

HB

587

DATE: 5/1/90

FURTHER:

DATE TURNED INTO OFFICE: 5/4/90

Labor & Commerce Committee considered CSHB 587 (L&C)

An Act establishing a moratorium on the use of broadcasting to promote or conduct charitable gaming activity; establishing exceptions to the moratorium; requiring the Dept of Commerce/Economic Development to hold hearings on the adoption of regulations concerning the promoting and conducting of charitable gaming activity over broadcasting outlets; efd.

and recommended:

- replace with SCS CS 587(L+C) same title
- or adopt _____ CS _____ new title
- attached amendment(s) technical title change (HB only)
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):
 Dept/Date:
 fiscal note(s) _____

APPROVES PREVIOUS:
 Dept/Date:
 fiscal note(s) _____

zero fiscal note(s) Dept of Commerce, 4/17/90

zero fiscal note(s) Dept of Commerce, 4/17/90

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten signatures and notes]
 No Rec
 No Rec
 No Rec

[Handwritten signature]
 Chair: Signature and Recommendation

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

May 2, 1990

TO: Senator Richard Eliason, Chair
Senate Labor & Commerce Committee

FROM: Rep. Fran Ulmer

RE: CSHB 587

Attached you will find an amendment to CSHB 587 which I hope the Senate Labor and Commerce Committee will consider. This amendment provides that commercial broadcasters in Alaska may accept advertising to promote charitable gaming activity as allowed under the federal Charity Games Advertising Clarification Act of 1988. The effect of the federal Act is to remove the prior prohibition against broadcasters advertising charitable games and to allow each state to determine how it will regulate charitable games.

The amendment I propose to the committee will provide equity between print and electronic media. Currently, all charitable gaming activity may be advertised in the print media. Conversely, the electronic media has been prohibited from accepting advertising or from providing public service announcements for organizations such as the American Cancer Society or the Juneau Volunteer Fire Department. This amendment affirms the federal position allowing broadcasters to provide an advertisement, list of prizes, or other information regarding charitable games.

A question has arisen whether, given the language of the federal Act, a broadcaster may accept advertising from an operator, rather than the permittee itself. It is doubtful whether the drafters of the federal law considered this situation since Alaska is apparently the only state in which operators conduct games for non-profit organizations. If Alaska does permit broadcasters to accept advertising and provide public service announcements regarding charitable gaming activity, the question regarding operators will probably be settled by the Federal Communications Commission.

I urge the committee to adopt this amendment and provide parity between print and electronic media.

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947

AMENDMENT

by Representative Ulmer

TO: CSHB 587 (L & C)

Page 2, line 6:

Insert a new bill section to read:

Section 4. "Commercial broadcasters may accept advertising to promote charitable gaming activity pursuant to A.S. 05.15 and as allowed under the federal Charity Games Advertising Clarification Act of 1988."

Renumber the following section accordingly.

ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

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ERNEST F. HOLLINGS, SOUTH CAROLINA
J. BENNETT JOHNSTON, LOUISIANA
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JAMES H. ENGLISH, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

April 25, 1990

The Honorable Richard I. Eliason
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Dick:

I understand that your staff contacted my office regarding APRN's interest in conducting an over-the-air game of chance for fund-raising purposes. There appeared to be a question as to the legality under federal law of APRN's fundraising plan.

My staff contacted the FCC and was told that, as described, APRN's proposal appears to conform to the standards of the Charity Games Advertising Act of 1988. The FCC says that effective May 7, 1990 federal law will allow the broadcast of information regarding games of chance, provided the game is conducted by a "not-for-profit organization" or a "commercial organization and is clearly occasional and ancillary to the primary business of that organization." Additionally, the game would not be legal if there were a state law prohibiting it.

I hope you find this information useful.

With best wishes,

Cordially,


TED STEVENS

cc: Diane Kaplan, APRN

Dick - hope this helps. I have supported public radio's use of over-the-air games of chance.
Ted

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 3, 1990

SUBJECT: Draft SCS CSHB 587 (L&C)

TO: Senator Dick Eliason
Attn: Sheila Peterson

FROM: John B. Gaguine ^{JBG}
Legislative Counsel

Enclosed is a draft SCS CSHB 587 (L&C), the moratorium on broadcasting of charitable gaming promotion or activity over the airwaves. As we discussed, it ends the moratorium either on a date certain or on the effective date of a bill authorizing this broadcasting, whichever comes first.

Because of the title of the house bill I have had to leave a now pointless provision of the bill in. The house bill contemplated that after the six-month moratorium expired, the Department of Commerce and Economic Development would decide, by regulation, whether to allow broadcasting and, if so, to what extent. Hence the reference to regulations. (It was assumed that the department had the authority under existing statutes to make this decision, an assumption that is questionable to me.) Under your one-year moratorium there is no point in regulations, since no broadcasting would be allowed, period. However, because of the title I had to leave the regulations language in. Presumably the department will just issue regulations that, like the statute, say no.

If I may be of further assistance, please advise.

JBG:pl
WKP4/112

6-2307J
Gaguine
5/3/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a moratorium on the use of
7 broadcasting to promote or conduct charitable gaming
8 activity; establishing exceptions to the moratorium;
9 requiring the Department of Commerce and Economic
10 Development to hold hearings on the adoption of
11 regulations concerning the promoting and conducting
12 of charitable gaming activity over broadcasting
13 outlets; and providing for an effective date."

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

15 * Section 1. Until July 1, 1991, or until the effective date of a bill
16 authorizing the use of broadcasting to promote or conduct charitable gaming
17 activity under AS 05.15, whichever comes first, a person may not use broad-
18 casting to promote or conduct charitable gaming activity under AS 05.15.
19 In this section, "broadcasting" includes television and radio transmission
20 by 2,500 megahertz, microwave video and audio programming, slow-scan tele-
21 vision programming, and programming via satellite, cable, teletype, or
22 facsimile transmission and distribution methods.

23 * Sec. 2. Notwithstanding sec. 1 of this Act, a person may use broad-
24 casting to promote fish derbies, and the Department of Commerce and Econom-
25 ic Development may authorize a noncommercial broadcasting station or net-
26 work of stations to broadcast the conducting of an activity under AS 05.15
27 on the station or network under a permit held by the station or network.
28 The department may not authorize a station to broadcast the conducting of
29 an activity for more than 12 hours in a calendar year. In this section

1 "noncommercial broadcasting station" means a radio or television station
2 that is licensed by the Federal Communications Commission to a governmental
3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.
4 501(c)(3) (Internal Revenue Code).

5 * Sec. 3. The Department of Commerce and Economic Development shall
6 hold hearings around the state, with at least one hearing in each judicial
7 district, for the purpose of adopting interpretative regulations and making
8 recommendations to the legislature no later than January 31, 1991, regard-
9 ing the promoting and conducting of charitable gaming activities over
10 broadcasting outlets.

11 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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6-2307J
Gaguine
5/3/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

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13 outlets; and providing for an effective date."

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

15 * Section 1. ~~Until July 1, 1994, or~~ until the effective date of a bill
16 authorizing the use of broadcasting to promote ~~or conduct~~ charitable gaming
17 activity under AS 05.15, ~~whichever comes first~~, a person may not use broad-
18 casting to promote ~~or conduct~~ charitable gaming activity under AS 05.15.

19 In this section, "broadcasting" includes television and radio transmission
20 by 2,500 megahertz, microwave video and audio programming, slow-scan tele-
21 vision programming, and programming via satellite, cable, teletype, or
22 facsimile transmission and distribution methods.

23 * Sec. 2. ~~Notwithstanding sec. 1 of this Act,~~ a person may use broad-
24 casting to promote fish derbies, and the Department of Commerce and Econom-
25 ic Development may authorize a noncommercial broadcasting station or net-
26 work of stations to broadcast the conducting of an activity under AS 05.15
27 on the station or network under a permit held by the station or network.
28 The department may not authorize a station to broadcast the conducting of
29 an activity for more than 12 hours in a calendar year. In this section

1111
for any activity, including

1 "noncommercial broadcasting station" means a radio or television station
 2 that is licensed by the Federal Communications Commission to a governmental
 3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.
 4 501(c)(3) (Internal Revenue Code).

5 * Sec. ~~4~~ The Department of Commerce and Economic Development shall
 6 hold hearings around the state, with at least ~~one~~ hearing in each judicial
 7 district, for the purpose of adopting ^{including} regulations to implement sec. ~~2~~ ³ of
 8 this Act and making ^{additional} recommendations ^{on the air promotion} to the legislature no later than
 9 January 31, 1991, regarding the promoting and conducting of charitable
 10 gaming activities over broadcasting outlets.

11 * Sec. ~~5~~. This Act takes effect immediately under AS 01.10.070(c).

14 Add a section ⁽³⁾ to say something like

16 Except as expressly ~~outlined~~ ^{prohibited} in Sec 1,
 17 A person may use broadcasting to
 18 promote charitable gaming activity under
 19 AS 05.15 — Broadcasting def

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a moratorium on the use of
7 broadcasting to promote or conduct charitable gaming
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9 requiring the Department of Commerce and Economic
10 Development to hold hearings on the adoption of
11 regulations concerning the promoting and conducting
12 of charitable gaming activity over broadcasting
13 outlets; and providing for an effective date."

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

15 * Section 1. Until the effective date of a bill authorizing the use of
16 broadcasting to promote or conduct charitable gaming activity under
17 AS 05.15 a person may not use broadcasting to promote or conduct charitable
18 gaming activity under AS 05.15. In this section, "broadcasting" includes
19 television and radio transmission by 2,500 megahertz, microwave video and
20 audio programming, slow-scan television programming, and programming via
21 satellite, cable, teletype, or facsimile transmission and distribution
22 methods.

23 * Sec. 2. Notwithstanding sec. 1 of this Act, a person may use broad-
24 casting to promote fish derbies, and the Department of Commerce and Econom-
25 ic Development may authorize a noncommercial broadcasting station or net-
26 work of stations to broadcast the conducting of an activity under AS 05.15
27 on the station or network under a permit held by the station or network.
28 The department may not authorize a station to broadcast the conducting of
29 an activity for more than 12 hours in a calendar year. In this section

1 "noncommercial broadcasting station" means a radio or television station
2 that is licensed by the Federal Communications Commission to a governmental
3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.
4 501(c)(3) (Internal Revenue Code).

5 * Sec. 3. The Department of Commerce and Economic Development shall
6 hold hearings around the state, with at least one hearing in each judicial
7 district, for the purpose of adopting regulations to implement sec. 2 of
8 this Act and making recommendations, including consideration of on-the-air
9 promotion, to the legislature no later than January 31, 1991, regarding the
10 promoting and conducting of charitable gaming activities over broadcasting
11 outlets.

12 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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A M E N D M E N T

TO: CSHB 587 (L&C)

Page 2, line 6:

Insert a new bill section to read:

Section 4. "Notwithstanding section 1 of this act, a commercial broadcaster may air Public Service Announcements to promote charitable gaming activity pursuant to AS 05.15, except for pull-tab games."

Renumber the following sections accordingly.

Original sponsor(s): Labor & Commerce Committee

IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a moratorium on the use of broadcasting to promote or conduct charitable gaming activity; establishing exceptions to the moratorium; requiring the Department of Commerce and Economic Development to hold hearings on the adoption of regulations concerning the promoting and conducting of charitable gaming activity over broadcasting outlets; and providing for an effective date."

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

* Section 1. Until the effective date of a bill authorizing the use of broadcasting to promote or conduct charitable gaming activity under AS 05.15 a person may not use broadcasting to promote or conduct charitable gaming activity under AS 05.15. In this section, "broadcasting" includes television and radio transmission by 2,500 megahertz, microwave video and audio programming, slow-scan television programming, and programming via satellite, cable, teletype, or facsimile transmission and distribution methods.

* Sec. 2. Notwithstanding sec. 1 of this Act, a person may use broadcasting to promote fish derbies, and the Department of Commerce and Economic Development may authorize a noncommercial broadcasting station or network of stations to broadcast the conducting of an activity under AS 05.15 on the station or network under a permit held by the station or network. The department may not authorize a station to broadcast the conducting of an activity for more than 12 hours in a calendar year. In this section

"noncommercial broadcasting station" means a radio or television station that is licensed by the Federal Communications Commission to a governmental entity or to an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* Sec. 3. The Department of Commerce and Economic Development shall hold hearings around the state, with at least one hearing in each judicial district, for the purpose of adopting regulations to implement sec. 2 of this Act and making recommendations, including consideration of on-the-air promotion, to the legislature no later than January 31, 1991, regarding the promoting and conducting of charitable gaming activities over broadcasting outlets.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Newer Proposed

SENATE AMENDMENT

By _____

To: _____ SENATE BILL No. _____

To: SCS _____ CS HOUSE BILL No. 587

PAGE: 1 LINE: 18

following "AS 05.15":

Insert "for those activities where the person holding the permit under AS 05.15.100 has a contract with any operator under AS 05.15.115, holds a permit under AS 05.15.100 for any pulltab game under 05.15.187, or allows any operator-run activities or pulltab games on the same premises with the advertised or promoted charitable gaming.

PAGE: 2 LINE: 7

following "implement"

Insert "sec. 1 and"

APRN

VOICES OF ALASKA

Alaska Public Radio Network ★ 4640 Old Seward Highway ★ Suite 202 ★ Anchorage, Alaska 99503 ★ (907) 563 7733

March 6, 1990

Ms. Sheila Peterson
Office of Senator Dick Eliason
P.O. Box V
Juneau, AK 99811

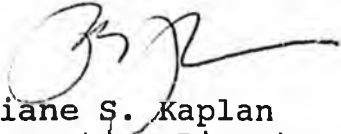
Dear Ms. Peterson:

It was good to meet you in Juneau. I'm encouraged by your support, and that of other legislative staff members, in APRN's capital request and on a broadcast fundraising gaming bill.

I look forward to seeing you again when I'm in Juneau and in having a chance to chat with Senator Eliason.

Thanks in advance for your assistance.

With best regards,



Diane S. Kaplan
Executive Director

APRN

VOICES OF ALASKA

Alaska Public Radio Network ★ 4640 Old Seward Highway ★ Suite 202 ★ Anchorage, Alaska 99503 ★ (907) 563-7733

ALASKA PUBLIC RADIO NETWORK Capital Request

The Alaska Public Radio Network is the coordinating organization for the state's 24 public radio stations. APRN produces "Alaska News Nightly", "National Native News", "Alaska Morning News", "AlaskanArts", "The Governor's Call-in", and special programming, and distributes "Alaska Fisheries Report", "Southeast Native Radio", "We Like Kids" and "The Iditarod". Besides programming, APRN provides training, national representation and technical assistance to Alaska public radio stations. APRN RECEIVES NO GENERAL OPERATING SUPPORT FROM THE STATE OF ALASKA.

Our critical needs are 1) relocation/expansion of the APRN facility (\$350,000) and; 2) critical equipment needs, especially a phone system and work stations (\$48,400).

APRN's current lease will expire in 2 years. It is not clear that we will be able to expand in the current facility. Our space shortage is currently critical. A visit to the Network would, I think, convince you of this. Second, we have long outgrown our current phone system, purchased in 1983. We now have staff members sharing telephones, and no phones in several critical areas. The phone system is no longer made, and not expandable. The work station situation is similarly critical. There is inadequate equipment available for our reporters and producers to effectively do their jobs.

Summaries of our capital items which were submitted through the Alaska Public Broadcasting Commission are attached.

PLEASE NOTE, APRN HAS RECEIVED NO STATE CAPITAL FUNDS SINCE 1981 WHEN THE SATELLITE UPLINK WAS PURCHASED TO DISTRIBUTE OUR STATEWIDE PROGRAMMING AND CONNECT ALASKA TO THE NATIONAL PUBLIC RADIO SATELLITE SYSTEM.

Thank you for your support of this request. Please call Diane Kaplan, Executive Director, at 563-7733 for additional information.

Radio/TV Games Project Narrative

Radio/TV Games is a non-production project so unique and compelling as to warrant funding through CPB's System Development Fund. It would explore and report on methods of generating system revenue through broadcast gaming activities. In conjunction with the Public Television Network of Alaska (PTVNA), the Alaska Public Radio Network (APRN) will research the feasibility of conducting various gaming activities under different regulatory conditions, select and test one such gaming activity, and produce and distribute a report to other state networks and individual stations outlining the steps necessary to develop broadcast gaming.

The Lottery Advertising Clarification Act of 1988 amended federal law to eliminate restrictions against broadcast of games of chance and lotteries. APRN worked extensively with the Alaska congressional delegation over the last several years to support passage of the federal legislation and has on file an opinion from a Washington D.C. communications law firm confirming the legality of broadcasting entities conducting over-the-air games of chance under applicable state law. Now is the time to research and test the feasibility of broadcast games to generate new system revenue.

As a station-based membership organization, APRN is uniquely suited to this project. Member stations cooperate on system and program development, and are interconnected by satellite. Three are joint licensees with public television stations. Five APRN member stations currently generate substantial operating revenues through the conduct of local, nonbroadcast pull-tab and bingo games.

A committee of the APRN board including representatives of public television, the state's public broadcasting commission and an APRN public director who is CEO of Alaska's largest retail chain, has

engaged in Radio/TV Games development activities since 1986. APRN initiated discussion and visited with principals currently involved in the conduct of various gaming formats. In January of this year APRN received presentations from G-TECH and CONTROL DATA SYSTEMS, the two major state lottery operators in the United States, and VIVILD COLOR PRINT, the Danish company which developed the successful on-air games with Danmarks Radio.

APRN proposes Radio/TV Games fully aware that gaming activities as a source of revenue may not be appreciated by some segments of the public broadcasting system. However, non-broadcast gaming activities are used by stations in North Dakota, California and elsewhere to generate significant financial support. Charitable gaming is currently allowed in most states. Many public broadcasting stations and networks in European countries and Canada currently raise substantial support for public broadcasting through on-air gaming activities. In 1988, in a 10 week on-air game, Danmarks Radio raised net income of \$20 million. Based on the number of tickets sold per capita, 80% of Denmark's 5 million population played.

In consultation with development specialists, APRN has identified key issues and scoped a plan for implementation of Radio/TV Games. We intend to engage Shorebank Advisory Services (SAS) to conduct a feasibility assessment and support APRN in the administration of test games in select markets. SAS is an economic development consulting firm specializing in development finance policy and strategy for foundations, local governments, community development corporations, financial institutions and the business community. It is a subsidiary of the Shorebank Corporation, the parent corporation of the South Shore Bank of Chicago. Its principals have professional experience working in Alaska, and currently maintain offices in Seat-

tle and Chicago.

A key issue of broadcast games is the extent of response of Alaskans to a game of chance that is broadcast to their homes versus played in a traditional setting such as a community bingo hall. A related issue that will impact the financial success of this activity is how to most efficiently and effectively distribute game cards, given geographic and demographic conditions. A third issue is the potential effect of on-air games on the giving patterns of current public broadcasting station contributors.

Phase I of the feasibility assessment will focus on four major sets of tasks: 1) defining the product ; 2) determining market potential; 3) formulating a market access/distribution strategy; and 4) determining operating and financial requirements. Phase II of the project consists of testing and evaluating the game in target markets. Phase III is production of a report to the public broadcasting system. An outline of each set of tasks follows.

Phase I

A. Defining the Product

1. Research assess existing broadcast games and other mass-distributed games of chance within Alaska, the United States and other countries. Focus on pricing, ratio of receipts to prizes, distribution technology, operating costs, market size and player profiles.

2. Research, discover and understand the existing Alaskan market.

3. Select several alternative games for focus group testing.

4. Conduct focus groups with target audience segments.

5. Refine the audience profile and game definition.

B. Determining Market Potential

1. Analyze available market data on APRN and PTVNA users, focusing on the revenue-generating potential of current listeners.

2. Determine average expenditure per current player of traditional games.

3. Research attitudes of current donors.

C. Formulating a Market Access/Distribution Strategy

1. Research and analyze different distribution networks including point of distribution and contractual relationships with distributors.
2. Research the relationship between local culture, players, and the point of contact, advertising strategies and set-up costs.
3. Research regulatory restrictions and license requirements.
4. Design a distribution network and project set-up and operating costs.

D. Determining Operation and Financial Requirements

1. Determine minimum level of revenue that must be generated.
2. Determine capture rates for player categories.
3. Determine feasibility and procedure.
4. Identify financial requirements and sources of funding.
5. Summarize in report form the conditions under which a broadcast game would succeed.

Phase II

A. Testing the Market

1. Design a market test on the basis of the findings of Phase I tasks A, B & C
2. Arrange with service provider (anticipated: VIVILD COLOR-PRINT) to manage game distribution, operation and processing.
3. Arrange with PTVNA to produce program vehicle for test game.
4. Conduct test games in an urban and in a rural setting.
5. Evaluate test in report form with respect to market penetration, design and revenue-generating potential.

The test evaluation should lead to a conclusive determination of the feasibility of the enterprise for fundraising purposes; further testing of variable games should not be necessary.

Phase III

A. Information Dissemination

The final report will be customized by project personnel to project system-wide impact and illustrate the potential adaptability of the project for system-wide use. The comprehensive report will address legal, organizational and operational issues regardless of the determination APRN makes as to the feasibility of broadcast lotteries statewide or locally in Alaska.

Should the game test be successful and net income accrue to the project, proceeds will be dedicated to Phase IV activities (not part of this proposal), development of a comprehensive business plan.

Eight months are projected from the point of funding to distribution of the final comprehensive report. At least four months are required to complete Phase I. Phase II should require eight to ten weeks. Phase III should require four to six weeks. The APRN Games Committee will meet periodically to review project findings and evaluate procedure and effectiveness.

It is likely that Radio/TV Games will arouse system-wide interest. Not only public broadcasting, but the entire broadcasting industry will be affected by deregulation of on-air lotteries. It is imperative that the public broadcasting system maintain its pioneering attitudes in financial matters, as it has in technological innovation and program development in the past. APRN and the PTVNA are willing to accept this challenge on behalf of the system. We are poised and ready to test the viability of broadcast lotteries as a new source of system revenue.

TO: Mark Rielly
FM: Al Bramstedt, Jr.
RE: HB 587
DT: May 2, 1990

As promised the following is the opinion of the F.C.C. Chief of Enforcement Division, Kelley, which prohibits the broadcast of "Lottery Alaska" and "Ripley World".

'Yesterday we spoke with the Chief, of the Enforcement Division, FCC, Washington, Charles W. Kelley. In that conversation, he advised that broadcasters should NOT accept advertising/promotion from Operators who conduct games of chance on behalf of non profits. Also, accepting Advertising from a non profit is prohibited where the money flows first to the commercial Operator, (such as Rippey World and Lottery Alaska). In addition, if the operator has a power of attorney from a non profit, this would not alter the above prohibition according to Kelley.'

With The F.C.C.'s strict guidelines for the inclusion of lottery/games of chance advertising, the commercial radio and television stations of Alaska feel strongly there is no need for the October 1 moratorium as included in HB 587.

I appreciate your interest. Please pass on our concerns to Senator Faiks.

Regards,

Al Bramstedt, Jr.
General Manager
Channel 2 Broadcasting

AB/dt



Alaska Juneau
Communications, Inc.

May 2, 1990

Honorable Richard I. "Dick" Eliason
Chairman
Senate Labor & Commerce Committee
Pouch V
Juneau, Alaska 99811

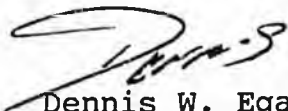

Dear Senator Eliason:

Attached is additional information pertaining to the Federal Charity Games Advertising Act of 1988 as it relates to commercial broadcasters. The law is effective May 7, 1990.

Commercial broadcasters are concerned various portions of the new Federal law are not fully understood by various organizations in the state and the enclosed is offered as clarification to some of those concerns.

Thank you for the opportunity to present this.

Sincerely,



Dennis W. Egan
President & GM

May 2, 1990

It should be noted that even without House Bill 587, the Federal law regarding the advertising of charitable gaming activities will continue to control what broadcasters may or may not advertise and promote.

>> By the Federal law that will take effect May 7, 1990, commercial broadcasters cannot advertise, promote, or otherwise give information about a charitable gaming activity conducted by a licensed operator - if the Operator is in the business of conducting such activities for non-profit permittees and controls the revenue. Further, Federal law would not allow commercial broadcasters to accept advertising/promotion from the non-profit permittee who receives a percentage of gross from such an Operator. Operators of bingo parlors and others such as Lottery Alaska and Rippy World (and their permittees) are all affected by this prohibition.

>> Also, by this same Federal law, persons would still not be allowed to conduct a charitable gaming activity on a commercial station.

>> However, non-profits and government agencies which conduct their own charitable gaming activity will be able to promote/advertise on commercial stations under the new Federal law. This would include 501 organizations qualified to conduct a charitable gaming activity in the state - such as civic, service, religious, charitable, fraternal, labor, political or educational organizations, or police and fire departments, or fishing derbies, or dog mushers and outboard motor associations, or non-profit trade organizations in the state.

ANCHORAGE
BAPTIST TEMPLE

Dr. Jerry Prevo, Pastor

May 2, 1990

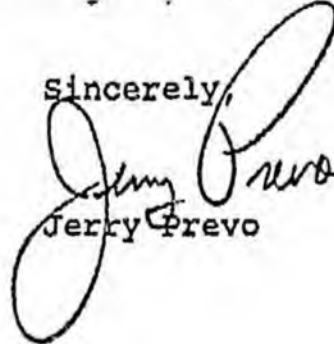
To all Senators
Re - Gambling HB 587

Gambling does not need to be expanded in Alaska. Only a small group of Alaskans will benefit - the promoters. Please help keep out the undesirable problems that increasing gambling will produce by voting no on any bill that increases gambling in Alaska.

Please vote no on HB 587. We do not need gambling on Public or Private Radio. Public Radio is financed mainly by government funding. If public radio is allowed to have gambling, then we have public funds establishing the facilities, paying for the staff and utilities for a gambling establishment. This is not ethical.

If "public radio" does not allow religion, it should not allow gambling.

Sincerely,


Jerry Prevo





Senator Dick Eliason - Sitka
P.O. Box V
Juneau, Alaska 99811

May 2, 1990

Dear Senator;

Recently the State House passed HB 587 an Act pertaining to authorized expenditures for charitable gaming activities.....

The jist of this House Bill was to provide additional income for the Public Broadcasting Stations now that the Federal Communications Commission has deregulated the prohibition of broadcasting gaming advertising on all broadcast stations in the United States, effective May 7, 1990.

However, HB 587 has gone TOO far by prohibiting state regulated gaming for non-profit charitable organizations from advertising on commercial radio and television stations ONLY.

Alaska does not need this law to provide public broadcasters with the ability to produce more revenue by running games of chance as under the FCC deregulation effective May 7, 1990 they already have the ability to do so. Therefor this HB 587 was produced only for the purpose of controlling free trade by eliminating the competition of the Public Broadcasters at the expense of the Commercial Broadcasters which is unfair restraint of trade and punitive.

Under existing state law, qualified (non-profit) organizations and municipalities are eligible for permits to conduct certain charitable gaming activities and can advertise in the newspapers and at points of purchase in Alaska and under new Federal regulations can now do so on radio and television elsewhere and why not in Alaska?

House Bill 587 is special interest legislation at the expense of the Alaska Commercial Broadcasters to broaden the (tax payer subsidized) Public Broadcasters by using unfair trade practices.

Let the Public Stations run their gaming fund raisers as provided by Federal law but don't pass or amend this House Bill as it is bad legislation and unfair.

PLEASE KILL HB 587 OR LET IT DIE!

Yours Sincerely,

Ronald K. Bradley
KTBY, INC.
Owner/ General Manager

KTBY INC.
1840 South Bragaw, Suite 101
Anchorage, Alaska 99508
(907) 274-0404



STEVE COWPER/GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED

600 University Avenue, Suite 0 • Fairbanks, Alaska 99709 • Phone (907) 474-2440

May 4, 1990

Senator Dick Eliason
Labor and Commerce Committee Chairman
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: CSHB 557

Dear Senator Eliason:

The Governor's Council for the Handicapped and Gifted wishes to express support for passage of CSHB 557.

This bill would assure that people who experience deafness or are hard of hearing would have access to telephone communications with persons of normal hearing.

Such service through our telephone utilities has been needed for a long time and is long overdue.

Thank you for scheduling this bill for a hearing. We look forward to its passage this session.

Sincerely,

Dorothy J. Truran
Executive Director

GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED

FAX TRANSMITTAL FORM

RECEIVER:

State Bar & Commercial letter; An. C. C. C. C.

LOCATION:

PHONE NO:

SENDER:

D. H. Brown

LOCATION:

PHONE NO:

FAX PHONE NUMBER IS 474-2446

NUMBER OF PAGES:

1

PLUS TRANSMITTAL PAGE

CONTACT

B. J. J.

AT 474-2440 IF THERE ARE ANY PROBLEMS WITH

TRANSMITTAL OF DOCUMENTS.

MESSAGE:

Editorial

Treat all equally

Non-profit organizations and businesses which periodically wish to advertise bingo, drawings or other games of chance may do so under federal law beginning Monday. The state law should be changed to match. The state currently allows only non-profit organizations to conduct lotteries.

As of Monday, non-profit organizations with state lottery permits may buy advertising space on radio or TV stations or in newspapers. The ads may be included in newspapers that are sent through the U.S. mail.

Before Monday, the promotions could not be advertised on radio and television or in newspapers sent through the mail. The Ketchikan Daily News printed state lottery ads only in the newspapers that did not go through the mail.

The state issues permits to charities and non-profit organizations, but does not allow businesses to obtain the permits, although the federal law in effect Monday allows lotteries "conducted as a promotional activity by a commercial organization (that) is clearly occasional and ancillary to the primary business of that organization."

Currently the state Legislature is considering a bill that would allow public radio and TV stations to use bingo, drawings and other games of chance fund-raisers to promote their operations. The proposed bill has brought an uprising from commercial stations. If the state allows the games of chance for the public radio stations, then the state will compete unfairly with private enterprise. The state's practice of subsidizing public radio already is questionable. Government was designed to provide unaffordable or unavailable services to the public, not compete with local commercial businesses. If state law was changed to allow privately owned radio and TV stations to conduct lotteries also, then there would be no complaint about fairness.

If news media is going to be allowed to participate in games of chance promotion, then all business should be treated equally. The state should make its law coincide with federal law. Let public and commercial radio and TV, newspapers and other commercial enterprises use such fund-raising promotions and advertise them. Then a radio or TV station, newspaper, supermarket, clothing store or other businesses could have drawings, advertise them and receive the subsequent increase in business.

Businesses designed strictly for gambling or which receive the majority of their income as a result of gambling should remain exempt from profiting from such state legislation as they are under the new federal law.

Making state law consistent with the new federal law is the most reasonable approach.

HB 587



Alaska Juneau
Communications, Inc.

May 3, 1990

Honorable Richard "Dick" Eliason
State Senator
Pouch V
Juneau, Alaska 99811

Dear Senator ^{DEK} Eliason:

As you are aware, Alaska's commercial broadcasters continue to have grave concerns relating to HB-587 relating to charitable gaming.

I have enclosed comments I believe will answer various questions raised at the Senate Labor and Commerce Committee hearing yesterday afternoon.

I would appreciate your reading my comments to this important legislation now being heard in your Committee.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis W. Egan', is written over the typed name.

Dennis W. Egan
President & GM



COMMENTS OF Dennis Egan RELATING TO THE MARK-UP OF CS FOR HB 587

There are two issues in HB 587. The first is the question of whether or not the State should provide the Department of Commerce and Economic Development with the authority to issue a gaming permit to the Alaska Public Radio Network (both radio and TV--24 locations) so that they might conduct on-air gaming for purposes of raising funds. This is a major policy issue.

The second issue involving the promotion (advertising) of gaming events (bingo, raffles, ice pools, etc.) is totally unrelated to the major policy question of gambling on the public broadcast network. It is not only totally unrelated but it is an issue which is founded on concerns which are both unjustified and unfair.

The advertising issue came about because of the adoption of the Federal Charitable Advertising and Clarification Act of 1988. Unless a State chose to modify the rights extended under the change, on May 7 commercial broadcasters will have limited authority to promote---either through paid advertisements or public service announcements---gaming events sponsored by non-profit organizations. The State of Alaska had 18 months to respond to this change in Federal law and the Department of Commerce and Economic Development chose not to express their concerns until the past few weeks. Moreover, and it is clear from remarks made by the administration during deliberations in the House, they did not even understand the nature of the changes authorized by the Mass Media Bureau of the Federal Communications Commission. The administration and the sponsor of this bill were concerned that:

1. businesses which operate gaming on behalf of charities would begin an enormous advertising effort on commercial broadcast stations and charge those costs to their overhead, thereby decreasing the amount actually remitted to the charity, or
2. the charities holding the gaming permits would be forced, under their contracts with operators, to initiate advertising campaigns to increase the gross revenues and subsequently the profits of the gaming operators, or
3. charities would devote a larger portion of their program funds to advertising as the result of advertising wars with other charities, or
4. increased advertising or public service announcements for

charitable gaming would cause people to spend their money on a raffle ticket instead of food for their children, etc.

The facts in relation to these 4 concerns are:

1. The Enforcement Division of the Mass Media Bureau of the Federal Communications Commission has made it very clear that

a. persons may not conduct a charitable gaming activity on a commercial broadcast station

b. operators of games may not advertise or profit from advertising conducted by permit holders.

2. Charities and non-profits who program a certain amount of their program funds for the advertising of fund raising events involving prizes for participants do so by purchasing ads through the print media. If the notion of advertising wars of charities spending themselves into financial ruin through grand expenditures on advertising were a real problem we would have seen this over the years in newspaper advertising. When was the last time you saw a 4 page full color supplement for a raffle conducted by the American Cancer Society or a \$25,000 sign advertising bingo tonight at the Alaska Native Brotherhood hall?

3. There is absolutely no justification for the blatantly discriminatory suggestion that holders of non-profit gaming permits be allowed to advertise in one medium and not another.

4. Finally, we have the matter of whether or not people should spend their money on games of chance conducted by non-profit organizations. How politically schizophrenic can we get? On the one hand we have the State of Alaska issuing permits for everything from the Nenana Ice Classic to church raffles. On the other we appear to be fearful that people will become aware of those sanctioned activities and actually participate. And, as a final irony, we are apparently encouraging public broadcasters, a broadcasting effort supported in part, to conduct games of chance on the airwaves, games which involve financial gain to the winners.

Senator, as a commercial broadcaster I would strongly recommend that you amend this bill so that it focuses on the basic request of APRN to conduct gaming, and remove the unjustified interference with the private sector so that commercial broadcasters can conduct their business under the stringent supervision of the Federal Communications Commission.

Alaska State Legislature
House of Representatives



May 2, 1990

Labor and Commerce Committee

M E M O R A N D U M

To: Senator Dick Eliason, Chair
Senate Labor and Commerce Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: HB 587 - Advertising of gaming activities over electronic media

The House labor and Commerce Committee sponsored HB 587 in response to a change in federal law that becomes effective May 7.

The federal Gaming Advertising Clarification Act modifies a long standing prohibition against advertising and promoting gambling activities over the airways. The operative word is modify. The Act does not lift the prohibition altogether. In fact, there is substantial confusion over what the Act does and does not allow, a situation exacerbated by the lack of notice to the state and the absence of a statutory or regulatory framework to address the issue of advertising through electronic media.

HB 587 establishes a moratorium on advertising charitable gaming activities on commercial stations until October 1, 1990 and requires the Department of Commerce and Economic Development to conduct statewide public hearings to develop regulations governing the conduct of such activities. Further, HB 587 authorizes the DCED to permit noncommercial stations to conduct games under their own gaming permits on their own stations, so long as such gaming is permitted under existing statutes.

The impact of electronic media advertising of gambling activities is largely unknown and the House Labor and Commerce Committee felt it was imperative that the legislature, the department, gaming permittees, and the public have the opportunity to participate in the decision as to whether, and under what circumstances, such use of charitable gaming proceeds should be allowed.

HB 587 does not seek to limit what commercial broadcasters can do, not does it suggest that there is a peculiar evil in advertising gambling activities over the airways. The Committee's primary concern in sponsoring HB 587 is to allow a window of opportunity for Alaskans to aid in developing the state's policy toward advertising and authorized expenditures of charitable gaming proceeds.

In assessing the importance of HB 587 to Alaska's charitable gaming community, I urge the Committee to review the enclosed 1989 Charitable Gaming Annual Report. The report clearly illustrates an alarming trend in authorized gaming activities in the state: the percentage of gaming proceeds going to the permittees has steadily declined in spite of an overwhelming increase in gross receipts and gaming activity. It is clear that the vast majority of the money generated by charitable gaming activity in the state is going into the pockets of private, for-profit entities, rather than non-profit social, religious, and educational organizations as is intended by law.

One of the ways that gaming proceeds are bled away from the permittees is through "authorized expenses" including advertising. A report from one of Alaska's largest charitable gaming operators shows that virtually the same percent of proceeds went to advertising as went to their permittees. Until Alaska's charitable gaming community has had the opportunity to be heard on the issue, it seems ill advised to substantially expand the scope and cost of advertising. HB 587 seeks to give Alaskans that opportunity.

100TH CONGRESS
2D SESSION

H. R. 3146

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, MAY 18), 1988

Received; read twice and referred to the Committee on the Judiciary

AN ACT

To clarify certain restrictions on distribution of advertisements and other information concerning lotteries and similar activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Lottery Advertising Clar-
5 ification Act of 1988".

TITLE 18—CRIMES AND CRIMINAL PROCEDURE

PART I—CRIMES

CHAPTER 61—LOTTERIES

(§§ 1301-1307)

Sec.

1304. Broadcasting lottery information.

1307. State-conducted lotteries.

§ 1304. Broadcasting lottery information

Whoever broadcasts by means of any radio station for which a license is required by any law of the United States, or whoever, operating any such station, knowingly permits the broadcasting of, any advertisement of or information concerning any lottery, gift, enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any list of the prizes drawn or awarded by means of any such lottery, gift, enterprise, or scheme, whether said list contains any part or all of such prizes, shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

Each day's broadcasting shall constitute a separate offense.³

§ 1307. State-conducted lotteries

(a) The provisions of sections 1301, 1302, 1303, and 1304 shall not apply to an advertisement, list of prizes, or information concerning a lottery conducted by a State acting under the authority of State law—

(1) contained in a newspaper published in that State, or

(2) broadcast by a radio or television station licensed to a location in that State or an adjacent State which conducts such a lottery.

(b) The provisions of sections 1301, 1302, and 1303 shall not apply to the transportation or mailing—

(1) to addresses within a State of equipment, tickets, or material concerning a lottery which is conducted by that State acting under the authority of State law; or

(2) to an address within a foreign country of equipment, tickets, or material designed to be used within that foreign country in a lottery which is authorized by the law of that foreign country.⁴

(c) For the purposes of this section (1) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States; and (2) "foreign country" means any empire, country, dominion,

³ June 23, 1948, ch. 345, 62 Stat. 762.

⁴ Section 1307(b) was amended by Public Law 96-90, 93 Stat. 698, Oct. 23, 1979. The subsection formerly read as follows:

(b) The provisions of sections 1301, 1302, and 1303 shall not apply to the transportation or mailing to addresses within a State of tickets and other material concerning a lottery conducted by that State acting under authority of State law.

colony, or protectorate, or any subdivision thereof (other than the United States, its territories or possessions).⁶

(d) For the purposes of this section "lottery" means the pooling of proceeds derived from the sale of tickets or chances and allotting those proceeds or parts thereof by chance to one or more chance takers or tickets purchasers. "Lottery" does not include the placing or accepting of bets or wagers on sporting events or contests.⁶

CHAPTER 63—MAIL FRAUD

(§§ 1841-1848)

Sec.

1848. Fraud by wire, radio, or television.

§ 1848. Fraud by wire, radio, or television⁷

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined not more than \$1,000 or imprisoned not more than five years, or both.

SEC. 362. INTERFERENCE WITH THE OPERATION OF A SATELLITE.^{7a}

(a) OFFENSE.—Chapter 65 of title 18, United States Code, is amended by inserting at the end the following:

"§ 1867. Interference with the operation of a satellite

"(a) Whoever, without the authority of the satellite operator, intentionally or maliciously interferes with the authorized operation of a communications or weather satellite or obstructs or hinders any satellite transmission shall be fined in accordance with this title or imprisoned not more than ten years or both.

"(b) This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of a law enforcement agency or of an intelligence agency of the United States."

CHAPTER 71—OBSCENITY

(§§ 1461-1465)

Sec.

1464. Broadcast obscene language.

⁶ Section 1807(a) was amended by Public Law 96-90, 93 Stat. 698, Oct. 23, 1979. The subsection formerly read as follows:

(c) For the purposes of this section "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

⁷ Added Jan. 2, 1975, 88 Stat. 918.

^{7a} Added July 16, 1962, Ch. 879, sec. 18(a), 66 Stat. 722, and amended July 11, 1968, Ch. 571, 82 Stat. 1771.

-1 SEC. 2. AMENDMENTS RELATING TO IMPORTATION, TRANS-
2 PORTATION, MAILING, AND BROADCAST OF AD-
3 VERTISEMENTS FOR LEGAL LOTTERIES AND
4 SIMILAR ENTERPRISES OFFERING PRIZES DE-
5 PENDENT ON CHANCE.

6 (a) AMENDMENT TO TITLE 18, UNITED STATES
7 CODE.—Subsection (a) of section 1807 of title 18, United
8 States Code, is amended by striking out “conducted by” and
9 all that follows through the end of the subsection and insert-
10 ing in lieu thereof “, gift enterprise, or similar scheme offer-
11 ing prizes dependent in whole or in part upon lot or chance, if .
12 the lottery, gift enterprise, or similar scheme is authorized or
13 not otherwise prohibited by the State in which it is conduct-
14 ed. In a case in which such a prohibition by a State would
15 not apply to Indian country located in that State, the provi-
16 sions of section 1804 of this title shall apply with respect to
17 such Indian country. This subsection shall not apply with re-
18 spect to any casino gambling game conducted or operated by
19 a gambling establishment. For purposes of the preceding sen-
20 tence—

21 “(1) the term ‘casino gambling game’ means rou-
22 lette, blackjack, craps, slot machines, and any similar
23 game of chance or device which is played for money or
24 other thing of value; and

25 “(2) the term ‘gambling establishment’ means an
26 establishment which is engaged in for profit and is op-

1 - erated primarily for the purpose of gaming or gam-
2 bling, including accepting, recording, or registering
3 bets for money or other thing of value.”.

4 (b) AMENDMENT TO TITLE 39, UNITED STATES
5 CODE.—Section 3005(d) of title 39, United States Code, is
6 amended—

7 (1) in clause (1) by striking out “a newspaper”
8 and all that follows through “such a lottery,” and in-
9 serting in lieu thereof “(A) an advertisement, list of
10 prizes, or information concerning a lottery, gift enter-
11 prise, or scheme for the distribution of money or of real
12 or personal property, by lottery, chance, or drawing of
13 any kind, if the lottery, gift enterprise, or scheme is
14 authorized or not otherwise prohibited by the State in
15 which it is conducted, except that this subparagraph
16 shall not apply with respect to any casino gambling
17 game conducted or operated by a gambling establish-
18 ment, or (B) a newspaper of general circulation con-
19 taining an advertisement, list of prizes, or information
20 referred to in subparagraph (A),”; and

21 (2) by adding at the end thereof the following:
22 “For purposes of paragraph (1)(A), the term ‘casino
23 gambling game’ means roulette, blackjack, craps, slot
24 machines, and any similar game of chance or device
25 which is played for money or other thing of value, and

1 the term 'gambling establishment' means an establish-
2 ment which is engaged in for profit and is operated pri-
3 marily for the purpose of gaming or gambling, includ-
4 ing accepting, recording, or registering bets for money
5 or other thing of value."

6 SEC. 3. TECHNICAL AMENDMENTS.

7 (a) AMENDMENTS TO TITLE 18, UNITED STATES
8 CODE.—Chapter 61 of title 18, United States Code, is
9 amended as follows:

10 (1) The section heading of section 1307 is amend-
11 ed to read as follows:

12 "§ 1307. Exceptions relating to certain advertisements and
13 other information and to State-conducted lot-
14 teries".

15 (2) The item relating to section 1307 in the table
16 of sections at the beginning of chapter 61 is amended
17 to read as follows:

"Sec. 1307. Exceptions relating to certain advertisements and other information and
to State-conducted lotteries."

18 (3) Subsection (d) of section 1307 is amended by
19 inserting after "purposes of" the following: "subsection
20 (b) of".

21 (4) The first sentence of section 1304 is amended
22 by inserting after "radio" the following: "or televi-
23 sion".

1 (b) AMENDMENT TO TITLE 39, UNITED STATES
2 CODE.—Subsection (d)(2) of section 3005 of title 39, United
3 States Code, is amended by striking out “such a lottery” and
4 inserting in lieu thereof “a lottery conducted by a State
5 acting under authority of State law.”.

6 SEC. 4. SEVERABILITY.

7 If any provision of this Act or the amendments made by
8 this Act, or the application of such provision to any person or
9 circumstance, is held invalid, the remainder of this Act and
10 the amendments made by this Act, and the application of
11 such provision to other persons not similarly situated or to
12 other circumstances, shall not be affected by such invali-
13 dation.

14 SEC. 5. EFFECTIVE DATE.

15 The amendments made by this Act shall take effect 18
16 months after the date of the enactment of this Act.

Passed the House of Representatives May 25, 1988.

Attest: DONNARD K. ANDERSON,
Clerk.

H-3587

18 § 1306

chase, but only from stores handling the sponsor's products, did not constitute a "lottery" within this section prohibiting broadcasting of lottery information. *Caples Co. v. U.S.*, 1957, 243 F.2d 232, 100 U.S.App.D.C. 126.

7. State-run lotteries

See, also, *Notes of Decisions under section 1307 of this title.*

In suit seeking a declaration that provision of this section prohibiting licensed radio stations from broadcasting any advertisement or information concerning any lottery is inapplicable to lawful state-run lotteries, since Congress, subsequent to the briefing and argument of the case but prior to its decision, added section 1307 of this title, providing that it "shall not apply to an advertisement, list of prizes, or information concerning a lottery, conducted by a State acting under the authority of state law . . . broadcast by a radio or television station licensed to a location in that state or an adjacent State which conducts such a lottery," the case would be remanded to consider whether it had been rendered moot. *U.S. v. New Jersey State Lottery Commission*, N.J. 1975, 95 S.Ct. 941, 420 U.S. 71, 43 L.Ed.2d 260.

Provision of this section prohibiting broadcasting of information concerning lotteries and Federal Communications Commission regulations promulgated under this section apply to legal state-conducted lotteries as well to lotteries conducted in violation of state law. *New York State Broadcasters Ass'n v. U.S.*, C.A.N.Y. 1969, 414 F.2d 990, certiorari denied 90 S.Ct. 752, 396 U.S. 1061, 24 L.Ed.2d 755.

Jurisdiction

State court did not have jurisdiction to enjoin TV-Bingo scheme, even if it constituted a lottery under state statute, as Congress preempted field of regulating broadcast of lotteries over TV. *State v. Socony Oil Co.*, Tex.Civ.App. 1964, 386 S.W.2d 169.

Declaratory rulings

Radio and television broadcasters were entitled to declaratory ruling by Federal Communications Commission as to whether specific types of broadcasts would violate this section. *New York State Broadcasters Ass'n v. U.S.*, C.A.N.Y. 1969, 414 F.2d 990, certiorari denied 90 S.Ct. 752, 396 U.S. 1061, 24 L.Ed.2d 755.

Questions for court

Authority of enforcing this section prohibiting broadcasting of lottery information when

such prohibition runs contrary to state efforts to experiment with lottery as alternate device for raising revenue is for Congress and not for court to resolve. *New York State Broadcasters Ass'n v. U.S.*, C.A.N.Y. 1969, 414 F.2d 990, certiorari denied 90 S.Ct. 752, 396 U.S. 1061, 24 L.Ed.2d 755.

The Federal Communications Commission's opinion on whether radio and television "giveaway" programs constitute lotteries, although entitled to respect, is not authoritative, the question involved being one of law and peculiarly within the province of the courts. *American Broadcasting Co. v. U.S.*, D.C.N.Y. 1953, 110 F.Supp. 374, affirmed 74 S.Ct. 593, 347 U.S. 284, 98 L.Ed. 699.

18 USC

§ 1305. Fishing contests

The provisions of this chapter shall not apply with respect to any fishing contest not conducted for profit wherein prizes are awarded for the specie, size, weight, or quality of fish caught by contestants in any bona fide fishing or recreational event.

(Added Aug. 16, 1950, c. 722, § 1, 64 Stat. 451.)

Historical Note

Legislative History. For legislative history and purpose of Act Aug. 16, 1950, see 1950 U.S.Code Cong.Service, p. 3010.

Library References

Lotteries — 3.
C.J.S. Lotteries §§ 1-10.

§ 1306. Participation by financial institutions

Whoever knowingly violates section 5136A of the Revised Statutes of the United States, section 9A of the Federal Reserve Act, section 20 of the Federal Deposit Insurance Act, or section 410 of the National Housing Act shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

(Added Pub.L. 90-203, § 5(a), Dec. 15, 1967, 81 Stat. 611.)

Historical Note

References in Text. Section 5136A of the Revised Statutes of the United States, referred to in text, is classified to section 25a of Title 12, Banks and Banking.

Section 9A of the Federal Reserve Act, referred to in text, is classified to section 339 of Title 12.

Section 20 of the Federal Deposit Insurance Act, referred to in text, is classified to section 1829a of Title 12.

Section 410 of the National Housing Act, referred to in the text, is classified to section 1730c of Title 12.

Effective Date. Section effective Apr. 1, 1968, see section 6 of Pub.L. 90-203, set out

preempts state

STATE OF ALASKA
THE LEGISLATURE

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JUNEAU, ALASKA 99811
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HB 587
House Labor & Commerce

4/24/90

ROBERT C. BYRD, WEST VIRGINIA, CHAIRMAN

DANIEL K. INOUE, HAWAII
ERNEST F. MOLLINGS, SOUTH CAROLINA
J. BENNETT JOHNSTON, LOUISIANA
QUENTIN M. BURDICK, NORTH DAKOTA
PATRICK J. LEAHY, VERMONT
JIM SASSER, TENNESSEE
DENNIS D'ACONCHI, ARIZONA
DALE BUMPERS, ARKANSAS
FRANK R. LAUTENBERG, NEW JERSEY
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J. ROBERT KERREY, NEBRASKA

MARK O. HATFIELD, OREGON
TED STEVENS, ALASKA
JAMES A. MCCLURE, IDAHO
JAKE GARN, UTAH
THAD COCHRAN, MISSISSIPPI
ROBERT W. KASTEN, JR., WISCONSIN
ALFONSE M. D'AMATO, NEW YORK
WARREN RUDMAN, NEW HAMPSHIRE
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO
CHARLES E. GRASSLEY, IOWA
DON NICKLES, OKLAHOMA
PHIL GRAMM, TEXAS

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

JAMES H. ENGLISH, STAFF DIRECTOR
J. KEITH KENNEDY, MINORITY STAFF DIRECTOR

March 28, 1990

Diane Kaplan
Alaska Public Radio Network
4640 Old Seward Highway
Suite 202
Anchorage, Alaska 99503

Dear Diane:

I understand that the Alaska Public Radio Network has submitted a permit application to conduct a broadcast lottery game in Alaska. Public broadcasting deserves more support and needs additional funding.

Fundraising activities have the potential to help APRN establish an endowment to support public broadcasting over the long term. Such an endowment will assure improved access to public broadcasting services for years to come -- and at no additional public expense.

The importance of public broadcasting to Alaska can't be understated. Public broadcasting needs support from many sources, and this includes innovative approaches to fundraising.

With best wishes,

Cordially,


TED STEVENS

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802320

January 13, 1989

BY TELECOPIER

Ms. Diane Kaplan
General Manager
Alaska Public Radio Network
4640 Old Seward Highway
Suite 202
Anchorage, Alaska 99503

Re: Amendments to Federal Statutes Regulating
the Broadcast of Lottery Information

Dear Diane:

At your request, I am writing to confirm our previous discussions regarding the impact of the 1988 amendments to Sections 1304 and 1307 of the Federal Criminal Code, 18 U.S.C. §§ 1304, 1307. As you know, those provisions prohibited the broadcast of any information promoting lotteries (or other forms of gambling) save for certain narrow exceptions. The 1988 amendments substantially expanded on those exceptions in a way that should enable APRN to conduct certain over-the-air lotteries for fund-raising purposes.

As is germane to APRN, the amended statute permits the broadcast of information promoting a lottery which is conducted in accordance with state law (or is not otherwise prohibited by state law) so long as the lottery is being conducted by (and the proceeds are for the benefit of) a non-profit organization, the non-profit status of which is recognized by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. Assuming that APRN qualifies for such non-profit status and, further, that its conduct complies with relevant state law, APRN should be able to engage in the sort of over-the-air fund-raising activity that I understand is being contemplated: i.e., selling "game cards" (possibly bingo or some other type of lottery game) at retail outlets (the proceeds from such sales going to APRN) which listeners will then use to play periodic (e.g., once per week) games that will be broadcast live over the network, with some accurate and secure method of ensuring that there is only

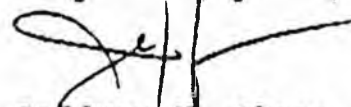
Ms. Diane Kaplan
January 13, 1989
Page 2

one winner per game and that such winner can be readily identified.

One caveat must be mentioned regarding the above. The relevant amendments do not become effective until the spring of 1990, eighteen months after the legislation adopting the amendment in question was signed by the President. Thus, APRN must wait until then before initiating this service.

If you need anything further, please call.

Very truly yours,



Jeffrey H. Olson

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A Memo To Our Clients . . .

March 15, 1990

LIBERALIZED LOTTERY RULES BECOME EFFECTIVE SHORTLY

May 7, 1990 is the effective date for the Charity Laws Advertising Clarification Act of 1988. This legislation will significantly relax the prohibition against broadcasts involving lotteries (see our memo of May 22, 1989). At present, the Federal criminal code and related Commission regulations prohibit the broadcast of lotteries or of advertising or information concerning lotteries except for broadcasts involving certain types of fishing contests and lotteries conducted by the State in which the broadcasting station is licensed or in an adjoining state.

The Act will significantly broaden the current exceptions to the lottery ban. It will permit advertising or broadcast of other information concerning lotteries conducted by any state as long as the station is licensed in a state that conducts a lottery. The revised exemption will also allow broadcasters to air advertisements and other information concerning "a lottery, gift enterprise, or similar scheme" conducted by a governmental or not-for-profit organization or conducted as a promotional activity by a commercial organization as long as that promotion is "clearly occasional and ancillary to the primary business" of the commercial organization. You should note that current restrictions concerning on-air fund-raising for unrelated non-profit organizations will continue to apply in the lottery context.

SUMMARY: The Charity Games Advertising Clarification Act will relax the Federal ban on broadcasts involving lotteries. The Act will generally permit broadcasters, where allowed by State law, to air lotteries or information concerning lotteries conducted by any State, by non-profit and governmental organizations and by commercial organizations on a clearly occasional and ancillary basis.

EFFECTIVE DATE: May 7, 1990.

#2034-AP

The only requirement related to advertising a lottery conducted by a commercial entity is that the lottery must be "conducted as a promotional activity" and that the activity must be "clearly ancillary to the primary business of that entity." This prerequisite was apparently included to prevent companies from springing up whose only business would be to conduct lotteries and similar "contests."

As a result, the business opportunities created for broadcasters are enormous. Some examples of such opportunities are:

- o ~~Traditional tie-in businesses, including record stores, stereo equipment~~ retailers, television and videocassette merchants and video rental stores will be able to conduct "lotteries," with products they feature as prizes. Such contests will promote both their business as a whole, as well as the particular product. Such additional advertising could be expanded by a station doing live remote broadcasts from the advertiser's location as well as the usual spots.
- o Virtually all other commercial entities which sell a product or a service will be able to conduct "lotteries," with their products as prizes, to promote their business. Some of the more lucrative types of businesses include auto dealers, major appliance retailers, furniture outlets, computer equipment dealers, restaurants, clothing stores and the retail grocery industry. Creative thinking and aggressive marketing by broadcasters can open the entire range of business to engage in the conducting of lotteries, using broadcast stations to promote them.
- o In the case of both non-profit and commercial entities, broadcasters can use their on-air personnel, equipment and physical facilities to offer a service to ~~actually conduct lotteries and similar events.~~ Many broadcast operations already have subsidiaries in existence which offer the services of disc jockeys and announcers for various events. Such subsidiaries could be used to market these new "lottery" services as well.
- o Generally, broadcasters should expect to see increased advertising revenues as a result of the new law, as more and more entities create lotteries and similar events. The creation and conduct of lotteries will be worth researching and could be used as an additional marketing device, as well as a new service to sell.

Congress also passed the "Indian Gaming Regulatory Act," which allows broadcasters, in most cases, to advertise Indian "bingo" and certain card games. The rules and definitions in the Indian Gaming law are rather complex, but the law still offers a

*State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Games of Chance and Skill Section*

1989 Charitable Gaming Annual Report

**This report is compiled as required by
Alaska Statute 05.15.090**

**Larry Mercurieff
Commissioner**

April 20, 1990

ALASKA

**DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING**

1989 CHARITABLE GAMING ANNUAL REPORT

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THE YEAR IN REVIEW

The Alaska Gaming Reform Act of 1988 (HB 299, Chapter 99, SLA 1988) took effect on September 2, 1988. The state's games of chance and contests of skill program has undergone major changes since that date. Many of the issues that were addressed in the Reform Act are still being dealt with by the present administrators of the program.

During the period of September 2, 1988 to June 30, 1989, many provisions of the new law were not fully implemented or, more importantly, enforced. This may partially be explained by the fact that the Department of Revenue was transferring administration of the program to the Department of Commerce and Economic Development, Division of Occupational Licensing, on July 1, 1989. The transfer was accomplished under Executive Order No. 74.

Since transfer of the gaming program, the Division of Occupational Licensing -- responding to numerous industry complaints and a very large increase in gaming activity within the state -- has taken an active role in administration of the program. Regulations affecting the ability of the division to effectively enforce the law were drafted and public hearings were held statewide. These regulations are presently in the Attorney General's office undergoing final review prior to implementation.

Additional staff have been hired: a manager for the Gaming Program (authorized in the FY 90 budget) and a receptionist. The division opened a Fairbanks field office and transferred an investigator previously housed in Juneau to that office; the new (part-time) receptionist is also located in Fairbanks. The division now has offices in Anchorage, Juneau, and Fairbanks to serve both the gaming industry and the public.

Charitable gaming in Alaska has moved out of the bingo halls and into many retail and eating establishments and bars in almost every community in the state. The proliferation of pull-tab sales since the adoption of the Reform Act has had a marked impact on many of these communities. It is the intent of the division to fund a study to more accurately determine the social and economic characteristics of those actively involved as consumers of gaming activities and to assess community impacts.

From the outset of transfer of the program to this department, it was apparent that many persons not licensed as operators were nevertheless conducting gaming activities on behalf of organizations holding valid gaming permits (hereinafter "permittees"). The result of this illegal activity has been difficult to measure due to the lack of proper accountability and reporting by the unlicensed operators. We are aware, however, of at least one bingo hall operation run by an unlicensed individual which closed its doors late last fall having failed for over six months to remit any gaming proceeds to many of the organizations lending their permit to the unlicensed operation.

The division has utilized staff from its other licensing areas to aid the gaming staff in organizing and managing the program and its work load. The division has fully automated the program, including development of a data base which was used to produce the statistical data provided in this report. This is the first comprehensive capturing of the annual financial statements filed by permittees. Because the 1988 data was not complete when last year's report to the Legislature was filed, the division has included both final 1988 financial statement data as well as all the data from the 1989 financial statements received through April 15, 1990.

FY 90 gaming revenue from (a) gaming licensing fees, (b) the 3% pull-tab assessment, and (c) the 1% net proceeds fee presently totals \$1.26 million. We estimate total gaming revenue for FY 90 to reach \$1.5 million, with less than one-third of those funds appropriated to administration of the program itself. The remaining \$1.0 million is available to the general fund.

MAJOR CHARITABLE GAMING ISSUES

Below is a listing of a number of the current major issues identified by the division pertaining to charitable gaming in Alaska. It is by no means an exhaustive list.

1. Statutory amendments and/or comprehensive regulations are needed to address the following issues:
 - A. Vendor (third party) sales of pull-tabs.
 - B. Advertising and conduct of gaming activities on the airwaves.

- C. Licensing of out-of-state manufacturers.
 - D. Reduction of the operator bonding requirement, or enactment of a surety fund to protect permittees.
2. Increased gaming staff is needed to provide training for permittees and to further insure compliance with gaming statutes and regulations.
 3. A comprehensive review of the criteria for establishing the eligibility of an organization to qualify for a gaming permit is needed to determine whether all presently licensed permittees are truly "qualified" organizations and whether the existing statutory language is too broad or needs clarification. We are also concerned that permits have been issued to organizations that do not meet existing criteria.
 4. There must be a thorough review of the use of gaming-derived proceeds by permittees and operators. Some questions to consider:
 - a. Are only authorized, bona fide, and reasonably necessary fees and expenses being deducted from proceeds by operators and vendors? Given the present 1989 gaming data, we are concerned, despite the obvious growth in gaming activity, that permittees are receiving a smaller percentage of the charitable gaming dollars spent in the state.
 - b. Are net proceeds going to permittees being properly used by the permittee to benefit persons within that permittee's local community and are the funds expended for legitimate uses? Given the growth of gaming fund-raising occurring statewide through vendor and operator sales, how do we determine proper "local" expenditures by permittees?

LICENSED OPERATORS

Under the Alaska Gaming Reform Act, AS 05.15.100 was amended by adding a new subsection authorizing the department to issue operator licenses to natural persons, qualified organizations, or municipalities to conduct charitable gaming activities on behalf of authorized permittees. Licenses are effective for a calendar year.

The state issued seven (7) operator licenses in 1988 and twelve (12) licenses in 1989. Operator-conducted gaming activity now accounts for almost 50% of the total gross for charitable gaming.

As of April 15, 1990, the department had received nineteen (19) applications and has issued fifteen (15) operator licenses for 1990. The increase is directly attributable to the division's enforcement of the Reform Act's operator licensing requirements.

Operator Statistics

These statistics reflect the gaming activity conducted by licensed operators on behalf of permittees:

	<u>1988*</u>	<u>1989*</u>
Gross Income	\$20,584,176	\$53,583,880
Prizes Awarded	[16,757,968]	[41,409,338]
AGI (Adjusted Gross Income**)	3,826,208	12,174,542
Operator Fees and Expenses	[3,156,570]	[10,617,760]
Total Net Proceeds to Permittees from Operators	<u>\$ 675,393</u>	<u>\$2,497,075</u>
Percentage of AGI Paid to Permittees	18%	21%
Net Proceeds as a Percentage of the Gross	3%	5%

*These figures are based on unaudited permittee reports; therefore, the gross receipts minus the prizes awarded and operator fees and expenses do not balance to the reported permittee net proceeds.

**The Adjusted Gross Income (AGI) is defined as gross income less prizes awarded and any state, federal or municipal taxes paid or owed on the income.

PULL-TAB DISTRIBUTORS

Under the Alaska Gaming Reform Act, AS 05.15 was amended by adding a new section, AS 05.15.184, authorizing the department to issue pull-tab distributor licenses to persons distributing pull-tabs to permittees. The section also requires pull-tabs to be distributed from a location in Alaska only. Licenses are effective for a calendar year.

The department issued 15 pull-tab distributor licenses in 1988 and 23 licenses in 1989. Licensed pull-tab distributors were located in the following cities:

	<u>1988</u>	<u>1989</u>	<u>1990</u> (as of 4/15/90)
Anchorage	7	12	12
Cordova	1	1	1
Fairbanks	4	5	4
Juneau	1	1	1
Ketchikan	1	1	1
Nome	0	1	1
Sitka	0	1	1
Wasilla	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>15</u>	<u>23</u>	<u>22</u>

PERMITTEES

The following is a breakdown of charitable gaming permits issued to qualified organizations and municipalities under AS 05.15.020 for the last ten years:

<u>Year</u>	<u>Number of Permits</u>
1979	564
1980	578
1981	622
1982	703
1983	779
1984	763
1985	788
1986	1,011
1987	1,040
1988	1,026
1989	1,042
1990 (as of 04/15/90)	425

COMPLIANCE

The division has opened a total of 32 investigations since January 1, 1990. These range from counterfeit pull-tabs to potential embezzlement. Seventeen (17) notices of violations have been issued since January 1, 1990. These range from minor infractions to operating without licenses and permits.

The division has implemented a policy of requiring all 1989 annual financial statements to be filed prior to the issuance of a 1990 permit. This has resulted in many permit applications and financial statements being returned for additional documentation prior to a 1990 permit being issued. In past years, permits were automatically renewed and the annual financial reports were often either not filed or in substantial noncompliance. Holding the permit pending compliance has increased effective reporting and has enforced compliance with gaming laws and regulations.

We have completed three field audits of pull-tab distributors and will have audited all distributors by year's end. All operators will also be audited.

STATISTICAL DATA OVERVIEW

The data shows substantial growth in gross charitable gaming receipts but a reduction in net proceeds available to permittees:

	<u>1986</u>	<u>1987</u>	<u>1988*</u>	<u>1989*</u>
Gross Receipts	\$63,936,774	\$62,163,749	\$87,524,470	\$115,160,891
Prizes Awarded	[48,182,821]	[51,613,746]	[69,095,076]	[86,319,035]
Expenses and Taxes	<u>[7,096,773]</u>	<u>[6,358,015]</u>	<u>[10,982,399]</u>	<u>[16,554,602]</u>
Net Proceeds	<u>\$ 8,657,180</u>	<u>\$ 4,191,988</u>	<u>\$10,256,316</u>	<u>\$ 9,141,529</u>

Accompanying this report are additional tables and graphs providing further data regarding the state's gaming activities. The division will issue a final report once all 1989 financial statements have been received and a number of significant audits have been completed.

Questions regarding the information contained in this report should be addressed to John Hansen, Gaming Program Manager, or Randall Burns, Division Director.

 *Annual statements are unaudited, resulting in statistics based on reports as filed; therefore, gross receipts less prizes and taxes do not balance to total reported net proceeds.

CHARITABLE GAMING STATISTICS

- A. 1960 - 1989 Gaming Receipts, Expenses and Net Proceeds
- B. 1960 - 1989 Gross Receipts and Net Proceeds (Graph)
- C. 1975 - 1989 Gross Receipts and Net Proceeds (Graph)
- D. 1988 Reported Permittee Activity
- E. 1989 Reported Permittee Activity
- F. 1989 Reported Operator Activity
- G. 1989 Gross Receipts by Gaming Activity (Graph)
- H. 1989 Gross Receipts Distribution

Department of Commerce and Economic Development
 Division of Occupational Licensing
 Games of Chance and Skill Section

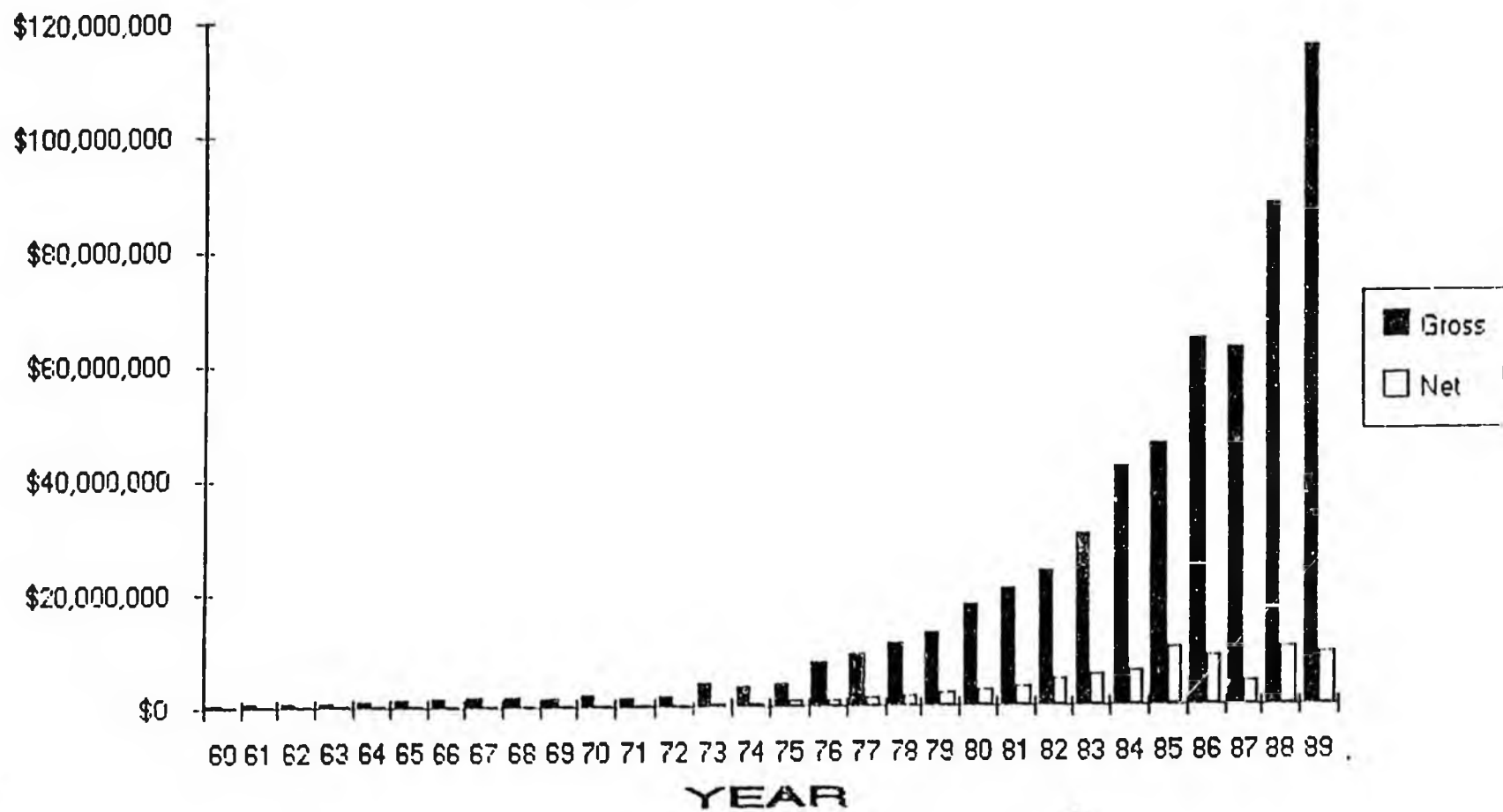
GAMING RECEIPTS, EXPENSES AND NET PROCEEDS
1960-1989

<u>YEAR</u>	<u>PERMITS ISSUED</u>	<u>GROSS RECEIPTS</u>	<u>PRIZES AND EXPENSES AND TAXES</u>	<u>NET PROCEEDS</u>
1960	162	\$ 649,793	\$ 553,440	\$ 96,363
1961	283	793,506	630,562	162,944
1962	284	734,619	599,550	135,069
1963	293	906,073	713,172	192,901
1964	333	1,035,506	861,949	173,637
1965	339	1,375,022	1,184,815	190,207
1966	386	1,516,289	1,253,442	262,847
1967	386	1,790,560	1,529,155	261,405
1968	406	1,970,723	1,654,935	315,788
1969	419	1,558,197	1,265,360	292,359
1970	394	2,101,408	1,716,170	385,238
1971	418	1,735,671	1,398,125	337,546
1972	457	1,928,404	1,621,008	307,396
1973	469	4,154,869	3,508,589	646,280
1974	505	3,318,427	2,838,173	480,254
1975	441	3,894,584	2,784,566	1,110,018
1976	443	7,477,337	6,400,297	1,077,040
1977	490	9,093,043	7,481,551	1,611,492
1978	550	11,046,034	9,214,874	1,831,160
1979	564	12,766,697	10,499,542	2,267,155
1980	578	17,641,692	14,828,135	2,813,557
1981	622	20,534,498	17,117,447	3,417,051
1982	703	23,644,716	18,844,032	4,800,684
1983	779	30,126,943	24,641,267	5,485,676
1984	763	41,666,994	35,744,570	5,922,424
1985	788	45,779,308	35,705,733	10,073,575

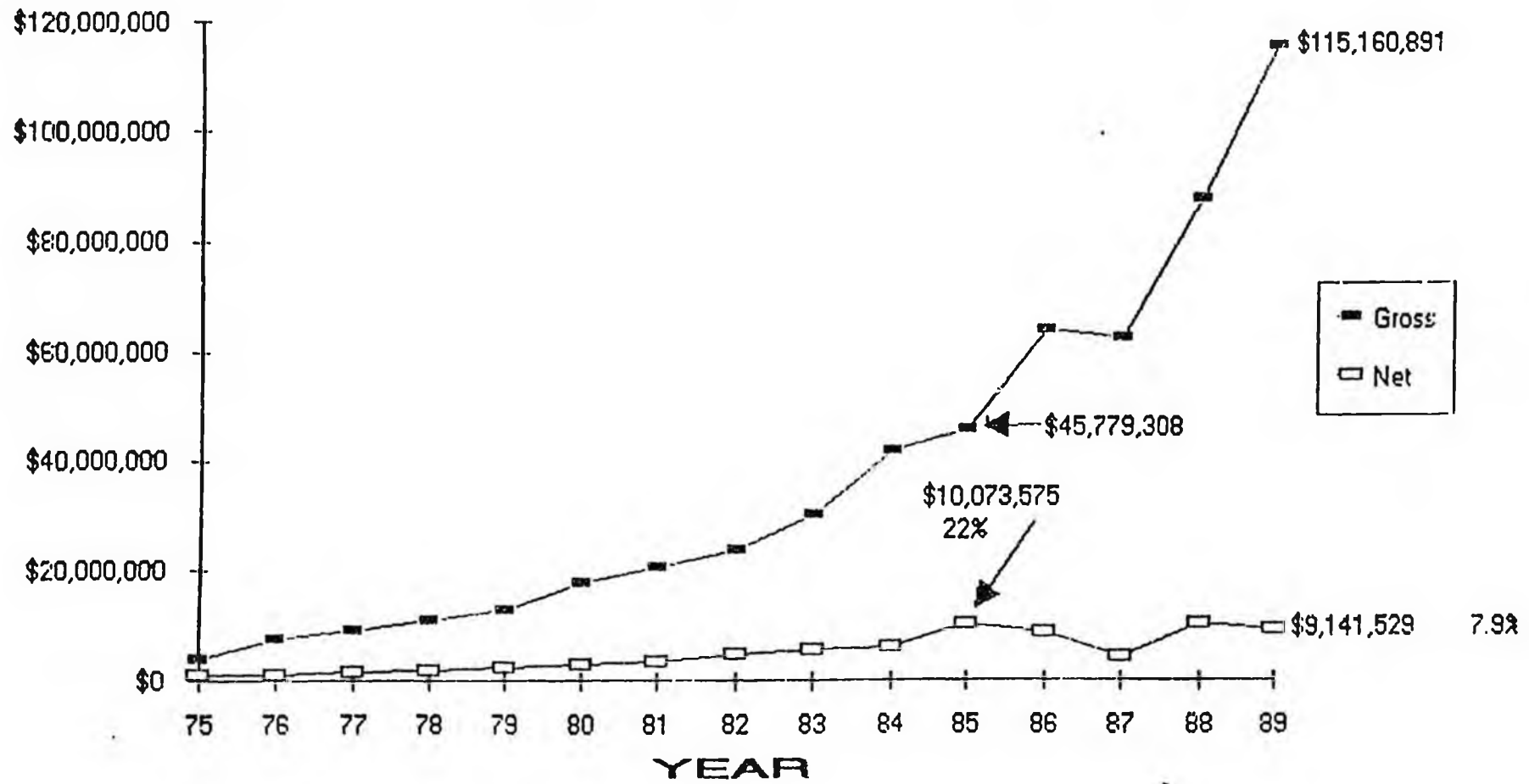
<u>YEAR</u>	<u>PERMITS ISSUED</u>	<u>GROSS RECEIPTS</u>	<u>PRIZES</u>	<u>EXPENSES AND TAXES</u>	<u>NET PROCEEDS</u>
1986	1,011	\$63,936,834	\$48,182,821	\$ 7,097,123	\$ 8,656,890
1987	1,040	62,163,749	51,613,746	6,358,015	4,191,988
1988*	1,026	87,524,470	69,095,076	10,957,143	10,256,316
1989*	1,042	115,160,891	86,319,035	16,564,602	9,141,529

*1988 and 1989 Annual Statements are unaudited, resulting in statistics based on reports as filed; therefore, the gross receipts minus prizes, expenses and taxes do not balance to reported permittee total net proceeds.

Annual Gross Receipts and Net Proceeds



Annual Gross Receipts and Net Proceeds



Department of Commerce and Economic Development
 Division of Occupational Licensing
 Games of Chance and Skill Section

PERMITTEE ACTIVITY
1988

Gross Receipts	\$87,524,470.81*	
Taxes	[25,256.00]	
Prizes Awarded	[69,095,076.45]	
Expenses	[<u>10,957,143.61</u>]	
Net Proceeds	<u>\$10,256,316.82</u>	
Percent Net Proceeds of Gross Receipts:		11.7%

Breakdown of Expenses:

Rent	\$1,497,446.88	Ticket Printing	\$ 72,645.88
Janitorial	273,710.64	Pull-Tab Purchase	1,463,966.43
Utilities	286,074.37	Bingo Supplies	200,748.42
Building Repair	176,354.00	Supplies	416,075.28
Building Depreciation	199,869.88	Other Printing	239,804.99
Building Insurance	159,432.89	Postage	34,333.39
Contract Services	1,145,639.45	Equipment Purchase	170,507.79
Accounting	81,980.00	Equipment Repairs	18,708.07
Wages	2,259,437.01	Non-Alcoholic	158,793.33
Payroll Taxes	193,346.52	Door Prizes	349,592.70
Prof. Services	0.00	Advertising	0.00
Permit Fees	23,881.87	From Operator (Expenses)	55,156.65
Pull-Tab Tax	128,622.49	Door Prizes	0.00
Other Expenses	1,270,288.87		

*All numbers are as reported by the permittees and may not balance.

Department of Commerce and Economic Development
 Division of Occupational Licensing
 Games of Chance and Skill Section

PERMITTEE ACTIVITY
1989

Gross Receipts	\$115,160,891.14*	
Taxes	[9,576.79]	
Prizes Awarded	[86,319,035.34]	
Expenses	[16,554,602.21]	
Net Proceeds	<u>\$ 9,141,529.23</u>	
Percent Net Proceeds is of Gross Receipts:		7.9%

Breakdown of Expenses:

Rent	\$1,754,230.04	Ticket Printing	\$ 70,707.84
Janitorial	261,565.71	Pull-Tab Purchase	2,009,454.14
Utilities	229,612.23	Bingo Supplies	241,414.39
Building Repair	166,461.89	Supplies	453,025.60
Building Depreciation	84,530.79	Other Printing	293,143.44
Building Insurance	113,563.50	Postage	57,108.41
Contract Services	2,404,351.07	Equipment Purchase	216,855.68
Accounting	510,277.68	Equipment Repairs	11,985.01
Wages	3,149,686.13	Non-Alcoholic	141,274.72
Payroll Taxes	477,694.52	Door Prizes	283,155.72
Prof. Services	0.00	Advertising	0.00
Permit Fees	81,581.38	From Operator (Expenses)	1,551,900.46
Pull-Tab Tax	592,738.53	Door Prizes	0.00
Other Expenses	1,552,887.74		

*All numbers are as reported by the permittees and may not balance.

Department of Commerce and Economic Development
 Division of Occupational Licensing
 Games of Chance and Skill Section

OPERATOR STATISTICS
 1989

These statistics reflect the gaming activities conducted by licensed operators on behalf of permittees for 1989.

<u>Name of Operator</u>	<u>Gross Receipts</u>	<u>Prizes Awarded</u>	<u>Adjusted Gross Income</u>	<u>Percent of Net Proceeds to AGI</u>	<u>Net Proceeds to Permittees</u>
Edward A. Dilley	\$ 9,521,662.67	\$ 7,730,977.46	\$ 2,150,685.21	15.79%	\$ 339,797.08
Jay H. Hunison	4,574,822.00	3,561,415.00	1,013,407.00	25.41%	257,583.36
Robert Thomas	7,084,200.00	3,854,898.00	3,229,302.00	18.26%	589,732.00
Sue Griffin	16,960,378.00	13,667,221.00	3,292,157.00	24.87%	818,768.00
Shizue Ruebel	243,443.00	200,378.50	43,064.50	37.31%	16,068.24
Dwight McBride	2,631,174.00	2,030,929.00	600,245.00	15.00%	90,038.00
Steve Cooper	424,661.50	319,820.51	104,840.99	9.56%*	10,032.73
Kenneth A. Dole	15,500.00	6,000.00	[9,500.00]	**	[10,602.13]
Joseph Nyquist	5,876,022.50	4,658,152.24	1,217,870.26	15.82%	192,715.56
John Bloomfield	1,761,047.00	1,310,602.00	450,445.00	15.09%	67,987.00
Peter D. Kraemer	4,591,107.50	3,854,670.00	736,437.50	14.02%	103,294.97
Ruth Shannon	677,195.00	527,759.00	149,436.00	15.00%	22,415.00
Totals	\$54,361,213.17	\$41,722,822.71	\$12,638,390.46		\$2,497,829.81

These figures are based on the unaudited reports filed by operators and differ from the figures compiled from the reports filed by permittees (see page 4); therefore, the gross receipts minus the prizes awarded may not equal the adjusted gross receipts.

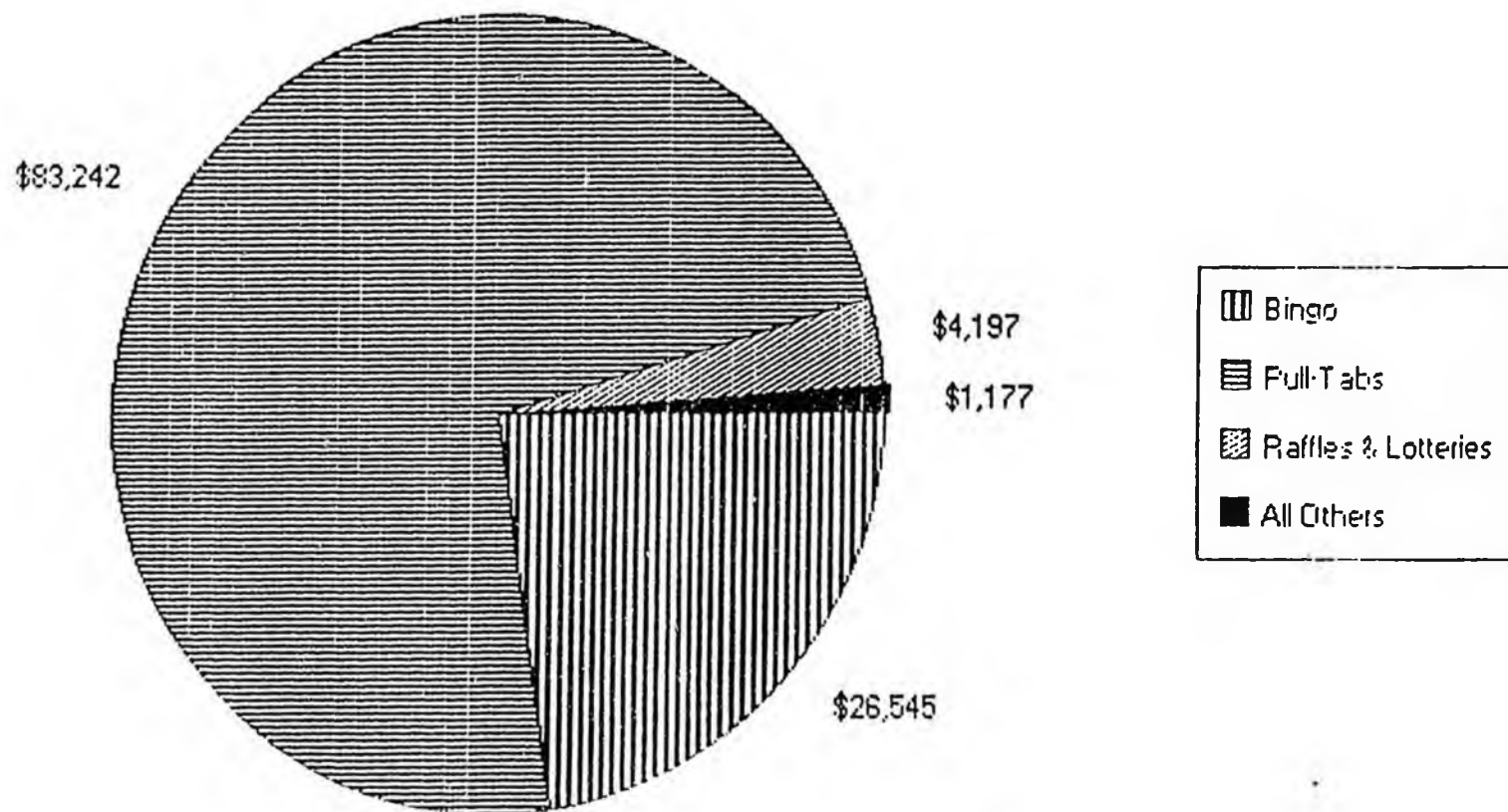
"Net proceeds" are the amounts operators paid to the various permittees on whose behalf the operators conducted gaming activities. The minimum that operators are required to pay the permittees is 15% of the "adjusted gross income." For purposes of determining whether an operator is in compliance with this requirement, one has to review the amount paid to each individual permittee and not the reported total amounts stated above.

The Adjusted Gross Income (AGI) is defined as gross income less prizes awarded, and any state, federal or municipal taxes paid or owed on the income.

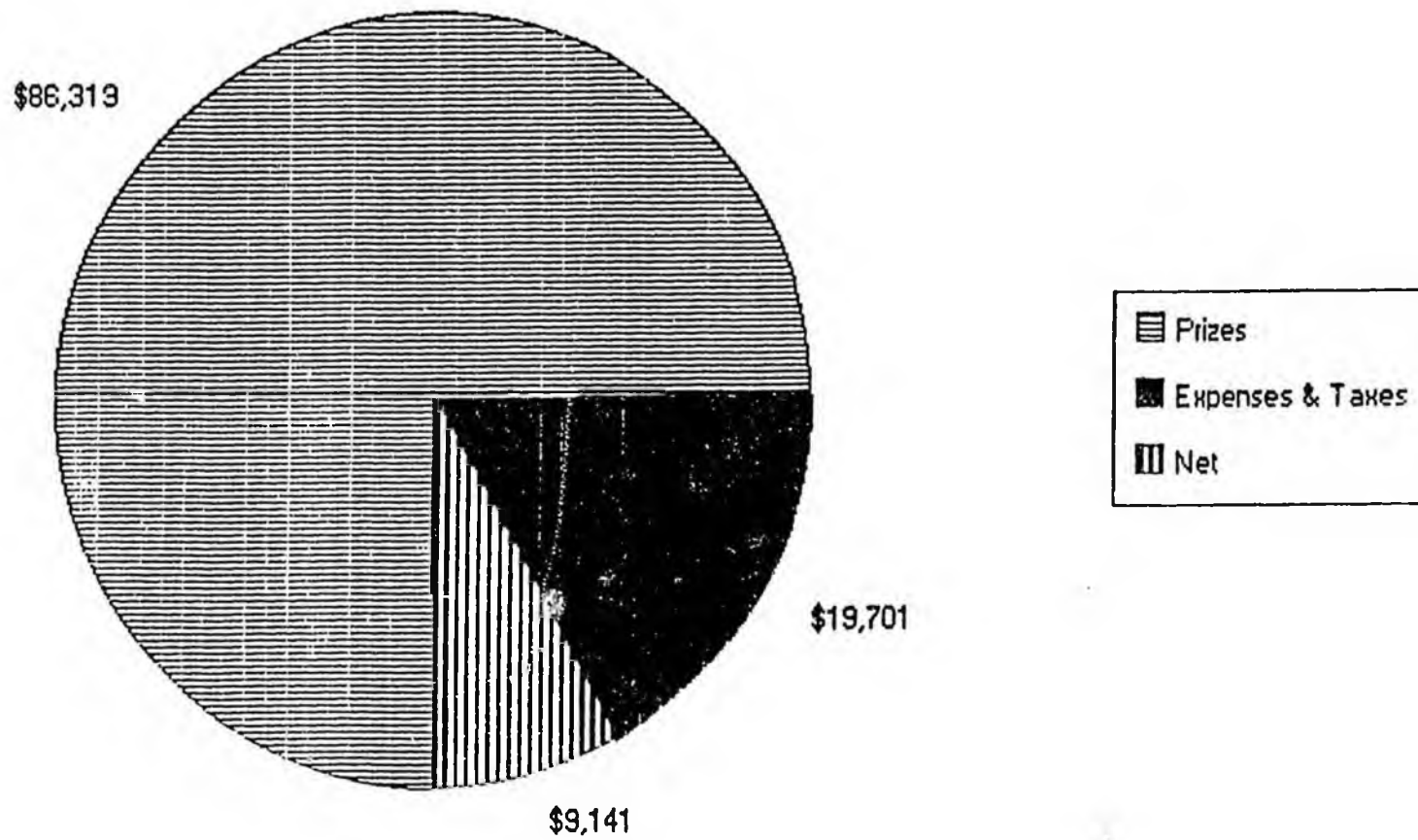
*Failure to remit at least 15% of AGI resulted in the suspension of this operator's license.

**This operator was in operation for only the last quarter of 1989. If he fails after the first quarter of 1990 to remit 15% of the AGI to his permittees, his license will be suspended.

1989 Gross Receipts by Gaming Activity
Total \$115,161 Thousands



1989 Gross Receipts Distribution
Total \$115,161 Thousands



Except that if a grant is awarded to the Alaska Public Radio Network to conduct a study and test of an on air fundraising game to benefit public broadcasting, the Department of Commerce and Economic Development may issue a permit under AS 05.15.100 for a one time only test period on non-commercial broadcasting.

Rich wanted
you to consider
this - just
in case



Alaska Juneau
Communications, Inc.

SENATE CS FOR HB 587

May 5, 1990

Dear Senator:

A few days ago you received a letter from me expressing grave concerns about the fairness of HB 587.

Recently our group, the Commercial Broadcasters of Alaska, came into possession of a memo from the Department of Law that would indicate the lack of substantiation for the discrimination against the commercial broadcasters of Alaska.

If public policy issues can be determined through regulatory hearings for public broadcasters, then certainly these and other policy issues can be determined in the same manner for Alaskas commercial broadcasters.

On the other hand, if a moratorium is needed for one arm of the broadcast industry, then it certainly is feasible for the other.

I am attaching the text of our earlier correspondence on this matter in addition to the lengthy memo from the Department of Law that points out the serious concerns they have.

Thank you for reading this information during your hectic final days of the legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis W. Egan', is written over a horizontal line.

Dennis W. Egan

On behalf of the Commercial Broadcasters of Alaska



May 3, 1990

COMMENTS RELATING TO THE MARK-UP OF CS FOR HB-587

There are two issues in HB 587. The first is the question of whether or not the State should provide the Department of Commerce and Economic Development with the authority to issue a gaming permit to the Alaska Public Radio Network (both radio and TV--24 locations) so that they might conduct on-air gaming for purposes of raising funds. This is a major policy issue.

The second issue involving the promotion (advertising) of gaming events (bingo, raffles, ice pools, etc.) is totally unrelated to the major policy question of gambling on the public broadcast network. It is not only totally unrelated but it is an issue which is founded on concerns which are both unjustified and unfair.

The advertising issue came about because of the adoption of the Federal Charitable Advertising and Clarification Act of 1988. Unless a State chose to modify the rights extended under the change, on May 7 commercial broadcasters will have limited authority to promote---either through paid advertisements or public service announcements---gaming events sponsored by non-profit organizations. The State of Alaska had 18 months to respond to this change in Federal law and the Department of Commerce and Economic Development chose not to express their concerns until the past few weeks. Moreover, and it is clear from remarks made by the administration during deliberations in the House, they did not even understand the nature of the changes authorized by the Mass Media Bureau of the Federal Communications Commission. The administration and the sponsor of this bill were concerned that:

1. businesses which operate gaming on behalf of charities would begin an enormous advertising effort on commercial broadcast stations and charge those costs to their overhead, thereby decreasing the amount actually remitted to the charity, or

2. the charities holding the gaming permits would be forced, under their contracts with operators, to initiate advertising campaigns to increase the gross revenues and subsequently the profits of the gaming operators, or

3. charities would devote a larger portion of their program funds to advertising as the result of advertising wars with other charities, or

4. increased advertising or public service announcements for charitable gaming would cause people to spend their money on a raffle ticket instead of food for their children, etc.

The facts in relation to these 4 concerns are:

1. The Enforcement Division of the Mass Media Bureau of the Federal Communications Commission has made it very clear that

- a. persons may not conduct a charitable gaming activity on a commercial broadcast station
- b. operators of games may not advertise or profit from advertising conducted by permit holders.

2. Charities and non-profits who program a certain amount of their funds for the advertising of fund raising events involving prizes for participants do so by purchasing ads through the print media. If the notion of advertising wars of charities spending themselves into financial ruin through grand expenditures on advertising were a real problem we would have seen this over the years in newspaper advertising. When was the last time you saw a 4 page full color supplement for a raffle conducted by the American Cancer Society or a \$25,000 sign advertising bingo tonight at the Alaska Native Brotherhood hall?

3. There is absolutely no justification for the blatantly discriminatory suggestion that holders of non-profit gaming permits be allowed to advertise in one medium and not another.

4. Finally, we have the matter of whether or not people should spend their money on games of chance conducted by non-profit organizations. How politically schizophrenic can we get? On the one hand we have the State of Alaska issuing permits for everything from the Nenana Ice Classic to church raffles. On the other hand we appear to be fearful that people will become aware of those sanctioned activities and actually participate. And, as a final irony, we are apparently encouraging public broadcasters, a broadcasting effort State supported in part, to conduct games of chance on the airwaves, games which involve financial gain to the winners.

Senator, as a commercial broadcaster I would strongly recommend that you amend this bill so that it focuses on the basic request of APRN to conduct gaming, and remove the unjustified interference with the private sector so that commercial broadcasters can conduct their business under the stringent supervision of the Federal Communications Commission.

Beth Kerttula says fed. lang is ambiguous
 + the AG isn't certain if conducting is allowed or not

6-2307J ✓
Gaguine/For
5/4/90

Original sponsor(s): Labor & Commerce Committee

1 IN THE HOUSE

BY THE LABOR & COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 587 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a moratorium on the use of
7 broadcasting to promote or conduct charitable gaming
8 activity; establishing exceptions to the moratorium;
9 requiring the Department of Commerce and Economic
10 Development to hold hearings on the adoption of
11 regulations concerning the promoting and conducting
12 of charitable gaming activity over broadcasting
13 outlets; and providing for an effective date."

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

15 * Section 1. Until the effective date of a bill authorizing the use of
16 broadcasting to promote or conduct charitable gaming activity under
17 AS 05.15 a person may not use broadcasting to promote or conduct charitable
18 gaming activity under AS 05.15. In this section, "broadcasting" includes
19 television and radio transmission by 2,500 megahertz, microwave video and
20 audio programming, slow-scan television programming, and programming via
21 satellite, cable, teletype, or facsimile transmission and distribution
22 methods.

23 * Sec. 2. Notwithstanding sec. 1 of this Act, a person may use broad-
24 casting to promote fish derbies, and the Department of Commerce and Econom-
25 ic Development may authorize a noncommercial broadcasting station or net-
26 work of stations to broadcast the conducting of an activity under AS 05.15
27 on the station or network under a permit held by the station or network.
28 The department may not authorize a station to broadcast the conducting of
29 an activity for more than 12 hours in a calendar year. In this section

1 "noncommercial broadcasting station" means a radio or television station
2 that is licensed by the Federal Communications Commission to a governmental
3 entity or to an entity that is exempt from federal taxation under 26 U.S.C.
4 501(c)(3) (Internal Revenue Code).

5 * Sec. 3. The Department of Commerce and Economic Development shall
6 hold hearings around the state, with at least one hearing in each judicial
7 district, for the purpose of adopting regulations to implement sec. 2 of
8 this Act and making recommendations, including consideration of on-the-air
9 promotion, to the legislature no later than January 31, 1991, regarding the
10 promoting and conducting of charitable gaming activities over broadcasting
11 outlets.

12 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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This highlight version
shows what L+C
did

T.O.
Sew
Eliaison