

HB

2999

(11)

# HOUSE COMMITTEE REPORT

Date referred: 3/17/88

FURTHER REFERRALS:

DATE: 4-18-88

The Finance Committee has considered HB 299

"An Act revising the state gaming laws."

**RECOMMENDS:**

- replace with CS HB 299 (FIN)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Adams [Signature]

Pourchet [Signature]

Larson [Signature]

Goll [Signature]

Swack [Signature]

Boyer [Signature]

Rieger [Signature]

Frank [Signature]

Wallis [Signature]

Brown [Signature]

**SIGNING OTHER RECOMMENDATIONS:**

Davis [Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chairman's signature

FISCAL NOTE

REQUEST

Revision Date: 3/18/88 Agency Affected: Public Safety  
 Title: "An Act relating to games of chance..." BRU: Alaska State Troopers  
 Sponsor: Labor & Commerce Committee Components: Detachments & CIB  
 Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       | -0-   | -0-   | -0-   | -0-   | -0-   |
| CAPITAL           |       | -0-   | -0-   | -0-   | -0-   | -0-   |
| REVENUE           |       | -0-   | -0-   | -0-   | -0-   | -0-   |

FUNDING: (Thousands of Dollars)

|               |  |     |     |     |     |     |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUNDS |  |     |     |     |     |     |
| FEDERAL FUNDS |  |     |     |     |     |     |
| OTHER         |  |     |     |     |     |     |
| TOTAL         |  | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

|           |  |   |   |   |   |   |
|-----------|--|---|---|---|---|---|
| FULL-TIME |  | 0 | 0 | 0 | 0 | 0 |
| PART-TIME |  | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY |  | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

According to Mr. John Hansen, Office Audit Supervisor, Department of Revenue, that department will be responsible for conducting the background checks of permittees and licensees referred to in paragraph 5 of the bill, with only occasional assistance from the Department of Public Safety.

Prepared by: Gayle A. Horetski, Deputy Commissioner Phone: 465-4322  
 Division: Commissioner's Office Date: 3/18/88

Approved by Commissioner: *G. A. Horetski, Dep. Comm.* Date: 3-18-88  
 Agency: Public Safety

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 299 (FIN)  
PUBLISH DATE: 4/12/88

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act revising the state gaming laws."  
Sponsor: \_\_\_\_\_  
Requestor: Labor and Commerce

Agency Affected: Revenue  
BRU: Income and Excise Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                        | FY 88 | FY 89        | FY 90        | FY 91        | FY 92        | FY 93        |
|------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| <b>OPERATING</b>       |       |              |              |              |              |              |
| PERSONAL SERVICES      |       | 203.4        | 203.4        | 203.4        | 203.4        | 203.4        |
| TRAVEL                 |       | 53.3         | 53.3         | 53.3         | 53.3         | 53.3         |
| CONTRACTUAL            |       | 33.5         | 33.5         | 33.5         | 33.5         | 33.5         |
| SUPPLIES               |       | 1.4          | 1.4          | 1.4          | 1.4          | 1.4          |
| EQUIPMENT              |       | 10.5         | -            | -            | -            | -            |
| LANDS & STRUCTURES     |       |              |              |              |              |              |
| GRANTS, CLAIMS         |       |              |              |              |              |              |
| MISCELLANEOUS          |       |              |              |              |              |              |
| <b>TOTAL OPERATING</b> |       | <b>302.1</b> | <b>291.6</b> | <b>291.6</b> | <b>291.6</b> | <b>291.6</b> |
| <b>CAPITAL</b>         |       |              |              |              |              |              |
| <b>REVENUE</b>         |       | <b>343.7</b> | <b>343.7</b> | <b>343.7</b> | <b>343.7</b> | <b>343.7</b> |

FUNDING: (Thousands of Dollars)

|               |  |       |       |       |       |       |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND  |  | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| FEDERAL FUNDS |  | -     | -     | -     | -     | -     |
| OTHER         |  | -     | -     | -     | -     | -     |
| <b>TOTAL</b>  |  |       |       |       |       |       |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit Division

Phone: (907) 465-2320  
Date: April 12, 1988

Approved by Commissioner: Hugh Malene  
Agency: \_\_\_\_\_

Date: 4/12/88

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Prepared by: Steven E. Kettel  
Income and Excise Audit Division  
Department of Revenue  
April 12, 1988

CSHB 299

ESTIMATED REVENUES

Based on 1986 Figures:

\$20 License fee @ 415 permits 8300  
\$50 License fee @ 362 permits 18100  
\$100 License fee @ 150 permits 15000

\$41,400

1% net proceeds fee 22,708

\$22,708

\$222,046 GRAND TOTAL

Pull Tab Distributors License fee @ 6 @ 1000 = \$6,000  
Pull Tab Distributors License fee @ 25 @ 500 = \$12,500

Pull Tab Net Proceeds Fee \$261,069

GRAND TOTAL \$343,677

The expenditures incurred to administer the bill will be funded through program receipts.

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 299 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the conduct of games of chance  
7 and contests of skill by municipalities and nonprofit  
8 organizations; and regulation of operators and pull-  
9 tabs."

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

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

12 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) A municipality or  
13 qualified organization may conduct an activity permitted under this  
14 chapter, if the municipality or qualified organization pays the appro-  
15 priate permit fee and receives an annual permit issued by the depart-  
16 ment. The annual permit fee is

17 (1) \$20 for an applicant that did not hold a permit during  
18 the preceding year;

19 (2) \$20 for an applicant that had gross receipts of less  
20 than \$20,000 from activities conducted under this chapter during the  
21 preceding year;

22 (3) \$50 for an applicant that had gross receipts of \$20,000  
23 or more but not exceeding \$100,000 from activities conducted under  
24 this chapter during the preceding year; or

25 (4) \$100 for an applicant that had gross receipts exceeding  
26 \$100,000 from activities conducted under this chapter during the  
27 preceding year.

28 (b) An additional fee of one percent of the net proceeds re-  
29 ceived during the preceding year from the activities authorized under

1 the permit shall be paid to the department annually by the municipal-  
2 ity or qualified organization authorized to conduct activities under  
3 this chapter, if the gross receipts for the activities were \$20,000 or  
4 more.

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

6 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received  
7 by the department under this chapter shall be deposited in the general  
8 fund. The commissioner of administration shall separately account for  
9 the money deposited in the general fund under this section. The  
10 annual estimated balance in the account may be used by the legislature  
11 to make appropriations to the department to carry out enforcement of  
12 this chapter.

13 \* Sec. 3. AS 05.15.030(a) is amended to read:

14 (a) At the time of filing an application for a permit or license  
15 under this chapter the applicant shall notify the city or borough  
16 nearest to the location of the proposed activity of the application.  
17 A local government unit may protest the conduct of the activity in its  
18 jurisdiction by resolution stating the reasons for the protest filed  
19 with the department; protests are limited to the lack of qualifica-  
20 tions prescribed by this chapter. This resolution is only a recommen-  
21 dation by the city which may be considered by the commissioner in  
22 determining whether to issue or refuse to issue a permit or license.

23 \* Sec. 4. AS 05.15.030 is amended by adding a new subsection to read:

24 (c) If a permittee or licensee changes the location of an activ-  
25 ity in the jurisdiction for which a permit has been issued, the per-  
26 mittee shall notify the department and the local government within 10  
27 days after moving to the new location.

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

29 Sec. 05.15.060. REGULATIONS. The department shall adopt

1 regulations under the Administrative Procedure Act (AS 44.62) neces-  
2 sary to carry out this chapter covering, but not limited to

3 (1) the issuance, renewal, and revocation of permits and  
4 licenses;

5 (2) a method of ascertaining net proceeds, the determina-  
6 tion of items of expense that may be incurred or paid and the limita-  
7 tion of the amount of the items of expense to prevent the proceeds  
8 from the activity permitted from being diverted to noncharitable,  
9 noneducational, nonreligious, or profit-making organizations, indi-  
10 viduals, or groups;

11 (3) the immediate revocation of permits and licenses au-  
12 thorized under this chapter if this chapter or regulations adopted  
13 under it are violated;

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

17 (5) the investigation of permittees, licensees, and their  
18 employees, including the fingerprinting of those permittees, licens-  
19 ees, and employees whom the commissioner considers it advisable to  
20 fingerprint;

21 (6) exclusion from participation as a permittee, licensee,  
22 or employee of a permittee or licensee of a person convicted of, in  
23 prison for, or on parole for a felony within the preceding five years  
24 or convicted of a crime involving theft or dishonesty or of a viola-  
25 tion of a municipal, state, or federal gambling law;

26 (7) the method and manner of conducting authorized activi-  
27 ties and awarding of prizes or awards, and the equipment that may be  
28 used;

29 (8) the number of activities that may be held, operated, or

1 conducted under a permit during a specified period; however, the  
2 department may not allow more than 14 bingo sessions a month and 35  
3 bingo games a session to be conducted under a permit;

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

7 (10) the disposition of funds in possession of a permittee  
8 or a person, municipality, or qualified organization that possesses an  
9 operator's license at the time a permit or a license is surrendered,  
10 revoked, or invalidated;

11 (11) restrictions on the participation by employees of the  
12 Department of Fish and Game in salmon classics;

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

15 \* Sec. 6. AS 05.15.070 is amended to read:

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

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

24 Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND  
25 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-  
26 tion issued a permit under this chapter shall file a report with the  
27 department by the 45th day following each calendar quarter in which  
28 the permittee had gross receipts of \$50,000 or more from activities  
29 authorized under this chapter. The report must include the type of

1 activity conducted, the date and location of the activity, the amount  
2 of gross receipts, the amount of authorized expenses, the value of  
3 prizes awarded, the amount of net proceeds, and other information the  
4 department may require. However, if the only activity conducted by a  
5 municipality or qualified organization during a calendar quarter is a  
6 raffle or lottery, then the municipality or qualified organization is  
7 not required to file a report under this subsection until the raffle  
8 or lottery is completed.

9 (b) A municipality or a qualified organization issued a permit  
10 under this chapter shall file an annual report with the department by  
11 March 15 of the year following the year in which activities were con-  
12 ducted, accompanied by the payment of the additional fee, as may be  
13 required under AS 05.15.020(b). The report must list the types of  
14 activities conducted, and, for each activity, the total amount of  
15 gross receipts, the total amount of authorized expenses, the total  
16 value of prizes awarded, and the total amount of net proceeds.

17 \* Sec. 8. AS 05.15 is amended by adding new sections to read:

18 Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An  
19 operator shall file a report with the department by the last business  
20 day of the month following each calendar quarter in which an activity  
21 was conducted. The report must include, for each authorizing permit-  
22 tee on whose behalf an activity was conducted during the quarter, the  
23 date and location of each activity, the type of activity conducted,  
24 the amount of gross receipts, the amount of authorized expenses, the  
25 value of prizes awarded, the amount of net proceeds paid, and other  
26 information the department may require; a completed Internal Revenue  
27 Service Form 941; and a copy of the operator's employer contributions  
28 and wage reports submitted to the Department of Labor for the quarter.  
29 However, if the only activity conducted by an operator during the

1 calendar quarter is a raffle or lottery, then the operator is not  
2 required to file a report under this subsection until the raffle or  
3 lottery is completed.

4 (b) An operator shall file an annual report with the department  
5 no later than February 28 of the year following the year in which  
6 activities were conducted. The report must include, for each autho-  
7 rizing permittee on whose behalf an activity was conducted, the types  
8 of activities conducted, the total amount of gross receipts, the total  
9 amount of authorized expenses, the total value of prizes awarded, the  
10 total amount of net proceeds paid to each authorizing permittee. The  
11 annual report shall also include a completed Internal Revenue Service  
12 Form W-2 for each person employed by the operator during the preceding  
13 year.

14 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-  
15 CEEDS. (a) An operator shall file a monthly report with each author-  
16 izing permittee for which the operator has conducted an activity  
17 during the preceding month. The report must include a daily summary  
18 of activity conducted under the permit issued to the authorizing  
19 permittee and an accounting of gross receipts, expenses, and net  
20 proceeds for the month. A check in the amount of the net proceeds due  
21 to the authorizing permittee for the month must accompany the report.  
22 The operator shall file the report by the 15th day after the end of  
23 the month covered by the report.

24 (b) An operator shall file a quarterly report with each autho-  
25 rizing permittee for which the operator has conducted an activity  
26 during the preceding calendar quarter. The report must contain quar-  
27 terly summaries and year-to-date totals of the information provided  
28 under (a) of this section. The operator shall file the report by the  
29 last day of the month following the end of the calendar quarter.

1 (c) An operator shall file an annual report with each authorizing  
2 permittee for which the operator has conducted an activity during  
3 the preceding calendar year. The report must contain an annual sum-  
4 mary of the information provided under (a) of this section. The  
5 operator shall file this report by February 28 of the year following  
6 the year in which the activities were conducted.

7 (d) An operator shall provide original invoice documents and  
8 deposit slips upon the request of an authorizing permittee for whom  
9 the operator has conducted activities.

10 \* Sec. 9. AS 05.15.090 is amended to read:

11 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15  
12 [MARCH 2] of each year the commissioner of revenue shall submit a  
13 detailed report containing a summary of all reports required of per-  
14 mittees and operators [RECOMMENDING A PERMIT FEE SCALE THAT WILL COVER  
15 COSTS OF ADMINISTRATION AND ENFORCEMENT]. The attorney general and  
16 the commissioner of public safety shall, within 10 days after the  
17 convening of the legislature each year, submit a jointly prepared,  
18 detailed report outlining the effect, if any, of the operation of this  
19 chapter on the legal and law-enforcement activities of the state.

20 \* Sec. 10. AS 05.15 is amended by adding a new section to article 1 to  
21 read:

22 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF  
23 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications  
24 and reports to the department required by this chapter shall be signed  
25 under penalty of perjury by the following person, as applicable:

- 26 (1) the member in charge for the qualified organization;  
27 (2) a person authorized to sign on behalf of the municipal-  
28 ity;  
29 (3) the operator or the operator's agent;

1 (4) the licensed pull-tab distributor or the distributor's  
2 agent; or

3 (5) the licensed pull-tab manufacturer or the manufactur-  
4 er's agent.

5 (b) A permittee or operator may not conduct an activity under  
6 this chapter during a period in which a report or fee is delinquent.

7 (c) A delinquent fee bears interest at the rate set by AS 43.-  
8 05.225.

9 (d) A permittee or licensee under this chapter shall pay a  
10 penalty of one percent of the unpaid balance, as determined by the  
11 department, of a fee due under this chapter for each 30-day period or  
12 part of a 30-day period that the fee is delinquent. The department  
13 may waive the penalty if the failure to pay the fee on time is due to  
14 a reasonable cause, as defined by regulation adopted by the depart-  
15 ment. The amount of the penalty may not exceed 25 percent of the  
16 unpaid fee.

17 \* Sec. 11. AS 05.15.100(a) is amended to read:

18 (a) The commissioner [OF REVENUE] may issue a permit to a munic-  
19 ipality or qualified organization. The permit gives the municipality  
20 or qualified organization the privilege of conducting bingo, raffles  
21 and lotteries, pull-tab games, ice classics, rain classics, goose  
22 classics, mercury classics, salmon classics, dog mushers' contests,  
23 fish derbies, and contests of skill.

24 \* Sec. 12. AS 05.15.100 is amended by adding a new subsection to read:

25 (c) The commissioner may issue an operator's license to a natu-  
26 ral person to conduct an activity permitted under this chapter on  
27 behalf of a municipality or a qualified organization. The commis-  
28 sioner may also issue an operator's license to a municipality or a  
29 qualified organization to conduct an activity on behalf of another

1 municipality or qualified organization.

2 \* Sec. 13. AS 05.15 is amended by adding new sections to read:

3 Sec. 05.15.112. MEMBER IN CHARGE. (a) Each municipality or  
4 qualified organization that receives a permit under this chapter shall  
5 designate a member in charge.

6 (b) The member in charge is responsible for preparation, mainte-  
7 nance, and transmittal of all records and reports required of the  
8 permittee. The member in charge shall be a member of the qualified  
9 organization or the board of directors of the qualified organization  
10 or an employee of the municipality.

11 (c) The member in charge shall monitor the operator's perfor-  
12 mance under and compliance with contracts for the conduct of activ-  
13 ities on behalf of the authorizing permittee.

14 (d) The municipality or qualified organization shall designate  
15 alternate members in charge who are responsible for the duties of the  
16 member in charge in the absence of the member in charge.

17 Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)  
18 A municipality or qualified organization holding a permit to conduct  
19 an activity under this chapter may enter into a contract with an  
20 operator licensed under this chapter to conduct on behalf of the  
21 municipality or qualified organization those activities permitted  
22 under the authority of the permit.

23 (b) The contract between an authorizing permittee and an opera-  
24 tor must include the amount and form of compensation to be paid to the  
25 operator, the term of the contract, the activities to be conducted by  
26 the operator on behalf of the permittee, the location where the activ-  
27 ities are to be conducted, the name and address of the member in  
28 charge, and other provisions the department may require.

29 (c) A permittee may not contract with more than one operator at

1 a time to conduct the same type of activity. For the purposes of this  
2 subsection, bingo games, raffles, lotteries, pull-tab games, ice  
3 classics, rain classics, goose classics, mercury classics, salmon  
4 classics, dog mushers' contests, fish derbies, contests of skill, and  
5 all activities permitted under AS 05.15.100(b) are each a different  
6 type of activity.

7 (d) A permittee shall submit to the department a copy of each  
8 contract with an operator with whom the permittee contracts to conduct  
9 activities subject to this chapter. The permittee shall submit to the  
10 department a copy of the contract or subsequent amendment of the  
11 contract by certified mail at least 15 days before activities are  
12 conducted under the contract or amended contract.

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

14 Sec. 05.15.122. OPERATOR'S LICENSE. (a) A person, municipal-  
15 ity, or qualified organization may not conduct an activity subject to  
16 this chapter on behalf of a municipality or qualified organization  
17 unless the person, municipality, or qualified organization has re-  
18 ceived an operator's license issued by the department.

19 (b) The department may issue an operator's license to a natural  
20 person, municipality, or qualified organization that

21 (1) applies on the form provided by the department;

22 (2) pays the annual fee of \$500;

23 (3) discloses the identity of persons employed by the  
24 applicant in a managerial or supervisory capacity;

25 (4) submits proof of liability insurance satisfactory to  
26 the department; and

27 (5) posts a bond or security satisfactory to the department  
28 in the amount of \$25,000 for each permit under which the operator  
29 operates up to a maximum of \$100,000.

1 (c) The department may not issue an operator's license to an  
2 applicant if the applicant or a person employed by the applicant in a  
3 managerial or supervisory capacity, has been convicted of, in prison  
4 for, or on parole for a felony within the preceding five years or  
5 convicted of a crime involving theft or dishonesty or of a violation  
6 of a municipal, state, or federal gambling law.

7 (d) A licensee may not employ a person in a managerial or super-  
8 visory capacity if the person has been convicted of, in prison for, or  
9 on parole for a felony within the preceding five years or convicted of  
10 a crime involving theft or dishonesty or of a violation of a munic-  
11 pal, state, or federal gambling law.

12 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A munic-  
13 ipality may by ordinance prohibit an operator from conducting activ-  
14 ities under this chapter within the municipality.

15 Sec. 05.15.128. REVOCATION OF OPERATOR'S LICENSE. (a) The  
16 department shall revoke the license of an operator who does not

17 (1) report an adjusted gross income of at least 15 percent  
18 of gross income for two consecutive quarters based on the total opera-  
19 tion of the operator; or

20 (2) pay to each authorizing permittee for two consecutive  
21 quarters at least 15 percent of the adjusted gross income, as de-  
22 termined under (1) of this subsection, received from activities con-  
23 ducted on behalf of the authorizing permittee.

24 (b) A person, municipality, or qualified organization whose  
25 operator's license has been revoked under this section may appeal the  
26 revocation if the person, municipality, or qualified organization  
27 submits to and pays for a complete audit of the operator's financial  
28 records by the department. The results of the audit are conclusive.

29 \* Sec. 15. AS 05.15.140(b) is amended to read:

1 (b) In an application for a permit, a municipality or qualified  
2 organization shall disclose the name and address of each person re-  
3 sponsible for the operation of the activity and whether any person  
4 named

5 (1) has [EVER] been convicted of, in prison for, or on  
6 parole for a felony within the preceding five years or convicted of a  
7 crime involving theft or dishonesty or of a violation of a municipal,  
8 state, or federal gambling law [MISDEMEANOR]; or

9 (2) has a prohibited financial interest, as defined in  
10 regulations adopted by the commissioner, in the operation of the  
11 activity.

12 \* Sec. 16. AS 05.15.140(c) is amended to read:

13 (c) The commissioner [OF REVENUE] may not issue a permit for an  
14 activity operated by a person who has been convicted of, in prison  
15 for, or on parole for a felony within the preceding five years or  
16 convicted of a crime involving theft or dishonesty or of a violation  
17 of a municipal, state, or federal gambling law [MISDEMEANOR].

18 \* Sec. 17. AS 05.15.160 is amended to read:

19 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN  
20 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the  
21 operation of an activity under a permit issued under this chapter are  
22 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

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

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

1           (A) an employee of the permittee; [MUNICIPALITY, QUAL-  
2 IFIED ORGANIZATION,] or

3           (B) an operator [A CONSULTANT] hired by the permittee  
4 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]  
5 the activity if [AND] the compensation is not related to the  
6 receipts from the activity.

7 \* Sec. 18. AS 05.15.160 is amended by adding a new subsection to read:

8           (b) Municipalities, qualified organizations, and operators may  
9 pay their employees a reasonable amount in wages or other compensation  
10 for personal services rendered by their employees while the employees  
11 are engaged in activities subject to this chapter. A reasonable  
12 amount of compensation is an amount approximating the amount ordinari-  
13 ly paid by similar businesses for similar work performed under similar  
14 circumstances.

15 \* Sec. 19. AS 05.15 is amended by adding new sections to read:

16           Sec. 05.15.165. OPERATORS. (a) An operator shall pay net  
17 proceeds to the authorizing permittee by check.

18           (b) If the department finds that an operator has incurred ex-  
19 penses that are not authorized under AS 05.15.160, the department  
20 shall order the operator to refund to the authorizing permittee the  
21 amount of the unauthorized expenses. 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           (c) The operator shall post in a public place on the premises  
26 where the activities are conducted the operator's permit and a copy of  
27 the permit of each authorizing permittee with whom the operator has a  
28 contract to conduct activities at the location.

29           (d) An operator shall obtain liability insurance covering each

1 location where the licensee conducts an activity subject to this chap-  
2 ter. The operator shall provide upon request proof of insurance for  
3 each location to the department. The operator and the insurer shall  
4 inform the department of changes in the coverage of the insurance or  
5 of cancellation of the insurance. Cancellation of the insurance  
6 immediately suspends the rights of the operator to conduct activities  
7 under this chapter at the location covered by the insurance until  
8 subsequent insurance is obtained.

9 (e) An operator shall have its financial records reviewed an-  
10 nually by a certified public accountant. The operator shall submit  
11 the results of the review to the department by February 28 of the year  
12 following the year for which the review is conducted.

13 (f) An operator may not

14 (1) charge losses resulting from bad checks or uncollect-  
15 able debts against the net proceeds due to the authorizing permittee;

16 (2) extend credit to players;

17 (3) employ house players;

18 (4) allow the operator's employees to play a game conducted  
19 by the operator at the location where the employee works for the  
20 operator.

21 Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security  
22 filed under AS 05.15.122(b) must be made payable to the department and  
23 must be conditioned upon payment of the amounts due to the department  
24 and payment of net proceeds due to the authorizing permittee. If the  
25 operator fails to make the required payments, the operator forfeits  
26 the bond or security to the department.

27 (b) The amount forfeited under (a) of this section shall be  
28 first used to satisfy delinquent fees, interest, and penalties due the  
29 department under this chapter. If the bond or security is not

1 exhausted by payment of delinquent fees, interest, and penalties, the  
2 department may use the remaining amount to pay net proceeds due an  
3 authorizing permittee. The total amount available for payment of net  
4 proceeds shall be prorated among the permittees to whom proceeds are  
5 due from that operator.

6 (c) The operator and the surety shall inform the department if  
7 the bond is canceled or the security is impaired.

8 \* Sec. 20. AS 05.15.180(b) is amended to read:

9 (b) With the exception of raffles, lotteries, bingo games,  
10 pull-tab games, rain classics, goose classics, mercury classics,  
11 salmon classics, and other activities authorized under AS 05.15.-  
12 100(b), an activity may not be licensed under this chapter unless it  
13 existed in the state in substantially the same form and was conducted  
14 in substantially the same manner before January 1, 1959.

15 \* Sec. 21. AS 05.15.180 is amended by adding new subsections to read:

16 (d) The total value of door prizes offered or awarded under  
17 authority of a permit issued to a municipality or qualified orga-  
18 nization under this chapter may not exceed \$20,000 a month or \$240,000  
19 a year.

20 (e) The total value of all door prizes offered or awarded at a  
21 single facility or bingo hall or parlor by an operator on behalf of  
22 authorizing permittees or by a permittee in conjunction with other  
23 permittees may not exceed \$20,000 a month or \$240,000 a year.

24 (f) A person under the age of 19 years may not play a bingo  
25 game.

26 (g) A municipality or a qualified organization may award a  
27 maximum of \$1,000,000 in prizes each year in activities authorized  
28 under this chapter; however, if a municipality or a qualified orga-  
29 nization contracts with an operator to conduct on its behalf

1 activities authorized under this chapter, the municipality or qual-  
2 ified organization may award a maximum of \$500,000 in prizes each  
3 year. In this subsection "activities authorized under this chapter"  
4 means all activities subject to this chapter other than bingo.

5 \* Sec. 22. AS 05.15 is amended by adding new sections to read:

6 Sec. 05.15.181. PULL-TAB MANUFACTURER'S LICENSE. (a) A person  
7 may not manufacture pull-tabs in the state unless the person has  
8 received a pull-tab manufacturer's license issued by the department.

9 (b) The department may issue a pull-tab manufacturer's license  
10 to a person who pays an annual fee of \$500.

11 (c) Each series of pull-tabs manufactured in the state shall be  
12 sealed and have a serial number label issued by the National Associa-  
13 tion of Fund Ticket Manufacturers or other serial number label ap-  
14 proved by the department.

15 (d) A pull-tab manufacturer may distribute pull-tabs only to a  
16 licensed pull-tab distributor unless the pull-tab manufacturer is also  
17 a licensed pull-tab distributor.

18 (e) Each pull-tab manufacturer shall report to the department by  
19 the last business day of the month on each series of pull-tabs dis-  
20 tributed during the preceding month, including the serial number of  
21 each series distributed and the name of the distributor to whom the  
22 series was distributed.

23 Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE; PULL-TAB TAX.

24 (a) A person may not distribute pull-tab games unless the person has  
25 received a pull-tab distributor's license issued by the department.

26 (b) The department may issue a pull-tab distributor's license to  
27 a person who pays an annual fee of \$1,000.

28 (c) Pull-tabs may be distributed only from a location in the  
29 state. A person may not distribute pull-tabs directly to another

1 person in the state from a location outside of this state.

2 (d) A pull-tab distributor shall report to the department by the  
3 last business day of each month on each pull-tab series distributed in  
4 the preceding month. The report must include the name of the permit-  
5 tee to whom each series of pull-tabs is distributed and the serial  
6 number of each series.

7 (e) A pull-tab distributor shall collect a tax of three percent  
8 of an amount equal to the gross receipts less prizes awarded on each  
9 series of pull-tabs distributed. The pull-tab distributor shall pay  
10 to the department the tax collected in the preceding month at the time  
11 that the report under (d) of this section is filed with the depart-  
12 ment.

13 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of  
14 pull-tabs distributed in the state shall be sealed and have a serial  
15 number label issued by the National Association of Fund Ticket Manu-  
16 facturers or other serial number label approved by the department and  
17 may be distributed only to a municipality or a qualified organization  
18 that has obtained a permit issued under this chapter or to an operator  
19 on behalf of an authorizing permittee.

20 Sec. 05.15.187. OPERATION OF PULL-TAB GAMES. (a) A municipali-  
21 ty or qualified organization may operate pull-tab games. Pull-tabs  
22 shall be obtained from a licensed distributor.

23 (b) Unless a pull-tab series also confers an additional right  
24 upon all or some of the purchasers of the series to participate in a  
25 lottery for additional prizes, a pull-tab series may not be sold at  
26 more than one location during the same day.

27 (c) Pull-tabs from different series may not be mixed or com-  
28 bined, unless 10 percent or less of a series remains unsold, in which  
29 case, the remaining pull-tabs may be combined with a different series

1 having an identical price and prize structure.

2 (d) A pull-tab series may not be withdrawn from sale until all  
3 pull-tabs in the series are sold, except that a pull-tab series may be  
4 withdrawn from sale if a manufacturing defect exists in the series and  
5 the department is notified of the defect and of the withdrawal from  
6 sale within a period established by regulation by the department.

7 (e) Pull-tabs may not be sold to a person under the age of 19  
8 years. A person under the age of 19 years may not purchase a pull-  
9 tab.

10 (f) Each municipality or qualified organization that had gross  
11 receipts exceeding \$100,000 during the preceding year from activities  
12 conducted under this chapter or that is required to report under  
13 AS 05.15.080(a), that conducts a pull-tab game shall maintain records  
14 for two years of each prize of \$50 or more, the first day and last day  
15 that each series was distributed, the serial number of each series,  
16 and the distributor from whom each series was purchased.

17 (g) Notwithstanding other provisions of this chapter, a pull-tab  
18 game that confers an additional right upon all or some of the purchas-  
19 ers of a pull-tab series to participate in a lottery for additional  
20 prizes may not be conducted in the state unless a surety bond in the  
21 amount of \$250,000 conditioned upon payment of all prizes and awards  
22 when due is submitted to the department by the operator or authorizing  
23 permittee and approved by the attorney general.

24 \* Sec. 23. AS 05.15.210(2) is amended to read:

25 (2) "charitable organization" means an organization, not  
26 for pecuniary profit, that is operated for the relief of poverty,  
27 distress, or other condition of public concern in the state[, AND THAT  
28 HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER  
29 THIS CHAPTER];

1 \* Sec. 24. AS 05.15.210(3) is amended to read:

2 (3) "civic or service organization" means any branch or  
3 lodge or chapter of a national or state organization that is a civic  
4 or service organization, not for pecuniary profit, and authorized by  
5 its written constitution, charter, or articles of incorporation, or  
6 bylaws to engage in a fraternal, civic, or service purpose in the  
7 state [AND THAT HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR  
8 A LICENSE UNDER THIS CHAPTER];

9 \* Sec. 25. AS 05.15.210(5) is amended to read:

10 (5) "dog mushers' association" means a civic, service, or  
11 charitable organization in the state, not for pecuniary profit, formed  
12 exclusively to promote interest in the breeding and training of dog  
13 teams for work or recreational and racing purposes [AND WHICH HAS BEEN  
14 IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER THIS  
15 CHAPTER], but does not include an organization formed or operated for  
16 gaming or gambling purposes;

17 \* Sec. 26. AS 05.15.210(7) is amended to read:

18 (7) "educational organization" means a civic, service, or  
19 charitable organization in the state, not for pecuniary profit, whose  
20 primary purpose is educational in nature and designed to develop the  
21 capabilities of individuals by instruction [AND WHICH HAS BEEN IN  
22 EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE UNDER THIS  
23 CHAPTER];

24 \* Sec. 27. AS 05.15.210(8) is amended to read:

25 (8) "fishing-derby association" means a civic, service, or  
26 charitable organization in the state, not for pecuniary profit, whose  
27 primary purpose is to promote interest in fishing for recreational  
28 purposes [AND WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLY-  
29 ING FOR A PERMIT UNDER THIS CHAPTER], but does not include an

1 organization formed or operated for gaming or gambling purposes;

2 \* Sec. 28. AS 05.15.210(10) is amended to read:

3 (10) "fraternal organization" means a civic, service, or  
4 charitable organization in the state, except a college and high school  
5 fraternity, not for pecuniary profit, that is a branch or lodge or  
6 chapter, of a national or state organization and exists for the common  
7 business, brotherhood, or other interest of its members [AND THAT HAS  
8 SO EXISTED FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE];

9 \* Sec. 29. AS 05.15.210(15) is repealed and reenacted to read:

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

13 \* Sec. 30. AS 05.15.210(19) is amended to read:

14 (19) "police or fire department and company" means a civic,  
15 service, or charitable organization in the state, not for pecuniary  
16 profit, consisting of members of a police department or fire company  
17 established by the state or a political subdivision of the state [THAT  
18 HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE  
19 UNDER THIS CHAPTER];

20 \* Sec. 31. AS 05.15.210(21) is amended to read:

21 (21) "qualified organization" means a bona fide civic or  
22 service organization or a bona fide religious, charitable, fraternal,  
23 labor, political, or educational organization, police or fire depart-  
24 ment and company, dog mushers' association, outboard motor associa-  
25 tion, or fishing derby [FISHING-DERBY] or nonprofit trade association  
26 in the state, that operates without profits to its members and that  
27 has been in existence continually for a period of three [FIVE] years  
28 immediately before applying for a license; the organization may be a  
29 firm, corporation, company, association, or partnership;

1 \* Sec. 32. AS 05.15.210(22) is repealed and reenacted to read:

2 (22) "raffle and lottery" means the selling of rights to  
3 participate and the awarding of prizes in a game of chance conducted  
4 by the drawing for prizes by lot;

5 \* Sec. 33. AS 05.15.210(24) is amended to read:

6 (24) "religious organization" means an organization, church,  
7 body of communicants, or group, not for pecuniary profit, gathered in  
8 common membership for mutual support and edification in piety, wor-  
9 ship, and religious observances, or a society, not for pecuniary  
10 profit, of individuals united for religious purposes at a definite  
11 place and that [HAS BEEN SO GATHERED OR UNITED FOR FIVE YEARS BEFORE  
12 APPLYING FOR A LICENSE AND] is recognized as a religious organization  
13 under the federal income tax laws and the selective service law;

14 \* Sec. 34. AS 05.15.210(26) is amended to read:

15 (26) "veterans organization" means a civic, service, or  
16 charitable organization in the state, or a branch or lodge or chapter  
17 of a national or state organization in the state, not for pecuniary  
18 profit, the membership of which consists of individuals who were  
19 members of the armed services or forces of the United States, [AND  
20 WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A  
21 LICENSE UNDER THIS CHAPTER].

22 \* Sec. 35. AS 05.15.210 is amended by adding new paragraphs to read:

23 (27) "adjusted gross income" means gross income less prizes  
24 awarded and state, federal, and municipal taxes paid or owed on the  
25 income;

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

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

1 (30) "department" means the Department of Revenue;

2 (31) "distribute" means sell, distribute, furnish, or sup-  
3 ply;

4 (32) "operator" means a natural person who, or a municipal-  
5 ity or qualified organization that, has obtained a license to conduct  
6 an activity subject to this chapter on behalf of a permittee;

7 (33) "pull-tab game" means a game of chance where a card,  
8 the face of which is covered to conceal a number, symbol, or set of  
9 symbols, is purchased by the participant and where a prize is awarded  
10 for a card containing certain numbers or symbols designated in advance  
11 and at random;

12 (34) "series" means a unit of pull-tabs with the same serial  
13 number.

14 \* Sec. 36. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the  
16 Alaska Gaming Reform Act.

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 299  
PUBLISH DATE: 4/12/88

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act revising the state  
gaming laws."  
Sponsor: \_\_\_\_\_  
Requestor: Labor and Commerce

Agency Affected: Revenue  
BRU: Income and Excise Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                    | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|--------------------|-------|-------|-------|-------|-------|-------|
| OPERATING          |       |       |       |       |       |       |
| PERSONAL SERVICES  |       | 203.4 | 203.4 | 203.4 | 203.4 | 203.4 |
| TRAVEL             |       | 53.3  | 53.3  | 53.3  | 53.3  | 53.3  |
| CONTRACTUAL        |       | 33.5  | 33.5  | 33.5  | 33.5  | 33.5  |
| SUPPLIES           |       | 1.4   | 1.4   | 1.4   | 1.4   | 1.4   |
| EQUIPMENT          |       | 10.5  | -     | -     | -     | -     |
| LANDS & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS     |       |       |       |       |       |       |
| MISCELLANEOUS      |       |       |       |       |       |       |
| TOTAL OPERATING    |       | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| CAPITAL            |       |       |       |       |       |       |
| REVENUE            |       | 343.7 | 343.7 | 343.7 | 343.7 | 343.7 |

FUNDING: (Thousands of Dollars)

|               |  |       |       |       |       |       |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND  |  | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| FEDERAL FUNDS |  | -     | -     | -     | -     | -     |
| OTHER         |  | -     | -     | -     | -     | -     |
| TOTAL         |  |       |       |       |       |       |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit Division

Phone: (907) 465-2320  
Date: April 12, 1988

Approved by Commissioner: Hugh Malone *for*  
Agency: \_\_\_\_\_

Date: 4/12/88

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Personal Services

| <u>Position</u>     | <u>Location</u> | <u>Annual Salary/Benefits</u> |
|---------------------|-----------------|-------------------------------|
| Investigator III    | Juneau          | \$50.7                        |
| Clerk Typist III    | Juneau          | \$26.4                        |
| Investigator III    | Anchorage       | \$50.7                        |
| Revenue Auditor III | Anchorage       | \$50.7                        |
| Clerk Typist II     | Anchorage       | <u>\$24.9</u>                 |
|                     | TOTAL           | \$203.4                       |

Travel

|                         |              |        |
|-------------------------|--------------|--------|
| Supervisory Travel      | \$4.1        |        |
| Investigative Travel    | \$30.7       |        |
| Regulation Travel       | \$5.0        |        |
| Training Travel         | \$5.0        |        |
| Public Education Travel | <u>\$8.5</u> |        |
|                         | TOTAL        | \$53.3 |

Contractual

|                                       |              |        |
|---------------------------------------|--------------|--------|
| Four Wang PC Terminals (\$3.5/ea)     | \$14.0       |        |
| New Forms, printing and typesetting   | \$10.0       |        |
| Regulations, printing and advertising | \$7.5        |        |
| Communications                        | <u>\$2.0</u> |        |
|                                       | TOTAL        | \$33.5 |

Supplies

|                 |       |
|-----------------|-------|
| Office Supplies | \$1.4 |
|-----------------|-------|

Equipment

|                                |              |        |
|--------------------------------|--------------|--------|
| Five Chairs                    | \$2.5        |        |
| Five File Cabinets             | \$3.5        |        |
| Modular Offices for Five Staff | <u>\$4.5</u> |        |
|                                | TOTAL        | \$10.5 |

Prepared by : Steven E. Kettel  
Income and Excise Audit Division  
Department of Revenue  
April 12, 1988

CSHB 299

ESTIMATED REVENUES

Based on 1986 Figures:

|  |       |                  |
|--|-------|------------------|
| \$20 License fee at 415 permits                  | 8300  |                  |
| \$50 License fee at 362 permits                  | 18100 |                  |
| \$100 License fee at 150 permits                 | 15000 | \$41,400         |
|  |       |                  |
| 1% net proceeds fee                              | 22708 | \$22,708         |
|  |       |                  |
| Pull Tab Distributors License<br>fee/\$6 at 1000 |       | \$6,000          |
| Pull Tab Distributors License<br>fee/\$25 at 500 |       | \$12,500         |
|  |       |                  |
| Pull Tab net proceeds fee                        |       | \$261,069        |
|  |       |                  |
| GRAND TOTAL                                      |       | <u>\$343,677</u> |

The expenditures incurred to administer the bill will be funded through program receipts.

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act revising the state gaming laws."  
Sponsor: \_\_\_\_\_  
Requestor: Labor and Commerce

Agency Affected: Revenue  
BRU: Income and Excise Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                        | FY 88 | FY 89        | FY 90        | FY 91        | FY 92        | FY 93        |
|------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| <b>OPERATING</b>       |       |              |              |              |              |              |
| PERSONAL SERVICES      |       | 203.4        | 203.4        | 203.4        | 203.4        | 203.4        |
| TRAVEL                 |       | 53.3         | 53.3         | 53.3         | 53.3         | 53.3         |
| CONTRACTUAL            |       | 33.5         | 33.5         | 33.5         | 33.5         | 33.5         |
| SUPPLIES               |       | 1.4          | 1.4          | 1.4          | 1.4          | 1.4          |
| EQUIPMENT              |       | 10.5         | -            | -            | -            | -            |
| LANDS & STRUCTURES     |       |              |              |              |              |              |
| GRANTS, CLAIMS         |       |              |              |              |              |              |
| MISCELLANEOUS          |       |              |              |              |              |              |
| <b>TOTAL OPERATING</b> |       | <b>302.1</b> | <b>291.6</b> | <b>291.6</b> | <b>291.6</b> | <b>291.6</b> |
| <b>CAPITAL</b>         |       |              |              |              |              |              |
| <b>REVENUE</b>         |       | <b>501.6</b> | <b>501.6</b> | <b>501.6</b> | <b>501.6</b> | <b>501.6</b> |

FUNDING: (Thousands of Dollars)

|               |  |       |       |       |       |       |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND  |  | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| FEDERAL FUNDS |  | -     | -     | -     | -     | -     |
| OTHER         |  | -     | -     | -     | -     | -     |
| <b>TOTAL</b>  |  |       |       |       |       |       |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Division Date: February 5, 1988  
Approved by Commissioner: *J. Mulca* Date: 2/5/88  
Agency: \_\_\_\_\_

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

**APPROVED**  
FEB 3 1988

LEGISLATIVE FINANCE

Prepared by: Kelcy Parsons  
Tax Examiner/Games of Chance and Skill  
Income and Excise Audit Division  
Department of Revenue  
February 2, 1988

HB 299

ESTIMATED REVENUES

Based On 1986 Figures:

|                                 |                |                       |
|---------------------------------|----------------|-----------------------|
| \$20 License fee @ 415 permits  | 8300           |                       |
| \$50 License fee @ 362 permits  | 18100          |                       |
| \$100 License fee @ 150 permits | <u>15000</u>   |                       |
|                                 |                | \$41,400              |
| 1% net proceeds fee             | 22,708         |                       |
| 3% net proceeds fee             | <u>157,938</u> |                       |
|                                 |                | \$180,646             |
|                                 |                | \$222,046 GRAND TOTAL |

|   |   |                  |
|---|---|------------------|
| Pull Tab Distributors License fee @ 6 @ 1000  | = | \$6,000          |
| Pull Tab Manufacturers License fee @ 25 @ 500 | = | \$12,500         |
| Pull Tab Net Proceeds Fee                     |   | \$261,069        |
| GRAND TOTAL                                   |   | <u>\$501,615</u> |

The expenditures incurred to administer the bill will be funded through program receipts.

Personal Services

| <u>Position</u>     | <u>Location</u> | <u>Annual Salary/Benefits</u> |
|---------------------|-----------------|-------------------------------|
| Investigator III    | Juneau          | \$50.7                        |
| Clerk Typist III    | Juneau          | \$26.4                        |
| Investigator III    | Anchorage       | \$50.7                        |
| Revenue Auditor III | Anchorage       | \$50.7                        |
| Clerk Typist II     | Anchorage       | <u>\$24.9</u>                 |
|                     | TOTAL           | \$203.4                       |

Travel

|                         |              |
|-------------------------|--------------|
| Supervisory Travel      | \$4.1        |
| Investigative Travel    | \$30.7       |
| Regulation Travel       | \$5.0        |
| Training Travel         | \$5.0        |
| Public Education Travel | <u>\$8.5</u> |
| TOTAL                   | \$53.3       |

Contractual

|                                       |              |
|---------------------------------------|--------------|
| Four Wang PC Terminals (\$3.5/ea)     | \$14.0       |
| New Forms, printing and typesetting   | \$10.0       |
| Regulations, printing and advertising | \$7.5        |
| Communications                        | <u>\$2.0</u> |
| TOTAL                                 | \$33.5       |

Supplies

|                 |       |
|-----------------|-------|
| Office Supplies | \$1.4 |
|-----------------|-------|

Equipment

|                                |              |
|--------------------------------|--------------|
| Five Chairs                    | \$2.5        |
| Five File Cabinets             | \$3.5        |
| Modular Offices for Five Staff | <u>\$4.5</u> |
| TOTAL                          | \$10.5       |

HOUSE BILL 299  
Department of Revenue  
Position Statement  
February, 1988

Prepared by:  
Steven E. Kettel, Director  
Income & Excise Audit Division

The Department of Revenue supports the many provisions contained within HB 299 which will update the present statutes and assist the Department in its efforts to ensure that charities remain the beneficiary of the proceeds from gaming activities in Alaska.

We support the following concepts in HB 299:

- 1) The requirement that pull-tab manufacturers must be licensed and file reports with the Department, and affix labels to each sealed series of pull-tabs.
- 2) The requirement that pull-tab distributors must be licensed and file reports with the Department, and pay a fee for each pull-tab series sold.
- 3) The requirement that operators be licensed and file reports with the Department and with the permittee.
- 4) The requirement that permittees utilizing the service of licensed operators must enter into formal, written contract.
- 5) The concept that operators must report a profit and pay a minimum percentage of the net proceeds to the permittee to retain their license.
- 6) The concept that operators may provide accounting and banking services for the permittee but the permittee will remain responsible for games conducted on their behalf through their member in charge.
- 7) Restricting operators and their employees by forbidding gaming activities from being conducted by convicted felons.
- 8) We support raising the annual prize award limit. Public testimony on our gaming regulations this fall overwhelmingly supported raising the limit to an amount even greater than that in this bill.
- 9) We support program receipts funding for enforcement activities conducted by this agency.

Attached to this position paper are proposed amendments to the bill that the Department recommends.

CS HB 299  
Department of Revenue  
Proposed Amendments  
February 4, 1988

The following amendment to HB 299 is offered for your consideration:

1. Page 2, line 5, delete the entire paragraph:

"The Department does not believe it has standing to determine the legitimacy or non-legitimacy of debts between permittees and distributors. Although we recognize that distributors are required to collect the tax on pull-tabs sold to permittees, we do not believe that this is sufficient cause for Departmental involvement in the collection problems distributors may have, especially as it may apply to non-pull tab type supply items normally sold to bingo halls. This section also does not provide any remedy, either to the Department or the distribution in the event that a permittee becomes delinquent."

2. Page 17, line 5, add the following sentence:

"For purposes of this section, a pull-tab game card which also serves as entry into a raffle or lottery may not be sold at more than one location during the same day."

3. Page 17, after line 11, insert a new paragraph (h);

"Pull-tabs may not be sold in any room, enclosure or outdoor area where alcoholic beverages are sold, served or consumed."

The decision whether to allow pull-tabs to be sold in the same area the liquor is sold is a policy question. Presently, bingo operations may not be conducted in the same room where alcohol is sold, served or consumed. Also, present law and regulation requires that a member of the permit holder be present wherever an authorized gaming activity is taking place. This rule is not being enforced and is also not being followed in practice. A permittee or an operator on contract with a permittee will not be present at all times pull-tabs are sold if and when they are sold outside of the permittee's establishment or bingo halls. To ensure that charities receive their full share of the profits from pull-tab sales, and that tight controls be placed over the accountability for pull-tab receipts, this amendment should be adopted.

Page 2, line 12, delete "(h)" and add "(i)".

*HM 2/5/88*

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 299  
PUBLISH DATE: 4/30/87

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act revising the state  
gaming laws."  
Sponsor: \_\_\_\_\_  
Requestor: Labor and Commerce

Agency Affected: Revenue  
BRU: Income and Excise Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                    | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|--------------------|-------|-------|-------|-------|-------|-------|
| OPERATING          |       |       |       |       |       |       |
| PERSONAL SERVICES  |       | 203.4 | 203.4 | 203.4 | 203.4 | 203.4 |
| TRAVEL             |       | 53.3  | 53.3  | 53.3  | 53.3  | 53.3  |
| CONTRACTUAL        |       | 33.5  | 33.5  | 33.5  | 33.5  | 33.5  |
| SUPPLIES           |       | 1.4   | 1.4   | 1.4   | 1.4   | 1.4   |
| EQUIPMENT          |       | 10.5  | -     | -     | -     | -     |
| LANDS & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS     |       |       |       |       |       |       |
| MISCELLANEOUS      |       |       |       |       |       |       |
| TOTAL OPERATING    |       | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| CAPITAL            |       |       |       |       |       |       |
| REVENUE            |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |       |       |       |       |       |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND  |  | 302.1 | 291.6 | 291.6 | 291.6 | 291.6 |
| FEDERAL FUNDS |  | -     | -     | -     | -     | -     |
| OTHER         |  | -     | -     | -     | -     | -     |
| TOTAL         |  |       |       |       |       |       |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit Division

Phone: (907) 465-2320  
Date: January 19, 1988

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: 1/19/88

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

page \_\_\_\_ of \_\_\_\_

hb 299

CSHB 299 Analysis

Prepared By: Steven E. Kettel  
Income and Excise Audit  
January 18, 1987

Personal Services

| <u>Position</u>     | <u>Location</u> | <u>Annual Salary/Benefits</u> |
|---------------------|-----------------|-------------------------------|
| Investigator III    | Juneau          | \$50.7                        |
| Clerk Typist III    | Juneau          | \$26.4                        |
| Investigator III    | Anchorage       | \$50.7                        |
| Revenue Auditor III | Anchorage       | \$50.7                        |
| Clerk Typist II     | Anchorage       | <u>\$24.9</u>                 |
|                     | TOTAL           | \$203.4                       |

Travel

|                         |              |        |
|-------------------------|--------------|--------|
| Supervisory Travel      | \$4.1        |        |
| Investigative Travel    | \$30.7       |        |
| Regulation Travel       | \$5.0        |        |
| Training Travel         | \$5.0        |        |
| Public Education Travel | <u>\$8.5</u> |        |
|                         | TOTAL        | \$53.3 |

Contractual

|                                       |              |        |
|---------------------------------------|--------------|--------|
| Four Wang PC Terminals (\$3.5/ea)     | \$14.0       |        |
| New Forms, printing and typesetting   | \$10.0       |        |
| Regulations, printing and advertising | \$7.5        |        |
| Communications                        | <u>\$2.0</u> |        |
|                                       | TOTAL        | \$33.5 |

Supplies

|                 |       |
|-----------------|-------|
| Office Supplies | \$1.4 |
|-----------------|-------|

Equipment

|                                |              |        |
|--------------------------------|--------------|--------|
| Five Chairs                    | \$2.5        |        |
| Five File Cabinets             | \$3.5        |        |
| Modular Offices for Five Staff | <u>\$4.5</u> |        |
|                                | TOTAL        | \$10.5 |

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300

March 23, 1988

The Honorable Al Adams  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Adams:

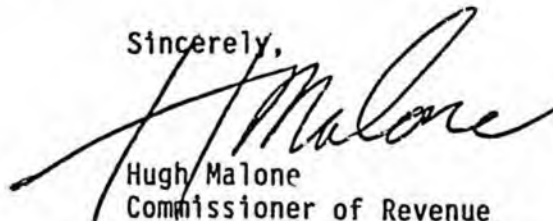
Enclosed are:

1) A complete listing by permit holder of selected information from each permittee's 1986 Annual Financial Statement for the Games of Chance and Skill. The information provided includes "Total Gross Receipts" which represents the total revenue from bingo, pull-tabs, raffles and other charitable games, "Net Proceeds Available to Charities" which represents the amount of revenue left after prizes and expenses to go to charitable purposes, and the 1% tax on net proceeds currently levied.

2) An attached schedule of ten permittees I have selected which have substantial gross revenues, but end up returning little or no money to the charity. The schedule reveals that these permits are for the most part, being farmed out to an operator who runs a large bingo hall. The inability of some operators to return funds to the charities they sponsor is the primary reason HB 299 is before your committee today.

I have highlighted these ten charities in yellow on the enclosed listing. I believe this schedule focuses attention on the current state of affairs in the Alaska charitable gaming industry. HB 299 will help put an end to the abusive situation we see among the larger operators of gaming permits.

Sincerely,



Hugh Malone  
Commissioner of Revenue

HM:SEK:sp  
88-79

Attachments

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ROGER W. DUBROCK

WASHINGTON, D. C. OFFICE  
1250 EYE STREET, N. W.  
WASHINGTON, D. C. 20005  
(202) 682-0240

April 18, 1988

\*ALASKA AND DISTRICT OF COLUMBIA BARS  
\*\*WISCONSIN BAR  
ALL OTHERS DISTRICT OF COLUMBIA BAR

VIA TELEFAX

Honorable Al Adams  
House Finance Committee  
P.O. Box V (Mail Stop V)  
Juneau, Alaska 99811

Re: House Bill 299

Dear Representative Adams:

I write once again on behalf of the Alaska Native Health Board, the Aleutian/Pribilof Islands Association, the Kodiak Area Native Association and the Aleutian Housing Authority in support of an amendment to H.B. 299 deleting the provisions in Section 21 which deal with door prizes.

We understand that in recent weeks the Department has circulated data regarding the net-profits after allowable expenses for some of these organizations in years prior to 1987. Apparently this is part of an effort to show that these organizations have not secured substantial financial benefits from their bingo programs. Unfortunately, the absence of 1987 information creates a misleading and distorted view of these organizations' bingo activities.

In 1985 the two organizations which did undertake bingo games under their permits did so through an operator in Anchorage. They did not run their own games and certainly suffered as a consequence (as do most permittees who elect to play their permits through operators). In 1986 the four organizations decided to establish their own bingo hall that would avoid use of operators. Their start-up costs were considerable. Remodeling

Representative Al Adams  
April 18, 1988  
Page 2

construction delays also played a part. Finally, customers had to be attracted to the new facility. Under these circumstances, and given the inevitable mistakes that are made along the way, it was not surprising that little in the way of net proceeds were realized that year.

In 1987 the situation changed dramatically. Going into the year bingo was still a marginal activity for all four organizations. But by mid-year substantial door prizes had come into vogue. Attendance increased, and attendance on nights when door prizes were offered was especially strong. According to the reports on file with the Department, the four organizations reported net-profits after allowable expenses ranging from \$312,101 to \$359,328. I suspect that these earnings are among the very highest earnings of all permittees in the State of Alaska in 1987, if not the four highest. Indeed, even after unallowable expenses are deducted, the four non-profits collectively retained several hundred thousand dollars. These considerable funds were in turn used for everything from food purchases for the poor in the APFA Region to a museum development project in the Kodiak Region to purchasing technical assistance and educational materials for the twelve regional health corporations across the State.

Without door prizes these profits would simply have been impossible to achieve. Their value in generating net-revenues for the four organizations has been proven time and again. To suggest, as the Department appears to, that charitable organizations would rather give away a door prize at the expense of their profits is simply absurd. The market place will -- and has -- regulated door prizes. The Alaska Native Health Board and the other non-profits will only award door prizes up to the point where the net result is increased profits.

H.B. 299 is a critical bill. It must be enacted in this session. But Section 21 is equally critical and could prove fatal to bingo operations. We ask that the Committee accept the Subcommittee's report on H.B. 299 provided that the door prize provisions in Section 21 are deleted, and that the Committee promptly report out this most important bill so that it can be scheduled for action on the floor. The Alaska Native Health Board, the Aleutian/Pribilof Islands Association, the Kodiak Area Native Association and the Aleutian Housing Authority stand ready to assist the Committee and the bill sponsors in doing everything possible to see that this bill can become law in this session. We understand, too, that the Department is prepared to withdraw

Representative Al Adams  
April 18, 1988  
Page 3

its insistence on a door prize provision if doing so will move the bill forward.

I should very much appreciate it if you could circulate this correspondence to all members of the Committee. If additional information is needed, I am prepared to testify today by teleconference together with ANHB Executive Director Denny DeGross.

Sincerely,



Lloyd Benton Miller

LBM:trb  
Ltr.aa2

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 18, 1988

SUBJECT: Section-by-section summary of CSHB  
299 (Finance) revising the state gaming laws

TO: Representative Mark Boyer

FROM: George Utermohle *GU*  
Legislative Counsel

The following is the section-by-section summary of CSHB 299 (Finance) dated April 8, 1988, an Act revising the state gaming laws, requested by Ed Flanagan of your staff.

A section-by-section summary of a bill should not be considered an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill repeals and reenacts AS 05.15.020.

The annual permit fee for a municipality or qualified organization is set at \$20 if the municipality or qualified organization did not hold a permit during the preceding year or had gross receipts of less than \$20,000 from games of chance and contests of skill during the prior year. The permit fee is \$50 for a municipality or qualified organization that grossed between \$20,000 and \$100,000 during the prior year. The permit fee is \$100 for a municipality or qualified organization that grossed more than \$100,000 during the prior year.

In addition to the permit fee a municipality or qualified organization that has gross receipts of \$20,000 or more shall pay a fee of one percent of its net proceeds to the department.

Section 2 of the bill amends AS 05.15 by adding a new section AS 05.15.025.

Money received by the Department of Revenue under AS 05.15 shall be deposited in the general fund. The commissioner of

administration shall separately account for the money. The annual estimated balance in the account may be appropriated by the legislature to the Department of Revenue to fund enforcement of AS 05.15.

Section 3 of the bill amends AS 05.15.030(a) by requiring that applicants for permits and licenses under AS 05.15 notify the city or borough nearest the proposed activity that they have applied for a permit or license.

Section 4 of the bill amends AS 05.15.030 by adding a new subsection AS 05.15.030(c).

If a permittee changes the location of an activity the permittee shall notify the department and the local government within 10 days after the change.

Section 5 of the bill repeals and reenacts AS 05.15.060.

The Department of Revenue shall adopt regulations necessary to carry out AS 05.15. Among the regulations that the department shall adopt are regulations concerning

1. issuance of permits and licenses;
2. procedures for determining net proceeds;
3. immediate revocation of permits and licenses;
4. financial statements;
5. investigation of permittees, licensees, and their employees;
6. exclusion of a person convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a gambling law from participation as a permittee, licensee, or an employee of a licensee or permittee;
7. method and manner of conducting permitted activities and of awarding prizes;
8. limits on the number of activities that can be conducted under a permit; not more than 35 bingo games per session or more than 14 bingo sessions per month may be conducted under a permit;
9. methods of accounting for receipts, keeping records, and banking receipts;
10. disposition of funds held by a permittee or licensee when a permit or license is surrendered, revoked, or invalidated;
11. restrictions on participation by employees of the Department of Fish and Game in salmon classics; and
12. other matters necessary to implement AS 05.15.

Section 6 of the bill amends AS 05.15.070 in order to allow the commissioner of revenue to examine the books and records of operators, manufacturers of pull-tabs, and distributors of pull-tabs.

Section 7 of the bill repeals and reenacts AS 05.15.080.

A municipality or qualified organization that has gross receipts of \$50,000 or more during a calendar quarter shall file a report with the department. However, a municipality or qualified organization that conducts only a raffle or lottery during the quarter is not required to report until the raffle or lottery is completed.

A municipality or qualified organization shall file an annual report with the department as well as any additional fee due to the department under AS 05.15.020(b).

Section 8 of the bill adds new sections to AS 05.15.

Sec. 05.15.083 establishes the duty of operators to report to the department.

An operator shall file a quarterly report with the department. The quarterly report shall contain information included in the employer's quarterly federal tax return (IRS Form 941) and in the employer contribution and wage reports to the Department of Labor that are prepared by the operator. However, an operator that conducts only a raffle or lottery during the quarter does not have to file a report until the raffle or lottery is completed.

An operator shall file an annual report with the department. The annual report shall contain information included in the employer's wage and tax statements (IRS Form W-2) for each employee.

Sec. 05.15.087 establishes the duty of an operator to report to an authorizing permittee.

An operator shall report monthly to each authorizing permittee for whom the operator conducts a game of chance or contest of skill. The operator shall pay each authorizing permittee the net proceeds for the month at the same time as the operator makes the monthly report.

Representative Mark Boyer  
Page 4  
April 18, 1988

An operator shall provide a quarterly report to each authorizing permittee summarizing the activities conducted by the operator on behalf of the authorizing permittee during the prior calendar quarter.

An operator shall provide an annual report to each authorizing permittee summarizing the activities conducted by the operator on behalf of the authorizing permittee during the prior calendar year.

An operator shall provide certain original documents for inspection by the permittee if the permittee requests the documents.

Section 9 of the bill amends AS 05.15.090 to delay the date on which the department's report to the legislature is due from March 2 to April 15. The contents of the report is changed to require a summary of reports submitted by operators and to delete the requirement for a recommended fee scale for permits.

Section 10 of the bill amends AS 05.15 by adding a new section AS 05.15.095.

Applications and reports to the department shall be signed under penalty of perjury by the representative of a permittee or licensee.

A municipality, qualified organization, or operator may not conduct an activity while a report or fee is delinquent.

A delinquent fee accrues interest at the rate of 12 percent per year.

A municipality, qualified organization, or operator is subject to a penalty of 1 percent per month for each 30 days that a fee is delinquent. The department may waive the penalty if there is a reasonable excuse for the failure to pay the fee. The amount of the penalty may not exceed 25% of the unpaid fee.

Section 11 of the bill amends AS 05.15.100(a) to provide for the operation of pull-tab games by municipalities and qualified organizations.

Section 12 of the bill amends AS 05.15.100 by adding a new subsection to provide for the issuance of operators licenses

to natural persons (not corporations), municipalities, and qualified organizations who conduct games of chance and contests of skill on the behalf of municipalities and qualified organizations.

Section 13 of the bill amends AS 05.15 by adding new sections.

Sec. 05.15.112 requires each municipality and qualified organization to designate a member in charge.

The member in charge is responsible for all records and reports required of a municipality or qualified organization. The member in charge shall be a bona fide member of the qualified organization or a member of the board of directors of the qualified organization or an employee of the municipality.

The member in charge shall monitor the performance of operators engaged by the member's organization.

Alternate members in charge shall also be appointed.

Sec. 05.15.115 establishes requirements for contracts between municipalities and qualified organizations and operators.

The contract between a municipality or a qualified organization and an operator shall include the amount and form of compensation paid to the operator, the term of the contract, the activities to be conducted on the behalf of the permittee, the location where activities are to be conducted, the name and address of the member in charge and other information the department may require.

The permittee may not contract with more than one operator to conduct the same activity. The different kinds of activities are listed.

A permittee shall submit copies of contracts and amendments to contracts to the department 15 days before activities are conducted under the contract or amendment.

Section 14 amends AS 05.15 by adding new sections.

Sec. 05.15.122 establishes requirements for an operator's license.

Representative Mark Boyer  
Page 6  
April 18, 1988

A person, municipality, or qualified organization may not conduct an activity under AS 05.15 on behalf of a municipality or qualified organization unless the person, municipality, or qualified organization has received an operator's license from the department.

The department may issue an operator's license to a person who applies for a license, pays an annual fee of \$500, discloses the identity of persons employed by the applicant in a managerial or supervisory capacity, submits proof of liability insurance, and posts a bond of \$25,000 for each permit under which the applicant will operate up to a maximum of \$100,000.

The department may not issue an operator's license to an applicant, if the applicant or a managerial or supervisory employee of the applicant has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a municipal, state, or federal gambling law.

An operator may not employ a person in a managerial or supervisory capacity if the person has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

Sec. 05.15.124 allows a municipality to adopt an ordinance prohibiting operators from conducting activities within the municipality.

Sec. 05.15.128 requires the department to revoke an operator's permit if the operator does not report an adjusted gross income of 15 percent or more of gross income during two consecutive quarters based on the total operation of the operator or if the operator does not pay 15 percent of the adjusted gross income to the authorizing permittee on whose behalf the activity is conducted. The operator may appeal the revocation but an audit by the department is conclusive.

Section 15 of the bill amends AS 05.15.140(b) to require a municipality or qualified organization to disclose whether the person who operates an activity for the municipality or qualified organization has been convicted of, in prison for, or on parole for a felony within the preceding five years or

convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

Section 16 of the bill amends AS 05.15.140(c) to prohibit the department from issuing a permit to a person who has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

Section 17 of the bill amends AS 05.15.160 relating to expenses that may be deducted from gross receipts.

Section 18 of the bill amends AS 05.15.160 by adding a new subsection.

Municipalities, qualified organizations, and operators may pay their employees reasonable wages and other compensation. Reasonable compensation is the amount of compensation ordinarily paid by similar businesses for similar work.

Section 19 of the bill amends AS 05.15 by adding new sections.

Sec. 05.15.165 establishes the duties of an operator. An operator shall pay net proceeds to the authorizing permittee by check.

The operator may not incur unauthorized expenses. The department may order the operator to refund to the authorizing permittee, any amount withheld as an unauthorized expense plus interest at 1.5% per month.

The operator shall post a copy of the operator's license and the permit of each authorizing permittee with whom the operator has a contract to conduct activities at the location where the activities are conducted.

The operator shall obtain liability insurance for each location where the operator conducts games of chance and contests of skill. The operator shall provide proof of insurance to the department upon request. The operator and the insurer shall inform the department of changes in or cancellation of insurance. If the operator's liability insurance is cancelled, the operator may not conduct games of chance or contests of skill until subsequent insurance is obtained.

The operator shall have its financial records reviewed by a certified public accountant each year. The operator shall submit the results of the review to the department by February 28.

The operator may not charge losses due to bad checks or uncollectable debts against the net proceeds due to the authorizing permittee, extend credit to players, employ house players, or allow employees to play a game conducted by the operator at the location where the employee works for the operator.

Sec. 05.15.167 establishes the requirement that an operator post a bond or security payable to the department and that the bond is first applied against fees, interest, and penalties due to the department. The operator shall inform the department if the bond is cancelled or the security is impaired.

Section 20 of the bill amends AS 05.15.180(b) to include bingo games and pull-tab games within the list of activities that may be conducted in a form and manner different from the way the activities were conducted before January 1, 1959.

Section 21 of the bill amends AS 05.15.180 by adding new subsections.

The value of door prizes offered or awarded by a permittee or on behalf of a permittee may not exceed \$5,000 per month or \$60,000 per year.

The value of all door prizes offered at a single facility, bingo hall, or bingo parlor may not exceed \$5,000 per month or \$60,000 per year.

A person under the age of 19 years may not play bingo.

A municipality or qualified organization may award a maximum of \$1,000,000 in prizes in activities authorized under AS 05.15; however a municipality or qualified organization may award only a maximum of \$500,000 in prizes if they use the services of an operator. The prize limits do not include prizes awarded in bingo games.

Section 22 of the bill amends AS 05.15 by adding new sections.

Sec. 05.15.181 establishes the requirements for a pull-tab manufacturer's license.

A person may not manufacture pull-tabs without a license issued by the department.

The department may issue a pull-tab manufacturer's license to a person who pays an annual fee of \$500.

Each series of pull-tabs manufactured in the state shall bear a serial number.

A pull-tab manufacturer may distribute pull-tabs to only licensed pull-tab distributors.

A pull-tab manufacturer shall report monthly to the department on each series of pull-tabs sold during the month.

Sec. 05.15.183 establishes the requirements for a pull-tab distributor's license.

A person may not distribute pull-tabs without a license issued by the department.

The department may issue a pull-tab distributor's license to a person who pays an annual fee of \$1,000.

Pull-tabs may be distributed only from a location in the state.

A pull-tab distributor shall report each month on the pull-tab games distributed.

A pull-tab distributor shall collect a tax of three percent of the retail value less prizes awarded for each pull-tab series sold during the month. The tax shall be paid each month the monthly report is submitted.

Sec. 05.15.185 establishes requirements for the distribution of pull-tab games.

Sec. 05.15.187 establishes requirements for the operation of pull-tab games.

A municipality or qualified organization may operate pull-tab games. Pull-tabs may be obtained only from licensed pull-tab distributors.

A pull-tab series may not be sold at more than one location on the same day, unless the pull-tabs also confer an additional right to participate in a lottery for additional prizes.

Pull-tabs from different series may not be mixed or combined, unless 10 percent or less of a series remains unsold. The remaining pull-tabs must be mixed with a series that has an identical price and prize structure.

A pull-tab series may not be withdrawn from sale until all pull-tabs in the series are sold, unless the pull-tabs are defective and the department is notified.

Pull-tabs may not be sold to a minor and a minor may not purchase a pull-tab.

Each municipality or qualified organization that had gross receipts exceeding \$100,000 during the preceding year from activities conducted under AS 05.15 or that is required to report under AS 05.15.080(a) shall maintain for two years a record of each prize of \$50 or more from a pull-tab game and of the pull-tabs sold.

A pull-tab game that confers an additional right to win additional prizes in a lottery may not be conducted unless a surety bond in the amount of \$250,000 is submitted to the department.

Sections 23-28 of the bill amend the definitions of "charitable organization", "civic or service organization", "dog musher's association", "educational organizations", "fishing derby associations", and "fraternal organization" by deleting redundant language.

Section 29 of the bill repeals and reenacts the definition of "net proceeds".

Section 30 of the bill amends the definition of "police or fire department and company" by deleting redundant language and adding clarifying language.

Section 31 of the bill amends the definition of "qualified organization" to require that the organization be in existence for only three years rather than five years before qualifying for a permit to conduct games of chance or contests of skill.

Representative Mark Boyer  
Page 11  
April 18, 1988

Section 32 of the bill repeals and reenacts the definition of "raffle and lottery".

Sections 33 and 34 of the bill amend the definition of "religious organization" and "veterans organization" by deleting redundant language.

Section 35 of the bill defines "adjusted gross income", "authorizing permittee", "commissioner", "department", "distribute", "operator", "pull-tab game", and "series".

Section 36 of the bill amends AS 05.15 by adding a new section AS 05.15.995. AS 05.15 may be cited as the Alaska Gaming Reform Act.

GU:gc  
WKG2:005

# Alaska State Legislature

REPRESENTATIVE  
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE  
FAIRBANKS, ALASKA 99701  
(907) 456-6473

JUNEAU

P.O. BOX V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3466

CSHB 299 (Fin) - Charitable Gaming - Changes from CSHB 299 (Jud)

p. 2, line 4 - deleted section in Judiciary CS which raised tax on net proceeds from activities with gross receipts over \$100,000 to 3%. Also eliminated section denying permit renewal to anyone with an outstanding debt to a pull tab distributor.

p. 4, line 2 - maximum allowable number of bingo sessions per month per permittee raised from 9 to 14

p. 9, line 8 - adds language allowing a member of a board of directors of a qualified organization to be the "member-in-charge"

p. 13, line 8 - changes "prevailing wage" language to "reasonable amount in wages" defined as "an amount approximating the amount ordinarily paid by similar businesses for similar work performed under similar circumstances"

p. 15, line 18 - raises door prize limit to \$5000 per month or \$60,000 per year.

p. 15, line 20 - extends door prize limit for permittees to facilities or bingo halls run by operator or joint permittees

p. 15, line 26 - prize limit language is moved out of pull tab section and applied to all activities under permit with the exception of bingo. Limit raised to \$1,000,000 for permittees conducting their own activities, \$500,000 for those contracting with an operator.

p. 17, line 23 - lottery type pull tab operations exempted from single site sale restriction

p. 17, line 28 - last 10% of pull tab series can be mixed with new series of identical price and prize structure

p. 18, line 3 - series with defective pull tabs may be withdrawn from sale

p. 17, line 17 - operator or permittee conducting lottery type pull tab activity must post \$250,000 bond.

107-B West Northern Lights Blvd.  
Anchorage, Alaska 99503  
(907) 274-6711

# LUCKY STRIKE BINGO

April 8, 1988

Honorable Mark Boyer, Chairman  
Subcommittee on H.B. 299  
House Finance Committee  
P.O. Box V (Mail Stop 3100)  
Juneau, Alaska 99811

Dear Representative Boyer:

I am very deeply concerned that the House Finance Committee is considering a door prize provision in H.B. 299 which would restrict the four non-profits at the Lucky Strike Bingo Hall from collectively awarding any more than \$5,000.00 in prizes per month.

Our legal counsel, Lloyd Miller, informs me that the Department of Revenue believes this kind of a cap is necessary to help charitable organizations keep higher profits from bingo games. But in fact this new provision will do just the opposite. In fact, I have no doubt that our profits will fall dramatically if we are unable to continue offering the kinds of prizes we have been offering in the past. Not only will our net profits undoubtedly fall, but I firmly believe that they may fall so far that it may no longer even make sense for us to run bingo games.

In a typical month we award \$5,000.00 in door prizes on Friday nights and Saturday nights combined. In many months we also award a single door prize which costs us from \$9,000.00 to \$12,000.00. The value of all monthly door prizes has never exceeded \$20,000 and generally runs in the range of \$18,000. Obviously a \$5,000.00 cap is unrealistic.

Door prizes have attracted dozens of people into our bingo hall who I believe would not be interested in playing bingo if



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Anchorage, Alaska 99503  
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# LUCKY STRIKE BINGO

the prizes were not offered. Our patronage has skyrocketed from two years ago. The benefits to us have far exceeded by many times the cost of these prizes. Not only have we never lost on a night when we offer prizes, but in fact our net profits have consistently run many times the net profits we used to earn from bingo before we offered door prizes. In fact, the reason we began offering door prizes in the first place was because bingo was essentially a losing proposition on many nights, and on other nights only a marginal proposition.

In our first year of operation our expenses were high. We also did not think of offering door prizes that year. The net profits that year for all four organizations combined was about \$22,000.00. But last year, when we offered door prizes, our combined net profits after all prizes was almost \$400,000.00. This 2,000 percent increase is completely attributable to door prizes. Even today, the net profits on a night when we award a large door prize are four times higher than our average session - - after the cost of the prizes is accounted for.

I had thought that the whole point of this bingo legislation was to provide a means for non-profits to raise money to supplement their important programs in the State. The new door prize provision will do just the opposite. There is no question that it will definitely cut down our net profits. And as I said earlier, I think it may even return bingo to being only marginal. I know that the operating budgets of the four non-profits (ANHB, APIA, AHA, and KANA) are considerable. Given the cost of running a bingo hall on your own, it doesn't make sense to go to all this trouble if all you are going to earn is a few hundred dollars a night (at least) or break even. The way things have evolved, each of our organizations is currently earning tens of thousands of dollars a year from bingo. The point should be to encourage that kind of activity, so that we can counteract the cut in our state and federal grants and contracts and offset rising costs and an increasingly large service population.

I ask and plead with the Committee that you reconsider the wisdom of retaining any door prize provision in the bill. If in future years door prizes produce some problem that none of us is



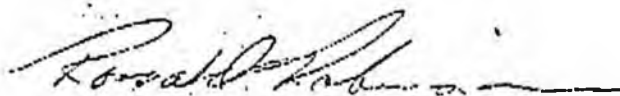
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# LUCKY STRIKE BINGO

aware of, the Department can always explore imposing a cap in the regulations. Right now we see no justification for a cap in the statute.

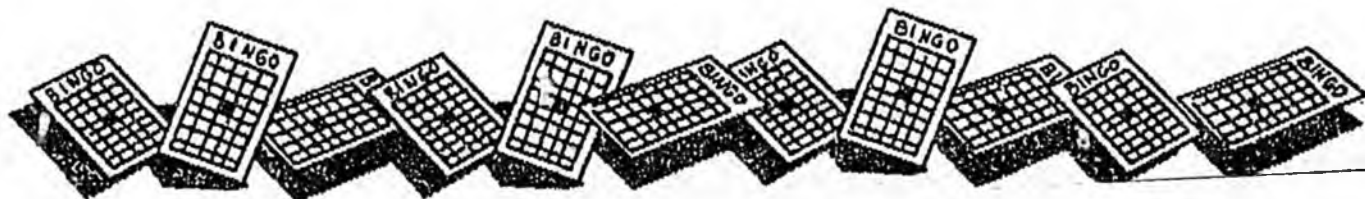
I would be happy to provide any additional testimony or evidence on this single most critical issue if that would be helpful. In the meantime, I am having our lawyer telefax this letter to you in advance of the April 11 hearing.

Sincerely,



Ron Robinson.

cc: Rep. Kay Wallis  
Rep. C.E. Swackhammer  
Rep. Steven Reiger



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April 12, 1988

OF COUNSEL  
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\*ALASKA AND DISTRICT OF COLUMBIA BARS  
\*\*WISCONSIN BAR  
ALL OTHERS DISTRICT OF COLUMBIA BAR

VIA TELEFAX

Honorable Al Adams  
House Finance Committee  
P.O. Box V (Mail Stop 3100)  
Juneau, Alaska 99811

Re: House Bill 299 (relating  
to games of chance)  
(Our File No. 1302.21)

Dear Representative Adams:

I enclose copies of recent correspondence to Representative Boyer concerning the "door prize" provisions in Section 21 of H.B. 299 (subsections (d) and (e)).

The Alaska Native Health Board and the other three non-profit organizations which form Lucky Strike Bingo consider it absolutely critical and urgent that subsections (d) and (e) of Section 21 be deleted. If not, the single most effective way of raising funds for non-profit health and social services will be lost.

We ask for your help in seeing that this unsupported, unjustified and ill-conceived provision be deleted. If the

Representative Adams  
April 12, 1988  
Page 2

record in the future supports some kind of door prize limit, the Department of Revenue can always propose regulations to address those issues at that time.

Sincerely,



Lloyd Benton Miller

LBM:trb  
Ltr.ra  
Enclosures

| Charitable Permit Holder      | Location       | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|-------------------------------|----------------|----------------------|---|-----------------|
| Alaska Miners Assoc           | Anchorage      | \$19270.00           | \$16228.18                                | \$163.45        |
| Midnight Sun Lions            | Fairbanks      | \$8472.00            | \$3840.23                                 | \$38.40         |
| Big Lake Regatta Assoc        | Big Lake       | \$1693.00            | \$391.71                                  | \$4.62          |
| Ketchikan Theatre Ballet      | Ketchikan      | \$4408.00            | \$1489.59                                 | \$14.88         |
| City of Craig                 | Craig          | \$7456.11            | \$365.99                                  | \$3.66          |
| American Business Womens Assn | Anchorage      | \$0.00               |   |                 |
| B.P.D.E. Lodge 1429           | Ketchikan      | \$24540.60           | \$8945.26                                 | \$89.45         |
| SE Ak Conservation Council    | Juneau         | \$8510.00            | \$6244.80                                 | \$62.45         |
| Alaska State Firefighters     | Juneau         | \$1330.00            | \$436.36                                  | \$4.36          |
| Alaska Fire Chiefs Assoc      | Cordova        | \$14900.00           | \$2780.40                                 | \$27.80         |
| Valdez Democratic Precinct    | Valdez         | \$12500.00           | \$3497.70                                 | \$34.95         |
| Soldotna Little League        | Soldotna       | \$801995.70          | \$236680.00                               | \$2367.00       |
| District 19 Democrats         | College        | \$2253.00            | \$994.51                                  | \$9.95          |
| Kodiak Lions Club             | Kodiak         | \$2864.13            | \$0.00                                    | \$0.00          |
| Qitiktitchirit Committee      | Barrow         | \$70288.30           | \$44448.03                                | \$444.48        |
| Pilot Station Womens Club     | Pilot Station  | \$0.00               |   |                 |
| Kodiak Jaycees                | Kodiak         | \$78.00              | \$0.00                                    | \$0.00          |
| Ak Center for the Environment | Anchorage      | \$556136.00          | \$11275.78                                | \$112.76        |
| North Pole Lions Club         | North Pole     | \$17492.00           | \$2783.72                                 | \$27.83         |
| Anchorage Opera Company       | Anchorage      | \$44867.00           | \$26485.76                                | \$246.86        |
| City & Borough of Juneau      | Juneau         | \$0.00               |   |                 |
| Bethel Lions Club             | Bethel         | \$546291.00          | \$70161.00                                | \$702.00        |
| Fairbanks Lions Club          | Fairbanks      | \$287631.00          | \$0.00                                    | \$0.00          |
| Morale Support Activities     | Ft Greely      | \$0.00               | \$0.00                                    | \$0.00          |
| AK Comm Coll Fed of Teachers  | Anchorage      | \$9.00               | \$0.00                                    | \$0.00          |
| Work Preservation Trust       | Anchorage      | \$166514.00          | \$7757.00                                 | \$78.00         |
| City of Eek                   | Eek            | \$0.00               |   |                 |
| American Legion Auxiliary 35  | Wasilla        | \$0.00               | \$0.00                                    | \$0.00          |
| District 7 Democrats          | Anchorage      | \$1545.00            | \$1344.76                                 | \$13.45         |
| Seldovia Police & Fire Dept   | Seldovia       | \$864.45             | \$389.68                                  | \$3.89          |
| City of Ruby                  | Ruby           | \$31.25              | \$0.00                                    | \$0.00          |
| Fbks Child Prot Task Force    | Fairbanks      | \$1032.25            | \$989.50                                  | \$9.90          |
| Knights of Columbus 4659      | Anchorage      | \$53890.00           | \$1257.00                                 | \$12.57         |
| J-D Little Theatre            | Juneau         | \$0.00               |   |                 |
| American Legion Post 22       | Delta Junction | \$0.00               | \$0.00                                    | \$0.00          |
| Anch Child Abuse Board        | Anchorage      | \$0.00               | \$0.00                                    | \$0.00          |
| Ak Credit Union League        | Anchorage      | \$9528.00            | \$9160.00                                 | \$81.60         |
| American Legion Post 34       | Anchorage      | \$825.00             | \$631.00                                  | \$6.31          |
| Diomedes Vol Fire Dept        | Diomedes       | \$30780.75           | \$3906.12                                 | \$59.06         |
| Anch Arts & Crafts Center     | Anchorage      | \$0.00               |   |                 |
| St Rose of Lima Catholics     | Wrangell       | \$1505.00            | \$835.00                                  | \$8.35          |
| Anchorage Headstart           | Anchorage      | \$0.00               |   |                 |
| Comm Activities Pol Comm      | Chevak         | \$0.00               |   |                 |
| U of A Anch Aluwani Assoc     | Anchorage      | \$0.00               | \$0.00                                    | \$0.00          |
| Alaska Airwens Assoc          | Anchorage      | \$0.00               | \$0.00                                    | \$0.00          |
| Shageluk City Council         | Shageluk       | \$0.00               |   |                 |
| Alakanuk Vol Fire Dept        | Alakanuk       | \$74233.79           | \$9561.13                                 | \$95.61         |
| District 12 Democrats         | Anchorage      | \$4608.00            | \$2514.00                                 | \$26.14         |
| City of Teller                | Teller         | \$0.00               |   |                 |
| Juneau Shrine Club            | Juneau         | \$4320.00            | \$2339.17                                 | \$23.39         |
| Painters Apprenticeship       | Anchorage      | \$337311.00          | \$9115.00                                 | \$97.00         |

|                                 |               |              |             |           |
|---------------------------------|---------------|--------------|-------------|-----------|
|                                 |               | \$337929.00  | \$11674.00  | \$116.00  |
| Larsen Bay Tribal Council       | Larsen Bay    | \$21263.00   | \$2221.00   | \$22.00   |
| Akn Sled Dog & Racing Assoc     | Anchorage     | \$0.00       | \$0.00      | \$0.00    |
| Alakanuk Headstart              | Alakanuk      | \$53059.32   | \$19417.63  | \$194.17  |
| Ak Eskimo Whaling Commission    | Barrow        | \$157715.00  | \$29268.00  | \$283.00  |
| Sitka Rotary Club               | Sitka         | \$1641.00    | \$1479.00   | \$14.79   |
| St Innocents Catholic Church    | Anchorage     | \$0.00       | \$0.00      | \$0.00    |
| Toksook Bay Trad Council        | Toksook Bay   | \$42503.00   | \$39124.50  | \$391.24  |
| Kwethluk IRA Council            | Kwethluk      | \$40329.18   | \$14971.38  | \$149.71  |
| Palmer Chamber of Commerce      | Palmer        | \$0.00       | \$0.00      | \$0.00    |
| Nordic Skiing Assn of Anch      | Anchorage     | \$7852.00    | \$794.00    | \$8.00    |
| First Class Petty Officers      | Juneau        | \$379.50     | \$0.00      | \$0.00    |
| Copper Valley Comm Library      | Glennallen    | \$0.00       | \$0.00      | \$0.00    |
| Diomedea IRA Council            | Diomedea      | \$2008.50    | \$189.61    | \$1.89    |
| Cheechako Lions Club            | Ft Wainwright | \$37027.17   | \$107.52    | \$1.08    |
| ANB-Camp 9                      | Klawock       | \$60632.00   | \$40924.00  | \$409.00  |
| Ketchikan Youth Services        | Ketchikan     | \$206.56     | \$11.56     | \$0.12    |
| Alaska Ski Instructors          | Anchorage     | \$0.00       |             |           |
| Sitka Community Assoc           | Sitka         | \$165181.00  | \$52246.61  | \$522.46  |
| American Legion Auxiliary 34    | Anchorage     | \$0.00       | \$0.00      | \$0.00    |
| Ak State Chamber of Commerce    | Juneau        | \$4340.00    | \$2947.36   | \$29.47   |
| Anchorage Gymnastics Assoc      | Anchorage     | \$0.00       |             |           |
| Wrangell Enable Club            | Wrangell      | \$0.00       |             |           |
| LDS Church                      | Juneau        | \$0.00       |             |           |
| St-Benedicts Church             | Anchorage     | \$4049.75    | \$2299.76   | \$23.00   |
| Nuiqsut Mothers Club            | Nuiqsut       | \$65929.27   | \$31021.98  | \$310.98  |
| Nuiqsut Health Board            | Nuiqsut       | \$0.00       |             |           |
| Sitkans Against Family Violence | Sitka         | \$0.00       | \$0.00      | \$0.00    |
| District 4 Republicans          | Juneau        | \$1750.00    | \$0.00      | \$0.00    |
| AK Water Management Assoc       | Fairbanks     | \$990.97     | \$0.00      | \$0.00    |
| Access Alaska                   | Anchorage     | \$0.00       |             |           |
| City of Angoon                  | Angoon        | \$0.00       | \$0.00      | \$0.00    |
| Amvetts Post #1                 | Anchorage     | \$0.00       | \$0.00      | \$0.00    |
| Kenai Child-Dev Center          | Kenai         | \$1740.00    | \$1228.70   | \$12.29   |
| Britol Bay Fed of Teachers      | Naknek        | \$0.00       |             |           |
| Air Natl Guard NCO AGA          | Anchorage     | \$8746.00    | \$4403.00   | \$44.03   |
| American Legion Post 13         | Sitka         | \$11027.00   | \$5922.00   | \$59.22   |
| Hooper High School              | Hooper        | \$0.00       | \$0.00      | \$0.00    |
| ANB/ANS Camp 16                 | Petersburg    | \$0.00       |             |           |
| Fairbanks-Montessori Assoc      | Fairbanks     | \$136926.00  | \$24602.74  | \$246.02  |
| Greater Ketchikan Deso Precinc  | Ketchikan     | \$0.00       |             |           |
| Tanana Valley Kennel Club       | Fairbanks     | \$0.00       |             |           |
| Resource-Development Cncl       | Anchorage     | \$0.00       | \$0.00      | \$0.00    |
| 4-H Leaders Council             | Palmer        | \$0.00       |             |           |
| Alano Club of Anchorage         | Anchorage     | \$14431.00   | \$452.72    | \$4.53    |
| Fairbanks-BPW                   | Fairbanks     | \$0.00       | \$0.00      | \$0.00    |
| Plumbers & Steamfitters 375     | Fairbanks     | \$40000.00   | \$18434.37  | \$184.34  |
| American Legion Post 21         | Anchorage     | \$425537.00  | \$0.00      | \$0.00    |
|                                 | Totals        | \$4863046.85 | \$791287.84 | \$7897.54 |
|                                 |               | \$4863046.85 | \$791287.84 | \$7897.54 |

| Charitable Permit Holder         | Location      | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|----------------------------------|---------------|----------------------|---|-----------------|
| Immaculate Conception Parish     | Fairbanks     | \$0.00               | \$0.00                                    | \$0.00          |
| Gastineau Channel Little League  | Juneau        | \$5145.00            | \$2457.00                                 | \$24.57         |
| Ketchikan Police Dept            | Ketchikan     | \$325.00             | \$120.00                                  | \$0.00          |
| Wrangell Senior Site Council     | Wrangell      | \$0.00               | \$0.00                                    | \$0.00          |
| Nome Shrine Club                 | Nome          | \$36125.50           | \$5170.50                                 | \$51.70         |
| Ketchikan Killer Whales          | Ketchikan     | \$5585.00            | \$3272.14                                 | \$32.72         |
| Nome Volunteer Fire Dept         | Nome          | \$70538.03           | \$4544.75                                 | \$45.44         |
| Alaska Retriever Club            | Anchorage     | \$0.00               |   |                 |
| I A P E S                        | Juneau        | \$0.00               | \$0.00                                    | \$0.00          |
| St Nicholas Catholic Church      | North Pole    | \$11238.05           | \$0.00                                    | \$0.00          |
| FAA Civil Air Club               | Anchorage     | \$706.00             | \$0.00                                    | \$0.00          |
| American Legion Auxiliary 16     | Hooper        | \$7737.71            | \$1276.93                                 | \$0.00          |
| Ketchikan Senior Citizen         | Ketchikan     | \$0.00               | \$0.00                                    | \$0.00          |
| Loyal Order of Moose 1092        | Petersburg    | \$71010.03           | \$19559.67                                | \$196.60        |
| Copper River Dog Musers          | Copper Center | \$22442.00           | \$1866.00                                 | \$18.60         |
| Fraternal Order of Eagles 25     | Skagway       | \$0.00               | \$0.00                                    | \$0.00          |
| Ft Greeley Enlisted Wives Club   | Ft Greeley    | \$0.00               |   |                 |
| Akn Farmers & Stockgrowers       | Palmer        | \$3070.50            | \$1214.95                                 | \$12.15         |
| Knik Swim Club                   | Eagle River   | \$1827.29            | \$1263.59                                 | \$12.64         |
| Montana Creek Dog Musers         | Willow        | \$4155.00            | \$0.00                                    | \$0.00          |
| Lily of the Valley Church        | North Pole    | \$3536.99            | \$2156.99                                 | \$21.56         |
| District 8 Republicans           | Anchorage     | \$0.00               |   |                 |
| District 12 Republicans          | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Kenai Peninsula Hockey Assoc     | Soldotna      | \$13951.00           | \$0.00                                    | \$0.00          |
| Fraternal Order of Eagles 1037   | Fairbanks     | \$0.00               | \$0.00                                    | \$0.00          |
| Blessed Sacrament Parish Council | Emmonak       | \$33458.64           | \$1472.33                                 | \$14.72         |
| Aurora Swim Club                 | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| City of Chignik                  | Chignik       | \$25781.00           | \$5475.00                                 | \$54.75         |
| Catholic Schools PTA             | Fairbanks     | \$981223.75          | \$61296.84                                | \$613.00        |
| Rainbird Comm Broadcsting Corp   | Ketchikan     | \$0.00               | \$0.00                                    | \$0.00          |
| Pearl Harbor Survivors           | Anchorage     | \$0.00               |   |                 |
| Juneau Senior Citizens           | Juneau        | \$0.00               | \$0.00                                    | \$0.00          |
| Tanana Chiefs Conference         | Fairbanks     | \$2241.00            | \$1825.47                                 | \$18.25         |
| Duzinkie Tribal Council          | Duzinkie      | \$0.00               |   |                 |
| Non Commissioned Officers Assn   | Ft Wainwright | \$0.00               |   |                 |
| Loyal Order of Moose 1534        | Anchorage     | \$36336.50           | \$0.00                                    | \$0.00          |
| Resurrection Bay Lions & Lions   | Seward        | \$1515.00            | \$980.36                                  | \$9.80          |
| American Legion Post 18          | Ninilchik     | \$54468.25           | \$6367.06                                 | \$63.67         |
| Hooper Bay Trad Council          | Hooper Bay    | \$0.00               |   |                 |
| Holy Family Cathedral            | Anchorage     | \$763068.00          | \$27401.00                                | \$274.01        |
| VFW Post 3629                    | Fairbanks     | \$5245.28            | \$0.00                                    | \$0.00          |
| Sand Lake Lions                  | Anchorage     | \$646033.00          | \$8626.00                                 | \$86.26         |
| Alaska Repertory Theatre         | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Wrangell Little League           | Wrangell      | \$675.00             | \$675.00                                  | \$6.75          |
| Kenai Emblem Club                | Kenai         | \$0.00               | \$0.00                                    | \$0.00          |
| NN Lights Badger Lion/ess        | Fairbanks     | \$51480.00           | \$12991.00                                | \$130.00        |
| VFW Post 16RS                    | Anchorage     | \$74977.00           | \$3105.26                                 | \$31.05         |
| Mat-Su Encl on Alcoholism        | Wasilla       | \$107608.00          | \$5057.00                                 | \$0.00          |
| Ketchikan Vol Fire Dept          | Ketchikan     | \$500.00             | \$380.54                                  | \$3.81          |
| Church of Religious Science      | Anchorage     | \$0.00               |   |                 |
| Kiwanis Club Golden North        | Fairbanks     | \$5041.00            | \$3031.25                                 | \$30.31         |

|                                |                |             |             |           |
|--------------------------------|----------------|-------------|-------------|-----------|
| Intl Bros Boilermakers 498     | Anchorage      | \$0.00      | \$0.00      | \$0.00    |
| Upper Kalskag Trad Encl        | Upper Kalskag  | \$0.00      |             |           |
| Mentasta Village Council       | Tok            | \$1795.00   | \$0.00      | \$0.00    |
| Decree of Pocatontas           | Ketchikan      | \$4090.00   | \$925.18    | \$9.25    |
| Bayshore School PTA            | Anchorage      | \$2247.46   | \$1538.11   | \$15.38   |
| Glacier Valley School          | Juneau         | \$100.00    | \$100.00    | \$1.00    |
| Beta Sigma Phi                 | Kodiak         | \$0.00      | \$0.00      | \$0.00    |
| Ketchikan Community College    | Ketchikan      | \$65.65     | \$30.65     | \$0.00    |
| VFW Auxiliary 4352             | Ketchikan      | \$463.00    | \$221.55    | \$2.41    |
| US Ski Assoc                   | Anchorage      | \$14025.00  | \$10275.00  | \$102.75  |
| Anchorage-Glacier-Pilots       | Anchorage      | \$559686.00 | \$21231.99  | \$212.32  |
| West Anchorage High School     | Anchorage      | \$300.00    | \$300.00    | \$3.00    |
| ASPCA                          | Anchorage      |             |             |           |
| St-Elizabeth-Ann-Seton-Church  | Anchorage      | \$33078.00  | \$15848.38  | \$283.00  |
| Alaska Native Brotherhood      | Wrangell       | \$52649.00  | \$1787.00   | \$17.87   |
| Bidarki Corp                   | Cordova        | \$6081.40   | \$799.22    | \$7.99    |
| Homer Chamber of Commerce      | Homer          | \$27103.85  | \$0.00      | \$0.00    |
| District 17 Republicans        | Copper Center  | \$0.00      | \$0.00      | \$0.00    |
| USCG Chief Petty Officers Assn | Ketchikan      | \$2600.00   | \$1140.00   | \$11.40   |
| United Tran-Union-1626         | Anchorage      | \$0.00      |             |           |
| Shishmaref IRA Council         | Shishmaref     | \$460290.09 | \$112648.89 | \$1126.48 |
| Eamonak Parish Council         | Eamonak        | \$18896.98  | \$9567.19   | \$95.67   |
| Takotna Community Assoc        | Takotna        | \$21343.00  | \$1679.60   | \$16.79   |
| District 23 Republicans        | Nome           | \$5904.00   | \$1427.25   | \$14.27   |
| Koyuk IRA Council              | Koyuk          | \$26583.25  | \$994.81    | \$9.94    |
| District 21 Republicans        | Fairbanks      | \$32164.00  | \$14243.73  | \$142.44  |
| St Catherines Catholic Church  | Petersburg     | \$602.25    | \$387.71    | \$3.87    |
| Alaska Swimming Assoc          | Fairbanks      | \$0.00      | \$0.00      | \$0.00    |
| Newtok Traditional Council     | Newtok         | \$59240.01  | \$12760.00  | \$127.60  |
| Our Lady of Sorrows Catholics  | Delta Junction | \$2865.00   | \$680.00    | \$6.80    |
| American Legion Post 6         | Wrangell       | \$152017.00 | \$14141.89  | \$141.41  |
| Our Lady of Guadalupe Parish   | Anchorage      | \$940.75    | \$620.75    | \$0.00    |
| Abused Womens Aid in Crisis    | Anchorage      | \$56681.40  | \$16867.49  | \$168.87  |
| Fairbanks Emblem Club 109      | Fairbanks      | \$0.00      | \$0.00      | \$0.00    |
| Holy Rosary Church             | Dillingham     | \$6300.00   | \$2726.00   | \$27.26   |
| United Fisherman of Alaska     | Juneau         | \$0.00      | \$0.00      | \$0.00    |
| Hoonah Lady Lioness            | Hoonah         | \$10101.75  | \$4680.92   | \$46.81   |
| Fortuna Ledge Headstart        | Fortuna Ledge  | \$131982.30 | \$19964.09  | \$199.64  |
| EL Bob Bartlett high School    | Tyonek         | \$12030.00  | \$4265.00   | \$42.65   |
| Republican Party of Alaska     | Anchorage      | \$39240.00  | \$15916.25  | \$159.16  |
| Sacred Heart Catholic Church   | Haines         | \$391.00    | \$135.50    | \$1.38    |
| St Patricks Parish             | Anchorage      | \$396.00    | \$396.00    | \$3.96    |
| Moose Pass Sportsmans Club     | Moose Pass     | \$1431.00   | \$1431.00   | \$14.31   |
| Chevak Traditional Council     | Chevak         | \$141348.48 | \$33734.91  | \$337.34  |
| Bethel Catholic Church         | Bethel         | \$0.00      |             |           |
| AFGE Council 121               | Anchorage      | \$159363.00 | \$7171.00   | \$71.00   |
| Bering Sea Lions Club          | Kotzebue       | \$284031.00 | \$29438.00  | \$294.38  |
| Ketchikan Area Arts&Humanities | Ketchikan      | \$1043.00   | \$243.00    | \$2.00    |
| Kotzebue Lions Club            | Kotzebue       | \$861052.00 | \$148383.00 | \$0.00    |

Totals \$6355276.14 \$690687.69 \$5475.76

\$6355276.14 \$690687.69 \$5475.76

| Charitable Permit Holders   | Location    | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|-----------------------------|-------------|----------------------|---|-----------------|
| Susan-B English School      | Seldovia    | \$6537.81            | \$4693.96                                 | \$46.93         |
| District 7 Republicans      | Birdwood    | \$0.00               | \$0.00                                    | \$0.00          |
| Chugach Rebekah Lodge 10A   | Anchorage   | \$311.00             | \$141.00                                  | \$1.41          |
| Ketchikan Indian Corp       | Ketchikan   | \$2004.84            | \$0.00                                    | \$0.00          |
| Hoonah Indian Corp          | Hoonah      | \$0.00               | \$0.00                                    | \$0.00          |
| AK Cncl on Prev Alcohol     | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Adak Civic League           | Adak        | \$9611.00            | \$3705.55                                 | \$37.06         |
| Miss Ak Scholarship Pageant | Anchorage   | \$321958.00          | \$12472.00                                | \$124.00        |
| Nasilla Area Seniors Inc    | Nasilla     | \$4511.52            | \$3491.42                                 | \$34.91         |
| Ketchikan Youth Football    | Ketchikan   | \$4351.00            | \$3254.00                                 | \$33.00         |
| Natl Organization for Women | Anchorage   | \$7125.00            | \$1995.24                                 | \$19.95         |
| Coho Swim Club              | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Tongass-AK Girl Scout Cncl  | Juneau      | \$0.00               |   |                 |
| City of Cordova             | Cordova     | \$0.00               | \$0.00                                    | \$0.00          |
| City of Savoonga            | Savoonga    | \$427337.00          | \$123032.50                               | \$1230.33       |
| City of Mountain Village    | Mt Village  | \$111224.95          | \$7078.22                                 | \$70.78         |
| St Marys Fire Dept          | St Marys    | \$183998.00          | \$29378.00                                | \$294.00        |
| Lakes Vol Fire Dept Aux     | Palmer      | \$0.00               | \$0.00                                    | \$0.00          |
| Alpine Alternatives         | Anchorage   | \$462176.00          | \$14936.00                                | \$149.00        |
| Mat-Su Repub Womens Club    | Nasilla     | \$0.00               | \$0.00                                    | \$0.00          |
| VFW Post 7056               | Kodiak      | \$0.00               |   |                 |
| City of Aleknagik           | Aleknagik   | \$0.00               | \$0.00                                    | \$0.00          |
| North Star Kiwanis          | Anchorage   | \$0.00               |   |                 |
| Glacier Vol Firemens Assoc  | Juneau      | \$20000.00           | \$5734.00                                 | \$67.34         |
| St Bernards Church          | Talkeetna   | \$278.00             | \$255.22                                  | \$2.78          |
| VFW Post 9785               | Eagle River | \$31272.75           | \$2887.76                                 | \$28.87         |
| Nenana Tortella Cncl        | Nenana      | \$7279.00            | \$0.00                                    | \$0.00          |
| Soroptomist Intl Fairbanks  | Fairbanks   | \$3177.00            | \$2760.35                                 | \$27.60         |
| Cordova Chamber of Commerce | Cordova     | \$3081.00            | \$0.00                                    | \$0.00          |
| Alaska Mental Health Assoc  | Anchorage   | \$2541.00            | \$1398.00                                 | \$13.98         |
| Marshall Parish Council     | Marshall    | \$45046.75           | \$5942.10                                 | \$59.42         |
| NN Lights ABC School PTA    | Anchorage   | \$10334.00           | \$7336.00                                 | \$74.00         |
| Bayshore Learning Center    | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Kiana Traditional Council   | Kiana       | \$0.00               | \$0.00                                    | \$0.00          |
| ALyeska Ski Club            | Anchorage   | \$1702.00            | \$1482.00                                 | \$14.82         |
| Kodiak Historical Society   | Kodiak      | \$1965.00            | \$1549.50                                 | \$13.05         |
| Hope Cottages Inc           | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Anch Unitarian Universalist | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| District 15 Democrats       | Eagle River | \$16832.50           | \$5402.00                                 | \$53.48         |
| Alaska Gold Kings           | Fairbanks   | \$0.00               | \$0.00                                    | \$0.00          |
| Kila Inc                    | Fairbanks   | \$165708.00          | \$33426.00                                | \$334.26        |
| Dillingham School District  | Dillingham  | \$303532.34          | \$57648.66                                | \$576.49        |
| Mat-Su Amateur Hockey Assoc | Nasilla     | \$105945.50          | \$0.00                                    | \$0.00          |
| A N I Y A A                 | Fairbanks   | \$0.00               |   |                 |
| Gastineau Humane Society    | Juneau      | \$18400.00           | \$8400.00                                 | \$84.00         |
| Fairbanks Arts Assoc        | Fairbanks   | \$40248.00           | \$8515.00                                 | \$85.00         |
| Holy Trans Greek Orthodox   | Anchorage   | \$30000.00           | \$14285.31                                | \$142.85        |
| SE Board of Realtors        | Juneau      | \$0.00               |   |                 |
| Gambell IRA Council         | Gambell     | \$0.00               |   |                 |
| Anchorage Youth Hostel      | Anchorage   | \$2100.00            | \$1690.80                                 | \$16.90         |
| Anchorage Education Assoc   | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |

|                                |                |              |             |           |
|--------------------------------|----------------|--------------|-------------|-----------|
| Pioneers of Alaska Aux 15      | Wrangell       | \$525.00     | \$317.62    | \$3.16    |
| Noatak Village Council         | Noatak         | \$0.00       |             |           |
| Native Village of Fort Yukon   | Ft Yukon       | \$0.00       |             |           |
| Assoc of Prof Mortgage Wosen   | Anchorage      | \$4170.00    | \$2540.00   | \$25.40   |
| Copper River Native Asscc      | Copper Center  | \$2000.00    | \$1076.00   | \$10.76   |
| Men Inc.                       | Juneau         | \$6941.00    | \$5867.00   | \$58.67   |
| Juneau Ducks Unlimited         | Juneau         | \$4035.00    | \$3383.91   | \$33.84   |
| Alaska Women in Timber         | Ketchikan      | \$0.00       |             |           |
| Big Bros/Big Sis of Anchorage  | Anchorage      | \$7762.80    | \$2001.10   | \$20.05   |
| Tanaina Child Devel Center     | Anchorage      | \$1850.00    | \$0.00      | \$0.00    |
| Friends of the U of A Museum   | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Alaska-Families United Inc     | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| Alaska State Medical Assoc     | Anchorage      | \$29620.80   | \$18109.68  | \$181.10  |
| Fairbanks Crisis Clinic Fndtn  | Fairbanks      | \$24000.00   | \$4847.00   | \$480.47  |
| Bristol Bay Student Council    | Naknek         | \$1975.96    | \$871.69    | \$8.72    |
| Fairbanks USO                  | Fairbanks      | \$0.00       |             |           |
| Greater Fairbanks Family Hdstr | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Bartlett-Democratic Club       | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| Bartlett Begich Secondary Scho | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| Basically Bach Festival Inc.   | Anchorage      | \$575.00     | \$405.00    | \$4.00    |
| White Mountain IRA-Council     | White Mountain | \$4388.95    | \$909.62    | \$9.10    |
| Natl Assoc Bank Women          | Anchorage      | \$0.00       |             |           |
| Wm H Seward Elem School        | Seward         | \$0.00       | \$0.00      | \$0.00    |
| Immanuel Presbyterian Church   | Anchorage      | \$550.00     | \$550.00    | \$5.50    |
| Jo Scotts Center               | Fairbanks      | \$7296.00    | \$819.00    | \$8.19    |
| Alaska Visitors Assoc          | Fairbanks      | \$220.00     | \$0.00      | \$0.00    |
| Alaska State PTA               | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| AK Junior Miss Scholarship     | Soldotna       | \$125.00     | \$64.93     | \$0.00    |
| Ketchikan High School          | Ketchikan      | \$20696.00   | \$12889.41  | \$128.89  |
| University of Alaska-Juneau    | Juneau         | \$3971.25    | \$3864.89   | \$38.64   |
| Kodiak Baranof Productions     | Kodiak         | \$2000.00    | \$1926.50   | \$19.26   |
| Chatanika Nonprofit Comm Fund  | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Fairbanks Symphony Assoc       | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Capital School                 | Juneau         | \$3233.72    | \$2476.60   | \$24.77   |
| Fairbanks North Star Borough   | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| City of Ouzinkie               | Ouzinkie       | \$0.00       | \$0.00      | \$0.00    |
| Laborers Local Local 341 PEC   | Anchorage      | \$177879.00  | \$5122.00   | \$51.00   |
| NN AK Health Resources         | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Kootznoowoo Heritage Fndtn     | Angeon         | \$0.00       |             |           |
| Literacy Council of Alaska     | Fairbanks      | \$0.00       | \$0.00      | \$0.00    |
| Alaska Peace Officers Assoc    | Petersburg     | \$500.00     | \$45.00     | \$0.00    |
| Valdez Federation of Teachers  | Valdez         | \$0.00       | \$0.00      | \$0.00    |
| Anchorage Council of Education | Anchorage      | \$1470.00    | \$1350.00   | \$13.50   |
| Unalakleet Dept of Pub Saf     | Unalakleet     | \$25387.71   | \$2235.65   | \$22.36   |
| First Congregational Church    | Anchorage      | \$1000.00    | \$1000.00   | \$10.00   |
| Tri Parish Youth Ministry      | Juneau         | \$1266.00    | \$1117.30   | \$11.17   |
| AK Laborers Training School    | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| Chester Valley PTA             | Anchorage      | \$2202.00    | \$236.03    | \$2.36    |
| Port Graham Elem/HS            | Port Graham    | \$571.75     | \$42.06     | \$0.00    |
| Totals                         |                | \$2686701.90 | \$437968.71 | \$4807.14 |
|                                |                | \$2686701.90 | \$437968.71 | \$4807.14 |

| Charitable Permit Holder       | Location       | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|----------------|----------------------|---|-----------------|
| Klawock Co-op Assoc            | Klawock        | \$0.00               |   |                 |
| AK Federation of Teachers      | Anchorage      | \$0.00               | \$0.00                                    | \$0.00          |
| City of Port Heiden            | Port Heiden    | \$0.00               | \$0.00                                    | \$0.00          |
| Greater Fairbanks Racing Assn  | Fairbanks      | \$19923.50           | \$3335.00                                 | \$33.35         |
| Hoonah Public Schools          | Hoonah         | \$444.45             | \$122.09                                  | \$1.22          |
| City of Deering                | Deering        | \$8774.84            | \$1857.02                                 | \$69.18         |
| North Pole Elem PTA            | North Pole     | \$0.00               |   |                 |
| Whittier Historical Museum     | Whittier       | \$0.00               | \$0.00                                    | \$0.00          |
| Breast Cancer Detection Center | Fairbanks      | \$40134.50           | \$19814.00                                | \$198.14        |
| Mother Club                    | Scammon Bay    | \$7943.89            | \$3647.04                                 | \$11.06         |
| Juneau Chamber of Commerce     | Juneau         | \$3628.82            | \$1726.35                                 | \$17.26         |
| Holy Assumption Virgin Mary    | Kenai          | \$0.00               |   |                 |
| Kotlik Traditional Council     | Kotlik         | \$0.00               | \$0.00                                    | \$0.00          |
| Ninilchik Vill Trad Cncl       | Ninilchik      | \$0.00               | \$0.00                                    | \$0.00          |
| Stebbins Community Assoc       | Stebbins       | \$136647.22          | \$2123.26                                 | \$21.23         |
| Homer Winter Carnival          | Homer          | \$5678.00            | \$4767.02                                 | \$47.67         |
| City of Stebbins               | Stebbins       | \$45272.06           | \$5035.38                                 | \$50.35         |
| Chinik Eskimo Community        | Golovin        | \$0.00               | \$0.00                                    | \$1.64          |
| Sitka Teen Resource Center     | Sitka          | \$0.00               | \$0.00                                    | \$0.00          |
| United Way of Anchorage        | Anchorage      | \$20123.75           | \$19786.95                                | \$197.86        |
| Tanana Dist 4-H Leaders Cncl   | Fairbanks      | \$0.00               | \$0.00                                    | \$0.00          |
| Emmonak Headstart              | Emmonak        | \$49923.09           | \$13522.36                                | \$135.22        |
| Pioneers of Alaska 6           | Juneau         | \$15299.00           | \$6940.68                                 | \$69.41         |
| Chugiak-Eagle River C of C     | Eagle River    | \$2584.15            | \$1560.47                                 | \$15.60         |
| City of Hooper Bay             | Hooper Bay     | \$281625.19          | \$83085.19                                | \$830.85        |
| Parent Advisory Committee      | Hooper Bay     | \$179536.20          | \$19701.61                                | \$197.01        |
| NCO/EM Wives Club              | Ft. Richardson | \$10219.90           | \$4946.97                                 | \$49.47         |
| AK Society Prof Engineers      | Anchorage      | \$2993.00            | \$1470.69                                 | \$14.71         |
| Emmonak Headstart              | Emmonak        | \$113890.31          | \$49370.19                                | \$493.70        |
|                                | Totals         | \$941008.20          | \$193442.08                               | \$1961.23       |

| Charitable Perait Holder       | Location     | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|--------------|----------------------|---|-----------------|
| Territorial Sportsman          | Juneau       | \$133629.00          | \$20804.00                                | \$203.00        |
| Sacred Heart Cathedral         | Fairbanks    | \$500.00             | \$600.00                                  | \$6.00          |
| Cordova High School            | Cordova      | \$0.00               |   |                 |
| Suicide Prev & Crisis Cntr     | Anchorage    | \$0.00               |   |                 |
| Fairbanks Curling Club         | Fairbanks    | \$37950.00           | \$12860.00                                | \$129.60        |
| Anchor Point Community Club    | Anchor Point | \$11550.00           | \$1332.00                                 | \$13.00         |
| B.P.O.E. Lodge 1551            | Fairbanks    | \$412392.00          | \$128099.94                               | \$1261.00       |
| VFW 10041 Auxiliary            | Bethel       | \$455531.00          | \$83447.00                                | \$834.00        |
| Fairbanks Youth Sports         | Fairbanks    | \$490575.70          | \$53759.89                                | \$537.60        |
| UFCW Local 1496                | Anchorage    | \$2263.00            | \$329.00                                  | \$3.29          |
| Alaska Native Sisterhood       | Haines       | \$98932.85           | \$14684.34                                | \$146.84        |
| Wainwright Womens Club         | Wainwright   | \$276101.91          | \$23839.94                                | \$238.39        |
| Douglas Lions Club             | Douglas      | \$17422.00           | \$6493.87                                 | \$64.94         |
| District 5 Democrats           | Kenai        | \$26032.20           | \$10051.93                                | \$100.00        |
| Service High School            | Anchorage    | \$10639.00           | \$8372.00                                 | \$83.72         |
| Ninilchik Community Ambulance  | Ninilchik    | \$0.00               | \$0.00                                    | \$0.00          |
| Assoc General Contractors      | Fairbanks    | \$49050.00           | \$21919.53                                | \$219.20        |
| Drutsaraquit Native Council    | Bethel       | \$0.00               |   |                 |
| B.P.O.E. Lodge 2425            | Kenai        | \$133609.19          | \$12017.14                                | \$120.17        |
| Andreafski Townsite Womens Clb | St Marys     | \$263015.52          | \$31020.42                                | \$310.20        |
| Huslia Hustlers Sports Assoc   | Huslia       | \$0.00               |   |                 |
| B.P.O.E. Lodge 1662            | Sitka        | \$289470.45          | \$34690.49                                | \$346.90        |
| Bering Sea Womens Club         | Nome         | \$411503.50          | \$32.71                                   | \$0.00          |
| Loyal Order of Moose 1206      | Craig        | \$167783.25          | \$40831.96                                | \$408.32        |
| Anchorage Figure Skating Club  | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Eagle River Rotary Club        | Eagle River  | \$0.00               |   |                 |
| Russian Jack PTA               | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Sitka Emblem Club 142          | Sitka        | \$2770.39            | \$1597.39                                 | \$15.97         |
| Barrier Free Recreation        | Anchorage    | \$783462.00          | \$23157.00                                | \$232.00        |
| Ikluat Inc                     | Chugiak      | \$0.00               |   |                 |
| Kodiak Public Broadcasting     | Kodiak       | \$4000.00            | \$2537.65                                 | \$23.58         |
| Fairview Lions Club            | Anchorage    | \$226591.00          | \$1264.00                                 | \$12.64         |
| VFW Post 9365                  | Wasilla      | \$35626.79           | \$136.59                                  | \$1.37          |
| Congregation Beth Shalom       | Anchorage    | \$1000.00            | \$0.00                                    | \$0.00          |
| Tanana Valley State Fair       | Fairbanks    | \$21057.81           | \$2096.88                                 | \$20.96         |
| Fairbanks Native Assoc         | Fairbanks    | \$0.00               | \$0.00                                    | \$0.00          |
| Kenai Penin Board of Realtors  | Soldotna     | \$1340.50            | \$529.00                                  | \$5.29          |
| Quota Club of Anchorage        | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Ketchikan Rod & Gun Club       | Ketchikan    | \$1005.00            | \$1230.00                                 | \$12.30         |
| Juneau Intl Folkdancers        | Juneau       | \$0.00               | \$0.00                                    | \$0.00          |
| Fraternal Order Eagles Aux 25  | Skagway      | \$503.66             | \$3.29                                    | \$0.00          |
| Fairbanks Education Assoc      | Fairbanks    | \$3866.00            | \$1753.63                                 | \$17.54         |
| AK Public Interest Research Gr | Anchorage    | \$3390.00            | \$1521.94                                 | \$15.22         |
| B.P.O.E. Lodge 420             | Juneau       | \$275797.00          | \$24217.88                                | \$242.17        |
| Homestead Elementary PTA       | Eagle River  | \$285.50             | \$0.00                                    | \$0.00          |
| Hunter Elementary PTA          | Fairbanks    | \$0.00               | \$0.00                                    | \$0.00          |
| Nome Community Center          | Nome         | \$197792.94          | \$8427.41                                 | \$84.27         |
| Alaska Petroleum Section SPE   | Anchorage    | \$2335.00            | \$1801.00                                 | \$18.01         |
| Cantwell Native Council        | Cantwell     | \$100.00             | \$0.00                                    | \$0.00          |
| Providence Hospital Auxiliary  | Anchorage    | \$171.00             | \$148.10                                  | \$1.48          |
| Credit Women Intl              | Anchorage    | \$0.00               |   |                 |

|                                |                |             |            |          |
|--------------------------------|----------------|-------------|------------|----------|
| American Legion Post 11        | Fairbanks      | \$150464.75 | \$24976.58 | \$249.00 |
| Golden North Rebekah Ldg 4-A   | Fairbanks      | \$311.00    | \$15.29    | \$0.00   |
| Midnight Sun Lioness Club      | Fairbanks      | \$366605.00 | \$0.00     | \$0.00   |
| Alaska Native Brotherhood 33   | Anchorage      | \$40500.00  | \$0.00     | \$0.00   |
| American Red Cross             | Fairbanks      | \$0.00      | \$0.00     | \$0.00   |
| Frat Order of Eagles Aux 1037  | Fairbanks      | \$0.00      | \$0.00     | \$0.00   |
| Inst of Alaska Native Arts     | Fairbanks      | \$5150.00   | \$2509.00  | \$25.09  |
| Tununak IRA Council            | Tununak        | \$246860.55 | \$51604.28 | \$516.04 |
| Mabel T Caverly Center         | Anchorage      | \$264.00    | \$264.00   | \$2.64   |
| Southeast Reg Health Corp      | Juneau         | \$560130.41 | \$62259.59 | \$622.59 |
| Marys-Igloo Trad Council       | Teller         | \$0.00      |            |          |
| Juneau Emblem Club 90          | Juneau         | \$2259.70   | \$1803.32  | \$18.03  |
| Chugiak Senior Citizens        | Chugiak        | \$25423.00  | \$8993.00  | \$90.00  |
| Ak Bodybuilding Fed            | Anchorage      | \$0.00      |            |          |
| Anch Chamber of Commerce       | Anchorage      | \$0.00      | \$0.00     | \$0.00   |
| Brevig Mission Trad Cncl       | Brevig Mission | \$35805.75  | \$0.00     | \$0.00   |
| Revilla Rebekah Lodge 9A       | Ketchikan      | \$69.80     | \$0.00     | \$0.00   |
| Anchorage Lions Club           | Anchorage      | \$360.00    | \$0.00     | \$0.00   |
| Pythian Sisters Friendship     | Anchorage      | \$6090.00   | \$3258.40  | \$32.58  |
| Kenaitze Indian Tribe          | Kenai          | \$4106.00   | \$74.00    | \$0.00   |
| Catholic Daughters of Americas | Anchorage      | \$64.00     | \$64.00    | \$0.00   |
| American Legion Auxiliary 15   | Palmer         | \$75123.00  | \$3697.69  | \$36.98  |
| Cook Inlet Native Assoc        | Anchorage      | \$0.00      |            |          |
| Mat Su Youth Activities Cncl   | Palmer         | \$32500.00  | \$15097.00 | \$151.00 |
| American Legion Post 5         | Seward         | \$33177.65  | \$5583.65  | \$55.83  |
| Anchorage Community College    | Anchorage      | \$71.00     | \$51.00    | \$0.00   |
| Ketchikan Childrens Home       | Ketchikan      | \$0.00      | \$0.00     | \$0.00   |
| Susitna Girl Scout Council     | Anchorage      | \$652577.00 | \$10987.09 | \$109.87 |
| East High School               | Anchorage      | \$420.00    | \$420.00   | \$4.20   |
| Homesteaders Community Club    | Houston        | \$37966.50  | \$4228.25  | \$42.28  |
| Roofers & Waterproofers 180    | Anchorage      | \$0.00      | \$0.00     | \$0.00   |
| Mt McKinley Lions Club         | Anchorage      | \$739975.00 | \$17928.00 | \$179.00 |
| Kotlik City Council            | Kotlik         | \$0.00      |            |          |
| Kodiak Area Native Assoc       | Kodiak         | \$744811.66 | \$9058.10  | \$90.58  |
| Kenai Soldotna Rotary Club     | Soldotna       | \$205993.00 | \$5040.00  | \$50.00  |
| Nooe Kennel Club               | Nooe           | \$56337.25  | \$0.00     | \$0.00   |
| Fairbanks Chapter SPEBSOSA     | Fairbanks      | \$255546.00 | \$12901.88 | \$129.02 |
| Sons of Norway Lodge 2/117     | Fairbanks      | \$2467.50   | \$1281.69  | \$12.82  |
| Loyal Order of Moose 793       | Palmer         | \$22174.25  | \$1641.99  | \$16.42  |
| City of Ft Yukon               | Ft Yukon       | \$68052.00  | \$17825.47 | \$178.25 |
| Frat Order of Eagles 1971      | Valdez         | \$3356.00   | \$1396.00  | \$13.96  |
| Valdez Chamber of Commerce     | Valdez         | \$30098.33  | \$0.00     | \$0.00   |
| Assoc for Retarded Citizens    | Kodiak         | \$0.00      | \$0.00     | \$0.00   |
| Fairbanks Downtown Assoc       | Fairbanks      | \$100890.00 | \$15963.00 | \$159.63 |
| Kotlik Womens Club             | Kotlik         | \$34055.69  | \$12415.93 | \$124.16 |
| Mat Su Valley Homeakrs Cncl    | Palmer         | \$62.00     | \$62.00    | \$0.00   |
| American Legion Auxiliary 1    | Anchorage      | \$46157.00  | \$11410.32 | \$114.10 |
| Valley Womens Resource Center  | Palmer         | \$34651.15  | \$14277.15 | \$142.77 |
| Sells Flats/Russian Creek FD   | Kodiak         | \$0.00      |            |          |

Totals \$9490071.10 \$771195.65 \$8985.81

\$9490071.10 \$771195.65 \$8985.81

| Charitable Permit Holder       | Location     | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|--------------|----------------------|---|-----------------|
| Kotzebue Broadcasting Inc.     | Kotzebue     | \$435599.00          | \$48168.00                                | \$482.00        |
| Alpha Delta Kappa              | Fairbanks    | \$1765.00            | \$202.65                                  | \$2.02          |
| Alaska Nurses Assoc            | Anchorage    | \$4858.10            | \$2312.70                                 | \$23.13         |
| Alaska Kennel Club             | Anchorage    | \$93.00              | \$46.50                                   | \$0.00          |
| Pioneers of Alaska Aux 8       | Fairbanks    | \$890.00             | \$862.55                                  | \$8.63          |
| VFW Post 10221                 | Anchor Point | \$63805.21           | \$10379.43                                | \$103.79        |
| Seward Chamber of Commerce     | Seward       | \$62222.40           | \$20811.01                                | \$208.11        |
| Anchorage Emblem Club 329      | Anchorage    | \$1960.00            | \$325.50                                  | \$3.25          |
| Ninilchik Fair Assoc           | Ninilchik    | \$9748.81            | \$3845.80                                 | \$38.46         |
| Nenana Lions Club              | Nenana       | \$0.00               | \$0.00                                    | \$0.00          |
| Libertarian Party of Anchorage | Anchorage    | \$35590.00           | \$3274.48                                 | \$32.74         |
| Homer Senior Citizens          | Homer        | \$46829.00           | \$1753.00                                 | \$18.00         |
| Aniak Traditional Council      | Aniak        | \$198733.70          | \$27579.99                                | \$275.80        |
| Kiana Search & Rescue          | Kiana        | \$158900.00          | \$4650.00                                 | \$46.50         |
| City of Scammon Bay            | Scammon Bay  | \$37752.52           | \$7977.75                                 | \$79.78         |
| Ninilchik Community Library    | Ninilchik    | \$473.00             | \$35.45                                   | \$0.00          |
| Ak Cabaret Hotel Rest Ret      | Anchorage    | \$152772.00          | \$47251.44                                | \$472.51        |
| Willow Crest PTA               | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Anchorage Beverage Rest Assoc  | Anchorage    | \$184282.00          | \$36521.95                                | \$365.22        |
| Noae Public Schools            | Noae         | \$3134.00            | \$2450.00                                 | \$24.50         |
| Kenai Penin 4-H Council        | Soldotna     | \$348.00             | \$348.00                                  | \$3.48          |
| Credit Women Intl              | Anchorage    | \$0.00               |   |                 |
| Anch Pioneers Home Res Cncl    | Anchorage    | \$2595.55            | \$2125.55                                 | \$21.26         |
| Plumbers & Steamfitters 367    | Anchorage    | \$203842.00          | \$7412.00                                 | \$74.00         |
| KBRW AM                        | Barrow       | \$525898.00          | \$231299.00                               | \$2312.99       |
| Talkeetna Chamber of Commerce  | Talkeetna    | \$5686.50            | \$2698.44                                 | \$0.00          |
| Oceanview PTA                  | Anchorage    | \$0.00               |   |                 |
| Tok-A-Tan Homemakers           | Tok          | \$592.76             | \$529.17                                  | \$5.29          |
| Sacred Heart Catholic Church   | Wasilla      | \$251.75             | \$105.50                                  | \$1.06          |
| Catholic Daughters of Americas | Juneau       | \$0.00               | \$0.00                                    | \$0.00          |
| Homer Soc of Nat History       | Homer        | \$1393.00            | \$926.36                                  | \$9.26          |
| Pioneers of Alaska Aux 4       | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Alaska Special Olympics        | Anchorage    | \$16913.00           | \$12319.04                                | \$123.19        |
| B.F.O.E. Lodge 2127            | Homer        | \$78885.00           | \$7824.00                                 | \$78.00         |
| Sitka Chamber of Commerce      | Sitka        | \$4179.75            | \$2944.57                                 | \$29.45         |
| Circle Dist Historical Soc     | Central      | \$879.00             | \$859.00                                  | \$8.59          |
| Holy Name Church               | Ketchikan    | \$12321.00           | \$10424.00                                | \$104.00        |
| Sterling Homemakers            | Sterling     | \$0.00               |   |                 |
| Arctic Native Brotherhood      | Nome         | \$0.00               |   |                 |
| Painters Local 1140            | Anchorage    | \$398849.00          | \$8631.00                                 | \$86.00         |
| Railbelt School District       | Healy        | \$18297.90           | \$12135.52                                | \$121.36        |
| District 16 Republicans        | Wasilla      | \$1700.00            | \$1672.42                                 | \$16.72         |
| Senior Cit of Interior Ak      | Salcha       | \$119971.45          | \$10844.24                                | \$108.44        |
| Ak Dog Musers Assoc            | Fairbanks    | \$64912.00           | \$0.00                                    | \$0.00          |
| Perseverance Theatre           | Douglas      | \$15310.00           | \$12076.12                                | \$120.76        |
| Fraternal Order Eagles Aux 162 | Ketchikan    | \$83015.99           | \$24213.82                                | \$242.13        |
| Valdez Emblem Club 514         | Valdez       | \$739.00             | \$313.80                                  | \$3.14          |
| Diamond High School            | Anchorage    | \$0.00               | \$0.00                                    | \$0.00          |
| Kodiak Hospital Auxiliary      | Kodiak       | \$392.00             | \$368.53                                  | \$3.69          |
| Children of the World          | Fairbanks    | \$1620.00            | \$496.50                                  | \$4.97          |
| VFW Auxiliary 9889             | Tok          | \$55763.64           | \$14050.06                                | \$140.50        |

|                                |              |             |            |          |
|--------------------------------|--------------|-------------|------------|----------|
| Rescue 21                      | Homer        | \$10420.00  | \$5990.86  | \$59.91  |
| Juneau Homebuilders Assoc      | Juneau       | \$9633.00   | \$3889.00  | \$36.89  |
| Barrow Search & Rescue         | Barrow       | \$427306.00 | \$26225.00 | \$862.00 |
| Frat Order of Eagles Aux 3525  | Kenai        | \$3567.00   | \$1997.29  | \$19.97  |
| Alaska Wing Civil Air Patrol   | Anchorage    | \$0.00      | \$0.00     | \$0.00   |
| Ak Alcoholism Rehab Service    | Wasilla      | \$0.00      | \$0.00     | \$0.00   |
| Pioneers of Alaska Aux 5       | Cordova      | \$0.00      | \$0.00     | \$0.00   |
| Two Rivers Grange #3           | Fairbanks    | \$568.14    | \$52.38    | \$5.24   |
| Haines Eagles Club             | Haines       | \$863.00    | \$863.00   | \$8.63   |
| King Cove Womens Club          | King Cove    | \$5534.31   | \$896.62   | \$8.97   |
| Women-In Crisis Cncl & Asst    | Fairbanks    | \$6208.00   | \$4112.01  | \$41.12  |
| Greater Anchorage Inc.         | Anchorage    | \$62125.00  | \$0.00     | \$0.00   |
| City of Point Hope             | Point Hope   | \$0.00      |            |          |
| Tok-Dog Musers Assoc           | Tok          | \$70783.95  | \$2561.39  | \$25.61  |
| Our Lady of Angels             | Kenai        | \$0.00      | \$0.00     | \$0.00   |
| St Josephs Catholic Church     | Cordova      | \$2010.00   | \$359.89   | \$3.60   |
| Kenai Peninsula Homebuilders   | Kenai        | \$0.00      | \$0.00     | \$0.00   |
| Mary Magdeline Orthodox Church | Dillingham   | \$14987.72  | \$6318.02  | \$63.18  |
| Sons of Norway Lodge 23        | Petersburg   | \$129542.78 | \$14409.88 | \$144.10 |
| Fairbanks Arctic Swim Team     | Fairbanks    | \$223993.00 | \$16965.00 | \$169.65 |
| Eagle Historical Society       | Eagle        | \$1799.00   | \$1548.00  | \$15.48  |
| Fairbanks Youth Soccer Assoc   | Fairbanks    | \$0.00      |            |          |
| Goose-Creek Community-Center   | Willow       | \$0.00      | \$0.00     | \$0.00   |
| Anchorage Sports Association   | Anchorage    | \$0.00      | \$0.00     | \$0.00   |
| South Naknek Village Council   | South Naknek | \$16382.42  | \$5233.96  | \$53.23  |
| Chuathbaluk Traditional Cncl   | Chuathbaluk  |             |            |          |
| Sons of Norway Lodge 33        | Juneau       | \$286.00    | \$210.54   | \$2.10   |
| Kacheak Bay Lions Club         | Homer        | \$244432.00 | \$16890.03 | \$168.90 |
| North-Star Council on Aging    | Fairbanks    | \$781.00    | \$681.00   | \$6.81   |
| Nunaka Valley PTA              | Anchorage    | \$4040.70   | \$3076.04  | \$30.76  |
| Noae Child Care Inc.           | Nome         | \$1833.00   | \$1192.00  | \$11.92  |
| Mat-Su Alano Club              | Wasilla      | \$220582.00 | \$12365.32 | \$123.65 |
| Guild Cncl Ak Treatment Cnt    | Anchorage    | \$4479.66   | \$4048.99  | \$40.49  |
| Fairbanks Youth Football       | Fairbanks    | \$4114.00   | \$2825.00  | \$28.00  |
| Filipino Amer Assoc-Kodiak     | Kodiak       | \$0.00      | \$0.00     | \$0.00   |
| B.P.D.E Lodge 1772             | Kodiak       | \$141029.75 | \$35132.62 | \$351.33 |
| Anchorage School of Judo       | Anchorage    | \$0.00      | \$0.00     | \$0.00   |
| Norton Sound Sled Dog Assoc    | Unalakleet   | \$414587.00 | \$16857.64 | \$168.57 |
| Fairbanks Central Labor Cncl   | Fairbanks    | \$3275.00   | \$1569.71  | \$15.69  |
| City of Shishmaref             | Shishmaref   | \$297361.92 | \$53602.78 | \$536.02 |
| Akeela House Inc.              | Anchorage    | \$709943.00 | \$20607.00 | \$0.00   |
| Haines Senior Center           | Haines       | \$1192.00   | \$1049.09  | \$10.05  |
| Ak Environmental Lobby         | Juneau       | \$17794.25  | \$15096.42 | \$149.98 |
| City of Tununak                | Tununak      | \$0.00      |            |          |
| Kodiak Chamber of Commerce     | Kodiak       | \$28460.00  | \$16859.45 | \$168.59 |
| Valdez Native Assoc            | Valdez       | \$0.00      |            |          |
| Juneau-Preschool Inc.          | Juneau       | \$1412.00   | \$1340.00  | \$13.40  |
| Seldovia Public Library        | Seldovia     | \$0.00      |            |          |
| VFW Post 10041                 | Bethel       | \$459999.00 | \$62582.00 | \$626.00 |

Totals \$6555089.03 \$1000472.57 \$9774.56

\$6555089.03 \$1000472.57 \$9774.56

| Charitable Permit Holder       | Location    | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|-------------|----------------------|---|-----------------|
| Alaska State Firefighters      | Bethel      | \$6683.00            | \$3095.93                                 | \$30.95         |
| Museum of AK Trans & Hist      | Palmer      | \$21000.00           | \$4432.87                                 | \$44.33         |
| Rogers Park PTA                | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Unalaska Aleut Devel Corp      | Unalaska    | \$0.00               |   |                 |
| St Andrew Catholic Church      | Eagle River | \$0.00               | \$0.00                                    | \$0.00          |
| Anchorage Amateur Radio Club   | Anchorage   | \$42595.00           | \$2352.00                                 | \$23.52         |
| City of Toksook Bay            | Toksook Bay | \$32871.33           | \$28435.21                                | \$284.35        |
| American Legion Auxiliary 7    | Skagway     | \$249.11             | \$229.11                                  | \$2.29          |
| American Legion Auxiliary 17   | Kodiak      | \$2814.00            | \$2773.83                                 | \$27.73         |
| American Legion Post 4         | Juneau      | \$0.00               |   |                 |
| Beta Sigma Phi                 | Ketchikan   | \$4689.80            | \$2806.01                                 | \$28.06         |
| Ketchikan Lions Club           | Ketchikan   | \$4266.00            | \$3039.33                                 | \$30.39         |
| Akuligag Sports Club           | Selawik     | \$11538.06           | \$0.00                                    | \$0.00          |
| Ninilchik Elem/H.S.            | Ninilchik   | \$1086.86            | \$977.33                                  | \$9.77          |
| First Christian Church         | Anchorage   | \$2326.00            | \$2129.00                                 | \$21.29         |
| B.P.O.E. Lodge 1483            | Cordova     | \$106111.72          | \$17787.33                                | \$177.87        |
| Petersburg Emblem Club         | Petersburg  | \$58691.75           | \$2313.12                                 | \$23.13         |
| Little Norway Festival         | Petersburg  | \$1186.00            | \$231.12                                  | \$2.31          |
| Wrangell Public School Dist    | Wrangell    | \$765.18             | \$765.18                                  | \$7.65          |
| Savoonga Volunteer Fire Dept   | Savoonga    | \$0.00               |   |                 |
| Tikigag Lioness Club           | Pt. Hope    | \$0.00               |   |                 |
| Monroe Boosters                | Fairbanks   | \$314349.30          | \$49253.98                                | \$492.53        |
| B.P.O.E. Lodge 1615            | Petersburg  | \$65709.00           | \$12550.58                                | \$125.50        |
| Juneau Ski Club                | Juneau      | \$22923.00           | \$6486.28                                 | \$64.86         |
| Anchorage Audubon Society      | Anchorage   | \$971.00             | \$366.00                                  | \$3.66          |
| Anchorage Symphony Orchestra   | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Joy Elementary School          | Anchorage   | \$35.52              | \$6.57                                    | \$0.00          |
| Hillcrest Day Care Center      | Anchorage   | \$1636.52            | \$1168.59                                 | \$11.69         |
| Tsimshian Tribal Assoc         | Ketchikan   | \$0.00               | \$0.00                                    | \$0.00          |
| Alaska State Fair Inc.         | Palmer      | \$12544.00           | \$3355.81                                 | \$33.56         |
| Alaska Peace Officers Assoc    | Juneau      | \$2702.40            | \$216.07                                  | \$2.16          |
| Humana Hospital Auxiliary      | Anchorage   | \$0.00               | \$0.00                                    | \$0.00          |
| Ka & Tl'at'k Corp              | Ketchikan   | \$153207.33          | \$21051.78                                | \$210.52        |
| Women of the Moose             | Ketchikan   | \$5047.34            | \$5047.34                                 | \$50.47         |
| Soroptomist Intl of Juneau     | Juneau      | \$915.00             | \$352.58                                  | \$3.53          |
| Gulkana Village Council        | Bakona      | \$67655.00           | \$3469.00                                 | \$39.69         |
| American Legion Auxiliary 6    | Wrangell    | \$129585.80          | \$14042.69                                | \$140.42        |
| Eagle River Libertarian Party  | Eagle River | \$0.00               |   |                 |
| Fraternal Order of Eagles 3523 | Kenai       | \$249340.00          | \$52104.00                                | \$521.01        |
| Kaktovik Womens Club           | Kaktovik    | \$0.00               |   |                 |
| Chena Lake Lion & Lioness      | North Pole  | \$108888.00          | \$1805.00                                 | \$18.05         |
| Beta Sigma Phi                 | Sitka       | \$568.00             | \$569.00                                  | \$5.68          |
| Spenard Lions Club             | Anchorage   | \$752271.00          | \$27399.00                                | \$274.00        |
| Glacier Valley Judo Club       | Juneau      | \$0.00               |   |                 |
| Lathrop High School            | Fairbanks   | \$29555.00           | \$17571.61                                | \$0.00          |
| Alaska Visitors Assoc          | Anchorage   | \$17775.00           | \$15799.85                                | \$158.00        |
| Alaska Bar Assoc               | Anchorage   | \$4500.00            | \$3204.27                                 | \$32.04         |
| Alutian Pribilof Islands Assn  | Anchorage   | \$718442.77          | \$0.00                                    | \$0.00          |
| Soroptomist Intl of Anchorage  | Anchorage   | \$0.00               |   |                 |
| Coffman Cove Civic Club        | Ketchikan   | \$880.00             | \$0.00                                    | \$0.00          |
| Seward Senior Citizens         | Seward      | \$2605.35            | \$1168.92                                 | \$11.69         |

|                                 |                |              |             |           |
|---------------------------------|----------------|--------------|-------------|-----------|
| The Theatre Guild Inc.          | Anchorage      | \$40.00      | \$0.00      | \$0.00    |
| Tri Valley Vol Fire Dept        | Healy          | \$0.00       | \$0.00      | \$0.00    |
| VFW Post 9978                   | Anchorage      | \$58929.00   | \$9244.17   | \$92.44   |
| Multiple Sclerosis Society      | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| Juneau Tlinkit & Maida Coas Cn  | Juneau         | \$263590.71  | \$35273.23  | \$352.73  |
| Huffman School PTA              | Anchorage      | \$0.00       | \$0.00      | \$0.00    |
| VFW Post 10046                  | Soldotna       | \$100954.20  | \$6834.33   | \$63.84   |
| March of Dimes                  | Anchorage      | \$557004.00  | \$16762.00  | \$165.94  |
| City of St. Michael             | St. Michael    | \$16931.86   | \$0.00      | \$0.00    |
| American Legion Auxiliary 27    | Glennallen     | \$0.00       | \$0.00      | \$0.00    |
| Wasilla-Lions Club              | Wasilla        | \$68585.00   | \$378.00    | \$3.78    |
| Muscular Dystrophy Assoc        | Anchorage      | \$25296.62   | \$13132.13  | \$131.32  |
| Muldoon Tudor Lions Club        | Anchorage      | \$308044.00  | \$3648.50   | \$36.49   |
| A-F-G-E                         | Ft. Wainwright | \$1321.21    | \$320.21    | \$3.20    |
| Brevig Mission Fire Dept        | Brevig Mission | \$281783.91  | \$22930.09  | \$229.30  |
| VFW Post 5559                   | Juneau         | \$154829.90  | \$13976.91  | \$139.76  |
| Visual-Arts-Center              | Anchorage      | \$260.00     | \$228.00    | \$2.28    |
| Klukwan School                  | Klukwan        | \$0.00       |             |           |
| Alaska Jaycees                  | Anchorage      | \$409736.00  | \$10102.00  | \$101.00  |
| Christian-Pilots-Assoc          | Wasilla        | \$0.00       | \$0.00      | \$0.00    |
| Savoonga Headstart              | Savoonga       | \$0.00       |             |           |
| Lion & Lioness Club of Soldotna | Soldotna       | \$290409.00  | \$58260.00  | \$589.00  |
| Bettles-Volunteer-Fire Dept     | Bettles        | \$4275.50    | \$1815.25   | \$18.15   |
| Womens Resourse Crisis Center   | Kenai          | \$0.00       | \$0.00      | \$0.00    |
| Kodiak 4-H Council              | Kodiak         | \$2500.00    | \$1500.00   | \$15.00   |
| Identity Inc.                   | Anchorage      | \$4556.20    | \$910.35    | \$1.11    |
| Anchorage Log Cabin Quilters    | Anchorage      | \$1196.00    | \$892.48    | \$8.92    |
| VFW Post 10029                  | North Pole     | \$5000.00    | \$2346.00   | \$23.46   |
| Alaska Health Project           | Anchorage      | \$262780.00  | \$12288.00  | \$123.58  |
| Easter Seal Society             | Anchorage      | \$543.54     | \$543.54    | \$5.44    |
| Hyder Community Assoc           | Hyder          | \$9331.58    | \$1078.41   | \$10.87   |
| Fraternal Order of Eagles 162   | Ketchikan      | \$600800.21  | \$88264.36  | \$882.64  |
| Mat-Su Homebuilders Assoc       | Wasilla        | \$124097.75  | \$0.00      | \$0.00    |
| Seldovia Hospital Guild         | Seldovia       | \$1754.00    | \$565.36    | \$5.65    |
| Seward-Rebekah Lodge 6A         | Seward         | \$333.00     | \$248.00    | \$2.48    |
| Kotzebue Elementary School      | Kotzebue       | \$11732.75   | \$2236.41   | \$22.36   |
| Teller Traditional Council      | Teller         | \$69062.75   | \$6716.61   | \$67.17   |
| Kenai Peninsula-Ext Hekers      | Cooper Landing | \$1605.00    | \$1235.66   | \$12.37   |
| Captain Cook Jaycees            | Anchorage      | \$568297.00  | \$10359.00  | \$104.00  |
| Ak State Fed of Garden Clubs    | Fairbanks      | \$585.00     | \$62.05     | \$0.00    |
| Juneau-Lions Club               | Juneau         | \$0.00       | \$0.00      | \$0.00    |
| Copper Center Vill Cncl         | Copper Center  | \$66557.00   | \$1840.00   | \$18.40   |
| Women Dog Musers                | Pt Hope        | \$0.00       |             |           |
| District 6 Republicans          | Seward         | \$4850.00    | \$2128.05   | \$21.28   |
| St Pauls Catholic Church        | Juneau         | \$0.00       | \$0.00      | \$0.00    |
| City of Kake                    | Kake           | \$0.00       |             |           |
| Farthest North Shrine Club      | Fairbanks      | \$13950.00   | \$6873.50   | \$68.74   |
| Alaska Goldpanners Baseball     | Fairbanks      | \$489360.00  | \$29260.00  | \$292.61  |
| Toksook Bay Vol Fire Dept       | Toksook Bay    | \$17617.85   | \$13662.32  | \$136.62  |
|                                 | Totals         | \$8140591.68 | \$744871.21 | \$7264.93 |
|                                 |                | \$8140591.68 | \$744871.21 | \$7264.93 |

| Charitable Permit Holder       | Location      | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|---------------|----------------------|---|-----------------|
| Senior Citizens of Kodiak      | Kodiak        | \$8876.90            | \$5875.40                                 | \$58.75         |
| Ak Fish & Wildlife Fed         | Anchorage     | \$11692.00           | \$11003.55                                | \$110.04        |
| Little Flower of Jesus         | Hooper Bay    | \$171606.41          | \$23474.90                                | \$234.75        |
| NOT ISSUED                     |               | \$0.00               |   |                 |
| Kodiak Womens Resource         | Kodiak        | \$0.00               | \$0.00                                    | \$0.00          |
| Intl Cross Cultural Alc        | Nenana        | \$0.00               | \$0.00                                    | \$0.00          |
| Mat Su Borough School Dist     | Palmer        | \$23967.72           | \$16856.78                                | \$168.57        |
| Fairbanks Weavers & Spinners   | Fairbanks     | \$501.50             | \$360.75                                  | \$3.60          |
| Alaska Native Sisterhood 70    | Juneau        | \$0.00               | \$0.00                                    | \$0.00          |
| Sacred Heart Parish            | Fairbanks     | \$1567.00            | \$949.36                                  | \$9.49          |
| Noorvik Sports Club            | Noorvik       | \$0.00               |   |                 |
| Ak Cripple Children & Adults   | Fairbanks     | \$8322.00            | \$3429.67                                 | \$34.30         |
| I.B.E.W.                       | Anchorage     | \$292559.00          | \$3089.00                                 | \$30.89         |
| Small World Inc.               | Kodiak        | \$1750.00            | \$1510.01                                 | \$15.10         |
| Chugach School                 | Anchorage     | \$8109.33            | \$5907.33                                 | \$59.00         |
| Mt-View PTA                    | Anchorage     | \$0.00               |   |                 |
| Fbks Bldg & Const Trades Cncl  | Fairbanks     | \$3612.50            | \$1124.00                                 | \$11.24         |
| North Pole Jr/Sr High School   | North Pole    | \$4198.90            | \$2308.50                                 | \$23.08         |
| Ketchikan-Little-League Aux    | Ketchikan     | \$11050.00           | \$8593.00                                 | \$86.00         |
| American Legion Post 35        |               | \$133580.00          | \$15527.93                                | \$155.00        |
| Catholic Social Services       | Anchorage     | \$524.00             | \$347.60                                  | \$3.48          |
| Atka IRA Village Council       | Atka          | \$21138.18           | \$8755.40                                 | \$87.55         |
| American Legion Auxiliary 28   | Anchorage     | \$1477.51            | \$1477.51                                 | \$14.78         |
| Ak Laborers PEC                | Fairbanks     | \$37000.00           | \$13258.96                                | \$132.59        |
| Fairbanks Sweet Adelines       | Fairbanks     | \$268435.00          | \$14955.00                                | \$149.55        |
| Petersburg Chamber of Commerce | Petersburg    | \$25968.00           | \$10457.19                                | \$104.57        |
| Alaska Black Caucus            | Anchorage     | \$2455.00            | \$1055.57                                 | \$10.55         |
| Tapraq Inc                     | Stebbins      | \$0.00               |   |                 |
| Kenai Peninsular PMW           | Soldotna      | \$247.00             | \$227.00                                  | \$0.00          |
| Alaska Libertarian Party       | Anchorage     | \$38987.50           | \$6423.32                                 | \$64.32         |
| Alaska Native-Sisterhood       | Wrangell      | \$39851.00           | \$13039.21                                | \$130.39        |
| Copper River School Dist       | Glennallen    | \$8845.00            | \$4343.80                                 | \$43.44         |
| Kenny Lake Community League    | Copper Center | \$0.00               | \$0.00                                    | \$0.00          |
| Bethel Broadcasting            | Bethel        | \$141268.84          | \$47667.63                                | \$476.68        |
| Beaver Roundup Festival        | Dillingham    | \$3500.00            | \$1085.00                                 | \$10.85         |
| Aurora Dog Musers              | Wasilla       | \$128385.14          | \$0.00                                    | \$0.00          |
| Soldotna Chamber of Commerce   | Soldotna      | \$341789.00          | \$17822.00                                | \$178.00        |
| Kivalina City Council          | Kivalina      | \$41601.35           | \$13984.60                                | \$139.84        |
| Kuskokwim Public Broadcasting  | McGrath       | \$256013.14          | \$29439.66                                | \$294.40        |
| Camp Fire Chugach Council      | Anchorage     | \$634612.00          | \$6406.00                                 | \$0.00          |
| Anch Police Dept Empl Assoc    | Anchorage     | \$6800.00            | \$377.07                                  | \$3.77          |
| Beta Sigma Phi Council         | Nome          | \$793.00             | \$639.00                                  | \$6.39          |
| VFW Post 9889                  | Tok           | \$48763.99           | \$14350.92                                | \$143.51        |
| AK Chpt Assoc US Army          | Ft Rich       | \$0.00               | \$0.00                                    | \$0.00          |
| Fairbanks Drama Assoc          | Fairbanks     | \$962203.79          | \$410487.58                               | \$4104.87       |
| US Volleyball Assoc            | Anchorage     | \$574759.00          | \$0.00                                    | \$36.76         |
| Juneau Jr Bowling Assoc        | Juneau        | \$0.00               | \$0.00                                    | \$0.00          |
| American Legion Post 27        | Glennallen    | \$47536.00           | \$2026.00                                 | \$20.26         |
| Barrow Mothers Club            | Barrow        | \$477039.00          | \$73384.00                                | \$734.00        |
| American Diabetes Assoc        | Anchorage     | \$1890.00            | \$1068.14                                 | \$106.81        |
| Fairbanks Amateur Hockey Assoc | Fairbanks     | \$514360.00          | \$52060.51                                | \$520.61        |

|                                |                |               |              |            |
|--------------------------------|----------------|---------------|--------------|------------|
| Ak State AFL-CIO               | Anchorage      | \$777268.00   | \$28520.34   | \$283.00   |
| Monroe Foundation              | Fairbanks      | \$725144.00   | \$37142.00   | \$372.00   |
| Tundra Womens Coalition        | Ketchikan      | \$3335.00     | \$1904.95    | \$19.05    |
| Boys & Girls Club of Alaska    | Anchorage      | \$50329.00    | \$11947.00   | \$112.74   |
| Tok Chamber of Commerce        | Tok            | \$0.00        |              |            |
| Chinook Elementary PTA         | Anchorage      | \$0.00        | \$0.00       | \$0.00     |
| Intl Air Crossroads Lions      | Anchorage      | \$0.00        |              |            |
| Kodiak Cncl on Alcoholism      | Kodiak         | \$4347.50     | \$2122.22    | \$21.22    |
| Loyal Order of Moose 1392      | Fairbanks      | \$212957.00   | \$34527.92   | \$345.27   |
| VFW Post 10252                 | Anchorage      | \$32493.50    | \$7166.50    | \$72.67    |
| Petersburg High School         | Petersburg     | \$405.71      | \$243.71     | \$2.44     |
| Palmer Pioneer Home Res Cncl   | Palmer         | \$350.00      | \$130.00     | \$1.30     |
| St Marys Church                | Kodiak         | \$3341.00     | \$3039.55    | \$30.40    |
| Ft-Yukon Dog Musers            | Ft Yukon       | \$264408.00   | \$19161.00   | \$191.00   |
| ANB-Grand Camp                 | Juneau         | \$0.00        |              |            |
| Hotel & Rest Employees 878     | Anchorage      | \$0.00        | \$0.00       | \$0.00     |
| Beta-Sigma Phi                 | Fairbanks      | \$0.00        |              |            |
| Delta Greely Arts Council      | Delta Junction | \$0.00        | \$0.00       | \$0.00     |
| B.P.D.E. Lodge 1773            | Seward         | \$172337.00   | \$6450.00    | \$64.50    |
| Abbott Loop-PTA                | Anchorage      | \$3624.50     | \$2428.22    | \$24.28    |
| Ft Yukon Lions Club            | Ft Yukon       | \$98575.00    | \$10847.00   | \$102.47   |
| St Michaels Parish             | Anchorage      | \$29219.26    | \$7897.28    | \$78.97    |
| Farthest North Girl Scout Cncl | Fairbanks      | \$1904690.40  | \$431616.64  | \$4316.16  |
| Assoc for Retarded Citizens    | Anchorage      | \$760715.00   | \$23173.00   | \$232.00   |
| Soldotna High School           | Soldotna       | \$7812.36     | \$4781.60    | \$47.81    |
| Alaska-Scottish-Club           | Anchorage      | \$599078.00   | \$0.00       | \$0.00     |
| Palmer Emblem Club             | Palmer         | \$1702.75     | \$1195.75    | \$0.00     |
| Diomedes City Council          | Diomedes       | \$125726.25   | \$23809.30   | \$238.09   |
| Savoonga-IRA-Council           | Savoonga       | \$147698.50   | \$63183.01   | \$631.83   |
| Kake Headstart                 | Kake           | \$16018.35    | \$1050.09    | \$10.50    |
| Kawerak Inc.                   | Nome           | \$85049.77    | \$30736.47   | \$307.36   |
| St-Nicholas Orthodox Church    | Seldovia       | \$0.00        | \$0.00       | \$0.00     |
| American Legion Post 17        | Kodiak         | \$369577.20   | \$103705.98  | \$1037.05  |
| Kodiak Emblem Club             | Kodiak         | \$35675.00    | \$350.00     | \$3.50     |
| B.P.D.E. Lodge-2537            | Valdez         | \$118549.10   | \$6383.24    | \$63.83    |
| Nes Gen Hospital Aux           | Seward         | \$112.00      | \$112.00     | \$1.12     |
| Beta Sigma Phi                 | Homer          | \$670.00      | \$650.00     | \$6.50     |
| Nome-Eskimo Community          | Nome           | \$672784.00   | \$30640.05   | \$308.40   |
| Aleutian Housing Authority     | Anchorage      | \$762115.44   | \$9251.39    | \$92.51    |
| Native Village of Tyonek       | Tyonek         | \$0.00        |              |            |
| St-Lawrence Catholic Church    | Mt Village     | \$160050.87   | \$34771.33   | \$347.71   |
| Alaska Native Brotherhood 12   | Anchorage      | \$31735.58    | \$17407.64   | \$174.08   |
| Alaska Native Sisterhood       | Anchorage      | \$0.00        |              |            |
| Alaska Democratic Party        | Anchorage      | \$658892.00   | \$35880.00   | \$358.80   |
| Haines Sportsmans Assoc        | Haines         | \$12025.00    | \$5806.00    | \$58.06    |
| Ketchikan Chamber of Commerce  | Ketchikan      | \$70238.14    | \$12368.65   | \$123.67   |
| Hoonah Lions Club              | Hoonah         | \$68995.25    | \$9240.87    | \$92.40    |
| Anch Cncl Comm Schools Assoc   | Anchorage      | \$16151.39    | \$12884.70   | \$128.84   |
|                                | Totals         | \$13417970.52 | \$1877639.83 | \$18831.90 |
|                                |                | \$13417970.52 | \$1877639.83 | \$18831.90 |

| Charitable Permit Holder       | Location       | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|----------------|----------------------|---|-----------------|
| City of Saint Paul             | St Paul Is     | \$46192.14           | \$2460.94                                 | \$24.61         |
| Alaska Allstar Hockey Asso     | Anchorage      | \$5295.00            | \$4272.00                                 | \$43.00         |
| Seward Band & Choir Posters    | Seward         | \$1206.00            | \$1152.20                                 | \$11.52         |
| Bartlett Hospital Guild        | Juneau         | \$3752.65            | \$3369.93                                 | \$35.70         |
| South Peninsular Hospital Aux  | Homer          | \$1143.00            | \$111.14                                  | \$11.17         |
| Older Persons Action Group     | Anchorage      | \$816.00             | \$523.75                                  | \$5.24          |
| Fairbanks Chapter-NOW          | College        |                      |   |                 |
| Ak Native Sisterhood Camp 13   | Yakutat        | \$117430.00          | \$23577.83                                | \$235.77        |
| Loyal Order of Moose 1266      | Cordova        | \$174271.39          | \$37422.18                                | \$374.22        |
| Sand Point Vol Fire Dept       | Sand Point     | \$37979.25           | \$4953.50                                 | \$49.54         |
| Ak Native Brotherhood Camp 1   | Sitka          | \$258803.00          | \$70997.97                                | \$709.97        |
| VFW Auxiliary Dept of Alaska   | Wasilla        | \$12137.00           | \$4446.40                                 | \$0.00          |
| St Terese Catholic Church      | Skagway        | \$1837.00            | \$442.00                                  | \$4.42          |
| Cooper Landing Community Club  | Cooper Landing | \$863.00             | \$843.00                                  | \$8.43          |
| North Pole Chamber of Commerce | North Pole     | \$4127.00            | \$0.00                                    | \$0.00          |
| American Heart Association     | Anchorage      |                      |   |                 |
| Alaska Sportfishing Assoc      | Anchorage      | \$286295.00          | \$9537.00                                 | \$0.00          |
| Pioneers of Alaska Igloo y     | Valdez         |                      |   |                 |
| City of Hales                  | Hales          | \$348578.02          | \$106953.84                               | \$1069.53       |
| Williwaw PTA                   | Anchorage      | \$7505.51            | \$6178.60                                 | \$61.79         |
| Delta Junction School          | Delta Junction | \$0.00               | \$0.00                                    | \$0.00          |
| Ft Greely OMC                  | Ft Greely      | \$1222.00            | \$802.00                                  | \$8.02          |
| National Education Assoc       | Juneau         | \$23116.00           | \$11996.00                                | \$119.96        |
| Sitka High School              | Sitka          | \$2013.65            | \$1275.65                                 | \$12.76         |
| Alaska Shrine Temple Holding   | Anchorage      |                      |   |                 |
| Alaska Shrine Temple AADNMS    | Anchorage      |                      |   |                 |
| Anchorage Shrine Club          | Anchorage      |                      |   |                 |
| Wrangell Gen Hospital Aux      | Wrangell       | \$521.05             | \$441.07                                  | \$4.41          |
| Rural CAP                      | Anchorage      | \$0.00               | \$0.00                                    | \$0.00          |
| Mat Su Valley Lions Club       | Palmer         | \$1314.00            | \$763.00                                  | \$7.63          |
| Ak State Firefighters Assoc    | Sitka          | \$0.00               | \$0.00                                    | \$0.00          |
| American Cancer Society        | Anchorage      | \$0.00               |   |                 |
| Ft Wainwright OMC              | Ft Wainwright  | \$815.10             | \$815.10                                  | \$8.15          |
| Selawik Health Council         | Selawik        | \$0.00               |   |                 |
| Anchorage Hockey Assoc         | Anchorage      | \$41490.00           | \$37833.00                                | \$378.00        |
| Pioneers of Alaska Igloo 4     | Fairbanks      | \$2592.00            | \$1756.04                                 | \$17.56         |
| Skagway School District        | Skagway        | \$2370.56            | \$1732.63                                 | \$17.33         |
| Amvetts Post 2 Inc.            | Anchorage      | \$75764.00           | \$13567.00                                | \$135.67        |
| Sitka Sportsmans Assoc         | Sitka          | \$32762.35           | \$17193.35                                | \$171.93        |
| Wainwright Search & Rescue     | Wainwright     | \$242477.08          | \$23134.48                                | \$231.34        |
| Seward High School             | Seward         | \$3865.28            | \$3207.44                                 | \$32.07         |
| Petersburg Vol Fire Dept       | Petersburg     | \$6905.15            | \$4030.59                                 | \$40.31         |
| Chilkat Valley Preschool       | Haines         | \$400.00             | \$400.00                                  | \$4.00          |
| Homer Emblem Club 350          | Homer          | \$1438.00            | \$0.00                                    | \$0.00          |
| St George Community Cncl       | St George Is   | \$224379.40          | \$55429.76                                | \$554.29        |
| Bristol Bay Native Assoc       | Dillingham     | \$0.00               | \$0.00                                    | \$0.00          |
| Assoc of Village Cncl Pres     | Bethel         | \$50396.00           | \$7707.00                                 | \$77.00         |
| Juneau Gun Club                | Juneau         | \$1384.00            | \$329.00                                  | \$3.29          |
| Kuskokwim 300 Race Comm        | Bethel         | \$55560.00           | \$0.00                                    | \$0.00          |
| Salcha Ski Club                | Salcha         | \$0.00               | \$0.00                                    | \$0.00          |
| Copper River Basin Lions       | Glennallen     | \$0.00               | \$0.00                                    | \$0.00          |

|                                |                |             |             |           |
|--------------------------------|----------------|-------------|-------------|-----------|
| Haines Womens Club             | Haines         | \$150.85    | \$150.85    | \$1.51    |
| City of Koyuk                  | Koyuk          | \$29124.00  | \$7611.69   | \$76.12   |
| Women in Safe Homes            | Ketchikan      | \$0.00      | \$0.00      | \$0.00    |
| Delta Junction Lions Club      | Delta Junction | \$11640.02  | \$4922.29   | \$48.22   |
| American Legion Post 3         | Ketchikan      | \$30000.00  | \$14301.00  | \$143.01  |
| NCOA-North Star Chapter        | Ft Richardson  | \$17012.98  | \$6447.33   | \$64.47   |
| Fairbanks Lodge of Perfection  | Fairbanks      | \$0.00      | \$0.00      | \$0.00    |
| City of Fort Lions             | Port Lions     | \$14738.20  | \$252.40    | \$2.52    |
| B.P.O.E. Lodge 431             | Skagway        | \$15644.00  | \$4981.00   | \$48.81   |
| Classified Personnel Organ     | Fairbanks      | \$6250.00   | \$2370.90   | \$23.71   |
| Anchorage Community YMCA       | Anchorage      | \$1110.00   | \$1008.50   | \$10.09   |
| Big Lake Lions Club            | Big Lake       | \$5654.25   | \$4493.12   | \$44.93   |
| Sheldon Jackson College        | Sitka          | \$1849.00   | \$1545.26   | \$15.45   |
| American Legion Aux 20         | Kenai          | \$346305.00 | \$15849.21  | \$158.49  |
| Willow Area Community Organ    | Willow         | \$6424.00   | \$1181.72   | \$11.82   |
| American Legion Post 20        | Kenai          | \$437560.00 | \$78788.09  | \$787.88  |
| Marathon Homeakers             | Seward         | \$314.00    | \$314.00    | \$3.14    |
| St Francis Xavier Mission      | Kotzebue       | \$69106.95  | \$25234.53  | \$252.35  |
| District 16 Democrats          | Palmer         | \$13247.80  | \$3952.91   | \$39.53   |
| Ancient Teachings of Masters   | Anchorage      | \$0.00      |             |           |
| Ft Hope Health Committee       | Ft Hope        | \$0.00      |             |           |
| College Lions Club             | College        | \$0.00      |             |           |
| Seldovia Chamber of Commerce   | Seldovia       | \$2752.00   | \$467.47    | \$4.87    |
| University of Alaska-Fbks      | Fairbanks      | \$41275.00  | \$14065.60  | \$140.66  |
| Selawik Search & Rescue        | Selawik        | \$VALUE!    |             |           |
| Nati-Federation of the Blind   | Anchorage      | \$0.00      |             |           |
| USCG Chief Petty Officers Asso | Juneau         | \$10182.25  | \$4502.02   | \$45.02   |
| Alaska Native Brotherhood      | Juneau         | \$164091.08 | \$13239.00  | \$132.39  |
| Kenai-Soldotna Shrine Club     | Soldotna       | \$11580.00  | \$6553.34   | \$65.53   |
| American Legion Post 1         | Anchorage      | \$8537.00   | \$23588.00  | \$235.88  |
| Filipino Community Inc         | Juneau         | \$137245.80 | \$38274.13  | \$382.74  |
| District 23 Democrats          | Noae           | \$11152.00  | \$2609.00   | \$26.09   |
| O'Malley PTA                   | Anchorage      | \$0.00      |             |           |
| A.L.I.V.E. Voluntary           | Anchorage      | \$199275.00 | \$91309.82  | \$943.10  |
| Alaska Trappers Assoc          | Fairbanks      | \$6733.30   | \$3767.84   | \$37.68   |
| Alaska Telephone Association   | Anchorage      | \$10770.13  | \$81.52     | \$8.89    |
| Klukwan ANB/ANS                | Haines         | \$19735.50  | \$7407.25   | \$74.07   |
| City of Dillingham             | Dillingham     | \$570007.78 | \$203879.26 | \$2038.79 |
| North Star PTA                 | Anchorage      | \$10622.96  | \$7844.93   | \$78.45   |
| Eagle River PTA                | Eagle River    | \$2876.63   | \$1384.77   | \$13.85   |
| City of Skagway                | Skagway        | \$0.00      | \$0.00      | \$0.00    |
| Loyal Order of Moose 224       | Ketchikan      | \$97002.70  | \$9335.47   | \$93.35   |
| City of Marshall               | Marsha'i       | \$169844.62 | \$17603.68  | \$176.04  |
| Soldotna Catholic Church       | Soldotna       | \$11619.90  | \$4423.65   | \$44.23   |
| Waheed Court 81 LOSNA          | Anchorage      | \$1710.00   | \$604.88    | \$6.04    |
| B.P.O.E. Lodge 1595            | Wrangell       | \$36466.00  | \$11614.42  | \$116.10  |
| Amer Assoc of Retired Persons  | Kenai          | \$450.71    | \$450.71    | \$4.50    |
| St. Hermans Sisterhood         | Kodiak         | \$1948.50   | \$604.50    | \$6.05    |
| Noae Preschool Assoc           | Noae           | \$59436.00  | \$9456.00   | \$94.56   |

Totals \$4748467.49 \$1107153.55 \$11019.56

\$4748467.49 \$1107153.55 \$11019.56

| Charitable Permit Holder       | Location      | Total Gross Receipts | Total Net Proceeds Available to Charities | 1% Net Tax Paid |
|--------------------------------|---------------|----------------------|---|-----------------|
| Nenana Ice Classic Assoc       | Nenana        | \$274672.00          | \$67544.00                                | \$0.00          |
| Pioneers of Alaska 31          | Wasilla       | \$10200.00           | \$2155.65                                 | \$21.57         |
| Fairbanks Chamber of Commerce  | Fairbanks     | \$37575.00           | \$0.00                                    | \$0.00          |
| Anchorage Aquanaut Swim Club   | Anchorage     | \$3976.90            | \$3134.46                                 | \$31.34         |
| Alaska State Elks Trust Fund   | King Salmon   | \$30000.00           | \$15064.37                                | \$150.64        |
| North Star Flying Lions        | Fairbanks     | \$18180.00           | \$7659.00                                 | \$77.00         |
| Palmer Senior Citizens Center  | Palmer        | \$2663.03            | \$945.30                                  | \$9.45          |
| Ht. View Lions Club            | Anchorage     | \$39930.00           | \$11786.00                                | \$117.86        |
| Anchorage Bucs                 | Anchorage     | \$492831.00          | \$17102.42                                | \$171.02        |
| Friends of Palmer Library      | Palmer        | \$55.00              | \$35.00                                   | \$0.00          |
| Midnight Sun-Street Rod Assoc  | Anchorage     | \$45982.21           | \$33937.16                                | \$339.37        |
| City of Galena                 | Galena        | \$151379.82          | \$34007.57                                | \$340.07        |
| Northwood PTA                  | Anchorage     | \$4994.00            | \$2689.00                                 | \$26.89         |
| Aniquin School                 | Eliu          |                      |   |                 |
| Sons of Norway Lodge 46        | Anchorage     | \$3305.00            | \$3135.00                                 | \$31.35         |
| Food Bank of Alaska            | Anchorage     | \$458129.00          | \$6636.00                                 | \$66.36         |
| Anchorage Community Chorus     | Anchorage     | \$4915.00            | \$3281.00                                 | \$32.81         |
| T & H Indian Tribes of Alaska  | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| VFW Department of Alaska       | Anchorage     | \$23573.55           | \$12201.32                                | \$132.01        |
| Anchorage Arts Council         | Anchorage     | \$5120.00            | \$3001.83                                 | \$30.02         |
| Pipe Trades Joint Apprent Comd | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Alaska Pacific University      | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Sitka Womens Club              | Sitka         | \$720.00             | \$717.20                                  | \$7.17          |
| Greater Anchorage REACT        | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Talkeetna Historical Society   | Talkeetna     | \$3811.35            | \$3586.57                                 | \$35.87         |
| Fairbanks Pioneers Home Res Cn | Fairbanks     | \$1386.10            | \$1322.90                                 | \$63.20         |
| Anch Council on Drug Aid       | Anchorage     |                      |   |                 |
| Zonta Club of Anchorage        | Anchorage     | \$1240.00            | \$920.00                                  | \$9.20          |
| Juneau Volunteer Fire Dept     | Juneau        | \$20000.00           | \$6670.00                                 | \$66.70         |
| Delta Sigma Theta Sorority     | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Catholic Community Resources   | Fairbanks     | \$4166.00            | \$3256.50                                 | \$32.57         |
| A-A-R-P #533                   | Anchorage     | \$0.00               | \$0.00                                    | \$0.00          |
| Turnagain Elementary PTA       | Anchorage     | \$13816.82           | \$10654.26                                | \$106.54        |
| Haines High School             | Haines        | \$150.00             | \$0.00                                    | \$0.00          |
| Anchorage Youth Symphony       | Anchorage     | \$32573.00           | \$29260.67                                | \$292.61        |
| Gold Rush Classic              | Anchorage     | \$40390.45           | \$0.00                                    | \$0.00          |
| St Francis Xavier Catholic     | Valdez        | \$4000.00            | \$2000.00                                 | \$20.00         |
| Tukisarmute Native Com Cncl    | Tuluksak      |                      |   |                 |
| Newtok Police & Fire Dept      | Newtok        | \$132400.13          | \$22118.93                                | \$221.19        |
| Kodiak High School             | Kodiak        | \$478.00             | \$363.00                                  | \$3.63          |
| Kenai Central High School      | Kenai         | \$4276.00            | \$2255.51                                 | \$22.56         |
| Alaska Bowhunters Assoc        | Anchorage     | \$5823.80            | \$4059.04                                 | \$40.59         |
| Ft Richardson OWC              | Ft Richardson | \$4461.00            | \$2038.53                                 | \$20.39         |
| Ursa Minor PTA                 | Ft Richardson | \$1350.94            | \$969.53                                  | \$9.94          |
| Anderson Clear Lions           | Clear         |                      |   |                 |
| District 11 Republicans        | Anchorage     | \$5840.00            | \$5120.00                                 | \$51.20         |
| Pt Barrow Lions Club           | Barrow        | \$141865.26          | \$23890.32                                | \$238.90        |
| Valdez Gold Rush Days          | Valdez        | \$29945.00           | \$7402.00                                 | \$74.02         |
| Chugiak High School            | Eagle River   | \$3090.40            | \$1544.45                                 | \$15.44         |
| Kenai Chamber of Commerce      | Kenai         | \$0.00               | \$0.00                                    | \$0.00          |
| Ben Eielson High School        | Fairbanks     | \$326.00             | \$123.00                                  | \$1.23          |
| Izaak Walton League of America | Chugiak       |                      |   |                 |

|                                |                |              |              |           |
|--------------------------------|----------------|--------------|--------------|-----------|
| Bethel Community Services      | Bethel         | \$142673.00  | \$26366.00   | \$263.66  |
| Cordova Ice Worm Festival      | Cordova        | \$1882.00    | \$1407.68    | \$14.07   |
| Order of Daedalians Flight 20  | Eielson AFB    |              | \$0.00       | \$0.00    |
| Sterling PTA                   | Sterling       | \$356.74     | \$356.74     | \$3.37    |
| FBI Natl Academy Associates    | Willow         | \$2035.00    | \$1130.50    | \$11.30   |
| Sealaska Heritage Foundation   | Juneau         | \$3010.00    | \$1009.41    | \$10.09   |
| Alaska Trucking Assoc          | Anchorage      | \$0.00       | \$0.00       | \$0.00    |
| VFW Post 4352                  | Ketchikan      | \$335303.84  | \$15064.03   | \$150.64  |
| Eagle River Lions Club         | Eagle River    | \$39389.31   | \$3468.06    | \$34.68   |
| VFW Post 3836                  | Talkeetna      | \$2778.07    | \$1210.13    | \$12.10   |
| North-Pacific Rim Housing Auth | Anchorage      | \$0.00       | \$0.00       | \$0.00    |
| District 20 Democrats          | Fairbanks      | \$247.00     | \$227.00     | \$2.47    |
| Alano Club of Fairbanks        | Fairbanks      | \$364504.00  | \$13681.00   | \$137.00  |
| Alaska World Affairs Council   | Anchorage      | \$3680.00    | \$27.25      | \$27.00   |
| North Pacific Rim              | Anchorage      | \$61203.00   | \$29538.00   | \$295.00  |
| American Legion Auxiliary 8    | Cordova        | \$1345.00    | \$1020.23    | \$10.20   |
| Petersburg-Indian Association  | Petersburg     | \$34427.00   | \$23461.86   | \$234.62  |
| Wrangell Chamber of Commerce   | Wrangell       | \$36369.52   | \$9695.10    | \$96.95   |
| B.P.O.E. Lodge 2634            | Haines         | \$14282.00   | \$3763.16    | \$37.63   |
| American Legion Auxiliary 5    | Seward         | \$77115.95   | \$4683.62    | \$46.84   |
| B.P.O.E. 1842                  | Palmer         | \$68906.00   | \$25202.00   | \$252.02  |
| Olgonik Motor Musers           | Wainwright     | \$188645.85  | \$13586.98   | \$135.86  |
| Mat Su Baseball Inc.           | Palmer         | \$640991.00  | \$26877.58   | \$268.78  |
| Iditarod Trail Comm            | Wasilla        |              |              |           |
| Kenai Peninsula Ducks Unltd.   | Homer          | \$9485.00    | \$155.00     | \$16.00   |
| American Legion Post 31        | Yakutat        | \$300418.07  | \$33884.24   | \$383.84  |
| Peninsula Oilers Baseball      | Kenai          | \$615057.00  | \$141547.00  | \$1416.00 |
| St Anns Nursing Home           | Juneau         | \$9472.00    | \$6422.60    | \$64.23   |
| Alaska Moose Association       | Anchorage      | \$10000.00   | \$2729.63    | \$27.30   |
| Pelican Volunteer Fire Dept    | Pelican        | \$17950.65   | \$6309.50    | \$63.10   |
| Kenai Peninsula Classified Ass | Seward         | \$3194.00    | \$1668.00    | \$17.00   |
| Junior Achievement of Alaska   | Anchorage      | \$22038.90   | \$19769.48   | \$197.69  |
| Juneau Douglas High School     | Juneau         | \$20856.98   | \$15033.98   | \$150.33  |
| Alaska Native Health Board     | Anchorage      | \$743393.97  | \$10687.63   | \$106.88  |
| Alaska Conservation Foundation | Anchorage      | \$0.00       | \$0.00       | \$0.00    |
| Wrangell Volunteer Fire Dept   | Wrangell       | \$8159.00    | \$6906.00    | \$69.06   |
| VFW Post 9890                  | Barrow         | \$484614.50  | \$147445.10  | \$1474.45 |
| Ketchikan Hospital Auxiliary   | Ketchikan      | \$1931.00    | \$1719.73    | \$17.20   |
| ANB/ANS Camp 16                | Hydaburg       |              |              |           |
| American Legion Post 12        | Haines         | \$206266.00  | \$45993.00   | \$460.00  |
| Kotlik Headstart               | Kotlik         | \$0.00       | \$0.00       | \$0.00    |
| Wasilla Chamber of Commerce    | Wasilla        | \$15215.15   | \$4469.88    | \$44.69   |
| Greater Juneau Demo Precinct   | Juneau         | \$23315.00   | \$7877.54    | \$78.78   |
| Masonic Temple Holding Corp    | Fairbanks      | \$0.00       | \$0.00       | \$0.00    |
| Cook Inlet Housing Authority   | Anchorage      | \$89016.80   | \$7090.91    | \$70.91   |
| B.P.O.E. Lodge 1351            | Anchorage      | \$240772.00  | \$17149.12   | \$171.49  |
| Assoc of the U.S. Army         | Ft. Wainwright | \$3614.00    | \$1447.61    | \$14.48   |
| B.P.O.E. Lodge 1351            | Anchorage      |              |              |           |
| Assoc of the U.S. Army         | Ft Wainwright  | \$6923451.06 | \$1042170.77 | \$9848.62 |

\$6936191.15

1042170.77

9848.62

Prepared by:  
Steven E. Kettel  
Director  
Income & Excise Audit  
Department of Revenue  
March 23, 1988

| <u>Permit No.</u> | <u>Permittee/Bingo Hall</u>   | <u>Operator</u>  |
|-------------------|---|--|
| 86-322            | Bering Sea Womens Group   | None   |
| 86-353            | Midnight Sun Lioness Club<br>Polar Bingo<br>Hall St. Bingo                                      | Norman Bouffieux<br>Shizue "Sue" Ruebel                    |
| 86-439            | Camp Fire, Chugach Council<br>Plaza Bingo   | Gene Hanson  |
| 86-445            | U.S. Volleyball Association<br>South Anchorage Bingo<br>South Anchorage Bingo<br>Frontier Bingo | Sharroll Fanslau ?<br>Roderick Meade ?<br>Sharroll Fanslau |
| 86-477            | Alaskan Scottish Club<br>Frontier Bingo   | Sharroll Fanslau   |
| 86-505            | Anchorage Amateur Radio Club<br>Plaza Bingo   | Gene Hanson  |
| 86-547            | Aleutian/Pribilof Islands Association<br>Lucky Strike Bingo Hall                                | Marlene Johnson  |
| 86-641            | Sand Lake Lions Club<br>Plaza Bingo   | Gene Hanson  |
| 86-699            | Kotzebue Lions Club   | None   |
| 86-799            | American Legion Post 21<br>Midtown Bingo Hall   | Doris/Vince Richards                                       |

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

H13299

STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING  
P.O. BOX 5A  
JUNEAU, ALASKA 99811-0400

March 9, 1988

Honorable John Sund, Chairman  
House Judiciary Committee  
State Capital Building  
P.O. Box V (Mail Stop 3100)  
Juneau, Alaska 99811

Dear Representative Sund,

Here are our comments in response to each of the proposed amendments contained in Lloyd Miller / Lucky Strike Bingo's letter to the Judiciary Committee. We either agree with or have no opposition to seven of their nine concerns.

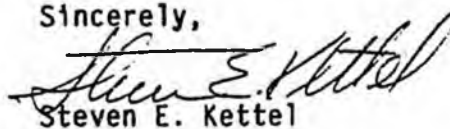
- 1) The Department agrees that it should not be policing a matter that should be between the permittee and the distributor.
- 2) AS 05.15.060 is defining what must be promulgated in the form of regulations. This statute is not meant to be more specific. The Department will be responsive to the public's comments when addressing wage rates in regulations.
- 3) The Department agrees with the proposed law as it is currently written. We don't feel that it is fair to continue to condemn a person for a crime when the courts have established a time period in which the person must pay his/her debt to society.
- 4) Although the Department is flexible on this point, leaving the number of sessions as is will allow more organizations the opportunity to participate in conducting bingo. We have actually had several organizations complain that 9 sessions per month is too many. Increasing the number of sessions to 14 could arguably decrease the number of permittees able to participate in the operator run halls by 35%.
- 5) The Department has no opposition to this proposal, as long as there is some guarantee that the 'member in charge' is in some manner associated with the organization and is responsible for the maintenance of the books and records.
- 6) The Department has no opposition to the proposal and would support an increase to 20% of the adjusted gross receipts.
- 7) (A) The Department has heard of problems with an organization pulling a series before any of the large prizes are won. We would support the mixing of the last 10% of pull-tabs from one series into another similar series, but would require that all pull tabs in a series must be sold.

(B) The Department has no opposition to this proposal, but with the condition that the Department also received a notice of the defective pull-tabs.

8) The Department believes that there is a misunderstanding as to the intent of actual meaning of AS 05.15.150 (a). The statute does not prohibit organizations from repairing or maintaining an existing individual's home. If, by the repair, or maintenance of an individual's home, or by removing a public hazard, the home is made safer for living, then the use of the proceeds in this manner is acceptable. Additionally, 15 AAC 105.180 allows the erection, buying or leasing of buildings or land for the organization so long as the buildings are used exclusively for educational, civic, public, or religious purposes. Perhaps this also could best be handled in regulations.

9) As so many organizations are now awarding door prizes, whether operator conducted or not, the Department believes that if door prizes were to be allowed, some limit should be placed on the amount allowable as door prizes. Our other option was to eliminate door prizes altogether, but we felt that too many organizations would disagree. At a minimum the provision should not provide a competitive advantage for one hall over another. Finally, in the long run we believe door prizes reduce the amount of funds available to charitable purposes.

Sincerely,



Steven E. Kettel

Director

Income & Excise Audit

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March 3, 1988

\*ALASKA AND DISTRICT OF COLUMBIA BARS  
\*\*WISCONSIN BAR  
ALL OTHERS DISTRICT OF COLUMBIA BAR  
VIA TELECOPIER

Honorable John Sund, Chairman  
House Committee on the Judiciary  
State Capitol Building  
P. O. Box V (Mail Stop 3100)  
Juneau, AK 99811

Re: Comments on proposed gaming  
bill H.B. 299 (Labor Committee  
substitute) (Our file 1302.21)

Dear Representative Sund:

In follow up to a recent discussion with staffmember John Hartle, we submit this letter on behalf of four non-profit health, housing, and social service providers (the Alaska Native Health Board, the Aleutian/Pribilof Islands Association, the Aleutian Housing Authority, and the Kodiak Area Native Association, referred to here as the "non-profits") in connection with H.B. 299, a bill relating to games of chance. We are telefaxing this letter so you have the benefit of these views before the Committee's final consideration of this important bill.

A. Introduction.

The Kodiak Area Native Association and the Aleutian/Pribilof Islands Association are regional non-profit entities serving most of the health and social service needs of qualifying citizens residing on the Aleutian Chain, the Pribilof Islands and in the Kodiak Island area. They operate clinics, alcohol and mental health programs, family assistance programs, vocational job training assistance, higher education programs, weatherization programs, and provide a considerable variety of other services. The Alaska Native Health Board carries out a wide range of health

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programs and research initiatives for the collective benefit of all Alaska Native people across the State. Finally, the Aleutian Housing Authority administers low-income housing projects for communities on the Aleutian Chain and the Pribilof Islands. To further these purposes, in 1986 the four non-profits joined together to establish a bingo hall in Anchorage under the umbrella name of "Lucky Strike Bingo."

For these organizations, gaming revenues are vital to supplement the government-funded programs that each of the non-profits operates. In an era of severe declines in state and federal grants and contracts, dramatically rising costs, and increasing human needs, gaming funds provide a vital and essential bridge. Gaming proceeds are also these organizations' virtual only source of non-restricted funds which can be spent to further their objectives in areas not specifically targeted by an existing grant or government contract. Gaming revenues are thus critical in a faltering economy; without them, the non-profits would be compelled to substantially cut back and narrow their services and activities.

By way of example, gaming revenues have been used to purchase food for needy people in the A/PIA region and to aid needy families in paying funeral expenses. They have been used by ANHB to fund travel to Washington, D.C. to work with the Indian Health Service in improving the administration of federal drug and alcohol treatment programs in the State. They have been used by KANA to establish a fund to build a museum celebrating the cultural heritage of the Native people of the Kodiak region. They have been used by AHA in part to contribute to other non-profit organizations including churches located in the Aleutian Chain. All four of the joint venturers plan to continue using future gaming monies for similar purposes such as social services, for health services, for cultural programs and school scholarship programs.

The experience gained in owning and operating Lucky Strike Bingo under current laws and regulations has given the four non-profits particular insight into the regulation of games of chance. The non-profits generally support the concept of reform of the gaming laws, and wish to offer specific suggestions for the improvement of H.B. 299 as reported out of the Labor and Commerce Committee. Their insight is especially unique in that the non-profits operate their own games of chance as "permittees," and employ salaried staff which are under their direct control. They do not conduct gaming activities through a professional, high-paid "operator." This perspective is critical, for it means the non-profits can offer insights

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strictly from their motivation to maximize the benefits of gaming for charitable organizations while maintaining the integrity of charitable gaming in Alaska.

As a final introductory remark, we think it is important to reflect on the Legislature's past policy regarding games of chance in Alaska. As we see it, the clear intent of the original 1960 gaming laws (as well as the 1976 amendments) was to allow qualifying charitable organizations to engage in limited gaming activities in order to raise revenues and carry out charitable purposes. The notion was to provide a means for fundraising, so that charitable organizations could continue and expand their good works in the State. The principle rationale for legalizing limited gaming has not changed. What has changed is the increased popularity of games of chance coupled with radical changes in the State's economic health. Consistent with the original intent, all amendments must continue to encourage charitable gaming in Alaska while simultaneously providing safeguards against potential abuses.

#### B. Specific Suggestions.

We next address specific sections of the bill in numerical order. In doing so, we emphasize the importance of preserving gaming as a fundraising source for non-profit organizations, and of maintaining a balance between the goals of preserving wide participation by charitable organizations while ensuring that organizations which do elect to become involved have a real opportunity to realize net profits. Please note that below we refer to the Committee substitute for H.B. 299, not the original bill language. We also emphasize that items 2, 4, 8, and 9 below are of special, critical importance.

1. Section 1 (amending A.S. 05.15.20(c)). The non-profits believe that this new subsection is unnecessary. The financial arrangement between a pull-tab distributor and the permittee or operator is strictly a private business matter not relevant to the Department's role in the permit renewal process. They do not believe it proper for the Department to delve into the status of a permittee's accounts with its suppliers. Indeed, this section appears to reflect a new strongarm tactic by pull-tab distributors who may claim, but in fact not be owed, a lawful debt.

2. Section 4 (amending A.S. 05.15.60) and the employee wage problem. This section generally addresses matters which would be more specifically governed by regulations adopted by the

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Department. As you know, last year the Department proposed substantial changes in the current gaming regulations. One of the proposed changes addressed the allowable operational expenses which could be paid out of gross proceeds. The non-profits we represent strongly believe that the current and proposed regulations frequently impose unreasonable limitations which do not further the State's legitimate policy of avoiding diversion of funds to non-charitable purposes or organizations. For example, current and proposed regulations limit the wages which may be paid to employees to one dollar over the established minimum wage. The regulations also prohibit employee bonuses under any circumstances.

The non-profits believe these wage limitations substantially hinder and impede the responsible and professional operation of gaming. As in any business, competent employees are obtained by hiring on a basis competitive with prevailing wage rates. By offering competitive wages, gaming permittees would be able to ensure professional and courteous service to patrons. Given the predisposition of the Department to impose a wage scale, The Legislature should address such important policy questions in H.B. 299 by prohibiting the Department from imposing any hourly wage scales.<sup>1</sup> This could be addressed by adding the following language at the end of subsection (2): "provided that permittees shall not be prohibited from paying their employees prevailing wages."

3. Section 4 (amending A.S. 05.15.60) and the felony rule. Subsection (6) of amended A.S. 05.15.160 (as well as Sec. 13 (new A.S. 05.15.125(c) and (d)) and Sec. 14 (amending 05.15.140(b)(1)) all set forth the new felony rule. The non-profits strongly believe that the State's policy is best served by prohibiting the direct or indirect involvement of any convicted felon in any aspect of gaming at any time. They suggest the prohibition in subsection (6) first be modified as follows: "exclusion from participation in the operation of games of chance of a permittee, licensee, operator, or employee..." (new words underscored). Second, they suggest the five-year limit in all these sections be removed entirely so that a felon could never be involved in running or operating games of chance. Third, if a time limit is retained they suggest ten years instead of five. Finally, they

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<sup>1</sup>Interestingly the Labor Committee substitute already relieves operators from this restriction by allowing them to pay prevailing wages to their employees. (Sec. 17, adding new A.S.05.15.165(d).)

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suggest that the words "felony or misdemeanor" replace the word "crime." Lucky Strike strongly believes this is an area where caution dictates an extra measure of protection.

4. Section 4 (amending A.S. 05.15.60) and the maximum cap on monthly gaming sessions. In new subsection (8) the bill would prohibit the Department from allowing more than nine bingo sessions per month. The four Lucky Strike non-profits very strongly believe that such a limitation is inappropriate and unfairly discriminates against permittees in favor of operators. Such a result is directly contrary to the theme running through much of H.B. 299.

There is no sound reason in logic for imposing such a low cap on the number of sessions which may be held under a permit. Indeed, there may not be any substantial public policy reason for any cap on the number of bingo sessions which may be played per month. Possibly the notion behind such a provision (which is in the old regulations) is noted in an earlier time when it was never anticipated bingo would grow to a point where there would be several full-time bingo halls around the State. H.B. 299 reflects a sound policy that permittees should be encouraged to run their own games and thus realize the maximum amount of profit out of those games in order to fund their charitable activities. Using the auspices of an operator is less favored simply because the result is lower profits to the permittee. A permittee who wishes to run its own bingo hall cannot do so if it is limited to nine sessions per month, given the investment necessary to open a hall and the need to establish a steady recurring clientele. Since an operator can take several permits and play a different permit every night, this means the permittee wishing to conduct bingo games is virtually compelled by a low cap into entering into a far less remunerative arrangement with an operator. The only current way out of this dilemma is the solution found by the four non-profits which formed Lucky Strike Bingo. Here the permittees run their own games, but by pooling their resources are able to maintain a full-time bingo hall that is competitive with the operators in town.

Although there are only 31 days in the longest month, it is possible to play more than one session of bingo per day. When A/PIA, KANA, ANHB, and AHA first began the Lucky Strike program, the 36 sessions which they could play between the four of them was sufficient. However, in the last two years, bingo has become both more competitive and more popular. As operators have added second sessions on more popular days and evenings of the week, Lucky Strike has been forced to match the competition by similarly offering second bingo sessions. Since doing so has

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required conducting more than 36 sessions of bingo per month, the Lucky Strike permittees have found it necessary to locate other permittees to share in their effort. This, in turn, has transformed Lucky Strike into an "operator" a few times a month when that was never the non-profits' intention.

Lucky Strike believes there should be no cap on the number of sessions which can be played per month, and that by eliminating any cap the relative ability of individual permittees and the operators to engage in bingo will be equalized. But, if the Committee continues to feel that some maximum on the number of games which may be played by each permittee is wise, Lucky Strike very strongly urges that the cap be fixed at 14 sessions per month. While any cap will infringe on the ability of permittees to participate in this field relative to operators, a figure of 14 would allow 4 permittees to join together like Lucky Strike and operate the maximum number of sessions which might be demanded by the public in any one given month.

One last remark on this issue is important. It is well known that the Department views Lucky Strike as a model of an efficient and honest bingo operation being run directly by permittees. The Department does not view Lucky Strike as an "operator." Nonetheless, under the bill as drafted, Lucky Strike would be required to secure an operator's license in order to conduct bingo sessions on behalf of permittees other than the four permittees comprising Lucky Strike. So long as there remains a cap of 9 sessions per month, Lucky Strike will be compelled to secure such a license. Since the Department does not view Lucky Strike as an operator, we believe the Department would favor an amendment which would exempt permittees in Lucky Strike's circumstances from the "operator" provisions of the bill (in the event the monthly cap on bingo sessions is neither eliminated nor increased to 14). Should this become necessary, we would be pleased to work with you in fashioning appropriate language to achieve this result. Again, however, the need to do so would disappear if the cap is removed or increased.

5. Section 12 and the "member in charge" requirement (adding a new A.S. 05.15.112). Proposed section 112(b) is drafted on the assumption that although a municipality does not have "members" and only acts through its employees, a "qualified organization" always has members. In fact, however, this is not the case. Under the Alaska Corporations Code, a non-profit organization need not be a membership or a shareholder entity. A non-membership non-profit therefore has no "member" who can technically serve as a "member-in-charge." The bill takes account of this problem when addressing municipalities, but not

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when addressing non-profits. We suggest that the last sentence of subsection (b) therefore be amended as follows: "the member in charge shall be a member, employee or boardmember of the qualified organization or [an employee] of the municipality." References elsewhere in the bill to "members" of a qualified organization should likewise be modified.

6. Section 13 and a permittee's minimum profits from operators (adding a new A.S. 05.15.128(2)). This subsection (page 11, lines 10-13) requires that operators pay their permittees no less than 15% of the adjusted gross income received from games played under permittee's permit. Although Lucky Strike joins wholeheartedly in the concept of a minimum percentage return, Lucky Strike feels that 15% is too low and that 20% is fairer to permit holders. Based upon Lucky Strike's experience in administering bingo games over the last two years, they believe that a lean bingo hall which does not allow for excessive fees to management or operators should be able to yield well in excess of 20% for the permit holders. There is no sound public policy reason why operators should be allowed to retain more than 80% of the adjusted gross income. Although Lucky Strike will not fall within this section because they are not operators, they believe other non-profits not fortunate enough to have an arrangement like theirs should not be unfairly taken advantage of by operators.

7. Section 20 and the operation of pull-tab games (adding A.S. 05.15.187). Subsections (e) and (f) address the handling of pull-tabs. Although Lucky Strike agrees with the concept behind these provisions, they do believe that some modification must be made to account for two special situations. First, the provisions should be revised to allow the mixing of no more than 10% of the pull-tabs from one jar with similar pull-tabs in a different jar. This practical revision is necessary because when only a few pull-tabs are left in a jar, customers typically elect not to purchase the pull-tabs from that jar. The consequence is that such pull-tabs may never be sold so long as they are sitting in the bottom of the jar. This is so despite the fact that the odds of winning on the very last pull-tab are just as good as the odds of winning on the very first pull-tab in a jar. Allowing these last pull-tabs to be added on top of a fresh jar of pull-tabs is the practical solution to this problem, and is a solution which does not contribute to any greater potential for tampering or abuse.

Second, the provisions must be revised to include an exception that will allow the withdrawal of a series of pull-tabs when a manufacturer's defect is discovered. Although this only

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happens rarely, when it does (for instance, when a pull-tab series is misnumbered), obviously such a series must be withdrawn from sale.

8. Existing A.S. 05.15.150. This current provision in the law prohibits permittees from dedicating gaming proceeds to the "acquisition, improvement, maintenance, or repair of real...property...". A.S. 05.15.150(a). The proposed bill leaves this provision unchanged, even though there is good reason for repealing or modifying it. This law currently prohibits organizations like KANA and A/PIA from refurbishing or rebuilding clinics, and bars organizations like AHA from retrofitting homes of needy people. Such restrictions simply make no sense. We therefore suggest existing Section 150(a) be repealed.

9. Section 19 and door prizes. This section adds a new subsection (d) to A.S. 05.15.180 prohibiting a permittee from offering or awarding door prizes exceeding \$1,000 a month or \$12,000 a year. Lucky Strike is deeply concerned about this new provision inserted by the House Labor & Commerce Committee. As you know, door prizes are a very effective way of attracting patrons to bingo halls. Almost all of the bingo halls in Anchorage now offer door prizes of one kind or another, including door prizes of considerable value. So long as a person comes to play bingo they are entitled to participate in the drawing for the door prize (usually held once a month). There is no requirement that patrons purchase a special ticket for the door prize.

By tying the award of door prizes to a limit per permittee, this new section will severely restrict the ability of permittees like Lucky Strike to operate their own games in even competition with operators. This is so because if an operator is operating 15 permits, that operator will be able to offer monthly door prizes up to \$15,000. At the same time, Lucky Strike Bingo, with only 4 permittees running their own games, will only be able to offer door prizes with a cumulative value of \$4,000. There is no sound reason in public policy or logic for this disparity, and the new provision appears to be a simple case of operators having secured a very favorable provision designed to increase their competitive edge over permit holders running their own games. Lucky Strike Bingo strongly urges this Committee to reject section 19 in toto.

In conclusion, the non-profits welcome revisions in the current gaming legislation which would both meet the need for strict accountability in the conduct of games, and further the ability of charitable organizations to raise desperately needed

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funds to meet the ever-increasing demand for health and social services, particularly in rural Alaska. Recognition of the changed nature of the gaming industry and increased guidance given the Department in promulgating regulations will aid in developing realistic charitable gaming legislation.

We have noted earlier that Lucky Strike Bingo has a reputation in the Department as a "model" gaming operation. The four non-profit associations comprising Lucky Strike Bingo strongly desire to maintain and foster an atmosphere of "clean" gaming. Both small and large-scale operations should be allowed to flourish within a legal framework which limits the opportunities for unlawful gain. We look forward to working closely with the Committee and the Legislature in developing a legislative framework that meets these goals.

Sincerely,

Lloyd Benton Miller

Lloyd Benton Miller

LBM:bj  
cc: All Committee members  
John Hartle

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

HB 299  
STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING  
P.O. BOX 5A  
JUNEAU, ALASKA 99811-0400

March 9, 1988

Honorable John Sund, Chairman  
House Judiciary Committee  
State Capital Building  
P.O. Box V (Mail Stop 3100)  
Juneau, Alaska 99811

Dear Representative Sund,

Here are our comments in response to each of the proposed amendments contained in Lloyd Miller / Lucky Strike Bingo's letter to the Judiciary Committee. We either agree with or have no opposition to seven of their nine concerns.

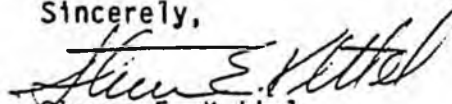
- 1) The Department agrees that it should not be policing a matter that should be between the permittee and the distributor.
- 2) AS 05.15.060 is defining what must be promulgated in the form of regulations. This statute is not meant to be more specific. The Department will be responsive to the public's comments when addressing wage rates in regulations.
- 3) The Department agrees with the proposed law as it is currently written. We don't feel that it is fair to continue to condemn a person for a crime when the courts have established a time period in which the person must pay his/her debt to society.
- 4) Although the Department is flexible on this point, leaving the number of sessions as is will allow more organizations the opportunity to participate in conducting bingo. We have actually had several organizations complain that 9 sessions per month is too many. Increasing the number of sessions to 14 could arguably decrease the number of permittees able to participate in the operator run halls by 35%.
- 5) The Department has no opposition to this proposal, as long as there is some guarantee that the 'member in charge' is in some manner associated with the organization and is responsible for the maintenance of the books and records.
- 6) The Department has no opposition to the proposal and would support an increase to 20% of the adjusted gross receipts.
- 7) (A) The Department has heard of problems with an organization pulling a series before any of the large prizes are won. We would support the mixing of the last 10% of pull-tabs from one series into another similar series, but would require that all pull tabs in a series must be sold.

(B) The Department has no opposition to this proposal, but with the condition that the Department also received a notice of the defective pull-tabs.

8) The Department believes that there is a misunderstanding as to the intent of actual meaning of AS 05.15.150 (a). The statute does not prohibit organizations from repairing or maintaining an existing individual's home. If, by the repair, or maintenance of an individual's home, or by removing a public hazard, the home is made safer for living, then the use of the proceeds in this manner is acceptable. Additionally, 15 AAC 105.180 allows the erection, buying or leasing of buildings or land for the organization so long as the buildings are used exclusively for educational, civic, public, or religious purposes. Perhaps this also could best be handled in regulations.

9) As so many organizations are now awarding door prizes, whether operator conducted or not, the Department believes that if door prizes were to be allowed, some limit should be placed on the amount allowable as door prizes. Our other option was to eliminate door prizes altogether, but we felt that too many organizations would disagree. At a minimum the provision should not provide a competitive advantage for one hall over another. Finally, in the long run we believe door prizes reduce the amount of funds available to charitable purposes.

Sincerely,



Steven E. Kettel

Director

Income & Excise Audit

(907) 465-2320

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 299 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the conduct of games of chance  
7 and contests of skill by municipalities and nonprofit  
8 organizations; and regulation of operators and  
9 pull-tabs."

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

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

12 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) A municipality or  
13 qualified organization may conduct an activity permitted under this  
14 chapter, if the municipality or qualified organization pays the appro-  
15 priate permit fee and receives an annual permit issued by the depart-  
16 ment. The annual permit fee is

17 (1) \$20 for an applicant that did not hold a permit during  
18 the preceding year;

19 (2) \$20 for an applicant that had gross receipts of less  
20 than \$20,000 from activities conducted under this chapter during the  
21 preceding year;

22 (3) \$50 for an applicant that had gross receipts of \$20,000  
23 or more but not exceeding \$100,000 from activities conducted under  
24 this chapter during the preceding year; or

25 (4) \$100 for an applicant that had gross receipts exceeding  
26 \$100,000 from activities conducted under this chapter during the  
27 preceding year.

28 (b) An additional fee shall be paid to the department annually  
29 by the municipality or qualified organization authorized to conduct

1 activities under this chapter. The additional fee is

2 (1) one percent of the net proceeds of the activities au-  
3 thorized under the permit if the gross receipts for the activities  
4 were \$20,000 or more but not exceeding \$100,000; or

5 (2) three percent of the net proceeds of the activities au-  
6 thorized under the permit if the gross receipts for the activities  
7 exceeded \$100,000.

8 (c) A municipality or qualified organization applying for renew-  
9 al of the annual permit shall provide proof satisfactory to the de-  
10 partment that it does not have an outstanding debt for payment of a  
11 tax on pull-tabs under AS 05.15.183 to a pull-tab distributor.

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

13 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received  
14 by the department under this chapter shall be deposited in the general  
15 fund. The commissioner of administration shall separately account for  
16 the money deposited in the general fund under this section. The  
17 annual estimated balance in the account may be used by the legislature  
18 to make appropriations to the department to carry out enforcement of  
19 this chapter.

20 \* Sec. 3. AS 05.15.030(a) is amended to read:

21 (a) At the time of filing an application for a permit or license  
22 under this chapter the applicant shall notify the city or borough  
23 nearest to the location of the proposed activity <sup>c</sup> the application.  
24 A local government unit may protest the conduct of the activity in its  
25 jurisdiction by resolution stating the reasons for the protest filed  
26 with the department; protests are limited to the lack of qualifica-  
27 tions prescribed by this chapter. This resolution is only a recommen-  
28 dation by the city which may be considered by the commissioner in  
29 determining whether to issue or refuse to issue a permit or license.

1 \* Sec. 4. AS 05.15.030 is amended by adding a new subsection to read:

2 (c) If a permittee or licensee changes the location of an activ-  
3 ity in the jurisdiction for which a permit has been issued, the per-  
4 mittee shall notify the department and the local government within 10  
5 days after moving to the new location.

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

7 Sec. 05.15.060. REGULATIONS. The department shall adopt regula-  
8 tions under the Administrative Procedure Act (AS 44.62) necessary to  
9 carry out this chapter covering, but not limited to

10 (1) the issuance, renewal, and revocation of permits and  
11 licenses;

12 (2) a method of ascertaining net proceeds, the determina-  
13 tion of items of expense that may be incurred or paid and the limita-  
14 tion of the amount of the items of expense to prevent the proceeds  
15 from the activity permitted from being diverted to noncharitable,  
16 noneducational, nonreligious, or profit-making organizations, indi-  
17 viduals, or groups;

18 (3) the immediate revocation of permits and licenses au-  
19 thorized under this chapter if this chapter or regulations adopted  
20 under it are violated;

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

24 (5) the investigation of permittees, licensees, and their  
25 employees, including the fingerprinting of those permittees, licens-  
26 ees, and employees whom the commissioner considers it advisable to  
27 fingerprint;

28 (6) exclusion from participation as a permittee, licensee,  
29 or employee of a permittee or licensee of a person convicted of, in

1 prison for, or on parole for a felony within the preceding five years  
2 or convicted of a crime involving theft or dishonesty or of a viola-  
3 tion of a municipal, state, or federal gambling law;

4 (7) the method and manner of conducting authorized activi-  
5 ties and awarding of prizes or awards, and the equipment that may be  
6 used;

7 (8) the number of activities that may be held, operated, or  
8 conducted under a permit during a specified period; however, the  
9 department may not allow more than nine bingo sessions per month and  
10 35 bingo games per session to be conducted under a permit;

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

14 (10) the disposition of funds in possession of a permittee  
15 or a person, municipality, or qualified organization that possesses an  
16 operator's license at the time a permit or a license is surrendered,  
17 revoked, or invalidated;

18 (11) restrictions on the participation by employees of the  
19 Department of Fish and Game in salmon classics;

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

22 \* Sec. 6. AS 05.15.070 is amended to read:

23 Sec. 05.15.070. COMMISSIONER [OF REVENUE] MAY EXAMINE PERMIT-  
24 TEES. The commissioner may examine or have examined the books and  
25 records of a permittee, an operator, or a person licensed to manufac-  
26 ture or to distribute pull-tab games in the state [THE COMMISSIONER  
27 MAY REQUIRE THE PERMITTEE TO PAY THE REASONABLE COST OF THE EXAMINA-  
28 TION]. The commissioner may issue subpoenas for the attendance of  
29 witnesses and the production of books, records, and other documents.

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

2       Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND  
3 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-  
4 tion issued a permit under this chapter shall file a report with the  
5 department by the 45th day following each calendar quarter in which  
6 the permittee had gross receipts of \$50,000 or more from activities  
7 authorized under this chapter. The report must include the type of  
8 activity conducted, the date and location of the activity, the amount  
9 of gross receipts, the amount of authorized expenses, the value of  
10 prizes awarded, the amount of net proceeds, and other information the  
11 department may require. However, if the only activity conducted by a  
12 municipality or qualified organization during a calendar quarter is a  
13 raffle or lottery, then the municipality or qualified organization is  
14 not required to file a report under this subsection until the raffle  
15 or lottery is completed.

16       (b) A municipality or a qualified organization issued a permit  
17 under this chapter shall file an annual report with the department by  
18 March 15 of the year following the year in which activities were con-  
19 ducted, accompanied by the payment of the additional fee, as may be  
20 required under AS 05.15.020(b). The report must list the types of  
21 activities conducted, and, for each activity, the total amount of  
22 gross receipts, the total amount of authorized expenses, the total  
23 value of prizes awarded, and the total amount of net proceeds.

24 \* Sec. 8. AS 05.15 is amended by adding new sections to read:

25       Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An  
26 operator shall file a report with the department by the last business  
27 day of the month following each calendar quarter in which an activity  
28 was conducted. The report must include, for each authorizing permit-  
29 tee on whose behalf an activity was conducted during the quarter, the

1 date and location of each activity, the type of activity conducted,  
2 the amount of gross receipts, the amount of authorized expenses, the  
3 value of prizes awarded, the amount of net proceeds paid, and other  
4 information the department may require; a completed Internal Revenue  
5 Service Form 941; and a copy of the operator's employer contributions  
6 and wage reports submitted to the Department of Labor for the quarter.  
7 However, if the only activity conducted by an operator during the  
8 calendar quarter is a raffle or lottery, then the operator is not  
9 required to file a report under this subsection until the raffle or  
10 lottery is completed.

11 (b) An operator shall file an annual report with the department  
12 no later than February 28 of the year following the year in which  
13 activities were conducted. The report must include, for each autho-  
14 rizing permittee on whose behalf an activity was conducted, the types  
15 of activities conducted, the total amount of gross receipts, the total  
16 amount of authorized expenses, the total value of prizes awarded, the  
17 total amount of net proceeds paid to each authorizing permittee. The  
18 annual report shall also include a completed Internal Revenue Service  
19 Form W-2 for each person employed by the operator during the preceding  
20 year.

21 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-  
22 CEEDS. (a) An operator shall file a monthly report with each author-  
23 izing permittee for which the operator has conducted an activity  
24 during the preceding month. The report must include a daily summary  
25 of activity conducted under the permit issued to the authorizing  
26 permittee and an accounting of gross receipts, expenses, and net  
27 proceeds for the month. A check in the amount of the net proceeds due  
28 to the authorizing permittee for the month must accompany the report.  
29 The operator shall file the report by the 15th day after the end of

1 the month covered by the report.

2 (b) An operator shall file a quarterly report with each autho-  
3 rizing permittee for which the operator has conducted an activity  
4 during the preceding calendar quarter. The report must contain quar-  
5 terly summaries and year-to-date totals of the information provided  
6 under (a) of this section. The operator shall file the report by the  
7 last day of the month following the end of the calendar quarter.

8 (c) An operator shall file an annual report with each authoriz-  
9 ing permittee for which the operator has conducted an activity during  
10 the preceding calendar year. The report must contain an annual sum-  
11 mary of the information provided under (a) of this section. The  
12 operator shall file this report by February 28 of the year following  
13 the year in which the activities were conducted.

14 (d) An operator shall provide original invoice documents and  
15 deposit slips upon the request of an authorizing permittee for whom  
16 the operator has conducted activities.

17 \* Sec. 9. AS 05.15.090 is amended to read:

18 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15  
19 [MARCH 2] of each year the commissioner of revenue shall submit a  
20 detailed report containing a summary of all reports required of per-  
21 mittees and operators [RECOMMENDING A PERMIT FEE SCALE THAT WILL COVER  
22 COSTS OF ADMINISTRATION AND ENFORCEMENT]. The attorney general and  
23 the commissioner of public safety shall, within 10 days after the  
24 convening of the legislature each year, submit a jointly prepared,  
25 detailed report outlining the effect, if any, of the operation of this  
26 chapter on the legal and law-enforcement activities of the state.

27 \* Sec. 10. AS 05.15 is amended by adding a new section to article 1 to  
28 read:

29 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF

1 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications  
2 and reports to the department required by this chapter shall be signed  
3 under penalty of perjury by the following person, as applicable:

- 4 (1) the member in charge for the qualified organization;  
5 (2) a person authorized to sign on behalf of the municipal-  
6 ity;  
7 (3) the operator or the operator's agent;  
8 (4) the licensed pull-tab distributor or the distributor's  
9 agent; or  
10 (5) the licensed pull-tab manufacturer or the manufactur-  
11 er's agent.

12 (b) A permittee or operator may not conduct an activity under  
13 this chapter during a period in which a report or fee is delinquent.

14 (c) A delinquent fee bears interest at the rate set by AS 43.-  
15 05.225.

16 (d) A permittee or licensee under this chapter shall pay a  
17 penalty of one percent of the unpaid balance, as determined by the  
18 department, of a fee due under this chapter for each 30-day period or  
19 part of a 30-day period that the fee is delinquent. The department  
20 may waive the penalty if the failure to pay the fee on time is due to  
21 a reasonable cause, as defined by regulation adopted by the depart-  
22 ment. The amount of the penalty may not exceed 25 percent of the  
23 unpaid fee.

24 \* Sec. 11. AS 05.15.100(a) is amended to read:

25 (a) The commissioner [OF REVENUE] may issue a permit to a munic-  
26 ipality or qualified organization. The permit gives the municipality  
27 or qualified organization the privilege of conducting bingo, raffles  
28 and lotteries, pull-tab games, ice classics, rain classics, goose  
29 classics, mercury classics, salmon classics, dog mushers' contests,

1 fish derbies and contests of skill.

2 \* Sec. 12. AS 05.15.100 is amended by adding a new subsection to read:

3 (c) The commissioner may issue an operator's license to a natu-  
4 ral person to conduct an activity permitted under this chapter on  
5 behalf of a municipality or a qualified organization. The commis-  
6 sioner may also issue an operator's license to a municipality or a  
7 qualified organization authorized to conduct an activity on behalf of  
8 another municipality or qualified organization.

9 \* Sec. 13. AS 05.15 is amended by adding new sections to read:

10 Sec. 05.15.112. MEMBER IN CHARGE. (a) Each municipality or  
11 qualified organization that receives a permit under this chapter shall  
12 designate a member in charge.

13 (b) The member in charge is responsible for preparation, mainte-  
14 nance, and transmittal of all records and reports required of the  
15 permittee. The member in charge shall be a member of the qualified  
16 organization or an employee of the municipality.

17 (c) The member in charge shall monitor the operator's perfor-  
18 mance under and compliance with contracts for the conduct of activ-  
19 ities on behalf of the authorizing permittee.

20 (d) The municipality or qualified organization shall designate  
21 alternate members in charge who are responsible for the duties of the  
22 member in charge in the absence of the member in charge.

23 Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)  
24 A municipality or qualified organization holding a permit to conduct  
25 an activity under this chapter may enter into a contract with an  
26 operator licensed under this chapter to conduct on behalf of the  
27 municipality or qualified organization those activities permitted  
28 under the authority of the permit.

29 (b) The contract between an authorizing permittee and an

1 operator must include the amount and form of compensation to be paid  
2 to the operator, the term of the contract, the activities to be con-  
3 ducted by the operator on behalf of the permittee, the location where  
4 the activities are to be conducted, the name and address of the member  
5 in charge, and other provisions the department may require.

6 (c) A permittee may not contract with more than one operator at  
7 a time to conduct the same type of activity. For the purposes of this  
8 subsection, bingo games, raffles, lotteries, pull-tab games, ice  
9 classics, rain classics, goose classics, mercury classics, salmon  
10 classics, dog mushers' contests, fish derbies, contests of skill, and  
11 all activities permitted under AS 05.15.100(b) are each a different  
12 type of activity.

13 (d) A permittee shall submit to the department a copy of each  
14 contract with an operator with whom the permittee contracts to conduct  
15 activities subject to this chapter. The permittee shall submit to the  
16 department a copy of the contract or subsequent amendment of the  
17 contract by certified mail at least 15 days before activities are  
18 conducted under the contract or amended contract.

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

20 Sec. 05.15.122. OPERATOR'S LICENSE. (a) A person, municipal-  
21 ity, or qualified organization may not conduct an activity subject to  
22 this chapter on behalf of a municipality or qualified organization  
23 unless the person, municipality, or qualified organization has re-  
24 ceived an operator's license issued by the department.

25 (b) The department may issue an operator's license to a natural  
26 person, municipality, or qualified organization that

- 27 (1) applies on the form provided by the department;  
28 (2) pays the annual fee of \$500;  
29 (3) discloses the identity of persons employed by the

1 applicant in a managerial or supervisory capacity;

2 (4) submits proof of liability insurance satisfactory to  
3 the department; and

4 (5) posts a bond or security satisfactory to the department  
5 in the amount of \$25,000 for each permit under which the operator  
6 operates up to a maximum of \$100,000.

7 (c) The department may not issue an operator's license to an  
8 applicant if the applicant or a person employed by the applicant in a  
9 managerial or supervisory capacity, has been convicted of, in prison  
10 for, or on parole for a felony within the preceding five years or  
11 convicted of a crime involving theft or dishonesty or of a violation  
12 of a municipal, state, or federal gambling law.

13 (d) A licensee may not employ a person in a managerial or super-  
14 visory capacity if the person has been convicted of, in prison for, or  
15 on parole for a felony within the preceding five years or convicted of  
16 a crime involving theft or dishonesty or of a violation of a munici-  
17 pal, state, or federal gambling law.

18 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A munic-  
19 ipality may by ordinance prohibit an operator from conducting activ-  
20 ities under this chapter within the municipality.

21 Sec. 05.15.128. REVOCATION OF OPERATOR'S LICENSE. (a) The  
22 department shall revoke the license of an operator who does not

23 (1) report an adjusted gross income of at least 15 percent  
24 of gross income for two consecutive quarters based on the total opera-  
25 tion of the operator; or

26 (2) pay to each authorizing permittee for two consecutive  
27 quarters at least 15 percent of the adjusted gross income, as de-  
28 termined under (1) of this subsection, received from activities con-  
29 ducted on behalf of the authorizing permittee.

1 (b) A person, municipality, or qualified organization whose  
2 operator's license has been revoked under this section may appeal the  
3 revocation if the person, municipality, or qualified organization  
4 submits to and pays for a complete audit of the operator's financial  
5 records by the department. The results of the audit are conclusive.

6 \* Sec. 15. AS 05.15.140(b) is amended to read:

7 (b) In an application for a permit, a municipality or qualified  
8 organization shall disclose the name and address of each person re-  
9 sponsible for the operation of the activity and whether any person  
10 named

11 (1) has [EVER] been convicted of, in prison for, or on  
12 parole for a felony within the preceding five years or convicted of a  
13 crime involving theft or dishonesty or of a violation of a municipal,  
14 state, or federal gambling law [MISDEMEANOR]; or

15 (2) has a prohibited financial interest, as defined in  
16 regulations adopted by the commissioner, in the operation of the  
17 activity.

18 \* Sec. 16. AS 05.15.140(c) is amended to read:

19 (c) The commissioner [OF REVENUE] may not issue a permit for an  
20 activity operated by a person who has been convicted of, in prison  
21 for, or on parole for a felony within the preceding five years or  
22 convicted of a crime involving theft or dishonesty or of a violation  
23 of a municipal, state, or federal gambling law [MISDEMEANOR].

24 \* Sec. 17. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN  
26 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the  
27 operation of an activity under a permit issued under this chapter are  
28 [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, including  
4 those [; OR

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

7 (A) an employee of the permittee; [MUNICIPALITY, QUAL-  
8 IFIED ORGANIZATION,] or

9 (B) an operator [A CONSULTANT] hired by the permittee  
10 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]  
11 the activity if [AND] the compensation is not related to the  
12 receipts from the activity.

13 \* Sec. 18. AS 05.15.160 is amended by adding a new subsection to read:

14 (b) Municipalities, qualified organizations, and operators shall  
15 pay their employees the prevailing wage for the work performed while  
16 the employees are engaged in activities subject to this chapter.

17 \* Sec. 19. AS 05.15 is amended by adding new sections to read:

18 Sec. 05.15.165. OPERATORS. (a) An operator shall pay net  
19 proceeds to the authorizing permittee by check.

20 (b) If the department finds that an operator has incurred ex-  
21 penses that are not authorized under AS 05.15.160, the department  
22 shall order the operator to refund to the authorizing permittee the  
23 amount of the unauthorized expenses. The operator shall pay the  
24 authorizing permittee interest on the amount ordered to be paid at the  
25 rate of 1.5 percent a month for each month or fraction of a month  
26 between the date of the activity and the date the refund is made.

27 (c) The operator shall post in a public place on the premises  
28 where the activities are conducted the operator's permit and a copy of  
29 the permit of each authorizing permittee with whom the operator has a

1 contract to conduct activities at the location.

2 (d) An operator shall obtain liability insurance covering each  
3 location where the licensee conducts an activity subject to this chap-  
4 ter. The operator shall provide upon request proof of insurance for  
5 each location to the department. The operator and the insurer shall  
6 inform the department of changes in the coverage of the insurance or  
7 of cancellation of the insurance. Cancellation of the insurance  
8 immediately suspends the rights of the operator to conduct activities  
9 under this chapter at the location covered by the insurance until  
10 subsequent insurance is obtained.

11 (e) An operator shall have its financial records reviewed an-  
12 nually by a certified public accountant. The operator shall submit  
13 the results of the review to the department by February 28 of the year  
14 following the year for which the review is conducted.

15 (f) An operator may not

16 (1) charge losses resulting from bad checks or uncollect-  
17 able debts against the net proceeds due to the authorizing permittee;

18 (2) extend credit to players;

19 (3) employ house players;

20 (4) allow the operator's employees to play a game conducted  
21 by the operator at the location where the employee works for the  
22 operator.

23 Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security  
24 filed under AS 05.15.122(b) must be made payable to the department and  
25 must be conditioned upon payment of the amounts due to the department  
26 and payment of net proceeds due to the authorizing permittee. If the  
27 operator fails to make the required payments, the operator forfeits  
28 the bond or security to the department.

29 (b) The amount forfeited under (a) of this section shall be

1 first used to satisfy delinquent fees, interest, and penalties due the  
2 department under this chapter. If the bond or security is not ex-  
3 hausted by payment of delinquent fees, interest, and penalties, the  
4 department may use the remaining amount to pay net proceeds due an  
5 authorizing permittee. The total amount available for payment of net  
6 proceeds shall be prorated among the permittees to whom proceeds are  
7 due from that operator.

8 (c) The operator and the surety shall inform the department if  
9 the bond is canceled or the security is impaired.

10 \* Sec. 20. AS 05.15.180(b) is amended to read:

11 (b) With the exception of raffles, lotteries, bingo games,  
12 pull-tab games, rain classics, goose classics, mercury classics,  
13 salmon classics, and other activities authorized under AS 05.15.-  
14 100(b), an activity may not be licensed under this chapter unless it  
15 existed in the state in substantially the same form and was conducted  
16 in substantially the same manner before January 1, 1959.

17 \* Sec. 21. AS 05.15.180 is amended by adding new subsections to read:

18 (d) The total value of door prizes offered or awarded under  
19 authority of a permit issued to a municipality or qualified orga-  
20 nization under this chapter may not exceed \$1,000 a month or \$12,000 a  
21 year.

22 (e) A person under the age of 19 years may not play a bingo  
23 game.

24 \* Sec. 22. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.181. PULL-TAB MANUFACTURER'S LICENSE. (a) A person  
26 may not manufacture pull-tabs in the state unless the person has  
27 received a pull-tab manufacturer's license issued by the department.

28 (b) The department may issue a pull-tab manufacturer's license  
29 to a person who pays an annual fee of \$500.

1 (c) Each series of pull-tabs manufactured in the state shall be  
2 sealed and have a serial number label issued by the National Associa-  
3 tion of Fund Ticket Manufacturers or other serial number label ap-  
4 proved by the department.

5 (d) A pull-tab manufacturer may distribute pull-tabs only to a  
6 licensed pull-tab distributor unless the pull-tab manufacturer is also  
7 a licensed pull-tab distributor.

8 (e) Each pull-tab manufacturer shall report to the department by  
9 the last business day of the month on each series of pull-tabs dis-  
10 tributed during the preceding month, including the serial number of  
11 each series distributed and the name of the distributor to whom the  
12 series was distributed.

13 Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE; PULL-TAB TAX.

14 (a) A person may not distribute pull-tab games unless the person has  
15 received a pull-tab distributor's license issued by the department.

16 (b) The department may issue a pull-tab distributor's license to  
17 a person who pays an annual fee of \$1,000.

18 (c) Pull-tabs may be distributed only from a location in the  
19 state. A person may not distribute pull-tabs directly to another  
20 person in the state from a location outside of this state.

21 (d) A pull-tab distributor shall report to the department by the  
22 last business day of each month on each pull-tab series distributed in  
23 the preceding month. The report must include the name of the permit-  
24 tee to whom each series of pull-tabs is distributed and the serial  
25 number of each series.

26 (e) A pull-tab distributor shall collect a tax of three percent  
27 of an amount equal to the gross receipts less prizes awarded on each  
28 series of pull-tabs distributed. The pull-tab distributor shall pay  
29 to the department the tax collected in the preceding month at the time

1 that the report under (d) of this section is filed with the depart-  
2 ment.

3 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of  
4 pull-tabs distributed in the state shall be sealed and have a serial  
5 number label issued by the National Association of Fund Ticket Manu-  
6 facturers or other serial number label approved by the department and  
7 may be distributed only to a municipality or a qualified organization  
8 that has obtained a permit issued under this chapter or to an operator  
9 on behalf of an authorizing permittee.

10 Sec. 05.15.187. OPERATION OF PULL-TAB GAMES. (a) A municipali-  
11 ty or qualified organization may operate pull-tab games. Pull-tabs  
12 shall be obtained from a licensed distributor.

13 (b) A municipality or a qualified organization may award up to  
14 \$500,000 in prizes each year if it uses only employees of the munic-  
15 ipality or members of the qualified organization to operate the pull-  
16 tab game. However, a municipality or qualified organization may award  
17 more than \$500,000 in prizes if the municipality or qualified orga-  
18 nization pays a fee of one percent of the amount awarded in prizes  
19 after exceeding \$500,000 in prizes. The municipality or qualified  
20 organization shall pay the fee on awards of prizes exceeding \$500,000  
21 with its annual report to the department.

22 (c) If a municipality or a qualified organization contracts with  
23 a.. operator to conduct a pull-tab game on its behalf, the municipality  
24 or qualified organization may award a maximum of \$300,000 in prizes.

25 (d) A pull-tab series may not be sold at more than one location  
26 during the same day.

27 (e) Pull-tabs from different series may not be mixed or com-  
28 bined.

29 (f) A pull-tab series may not be withdrawn from sale until all

1 pull-tabs in the series are sold.

2 (g) Pull-tabs may not be sold to a person under the age of 19  
3 years. A person under the age of 19 years may not purchase a pull-  
4 tab.

5 (h) Each municipality or qualified organization that had gross  
6 receipts exceeding \$100,000 during the preceding year from activities  
7 conducted under this chapter or that is required to report under  
8 AS 05.15.080(a), that conducts a pull-tab game shall maintain records  
9 for two years of each prize of \$50 or more, the first day and last day  
10 that each series was distributed, the serial number of each series,  
11 and the distributor from whom each series was purchased.

12 \* Sec. 23. AS 05.15.210(2) is amended to read:

13 (2) "charitable organization" means an organization, not  
14 for pecuniary profit, that is operated for the relief of poverty,  
15 distress, or other condition of public concern in the state[, AND THAT  
16 HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER  
17 THIS CHAPTER];

18 \* Sec. 24. AS 05.15.210(3) is amended to read:

19 (3) "civic or service organization" means any branch or  
20 lodge or chapter of a national or state organization that is a civic  
21 or service organization, not for pecuniary profit, and authorized by  
22 its written constitution, charter, or articles of incorporation, or  
23 bylaws to engage in a fraternal, civic, or service purpose in the  
24 state [AND THAT HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR  
25 A LICENSE UNDER THIS CHAPTER];

26 \* Sec. 25. AS 05.15.210(5) is amended to read:

27 (5) "dog mushers' association" means a civic, service, or  
28 charitable organization in the state, not for pecuniary profit, formed  
29 exclusively to promote interest in the breeding and training of dog

1 teams for work or recreational and racing purposes [AND WHICH HAS BEEN  
2 IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER THIS  
3 CHAPTER], but does not include an organization formed or operated for  
4 gaming or gambling purposes;

5 \* Sec. 26. AS 05.15.210(7) is amended to read:

6 (7) "educational organization" means a civic, service, or  
7 charitable organization in the state, not for pecuniary profit, whose  
8 primary purpose is educational in nature and designed to develop the  
9 capabilities of individuals by instruction [AND WHICH HAS BEEN IN  
10 EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE UNDER THIS  
11 CHAPTER];

12 \* Sec. 27. AS 05.15.210(8) is amended to read:

13 (8) "fishing-derby association" means a civic, service, or  
14 charitable organization in the state, not for pecuniary profit, whose  
15 primary purpose is to promote interest in fishing for recreational  
16 purposes [AND WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLY-  
17 ING FOR A PERMIT UNDER THIS CHAPTER], but does not include an orga-  
18 nization formed or operated for gaming or gambling purposes;

19 \* Sec. 28. AS 05.15.210(10) is amended to read:

20 (10) "fraternal organization" means a civic, service, or  
21 charitable organization in the state, except a college and high school  
22 fraternity, not for pecuniary profit, that is a branch or lodge or  
23 chapter, of a national or state organization and exists for the common  
24 business, brotherhood, or other interest of its members [AND THAT HAS  
25 SO EXISTED FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE];

26 \* Sec. 29. 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(b), the expenses  
29 authorized by AS 05.15.160, and the prizes awarded at the activity;

1 \* Sec. 30. AS 05.15.210(19) is amended to read:

2 (19) "police or fire department and company" means a civic,  
3 service, or charitable organization in the state, not for pecuniary  
4 profit, consisting of members of a police department or fire company  
5 established by the state or a political subdivision of the state [THAT  
6 HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE  
7 UNDER THIS CHAPTER];

8 \* Sec. 31. AS 05.15.210(21) is amended to read:

9 (21) "qualified organization" means a bona fide civic or  
10 service organization or a bona fide religious, charitable, fraternal,  
11 labor, political, or educational organization, police or fire depart-  
12 ment and company, dog mushers' association, outboard motor associa-  
13 tion, or fishing derby [FISHING-DERBY] or nonprofit trade association  
14 in the state, that operates without profits to its members and that  
15 has been in existence continually for a period of three [FIVE] years  
16 immediately before applying for a license; the organization may be a  
17 firm, corporation, company, association, or partnership;

18 \* Sec. 32. AS 05.15.210(22) is repealed and reenacted to read:

19 (22) "raffle and lottery" means the selling of rights to  
20 participate and the awarding of prizes in a game of chance conducted  
21 by the drawing for prizes by lot;

22 \* Sec. 33. AS 05.15.210(24) is amended to read:

23 (24) "religious organization" means an organization, church,  
24 body of communicants, or group, not for pecuniary profit, gathered in  
25 common membership for mutual support and edification in piety, wor-  
26 ship, and religious observances, or a society, not for pecuniary  
27 profit, of individuals united for religious purposes at a definite  
28 place and that [HAS BEEN SO GATHERED OR UNITED FOR FIVE YEARS BEFORE  
29 APPLYING FOR A LICENSE AND] is recognized as a religious organization

1 under the federal income tax laws and the selective service law;

2 \* Sec. 34. AS 05.15.210(26) is amended to read:

3 (26) "veterans organization" means a civic, service, or  
4 charitable organization in the state, or a branch or lodge or chapter  
5 of a national or state organization in the state, not for pecuniary  
6 profit, the membership of which consists of individuals who were  
7 members of the armed services or forces of the United States, [AND  
8 WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A  
9 LICENSE UNDER THIS CHAPTER].

10 \* Sec. 35. AS 05.15.210 is amended by adding new paragraphs to read:

11 (27) "adjusted gross income" means gross income less prizes  
12 awarded and state, federal, and municipal taxes paid or owed on the  
13 income;

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

17 (29) "commissioner" means the commissioner of revenue;

18 (30) "department" means the Department of Revenue;

19 (31) "distribute" means sell, distribute, furnish, or sup-  
20 ply;

21 (32) "operator" means a natural person who, or a municipal-  
22 ity or qualified organization that, has obtained a license to conduct  
23 an activity subject to this chapter on behalf of a permittee;

24 (33) "pull-tab game" means a game of chance where a card,  
25 the face of which is covered to conceal a number, symbol, or set of  
26 symbols, is purchased by the participant and where a prize is awarded  
27 for a card containing certain numbers or symbols designated in advance  
28 and at random;

29 (34) "series" means a unit of pull-tabs with the same serial

1        number.

2        \* Sec. 36. AS 05.15 is amended by adding a new section to read:

3                Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the  
4        Alaska Gaming Reform Act.

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Offered: 1/22/88  
Referred: Judiciary and  
Finance

5-0947L

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 299 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act revising the state gaming laws."

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

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

9 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) A municipality or  
10 qualified organization may conduct an activity permitted under this  
11 chapter, if the municipality or qualified organization pays the appro-  
12 priate permit fee and receives an annual permit issued by the depart-  
13 ment. The annual permit fee is

14 (1) \$20 for an applicant that did not hold a permit during  
15 the preceding year;

16 (2) \$20 for an applicant that had gross receipts of less  
17 than \$20,000 from activities conducted under this chapter during the  
18 preceding year;

19 (3) \$50 for an applicant that had gross receipts of \$20,000  
20 or more but not exceeding \$100,000 from activities conducted under  
21 this chapter during the preceding year; or

22 (4) \$100 for an applicant that had gross receipts exceeding  
23 \$100,000 from activities conducted under this chapter during the  
24 preceding year.

25 (b) An additional fee shall be paid to the department annually  
26 by the municipality or qualified organization authorized to conduct  
27 activities under this chapter. The additional fee is

28 (1) one percent of the net proceeds of the activities au-  
29 thorized under the permit if the gross receipts for the activities

1 were \$20,000 or more but not exceeding \$100,000; or

2 (2) three percent of the net proceeds of the activities au-  
3 thorized under the permit if the gross receipts for the activities  
4 exceeded \$100,000.

5 (c) A municipality or qualified organization applying for renew-  
6 al of the annual permit shall provide proof satisfactory to the de-  
7 partment that it does not have outstanding debts to a pull-tab distri-  
8 butor licensed under AS 05.15.183.

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

10 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received  
11 under this chapter shall be deposited in the general fund. The com-  
12 missioner of administration shall separately account for the money  
13 received under this chapter. The annual estimated balance in the  
14 account may be used by the legislature to make appropriations to the  
15 Department of Revenue to carry out enforcement of this chapter.

16 \* Sec. 3. AS 05.15.030 is amended by adding a new subsection to read:

17 (c) 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 10 days after  
20 moving to the new location.

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

22 Sec. 05.15.060. REGULATIONS. The department shall adopt regula-  
23 tions under the Administrative Procedure Act (AS 44.62) necessary to  
24 carry out this chapter covering, but not limited to

25 (1) the issuance, renewal, and revocation of permits and  
26 licenses;

27 (2) a method of ascertaining net proceeds, the determina-  
28 tion of items of expense that may be incurred or paid and the limita-  
29 tion of the amount of the items of expense to prevent the proceeds

1 from the activity permitted from being diverted to noncharitable,  
2 noneducational, nonreligious, or profit-making organizations, indi-  
3 viduals, or groups;

4 (3) the immediate revocation of permits and licenses au-  
5 thorized under this chapter if this chapter or regulations adopted  
6 under it are violated;

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

10 (5) the investigation of permittees, licensees, and their  
11 employees, including the fingerprinting of those permittees, licens-  
12 ees, and employees whom the commissioner considers it advisable to  
13 fingerprint;

14 (6) exclusion from participation as a permittee, licensee,  
15 or employee of a permittee or licensee of a person convicted of, in  
16 prison for, or on parole for a felony within the preceding five years  
17 or convicted of a crime involving theft or dishonesty or of a viola-  
18 tion of a municipal, state, or federal gambling law;

19 (7) the method and manner of conducting authorized activi-  
20 ties and awarding of prizes or awards, and the equipment that may be  
21 used;

22 (8) the number of activities that may be held, operated, or  
23 conducted under a permit during a specified period; however, the  
24 department may not allow more than nine bingo sessions per month and  
25 35 bingo games per session to be conducted under a permit;

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

29 (10) the disposition of funds in possession of a permittee

1 or a person, municipality, or qualified organization that possesses an  
2 operator's license at the time a permit or a license is surrendered,  
3 revoked, or invalidated;

4 (11) restrictions on the participation by employees of the  
5 Department of Fish and Game in salmon classics;

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

8 \* Sec. 5. AS 05.15.070 is amended to read:

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

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

17 Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND  
18 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-  
19 tion issued a permit under this chapter shall file a report with the  
20 department by the 45th day following each calendar quarter in which  
21 the permittee had gross receipts of \$50,000 or more from activities  
22 authorized under this chapter. The report must include the type of  
23 activity conducted, the date and location of the activity, the amount  
24 of gross receipts, the amount of authorized expenses, the value of  
25 prizes awarded, the amount of net proceeds, and other information the  
26 department may require. However, if the only activity conducted by a  
27 municipality or qualified organization during a calendar quarter is a  
28 raffle or lottery, then the municipality or qualified organization is  
29 not required to file a report under this subsection until the raffle

1 or lottery is completed.

2 (b) A municipality or a qualified organization issued a permit  
3 under this chapter shall file an annual report with the department by  
4 March 15 of the year following the year in which activities were con-  
5 ducted, accompanied by the payment of the additional fee, as may be  
6 required under AS 05.15.020(b). The report must list the types of  
7 activities conducted, and, for each activity, the total amount of  
8 gross receipts, the total amount of authorized expenses, the total  
9 value of prizes awarded, and the total amount of net proceeds.

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

11 Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An  
12 operator shall file a report with the department by the last business  
13 day of the month following each calendar quarter in which an activity  
14 was conducted. The report must include, for each authorizing permit-  
15 tee on whose behalf an activity was conducted during the quarter, the  
16 date and location of each activity, the type of activity conducted,  
17 the amount of gross receipts, the amount of authorized expenses, the  
18 value of prizes awarded, the amount of net proceeds paid, and other  
19 information the department may require; a completed Internal Revenue  
20 Service Form 941; and a copy of the operator's employer contributions  
21 and wage reports submitted to the Department of Labor for the quarter.  
22 However, if the only activity conducted by an operator during the  
23 calendar quarter is a raffle or lottery, then the operator is not  
24 required to file a report under this subsection until the raffle or  
25 lottery is completed.

26 (b) An operator shall file an annual report with the department  
27 no later than February 28 of the year following the year in which  
28 activities were conducted. The report must include, for each autho-  
29 rizing permittee on whose behalf an activity was conducted, the types

1 of activities conducted, the total amount of gross receipts, the total  
2 amount of authorized expenses, the total value of prizes awarded, the  
3 total amount of net proceeds paid to each authorizing permittee. The  
4 annual report shall also include a completed Internal Revenue Service  
5 Form W-2 for each person employed by the operator during the preceding  
6 year.

7 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-  
8 CEEDS. (a) An operator shall file a monthly report with each author-  
9 izing permittee for which the operator has conducted an activity  
10 during the preceding month. The report must include a daily summary  
11 of activity conducted under the permit issued to the authorizing  
12 permittee and an accounting of gross receipts, expenses, and net  
13 proceeds for the month. A check in the amount of the net proceeds due  
14 to the authorizing permittee for the month must accompany the report.  
15 The operator shall file the report by the 15th day after the end of  
16 the month covered by the report.

17 (b) An operator shall file a quarterly report with each autho-  
18 rizing permittee for which the operator has conducted an activity  
19 during the preceding calendar quarter. The report must contain quar-  
20 terly summaries and year-to-date totals of the information provided  
21 under (a) of this section. The operator shall file the report by the  
22 last day of the month following the end of the calendar quarter.

23 (c) An operator shall file an annual report with each authoriz-  
24 ing permittee for which the operator has conducted an activity during  
25 the preceding calendar year. The report must contain an annual sum-  
26 mary of the information provided under (a) of this section. The  
27 operator shall file this report by February 28 of the year following  
28 the year in which the activities were conducted.

29 (d) An operator shall provide original invoice documents and

1 deposit slips upon the request of an authorizing permittee for whom  
2 the operator has conducted activities.

3 \* Sec. 8. AS 05.15.090 is amended to read:

4 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15  
5 [MARCH 2] of each year the commissioner of revenue shall submit a  
6 detailed report containing a summary of all reports required of per-  
7 mittees and operators [RECOMMENDING A PERMIT FEE SCALE THAT WILL COVER  
8 COSTS OF ADMINISTRATION AND ENFORCEMENT]. The attorney general and  
9 the commissioner of public safety shall, within 10 days after the  
10 convening of the legislature each year, submit a jointly prepared,  
11 detailed report outlining the effect, if any, of the operation of this  
12 chapter on the legal and law-enforcement activities of the state.

13 \* Sec. 9. AS 05.15 is amended by adding a new section to article 1 to  
14 read:

15 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF  
16 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications  
17 and reports to the department required by this chapter shall be signed  
18 under penalty of perjury by the following person, as applicable:

- 19 (1) the member in charge for the qualified organization;  
20 (2) a person authorized to sign on behalf of the municipal-  
21 ity;  
22 (3) the operator or the operator's agent;  
23 (4) the licensed pull-tab distributor or the distributor's  
24 agent; or  
25 (5) the licensed pull-tab manufacturer or the manufactur-  
26 er's agent.

27 (b) A permittee or operator may not conduct an activity under  
28 this chapter during a period in which a report or fee is delinquent.

29 (c) A delinquent fee bears interest at the rate set by AS 43.-

1 05.225.

2 (d) A permittee or licensee under this chapter shall pay a  
3 penalty of one percent of the unpaid balance, as determined by the  
4 department, of a fee due under this chapter for each 30-day period or  
5 part of a 30-day period that the fee is delinquent. The department  
6 may waive the penalty if the failure to pay the fee on time is due to  
7 a reasonable cause, as defined by regulation adopted by the depart-  
8 ment. The amount of the penalty may not exceed 25 percent of the  
9 unpaid fee.

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

11 (a) The commissioner [OF REVENUE] may issue a permit to a munic-  
12 ipality or qualified organization. The permit gives the municipality  
13 or qualified organization the privilege of conducting bingo, raffles  
14 and lotteries, pull-tab games, ice classics, rain classics, goose  
15 classics, mercury classics, salmon classics, dog mushers' contests,  
16 fish derbies and contests of skill.

17 \* Sec. 11. AS 05.15.100 is amended by adding a new subsection to read:

18 (c) The commissioner may issue an operator's license to a natu-  
19 ral person to conduct an activity permitted under this chapter on  
20 behalf of a municipality or a qualified organization. The commis-  
21 sioner may also issue an operator's license to a municipality or a  
22 qualified organization authorized to conduct an activity on behalf of  
23 another municipality or qualified organization.

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

25 Sec. 05.15.112. MEMBER IN CHARGE. (a) Each municipality or  
26 qualified organization that receives a permit under this chapter shall  
27 designate a member in charge.

28 (b) The member in charge is responsible for preparation, mainte-  
29 nance, and transmittal of all records and reports required of the

1        permittee. The member in charge shall be a member of the qualified  
2        organization or an employee of the municipality.

3            (c) The member in charge shall monitor the operator's perfor-  
4        mance under and compliance with contracts for the conduct of activ-  
5        ities on behalf of the authorizing permittee.

6            (d) The municipality or qualified organization shall designate  
7        alternate members in charge who are responsible for the duties of the  
8        member in charge in the absence of the member in charge.

9            Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)  
10        A municipality or qualified organization holding a permit to conduct  
11        an activity under this chapter may enter into a contract with an  
12        operator licensed under this chapter to conduct on behalf of the  
13        municipality or qualified organization those activities permitted  
14        under the authority of the permit.

15            (b) The contract between an authorizing permittee and an opera-  
16        tor must include the amount and form of compensation to be paid to the  
17        operator, the term of the contract, the activities to be conducted by  
18        the operator on behalf of the permittee, the location where the activ-  
19        ities are to be conducted, the name and address of the member in  
20        charge, and other provisions the department may require.

21            (c) A permittee may not contract with more than one operator at  
22        a time to conduct the same type of activity. For the purposes of this  
23        subsection, bingo games, raffles, lotteries, pull-tab games, ice  
24        classics, rain classics, goose classics, mercury classics, salmon  
25        classics, dog mushers' contests, fish derbies, contests of skill, and  
26        all activities permitted under AS 05.15.100(b) are each a different  
27        type of activity.

28            (d) A permittee shall submit to the department a copy of each  
29        contract with an operator with whom the permittee contracts to conduct

1 activities subject to this chapter. The permittee shall submit to the  
2 department a copy of the contract or subsequent amendment of the  
3 contract by certified mail at least 15 days before activities are  
4 conducted under the contract or amended contract.

5 \* Sec. 13. AS 05.15 is amended by adding new sections to read:

6 Sec. 05.15.125. OPERATOR'S LICENSE. (a) A person,  
7 municipality, or qualified organization may not conduct an activity  
8 subject to this chapter on behalf of a municipality or qualified  
9 organization unless the person, municipality, or qualified  
10 organization has received an operator's license issued by the depart-  
11 ment.

12 (b) The department may issue an operator's license to a natural  
13 person, municipality, or qualified organization that

14 (1) applies on the form provided by the department;

15 (2) pays the annual fee of \$500;

16 (3) discloses the identity of persons employed by the  
17 applicant in a managerial or supervisory capacity;

18 (4) submits proof of liability insurance satisfactory to  
19 the department; and

20 (5) posts a bond or security satisfactory to the department  
21 in the amount of \$25,000 for each permit under which the operator  
22 operates up to a maximum of \$100,000.

23 (c) The department may not issue an operator's license to an  
24 applicant if the applicant or a person employed by the applicant in a  
25 managerial or supervisory capacity, has been convicted of, in prison  
26 for, or on parole for a felony within the preceding five years or  
27 convicted of a crime involving theft or dishonesty or of a violation  
28 of a municipal, state, or federal gambling law.

29 (d) A licensee may not employ a person in a managerial or super-

1 visory capacity if the person has been convicted of, in prison for, or  
2 on parole for a felony within the preceding five years or convicted of  
3 a crime involving theft or dishonesty or of a violation of a  
4 municipal, state, or federal gambling law.

5 Sec. 05.15.128. REVOCATION OF OPERATOR'S LICENSE. (a) The  
6 department shall revoke the license of an operator who does not

7 (1) report an adjusted gross income of at least 15 percent  
8 of gross income for two consecutive quarters based on the total opera-  
9 tion of the operator; or

10 (2) pay to each authorizing permittee for two consecutive  
11 quarters at least 15 percent of the adjusted gross income, as de-  
12 termined under (1) of this subsection, received from activities con-  
13 ducted on behalf of the authorizing permittee.

14 (b) A person, municipality, or qualified organization whose  
15 operator's license has been revoked under this section may appeal the  
16 revocation if the person, municipality, or qualified organization  
17 submits to and pays for a complete audit of the operator's financial  
18 records by the department. The results of the audit are conclusive.

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

20 (b) In an application for a permit, a municipality or qualified  
21 organization shall disclose the name and address of each person re-  
22 sponsible for the operation of the activity and whether any person  
23 named

24 (1) has [EVER] been convicted of, in prison for, or on  
25 parole for a felony within the preceding five years or convicted of a  
26 crime involving theft or dishonesty or of a violation of a municipal,  
27 state, or federal gambling law [MISDEMEANOR]; or

28 (2) has a prohibited financial interest, as defined in  
29 regulations adopted by the commissioner, in the operation of the

1 activity.

2 \* Sec. 15. AS 05.15.140(c) is amended to read:

3 (c) The commissioner [OF REVENUE] may not issue a permit for an  
4 activity operated by a person who has been convicted of, in prison  
5 for, or on parole for a felony within the preceding five years or  
6 convicted of a crime involving theft or dishonesty or of a violation  
7 of a municipal, state, or federal gambling law [MISDEMEANOR].

8 \* Sec. 16. AS 05.15.160 is amended to read:

9 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN  
10 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the  
11 operation of an activity under a permit issued under this chapter are  
12 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

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

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

20 (A) an employee of the permittee; [MUNICIPALITY, QUAL-  
21 IFIED ORGANIZATION,] or

22 (B) an operator [A CONSULTANT] hired by the permittee  
23 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]  
24 the activity if [AND] the compensation is not related to the  
25 receipts from the activity.

26 \* Sec. 17. AS 05.15 is amended by adding new sections to read:

27 Sec. 05.15.165. OPERATORS. (a) An operator shall pay net  
28 proceeds to the authorizing permittee by check.

29 (b) If the department finds that an operator has incurred ex-

1       penses that are not authorized under AS 05.15.160, the department  
2       shall order the operator to refund to the authorizing permittee the  
3       amount of the unauthorized expenses. The operator shall pay the  
4       authorizing permittee interest on the amount ordered to be paid at the  
5       rate of 1.5 percent a month for each month or fraction of a month  
6       between the date of the activity and the date the refund is made.

7       (c) The operator shall post in a public place on the premises  
8       where the activities are conducted the operator's permit and a copy of  
9       the permit of each authorizing permittee with whom the operator has a  
10      contract to conduct activities at the location.

11      (d) An operator shall pay the operator's employees a wage compa-  
12      rable to the prevailing wage for the work performed.

13      (e) An operator shall obtain liability insurance covering each  
14      location where the licensee conducts an activity subject to this chap-  
15      ter. The operator shall provide upon request proof of insurance for  
16      each location to the department. The operator and the insurer shall  
17      inform the department of changes in the coverage of the insurance or  
18      of cancellation of the insurance. Cancellation of the insurance  
19      immediately suspends the rights of the operator to conduct activities  
20      under this chapter at the location covered by the insurance until  
21      subsequent insurance is obtained.

22      (f) An operator shall have its financial records reviewed an-  
23      nually by a certified public accountant. The operator shall submit  
24      the results of the review to the department by February 28 of the year  
25      following the year for which the review is conducted.

26      (g) An operator may not

27              (1) charge losses resulting from bad checks or uncollect-  
28      able debts against the net proceeds due to the authorizing permittee;

29              (2) extend credit to players;

- 1                   (3) employ house players;  
2                   (4) allow the operator's employees to play a game conducted  
3 by the operator at the location where the employee works for the  
4 operator.

5           Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security  
6 filed under AS 05.15.125(b) must be made payable to the department and  
7 must be conditioned upon payment of the amounts due to the department  
8 and payment of net proceeds due to the authorizing permittee. If the  
9 operator fails to make the required payments, the operator forfeits  
10 the bond or security to the department.

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

19           (c) The operator and the surety shall inform the department if  
20 the bond is canceled or the security is impaired.

21 \* Sec. 18. AS 05.15.180(b) is amended to read:

22           (b) With the exception of raffles, lotteries, bingo games,  
23 pull-tab games, rain classics, goose classics, mercury classics,  
24 salmon classics, and other activities authorized under AS 05.15.-  
25 100(b), an activity may not be licensed under this chapter unless it  
26 existed in the state in substantially the same form and was conducted  
27 in substantially the same manner before January 1, 1959.

28 \* Sec. 19. AS 05.15.180 is amended by adding a new subsection to read:

29           (d) The total value of door prizes offered or awarded under

1 authority of a permit issued to a municipality or qualified orga-  
2 nization under this chapter may not exceed \$1,000 a month or \$12,000 a  
3 year.

4 \* Sec. 20. AS 05.15 is amended by adding new sections to read:

5 Sec. 05.15.181. PULL-TAB MANUFACTURER'S LICENSE. (a) A person  
6 may not manufacture pull-tabs in the state unless the person has  
7 received a pull-tab manufacturer's license issued by the department.

8 (b) The department may issue a pull-tab manufacturer's license  
9 to a person who pays an annual fee of \$500.

10 (c) Each series of pull-tabs manufactured in the state shall be  
11 sealed and have a serial number label issued by the National Associa-  
12 tion of Fund Ticket Manufacturers or other serial number label ap-  
13 proved by the department.

14 (d) A pull-tab manufacturer may distribute pull-tabs only to a  
15 licensed pull-tab distributor unless the pull-tab manufacturer is also  
16 a licensed pull-tab distributor.

17 (e) Each pull-tab manufacturer shall report to the department by  
18 the last business day of the month on each series of pull-tabs dis-  
19 tributed during the preceding month, including the serial number of  
20 each series distributed and the name of the distributor to whom the  
21 series was distributed.

22 Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE. (a) A person  
23 may not distribute pull-tab games unless the person has received a  
24 pull-tab distributor's license issued by the department.

25 (b) The department may issue a pull-tab distributor's license to  
26 a person who pays an annual fee of \$1,000.

27 (c) Pull-tabs may be distributed only from a location in the  
28 state. A person may not distribute pull-tabs directly to another  
29 person in the state from a location outside of this state.

1           (d) A pull-tab distributor shall report to the department by the  
2 last business day of each month on each pull-tab series distributed in  
3 the preceding month. The report must include the name of the permit-  
4 tee to whom each series of pull-tabs is distributed and the serial  
5 number of each series.

6           (e) A pull-tab distributor shall pay to the department a tax of  
7 three percent of an amount equal to the gross receipts less prizes  
8 awarded of each series of pull-tabs distributed. The tax shall be  
9 paid each month at the time that the report under (d) of this section  
10 is filed with the department.

11           Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of  
12 pull-tabs distributed in the state shall be sealed and have a serial  
13 number label issued by the National Association of Fund Ticket Manu-  
14 facturers or other serial number label approved by the department and  
15 may be distributed only to a municipality or a qualified organization  
16 that has obtained a permit issued under this chapter or to an operator  
17 on behalf of an authorizing permittee.

18           Sec. 05.15.187. OPERATION OF PULL-TAB GAMES. (a) A municipali-  
19 ty or qualified organization may operate pull-tab games. Pull-tabs  
20 shall be obtained from a licensed distributor.

21           (b) A municipality or a qualified organization may award up to  
22 \$500,000 in prizes each year if it uses only employees of the munic-  
23 ipality or members of the qualified organization to operate the pull-  
24 tab game. However, a municipality or qualified organization may award  
25 more than \$500,000 in prizes if the municipality or qualified orga-  
26 nization pays a fee of one percent of the amount awarded in prizes  
27 after exceeding \$500,000 in prizes. The municipality or qualified  
28 organization shall pay the fee on awards of prizes exceeding \$500,000  
29 with its annual report to the department.

1 (c) If a municipality or a qualified organization contracts with  
2 an operator to conduct a pull-tab game on its behalf, the municipality  
3 or qualified organization may award a maximum of \$300,000 in prizes.

4 (d) A pull-tab series may not be sold at more than one location  
5 during the same day.

6 (e) Pull-tabs from different series may not be mixed or com-  
7 bined.

8 (f) A pull-tab series may not be withdrawn from sale until all  
9 pull-tabs in the series are sold.

10 (g) Pull-tabs may not be sold to a minor. A minor may not  
11 purchase a pull-tab.

12 (h) Each municipality or qualified organization that had gross  
13 receipts exceeding \$100,000 during the preceding year from activities  
14 conducted under this chapter or that is required to report under  
15 AS 05.15.080(a), that conducts a pull-tab game shall maintain records  
16 for two years of each prize of \$50 or more, the first day and last day  
17 that each series was distributed, the serial number of each series,  
18 and the distributor from whom each series was purchased.

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

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

23 \* Sec. 22. AS 05.15.210(21) is amended to read:

24 (21) "qualified organization" means a bona fide civic or  
25 service organization or a bona fide religious, charitable, fraternal,  
26 labor, political, or educational organization, police or fire depart-  
27 ment company, dog mushers' association, outboard motor association, or  
28 fishing derby [FISHING-DERBY] or nonprofit trade association in the  
29 state, that operates without profits to its members and that has been

1 in existence continually for a period of three [FIVE] years immediate-  
2 ly before applying for a license; the organization may be a firm,  
3 corporation, company, association, or partnership;

4 \* Sec. 23. AS 05.15.210(22) is repealed and reenacted to read:

5 (22) "raffle and lottery" means the selling of rights to  
6 participate and the awarding of prizes in a game of chance conducted  
7 by the drawing for prizes by lot;

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

9 (27) "adjusted gross income" means gross income less prizes  
10 awarded and state, federal, and municipal taxes paid or owed on the  
11 income;

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

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

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

17 (31) "distribute" means sell, distribute, furnish, or sup-  
18 ply;

19 (32) "operator" means a natural person who, or a municipal-  
20 ity or qualified organization that, has obtained a license to conduct  
21 an activity subject to this chapter on behalf of a permittee;

22 (33) "pull-tab game" means a game of chance where a card,  
23 the face of which is covered to conceal a number, symbol, or set of  
24 symbols, is purchased by the participant and where a prize is awarded  
25 for a card containing certain numbers or symbols designated in advance  
26 and at random;

27 (34) "series" means a unit of pull-tabs with the same serial  
28 number.

29 \* Sec. 25. AS 05.15 is amended by adding a new section to read:

1           Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the  
2           Alaska Gaming Reform Act.

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE BILL NO. 299

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act revising the state gaming laws."

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

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

9           Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) A municipality or  
10 qualified organization may conduct an activity permitted under this  
11 chapter, if the municipality or qualified organization pays the appro-  
12 priate permit fee and receives an annual permit issued by the depart-  
13 ment. The annual permit fee is

14                   (1) \$20 for an applicant that had gross receipts of less  
15 than \$20,000 from activities conducted under this chapter during the  
16 preceding year;

17                   (2) \$50 for an applicant that had gross receipts of \$20,000  
18 or more but not exceeding \$100,000 from activities conducted under  
19 this chapter during the preceding year; or

20                   (3) \$100 for an applicant that had gross receipts exceeding  
21 \$100,000 from activities conducted under this chapter during the  
22 preceding year.

23           (b) An additional fee shall be paid to the department annually  
24 by the municipality or qualified organization authorized to conduct  
25 activities under this chapter. The additional fee is

26                   (1) one percent of the net proceeds of the activities au-  
27 thorized under the permit if the gross receipts for the activities  
28 were \$20,000 or more but not exceeding \$100,000; or

29                   (2) three percent of the net proceeds of the activities

1 authorized under the permit if the gross receipts for the activities  
2 exceeded \$100,000.

3 (c) A municipality or qualified organization applying for renew-  
4 al of the annual permit shall provide proof satisfactory to the de-  
5 partment that it does not have outstanding debts to a pull-tab distri-  
6 butor licensed under AS 05.15.183.

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

8 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received  
9 under this chapter shall be deposited in the general fund. The com-  
10 missioner of administration shall separately account for the money  
11 received under this chapter. The annual estimated balance in the  
12 account may be used by the legislature to make appropriations to the  
13 Department of Revenue to carry out enforcement of this chapter.

14 \* Sec. 3. AS 05.15.030 is amended by adding a new subsection to read:

15 (c) 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 \* Sec. 4. AS 05.15.060 is repealed and reenacted to read:

20 Sec. 05.15.060. REGULATIONS. The department shall adopt regula-  
21 tions under the Administrative Procedure Act (AS 44.62) necessary to  
22 carry out this chapter covering, but not limited to

23 (1) the issuance, renewal, and revocation of permits and  
24 licenses;

25 (2) a method of ascertaining net proceeds, the determina-  
26 tion of items of expense that may be incurred or paid and the limita-  
27 tion of the amount of the items of expense to prevent the proceeds  
28 from the activity permitted from being diverted to noncharitable,  
29 noneducational, nonreligious, or profit-making organizations,

- 1 individuals, or groups;
- 2 (3) the immediate revocation of permits and licenses if  
3 this chapter or regulations issued under it are violated;
- 4 (4) the requiring of detailed, sworn, financial reports of  
5 operations from permittees and licensees including detailed statements  
6 of receipts and payments;
- 7 (5) the investigation of permittees, licensees, and their  
8 employees, including the fingerprinting of those permittees, licens-  
9 ees, and employees whom the commissioner considers it advisable to  
10 fingerprint;
- 11 (6) exclusion from participation as a permittee, licensee,  
12 or employee of a permittee or licensee of a person convicted of a  
13 felony within the preceding five years or of a crime involving moral  
14 turpitude or of a violation of a municipal, state, or federal gambling  
15 law;
- 16 (7) the method and manner of conducting authorized activi-  
17 ties and awarding of prizes or awards, and the equipment that may be  
18 used;
- 19 (8) the number of activities that may be held, operated, or  
20 conducted under a permit during a specified period;
- 21 (9) a method of accounting for receipts and disbursements  
22 including the keeping of records and requirements for the banking of  
23 all receipts and payments by check only;
- 24 (10) the disposition of funds in possession of a permittee  
25 or a licensee at the time a permit or a license is surrendered, re-  
26 voked, or invalidated;
- 27 (11) restrictions on the participation by employees of the  
28 Department of Fish and Game in salmon classics;
- 29 (12) other matters the commissioner considers necessary to

1 carry out this chapter or protect the best interest of the public.

2 \* Sec. 5. AS 05.15.070 is amended to read:

3 Sec. 05.15.070. COMMISSIONER [OF REVENUE] MAY EXAMINE PERMIT-  
4 TEES. The commissioner may examine or have examined the books and  
5 records of a permittee, an operator, or a person licensed to manufac-  
6 ture or to distribute pull-tab games in the state [THE COMMISSIONER  
7 MAY REQUIRE THE PERMITTEE TO PAY THE REASONABLE COST OF THE EXAMINA-  
8 TION]. The commissioner may issue subpoenas for the attendance of  
9 witnesses and the production of books, records, and other documents.

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

11 Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND  
12 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-  
13 tion issued a permit under this chapter shall file a report with the  
14 department by the 45th day following each calendar quarter in which  
15 the permittee had gross receipts of \$25,000 or more from activities  
16 authorized under this chapter. The report must include the type of  
17 activity conducted, the date and location of the activity, the amount  
18 of gross receipts, the amount of authorized expenses, the value of  
19 prizes awarded, the amount of net proceeds, and other information the  
20 department may require. However, if the only activity conducted by a  
21 municipality or qualified organization during a calendar quarter is a  
22 raffle or lottery, then the municipality or qualified organization is  
23 not required to file a report under this subsection until the raffle  
24 or lottery is completed.

25 (b) A municipality or a qualified organization issued a permit  
26 under this chapter shall file an annual report with the department by  
27 January 31 of the year following the year in which activities were  
28 conducted, accompanied by the payment of the additional fee, as may be  
29 required under AS 05.15.020(b). The report must list the types of

1 activities conducted, and, for each activity, 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.

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

5 Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An op-  
6 erator shall file a report with the department by the 15th day of the  
7 month following each month in which an activity was conducted. The  
8 report must include, for each authorizing permittee on whose behalf an  
9 activity was conducted, the date and location of each activity, the  
10 type of activity conducted, the amount of gross receipts, the amount  
11 of authorized expenses, the value of prizes awarded, the amount of net  
12 proceeds paid, and other information the department may require. How-  
13 ever, if the only activity conducted by an operator during the month  
14 is a raffle or lottery, then the operator is not required to file a  
15 report under this subsection until the raffle or lottery is completed.

16 (b) An operator shall file a report with the department by the  
17 last business day of the month following each calendar quarter in  
18 which an activity was conducted. The report must include a summary of  
19 information required under (a) of this section for the quarter, a  
20 completed Internal Revenue Service Form 941, and a copy of the opera-  
21 tor's employer contributions and wage reports submitted to the Depart-  
22 ment of Labor for the quarter. However, if the only activity con-  
23 ducted by an operator during the calendar quarter is a raffle or  
24 lottery, then the operator is not required to file a report under this  
25 subsection until the raffle or lottery is completed.

26 (c) An operator shall file an annual report with the department  
27 no later than January 31 of the year following the year in which  
28 activities were conducted. The report must include, for each autho-  
29 rizing permittee on whose behalf an activity was conducted, the types

1 of activities conducted, the total amount of gross receipts, the total  
2 amount of authorized expenses, the total value of prizes awarded, the  
3 total amount of net proceeds paid to each authorizing permittee. The  
4 annual report shall also include a completed Internal Revenue Service  
5 Form W-2 for each person employed by the operator during the preceding  
6 year.

7 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-  
8 CEEDS. (a) An operator shall file a monthly report with each author-  
9 izing permittee for which the operator has conducted an activity  
10 during the preceding month. The report must include a daily summary  
11 of activity conducted under the permit issued to the authorizing  
12 permittee and an accounting of gross receipts, expenses, and net  
13 proceeds for the month. A check in the amount of the net proceeds due  
14 to the authorizing permittee for the month must accompany the report.  
15 The operator shall file the report by the 15th day after the end of  
16 the month covered by the report.

17 (b) An operator shall file a quarterly report with each autho-  
18 rizing permittee for which the operator has conducted an activity  
19 during the preceding calendar quarter. The report must contain quar-  
20 terly summaries and year-to-date totals of the information provided  
21 under (a) of this section. The operator shall file the report by the  
22 last day of the month following the end of the calendar quarter.

23 (c) An operator shall file an annual report with each authoriz-  
24 ing permittee for which the operator has conducted an activity during  
25 the preceding calendar year. The report must contain an annual  
26 summary of the information provided under (a) of this section. The  
27 operator shall file this report by January 31 of the year following  
28 the year in which the activities were conducted.

29 \* Sec. 8. AS 05.15 is amended by adding a new section to article 1 to

1 read:

2           Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF  
3 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications  
4 and reports to the department required by this chapter shall be signed  
5 under penalty of perjury by the following person, as applicable:

6           (1) the member in charge for the qualified organization;

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

9           (3) the operator or the operator's agent;

10          (4) the licensed pull-tab distributor or the distributor's  
11 agent; or

12          (5) the licensed pull-tab manufacturer or the manufactur-  
13 er's agent.

14          (b) Upon a showing of reasonable cause for delay, the department  
15 may grant an extension, not exceeding 30 days, for the filing of a  
16 report to the department required under this chapter. The department  
17 may not extend the time for the payment of a fee.

18          (c) A permittee or operator may not conduct an activity under  
19 this chapter during a 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(a) is amended to read:

23          (a) The commissioner [OF REVENUE] may issue a permit to a munic-  
24 ipality or qualified organization. The permit gives the municipality  
25 or qualified organization the privilege of conducting bingo, raffles  
26 and lotteries, pull-tab games, ice classics, rain classics, goose  
27 classics, mercury classics, salmon classics, dog mushers' contests,  
28 fish derbies and contests of skill.

29 \* Sec. 10. AS 05.15.100 is amended by adding a new subsection to read:

1 (c) The commissioner may issue an operator's license to a person  
2 to conduct an activity permitted under this chapter on behalf of a  
3 municipality or a qualified organization. The commissioner may also  
4 issue an operator's license to a municipality or a qualified organiza-  
5 tion authorized to conduct an activity on behalf of another munici-  
6 pality or qualified organization.

7 \* Sec. 11. AS 05.15 is amended by adding new sections to read:

8 Sec. 05.15.112. MEMBER IN CHARGE. (a) Each municipality or  
9 qualified organization that receives a permit under this chapter shall  
10 designate a member in charge.

11 (b) The member in charge is responsible for preparation, mainte-  
12 nance, and transmittal of all records and reports required of the  
13 permittee. The member in charge shall be a member of the qualified  
14 organization or an employee of the municipality.

15 (c) The member in charge shall monitor the operator's perfor-  
16 mance under and compliance with contracts for the conduct of activ-  
17 ities on behalf of the authorizing permittee.

18 (d) The municipality or qualified organization may designate  
19 alternate members in charge who are responsible for the duties of the  
20 member in charge in the absence of the member in charge.

21 Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)  
22 A municipality or qualified organization holding a permit to conduct  
23 an activity under this chapter may enter into a contract with an  
24 operator licensed under this chapter to conduct on behalf of the  
25 municipality or qualified organization those activities permitted  
26 under the authority of the permit.

27 (b) The contract between an authorizing permittee and an opera-  
28 tor must include the amount and form of compensation to be paid to the  
29 operator, the term of the contract, the activities to be conducted by

1 the operator on behalf of the permittee, the location where the activ-  
2 ities are to be conducted and the name and address of the member in  
3 charge.

4 (c) A permittee may not contract with more than one operator at  
5 a time to conduct the same type of activity. For the purposes of this  
6 subsection, bingo games, raffles, lotteries, pull-tab games, ice  
7 classics, rain classics, goose classics, mercury classics, salmon  
8 classics, dog mushers' contests, fish derbies, contests of skill, and  
9 all activities permitted under AS 05.15.100(b) are each a different  
10 type of activity.

11 (d) An operator shall submit to the department a copy of each  
12 contract with an authorizing permittee for which the operator will  
13 conduct activities subject to this chapter. The operator shall submit  
14 to the department a copy of the contract or subsequent amendment of  
15 the contract by certified mail at least 72 hours before conducting  
16 activities under the contract or amended contract.

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

18 Sec. 05.15.125. OPERATOR'S LICENSE. (a) Except as provided in  
19 AS 05.15.189, a person may not conduct an activity subject to this  
20 chapter on behalf of a municipality or qualified organization unless  
21 the person has received an operator's license issued by the depart-  
22 ment.

23 (b) The department may issue an operator's license to a person  
24 who

25 (1) applies on the form provided by the department;

26 (2) pays the annual fee of \$500;

27 (3) if the applicant is not a natural person, discloses the  
28 identity of persons having a significant interest in the corporation,  
29 partnership, proprietorship, association, or other business entity

1 applying for the license;

2 (4) discloses the identity of persons employed by the  
3 applicant in a managerial or supervisory capacity;

4 (5) submits proof of liability insurance satisfactory to  
5 the department; and

6 (6) posts a bond or security satisfactory to the department  
7 in the amount of \$25,000 for each permit under which the operator  
8 operates up to a maximum of \$100,000.

9 (c) The department may not issue an operator's license to an  
10 applicant, if the applicant, a person having a significant interest in  
11 the applicant, or a person employed by the applicant in a managerial  
12 or supervisory capacity, has been convicted of a felony within the  
13 preceding five years or of a crime involving moral turpitude or of a  
14 violation of a municipal, state, or federal gambling law.

15 (d) A person may not hold a significant interest in a licensee  
16 if the person has been convicted of a felony within the preceding five  
17 years or of a crime involving moral turpitude or of a violation of a  
18 municipal, state, or federal gambling law.

19 (e) A licensee may not employ a person in a managerial or super-  
20 visory capacity if the person has been convicted of a felony within  
21 the preceding five years or of a crime involving moral turpitude or of  
22 a violation of a municipal, state, or federal gambling law.

23 Sec. 05.15.128. REVOCATION OF OPERATOR'S LICENSE. (a) The  
24 department shall revoke the license of an operator who does not

25 (1) report a profit of 15 percent or more of the adjusted  
26 gross income for two consecutive quarters based on the total operation  
27 of the operator; or

28 (2) pay each month to each authorizing permittee 20 percent  
29 of the profit, as determined under (1) of this subsection, received

1 from activities conducted on behalf of the authorizing permittee.

2 (b) A person whose operator's license has been revoked under  
3 this section may appeal the revocation if the person submits to and  
4 pays for a complete audit of the operator's financial records by the  
5 department. The results of the audit are conclusive.

6 \* Sec. 13. AS 05.15.140(b) is amended to read:

7 (b) In an application for a permit, a municipality or qualified  
8 organization shall disclose the name and address of each person re-  
9 sponsible for the operation of the activity and whether any person  
10 named

11 (1) has [EVER] been convicted of a felony within the pre-  
12 ceding five years or of a crime involving moral turpitude or of a  
13 violation of a municipal, state, or federal gambling law [MISDEMEAN-  
14 OR]; or

15 (2) has a prohibited financial interest, as defined in  
16 regulations adopted by the commissioner, in the operation of the  
17 activity.

18 \* Sec. 14. AS 05.15.140(c) is amended to read:

19 (c) The commissioner [OF REVENUE] may not issue a permit for an  
20 activity operated by a person who has been convicted of a felony  
21 within the preceding five years or of a crime involving moral  
22 turpitude or of a violation of a municipal, state, or federal gambling  
23 law [MISDEMEANOR].

24 \* Sec. 15. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN  
26 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the  
27 operation of an activity under a permit issued under this chapter are  
28 [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, including  
4 those [; OR

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

7 (A) an employee of the permittee; [MUNICIPALITY, QUAL-  
8 IFIED ORGANIZATION,] or

9 (B) an operator [A CONSULTANT] hired by the permittee  
10 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]  
11 the activity if [AND] the compensation is not related to the  
12 receipts from the activity.

13 \* Sec. 16. AS 05.15 is amended by adding new sections to read:

14 Sec. 05.15.165. OPERATORS. (a) An operator shall pay net  
15 proceeds to the authorizing permittee by check.

16 (b) If the department finds that an operator has incurred ex-  
17 penses that are not authorized under AS 05.15.160, the department  
18 shall order the operator to refund to the authorizing permittee the  
19 amount of the unauthorized expenses. The operator shall pay the  
20 authorizing permittee interest on the amount ordered to be paid at the  
21 rate of 1.5 percent a month for each month or fraction of a month  
22 between the date of the activity and the date the refund is made.

23 (c) The operator shall post in a public place on the premises  
24 where the activities are conducted the operator's permit and a copy of  
25 the permit of each authorizing permittee with whom the operator has a  
26 contract to conduct activities at the location.

27 (d) An operator shall pay the operator's employees a wage compa-  
28 rable to the prevailing wage for the work performed.

29 (e) An operator shall obtain liability insurance covering each

1 location where the licensee conducts an activity subject to this chap-  
2 ter. The operator shall provide proof of insurance for each location  
3 to the department. The operator and the insurer shall inform the  
4 department of changes in the coverage of the insurance or of cancella-  
5 tion of the insurance. Cancellation of the insurance immediately sus-  
6 pends the rights of the operator to conduct activities under this  
7 chapter at the location covered by the insurance until subsequent  
8 insurance is obtained.

9 (f) An operator shall have its financial records reviewed an-  
10 nually by a certified public accountant. The operator shall submit  
11 the results of the review to the department by February 28 of the year  
12 following the year for which the review is conducted.

13 (g) An operator may not

- 14 (1) charge losses resulting from bad checks or uncollect-  
15 able debts against the net proceeds due to the authorizing permittee;
- 16 (2) extend credit to players;
- 17 (3) employ house players;
- 18 (4) allow the operator's employees to play a game conducted  
19 by the operator at the location where the employee works for the  
20 operator.

21 Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security  
22 filed under AS 05.15.125(b) must be made payable to the department and  
23 must be conditioned upon payment of the amounts due to the department  
24 and payment of net proceeds due to the authorizing permittee. If the  
25 operator fails to make the required payments, the operator forfeits  
26 the bond or security to the department.

27 (b) The amount forfeited under (a) of this section shall be  
28 first used to satisfy delinquent fees, interest, and penalties due the  
29 department under this chapter. If the bond or security is not

1 exhausted by payment of delinquent fees, interest, and penalties, the  
2 department may use the remaining amount to pay net proceeds due an  
3 authorizing permittee. The total amount available for payment of net  
4 proceeds shall be prorated among the permittees to whom proceeds are  
5 due from that operator.

6 (c) The operator and the surety shall inform the department if  
7 the bond is canceled or the security is impaired.

8 \* Sec. 17. AS 05.15.180(b) is amended to read:

9 (b) With the exception of raffles, lotteries, bingo games,  
10 pull-tab games, rain classics, goose classics, mercury classics,  
11 salmon classics, and other activities authorized under AS 05.15.-  
12 100(b), an activity may not be licensed under this chapter unless it  
13 existed in the state in substantially the same form and was conducted  
14 in substantially the same manner before January 1, 1959.

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

16 Sec. 05.15.181. PULL-TAB MANUFACTURER'S LICENSE. (a) A person  
17 may not manufacture pull-tabs in the state unless the person has  
18 received a pull-tab manufacturer's license issued by the department.

19 (b) The department may issue a pull-tab manufacturer's license  
20 to a person who pays an annual fee of \$500.

21 (c) Each series of pull-tabs manufactured in the state shall be  
22 sealed and have a serial number label issued by the National Associa-  
23 tion of Fund Ticket Manufacturers or other serial number label ap-  
24 proved by the department.

25 (d) A pull-tab manufacturer may distribute pull-tabs only to a  
26 licensed pull-tab distributor unless the pull-tab manufacturer is also  
27 a licensed pull-tab distributor.

28 (e) Each pull-tab manufacturer shall report to the department by  
29 the last business day of the month on each series of pull-tabs

1 distributed during the preceding month, including the serial number of  
2 each series distributed and the name of the distributor to whom the  
3 series was distributed.

4 Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE. (a) A person  
5 may not distribute pull-tab games unless the person has received a  
6 pull-tab distributor's license issued by the department.

7 (b) The department may issue a pull-tab distributor's license to  
8 a person who pays an annual fee of \$1,000.

9 (c) Pull-tabs may be distributed only from a location in the  
10 state. A person may not distribute pull-tabs directly to another  
11 person in the state from a location outside of this state.

12 (d) A pull-tab distributor shall report to the department by the  
13 last business day of each month on each pull-tab series distributed in  
14 the preceding month. The report must include the name of the permit-  
15 tee to whom each series of pull-tabs is distributed and the serial  
16 number of each series.

17 (e) A pull-tab distributor shall pay to the department a tax of  
18 three percent of an amount equal to the gross receipts less prizes  
19 awarded of each series of pull-tabs distributed. The tax shall be  
20 paid each month at the time that the report under (d) of this section  
21 is filed with the department.

22 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of  
23 pull-tabs distributed in the state shall be sealed and have a serial  
24 number label issued by the National Association of Fund Ticket Manu-  
25 facturers or other serial number label approved by the department and  
26 may be distributed only to a municipality or a qualified organization  
27 that has obtained a permit issued under this chapter or to an operator  
28 on behalf of an authorizing permittee.

29 Sec. 05.15.187. OPERATION OF PULL-TAB GAMES. (a) A

1 municipality or qualified organization may operate pull-tab games.  
2 Pull-tabs shall be obtained from a licensed distributor.

3 (b) A municipality or a qualified organization may award up to  
4 \$500,000 in prizes each year if it uses only employees of the munic-  
5 ipality or members of the qualified organization to operate the pull-  
6 tab game. However, a municipality or qualified organization may award  
7 more than \$500,000 in prizes if the municipality or qualified orga-  
8 nization pays a fee of one percent of the amount awarded in prizes  
9 after exceeding \$500,000 in prizes. The municipality or qualified  
10 organization shall pay the fee on awards of prizes exceeding \$500,000  
11 with its annual report to the department.

12 (c) If a municipality or a qualified organization contracts with  
13 an operator to conduct a pull-tab game on its behalf, the municipality  
14 or qualified organization may award a maximum of \$300,000 in prizes.

15 (d) A pull-tab series may not be sold at more than one location  
16 during the same day.

17 (e) Pull-tabs from different series may not be mixed or com-  
18 bined.

19 (f) A pull-tab series may not be withdrawn from sale until all  
20 pull-tabs in the series are sold.

21 (g) Each municipality or qualified organization that had gross  
22 receipts exceeding \$100,000 during the preceding year from activities  
23 conducted under this chapter or that is required to report under  
24 AS 05.15.080(a), that conducts a pull-tab game shall maintain records  
25 for two years of each prize of \$25 or more, the first day and last day  
26 that each series was distributed, the serial number of each series,  
27 and the distributor from whom each series was purchased.

28 \* Sec. 19. AS 05.15.210(15) is repealed and reenacted to read:

29 (15) "net proceeds" means the gross receipts from an

1 authorized activity less the fee described in AS 05.15.020(b), the  
2 expenses authorized by AS 05.15.160, and the prizes awarded at the  
3 activity;

4 \* Sec. 20. AS 05.15.210(21) is amended to read:

5 (21) "qualified organization" means a bona fide civic or  
6 service organization or a bona fide religious, charitable, fraternal,  
7 labor, political, or educational organization, police or fire depart-  
8 ment company, dog mushers' association, outboard motor association, or  
9 fishing derby [FISHING-DERBY] or nonprofit trade association in the  
10 state, that operates without profits to its members and that has been  
11 in existence continually for a period of three [FIVE] years immediate-  
12 ly before applying for a license; the organization may be a firm,  
13 corporation, company, association, or partnership;

14 \* Sec. 21. AS 05.15.210(22) is repealed and reenacted to read:

15 (22) "raffle and lottery" means the selling of rights to  
16 participate and the awarding of prizes in a game of chance conducted  
17 by the drawing for prizes by lot;

18 \* Sec. 22. AS 05.15.210 is amended by adding new paragraphs to read:

19 (27) "adjusted gross income" means gross income less prizes  
20 awarded;

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

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

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

26 (31) "distribute" means sell, distribute, furnish, or  
27 supply;

28 (32) "operator" means a person who, or a municipality or  
29 qualified organization that, has obtained a license authorizing it to

1 operate an activity subject to this chapter on behalf of a permittee;

2 (33) "pull-tab game" means a game of chance where a card,  
3 the face of which is covered to conceal a number, symbol, or set of  
4 symbols, is purchased by the participant and where a prize is awarded  
5 for a card containing certain numbers or symbols designated in advance  
6 and at random;

7 (34) "series" means a unit of pull-tabs with the same serial  
8 number;

9 (35) "significant interest" means an ownership or equity  
10 interest of five percent or more.

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

12 Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the  
13 Alaska Gaming Reform Act.