is obtained.

26 (f) The commissioner may limit the locations in which activities
27 under this chapter may be conducted.

28 (g) To conduct an activity at a location that is more than five
29 miles from the nearest local government or that is within the

1 unorganized borough, a qualified organization, in accordance with the
2 procedures established by the commissioner of revenue, shall obtain
3 the approval of the commissioner of revenue, and is not required to
4 comply with the requirements of (a) - (e) of this section.

5 * Sec. 5. AS 05.15.060 is repealed and reenacted to read:

6 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
7 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
8 regulations necessary to implement this chapter, including regulations
9 on the control and issuance of permits, authorized expenses, investi-
10 gations and audits, recordkeeping and accounting, bond and security
11 forfeiture, prizes, equipment, suspension and revocation of permits
12 and licenses, definition of special-draw games, distribution of pull-
13 tabs, and other matters that the commissioner considers necessary.

14 * Sec. 6. AS 05.15.070 is amended to read:

15 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
16 The commissioner may examine or have examined the books and records of
17 a permittee, including a political organization and an operator, and
18 the books and records of a person licensed to distribute pull-tab
19 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
20 PAY THE REASONABLE COST OF THE EXAMINATION]. The commissioner may
21 issue subpoenas for the attendance of witnesses and the production of
22 books, records, and other documents.

23 * Sec. 7. AS 05.15.080 is repealed and reenacted to read:

24 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
25 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
26 A municipality, qualified organization, and political organization
27 issued a permit to conduct an activity authorized under this chapter
28 shall file a report with the department no later than the last busi-
29 ness day of the month following the month in which the activity was

1 conducted. The report must include the type of activity conducted,
2 the date and location of the activity, the amount of gross receipts,
3 the amount of authorized expenses, the value of prizes awarded, the
4 amount of net proceeds, and other information the commissioner may
5 require by regulation.

6 (b) In addition to the reports required by (a) of this section,
7 a municipality, qualified organization, and political organization
8 issued a permit to conduct an activity authorized under this chapter
9 shall file an annual report with the department no later than
10 January 31 of the year following the year in which activities were
11 conducted, accompanied by the payment of the additional fee required
12 by AS 05.15.020(c). The report must list the types of activities
13 conducted, and, for each activity, the total amount of gross receipts,
14 the total amount of authorized expenses, the total value of prizes
15 awarded, and the total amount of net proceeds. The report must also
16 include the disposition or intended disposition of the net proceeds.
17 If a municipality or qualified organization authorizes an operator to
18 conduct activities on its behalf, it shall include in its annual
19 report each activity conducted on its behalf, the name of the operator
20 conducting the activity, the date and location of each activity, and
21 the net proceeds received from the operator for each activity.

22 * Sec. 8. AS 05.15 is amended by adding a new section to read:

23 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
24 TORS. (a) An operator shall file a report with the department no
25 later than the last business day of the month following the month in
26 which an activity was conducted. For each municipality and qualified
27 organization on whose behalf an activity was conducted, the report
28 must include the date and location of each activity, the type of
29 activity conducted, the amount of gross receipts, the amount of

1 authorized expenses, the value of prizes awarded, the amount of net
2 proceeds paid, and other information the commissioner may require by
3 regulation.

4 (b) An operator shall file an annual report with the department
5 no later than January 31 of the year following the year in which
6 activities were conducted, accompanied by the payment of the addition-
7 al fee required by AS 05.15.020(c). The report must list the types of
8 activities conducted, the municipalities and qualified organizations
9 on whose behalf the activities were conducted, the total amount of
10 gross receipts, the total amount of authorized expenses, the total
11 value of prizes awarded, and the total amount of net proceeds paid to
12 each municipality and qualified organization.

13 * Sec. 9. AS 05.15 is amended by adding a new section to read:

14 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
15 REPORTS AND PAYMENT OF FEES. (a) The applications and reports re-
16 quired by this chapter must be filed under penalty of perjury and
17 signed by the following, as applicable:

18 (1) a bona fide member in good standing of the qualified
19 organization;

20 (2) a person authorized to sign on behalf of the municipal-
21 ity;

22 (3) the campaign treasurer of the political organization;

23 (4) the operator; or

24 (5) the person licensed to distribute pull-tab games in the
25 state.

26 (b) Upon a showing of reasonable cause for delay, the commis-
27 sioner may grant an extension, not exceeding 30 days, for the filing
28 of a report required under this chapter. An extension of time for the
29 payment of a fee may not be granted.

1 (c) A permittee may not conduct an activity under this chapter
2 during a period in which a report or fee is delinquent.

3 (d) A delinquent fee bears interest at the rate set by AS 43.-
4 05.225.

5 * Sec. 10. AS 05.15.100(a) is amended to read:

6 (a) The commissioner of revenue may issue a permit to a municipi-
7 pality or qualified organization. The permit gives the municipality
8 or organization the privilege of conducting bingo, raffles and lotter-
9 ies, ice classics, rain classics, and dog mushers' contests [, FISH
10 DERBIES AND CONTESTS OF SKILL].

11 * Sec. 11. AS 05.15.100 is amended by adding new subsections to read:

12 (c) The commissioner may issue a permit to conduct a raffle to a
13 political organization. No more than three raffles may be conducted
14 by a political organization in a calendar year. An operator's permit
15 may not be issued under (d) of this section for a raffle permitted
16 under this subsection.

17 (d) The commissioner may issue an operator's permit to a natural
18 person authorized by a municipality or a qualified organization to
19 conduct an activity permitted under this chapter on its behalf. The
20 commissioner may also issue an operator's permit to a municipality or
21 a qualified organization authorized by another municipality or qual-
22 ified organization to conduct an activity on its behalf.

23 * Sec. 12. AS 05.15.120 is amended to read:

24 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant shall be a
25 municipality or qualified organization to be eligible for a permit,
26 except that a raffle permit may be issued to a political organization
27 under AS 05.15.100(c), and an operator's permit may be issued to a
28 natural person under AS 05.15.100(d).

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

1 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [NO
2 ITEM OF EXPENSE] may be incurred or paid in connection with the opera-
3 tion of an activity under a permit issued under this chapter are
4 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

7 (2) personal services [RENDERED THAT ARE NOT DIRECTLY OR
8 INDIRECTLY] involved with the operation of the activity , including
9 those [; OR

10 (3) PERSONAL SERVICES INVOLVED WITH THE OPERATION OF THE
11 ACTIVITY PROVIDED THE SERVICES ARE] performed by

12 (A) an employee of the permittee; [MUNICIPALITY, QUALI-
13 FIED ORGANIZATION,] or

14 (B) a consultant hired by the permittee [MUNICIPALITY
15 OR QUALIFIED ORGANIZATION] conducting the activity [AND THE
16 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

17 * Sec. 14. AS 05.15.160 is amended by adding a new subsection to read:

18 (b) The expenses authorized by (a) of this section may not
19 exceed 25 percent of a permittee's annual gross receipts from the
20 authorized activity.

21 * Sec. 15. AS 05.15 is amended by adding new sections to read:

22 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
23 qualified organization from activities authorized under this chapter
24 may not be less than 25 percent of the organization's annual gross
25 receipts from the activities.

26 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an
27 activity for more than one authorizing permittee in a 24-hour period.

28 (b) An operator shall pay the authorizing permittee the net
29 proceeds from an activity within 15 calendar days after the date of

1 the activity. The payment shall be made by check, and the operator
2 shall obtain a signed receipt from the authorizing permittee. The
3 authorizing permittee shall keep a copy of the receipt for its re-
4 cords.

5 (c) An authorizing permittee shall designate a representative as
6 its agent to work with the operator. The representative of a quali-
7 fied organization shall be a bona fide member in good standing of the
8 organization. The representative is entitled to access to all books
9 and records of the operator relating to the activity conducted by the
10 operator for the authorizing permittee. The commissioner may order
11 the production of the books and records of an operator if the operator
12 does not voluntarily make them available to the representative.

13 (d) If the department finds that an operator has incurred ex-
14 penses that are not authorized under AS 05.15.160(a), or has incurred
15 expenses in excess of the amount authorized under AS 05.15.160(b), or
16 has paid an authorizing permittee less than the minimum amount of net
17 proceeds required by AS 05.15.163, the department shall order the
18 operator to refund to the authorizing permittee the amount of the
19 unauthorized expenses, or the difference between the minimum amount of
20 net proceeds set under AS 05.15.163 and the amount of the net proceeds
21 actually paid, whichever is greater. The operator shall pay the
22 authorizing permittee interest on the amount ordered to be paid at the
23 rate of 1.5 percent a month for each month or fraction of a month
24 between the date of the activity and the date the refund is made.

25 (e) The name of the operator and the name of each authorizing
26 permittee on whose behalf an activity is conducted must be disclosed
27 in each advertisement of an activity. The operator shall post its
28 operator's permit and a copy of the permit of the authorizing per-
29 mittee at the location of the activity.

1 * Sec. 16. AS 05.15.180(a) is amended to read:

2 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
3 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
4 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
5 STRUMENTS] used, designed, or intended primarily for gaming or gam-
6 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
7 thorized by regulation and used in an activity authorized under this
8 chapter [THE COMMISSIONER].

9 * Sec. 17. AS 05.15 is amended by adding a new section to read:

10 Sec. 05.15.185. PULL-TAB GAMES. (a) A person may not dis-
11 tribute pull-tab games to another person in this state for use within
12 this state, unless the person first obtains a license from the commis-
13 sioner authorizing that person to distribute pull-tab games in the
14 state.

15 (b) All pull-tabs distributed in the state by a person licensed
16 by the commissioner shall be numbered, and each set of pull-tabs shall
17 be sealed and marked with a numbered label purchased by the licensee
18 from the department.

19 (c) A person licensed under this section may distribute pull-tab
20 games only to a municipality or a qualified organization that has
21 obtained a permit authorizing it to conduct a pull-tab game under this
22 chapter.

23 (d) A person licensed by the commissioner to distribute pull-tab
24 games in the state shall

25 (1) pay an annual fee of \$200; and

26 (2) report, as required by the commissioner, for all pull-
27 tab games distributed in the state, the name of the permittee to whom
28 the games are distributed, the numbers on the pull-tabs, and the
29 number on the label marking each set of pull-tabs.

1 (e) The commissioner may suspend or revoke a license issued
2 under this section if the licensee fails to comply with the require-
3 ments of this section.

4 (f) In this section, "distribute" means to sell, distribute,
5 furnish, or supply.

6 * Sec. 18. AS 05.15.200 is amended by adding a new subsection to read:

7 (c) The commissioner may assess a penalty in the amount pre-
8 scribed by AS 43.05.220(a) if a permittee, including a political
9 organization and an operator, fails to pay the fee as required by
10 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
11 that the failure was due to a reasonable cause.

12 * Sec. 19. AS 05.15.210(6) is amended to read:

13 (6) "dog mushers' contest" means a game of chance [CONTEST]
14 in which prizes are awarded for the correct guess of the racing time
15 of a dog team or of team position in the race [, INCLUDING PRIZES TO
16 THE RACE CONTESTANTS];

17 * Sec. 20. AS 05.15.210(12) is amended to read:

18 (12) "ice classic" means a game of chance in which a prize
19 of money is awarded for the closest guess of the time the ice moves in
20 a body of water or watercourse in the state [AND IS LIMITED TO THE
21 NENANA AND CHENA ICE POOLS IN THE SAME MANNER AS THEY WERE CONDUCTED
22 IN 1959 AND PREVIOUS YEARS];

23 * Sec. 21. AS 05.15.210(15) is repealed and reenacted to read:

24 (15) "net proceeds" means the gross receipts from an autho-
25 rized activity less the fee described in AS 05.15.020(c), the expenses
26 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

27 * Sec. 22. AS 05.15.210(18) is amended to read:

28 (18) "political organization" means a candidate who, or a
29 group that, has registered and filed with the Alaska Public Offices

1 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
2 for nomination or election to the Presidency or the Vice-Presidency of
3 the United States or the U.S. Congress, or an authorized committee of
4 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
5 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
6 AS 15.60.010];

7 * Sec. 23. AS 05.15.210(19) is amended to read:

8 (19) "qualified organization" means a domestic corporation
9 organized under AS 10.20 that has been in existence for three years
10 after the date of issuance of a certificate of authority issued under
11 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
12 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
13 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
14 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
15 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
16 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
17 BEEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
18 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
19 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

20 * Sec. 24. AS 05.15.210 is amended by adding new paragraphs to read:

21 (24) "authorizing permittee" means a municipality or qual-
22 ified organization that authorizes an operator to conduct on its
23 behalf an activity subject to this chapter;

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

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

26 (27) "operator" means a natural person who, or a municipal-
27 ity or qualified organization that, has obtained a permit authorizing
28 it to operate an activity, subject to this chapter, on behalf of
29 another permittee.

1 * Sec. 25. AS 43.05.290(d) is amended to read:

2 (d) A person who wilfully makes and subscribes a return or other
3 document required under AS 05.15 or under this title that [WHICH]
4 contains or is verified by a written declaration that it is made under
5 the penalties of perjury that [WHICH] the person does not believe to
6 be true and correct as to every material matter is, in addition to
7 other penalties provided by that chapter or this title, whichever is
8 applicable, guilty of a felony and, upon conviction, punishable by a
9 fine of not more than \$25,000, or by imprisonment for not more than
10 three years, or by both.

11 * Sec. 26. AS 05.15.180(b); 05.15.200(b); 05.15.210(2), (3), (4), (5),
12 (7), (8), (9), (10), (13), (17), (22), and (23) are repealed.

13 * Sec. 27. This Act takes effect July 1, 1985.
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Introduced: 2/27/85
Referred: State Affairs,
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 247

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST 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 amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) An activity per-
11 mitted under this chapter may not be conducted by a municipality or a
12 qualified organization, and a raffle may not be conducted by a politi-
13 cal organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 (b) An activity permitted under this chapter, except a raffle
19 permitted under AS 05.15.100(c), may be conducted by an operator for a
20 municipality or qualified organization if an annual operator's permit
21 issued by the department is obtained, a fee of \$200 is paid to the
22 department, and a bond or other security acceptable to the department
23 is filed with the department in an amount equal to 10 percent of
24 estimated gross receipts from all activities to be conducted by the
25 operator in the calendar year. The operator's permit is in addition
26 to the permit required to be obtained by the municipality or qualified
27 organization on whose behalf the operator conducts the activity.

28 (c) An additional fee of one and one-half percent of the gross
29 receipts, less the value of prizes awarded, from an activity permitted

COMMITTEE COPY

1 under this chapter must be paid to the department annually by the
2 municipality, qualified organization, or political organization au-
3 thorized to conduct the activity, except that an operator is liable
4 for and must pay to the department the additional fee for activities
5 conducted by the operator on behalf of a municipality or qualified
6 organization.

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

8 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
9 or security filed under AS 05.15.020(b) must be made payable to the
10 Department of Revenue and must be conditioned upon payment to the
11 department of the fee required by AS 05.15.020(c) and payment to the
12 authorizing permittee of net proceeds as required by AS 05.15.165(b).
13 If the operator fails to make the required payments, the operator
14 forfeits the bond or security to the department.

15 (b) The amount forfeited under (a) of this section must be first
16 used to satisfy delinquent fees, interest, and penalties due the
17 department under this chapter. If the amount forfeited is not ex-
18 hausted by payment of delinquent fees, interest, and penalties, the
19 department may use the remaining amount to pay net proceeds due an
20 authorizing permittee. The total amount available for payment of net
21 proceeds must be prorated among the permittees to whom proceeds are
22 due from that operator.

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

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

1 (b) Local government approval by resolution is required for
2 three activities: bingo games, pull-tabs, and special-draw games. The
3 commissioner may not issue a permit to a qualified organization for
4 these activities in a jurisdiction that has not approved the activity.
5 Evidence of approval must be included with the initial application.

6 (c) A local government may protest issuance of a permit for
7 activities other than those described in (b) of this section, and the
8 renewal of a permit for an activity for which approval is required
9 under (b) of this section, by filing with the commissioner a resolu-
10 tion stating the reasons for the protest. A protest may be based on
11 the organization's lack of qualifications for a permit or a finding
12 that the proposed activity is not in the best interests of the public.
13 The commissioner may consider the protest resolution in the determina-
14 tion to issue or renew a permit.

15 (d) If a permittee changes the location of an activity in the
16 jurisdiction for which a permit has been issued, the permittee shall
17 notify the department and the local government within 30 days after
18 moving to the new location.

19 (e) To conduct an activity in an additional jurisdiction, a
20 permittee shall file an application with the department and shall
21 notify the local government nearest the location of the proposed
22 activity. An activity may not be conducted in an additional jurisdic-
23 tion until approval from the commissioner is obtained.

24 (f) The commissioner may limit the locations in which activities
25 under this chapter may be conducted.

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

27 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
28 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
29 regulations necessary to implement this chapter, including regulations

1 on the control and issuance of permits, authorized expenses, investi-
2 gations and audits, recordkeeping and accounting, bond and security
3 forfeiture, prizes, equipment, suspension and revocation of permits
4 and licenses, definition of special-draw games, distribution of pull-
5 tabs, and other matters that the commissioner considers necessary.

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

7 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
8 The commissioner may examine or have examined the books and records of
9 a permittee, including a political organization and an operator, and
10 the books and records of a person licensed to distribute pull-tab
11 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
12 PAY THE REASONABLE COST OF THE EXAMINATION.] The commissioner may
13 issue subpoenas for the attendance of witnesses and the production of
14 books, records, and other documents.

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

16 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
17 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
18 A municipality, qualified organization, and political organization
19 issued a permit to conduct an activity authorized under this chapter
20 shall file a report with the department no later than the last busi-
21 ness day of the month following the month in which the activity was
22 conducted. The report must include the type of activity conducted,
23 the date and location of the activity, the amount of gross receipts,
24 the amount of authorized expenses, the value of prizes awarded, the
25 amount of net proceeds, and other information the commissioner may
26 require by regulation.

27 (b) In addition to the reports required by (a) of this section,
28 a municipality, qualified organization, and political organization
29 issued a permit to conduct an activity authorized under this chapter

1 shall file an annual report with the department no later than
2 January 31 of the year following the year in which activities were
3 conducted, accompanied by the payment of the additional fee required
4 by AS 05.15.020(c). The report must list the types of activities
5 conducted, and, for each activity, the total amount of gross receipts,
6 the total amount of authorized expenses, the total value of prizes
7 awarded, and the total amount of net proceeds. The report must also
8 include the disposition or intended disposition of the net proceeds.
9 If a municipality or qualified organization authorizes an operator to
10 conduct activities on its behalf, it shall include in its annual
11 report each activity conducted on its behalf, the name of the operator
12 conducting the activity, the date and location of each activity, and
13 the net proceeds received from the operator for each activity.

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

15 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
16 TORS. (a) An operator shall file a report with the department no
17 later than the last business day of the month following the month in
18 which an activity was conducted. For each municipality and qualified
19 organization on whose behalf an activity was conducted, the report
20 must include the date and location of each activity, the type of
21 activity conducted, the amount of gross receipts, the amount of au-
22 thorized expenses, the value of prizes awarded, the amount of net
23 proceeds paid, and other information the commissioner may require by
24 regulation.

25 (b) An operator shall file an annual report with the department
26 no later than January 31 of the year following the year in which
27 activities were conducted, accompanied by the payment of the addition-
28 al fee required by AS 05.15.020(c). The report must list the types of
29 activities conducted, the municipalities and qualified organizations

1 on whose behalf the activities were conducted, the total amount of
2 gross receipts, the total amount of authorized expenses, the total
3 value of prizes awarded, and the total amount of net proceeds paid to
4 each municipality and qualified organization.

5 * Sec. 8. AS 05.15 is amended by adding a new section to read:

6 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
7 REPORTS AND PAYMENT OF FEES. (a) The applications and reports
8 required by this chapter must be filed under penalty of perjury and
9 signed by the following, as applicable: (1) a bona fide member in good
10 standing of the qualified organization, (2) a person authorized to
11 sign on behalf of the municipality, (3) the campaign treasurer of the
12 political organization, (4) the operator, or (5) the person licensed
13 to distribute pull-tab games in the state.

14 (b) Upon a showing of reasonable cause for delay, the commis-
15 sioner may grant an extension, not exceeding 30 days, for the filing
16 of a report required under this chapter. No extension of time for the
17 payment of a fee may be granted.

18 (c) A permittee may not conduct an activity under this chapter
19 during any period in which a report or fee is delinquent.

20 (d) A delinquent fee bears interest at the rate set by AS 43.-
21 05.225.

22 * Sec. 9. AS 05.15.100 is amended to read:

23 Sec. 05.15.100. COMMISSIONER OF REVENUE MAY ISSUE PERMITS. (a)
24 The commissioner of revenue may issue a permit to a municipality or
25 qualified organization. The permit gives the municipality or orga-
26 nization the privilege of conducting bingo, raffles and lotteries, ice
27 classics, rain classics, and dog mushers' contests[, FISH DERBIES AND
28 CONTESTS OF SKILL].

29 (b) The commissioner of revenue also may issue a permit giving a

1 municipality or qualified organization the privilege of conducting an
2 activity involving the use of playing cards, dice, and numbers wheels.
3 Each year, a municipality or qualified organization may apply for a
4 permit under this subsection for either a single event lasting no more
5 than three consecutive days, or for no more than three events lasting
6 no more than one day each.

7 (c) The commissioner may issue a permit to conduct a raffle to a
8 political organization. No more than three raffles may be conducted
9 by a political organization in a calendar year. An operator's permit
10 may not be issued under (d) of this section for a raffle permitted
11 under this subsection.

12 (d) The commissioner may issue an operator's permit to a natural
13 person authorized by a municipality or a qualified organization to
14 conduct an activity permitted under this chapter on its behalf. The
15 commissioner may also issue an operator's permit to a municipality or
16 a qualified organization authorized by another municipality or qual-
17 ified organization to conduct an activity on its behalf.

18 * Sec. 10. AS 05.15.120 is amended to read:

19 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant must
20 [SHALL] be a municipality or qualified organization to be eligible for
21 a permit, except that a raffle permit may be issued to a political
22 organization under AS 05.15.100(c), and an operator's permit may be
23 issued to a natural person under AS 05.15.100(d).

24 * Sec. 11. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. (a) The only expenses
26 that [NO ITEM OF EXPENSE] may be incurred or paid in connection with
27 the operation of an activity under a permit issued under this chapter
28 are [EXCEPT FOR] bona fide expenses reasonably necessary for

29 (1) goods, wares, and merchandise necessary for the

1 operation of the activity;

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

4 (3) personal services involved with the operation of the
5 activity, if [PROVIDED] the services are performed by (A) an employee
6 of the permittee; [MUNICIPALITY, QUALIFIED ORGANIZATION,] or (B) a
7 consultant hired by the permittee [MUNICIPALITY OR QUALIFIED ORGANI-
8 ZATION] conducting the activity, and the consultant is not directly
9 involved in the operation of the activity [AND THE COMPENSATION IS NOT
10 RELATED TO THE RECEIPTS FROM THE ACTIVITY].

11 (b) The expenses authorized by (a) of this section may not
12 exceed 25 percent of a permittee's annual gross receipts from the
13 authorized activity.

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

15 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
16 qualified organization from activities authorized under this chapter
17 may not be less than 25 percent of the organization's annual gross
18 receipts from the activities.

19 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an
20 activity for more than one authorizing permittee in a 24-hour period.

21 (b) An operator is required to pay the authorizing permittee the
22 net proceeds from an activity within 15 calendar days after the date
23 of the activity. The payment must be made by check, and the operator
24 shall obtain a signed receipt from the authorizing permittee. The
25 authorizing permittee shall keep a copy of the receipt for its re-
26 cords.

27 (c) An authorizing permittee shall designate a representative as
28 its agent to work with the operator. The representative of a quali-
29 fied organization must be a bona fide member in good standing of the

1 organization. The representative is entitled to access to all books
2 and records of the operator relating to the activity conducted by the
3 operator for the authorizing permittee. The commissioner may order
4 the production of the books and records of an operator if the operator
5 does not voluntarily make them available to the representative.

6 (d) If the department finds that an operator has incurred ex-
7 penses that are not authorized under AS 05.15.160(a), or has incurred
8 expenses in excess of the amount authorized under AS 05.15.160(b), or
9 has paid an authorizing permittee less than the minimum amount of net
10 proceeds required by AS 05.15.163, the department shall order the
11 operator to refund to the authorizing permittee the amount of the
12 unauthorized expenses, or the difference between the minimum amount of
13 net proceeds set under AS 05.15.163 and the amount of the net proceeds
14 actually paid, whichever is greater. The operator shall pay the
15 authorizing permittee interest on the amount ordered to be paid at the
16 rate of 1.5 percent a month for each month or fraction of a month
17 between the date of the activity and the date the refund is made.

18 (e) The name of the operator and the name of each authorizing
19 permittee on whose behalf an activity is conducted must be disclosed
20 in each advertisement of an activity. The operator shall post its
21 operator's permit and a copy of the permit of the authorizing per-
22 mittee at the location of the activity.

23 * Sec. 13. AS 05.15.180(a) is amended to read:

24 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
25 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
26 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
27 STRUMENTS] used, designed, or intended primarily for gaming or gam-
28 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
29 thorized by regulation and used in an activity authorized under this

1 chapter [THE COMMISSIONER].

2 * Sec. 14. AS 05.15 is amended by adding a new section to read:

3 Sec. 05.15.185. PULL-TAB GAMES. (a) No person may distribute
4 pull-tab games to another person in this state for use within this
5 state, unless the person first obtains a license from the commissioner
6 authorizing that person to distribute pull-tab games in the state.

7 (b) All pull-tabs distributed in the state by a person licensed
8 by the commissioner must be numbered, and each set of pull-tabs must
9 be sealed and marked with a numbered label purchased by the licensee
10 from the department.

11 (c) A person licensed under this section is authorized to dis-
12 tribute pull-tab games only to a municipality or a qualified orga-
13 nization that has obtained a permit authorizing it to conduct a pull-
14 tab game under this chapter.

15 (d) A person licensed by the commissioner to distribute pull-tab
16 games in the state shall (1) pay an annual fee of \$100; and (2) re-
17 port, as required by the commissioner, for all pull-tab games distri-
18 buted in the state, the name of the permittee to whom the games are
19 distributed, the numbers on the pull-tabs, and the number on the label
20 marking each set of pull-tabs.

21 (e) The commissioner may suspend or revoke a license issued
22 under this section if the licensee fails to comply with the require-
23 ments of this section.

24 (f) In this section, "distribute" means to sell, distribute,
25 furnish, or supply.

26 * Sec. 15. AS 05.15.200 is amended by adding a new subsection to read:

27 (c) The commissioner may assess a penalty in the amount pre-
28 scribed by AS 43.05.220(a) if a permittee, including a political
29 organization and an operator, fails to pay the fee as required by

1 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
2 that the failure was due to a reasonable cause.

3 * Sec. 16. AS 05.15.210(6) is amended to read:

4 (6) "dog mushers' contest" means a game of chance [CONTEST]
5 in which prizes are awarded for the correct guess of the racing time
6 of a dog team or of team position in the race[, INCLUDING PRIZES TO
7 THE RACE CONTESTANTS];

8 * Sec. 17. AS 05.15.210(12) is amended to read:

9 (12) "ice classic" means a game of chance in which a prize
10 of money is awarded for the closest guess of the time the ice moves in
11 a body of water or watercourse in the state [AND IS LIMITED TO THE
12 NENANA AND CHENA ICE POLLS IN THE SAME MANNER AS THEY WERE CONDUCTED
13 IN 1959 AND PREVIOUS YEARS];

14 * Sec. 18. AS 05.15.210(15) is repealed and reenacted to read:

15 (15) "net proceeds" means the gross receipts from an autho-
16 rized activity less the fee described in AS 05.15.020(c), the expenses
17 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

18 * Sec. 19. AS 05.15.210(18) is amended to read:

19 (18) "political organization" means a candidate who, or a
20 group that, has registered and filed with the Alaska Public Offices
21 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
22 for nomination or election to the Presidency or the Vice-Presidency of
23 the United States or the U.S. Congress, or an authorized committee of
24 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
25 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
26 AS 15.60.010];

27 * Sec. 20. AS 05.15.210(19) is amended to read:

28 (19) "qualified organization" means a domestic corporation
29 organized under AS 10.20 that has been in existence for three years

1 after the date of issuance of a certificate of authority issued under
2 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
3 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
4 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
5 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
6 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
7 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
8 BEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
9 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
10 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

11 * Sec. 21. AS 05.15.210 is amended by adding new paragraphs to read:

12 (24) "authorizing permittee" means a municipality or qual-
13 ified organization that authorizes an operator to conduct on its
14 behalf an activity subject to this chapter;

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

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

17 (27) "operator" means a natural person who, or a municipal-
18 ity or qualified organization that, has obtained a permit authorizing
19 it to operate an activity, subject to this chapter, on behalf of
20 another permittee.

21 * Sec. 22. AS 43.05.290(d) is amended to read:

22 (d) A person who wilfully makes and subscribes a return or other
23 document required under AS 05.15 or under this title which contains or
24 is verified by a written declaration that it is made under the pen-
25 alties of perjury which the person does not believe to be true and
26 correct as to every material matter is, in addition to other penalties
27 provided by that chapter or this title, whichever is applicable,
28 guilty of a felony and, upon conviction, punishable by a fine of not
29 more than \$25,000, or by imprisonment for not more than three years,

1 or by both.

2 * Sec. 23. AS 05.15.180(b), 05.15.200(b), 05.15.210(2), (3), (4), (5),
3 05.15.210(7), (8), (9), (10), 05.15.210(13), 05.15.210(17), and 05.15.-
4 210(22), and (23) are repealed.

5 * Sec. 24. This Act takes effect July 1, 1985.
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 247

February 27, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of Art. III, Sec. 28, of the Alaska Constitution, I am transmitting a bill relating to the regulation of charitable gaming activities in the State.

I am convinced that there is grave abuse of existing gaming laws, and this bill is intended to address that abuse. It also would make it easier for the vast majority of non-profit groups which sponsor charitable gaming activities to conform to the law and would remove from State regulation those activities which should not be subject to government licensing.

Under existing law, the Department of Revenue must issue a permit before charitable gaming can be conducted. Only certain non-profit groups that have been in existence for five years or more, and municipalities, are eligible for a permit.

In turn, some non-profit groups have hired commercial operators to run their games. Today charitable gaming is a multi-million dollar industry in our State. Non-profit groups have increasingly turned to commercial operators to manage their permits. It is unrealistic to ignore the commercial operator or to attempt to ban their use. Non-profit organizations, composed entirely of volunteers, often have little alternative except to use operators or forego charitable gaming entirely. Furthermore, AS 10.20.011(11) expressly authorizes non-profit corporations to appoint agents. However, as I noted in my veto letter on July 4, 1984, in regard to CSSB 549 (Rls), there is some evidence that a few unscrupulous operators have failed to report the bulk of their receipts to either the charitable organizations for whom they supposedly work or to the State.

In one instance, State investigators reported that as much as \$7 million may have been generated by one operator in 1983, yet the operator reported only \$200,000 in receipts to the State. Other complaints received by the Department of Revenue include allegations that little of the proceeds actually go to charitable purposes, that prizes are not awarded fairly, that credit is extended to some players, that certain prizes are misrepresented and that criminal elements may be entering the commercial gaming area.

Under amendments proposed by this bill, the Department of Revenue would regulate commercial operators and limit their activities. The bill further defines and limits authorized expenses to 25 percent of annual gross receipts and requires that at least 25 percent of net proceeds be dedicated to the charitable or civic purpose for which the activity is conducted.

The bill also provides that a local government must approve by resolution, a permit application for certain activities before a permit may be issued by the department. For other activities, the local government may file a protest, for consideration by the Commissioner.

The bill institutes a number of reporting, payment and accounting requirements. These provisions should help the department to monitor effectively the activities for which permits are issued. Special licensing and reporting requirements are proposed for pull-tab game distributors. Since pull-tabs were legalized in 1982, the number of pull-tabs sold in the State has increased steadily, with more than two million pull-tabs shipped to the State each week, by estimate of department officials who believe that many are being sold illegally.

In an effort to simplify the law for most Alaskans, the bill would remove contests of skill from the coverage of AS 05.15. Because of the wide range of athletic events that are now conducted in this State, the requirement for a permit has become impossible to enforce. Many persons and organizations do not even realize a permit is needed to conduct an event such as a foot race or a golf tournament in which prizes are awarded to the contestants.

To the extent that contest of skill involve what would otherwise be gambling, they will continue to be regulated. For this reason, "dog mushers' contests" are retained in the law. The event itself will not be regulated by the department; only third-party wagering on the results of the dog race will be regulated.

Another significant feature of the bill involves revision of the definition of "qualified organization." This bill changes the five-years-in-existence requirement to three years and adds the requirement that the organization be certified as a domestic corporation under AS 10.20, the Alaska Nonprofit Corporation Act.

The new definition of "qualified organization" also includes political organizations. Under existing law, a political party may conduct any of the activities authorized by AS 05.15, but candidate organizations and political action committees may not. This bill would allow political organizations--that is, candidate organizations and political action committees--to conduct one kind of activity--a raffle. In addition, they would be limited to only three raffles a year and commercial operators would be barred from conducting a raffle on behalf of a political organization. These restrictions should be of assistance to both the Department of Revenue and the Alaska Public Offices Commission in regulating fund-raising activities of political organizations.

Other features of the bill include an increase in the fees currently imposed for permits and an amendment to make it clear that forms filed under AS 05.15 are filed under penalty of perjury.

I encourage members of the public to comment on this legislation. As you may know, when I vetoed CSSB 549 (RIs) last year, I did so reluctantly because although the bill contained many laudable features, there was insufficient opportunity for public participation in the development of the legislation.

Sincerely,



Bill Sheffield
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST Page 1 of 3
 Bill/Resolution No: HB 247
 Title: An Act Relating to Games of Chance & Skill & Provide for effective date
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Revenue
 Program Category Affected: Revenue Collection & Management
 BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	32.8	33.7	34.2	34.7	35.2
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	2.6	3.0	3.5	4.0	4.1
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	4.5	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	39.9	36.7	37.7	38.7	39.3
CAPITAL	-	-	-	-	-	-
REVENUE	-	192.4	206.2	221.6	238.5	257.1

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	39.9	36.7	37.7	38.7	39.3
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

1. License fee: \$50 per non-profit; \$200 per operator; \$100 per distributor
2. 1 1/2% tax
3. Sale of seals for pull tabs

See revenue figures above.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith
 Division: Public Services

Phone: 465-2392
 Date: _____

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 2/19/85

120
 Sep 23

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

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. 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 tax examiner requested will be used to handle the increase in paperwork resulting from the change in reporting requirements by the permit holders from yearly to monthly. Also, this tax examiner will handle the new paperwork connected with licensing distributors and issuing pull tab seals.

100 PERSONAL SERVICES

Sections 6 and 8 mandate new monthly and annual reporting requirements. As there are over 700 permittees, a tax examiner will be needed to examine monthly reports and annual reconciliations, review security or bonding documents, perform financial analysis on WANG, issue permits, answer correspondence, follow-up on minor complaints, and assist field investigators as needed.

1	Tax Examiner II	2,733 @ 12 mos.	\$32,796
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Total Annual Wages & Benefits	\$32,796
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300 CONTRACTUAL

Printing costs are for new forms for distributors. Pull tab seals are estimated at \$.25 each and would be recouped by selling them to the distributors.

Pull Tab Stamp	\$ 625
Printing cost for forms	\$ <u>2,000</u>

Total Contractual	\$ 2,635
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500 EQUIPMENT

File cabinets will be used to store monthly reports and distributor reports

Office equipment (desk, chair, calculator)	\$ 900
File cabinets	\$ <u>3,600</u>

Total Equipment	\$ <u>4,500</u>
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Total	\$39,921
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Copy 4

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 4

Revision Date 3/21/85

REQUEST

Bill/Resolution No: ^{CS} HB247 (SA)
Title: An Act Relating to Games of
Chance & Skill & Providing for an
Effective Date
Sponsor: Governor
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: General
Government
BRU, Program or Subprogram(s) Affected:
Public Services Operating & Public
Services Data & Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	183.8	196.7	210.5	225.3	241.1
200 TRAVEL	-	32.	34.3	36.7	39.3	42.1
300 CONTRACTUAL	-	27.4	29.4	31.5	33.8	36.2
400 SUPPLIES	-	1.5	1.7	1.9	2.1	2.3
500 EQUIPMENT	-	8.9	9.6	10.3	11.1	11.9
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	253.6	271.7	290.9	311.6	333.6
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	192.4	206.2	221.6	238.5	257.1

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	61.2	65.5	69.3	73.1	76.5
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	61.2	65.5	69.3	73.1	76.5

POSITIONS:

FULL-TIME	-	5	5	5	5	5
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

1. License fee: \$50 per non-profit; \$200 per operator; \$100 per distributor
2. 1 1/2% tax
3. Sale of seals for pull tabs

See revenue figures above.

ANALYSIS: Attach a separate page for analysis.

Fiscal Note
CS HB247 (SA) - Page 2 of 4
March 21, 1985

Prepared By: *Ed Smith*
Division: Public Services

Phone: 465-2392

Date: 21 March 1985

Approved by Commissioner: *Henry D. Studak*
Agency: Department of Revenue

Date: 3/22/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Public Services Division BRU
Fiscal Note Analysis

CSHB 247(SA) - Page 3 of 4

ASSUMPTIONS

850 permit holders
Bill will go into effect July 1, 1985

PROGRAM SUMMARY

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 accelerated growth expected. There is a definite need to provide for some control before gambling reaches a level that would prohibit any control.

This legislation would allow funding for an educational enforcement program. Field investigators would review gaming operations to ensure compliance with existing law. The tax examiners will be used to issue permits and review monthly and annual financial statements to ensure proper use of funds derived from gaming, and to ensure that the state receives the proper fee.

100 PERSONAL SERVICES

2 Investigator II	3,662 @ 24 months	\$ 87,888
2 Tax Examiner II	2,854 @ 24 months	68,496
1 Clerk Typist III	2,284 @ 12 months	<u>\$ 27,408</u>
	TOTAL	\$183,528

Five employees are necessary to properly review 850 permit applications and conduct approximately 40 field examinations of financial records per year.

200 TRAVEL

Investigative trips	\$ 26,576	
Educational trips	3,096	
Investigator training trips	<u>\$ 2,328</u>	
	TOTAL	\$ 32,000

Three types of travel are outlined for the investigators. The investigative/audit travel consists of reviewing the operations of games and conducting audits of the financial records of permit holders. Educational trips will be made for the purpose of providing permit holders with the information they need to comply with Alaska statutes and regulations. Training-related travel is needed to provide investigators with current gaming enforcement and education methods.

Fiscal Note HB247
 March 21, 1985

300 CONTRACTUAL

Pull tab stamp	\$ 625	
Printing cost for forms	2,000	
Communications	<u>\$ 3,800</u>	
TOTAL		\$ 6,425

400 SUPPLIES

Stationery and office supplies	<u>\$ 1,500</u>	
TOTAL		\$ 1,500

500 EQUIPMENT

Office equipment (desks, chairs, calculators and filing cabinets)	<u>\$ 8,865</u>	
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The five positions will each require a locking file cabinet in which to store monthly reports and distributor's reports.

TOTAL		\$ 8,865
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PUBLIC SERVICES OPERATING TOTAL		\$232,318
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The following funds would be allocated to Data Processing within the Public Services Division for the operation of the Gaming Enforcement Unit.

300 CONTRACTUAL

Equipment, rental fees and maintenance fees	<u>\$ 21,000</u>	
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DATA PROCESSING TOTAL		\$ 21,000
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Three Wang work stations, one printer and one central processing unit are needed for the Gaming Enforcement Unit. One work station will be used in the Anchorage Field Office and two work stations will be used in the Juneau Field Office. The Wang equipment will be used to file financial reports which will be data captured for financial analysis, and will also be used for word processing functions.

TOTAL PUBLIC SERVICES OPERATING AND DATA PROCESSING		<u>\$253,318</u>
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ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

HOUSE BILL NO. 247

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

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

Games of Chance/skills

Introduced in the House ... 2/27, 1985

HISTORY IN THE HOUSE

1985	Read first time and referred to Committee on																												
Feb. 27	STATE AFFAIRS, JUDICIARY AND FINANCE Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reported correctly engrossed</td> </tr> <tr> <td colspan="2">Signed by Speaker</td> </tr> <tr> <td colspan="2">Sent to Senate</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reported correctly engrossed		Signed by Speaker		Sent to Senate	
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Sent to Senate																													
CHIEF CLERK OF THE HOUSE																													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on																												
	Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
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Reported correctly engrossed																													
Signed by President																													
Returned to House																													
SECRETARY OF THE SENATE																													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/5/86

REQUEST

Bill/Resolution No: CSHB 247 (Jud)
Title: An Act Relating to Games of Chance and Contests of Skill

Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
BRU: Public Services

Components: Public Services Operating and Public Services Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-	185.6	193.2	201.1	209.4	217.9
TRAVEL	-	47.8	50.2	52.7	55.3	58.1
CONTRACTUAL	-	55.6	58.4	61.3	23.4	24.6
SUPPLIES	-	4.0	4.2	4.4	4.6	4.9
EQUIPMENT	-	8.6	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS/CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	301.6	306.0	319.5	292.7	305.5

CAPITAL	-	-	-	-	-	-
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REVENUE	-	649.2	675.2	702.2	730.3	759.5
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	301.6	306.0	319.5	292.7	305.5
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	301.6	306.0	319.5	292.7	305.5

POSITIONS:

FULL-TIME	-	5	5	5	5	5
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attachments

Prepared by: Sally Smith, Director
Division: Public Services

Phone: 465-2392
Date: February 5, 1986

Approved by: James A. Hendon
Commissioner: _____
Agency: Revenue

Date: 2/5/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 247 (Jud)

ASSUMPTIONS:

1. There are approximately 850 charitable gaming permit holders; this figure is expected to increase as organizations seek alternative means of raising money.
2. Increased educational and enforcement efforts will guarantee accurate and reliable financial reporting by permit holders, and it will increase the amount of money subject to the state's 1.5 percent tax on charitable gaming receipts.

PROGRAM SUMMARY:

Charitable gaming (AS 05.15) in Alaska has grown substantially in recent years, with an even more accelerated growth expected as state grants to organizations decrease. Virtually no field enforcement has been employed in past years, however. There is a need for education and enforcement before gaming reaches a level that would prohibit any control.

This legislation would fund an educational and enforcement program. Field investigators would review gaming operations statewide to guarantee compliance with law and regulation. Tax examiners would review monthly and annual financial statements to ensure proper use of money derived from gaming activities, and ensure that the state receives the proper 1.5 percent fee on gross receipts. The tax examiners would work closely with the investigators during field investigations. The clerk typist will provide the appropriate office support.

Four Wang work stations are needed, two stations each in the Anchorage and Juneau Field Offices. The Wang equipment will be used to file financial reports, which will be data captured for financial analysis, and for word processing functions.

There are gaming activities in every corner of the state. Many permit holders, rather than being dishonest, do not know the procedures involved in conducting their activities according to law; educational trips are necessary to these communities by investigators and tax examiners. Investigative operations also are necessary for suspect gaming activities if the educational effort is to have any meaningful purpose.

ECONOMIC IMPACT:

Additional positions will mean increased enforcement, and increased enforcement will mean that gross receipts will be accurately reported and properly taxed by the state. Gross receipts for all gaming activities for the 1984 permit year were estimated at \$50 million; that figure will more than double during the first year of an educational and enforcement program, if other states' increased enforcement and educational efforts are any indication.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 247 (Jud)

Assuming that 60% of \$100 million in gross receipts is spent on prizes, the state would assess the 1.5% fee on \$40 million for a total of \$600,000. Additionally, the annual permit fee of \$50 would bring \$42,000, assuming there are 850 permittees. Licensing of 11 operators at \$200 would net \$2,200, and licensing of five distributors at \$1,000 would net \$5,000. This is approximately \$649,200 in total revenue to the state - more than enough to offset the total operating expenditures from the general fund.

Position Title Investigator II			No. of Positions 2	Range/Step 16B	Barg. Unit G	Gov.	Approval	Disapp.
Time Status F	Staff Months 24	RP Number	Location EHA	Election District		Leg. .....	.....	.....
Type of Expenditure			Justification					
		Amount	<p>These positions will be employed to concentrate on field work. The field work will consist of explaining the rules and regulations to 850 permittees and operators, reviewing the operation of games, field examinations of financial records, follow-up on complaints and referrals to local law enforcement.</p>					
1	2	3						
Salary	67,296	.....					
Benefits	21,456	.....					
Premium Pay		.....					
Other		.....					
Total Personal Services		88,752						
Travel								
Contractual								
Commodities								
Equipment								
Other								
Total Cost		88,752						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1001							
	General Funds 1004		88,752					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For M&B Use Only								
Key Number _____								

REQUEST FOR
NEW POSITION

Agency Revenue
 BRU Public Services
 Component Public Services Operating

Page 1 of 1

Revised Date

FY 87

Position Title Tax Examiner II			No. of Positions 2	Range/Step 12B	Barg. Unit G	Gov. .	Approval .	Disapp. .
Time Status F	Staff Months 24	RP Number	Location FBA		Election District	Leg. .	.	.
Type of Expenditure			Justification					
		Amount	<p>These positions will examine monthly reports and annual reconciliations, review security and/or bonding documents, perform financial analyses using Wang computer equipment, issue 850 permits, answer correspondence, follow-up on minor complaints, and assist field investigators on third party confirmations.</p>					
1	2	3						
Salary	51,240	.						
Benefits	17,782	.						
Premium Pay		.						
Other		.						
Total Personal Services		69,022						
Travel								
Contractual								
Commodities								
Equipment								
Other								
Total Cost		69,022						
Receipt Code			Funding Source					
			Federal Receipts 1002					
			G.F. Match 1003					
			General Funds 1004 69,022					
			I-A Receipts 1005					
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			Other					
For M&B Use Only								
Key Number								

REQUEST FOR
NEW POSITION

Agency Revenue
BRU Public Services
Component Public Services Operating

Page 1 of 1

Revised Date

FY 87

Position Title Clerk Typist III			No. of Positions 1	Range/Step BU	Barg. Unit G	Gov.	Approval	Disapp.
Time Status F	Staff Months 12	RP Number	Location EDA	Election District		Leg. .....	.....	.....

Type of Expenditure		Amount
1	2	3
Salary	20,136	.....
Benefits	7,636	.....
Premium Pay		.....
Other		.....
Total Personal Services		27,772
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		27,772

Justification

This position will provide clerical support for two Tax Examiners and three Investigators. The duties will include making travel arrangements, typing correspondence and performing other clerical-type functions.

Receipt Code	Funding Source	Amount
	Federal Receipts 1002	
	G.F. Match 1003	
	General Funds 1004	27,772
	I-A Receipts 1005	
	Program Receipts 1028	
	CIP Receipts 1061	
	Other	

For M&B Use Only Key Number _____

REQUEST FOR
NEW POSITION

Agency Revenue
 BRU Public Services
 Component Public Services Operating

Page 1 of 1
 Revised Date

FY 87

Public Services Division BRU
CSHB 247 (Jud) Fiscal Note

ATTACHMENT A

Following is a detailed explanation of the general fund expenditures as outlined in the CSHB 247 (Jud) fiscal note.

100 PERSONAL SERVICES:

2 Investigator II	3,698 @ 24 months	\$88,752
2 Tax Examiner II	2,875 @ 24 months	\$69,022
1 Clerk Typist III	2,314 @ 12 months	<u>\$27,772</u>
TOTAL PERSONAL SERVICES		\$185,546

Five employees are necessary to properly review 850 permit holders, to conduct educational seminars, to conduct approximately 40 field examinations of financial records per year, and to conduct enforcement operations of suspect gaming activities.

200 TRAVEL:

Investigative/Enforcement Travel	\$32,900	
Educational Travel	\$8,900	
Investigator Training	<u>\$6,000</u>	
TOTAL TRAVEL		\$47,800

Three types of travel are outlined for investigators and tax examiners. The investigative/enforcement travel consists of reviewing the operations of games and conducting audits of the financial records of permit holders. Educational travel will be made for the purpose of providing permit holders with the information they need to adequately comply with Alaska statutes and regulations. Investigator training is needed to provide investigators with current gaming enforcement and education methods.

300 CONTRACTURAL:

Telephone System	\$13,800
Local/Long Distance Telephone Charges	\$7,000
Postage	\$4,800
Pull-Tab Stamp	\$1,000
Data Processing (Wang Lease/Purchase & Maintenance)	\$21,570
Advertising, Printing, Binding	<u>\$7,400</u>
TOTAL CONTRACTURAL	\$55,600

A new telephone system is needed by the Gaming Enforcement Unit at the Juneau Field Office. Four Wang work stations are needed, two in Juneau with additional memory and disc storage, and two in the Anchorage Field Office. The Wang equipment will be used to file financial reports, which will be data captured for financial analysis, and for word processing functions.

400 SUPPLIES:

Stationery and Office Supplies	<u>\$4,000</u>
TOTAL SUPPLIES	\$4,000

500 EQUIPMENT:

Office Equipment (desks, chairs, locking file cabinets, and calculators)	<u>\$8,620</u>
TOTAL EQUIPMENT	\$8,620

Each of the five positions will require a desk, chair, calculator, and a security file cabinet in which to store financial reports, distributors' reports, and evidence from confidential enforcement operations.

TOTAL PUBLIC SERVICES OPERATING AND DATA PROCESSING	\$301,600
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Public Services Division BRU
CSHB 247 (Jud) Fiscal Note

ATTACHMENT B

When the Massachusetts Lottery Commission took over control of beano in 1973, it made a discovery that hints at the fathomless depths of unreported bingo income in the U.S. The year before the Lottery Commission took over, the total reported gross from approximately 850 licensees was close to \$10 million. The next year, with the Lottery Commission operating with a beefed-up auditing, enforcement, and accounting staff, reported gross receipts skyrocketed to \$29 million. Last year, reported receipts totaled over \$225 million, with less than 75 more licenses across the state than in 1973.

Public Gaming Magazine, November 1983

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/5/86

REQUEST
Bill/Resolution No: CSHB 247 (Jud)
Title: An Act Relating to Games of Chance and Contests of Skill
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Revenue
BRU: Public Services
Components: Public Services Operating and Public Services Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-	185.6	193.2	201.1	209.4	217.9
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EQUIPMENT	-	8.6	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS/CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	301.6	306.0	319.5	292.7	305.5

CAPITAL	-	-	-	-	-	-
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REVENUE	-	649.2	675.2	702.2	730.3	759.5
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	301.6	306.0	319.5	292.7	305.5
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	301.6	306.0	319.5	292.7	305.5

POSITIONS:

FULL-TIME	-	5	5	5	5	5
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attachments

Prepared by: Sally Smith, Director
 Division: Public Services

Phone: 465-2392
 Date: February 5, 1986

Approved by: Danny A. Hudak
 Commissioner: _____
 Agency: Revenue

Date: 2/5/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)

Response to Questions on HB 247

1. Question: Why are you requiring local government approval of bingo, pull tabs and special draw games?

Answer: Local governments are in the best position to know the effect of such activity on its citizens, on zoning requirements and on local law enforcement, and we believe that local government is in the best position to monitor these activities. If a community does not want these games within its boundaries, the state should not issue permits for such games, in effect, overruling local desires.

2. Question: Wouldn't this mean that local government could play favorites or politics among applicants for permits?

Answer: We do not believe that local governments will be less fair than the state in reviewing permit applications. If they prove to be, the legislature may take remedial action, but since we do not see that kind of danger, we think local government involvement is important.

3. Question: Why are we reducing years in existence from five years to three years?

Answer: There are many organizations within the State that are fully qualified as non-profits, but lack qualification under the 5-year rule. We feel that 3 years of operation is sufficient indication of stable permanence to protect the public.

4. Question: Why are we redefining political organizations?

Answer: To allow candidates and political action committees who are registered with the Alaska Public Offices Commission to raise monies through raffles. Under current law, only political parties are eligible for a permit. This legislation would allow political parties to continue to receive a full gaming permit, and would allow political "organizations" to receive a raffle permit.

5. Question: Why are we eliminating Contests of Skill?

Answer: The Attorney General's office has ruled that Contests of Skill are not gambling activities. Since they are not considered gambling, there is no criminal penalty attached to operating without a permit. One year ago the Department grossed \$1,016 through the sale of these permits. Considering that the activity does not constitute gambling, and that the revenues raised are minimal, it is appropriate to remove these activities from this chapter.

6. Question: Why is the distribution of pull tab games being treated differently?

Answer: It is estimated that the value of pull tab stock entering Alaska each week through the State of Washington is \$49,000. This is about 2 million pull tabs. Only a small fraction of the sales of these pull tabs are being reported. Through control of the sale and distribution the department will be able to appropriately monitor gambling activity.

7. Question: Why are we licensing pull tab distributors?

Answer: Currently, there is no control on pull tab operations in this state. Because of the way pull tabs are played and reported, there is great potential for abuse. In order for the state to monitor gaming operations, we need to know how many pull tabs are entering the state and to whom they are sold. Licensed distributors will purchase seals for pull tab boxes, allowing us to identify legal inventory. Additionally, we will be able to compare distributors' reports of sales to the reports and inventories of the permittees, allowing us to accurately determine sales and revenues.

8. Question: What's the real difference between existing section 160 and your proposed new section?

Answer: Under current law, the permittee is assessed a fee based on net receipts. Even though this section lists authorized expenses, there is actually an incentive to keep expenses high. Under this legislation, the authorized expenses are limited to 15% of the gross receipts.

9. Question: Explain how section 185 would work.

Answer: The pull tab distributor would be required to apply for a \$200 permit from the Department. Receipt of a permit would allow the distributor to purchase Department seals which are to be placed on each pull tab box entering and/or sold in the state. The distributor would be required to report the names of all permittees to whom pull tabs were sold, the serial numbers of the pull tabs sold to those permittees and the numbers of the identifying Department seals. This would provide the Department with a cross check on the premises of each gaming operation.

10. Question: Why don't you retain the language of existing section 060 which gives a rather exhaustive list of matters from which regulations may be issued?

Answer: We believe that portions of existing section 060 are unenforceable and we believe the new section gives equally broad scope for regulations.

11. Question: Does this bill address the issue of state costs to ensure compliance?

Answer: Yes. It is our belief, as shown in the fiscal note, that revenues from fees will cover state costs. Currently, the depth of unreported revenues is not known, but we feel our estimate is low.

Recommended changes
15 October 1985

Definition for "value of prizes awarded", page 2, line 1 [05.15.020(c)]

value is the actual cost of the prize to the permittee, and is not considered an expense.

Change Annual Report date, page 5, line 10 [05.15.080(b)]

..file an annual report with the department no later than March 1. This report must cover activities from the previous calendar year.

This will also necessitate the same change to 05.15.085(b) which requires reporting by operators.

Change due date of annual permit and fee [05.15.020] as an insert on page 1, somewhere in section 2.

The permit year is from July 1 through June 30. No permit will be issued unless the annual report has been filed timely and has been approved by the department.

Language will be needed to provide for the transition year which will be an extension of the permit year.

Change the report date to the legislature [05.15.090], an insert on page 6.

"On or before April 15th "

With the advent of sophisticated electronics, we suggest the insertion of the words "electronic devices" in 05.15.180(a), page 11, line 7.

Door prizes should be defined as a raffle and prohibited as a "leader" for bingo and pull tab activities.

SUMMARY
CSHB 247 (JUD)
9 May 1985

Title 5, Chapter 15 has been on the books since 1959 in substantially the same form. This statute originally provided for charitable gaming limited to activities which existed in the territory prior to statehood. In the intervening 26 years the legislature has allowed for additional activities, but has not provided for other changes to keep pace with the actual practices of charitable gaming in Alaska.

The legislation proposed tightens the qualifications for permit eligibility but allows for new organizations and activities. An annual reporting requirement has been supplemented with monthly reporting.

Current statutes do not allow for commercial operators to run games for permits. In fact, these operators exist. Proposed legislation creates standards and licensing of the operator and provides for monthly and annual reporting by the operator in addition to that by the permittee.

In the late 1970's the legislature added pull tabs as a permitted activity. Adequate control of sales does not exist. This bill proposes to license the distributors of pull tabs and require that they report to the state their sales and affix a seal to their merchandise. This will provide the state with an enforcement tool to monitor supplies, sales and fees due the state.

Current statutes allow unlimited expenses to be deducted before a 1% fee is annually assessed against net proceeds. Proposed legislation raises the fee to 1 1/2% of the gross less the value of awarded prizes, places a 25% cap on expenses and mandates that no less than 15% of the gross from activities be returned to the charitable organization as net proceeds.

This legislation is badly needed to control multi-million dollar commercial operations existing in the name of charity. It will provide for charitable protection, charitable profit, increased state revenues and a more realistic approach to a multi-million dollar "industry".

CS HB 247 (Jud)
BILL ANALYSIS
CHANGES TO AS 05.15

05.15.010
No Change. The Department of Revenue administers Chapter 15.

Section 1.
amends

05.15.020 -Raises cost of permit from \$20 to \$50.
-Repeals annual fee of 1% of the net (in the next section this fee is raised).

Section 2.
new

05.15.020 -Adds a \$200 permit for operators and requires them to be bonded for 10% of the estimated gross of the operation.
-Raises annual fee to 1 1/2% of gross receipts after the value of awarded prizes is deducted.

Section 3.
New section

05.15.025 -Operator's bond, payable to Dept. of Revenue, is attached to:
a) payment of the annual 1 1/2% fee
b) transfer of the net proceeds to the permittee
-Forfeit of the bond will satisfy:
a) delinquent fees to the Department
b) permittees

Section 4.
Repeal/Reenact

05.15.030 -Provides for notification to local governments of activities and location.
-Mandates local government approval by resolution for both initial application and renewal for:
a) bingo
b) pull tabs
c) special draw
-Local government may protest any activity by resolution and may do so on the grounds of being in the best interests of the public.
-Mandates 30-day notification to the Department and local government if location of activity is changed.
-To conduct activity in another jurisdiction, the permittee must file with the department and local government.
-Allows Commissioner to limit locations of any activity.
-To conduct any activities in locations further than five miles from a local government or within the unorganized borough approval must be gained from the Commissioner.

05.15.040

No change. -A municipality can't conduct an activity outside the municipality.
-A revoked permit is revoked for one year from the date of revocation.

05.15.050

No change. -A suspended or revoked permit must be surrendered to the department.

Section 5.

Repeal/Reenact

05.15.060

-Language clean-up.
-Adds the authority for the department to develop regulations on bond and security forfeit and on pull tab distribution.

Section 6.

amends

05.15.070

-Allows for the examination of books.
-Repeals payment by permittee for the examination.
(Rationale for raising cost of permit.)

Section 7.

Repeal/Reenact

05.15.080

-Permittee must provide a monthly report for any month in which there was gaming activity, except reporting for raffles which requires reporting at completion of the event.
-Retains yearly report.
-Details contents of reports.

Section 8.

New

05.15.085

-Provides for monthly and annual reporting by the operator.

05.15.090

No change. -Department provides annual report to the legislature.

Section 9.

New

- 05.15.095 -Outlines who signs the applications and reports.
-Makes falsification of information a perjury charge.
-Provides provision for reporting extension.
-Makes payment of fees necessary to conduct activity.
-Provides for interest on delinquent fees.

Section 10.

amends

- 05.15.100 -Eliminates contests of skill from this chapter.
-Retains permits for 3 days per year of Monte Carlo events

Section 11.

New

- 05.15.100 -Allows political organizations to conduct 6 raffles per year, but does not allow them to hire an operator.
-Allows municipalities and qualified organizations to hire operators.

05.15.110

- No change. -Activities are a privilege; not a right.

Section 12.

amends

- 05.15.120 -Permit eligibility is provided for as follows:
1) raffle permit only for political organizations.
2) general permit for municipalities and qualified organizations.
3) operator's permit for natural persons operating games for municipalities and qualified organizations.

05.15.130

- No change. -Allows Commissioner to add extra eligibility requirements in the regulations.

Section 13.

amends

05.15.140(a)

- The Commissioner may require proof of qualifications to before granting a permit or operator's license.

Section 14.
amends

05.15.140(b)

- Mandates disclosure of names, addresses, felony convictions, gambling misdemeanors, and financial interests of any person involved in conducting the activity.
- Provides for compensation to operators.

Section 15.
Repeal/Reenact

05.15.140(c)

- Prohibits permit issuance if any persons involved in conducting the activity have felony convictions, gambling misdemeanors or financial interests beyond allowable compensation.

05.15.150

No change. -Limits use of proceeds to charitable purposes.

Section 16.
amends

05.15.160 -Clarifies allowable expenses of goods, wares, merchandise and personal services.

Section 17.

New

05.15.160 -Adds to limitations on expenses that expenses to conduct activities may not exceed 25% of the annual gross receipts.

Section 18.

New

05.15.163 -Net proceeds must equal 15% of the gross receipts.

- 05.15.165
- a) Limits operators to working for one permittee per day.
 - b) Operators must pay permittee by check within 15 days of each activity. The permittee must write a receipt for the payment, and both the permittee and the operator must retain copies.
 - c) Permittee must designate an agent to work with the operator.
 - d) Mandates operator to refund permittee, with interest, for any unauthorized expenses.
 - e) Mandates that name of operator and permittee appear on advertising. Permits are to be posted at place of activity.

05.15.170
No change. -Suspension of permits.

Section 19.
amends

05.15.180 -Language simplification.
-Repeal of 1959 qualifier.

Section 20.
New

05.15.185 -Licensing of pull tab distributors.
a) \$1000 permit
b) reporting of sales
-Pull tabs numbered; sets sealed and numbered. Seals
purchased from the department.
-Pull tab sales limited to authorized permittees; not to
operators.

05.15.190
No change. -Interpretation and Construction.

Section 21.
Repealed/Reenacted

05.15.200 -Changes penalty for false statements from unsworn
falsification to perjury

Section 22.
amends

05.15.210(6)
-Defines "dog mushers' contest".

Section 23.
amends

05.150.210(12)
-Defines "ice classic" and deletes reference to specific
ice pools. Also removes qualifier of 1959.

Section 24.
Repealed/Reenacted

05.15.210(15)
-Redefines "net proceeds" to exclude annual fee, operating
expenses enumerated and prizes awarded.

Section 25.

amends

05.15.210(18)

- Defines "political organization" to include candidate organizations and political action committees.

Section 26.

Repeals/Reenacts

01.15.210(19)

- Defines "qualified organization" as one with non-profit status, a religious corporation, a labor organization or a political party.
- Reduces qualification of years in existence from 5 to 3 years.

Section 27.

amends

05.15.210(20)

- Defines raffle and lottery.

Section 28.

New

05.15.210(24-30)

- Adds definitions for authorizing permittee, commissioner, department, established village, local government, operator, and pull-tab game.

Section 29.

repeals

- 1959 qualifier.

-definitions for:

- charitable organization
- civic or service organization
- contest of skill
- dog mushers' association
- educational organization
- fishing derby association
- fish derby
- fraternal organization
- police or fire department and company
- religious organization
- veteran's organization

These organizations are included under the new definition for qualified organization.



ALASKA MOOSE ASSOCIATION

OFFICE OF THE

41ST ANNUAL STATE CONVENTION
OCTOBER 1985
KETCHIKAN, ALASKA

RESOLUTION #85-

WHEREAS: The Alaska State Legislature is currently considering House Bill #247, and

WHEREAS: The Alaska Moose Association recognizes the need for better regulation and enforcement of State laws governing games of chance and skill; now

THEREFORE BE IT RESOLVED: That the Alaska Moose Association go on record supporting the intent of House Bill #247, and

BE IT FURTHER RESOLVED: That the Alaska Moose Association suggests and supports the following changes to House Bill #247:

A/ Raffles held within a qualified organization for its membership by its membership shall be exempt from State regulation.

B/ Auxilliarities of a qualified organization with a National Charter shall also be qualified for a permit without having to be incorporated.

C/ Donations shall be allowed to be made out of State for Scholarships and worthwhile causes.

D/ The 15% of the gross to be donated out shall be changed to 50% of the net after prizes are awarded and taxes paid.

E/ The maximum value of prizes that can be awarded shall not be less than \$400,000.00 under raffles, lotteries and pull-tabs.

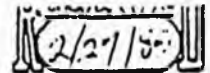
F/ It shall be legal to dispense pull-tabs by machine.

G/ Municipalities shall not have the right to approve pull-tabs, bingo, and special drawings if they are allowed to also have a permit.

STATE OF ALASKA

DEPARTMENT OF REVENUE

PUBLIC SERVICES DIVISION



BILL SHEFFIELD, GOVERNOR

1111 West 8th Street, Room 108
Juneau, Alaska 99801

March 1, 1985

*on the
desk
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file
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there
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The Honorable Ben Grussendorf
Speaker of the House
Pouch V
Juneau, Ak. 99811

Dear Mr. Speaker:

The annual report on Games of Chance & Skill, as required by AS 05.15.090 is enclosed. Also enclosed is a supplemental report for 1983 which summarizes all 1983 financial statements received.

A total of 763 Games of Chance and Skill permits and 54 Monte Carlo permits were issued for 1984 with 348 permittees having filed the required annual and interim financial statements. Additionally there are approximately 400 financial statements not yet processed. The Department is requesting financial statements from those who have not reported. A permit for the current year is not issued until after receipt and examination of the prior year financial statement.

Gambling in Alaska has increased substantially in recent years. As with any statutorily governed activity, enforcement and compliance is sometimes difficult to maintain. To better facilitate enforcement and compliance, the Department of Revenue, on September 17, 1984, employed an Investigator, thus forming the Gaming Enforcement Unit. This Unit has the responsibility to ensure that permittees comply with State gambling laws and regulations. The Investigator inspects the premises and activities of permittees to determine compliance with laws and regulations as well as to provide assistance in their interpretation. The policy of the Unit for this year was to effect voluntary compliance by providing the permittee opportunity to comply with statutory authority and to develop bookkeeping and accounting systems that protect both the permittee and the public.

The primary efforts of the Gaming Enforcement Unit have been:

- Prevention of hidden ownerships or interests in gambling permits;
- Effective control of authorized gambling activities through scheduled and unscheduled inspections, investigation, and audit programs;
- Prevention of unauthorized gambling activities;
- Assistance to local law enforcement agencies through mutual assistance and cooperation;
- Assistance to permittees through education and guidance in the interpretation of gambling laws and regulations.

The Gaming Enforcement Unit feels that it has gained knowledge concerning non-profit gambling in the State not previously available. The Unit will continue in its efforts to apply the laws established by the legislature and to ensure adequate protection to the public as well as in-depth support of permittees.

To date, the investigator has made 16 scheduled, 4 unscheduled, and 8 undercover inspections. There is only one investigator assigned to conduct such examinations and visits; consequently, education and enforcement efforts are necessarily limited.

The Unit would like to see a comprehensive educational training program for the permit organizations, bingo hall operators and the law enforcement agencies. This training would eventually reduce the reporting and bookkeeping errors and the illegal operation of gaming activities.

Continued efforts by the Department of Revenue to review permittee organizations and strict adherence to application requirements have substantially increased the number of organizations denied Games of Chance and Skill permits. In 1983 we received 819 applications; 39 were denied. For 1984 we received 856 applications; 93 were denied.

For the 1984 report, we have broken down raffles & lotteries to reflect reported pull-tab activity in the State. Of the 348 financial statements processed to date, 54 permittees reported using pull-tabs. Of these 54, 22 reported giving prizes. An accurate gross receipts total for pull-tabs is not readily available as many organizations include pull-tab receipts in with bingo or raffle receipts and report the prize awards in the same manner. Forms redesign and education in the proper reporting and bookkeeping requirements should resolve this problem.

The current raffle & lottery prize award limit of \$200,000 still creates a problem for several organizations. Pull-tabs currently come under the definition of 15 AAC 105.120, Raffles and Lotteries. Due to the amount of pull-tab receipts generated, many organizations exceeded the raffle prize limitation.

As a result of increasing administrative costs to enforce Games of Chance and Skill as well as more permittees, population growth, and increased public interest in gaming activities, we recommend per AS 05.15.090, that the cost for a permit be raised from \$20.00 to \$50.00 and that the annual fee be raised from 1% of the net proceeds to 1.5% of the gross receipts after the deduction of prizes.

Sincerely,



Mary A. Nordale
Commissioner of Revenue

HAN:kp

Attachments



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

AF 247

February 27, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of Art. III, Sec. 28, of the Alaska Constitution, I am transmitting a bill relating to the regulation of charitable gaming activities in the State.

I am convinced that there is grave abuse of existing gaming laws, and this bill is intended to address that abuse. It also would make it easier for the vast majority of non-profit groups which sponsor charitable gaming activities to conform to the law and would remove from State regulation those activities which should not be subject to government licensing.

Under existing law, the Department of Revenue must issue a permit before charitable gaming can be conducted. Only certain non-profit groups that have been in existence for five years or more, and municipalities, are eligible for a permit.

In turn, some non-profit groups have hired commercial operators to run their games. Today charitable gaming is a multi-million dollar industry in our State. Non-profit groups have increasingly turned to commercial operators to manage their permits. It is unrealistic to ignore the commercial operator or to attempt to ban their use. Non-profit organizations, composed entirely of volunteers, often have little alternative except to use operators or forego charitable gaming entirely. Furthermore, AS 10.20.011(11) expressly authorizes non-profit corporations to appoint agents. However, as I noted in my veto letter on July 4, 1984, in regard to CSSB 549 (Rls), there is some evidence that a few unscrupulous operators have failed to report the bulk of their receipts to either the charitable organizations for whom they supposedly work or to the State.

In one instance, State investigators reported that as much as \$7 million may have been generated by one operator in 1983, yet the operator reported only \$200,000 in receipts to the State. Other complaints received by the Department of Revenue include allegations that little of the proceeds actually go to charitable purposes, that prizes are not awarded fairly, that credit is extended to some players, that certain prizes are misrepresented and that criminal elements may be entering the commercial gaming area.

Under amendments proposed by this bill, the Department of Revenue would regulate commercial operators and limit their activities. The bill further defines and limits authorized expenses to 25 percent of annual gross receipts and requires that at least 25 percent of net proceeds be dedicated to the charitable or civic purpose for which the activity is conducted.

The bill also provides that a local government must approve by resolution, a permit application for certain activities before a permit may be issued by the department. For other activities, the local government may file a protest, for consideration by the Commissioner.

The bill institutes a number of reporting, payment and accounting requirements. These provisions should help the department to monitor effectively the activities for which permits are issued. Special licensing and reporting requirements are proposed for pull-tab game distributors. Since pull-tabs were legalized in 1982, the number of pull-tabs sold in the State has increased steadily, with more than two million pull-tabs shipped to the State each week, by estimate of department officials who believe that many are being sold illegally.

In an effort to simplify the law for most Alaskans, the bill would remove contests of skill from the coverage of AS 05.15. Because of the wide range of athletic events that are now conducted in this State, the requirement for a permit has become impossible to enforce. Many persons and organizations do not even realize a permit is needed to conduct an event such as a foot race or a golf tournament in which prizes are awarded to the contestants.

To the extent that contest of skill involve what would otherwise be gambling, they will continue to be regulated. For this reason, "dog mushers' contests" are retained in the law. The event itself will not be regulated by the department; only third-party wagering on the results of the dog race will be regulated.

Another significant feature of the bill involves revision of the definition of "qualified organization." This bill changes the five-years-in-existence requirement to three years and adds the requirement that the organization be certified as a domestic corporation under AS 10.20, the Alaska Nonprofit Corporation Act.

The new definition of "qualified organization" also includes political organizations. Under existing law, a political party may conduct any of the activities authorized by AS 05.15, but candidate organizations and political action committees may not. This bill would allow political organizations--that is, candidate organizations and political action committees--to conduct one kind of activity--a raffle. In addition, they would be limited to only three raffles a year and commercial operators would be barred from conducting a raffle on behalf of a political organization. These restrictions should be of assistance to both the Department of Revenue and the Alaska Public Offices Commission in regulating fund-raising activities of political organizations.

Other features of the bill include an increase in the fees currently imposed for permits and an amendment to make it clear that forms filed under AS 05.15 are filed under penalty of perjury.

I encourage members of the public to comment on this legislation. As you may know, when I vetoed CSSB 549 (Rls) last year, I did so reluctantly because although the bill contained many laudable features, there was insufficient opportunity for public participation in the development of the legislation.

Sincerely,



Bill Sheffield
Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 4, 1984

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Re: CSSB 549 (Rls)
(An act relating to games
of chance and contests of
skill; efd)

Dear Mr. President:

Under the authority granted in art. II, sec. 15 of the Alaska Constitution, I have reluctantly chosen to veto CSSB 549 (Rls) (games of chance and contests of skill). Though the bill has many laudable features, I am persuaded that there was insufficient opportunity for public participation in the development of this legislation. That participation could have reduced certain misunderstandings and clarified the objectives and implementation of this legislation.

I am convinced that there is grave abuse of existing gaming laws. A study completed in June by the Department of Revenue pointed to numerous and serious violations of existing law. Commercial operators, not currently authorized by statute, dominate the multi-million dollar charitable gaming industry. There is some evidence that a few unscrupulous operators have failed to report the bulk of their receipts to either the charitable organizations for whom they supposedly work or to the State. In one instance, the Department determined that a single operator may have generated as much as \$7,000,000 in receipts in 1983, while officially reporting only \$200,000 in receipts to the State. This determination was based on on-site visits by the Department.

Other complaints we have received about the existing program include allegations that little of the proceeds actually go to charitable purposes, that prizes are not awarded fairly, that credit is extended some players, that certain prizes are misrepresented and that criminal elements may be entering

the commercial gaming area. In a number of instances, we noted that as little as 2 percent to 3 percent of gross proceeds were actually being donated for charitable purposes.

CSSB 549 (Rls) attempted to meet several of these concerns. It would have legalized operators, but placed them under regulatory control. It would have required that at least 25 percent of gross receipts go for the charitable purposes. It would have limited expenses to no more than 25 percent of gross receipts. Finally, it would have provided for a fee of 1½ percent of gross receipts to provide a source of funds to ensure legal compliance with the act.

Given this background, my decision to veto CSSB 549 (Rls) was made with great deliberation and reluctance. A major concern with this legislation was the manner in which it was enacted. Members of charitable organizations and the public have noted a lack of opportunity to testify on the provisions of the bill which passed through several committees in both houses in record time. While I recognize that much legislative business is, of necessity, conducted during the waning days of the session, this bill did deserve widespread public notice and opportunity to be heard.

Although I have exercised my veto, I wish to commend the legislature for addressing the emerging problems in charitable gaming in Alaska. Furthermore, I wish to assure the legislative leadership of my intent to deal with the problems sought to be cured by CSSB 549 (Rls) by introducing new legislation next session.

These underlying principles will guide our development of this legislation:

1) gaming in Alaska should be limited to charitable organizations and local governments;

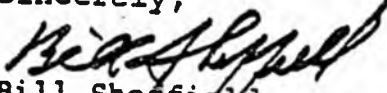
2) a significant portion of gross proceeds should be directly apportionable to charitable or governmental purposes;

3) there should be a strong enforcement program to assure the public and charitable organizations that there is compliance with the law; and

4) the costs of that enforcement program should be borne by the industry itself.

Finally, I have directed the Department of Revenue to closely review its current regulatory authority and to take those steps reasonably necessary to curb the most flagrant abuses of existing state law.

Sincerely,


Bill Sheffield
Governor

Offered: 5/9/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR HOUSE BILL NO. 247 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill."

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

9 * Section 1. AS 05.15.020 is amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted
11 under this chapter may not be conducted by a municipality or a quali-
12 fied organization, and a raffle may not be conducted by a political
13 organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 * Sec. 2. AS 05.15.020 is amended by adding new subsections to read:

19 (b) An activity permitted under this chapter, except a raffle
20 permitted under AS 05.15.100(c), may be conducted by an operator for a
21 municipality or qualified organization if an annual operator's permit
22 is obtained from the department, a fee of \$200 is paid to the depart-
23 ment, and a bond or other security acceptable to the department is
24 filed with the department in an amount equal to 10 percent of esti-
25 mated gross receipts from all activities to be conducted by the opera-
26 tor in the calendar year. The operator's permit is in addition to the
27 permit required to be obtained by the municipality or qualified orga-
28 nization on whose behalf the operator conducts the activity.

29 (c) An additional fee of one and one-half percent of the gross

1 receipts, less the value of prizes awarded, from an activity permitted
2 under this chapter shall be paid to the department annually by the
3 municipality, qualified organization, or political organization au-
4 thorized to conduct the activity, except that an operator is liable
5 for and shall pay to the department the additional fee for activities
6 conducted by the operator on behalf of a municipality or qualified
7 organization.

8 * Sec. 3. AS 05.15 is amended by adding a new section to read:

9 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
10 or security filed under AS 05.15.020(b) must be made payable to the
11 department and must be conditioned upon payment to the department of
12 the fee required by AS 05.15.020(c) and payment to the authorizing
13 permittee of net proceeds as required by AS 05.15.165(b). If the
14 operator fails to make the required payments, the operator forfeits
15 the bond or security to the department.

16 (b) The amount forfeited under (a) of this section shall be
17 first used to satisfy delinquent fees, interest, and penalties due the
18 department under this chapter. If the amount forfeited is not ex-
19 hausted by payment of delinquent fees, interest, and penalties, the
20 department may use the remaining amount to pay net proceeds due an
21 authorizing permittee. The total amount available for payment of net
22 proceeds shall be prorated among the permittees to whom proceeds are
23 due from that operator.

24 * Sec. 4. 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 for a permit, a qualified organization shall
28 notify the local government of the proposed activity of the applica-
29 tion and the location where the proposed activity will be conducted.

1 (b) Local government approval by resolution is required for
2 three activities: bingo games, pull-tabs, and special-draw games. The
3 commissioner may not issue a permit to a qualified organization for
4 these activities in a jurisdiction that has not approved the activity.
5 The qualified organization shall include evidence of approval with its
6 initial application.

7 (c) A local government may protest issuance of a permit for
8 activities other than those described in (b) of this section, and the
9 renewal of a permit for an activity that requires approval under (b)
10 of this section, by filing with the commissioner a resolution stating
11 the reasons for the protest. A protest may be based on the organiza-
12 tion's lack of qualifications for a permit or a finding that the
13 proposed activity is not in the best interests of the public. The
14 commissioner may consider the protest resolution in the determination
15 to issue or renew a permit.

16 (d) If a permittee changes the location of an activity in the
17 jurisdiction for which a permit has been issued, the permittee shall
18 notify the department and the local government within 30 days after
19 moving to the new location.

20 (e) To conduct an activity in an additional jurisdiction, a
21 permittee shall file an application with the department and shall
22 notify the local government of the proposed activity. An activity may
23 not be conducted in an additional jurisdiction until approval from the
24 commissioner is obtained.

25 (f) The commissioner may limit the locations in which activities
26 under this chapter may be conducted.

27 (g) To conduct an activity at a location that is more than five
28 miles from a local government or that is within the unorganized bor-
29 ough, a qualified organization, in accordance with the procedures

1 established by the commissioner, shall obtain the approval of the
2 commissioner, and is not required to comply with (a) - (e) of this
3 section.

4 * Sec. 5. 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 shall adopt regula-
7 tions necessary to implement this chapter, including regulations on
8 the control and issuance of permits, authorized expenses, investi-
9 gations and audits, recordkeeping and accounting, bond and security
10 forfeiture, prizes, equipment, suspension and revocation of permits
11 and licenses, definition of special-draw games, distribution of pull-
12 tabs, and other matters that the commissioner considers necessary.

13 * Sec. 6. 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, including a political organization and an operator, and
17 the books and records of a person licensed to distribute pull-tab
18 games in the state [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY
19 THE REASONABLE COST OF THE EXAMINATION]. The commissioner may issue
20 subpoenas for the attendance of witnesses and the production of books,
21 records, and other documents.

22 * Sec. 7. AS 05.15.080 is repealed and reenacted to read:

23 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
24 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
25 A municipality or a qualified organization issued a permit to conduct
26 an activity authorized under this chapter shall file a report with the
27 department no later than the last business day of the month following
28 the month in which the activity was conducted. A political organiza-
29 tion that has been issued a permit to conduct a raffle shall file a

1 report with the department no later than the last business day of the
2 month when the raffle was completed. The report must include the type
3 of activity conducted, the date and location of the activity, the
4 amount of gross receipts, the amount of authorized expenses, the value
5 of prizes awarded, the amount of net proceeds, and other information
6 the commissioner may require by regulation.

7 (b) In addition to the reports required by (a) of this section,
8 a municipality, qualified organization, and political organization
9 issued a permit to conduct an activity authorized under this chapter
10 shall file an annual report with the department no later than Janu-
11 ary 31 of the year following the year in which activities were con-
12 ducted, accompanied by the payment of the additional fee required by
13 AS 05.15.020(c). The report must list the types of activities
14 conducted, and, for each activity, the total amount of gross receipts,
15 the total amount of authorized expenses, the total value of prizes
16 awarded, and the total amount of net proceeds. The report must also
17 include the disposition or intended disposition of the net proceeds.
18 If a municipality or qualified organization authorizes an operator to
19 conduct activities on its behalf, it shall include in its annual
20 report each activity conducted on its behalf, the name of the operator
21 conducting the activity, the date and location of each activity, and
22 the net proceeds received from the operator for each activity.

23 * Sec. 8. AS 05.15 is amended by adding a new section to read:

24 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
25 TORS. (a) An operator shall file a report with the department no
26 later than the last business day of the month following the month in
27 which an activity was conducted. For each municipality and qualified
28 organization on whose behalf an activity was conducted, the report
29 must include the date and location of each activity, the type of

1 activity conducted, the amount of gross receipts, the amount of au-
2 thorized expenses, the value of prizes awarded, the amount of net
3 proceeds paid, and other information the commissioner may require by
4 regulation.

5 (b) An operator shall file an annual report with the department
6 no later than January 31 of the year following the year in which
7 activities were conducted, accompanied by the payment of the addition-
8 al fee required by AS 05.15.020(c). The report must list the types of
9 activities conducted, the municipalities and qualified organizations
10 on whose behalf the activities were conducted, the total amount of
11 gross receipts, the total amount of authorized expenses, the total
12 value of prizes awarded, and the total amount of net proceeds paid to
13 each municipality and qualified organization.

14 * Sec. 9. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
16 REPORTS AND PAYMENT OF FEES. (a) The applications and reports re-
17 quired by this chapter must be filed and executed under penalty of
18 perjury and signed by the following, as applicable:

19 (1) a bona fide member in good standing of the qualified
20 organization;

21 (2) a person authorized to sign on behalf of the municipal-
22 ity;

23 (3) the candidate or campaign treasurer of the political
24 organization;

25 (4) the operator; or

26 (5) the person licensed to distribute pull-tab games in the
27 state.

28 (b) Upon a showing of reasonable cause for delay, the commis-
29 sioner may grant an extension, not exceeding 30 days, for the filing

1 of a report required under this chapter. An extension of time for the
2 payment of a fee may not be granted.

3 (c) A permittee may not conduct an activity under this chapter
4 during a period in which a report or fee is delinquent.

5 (d) A delinquent fee bears interest at the rate set by AS 43.-
6 05.225.

7 * Sec. 10. AS 05.15.100(a) is amended to read:

8 (a) The commissioner [OF REVENUE] may issue a permit to a muni-
9 cipality or qualified organization. The permit gives the municipality
10 or organization the privilege of conducting bingo, raffles and lotter-
11 ies, ice classics, rain classics, and dog mushers' contests [, FISH
12 DERBIES AND CONTESTS OF SKILL].

13 * Sec. 11. AS 05.15.100 is amended by adding new subsections to read:

14 (c) The commissioner may issue a permit to conduct a raffle to a
15 political organization. No more than six raffles may be conducted by
16 a political organization in a calendar year. An operator's permit may
17 not be issued under (d) of this section for a raffle permitted under
18 this subsection.

19 (d) The commissioner may issue an operator's permit to a natural
20 person authorized by a municipality or a qualified organization to
21 conduct an activity permitted under this chapter on its behalf. The
22 commissioner may also issue an operator's permit to a municipality or
23 a qualified organization authorized by another municipality or qual-
24 ified organization to conduct an activity on its behalf.

25 * Sec. 12. AS 05.15.120 is amended to read:

26 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant shall be a
27 municipality or qualified organization to be eligible for a permit,
28 except that a raffle permit may be issued to a political organization
29 under AS 05.15.100(c), and an operator's permit may be issued to a

1 natural person under AS 05.15.100(d).

2 * Sec. 13. AS 05.15.140(a) is amended to read:

3 (a) The commissioner [OF REVENUE] may not issue or renew a
4 permit except on [UPON] satisfactory proof that (1) the applicant is a
5 municipality, a [OR] qualified organization, or an operator; (2) the
6 activity may be permitted under this chapter; [,] and (3) the issuance
7 of a permit is not detrimental to the best interests of the public.
8 On [UPON] request of the commissioner [OF REVENUE], the applicant
9 shall prove conclusively each of these requirements before a permit
10 may be issued or renewed.

11 * Sec. 14. AS 05.15.140(b) is amended to read:

12 (b) In an application for a permit, a municipality, a [OR]
13 qualified organization, or an operator shall disclose the name and
14 address of each person responsible for the operation of the activity
15 and whether a [ANY] person named

16 (1) has ever been convicted of a felony or gambling misde-
17 meanor; or

18 (2) has a [PROHIBITED] financial interest [, AS DEFINED IN
19 REGULATIONS ADOPTED BY THE COMMISSIONER,] in the operation of the
20 activity except that an operator may be paid compensation for services
21 rendered.

22 * Sec. 15. AS 05.15.140(c) is repealed and reenacted to read:

23 (c) The commissioner may not issue a permit for an activity that
24 is conducted by

25 (1) an operator who has been convicted of a felony or a
26 gambling misdemeanor or who has a financial interest in the activity
27 other than being paid compensation for services rendered;

28 (2) a person whose name and address must be disclosed under
29 (b) of this section who has been convicted of a felony or gambling

1 misdemeanor or who has a financial interest in the activity other than
2 being paid compensation for services rendered.

3 * Sec. 16. AS 05.15.160 is amended to read:

4 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [NO
5 ITEM OF EXPENSE] may be incurred or paid in connection with the opera-
6 tion of an activity under a permit issued under this chapter are
7 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

10 (2) personal services [RENDERED THAT ARE NOT DIRECTLY OR
11 INDIRECTLY] involved with the operation of the activity, including
12 those [; OR

13 (3) PERSONAL SERVICES INVOLVED WITH THE OPERATION OF THE
14 ACTIVITY PROVIDED THE SERVICES ARE] performed by

15 (A) an employee of the permittee; [MUNICIPALITY, QUALI-
16 FIED ORGANIZATION,] or

17 (B) a consultant hired by the permittee [MUNICIPALITY
18 OR QUALIFIED ORGANIZATION] conducting the activity [AND THE
19 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

20 * Sec. 17. AS 05.15.160 is amended by adding a new subsection to read:

21 (b) The expenses authorized by (a) of this section may not
22 exceed 25 percent of a permittee's annual gross receipts from the
23 authorized activity.

24 * Sec. 18. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
26 qualified organization from activities authorized under this chapter
27 may not be less than 15 percent of the organization's annual gross
28 receipts from the activities.

29 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an

1 activity for more than one authorizing permittee in a 24-hour period.

2 (b) An operator shall pay the authorizing permittee the net
3 proceeds from an activity within 15 calendar days after the date of
4 the activity. The payment shall be made by check, and the operator
5 shall obtain a signed receipt from the authorizing permittee. The
6 authorizing permittee shall keep a copy of the receipt for its re-
7 cords.

8 (c) An authorizing permittee shall designate a representative as
9 its agent to work with the operator. The representative of a quali-
10 fied organization shall be a bona fide member in good standing of the
11 organization. The representative is entitled to access to all books
12 and records of the operator relating to the activity conducted by the
13 operator for the authorizing permittee. The commissioner may order
14 the production of the books and records of an operator if the operator
15 does not voluntarily make them available to the representative.

16 (d) If the department finds that an operator has incurred ex-
17 penses that are not authorized under AS 05.15.160(a), or has incurred
18 expenses in excess of the amount authorized under AS 05.15.160(b), or
19 has paid an authorizing permittee less than the minimum amount of net
20 proceeds required by AS 05.15.163, the department shall order the
21 operator to refund to the authorizing permittee the amount of the
22 unauthorized expenses, or the difference between the minimum amount of
23 net proceeds set under AS 05.15.163 and the amount of the net proceeds
24 actually paid, whichever is greater. The operator shall pay the
25 authorizing permittee interest on the amount ordered to be paid at the
26 rate of 1.5 percent a month for each month or fraction of a month
27 between the date of the activity and the date the refund is made.

28 (e) The name of the operator and the name of each authorizing
29 permittee on whose behalf an activity is conducted must be disclosed

1 in each advertisement of an activity. The operator shall post its
2 operator's permit and a copy of the permit of the authorizing per-
3 mittee at the location of the activity.

4 * Sec. 19. AS 05.15.180(a) is amended to read:

5 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
6 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
7 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
8 STRUMENTS] used, designed, or intended primarily for gaming or gam-
9 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
10 thorized by regulation and used in an activity authorized under this
11 chapter [THE COMMISSIONER].

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

13 Sec. 05.15.185. PULL-TAB GAMES. (a) A person may not dis-
14 tribute pull-tab games to another person in this state for use within
15 this state, unless the person first obtains a license from the commis-
16 sioner authorizing that person to distribute pull-tab games in the
17 state.

18 (b) All pull-tabs distributed in the state by a person licensed
19 by the commissioner shall be numbered, and each set of pull-tabs shall
20 be sealed and marked with a numbered label purchased by the licensee
21 from the department.

22 (c) A person licensed under this section may distribute pull-tab
23 games only to a municipality or a qualified organization that has
24 obtained a permit authorizing it to conduct a pull-tab game under this
25 chapter.

26 (d) A person licensed by the commissioner to distribute pull-tab
27 games in the state shall

28 (1) pay an annual fee of \$1000; and

29 (2) report, as required by the commissioner, for all pull-

1 tab games distributed in the state, the name of the permittee to whom
2 the games are distributed, the numbers on the pull-tabs, and the
3 number on the label marking each set of pull-tabs.

4 (e) The commissioner may suspend or revoke a license issued
5 under this section if the licensee fails to comply with the require-
6 ments of this section.

7 (f) In this section, "distribute" means to sell, distribute,
8 furnish, or supply.

9 * Sec. 21. AS 05.15.200(b) is repealed and reenacted to read:

10 (b) If a person wilfully makes and signs an application, report
11 or other document required under this chapter that contains a written
12 declaration that it is made under the penalty of perjury and the
13 person does not believe the declaration to be true, the person is
14 guilty of perjury.

15 * Sec. 22. AS 05.15.210(6) is amended to read:

16 (6) "dog mushers' contest" means a game of chance [CONTEST]
17 in which prizes are awarded for the correct guess of the racing time
18 of a dog team or of team position in the race [, INCLUDING PRIZES TO
19 THE RACE CONTESTANTS];

20 * Sec. 23. AS 05.15.210(12) is amended to read:

21 (12) "ice classic" means a game of chance in which a prize
22 of money is awarded for the closest guess of the time the ice moves in
23 a body of water or watercourse in the state [AND IS LIMITED TO THE
24 NENANA AND CHENA ICE POOLS IN THE SAME MANNER AS THEY WERE CONDUCTED
25 IN 1959 AND PREVIOUS YEARS];

26 * Sec. 24. AS 05.15.210(15) is repealed and reenacted to read:

27 (15) "net proceeds" means the gross receipts from an autho-
28 rized activity less the fee described in AS 05.15.020(c), the expenses
29 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

1 * Sec. 25. AS 05.15.210(18) is repealed and reenacted to read:

2 (18) "political organization" means a candidate who, or a
3 group that, has registered and filed with the Alaska Public Offices
4 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
5 for nomination or election to the Presidency or the Vice-Presidency of
6 the United States or the U.S. Congress, or an authorized committee of
7 a candidate for national office;

8 * Sec. 26. AS 05.15.210(19) is repealed and reenacted to read:

9 (19) "qualified organization" means a domestic corporation
10 organized under AS 10.20 that has been in existence for three years
11 after the issuance of its certificate of incorporation, a religious
12 corporation formed under AS 10.40 that has been in existence for three
13 years after the date of filing its articles of incorporation, a labor
14 organization that has been in existence for three years, or a politi-
15 cal party as defined in AS 15.60.010;

16 * Sec. 27. AS 05.15.210(20) is amended to read:

17 (20) "raffle and lottery" means the selling of rights to
18 participate, and the awarding of prizes [, IN THE SPECIFIED KINDS OF
19 GAMES OF CHANCE SOMETIMES KNOWN AS PULL-TAB GAMES IN WHICH THE PRICE
20 OF EACH CHANCE IS \$2 OR LESS AND] in the specified kind of game of
21 chance sometimes known as a raffle or lottery, conducted by the draw-
22 ing for prizes by chance;

23 * Sec. 28. AS 05.15.210 is amended by adding new paragraphs to read:

24 (24) "authorizing permittee" means a municipality or qual-
25 ified organization that authorizes an operator to conduct on its
26 behalf an activity subject to this chapter;

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

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

29 (27) "established village" means an unincorporated community

1 where 25 or more people reside permanently as a social unit;

2 (28) "local government" means an established village or
3 municipality, except for the unorganized borough, that covers or is
4 within five miles of the site of an activity that is the subject of a
5 permit or application for a permit under this chapter;

6 (29) "operator" means a natural person who, or a municipal-
7 ity or qualified organization that, has obtained a permit authorizing
8 it to operate an activity subject to this chapter on behalf of another
9 permittee;

10 (30) "pull-tab game" means a game of chance where a card,
11 the face of which is covered to conceal a number, symbol, or set of
12 symbols, is purchased by the participant for a price of \$2 or less and
13 where a prize is awarded for a card containing certain numbers or
14 symbols designated in advance and at random.

15 * Sec. 29. AS 05.15.180(b), 05.15.210(2), (3), (4), (5), (7), (8), (9),
16 (10), (17), (22), and (23) are repealed.

Offered: 4/4/85
Referred: Judiciary and
Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 247 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST 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 amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted
11 under this chapter may not be conducted by a municipality or a quali-
12 fied organization, and a raffle may not be conducted by a political
13 organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 * Sec. 2. AS 05.15.020 is amended by adding new subsections to read:

19 (b) An activity permitted under this chapter, except a raffle
20 permitted under AS 05.15.100(c), may be conducted by an operator for a
21 municipality or qualified organization if an annual operator's permit
22 is obtained from the department, a fee of \$200 is paid to the depart-
23 ment, and a bond or other security acceptable to the department is
24 filed with the department in an amount equal to 10 percent of esti-
25 mated gross receipts from all activities to be conducted by the opera-
26 tor in the calendar year. The operator's permit is in addition to the
27 permit required to be obtained by the municipality or qualified orga-
28 nization on whose behalf the operator conducts the activity.

29 (c) An additional fee of one and one-half percent of the gross

1 receipts, less the value of prizes awarded, from an activity permitted
2 under this chapter shall be paid to the department annually by the
3 municipality, qualified organization, or political organization au-
4 thorized to conduct the activity, except that an operator is liable
5 for and shall pay to the department the additional fee for activities
6 conducted by the operator on behalf of a municipality or qualified
7 organization.

8 * Sec. 3. AS 05.15 is amended by adding a new section to read:

9 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
10 or security filed under AS 05.15.020(b) must be made payable to the
11 Department of Revenue and must be conditioned upon payment to the
12 department of the fee required by AS 05.15.020(c) and payment to the
13 authorizing permittee of net proceeds as required by AS 05.15.165(b).
14 If the operator fails to make the required payments, the operator
15 forfeits the bond or security to the department.

16 (b) The amount forfeited under (a) of this section shall be
17 first used to satisfy delinquent fees, interest, and penalties due the
18 department under this chapter. If the amount forfeited is not ex-
19 hausted by payment of delinquent fees, interest, and penalties, the
20 department may use the remaining amount to pay net proceeds due an
21 authorizing permittee. The total amount available for payment of net
22 proceeds shall be prorated among the permittees to whom proceeds are
23 due from that operator.

24 * Sec. 4. 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 for a permit, a qualified organization shall
28 notify the local government nearest to the location of the proposed
29 activity of the application and the location where the proposed

1 activity will be conducted.

2 (b) Local government approval by resolution is required for
3 three activities: bingo games, pull-tabs, and special-draw games. The
4 commissioner may not issue a permit to a qualified organization for
5 these activities in a jurisdiction that has not approved the activity.
6 The qualified organization shall include evidence of approval with its
7 initial application.

8 (c) A local government may protest issuance of a permit for
9 activities other than those described in (b) of this section, and the
10 renewal of a permit for an activity that requires approval under (b)
11 of this section, by filing with the commissioner a resolution stating
12 the reasons for the protest. A protest may be based on the organiza-
13 tion's lack of qualifications for a permit or a finding that the
14 proposed activity is not in the best interests of the public. The
15 commissioner may consider the protest resolution in the determination
16 to issue or renew a permit.

17 (d) If a permittee changes the location of an activity in the
18 jurisdiction for which a permit has been issued, the permittee shall
19 notify the department and the local government within 30 days after
20 moving to the new location.

21 (e) To conduct an activity in an additional jurisdiction, a
22 permittee shall file an application with the department and shall
23 notify the local government nearest the location of the proposed
24 activity. An activity may not be conducted in an additional jurisdic-
25 tion until approval from the commissioner is obtained.

26 (f) The commissioner may limit the locations in which activities
27 under this chapter may be conducted.

28 (g) To conduct an activity at a location that is more than five
29 miles from the nearest local government or that is within the

1 unorganized borough, a qualified organization, in accordance with the
2 procedures established by the commissioner of revenue, shall obtain
3 the approval of the commissioner of revenue, and is not required to
4 comply with the requirements of (a) - (e) of this section.

5 * Sec. 5. AS 05.15.060 is repealed and reenacted to read:

6 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
7 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
8 regulations necessary to implement this chapter, including regulations
9 on the control and issuance of permits, authorized expenses, investi-
10 gations and audits, recordkeeping and accounting, bond and security
11 forfeiture, prizes, equipment, suspension and revocation of permits
12 and licenses, definition of special-draw games, distribution of pull-
13 tabs, and other matters that the commissioner considers necessary.

14 * Sec. 6. AS 05.15.070 is amended to read:

15 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
16 The commissioner may examine or have examined the books and records of
17 a permittee, including a political organization and an operator, and
18 the books and records of a person licensed to distribute pull-tab
19 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
20 PAY THE REASONABLE COST OF THE EXAMINATION]. The commissioner may
21 issue subpoenas for the attendance of witnesses and the production of
22 books, records, and other documents.

23 * Sec. 7. AS 05.15.080 is repealed and reenacted to read:

24 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
25 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
26 A municipality, qualified organization, and political organization
27 issued a permit to conduct an activity authorized under this chapter
28 shall file a report with the department no later than the last busi-
29 ness day of the month following the month in which the activity was

1 conducted. The report must include the type of activity conducted,
2 the date and location of the activity, the amount of gross receipts,
3 the amount of authorized expenses, the value of prizes awarded, the
4 amount of net proceeds, and other information the commissioner may
5 require by regulation.

6 (b) In addition to the reports required by (a) of this section,
7 a municipality, qualified organization, and political organization
8 issued a permit to conduct an activity authorized under this chapter
9 shall file an annual report with the department no later than
10 January 31 of the year following the year in which activities were
11 conducted, accompanied by the payment of the additional fee required
12 by AS 05.15.020(c). The report must list the types of activities
13 conducted, and, for each activity, the total amount of gross receipts,
14 the total amount of authorized expenses, the total value of prizes
15 awarded, and the total amount of net proceeds. The report must also
16 include the disposition or intended disposition of the net proceeds.
17 If a municipality or qualified organization authorizes an operator to
18 conduct activities on its behalf, it shall include in its annual
19 report each activity conducted on its behalf, the name of the operator
20 conducting the activity, the date and location of each activity, and
21 the net proceeds received from the operator for each activity.

22 * Sec. 8. AS 05.15 is amended by adding a new section to read:

23 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
24 TORS. (a) An operator shall file a report with the department no
25 later than the last business day of the month following the month in
26 which an activity was conducted. For each municipality and qualified
27 organization on whose behalf an activity was conducted, the report
28 must include the date and location of each activity, the type of
29 activity conducted, the amount of gross receipts, the amount of

1 authorized expenses, the value of prizes awarded, the amount of net
2 proceeds paid, and other information the commissioner may require by
3 regulation.

4 (b) An operator shall file an annual report with the department
5 no later than January 31 of the year following the year in which
6 activities were conducted, accompanied by the payment of the addition-
7 al fee required by AS 05.15.020(c). The report must list the types of
8 activities conducted, the municipalities and qualified organizations
9 on whose behalf the activities were conducted, the total amount of
10 gross receipts, the total amount of authorized expenses, the total
11 value of prizes awarded, and the total amount of net proceeds paid to
12 each municipality and qualified organization.

13 * Sec. 9. AS 05.15 is amended by adding a new section to read:

14 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
15 REPORTS AND PAYMENT OF FEES. (a) The applications and reports re-
16 quired by this chapter must be filed under penalty of perjury and
17 signed by the following, as applicable:

18 (1) a bona fide member in good standing of the qualified
19 organization;

20 (2) a person authorized to sign on behalf of the municipal-
21 ity;

22 (3) the campaign treasurer of the political organization;

23 (4) the operator; or

24 (5) the person licensed to distribute pull-tab games in the
25 state.

26 (b) Upon a showing of reasonable cause for delay, the commis-
27 sioner may grant an extension, not exceeding 30 days, for the filing
28 of a report required under this chapter. An extension of time for the
29 payment of a fee may not be granted.

1 (c) A permittee may not conduct an activity under this chapter
2 during a period in which a report or fee is delinquent.

3 (d) A delinquent fee bears interest at the rate set by AS 43.-
4 05.225.

5 * Sec. 10. AS 05.15.100(a) is amended to read:

6 (a) The commissioner of revenue may issue a permit to a municipi-
7 pality or qualified organization. The permit gives the municipality
8 or organization the privilege of conducting bingo, raffles and lotter-
9 ies, ice classics, rain classics, and dog mushers' contests [, FISH
10 DERBIES AND CONTESTS OF SKILL].

11 * Sec. 11. AS 05.15.100 is amended by adding new subsections to read:

12 (c) The commissioner may issue a permit to conduct a raffle to a
13 political organization. No more than three raffles may be conducted
14 by a political organization in a calendar year. An operator's permit
15 may not be issued under (d) of this section for a raffle permitted
16 under this subsection.

17 (d) The commissioner may issue an operator's permit to a natural
18 person authorized by a municipality or a qualified organization to
19 conduct an activity permitted under this chapter on its behalf. The
20 commissioner may also issue an operator's permit to a municipality or
21 a qualified organization authorized by another municipality or qual-
22 ified organization to conduct an activity on its behalf.

23 * Sec. 12. AS 05.15.120 is amended to read:

24 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant shall be a
25 municipality or qualified organization to be eligible for a permit,
26 except that a raffle permit may be issued to a political organization
27 under AS 05.15.100(c), and an operator's permit may be issued to a
28 natural person under AS 05.15.100(d).

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

1 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [NO
2 ITEM OF EXPENSE] may be incurred or paid in connection with the opera-
3 tion of an activity under a permit issued under this chapter are
4 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

7 (2) personal services [RENDERED THAT ARE NOT DIRECTLY OR
8 INDIRECTLY] involved with the operation of the activity , including
9 those [; OR

10 (3) PERSONAL SERVICES INVOLVED WITH THE OPERATION OF THE
11 ACTIVITY PROVIDED THE SERVICES ARE] performed by

12 (A) an employee of the permittee; [MUNICIPALITY, QUALI-
13 FIED ORGANIZATION,] or

14 (B) a consultant hired by the permittee [MUNICIPALITY
15 OR QUALIFIED ORGANIZATION] conducting the activity [AND THE
16 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

17 * Sec. 14. AS 05.15.160 is amended by adding a new subsection to read:

18 (b) The expenses authorized by (a) of this section may not
19 exceed 25 percent of a permittee's annual gross receipts from the
20 authorized activity.

21 * Sec. 15. AS 05.15 is amended by adding new sections to read:

22 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
23 qualified organization from activities authorized under this chapter
24 may not be less than 25 percent of the organization's annual gross
25 receipts from the activities.

26 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an
27 activity for more than one authorizing permittee in a 24-hour period.

28 (b) An operator shall pay the authorizing permittee the net
29 proceeds from an activity within 15 calendar days after the date of

1 the activity. The payment shall be made by check, and the operator
2 shall obtain a signed receipt from the authorizing permittee. The
3 authorizing permittee shall keep a copy of the receipt for its re-
4 cords.

5 (c) An authorizing permittee shall designate a representative as
6 its agent to work with the operator. The representative of a quali-
7 fied organization shall be a bona fide member in good standing of the
8 organization. The representative is entitled to access to all books
9 and records of the operator relating to the activity conducted by the
10 operator for the authorizing permittee. The commissioner may order
11 the production of the books and records of an operator if the operator
12 does not voluntarily make them available to the representative.

13 (d) If the department finds that an operator has incurred ex-
14 penses that are not authorized under AS 05.15.160(a), or has incurred
15 expenses in excess of the amount authorized under AS 05.15.160(b), or
16 has paid an authorizing permittee less than the minimum amount of net
17 proceeds required by AS 05.15.163, the department shall order the
18 operator to refund to the authorizing permittee the amount of the
19 unauthorized expenses, or the difference between the minimum amount of
20 net proceeds set under AS 05.15.163 and the amount of the net proceeds
21 actually paid, whichever is greater. The operator shall pay the
22 authorizing permittee interest on the amount ordered to be paid at the
23 rate of 1.5 percent a month for each month or fraction of a month
24 between the date of the activity and the date the refund is made.

25 (e) The name of the operator and the name of each authorizing
26 permittee on whose behalf an activity is conducted must be disclosed
27 in each advertisement of an activity. The operator shall post its
28 operator's permit and a copy of the permit of the authorizing per-
29 mittee at the location of the activity.

1 * Sec. 16. AS 05.15.180(a) is amended to read:

2 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
3 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
4 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
5 STRUMENTS] used, designed, or intended primarily for gaming or gam-
6 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
7 thorized by regulation and used in an activity authorized under this
8 chapter [THE COMMISSIONER].

9 * Sec. 17. AS 05.15 is amended by adding a new section to read:

10 Sec. 05.15.185. PULL-TAB GAMES. (a) A person may not dis-
11 tribute pull-tab games to another person in this state for use within
12 this state, unless the person first obtains a license from the commis-
13 sioner authorizing that person to distribute pull-tab games in the
14 state.

15 (b) All pull-tabs distributed in the state by a person licensed
16 by the commissioner shall be numbered, and each set of pull-tabs shall
17 be sealed and marked with a numbered label purchased by the licensee
18 from the department.

19 (c) A person licensed under this section may distribute pull-tab
20 games only to a municipality or a qualified organization that has
21 obtained a permit authorizing it to conduct a pull-tab game under this
22 chapter.

23 (d) A person licensed by the commissioner to distribute pull-tab
24 games in the state shall

25 (1) pay an annual fee of \$200; and

26 (2) report, as required by the commissioner, for all pull-
27 tab games distributed in the state, the name of the permittee to whom
28 the games are distributed, the numbers on the pull-tabs, and the
29 number on the label marking each set of pull-tabs.

1 (e) The commissioner may suspend or revoke a license issued
2 under this section if the licensee fails to comply with the require-
3 ments of this section.

4 (f) In this section, "distribute" means to sell, distribute,
5 furnish, or supply.

6 * Sec. 18. AS 05.15.200 is amended by adding a new subsection to read:

7 (c) The commissioner may assess a penalty in the amount pre-
8 scribed by AS 43.05.220(a) if a permittee, including a political
9 organization and an operator, fails to pay the fee as required by
10 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
11 that the failure was due to a reasonable cause.

12 * Sec. 19. AS 05.15.210(6) is amended to read:

13 (6) "dog mushers' contest" means a game of chance [CONTEST]
14 in which prizes are awarded for the correct guess of the racing time
15 of a dog team or of team position in the race [, INCLUDING PRIZES TO
16 THE RACE CONTESTANTS];

17 * Sec. 20. AS 05.15.210(12) is amended to read:

18 (12) "ice classic" means a game of chance in which a prize
19 of money is awarded for the closest guess of the time the ice moves in
20 a body of water or watercourse in the state [AND IS LIMITED TO THE
21 NENANA AND CHENA ICE POOLS IN THE SAME MANNER AS THEY WERE CONDUCTED
22 IN 1959 AND PREVIOUS YEARS];

23 * Sec. 21. AS 05.15.210(15) is repealed and reenacted to read:

24 (15) "net proceeds" means the gross receipts from an autho-
25 rized activity less the fee described in AS 05.15.020(c), the expenses
26 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

27 * Sec. 22. AS 05.15.210(18) is amended to read:

28 (18) "political organization" means a candidate who, or a
29 group that, has registered and filed with the Alaska Public Offices

1 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
2 for nomination or election to the Presidency or the Vice-Presidency of
3 the United States or the U.S. Congress, or an authorized committee of
4 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
5 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
6 AS 15.60.010];

7 * Sec. 23. AS 05.15.210(19) is amended to read:

8 (19) "qualified organization" means a domestic corporation
9 organized under AS 10.20 that has been in existence for three years
10 after the date of issuance of a certificate of authority issued under
11 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
12 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
13 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
14 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
15 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
16 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
17 BEEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
18 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
19 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

20 * Sec. 24. AS 05.15.210 is amended by adding new paragraphs to read:

21 (24) "authorizing permittee" means a municipality or qual-
22 ified organization that authorizes an operator to conduct on its
23 behalf an activity subject to this chapter;

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

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

26 (27) "operator" means a natural person who, or a municipal-
27 ity or qualified organization that, has obtained a permit authorizing
28 it to operate an activity, subject to this chapter, on behalf of
29 another permittee.

1 * Sec. 25. AS 43.05.290(d) is amended to read:

2 (d) A person who wilfully makes and subscribes a return or other
3 document required under AS 05.15 or under this title that [WHICH]
4 contains or is verified by a written declaration that it is made under
5 the penalties of perjury that [WHICH] the person does not believe to
6 be true and correct as to every material matter is, in addition to
7 other penalties provided by that chapter or this title, whichever is
8 applicable, guilty of a felony and, upon conviction, punishable by a
9 fine of not more than \$25,000, or by imprisonment for not more than
10 three years, or by both.

11 * Sec. 26. AS 05.15.180(b); 05.15.200(b); 05.15.210(2), (3), (4), (5),
12 (7), (8), (9), (10), (13), (17), (22), and (23) are repealed.

13 * Sec. 27. This Act takes effect July 1, 1985.

Introduced: 2/27/85
Referred: State Affairs,
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 247

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST 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 amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) An activity per-
11 mitted under this chapter may not be conducted by a municipality or a
12 qualified organization, and a raffle may not be conducted by a politi-
13 cal organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 (b) An activity permitted under this chapter, except a raffle
19 permitted under AS 05.15.100(c), may be conducted by an operator for a
20 municipality or qualified organization if an annual operator's permit
21 issued by the department is obtained, a fee of \$200 is paid to the
22 department, and a bond or other security acceptable to the department
23 is filed with the department in an amount equal to 10 percent of
24 estimated gross receipts from all activities to be conducted by the
25 operator in the calendar year. The operator's permit is in addition
26 to the permit required to be obtained by the municipality or qualified
27 organization on whose behalf the operator conducts the activity.

28 (c) An additional fee of one and one-half percent of the gross
29 receipts, less the value of prizes awarded, from an activity permitted

1 under this chapter must be paid to the department annually by the
2 municipality, qualified organization, or political organization au-
3 thorized to conduct the activity, except that an operator is liable
4 for and must pay to the department the additional fee for activities
5 conducted by the operator on behalf of a municipality or qualified
6 organization.

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

8 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
9 or security filed under AS 05.15.020(b) must be made payable to the
10 Department of Revenue and must be conditioned upon payment to the
11 department of the fee required by AS 05.15.020(c) and payment to the
12 authorizing permittee of net proceeds as required by AS 05.15.165(b).
13 If the operator fails to make the required payments, the operator
14 forfeits the bond or security to the department.

15 (b) The amount forfeited under (a) of this section must be first
16 used to satisfy delinquent fees, interest, and penalties due the
17 department under this chapter. If the amount forfeited is not ex-
18 hausted by payment of delinquent fees, interest, and penalties, the
19 department may use the remaining amount to pay net proceeds due an
20 authorizing permittee. The total amount available for payment of net
21 proceeds must be prorated among the permittees to whom proceeds are
22 due from that operator.

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

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

1 (b) Local government approval by resolution is required for
2 three activities: bingo games, pull-tabs, and special-draw games. The
3 commissioner may not issue a permit to a qualified organization for
4 these activities in a jurisdiction that has not approved the activity.
5 Evidence of approval must be included with the initial application.

6 (c) A local government may protest issuance of a permit for
7 activities other than those described in (b) of this section, and the
8 renewal of a permit for an activity for which approval is required
9 under (b) of this section, by filing with the commissioner a resolu-
10 tion stating the reasons for the protest. A protest may be based on
11 the organization's lack of qualifications for a permit or a finding
12 that the proposed activity is not in the best interests of the public.
13 The commissioner may consider the protest resolution in the determina-
14 tion to issue or renew a permit.

15 (d) If a permittee changes the location of an activity in the
16 jurisdiction for which a permit has been issued, the permittee shall
17 notify the department and the local government within 30 days after
18 moving to the new location.

19 (e) To conduct an activity in an additional jurisdiction, a
20 permittee shall file an application with the department and shall
21 notify the local government nearest the location of the proposed
22 activity. An activity may not be conducted in an additional jurisdic-
23 tion until approval from the commissioner is obtained.

24 (f) The commissioner may limit the locations in which activities
25 under this chapter may be conducted.

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

27 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
28 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
29 regulations necessary to implement this chapter, including regulations

1 on the control and issuance of permits, authorized expenses, investi-
2 gations and audits, recordkeeping and accounting, bond and security
3 forfeiture, prizes, equipment, suspension and revocation of permits
4 and licenses, definition of special-draw games, distribution of pull-
5 tabs, and other matters that the commissioner considers necessary.

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

7 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
8 The commissioner may examine or have examined the books and records of
9 a permittee, including a political organization and an operator, and
10 the books and records of a person licensed to distribute pull-tab
11 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
12 PAY THE REASONABLE COST OF THE EXAMINATION.] The commissioner may
13 issue subpoenas for the attendance of witnesses and the production of
14 books, records, and other documents.

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

16 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
17 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
18 A municipality, qualified organization, and political organization
19 issued a permit to conduct an activity authorized under this chapter
20 shall file a report with the department no later than the last busi-
21 ness day of the month following the month in which the activity was
22 conducted. The report must include the type of activity conducted,
23 the date and location of the activity, the amount of gross receipts,
24 the amount of authorized expenses, the value of prizes awarded, the
25 amount of net proceeds, and other information the commissioner may
26 require by regulation.

27 (b) In addition to the reports required by (a) of this section,
28 a municipality, qualified organization, and political organization
29 issued a permit to conduct an activity authorized under this chapter

1 shall file an annual report with the department no later than
2 January 31 of the year following the year in which activities were
3 conducted, accompanied by the payment of the additional fee required
4 by AS 05.15.020(c). The report must list the types of activities
5 conducted, and, for each activity, the total amount of gross receipts,
6 the total amount of authorized expenses, the total value of prizes
7 awarded, and the total amount of net proceeds. The report must also
8 include the disposition or intended disposition of the net proceeds.
9 If a municipality or qualified organization authorizes an operator to
10 conduct activities on its behalf, it shall include in its annual
11 report each activity conducted on its behalf, the name of the operator
12 conducting the activity, the date and location of each activity, and
13 the net proceeds received from the operator for each activity.

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

15 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
16 TORS. (a) An operator shall file a report with the department no
17 later than the last business day of the month following the month in
18 which an activity was conducted. For each municipality and qualified
19 organization on whose behalf an activity was conducted, the report
20 must include the date and location of each activity, the type of
21 activity conducted, the amount of gross receipts, the amount of au-
22 thorized expenses, the value of prizes awarded, the amount of net
23 proceeds paid, and other information the commissioner may require by
24 regulation.

25 (b) An operator shall file an annual report with the department
26 no later than January 31 of the year following the year in which
27 activities were conducted, accompanied by the payment of the addition-
28 al fee required by AS 05.15.020(c). The report must list the types of
29 activities conducted, the municipalities and qualified organizations

1 on whose behalf the activities were conducted, the total amount of
2 gross receipts, the total amount of authorized expenses, the total
3 value of prizes awarded, and the total amount of net proceeds paid to
4 each municipality and qualified organization.

5 * Sec. 8. AS 05.15 is amended by adding a new section to read:

6 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
7 REPORTS AND PAYMENT OF FEES. (a) The applications and reports
8 required by this chapter must be filed under penalty of perjury and
9 signed by the following, as applicable: (1) a bona fide member in good
10 standing of the qualified organization, (2) a person authorized to
11 sign on behalf of the municipality, (3) the campaign treasurer of the
12 political organization, (4) the operator, or (5) the person licensed
13 to distribute pull-tab games in the state.

14 (b) Upon a showing of reasonable cause for delay, the commis-
15 sioner may grant an extension, not exceeding 30 days, for the filing
16 of a report required under this chapter. No extension of time for the
17 payment of a fee may be granted.

18 (c) A permittee may not conduct an activity under this chapter
19 during any period in which a report or fee is delinquent.

20 (d) A delinquent fee bears interest at the rate set by AS 43.-
21 05.225.

22 * Sec. 9. AS 05.15.100 is amended to read:

23 Sec. 05.15.100. COMMISSIONER OF REVENUE MAY ISSUE PERMITS. (a)
24 The commissioner of revenue may issue a permit to a municipality or
25 qualified organization. The permit gives the municipality or orga-
26 nization the privilege of conducting bingo, raffles and lotteries, ice
27 classics, rain classics, and dog mushers' contests[, FISH DERBIES AND
28 CONTESTS OF SKILL].

29 (b) The commissioner of revenue also may issue a permit giving a

1 municipality or qualified organization the privilege of conducting an
2 activity involving the use of playing cards, dice, and numbers wheels.
3 Each year, a municipality or qualified organization may apply for a
4 permit under this subsection for either a single event lasting no more
5 than three consecutive days, or for no more than three events lasting
6 no more than one day each.

7 (c) The commissioner may issue a permit to conduct a raffle to a
8 political organization. No more than three raffles may be conducted
9 by a political organization in a calendar year. An operator's permit
10 may not be issued under (d) of this section for a raffle permitted
11 under this subsection.

12 (d) The commissioner may issue an operator's permit to a natural
13 person authorized by a municipality or a qualified organization to
14 conduct an activity permitted under this chapter on its behalf. The
15 commissioner may also issue an operator's permit to a municipality or
16 a qualified organization authorized by another municipality or qual-
17 ified organization to conduct an activity on its behalf.

18 * Sec. 10. AS 05.15.120 is amended to read:

19 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant must
20 [SHALL] be a municipality or qualified organization to be eligible for
21 a permit, except that a raffle permit may be issued to a political
22 organization under AS 05.15.100(c), and an operator's permit may be
23 issued to a natural person under AS 05.15.100(d).

24 * Sec. 11. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. (a) The only expenses
26 that [NO ITEM OF EXPENSE] may be incurred or paid in connection with
27 the operation of an activity under a permit issued under this chapter
28 are [EXCEPT FOR] bona fide expenses reasonably necessary for

29 (1) goods, wares, and merchandise necessary for the

1 operation of the activity;

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

4 (3) personal services involved with the operation of the
5 activity, if [PROVIDED] the services are performed by (A) an employee
6 of the permittee; [MUNICIPALITY, QUALIFIED ORGANIZATION,] or (B) a
7 consultant hired by the permittee [MUNICIPALITY OR QUALIFIED ORGANI-
8 ZATION] conducting the activity, and the consultant is not directly
9 involved in the operation of the activity [AND THE COMPENSATION IS NOT
10 RELATED TO THE RECEIPTS FROM THE ACTIVITY].

11 (b) The expenses authorized by (a) of this section may not
12 exceed 25 percent of a permittee's annual gross receipts from the
13 authorized activity.

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

15 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
16 qualified organization from activities authorized under this chapter
17 may not be less than 25 percent of the organization's annual gross
18 receipts from the activities.

19 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an
20 activity for more than one authorizing permittee in a 24-hour period.

21 (b) An operator is required to pay the authorizing permittee the
22 net proceeds from an activity within 15 calendar days after the date
23 of the activity. The payment must be made by check, and the operator
24 shall obtain a signed receipt from the authorizing permittee. The
25 authorizing permittee shall keep a copy of the receipt for its re-
26 cords.

27 (c) An authorizing permittee shall designate a representative as
28 its agent to work with the operator. The representative of a quali-
29 fied organization must be a bona fide member in good standing of the

1 organization. The representative is entitled to access to all books
2 and records of the operator relating to the activity conducted by the
3 operator for the authorizing permittee. The commissioner may order
4 the production of the books and records of an operator if the operator
5 does not voluntarily make them available to the representative.

6 (d) If the department finds that an operator has incurred ex-
7 penses that are not authorized under AS 05.15.160(a), or has incurred
8 expenses in excess of the amount authorized under AS 05.15.160(b), or
9 has paid an authorizing permittee less than the minimum amount of net
10 proceeds required by AS 05.15.163, the department shall order the
11 operator to refund to the authorizing permittee the amount of the
12 unauthorized expenses, or the difference between the minimum amount of
13 net proceeds set under AS 05.15.163 and the amount of the net proceeds
14 actually paid, whichever is greater. The operator shall pay the
15 authorizing permittee interest on the amount ordered to be paid at the
16 rate of 1.5 percent a month for each month or fraction of a month
17 between the date of the activity and the date the refund is made.

18 (e) The name of the operator and the name of each authorizing
19 permittee on whose behalf an activity is conducted must be disclosed
20 in each advertisement of an activity. The operator shall post its
21 operator's permit and a copy of the permit of the authorizing per-
22 mittee at the location of the activity.

23 * Sec. 13. AS 05.15.180(a) is amended to read:

24 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
25 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
26 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
27 STRUMENTS] used, designed, or intended primarily for gaming or gam-
28 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
29 thorized by regulation and used in an activity authorized under this

1 chapter [THE COMMISSIONER].

2 * Sec. 14. AS 05.15 is amended by adding a new section to read:

3 Sec. 05.15.185. PULL-TAB GAMES. (a) No person may distribute
4 pull-tab games to another person in this state for use within this
5 state, unless the person first obtains a license from the commissioner
6 authorizing that person to distribute pull-tab games in the state.

7 (b) All pull-tabs distributed in the state by a person licensed
8 by the commissioner must be numbered, and each set of pull-tabs must
9 be sealed and marked with a numbered label purchased by the licensee
10 from the department.

11 (c) A person licensed under this section is authorized to dis-
12 tribute pull-tab games only to a municipality or a qualified orga-
13 nization that has obtained a permit authorizing it to conduct a pull-
14 tab game unde. this chapter.

15 (d) A person licensed by the commissioner to distribute pull-tab
16 games in the state shall (1) pay an annual fee of \$100; and (2) re-
17 port, as required by the commissioner, for all pull-tab games distri-
18 buted in the state, the name of the permittee to whom the games are
19 distributed, the numbers on the pull-tabs, and the number on the label
20 marking each set of pull-tabs.

21 (e) The commissioner may suspend or revoke a license issued
22 under this section if the licensee fails to comply with the require-
23 ments of this section.

24 (f) In this section, "distribute" means to sell, distribute,
25 furnish, or supply.

26 * Sec. 15. AS 05.15.200 is amended by adding a new subsection to read:

27 (c) The commissioner may assess a penalty in the amount pre-
28 scribed by AS 43.05.220(a) if a permittee, including a political
29 organization and an operator, fails to pay the fee as required by

1 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
2 that the failure was due to a reasonable cause.

3 * Sec. 16. AS 05.15.210(6) is amended to read:

4 (6) "dog mushers' contest" means a game of chance [CONTEST]
5 in which prizes are awarded for the correct guess of the racing time
6 of a dog team or of team position in the race[, INCLUDING PRIZES TO
7 THE RACE CONTESTANTS];

8 * Sec. 17. AS 05.15.210(12) is amended to read:

9 (12) "ice classic" means a game of chance in which a prize
10 of money is awarded for the closest guess of the time the ice moves in
11 a body of water or watercourse in the state [AND IS LIMITED TO THE
12 NENANA AND CHENA ICE POLLS IN THE SAME MANNER AS THEY WERE CONDUCTED
13 IN 1959 AND PREVIOUS YEARS];

14 * Sec. 18. AS 05.15.210(15) is repealed and reenacted to read:

15 (15) "net proceeds" means the gross receipts from an autho-
16 rized activity less the fee described in AS 05.15.020(c), the expenses
17 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

18 * Sec. 19. AS 05.15.210(18) is amended to read:

19 (18) "political organization" means a candidate who, or a
20 group that, has registered and filed with the Alaska Public Offices
21 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
22 for nomination or election to the Presidency or the Vice-Presidency of
23 the United States or the U.S. Congress, or an authorized committee of
24 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
25 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
26 AS 15.60.010];

27 * Sec. 20. AS 05.15.210(19) is amended to read:

28 (19) "qualified organization" means a domestic corporation
29 organized under AS 10.20 that has been in existence for three years

1 after the date of issuance of a certificate of authority issued under
2 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
3 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
4 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
5 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
6 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
7 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
8 BEEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
9 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
10 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

11 * Sec. 21. AS 05.15.210 is amended by adding new paragraphs to read:

12 (24) "authorizing permittee" means a municipality or qual-
13 ified organization that authorizes an operator to conduct on its
14 behalf an activity subject to this chapter;

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

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

17 (27) "operator" means a natural person who, or a municipal-
18 ity or qualified organization that, has obtained a permit authorizing
19 it to operate an activity, subject to this chapter, on behalf of
20 another permittee.

21 * Sec. 22. AS 43.05.290(d) is amended to read:

22 (d) A person who wilfully makes and subscribes a return or other
23 document required under AS 05.15 or under this title which contains or
24 is verified by a written declaration that it is made under the pen-
25 alties of perjury which the person does not believe to be true and
26 correct as to every material matter is, in addition to other penalties
27 provided by that chapter or this title, whichever is applicable,
28 guilty of a felony and, upon conviction, punishable by a fine of not
29 more than \$25,000, or by imprisonment for not more than three years,

1 or by both.

2 * Sec. 23. AS 05.15.180(b), 05.15.200(b), 05.15.210(2), (3), (4), (5),
3 05.15.210(7), (8), (9), (10), 05.15.210(13), 05.15.210(17), and 05.15.-
4 210(22), and (23) are repealed.

5 * Sec. 24. This Act takes effect July 1, 1985.