

S B

501

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to the retail sale of pull-tabs, tickets, and cards
 Sponsor: Senate Finance
 Requestor: Senate L&C

Agency Affected: Commerce & Economic Dev.
 BRU: Occupational Licensing

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) The bill authorizes a person other than a permittee or operator to sell the pull-tabs, tickets, and cards necessary to conduct a charitable gaming activity under AS 05.15.100 provided the person is authorized by a written contract with the permittee or operator. The bill requires the department to be notified within five days of commencement of sales by a person other than a permittee or operator. (CONTINUED)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: 3/23/90

Approved by Commissioner: Larry Mercurieff Date: 3/11/90
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 63870-1/22790b

CONTINUATION OF FISCAL NOTE ANALYSIS - SB 501

Current resources for the gaming program are inadequate to fully regulate charitable gaming in the state. There are over 1,000 gaming permittees, operators, and distributors authorized to conduct gaming activities in an industry which generates millions of dollars each year.

If the gaming program is to regulate gaming activities by persons other than a permittee or operator (conceivably another 2,000 individuals) and beef up its enforcement over current gaming activities, additional staff resources are definitely needed. In the Division of Occupational Licensing's original FY 91 budget request and its budget amendments, the division has requested funding for a total of six positions, only four of which are new (the other two are taken from permanent part-time to permanent full-time). The positions include: two PFT Investigators, one PPT Licensing Examiner, one PPT Clerk Typist, one PPT Data Processing Clerk, and one PFT Attorney. The zero fiscal note attached to SB 501 assumes authorization of the division's budget request.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the retail sale of pull-tabs, tickets, and cards.
Sponsor: Senate Finance
Requestor: Senate L&C

Agency Affected: Commerce & Econ. Dev.
BRU: Occupational Licensing

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	50.3	50.3	50.3	50.3	50.3	50.3
TRAVEL	8.0	8.0	8.0	8.0	8.0	8.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	9.9					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	72.2	62.3	62.3	62.3	62.3	62.3
CAPITAL	0	0	0	0	0	0
REVENUE	100.0	100.0	100.0	100.0	100.0	100.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER *	72.2	62.3	62.3	62.3	62.3	62.3
TOTAL	72.2	62.3	62.3	62.3	62.3	62.3

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144
Division: Occupational Licensing Date: 3/26/90

Approved by Commissioner: Larry Mercurieff, Commissioner Date: 3/26/90
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

* Funding Source is General Fund/Program Receipts

CONTINUATION OF FISCAL NOTE ANALYSIS
CSSB 501 (L&C)

The bill authorizes a person other than a permittee or operator to sell the pull-tabs necessary to conduct a charitable gaming activity under AS 05.15.100 provided the vendor is registered with the department and complies with the provisions of the bill.

Charitable gaming activity in Alaska is a rapidly growing industry and the enforcement of the Gaming Reform Act of 1988 is becoming more difficult in light of increased gaming activity. Presently, the number of gaming investigators (just two) is inadequate to support statewide enforcement of the gaming program and gaming enforcement is therefore not as timely and as efficient as necessary to fully protect the playing public or the permitted charitable organizations.

The recognition of vendors in SB 501, as well as our ability under SB 501 to take enforcement action in the face of vendor noncompliance, will increase the investigatory burden. (Until now, the division has taken complaints regarding vendor actions but has had no authority to take action to correct or otherwise enforce compliance.) We are therefore submitting a fiscal note requesting funding for an additional investigator.

The new vendor registration will affect a significant number of businesses and charitable organizations throughout the state. We have seen unlawful activity within the gaming industry. The investigator position requested by this fiscal note will greatly assist the division in beefing-up its current gaming enforcement and will promote compliance with gaming laws in the state.

The \$72.2 required includes \$8.0 in travel, to fund the cost of widespread travel to various communities, and a one-time equipment charge of \$9.9.

With a vendor registration fee of \$50, we estimate that regulation of vendors will bring in approximately \$100.0 in program receipts (\$50 x 2,000 vendors).

1.	POSITION TITLE INVESTIGATOR III				RANGE/STEP 18A	BARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAPP
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION:					
4.	TYPE OF EXPENDITURE				The bill authorizes a person other than a permittee or operator to sell the pull-tabs necessary to conduct a charitable gaming activity under AS 05.15.100 provided the vendor is registered with the department and complies with the provisions of the bill.					
	1		2		Charitable gaming activity in Alaska is a rapidly growing industry and the enforcement of the Gaming Reform Act of 1988 is becoming more difficult in light of increased gaming activity. Presently, the number of gaming investigators (just two) is inadequate to support statewide enforcement of the gaming program and gaming enforcement is therefore not as timely and as efficient as necessary to fully protect the playing public or the permitted charitable organizations.					
	PERSONAL SERVICES				The recognition of vendors in SB 501, as well as our ability under SB 501 to take enforcement action in the face of vendor noncompliance, will increase the investigatory burden. (Until now, the division has taken complaints regarding vendor actions but has had no authority to take action to correct or otherwise enforce compliance.) We are therefore submitting a fiscal note requesting funding for an additional investigator.					
5.	Salary		37.3		The new vendor registration will affect a significant number of businesses and charitable organizations throughout the state. We have seen unlawful activity within the gaming industry. The investigator position requested by this fiscal note will greatly assist the division in beefing-up its current gaming enforcement and will promote compliance with gaming laws in the state					
6.	Benefits		13.0		The \$72.2 required includes \$8.0 in travel, to fund the cost of widespread travel to various communities, and a one-time equipment charge of \$9.9.					
7.	Supplemental Benefits				With a vendor registration fee of \$50, we estimate that regulation of vendor will bring in approximately \$100.0 in program receipts (\$50 x 2,000 vendors)					
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES		01		72.2					
10.	Travel		02		8.0					
11.	Contractual		03		3.0					
12.	Commodities		04		1.0					
13.	Equipment		05		9.9					
14.	Other									
15.	TOTAL COST				72.2					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028			72.2					
21.		Other								
FOR B&M USE ONLY KEY NUMBER										

REQUEST FOR
NEW POSITION
LGJOBS/SB501FN

AGENCY Commerce and Economic Development
BRU Occupational Licensing
COMPONENT Investigations

FY 91

Page 3 of 3
Revised Date _____

Return to:
 Alaska Department of Commerce
 and Economic Development
 Division of Occupational Licensing
 P.O. Box D-110
 Juneau, Alaska 99811-0809

Games of Chance and Contests of Skill
1989 OPERATOR ANNUAL REPORT
 Authority: AS 05.15.053(b)

DUE DATE: FEBRUARY 28, 1990

REQUIRED ATTACHMENTS. A completed Internal Revenue Service Form W-2 for each person employed by the operator during the year must be included with this report.

Operator <i>Edward A Willey</i>	License Number <i>0189-0004</i>	Year <i>1989</i>	DATE RECEIPT STAMP
Mailing Address <i>1060 Aspen</i>	Contact Person <i>Edward A Willey</i>		
City, State, Zip Code <i>Fairbanks, Ak 99709</i>	Daytime Telephone No. <i>907-451-6865</i>		

GAMING ACTIVITY SUMMARY	1989 Permit Number	Column 1 GROSS RECEIPTS (from Schedule A, col. A, line 11)	Column 2 ADJUSTED GROSS (from Schedule A, col. D, line 11)	Column 3 NET PROCEEDS PAID (from Schedule A, col. F, line 11)	
PERMIT HOLDER					
<i>North Pole Rotary</i>	<i>89-0533</i>	<i>446,648.79</i>	<i>102,889.79</i>	<i>16,301.49</i>	<i>1690</i>
<i>Fairbanks District Hockey</i>	<i>89-862</i>	<i>483,846.31</i>	<i>117,263.81</i>	<i>18,168.26</i>	<i>1690</i>
<i>Alaska Gold King</i>	<i>89-0195</i>	<i>707,099.97</i>	<i>167,558.22</i>	<i>26,896.73</i>	<i>1690</i>
<i>Festival Fairbanks</i>	<i>89-0170</i>	<i>391,969.38</i>	<i>99,341.28</i>	<i>15,832.47</i>	<i>1690</i>
<i>Fairbanks Youth Soccer</i>	<i>89-0497</i>	<i>724,074.66</i>	<i>163,614.70</i>	<i>26,187.72</i>	<i>1690</i>
<i>North Star Dance Foundation</i>	<i>89-0028</i>	<i>113,643.58</i>	<i>25,736.58</i>	<i>5,482.61</i>	<i>2290</i>
<i>Univ. Alaska Karate Club</i>	<i>89-0516</i>	<i>254,404.06</i>	<i>65,208.56</i>	<i>9,679.29</i>	<i>1590</i>
<i>Univ. Alaska Judo Club</i>	<i>89-0118</i>	<i>1,166,234.43</i>	<i>283,062.43</i>	<i>43,674.18</i>	<i>1590</i>
<i>Experts Unlimited</i>	<i>89-0723</i>	<i>451,532.00</i>	<i>98,208.50</i>	<i>25,812.12</i>	<i>1690</i>
<i>Northstar Fun Handlers</i>	<i>89-0520</i>	<i>218,272.44</i>	<i>61,688.94</i>	<i>9,870.40</i>	<i>1690</i>
<i>Coastline Humane Society</i>	<i>89-0813</i>	<i>65,371.77</i>	<i>12,056.27</i>	<i>1,929.00</i>	<i>1690</i>
<i>Univ. Alaska Youth Football</i>	<i>89-0071</i>	<i>681,082.13</i>	<i>156,150.13</i>	<i>23,993.13</i>	<i>1590</i>
<i>Univ. Alaska Senior Outlets</i>	<i>89-0745</i>	<i>138,314.59</i>	<i>26,029.09</i>	<i>4,164.65</i>	<i>1690</i>
<i>U.S. Coast Guard Chief Petty Officer</i>	<i>89-0117</i>	<i>184,781.29</i>	<i>35,826.29</i>	<i>5,722.13</i>	<i>1690</i>
<i>Univ. Alaska Indian Association</i>	<i>89-0923</i>	<i>88,001.71</i>	<i>17,323.21</i>	<i>2,771.71</i>	<i>1690</i>
<i>Kenai City Schools</i>	<i>89-0643</i>	<i>52,429.97</i>	<i>10,002.97</i>	<i>1,648.47</i>	<i>1690</i>
<i>Ketchikan Senior's Tennis-Activities</i>	<i>89-0726</i>	<i>285,943.47</i>	<i>91,334.97</i>	<i>14,667.59</i>	<i>1690</i>
<i>Ketchikan Senior Citizens Center</i>	<i>89-0726</i>	<i>284,792.55</i>	<i>7735.55</i>	<i>0-</i>	
<i>St. Ann's of Nome</i>	<i>89-0382</i>	<i>277,771.71</i>	<i>57,770.21</i>	<i>9,067.27</i>	<i>1690</i>
<i>Alaska Native Sisterhood</i>	<i>89-0758</i>	<i>377,314.97</i>	<i>81,701.47</i>	<i>13,020.94</i>	<i>1690</i>
<i>Alaska Native Sisterhood</i>	<i>89-0820</i>	<i>34,178.02</i>	<i>8,167.52</i>	<i>1,670.20</i>	<i>2090</i>
<i>Women in Love Homes</i>	<i>89-0329</i>	<i>318,724.94</i>	<i>76,471.44</i>	<i>12,634.46</i>	<i>1790</i>
<i>Ketchikan Killis Whales</i>	<i>89-0760</i>	<i>140,667.19</i>	<i>65,561.19</i>	<i>11,525.23</i>	<i>1890</i>
<i>Friends of Kahai</i>	<i>89-0873</i>	<i>401,741.08</i>	<i>106,451.23</i>	<i>15,790.51</i>	<i>1590</i>
<i>Ketchikan Youth Football</i>	<i>89-962</i>	<i>414,559.75</i>	<i>95,893.25</i>	<i>14,448.05</i>	<i>1590</i>
<i>Ketchikan Youth Services</i>	<i>89-0566</i>	<i>518,255.91</i>	<i>118,097.41</i>	<i>18,877.37</i>	<i>1690</i>
SUMMARY		TOTAL COLUMN 1 <i>9,521,662.67</i>	TOTAL COLUMN 2 <i>2,150,685.21</i>	TOTAL COLUMN 3 <i>339,997.08</i>	

SIGNATURE. This report must be signed by the operator or operator's agent.

I declare under penalty of unsworn falsification that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and complete.

Signature <i>Lois M Willey</i>	Printed Name <i>Lois M Willey</i>	Title <i>Bookkeeper</i>	Date <i>2/26/90</i>
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Return to:
 Alaska Department of Commerce
 and Economic Development
 Division of Occupational Licensing
 P.O. Box 0-LIC
 Juneau, Alaska 99811-0800

Games of Chance and Contests of Skill

DUE DATE: FEBRUARY 28, 1990

1989 OPERATOR ANNUAL REPORT

Authority: AS 05.15.083(b)

REQUIRED ATTACHMENTS. A completed Internal Revenue Service Form W-2 for each person employed by the operator during the year must be included with this report.

Operator ALASKA BINGO MGN.	License Number 0L89-0007	Year 1989	DATE RECEIPT STAMP
Mailing Address 3707 WOODLAND DR., SUITE 4	Contact Person SUE GRIFFIN		
City, State, Zip Code ANCHORAGE, AK 99517	Daytime Telephone No. 907) 243-3559		

GAMING ACTIVITY SUMMARY	1989 Permit Number	Column 1 GROSS RECEIPTS (from Schedule A, col. A, line 11)	Column 2 ADJUSTED GROSS (from Schedule A, col. D, line 11)	Column 3 NET PROCEEDS PAID (from Schedule A, col. F, line 11)
PERMIT HOLDER				
AFL-CIO	0664	759814	149813	40810
SPENARD LIONS	0686	666132	133446	36745
ARCA	0456	874338	164246	45544
BARREER FREE	0837	482679	102145	31744
AK DANCE THEATRE	0581	841478	162358	40957
Miss AK PAGEANT	0682	784051	156771	41470
AK LABORERS #341	0126	804390	157229	42229
AK LABORERS TRAIN SCHOOL	0426	824827	165240	43839
AK CENTER FOR THE ENVIRONMENT	0502	817684	161096	43096
AWAIC	0437	860251	165870	43566
MABEL T CAVERLY Sr. Cht.	0508	906257	173450	46046
MAT SU CRIME STOPPERS	0225	673398	137915	40618
COOK INLET Housing Authority	0812	259836	58236	21939
St. VINCENT de PAUL Society	0926	318727	68745	25043
BARTLETT HIGH BOOSTER CLUB	0946	306328	66793	25492
DEMOCRATIC PARTY of AK	0193	636377	118855	25958
ALASKA HEALTH Project	0080	654178	119248	24050
Holy Family CATHEDRAL	0613	615805	116060	24559
Susitna Girl Scouts	0598	644072	125226	25328
REPUBLICAN Party of AK	0585	620254	114960	23561
Chugiak Boys BASKETBALL	0149	586482	108527	20928
AFGE #121	0650	634378	115227	21183
AFGE #3296	0722	567546	103548	19850
KNIGHTS of Columbus	0563	612907	114954	22156
ANCH. SPORTS ASSOC.	0061	536420	102252	19555
DISTRICT 11 DEMOCRATS	0433	587561	117812	21267
CRISIS INC.	0891	84208	13135	1235
SUMMARY		TOTAL COLUMN 1 16,960,378	TOTAL COLUMN 2 3,293,157	TOTAL COLUMN 3 818,768

SIGNATURE. This report must be signed by the operator or operator's agent.

I declare under penalty of unsworn falsification that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and complete.

Signature <i>Sue Griffin</i>	Printed Name SUE GRIFFIN	Title OWNER/OP.	Date 1-29-90
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Return to:
 Alaska Department of Commerce
 and Economic Development
 Division of Occupational Licensing
 P.O. Box D-LIC
 Juneau, Alaska 99811-0800

Games of Chance and Contests of Skill
1989 OPERATOR ANNUAL REPORT
 Authority: AS 05.15.083(b)

DUE DATE: FEBRUARY 28, 1990

REQUIRED ATTACHMENTS. A completed Internal Revenue Service Form W-2 for each person employed by the operator during the year must be included with this report.

Operator Peter D. Kraemer	License Number OL89-0006	Year 1989	DATE RECEIPT STAMP
Mailing Address 6510 Lakeway Dr	Contact Person Peter Kraemer		
City, State, Zip Code Anchorage, Ak. 99502	Daytime Telephone No. 243-4472		

GAMING ACTIVITY SUMMARY		1989 Permit Number	Column 1 GROSS RECEIPTS (From Schedule A, col. A, line 11)	Column 2 ADJUSTED GROSS (From Schedule A, col. D, line 11)	Column 3 NET PROCEEDS PAID (From Schedule A, col. F, line 11)
PERMIT HOLDER					
VAC	Visual Arts Center of Alaska	89-0076	208,980.00	31,259.00	4,994.00
ASHA	Alaska state Homebuilders Assoc	89-0992	120,349.00	16,749.00	2,749.00
ATTHIA	Anchorage Tribes of Tlingit & Haida Indians of Alaska	89-0964	279,746.00	43,981.00	6,046.00
AVA	AmVets Post #2 Auxillary	89-0281	199,905.00	34,036.50	4,378.00
AARC	Anchorage Amateur Radio Club	89-0191	414,763.50	70,235.00	10,860.80
ELB	E.L. Bartlett School	89-0539	204,267.50	36,942.00	5,826.50
PIPE	Anchorage Area PIPE Trade joint Apprentices Comm.	89-0671	166,138.00	30,310.00	3,875.00
AV	AmVets Post #2	89-0283	806,990.50	128,944.50	14,671.26
PLUM	Plumbers & Steamfitters 367	89-0672	836,299.50	134,858.00	16,377.93
PL1140	Painters Local 1140	89-0148	536,300.50	85,892.00	12,568.02
PATT	Painters Apprenticeship & Training Trust	89-0144	455,696.50	67,161.00	10,934.45
WPT	Work Preservation Trust	89-0146	361,671.50	56,069.50	10,013.97
SUMMARY			TOTAL COLUMN 1 4,591,107.50	TOTAL COLUMN 2 736,437.50	TOTAL COLUMN 3 103,294.93

SIGNATURE: This report must be signed by the operator or operator's agent.

I declare under penalty of unsworn falsification that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and complete.

Signature <i>Peter D. Kraemer</i>	Printed Name Peter D. Kraemer	Title Operator	Date 2/24/90
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Return Parts 1 and 2 to:
Alaska Department of Revenue
Income and Excise Audit Division
P.O. Box 8A
Juneau, Alaska 99811-0400

Games of Chance and Contests of Skill
OPERATOR ANNUAL REPORT
Authority: AS 05.15.083 (b)

DUE DATE: FEBRUARY 28

REQUIRED ATTACHMENTS. A completed copy of the Internal Revenue Service Form W-2 for each person employed by the operator during the year must be included with this report.

Operator Alaska Bingo Management	Licenses Number 88-0007	Year 1988	RECEIVED MAR 3 1989 DEPARTMENT OF REVENUE STATE OF ALASKA
Mailing Address 3707 Woodland Drive Suite 4	Contact Person Sue Griffin		
City, State, Zip Code Anchorage, Alaska 99517	Daytime Telephone No. 907-243-3559		

NOTE:
Months
PLAYED
in 88 -

MONTHS PLAYED IN 88 -	GAMING ACTIVITY SUMMARY	Column 1 NET PROCEEDS (from Schedule A, Col. F, line 11)	Column 2 ADJUSTED GROSS (from Schedule A, Col. D, line 11)	Column 3 ANNUAL PERCENT (Divide Col. 1 by Col. 2. Express answer to two decimal places.)	Column 4 GROSS RECEIPTS (from Schedule A, Col. A, line 11)	Column 5 OFFICE USE ONLY
	PERMIT HOLDER					
12	AFL-CIO	17560	125080	.14	696186	
2	A F G E #3296	2663	18463	.14	116054	
11	AK CIR for the Environ	20400	119920	.17	673535	
11	AK Dance Theatre	16788	108008	.16	665580	
12	A R C A	21641	127261	.17	780652	
9	A W A I C	18772	88672	.21	487521	
7	Big Bros/Big Sisters	4401	72361	.06	418472	
12	Barrier Free	20066	129246	.16	716883	
10	Democratic Pty of AK	8852	96682	.09	585289	
3	Dist 5 Democrats	2077	32477	.06	179687	
	Dist 11 Democrats	18503	79703	.23	441800	
	A F G E # 121	7531	92825	.08	566869	
6	I B E W #1547	3008	41608	.07	258390	
2	Mabel T. Caverly Ctr	12020	38620	.31	230649	
5	Mat-Su Baseball	2805	37215	.08	216313	
10	Miss AK Pageant	16180	96200	.17	556208	
1	Plumbers & Steamfitter	383	9583	.04	60380	
6	Republican Pty of AK	8067	70607	.11	399943	
2	Dist 12 Republicans	1594	21594	.07	112395	
9	Special Olympics	9761	87281	.11	542254	
8	Sperard Lions	19086	86586	.22	484168	
11	Susitna Girl Scouts	9493	109137	.09	660448	
11	Alaska Health Project	9679	97845	.10	600035	
4	Anchorage Sports Assoc	12533	49473	.25	244912	
4	Alaska Jaycees	1230	32834	.04	217554	
9	Knights of Columbus	6535	77559	.08	476184	
10	Alaska Laborer's #341	18818	101018	.19	584488	
	SUMMARY		TOTAL COLUMN 2		TOTAL COLUMN 4	
			Cont. Page 2		Cont. Page 2	

COL 2 + COL 4

ANNUAL PERCENT OF GROSS RECEIPTS REPORTED AS ADJUSTED GROSS.....

SIGNATURE. This report must be signed by the operator or operator's agent.

I declare under penalty of unsworn falsification that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and complete.

Signature <i>Sue Griffin</i>	Printed Name SUE GRIFFIN	Title Owner	Date 2-28-89
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Return Parts 1 and 2 to:
 Alaska Department of Revenue
 Income and Excise Audit Division
 P.O. Box 5A
 Juneau, Alaska 99811-0400

RECEIVED

Department of Chance and Contests of Skill
OPERATOR ANNUAL REPORT

DUE DATE: FEBRUARY 28

MAR 1 - 1989 Authority: AS 05.15.083 (b)

REQUIRED ATTACHMENTS: A completed copy of the Internal Revenue Service Form W-2 for each person employed by the operator during the year must be provided with this report.

Operator BINGO SAMS	License Number OL88-0004	Year 1988	Revenue Date Receipt Stamp
Mailing Address 2504 Eide St. Ste. # 19	Contact Person Jay H. Hunison Jr.		
City, State, Zip Code Anchorage, Alaska 99503	Daytime Telephone No 272-7599		

GAMING ACTIVITY SUMMARY	Column 1 NET PROCEEDS (from Schedule A, Col. F, line 11)	Column 2 ADJUSTED GROSS (from Schedule A, Col. D, line 11)	Column 3 ANNUAL PERCENT (Divide Col. 1 by Col. 2. Express answer to two decimal places.)	Column 4 GROSS RECEIPTS (from Schedule A, Col. A, line 11)	Column 5 OFFICE USE ONLY
PERMIT HOLDER					
Akeala House	10,683.61	39,719.61	26.90%	190,698.00	
Alaska Miners	9,702.54	33,302.54	29.13%	128,922.00	
Consumer Credit	9,468.92	33,750.92	28.05%	216,858.00	
Diabetes	21,498.89	80,598.72	26.67%	313,202.00	
Iditarod	11,662.34	47,898.34	24.34%	186,242.00	
Sweet Adelines	13,707.33	50,498.33	27.14%	202,197.00	
	76,723.62				
SUMMARY		TOTAL COLUMN 2 285,768.46		TOTAL COLUMN 4 1,238,119.00	

COL 2 ÷ COL 4
23.08%

ANNUAL PERCENT OF GROSS RECEIPTS REPORTED AS ADJUSTED GROSS.....

SIGNATURE. This report must be signed by the operator or operator's agent.

I declare under penalty of unsworn falsification that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true and complete.

Signature <i>Jay H. Hunison Jr.</i>	Printed Name Jay H. Hunison Jr.	Title OWNER	Date 2-27-89
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Form 04-000 (Rev. 1987)

CPA IS JOE WHITLOCK OF WHITLOCK & CARLSON 561-1039

PERMITTEE/OPERATOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

CURRENT LAW

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>1/ Operator Gross Profit</u> (limited to 85% of AGI)	<u>382.50</u>	<u>212.50</u>	<u>127.50</u>
<u>2/ NET PROCEEDS TO PERMITTEE</u> (minimum required return)	<u>\$ 57.50</u>	<u>\$ 37.50</u>	<u>\$ 22.50</u>

Footnotes:

- 1/ Current Law - provides the operator must report an adjusted gross of 15% and pay at least 15% of the adjusted gross to the permittee.
AS 05.15.128(1) and (2)
- 2/ Adjusted Gross Income is defined as the gross income less the prizes awarded and any state, federal and municipal income taxes paid or owed.
AS 05.15.210(1)

PERMITTEE/VENDOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENT RE: VENDOR COMPENSATION

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
1/ <u>Vendor Compensation</u> (maximum 30% of ideal net) Proposed: Sec. 9, AS 05.15.188(i)	<u>135.00</u>	<u>75.00</u>	<u>45.00</u>
2/ <u>GROSS PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 315.00</u>	<u>\$ 175.00</u>	<u>\$ 105.00</u>

Footnotes:

- 1/ CS-SB-501
Section 9, AS 05.15.188(i): If a permittee contracts with the vendor, the contract must provide that the permittee will receive no less than 70% of the ideal net.
- 2/ Permittee gross revenue is reduced by the cost of pull-tabs (approximately \$.02 each) and the 3% pull-tab tax (computed on ideal net) to arrive at Permittee Net Proceeds.

Example Utilizes 75% Prize Payout

Gross Proceeds to Permittee	175.00
Cost of Tabs (\$.02 x 1,000)	[20.00]
Tax (3% x \$250.00)	<u>[7.50]</u>
NET PROCEEDS	<u>\$ 147.50</u>

PERMITTEE (40%)/OPERATOR (60%) RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENT RE: OPERATOR MUST PAY 40% OF IDEAL NET TO THE PERMITTEE

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>Operators Gross Profit</u> (limited to 60% of ideal net) Proposed: Sec. 3, AS 05.15.115(b) and Sec. 5, AS 05.15.128(a)	<u>270.00</u>	<u>150.00</u>	<u>90.00</u>
<u>NET PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 180.00</u>	<u>\$ 100.00</u>	<u>\$ 60.00</u>

PERMITTEE (40%) AND OPERATOR/VENDOR (60%) RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENTS

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>Operators Gross Profit</u> (limited to 60% of ideal net) Proposed: Sec. 3, AS 05.15.115(b)	<u>270.00</u>	<u>150.00</u>	<u>90.00</u>
<u>Vendors Compensation</u>	?	?	?
<u>Operators Adjusted Profit</u>	?	?	?
<u>NET PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 180.00</u>	<u>\$ 100.00</u>	<u>\$ 60.00</u>

Senate Bill 501: "An Act relating to the retail sale of pull-tabs, tickets, and cards for charitable gaming activities."

The department was given responsibility for administration of the Alaska Gaming Reform Act in July of 1989. Since that time, the department has been actively engaged bringing stability and equality of enforcement to the charitable gaming industry.

One of the areas of concern to the department has been the so-called "third party vendor" issue. Presently, across the state, both permittees and operators have turned to vendors (e.g., retail outlets, bars, restaurants) to sell pull-tabs on their behalf. The department has found no specific statutory authorization for these vendor sales. As a result, the department gave notice late last year of its belief that legislation was needed if vendor sales were to be allowed.

Of major concern to the department has been the unregulated nature of vendor sales. The concerns discussed below have prompted our belief that if vendor participation in charitable gaming is to be authorized by the Legislature, then it must be strictly regulated.

1. Competition for prime vendor locations has increased the amount of compensation charged permittees by vendors to the detriment of the charities (some vendors are now asking and getting in excess of 50% of pull-tab proceeds). Limits must be placed on the amount of allowable vendor compensation in order to both eliminate "bidding" for locations by permit holders and ensure that an acceptable share of gaming proceeds is returned to those nonprofit organizations issued gaming permits. Most other states do limit the amount of compensation a vendor can charge.
2. There is no penalty or regulation presently in place that penalizes the unscrupulous vendor. We have become increasingly aware of cases where vendors have failed to pay permittees any share of the proceeds from the sale of pull-tabs. Under the present gaming law, there is no protection for the permittee in such cases. The permittee must sue the vendor to collect the gaming proceeds due the permittee.
3. Vendors have shouldered responsibility for ordering and purchasing pull-tabs from pull-tab distributors, bypassing the permittee. As a result, permittees have lost accountability for the pull-tab sales conducted under the auspices of their permits. We have investigated cases in which a permittee was unaware of pull-tab purchases made by its vendor. In addition, we recently had a case in which a vendor continued to order pull-tabs from a distributor after the permittee had removed its permit from the vendor's premises because the distributor was unaware of the permittee's action to end its relationship with that vendor.

Not surprisingly then, the department approaches a review of SB 501 with the consequences of unregulated vendor activity at the forefront of its thoughts. From that perspective, SB 501 clearly lacks the kind of specific regulatory language needed to provide justifiable controls over this very active area of charitable gaming and would curtail our ability to properly administer the program.

In addition, we question the bill because its language is so broad that the bill, however unintentionally, considerably expands the list of persons who could become involved in charitable gaming in this state.

If the title of a bill is any indication of its scope, then SB 501's title suggests it only addresses the "retail" sale of pull-tabs, tickets, and cards. However, no limitation to retail businesses is actually found in the proposed new section. Indeed, it simply says "a person," other than a permittee or an operator, may sell pull-tabs or other gaming tickets and cards. Under state law the word "person" is quite broad and encompasses any and all corporations, businesses, associations, partnerships, natural persons, etc., regardless of residency.

Thus, under the proposed language of SB 501, there would be no reason, for instance, for anyone to become licensed as an operator: they could simply function as a sales vendor. Also, organizations denied a charitable gaming permit because, for example, they did not meet the criteria for a permit could simply opt instead to sell gaming pull-tabs, tickets, or cards for those nonprofit organizations that did have a permit. Under this scenario, such organizations could charge the permittee a percentage of the proceeds for their sales efforts equal to or more than the permittee might receive (which is already happening), thus, thoroughly defeating the intent of the Gaming Reform Act.

This bill, as presently written, would effectively do away with any justification for calling the activities we presently authorize in the state as "charitable" gaming activities. While we do not believe this was the intent of the drafters of this legislation, the department cannot support the bill in its present form for these reasons.

The department understands, however, that there is broad permittee and operator support for recognition of a vendor class. Certainly, the testimony the department heard in mid-December regarding its position on vendor sales made it very clear that eliminating or severely restricting the vendor class would drastically reduce the gaming proceeds presently collected by organizations granted charitable gaming permits.

Given that a vendor bill has been introduced, and assuming that the broad support evidenced for this issue means that some legislative recognition of a vendor class is forthcoming, the department has attached to this position paper draft language that reflects the department's perspective on the issue of vendor sales.

Most importantly, please note that the department's proposed language limits vendor sales to the sale of pull-tabs.

To allow vendors to get into the business of selling more than pull-tabs will effectively guarantee the additional proliferation of gaming activities in bars, restaurants, retail stores, and "gaming parlors" in malls or other storefronts throughout Alaska.

At this point in time, permittees and operators have only expressed a desire to see pull-tab sales by vendors authorized. We see no need to greatly expand the role of vendor sales in this state by including vendor sales for any and all games beyond those vendor sales already recognized and authorized under AS 05.15 (i.e., for ice classics).


The department's proposals include:

1. vendor registration by the permittee or operator;
2. issuance of an endorsement to a permittee's or operator's license that authorizes a vendor to sell pull-tabs on behalf of the permittee or operator;
3. a cap of 30% of ideal net on the amount that a vendor can charge a permittee or operator to compensate the vendor for selling pull-tabs on their behalf;
4. the requirement that the vendor pay the agreed upon amount of profit to the permittee or operator at the time of delivery of a pull-tab series to the vendor for sale;
5. payment into the charitable gaming surety fund by the registered vendor;
6. the requirement that a vendor and permittee or operator enter into a written contract;
7. the provision that only a permittee or operator may supply pull-tabs to a vendor;
8. a provision prohibiting an employee of a vendor from purchasing a pull-tab from any series sold by the vendor;
9. a prohibition that the owner or manager of a vendor who is also a member of permittee organization or a municipal officer may not enter into a contract to sell pull-tabs on behalf of that organization or municipality for compensation;
10. provisions to clarify that a distributor may not deal directly with a vendor; and

Position Paper
Senate Bill 501
Page Four

We believe that a bill that contains the provisions outlined above will meet the department's concerns for the proper regulation of a vendor class while also maintaining primary responsibility for the state's charitable gaming activity with the licensed permittee and operator.

We urge your consideration of the attached language. A bill which included language substantially similar to that found in the attached draft and which covered the areas described above would at least address the department's concerns sufficiently for the department to go on record as unopposed to legislative recognition of vendor sales.



Larry Mercurieff, Commissioner
Date: 3/1/90

LM/RPB/dgl6388D
22790b

Original sponsor(s): Finance Committee

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 501 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act licensing and regulating pull-tab vendors;
7 prohibiting certain conduct by charitable gaming
8 licensees and permittees and their agents; relating
9 to charitable gaming awards, contracts between opera-
10 tors and permittees, and to the enforcement of chari-
11 table gaming laws; and providing for an effective
12 date."

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

14 * Section 1. AS 05.15.060 is amended to read:

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

18 (1) the issuance, renewal, and revocation of permits, [AND]
19 licenses, and vendor registrations;

20 (2) a method of ascertaining net proceeds, the determina-
21 tion of items of expense that may be incurred or paid, and the limita-
22 tion of the amount of the items of expense to prevent the proceeds
23 from the activity permitted from being diverted to noncharitable,
24 noneducational, nonreligious, or profit-making organizations, individ-
25 uals, or groups;

26 (3) the immediate revocation of permits, [AND] licenses,
27 and vendor registrations authorized under this chapter if this chapter
28 or regulations adopted under it are violated;

29 (4) the requiring of detailed, sworn, financial reports of

1 operations from permittees and licensees including detailed statements
2 of receipts and payments;

3 (5) the investigation of permittees, licensees, registered
4 vendors, and their employees, including the fingerprinting of those
5 permittees, licensees, registered vendors, and employees whom the
6 commissioner considers it advisable to fingerprint;

7 (6) exclusion from participation as a permittee, licensee,
8 registered vendor, or employee of a permittee [OR] licensee, or regis-
9 tered vendor, of a person convicted of, in prison for, or on parole
10 for a felony within the preceding five years, or convicted of a crime
11 involving theft or dishonesty or of a violation of a municipal, state,
12 or federal gambling law;

13 (7) the method and manner of conducting authorized activ-
14 ities and awarding of prizes or awards, and the equipment that may be
15 used;

16 (8) the number of activities that may be held, operated, or
17 conducted under a permit during a specified period; however, the
18 department may not allow more than 14 bingo sessions a month and 35
19 bingo games a session to be conducted under a permit;

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

23 (10) the disposition of funds in possession of a permittee,
24 [OR] a person, municipality, or qualified organization that possesses
25 an operator's license, or a registered vendor at the time a permit,
26 [OR] a license, or a vendor registration is surrendered, revoked, or
27 invalidated;

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

1 (12) the minimum percentage of the ideal net that an opera-
2 tor conducting a pull-tab game on behalf of a permittee must by
3 contract agree to return to the permittee;

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

6 * Sec. 2. AS 05.15.070 is amended to read:

7 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commis-
8 sioner may examine or have examined the books and records of a per-
9 mittee, an operator, a registered vendor, or a person licensed to
10 manufacture or to distribute pull-tab games in the state. The commis-
11 sioner may issue subpoenas for the attendance of witnesses and the
12 production of books, records, and other documents.

13 * Sec. 3. AS 05.15.115(b) is amended to read:

14 (b) The contract between an authorizing permittee and an opera-
15 tor must include the amount and form of compensation to be paid to the
16 operator, the term of the contract, the activities to be conducted by
17 the operator on behalf of the permittee, the location where the activ-
18 ities are to be conducted, the name and address of the member in
19 charge, and other provisions the department may require. If the
20 contract is for the conduct of a pull-tab game, it must include a
21 provision that the operator will return to the permittee at least the
22 percentage of the ideal net required under regulations issued by the
23 department.

24 * Sec. 4. AS 05.15.124 is amended to read:

25 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A munici-
26 pality may by ordinance prohibit an operator or a vendor from conduct-
27 ing activities under this chapter within the municipality.

28 * Sec. 5. AS 05.15.128(a) is amended to read:

29 (a) The department shall revoke the license of an operator who

1 does not

2 (1) report an adjusted gross income of at least 15 percent
3 of gross income for two consecutive quarters based on the total opera-
4 tion of the operator; [OR]

5 (2) pay to each authorizing permittee for two consecutive
6 quarters at least 15 percent of the adjusted gross income, as de-
7 termined under (1) of this subsection, received from activities other
8 than pull-tab games conducted on behalf of the authorizing permittee;
9 or

10 (3) pay to each authorizing permittee for two consecutive
11 quarters a percentage of the ideal net received from pull-tab games
12 conducted on behalf of the authorizing permittee that is equal to or
13 greater than the percentage required under regulations adopted by the
14 department.

15 * Sec. 6. AS 05.15.170 is repealed and reenacted to read:

16 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
17 VENDOR REGISTRATION. (a) The commission may suspend or revoke a
18 permit, license, or vendor registration, after giving notice to and an
19 opportunity to be heard by the permittee, licensee, or vendor, if the
20 permittee, licensee, or vendor

21 (1) violates or fails to comply with a requirement of this
22 chapter or of a regulation adopted under this chapter;

23 (2) breaches a contractual agreement with a permittee,
24 licensee, or registered vendor;

25 (3) is convicted of a felony, of a crime involving theft or
26 dishonesty, or of a violation of a municipal, state, or federal gam-
27 bling law; for the purposes of this paragraph, a permittee, licensee,
28 or registered vendor that is not a natural person is considered con-
29 victed if an owner or manager of the permittee, licensee, or vendor is

1 convicted; or

2 (4) knowingly submits false information to the department
3 or, in the case of a registered vendor, to a permittee or operator
4 when the vendor knows that the false information will be submitted to
5 the department as part of an application for registration.

6 (b) If the department revokes a permit, license, or vendor
7 registration under this section, it may prohibit the permittee, li-
8 censee, or vendor from reapplying for a permit, license, or vendor
9 registration for a period of up to five years.

10 * Sec. 7. AS 05.15.180(g) is amended to read:

11 (g) A permittee [MUNICIPALITY OR A QUALIFIED ORGANIZATION] may
12 award a maximum of \$1,000,000 in prizes each year in activities au-
13 thorized under this chapter; [HOWEVER, IF A MUNICIPALITY OR A QUALI-
14 FIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF
15 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR QUALI-
16 FIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH
17 YEAR]. In this subsection, "activities authorized under this chapter"
18 means all activities subject to this chapter other than bingo.

19 * Sec. 8. AS 05.15.183 is amended by adding a new subsection to read:

20 (e) A distributor may not

21 (1) take an order for the purchase of a pull-tab series
22 from a vendor;

23 (2) sell a pull-tab series to a vendor; or

24 (3) deliver a pull-tab series to a vendor location.

25 * Sec. 9. AS 05.15.187 is amended by adding a new subsection to read:

26 (h) An owner, manager, or employee of a person holding a permit
27 or license under this chapter, or registered under this chapter as a
28 vendor, may not purchase a pull-tab from any pull-tab series manu-
29 factured, distributed, or sold by the permittee, licensee, or

1 registered vendor.

2 * Sec. 10. AS 05.15 is amended by adding a new section to article 2 to
3 read:

4 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-
5 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator
6 may contract with a vendor to sell pull-tabs on behalf of the permit-
7 tee or operator, if the permittee or operator first registers the
8 vendor with the department by applying for registration on a form pre-
9 scribed by the department and by submitting the registration fee of
10 \$50 for each location at which the vendor will sell pull-tabs. If a
11 vendor location is within the boundaries of a municipality, the per-
12 mittee or operator shall, concurrently with applying for registration
13 with the department, submit a copy of the application form to the
14 governing body of the municipality.

15 (b) The department shall approve or disapprove an initial vendor
16 registration request within 10 working days of receipt of the regis-
17 tration form from a permittee or operator.

18 (c) Upon approval of the vendor registration, the department
19 shall issue an endorsement to the permittee's permit or the operator's
20 license that authorizes the conduct of pull-tab sales at that vendor
21 location.

22 (d) The endorsement issued under (c) of this section is an
23 extension of the permittee's or operator's privilege under AS 05.15.-
24 100 to conduct pull-tab sales in this state. A vendor may not sell a
25 pull-tab series until the permit or license containing the endorsement
26 for the new vendor location has been posted by the permittee or opera-
27 tor in the registered vendor establishment. The endorsed permit or
28 license must be clearly visible to the gaming public.

29 (e) A separate endorsement shall be issued for each vendor

1 location. The permittee or operator shall inform the department when
2 a vendor with whom the permittee or operator is contracting changes
3 the physical location at which pull-tabs are sold, and shall return to
4 the department the endorsed permit or license of a vendor that is no
5 longer selling pull-tabs on behalf of the permittee or operator.
6 Failure to inform the department of a change in vendor location, or to
7 return the endorsed permit or license to the department after a vendor
8 change, may constitute grounds for the suspension or revocation of a
9 permittee's permit or an operator's license.

10 (f) At the time that a permittee or operator annually renews its
11 permit or license, it shall also renew the registration of all loca-
12 tions where a vendor is selling pull-tabs on the permittee's or opera-
13 tor's behalf and shall pay a registration fee of \$50 for each vendor
14 location.

15 (g) A permittee or operator that uses a vendor to sell pull-tabs
16 on its behalf shall enter into a written contract with that vendor.
17 The department may inspect this contract. If the contract contains
18 provisions that violate this chapter or the regulations adopted under
19 it, the department may declare the contract void, and may suspend or
20 revoke the registration of the vendor and the license of the operator
21 or the permit of the permittee.

22 (h) A person, other than a permittee's member-in-charge or an
23 operator, may not directly supply a pull-tab series to a registered
24 vendor for sale by that vendor on behalf of the permittee or operator.
25 A vendor may not acquire a series from a licensed distributor.

26 (i) If a permittee contracts with a vendor under (a) of this
27 section, the contract must provide that the permittee shall receive no
28 less than 70 percent of the ideal net.

29 (j) An amount equal to the ideal net less the compensation paid

1 to the vendor shall be paid by the vendor within 30 days of the date
2 that the member in charge or operator delivers a pull-tab series to
3 the vendor for sale. The amount required to be paid by the vendor
4 under this subsection must be paid by check and shall be deposited by
5 the permittee or operator directly into its gaming checking account.

6 (k) A vendor may not enter into a contract with a permittee to
7 sell pull-tabs for compensation if

8 (1) the permittee is a qualified organization, and the
9 owner or manager of the vendor is a member of the governing body of
10 the organization, or is the organization's designated member in charge
11 under AS 05.15.112; or

12 (2) the permittee is a municipality, and the owner or
13 manager of the vendor is an elected official of the municipality or is
14 employed by the municipality in a managerial position.

15 * Sec. 11. AS 05.15.188(g) is repealed and reenacted to read:

16 (g) At the time that a permittee or operator annually renews its
17 permit or license, it shall also renew the registration of all loca-
18 tions where a vendor is selling pull-tabs on the permittee's or opera-
19 tor's behalf and shall pay a registration fee of \$50 for each vendor
20 location. The permittee or operator shall also forward, with each
21 vendor registration renewal, that vendor's annual payment of the
22 assessment to the charitable gaming surety fund.

23 * Sec. 12. AS 05.15.188 is amended by adding a new subsection to read:

24 (m) The vendor registration, required by (a) of this section
25 shall be accompanied by payment of the vendor's assessment to the
26 charitable gaming surety fund under AS 05.15.230. The assessment
27 amount shall be set by the department by regulation and may not exceed
28 \$100. The payment shall be drawn on the checking account of the
29 vendor and may not be paid by the permittee or operator on the

1 vendor's behalf.

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

3 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAP-
4 TER. (a) If the commissioner determines that a person has engaged in
5 an act or practice in violation of this chapter or a regulation adopt-
6 ed under this chapter, the commissioner may, after giving reasonable
7 notice to the person and an opportunity for the person to be heard,
8 issue an order prohibiting the violation by the person. The order
9 remains in effect until the person has submitted evidence acceptable
10 to the commissioner showing that the violation has been corrected.

11 (b) If the public interest requires, the commissioner may issue
12 an emergency order prohibiting an act or practice in violation of this
13 chapter or a regulation adopted under this chapter without notice to
14 or an opportunity to be heard by the person affected by the order.
15 The commissioner shall immediately serve the person with a copy of the
16 emergency order. An emergency order expires 60 days after the date it
17 is issued, if the person affected by the order requests a hearing
18 within 15 days of receipt of the order. If the person does not re-
19 quest a hearing within 15 days of receipt of the emergency order, the
20 order becomes permanent. Following a hearing, the commissioner may
21 rescind, modify, or make permanent the emergency order.

22 * Sec. 14. AS 05.15.200(b) is amended to read:

23 (b) A person who, with the intent to mislead a public servant in
24 the performance of the public servant's duty, submits a false state-
25 ment in an application for a permit, license, or vendor registration
26 under this chapter [,] is guilty of unsworn falsification.

27 * Sec. 15. AS 05.15.210 is amended by adding new paragraphs to read:

28 (35) "ideal net" means an amount equal to the total amount
29 of receipts that would be received if every individual pull-tab ticket

1 in a series were sold at face value, less the prizes to be awarded for
2 that series;

3 (36) "permittee" means a municipality or a qualified orga-
4 nization that holds a valid permit under AS 05.15.100;

5 (37) "vendor" means a business whose primary activity is not
6 regulated by this chapter but that is engaged in the sale of pull-tabs
7 on behalf of a permittee or operator, holds a business license under
8 AS 43.70, and is

9 (A) a retail establishment;

10 (B) an eating establishment; or

11 (C) an establishment licensed under AS 04.11.

12 * Sec. 16. Sections 11 and 12 of this Act take effect on the effective
13 date of an Act establishing a charitable gaming surety fund that is enacted
14 by the Sixteenth Alaska State Legislature.

15 * Sec. 17. Except for secs. 11 and 12, this Act takes effect immediate-
16 ly under AS 01.10.070(c).