

**S B**

**501**

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/15/90

FURTHER: Judiciary  
C & R A

Date of 5-Day Notice: 2/22/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/27/90

Labor and Commerce Committee considered SB 501

Act relating to the retail sale of pull-tabs, tickets, and cards for charitable gaming activities.

and recommended:

- replace with \_\_\_\_\_ CS SB 501  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to Finance

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

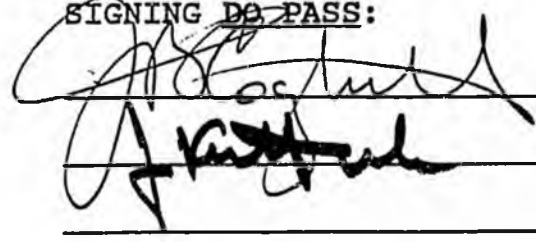
- fiscal note(s) \_\_\_\_\_
- CSS 501 Dept of Commerce, 3/26/90
- SB 501 Dept of Commerce, 2/28/90

- zero fiscal note(s) \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:



OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Chair: Signature and Recommendation

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

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

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

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

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

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

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

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

The department's proposals include:

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

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

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

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

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

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

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

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

Position Paper  
Senate Bill 501  
Page Four

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

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



\_\_\_\_\_  
Larry Mercurieff, Commissioner

Date: 3/1/90

LM/RPB/dgl6388D  
22790b

**FISCAL NOTE**

**REQUEST:**

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

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

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

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

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144  
Division: Occupational Licensing Date: 2/23/90

Approved by Commissioner: Larry Merculieff Date: 3/1/90  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
6387D-1/22790b

## CONTINUATION OF FISCAL NOTE ANALYSIS - SB 501

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

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

**FISCAL NOTE**

**REQUEST:**

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

Agency Affected: Commerce & Econ. Dev.  
BRU: Occupational Licensing  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**DRAFT**

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER *	72.2	62.3	62.3	62.3	62.3	62.3
<b>TOTAL</b>	<b>72.2</b>	<b>62.3</b>	<b>62.3</b>	<b>62.3</b>	<b>62.3</b>	<b>62.3</b>

**POSITIONS:**

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

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

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

Approved by Commissioner: Larry Mercurieff, Commissioner Date: \_\_\_\_\_  
Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

\* Funding Source is General Fund/Program Receipts

# DRAFT

1.	POSITION TITLE INVESTIGATOR III				RANGE/STEP 18A	BARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAPP
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION:					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1		2	3						
	PERSONAL SERVICES									
5.	Salary		37.3							
6.	Benefits		13.0							
7.	Supplemental Benefits									
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES	01	50.3							
10.	Travel	02	8.0							
11.	Contractual	03	3.0							
12.	Commodities	04	1.0							
13.	Equipment	05	9.9							
14.	Other									
15.	TOTAL COST		72.2							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028		72.2						
21.		Other								
FOR B&M USE ONLY KEY NUMBER - - - - -				<p>The bill authorizes a person other than a permittee or operator to sell the pull-tabs necessary to conduct a charitable gaming activity under AS 05.15.100 provided the vendor is registered with the department and complies with the provisions of the bill.</p> <p>Charitable gaming activity in Alaska is a rapidly growing industry and the enforcement of the Gaming Reform Act of 1988 is becoming more difficult in light of increased gaming activity. Presently, the number of gaming investigators (just two) is inadequate to support statewide enforcement of the gaming program and gaming enforcement is therefore not as timely and as efficient as necessary to fully protect the playing public or the permitted charitable organizations.</p> <p>The recognition of vendors in SB 501, as well as our ability under SB 501 to take enforcement action in the face of vendor noncompliance, will increase the investigatory burden. (Until now, the division has taken complaints regarding vendor actions but has had no authority to take action to correct or otherwise enforce compliance.) We are therefore submitting a fiscal note requesting funding for an additional investigator.</p> <p>The new vendor registration will affect a significant number of businesses and charitable organizations throughout the state. We have seen unlawful activity within the gaming industry. The investigator position requested by this fiscal note will greatly assist the division in beefing-up its current gaming enforcement and will promote compliance with gaming laws in the state.</p> <p>The \$72.2 required includes \$8.0 in travel, to fund the cost of widespread travel to various communities, and a one-time equipment charge of \$9.9.</p> <p>With a vendor registration fee of \$50, we estimate that regulation of vendor will bring in approximately \$100.0 in program receipts (\$50 x 2,000 vendors)</p>						

REQUEST FOR  
NEW POSITION  
LGJOBS/SB501FN

AGENCY Commerce and Economic Development  
 BRU Occupational Licensing  
 COMPONENT Investigations

FY 91

Page 3 of 3  
 Revised Date \_\_\_\_\_

**DRAFT**

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

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

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

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

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

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

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

# Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee  
International Trade & Tourism Committee  
State Affairs Committee

February 21, 1990

## MEMORANDUM

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

From: Senator Rick Uehling, Co-Chairman  
Senate Finance Committee

Subject: Request for Senate Bill 501 hearing

I would appreciate your scheduling a hearing on SB 501, an act relating to retail sale of pull tabs, tickets, and cards for charitable gaming activities.

The purpose of the bill is to provide a reference in statute for the existing practice of allowing retail stores (bars, restaurants, gas stations, convenience stores) to sell pull tabs on behalf of nonprofit corporations.

The Department of Commerce has cited the absence of statutory reference as a reason to regulatorily prohibit retail sales. SB 501 merely provides the statutory reference the department says it needs. The bill makes no change to existing practice. It codifies the status quo in the simplest way.

There are hundreds of nonprofit corporations who rely on retail sale of pull tabs as a primary means of fund raising. This type of fund raising enables a great amount of charitable work to be accomplished while relieving pressure on local and state government budgets.

I am anxious to have the merits of SB 501 explored further in public hearing.

Your assistance is appreciated.

# Alaska State Legislature



## Senate Judiciary Committee

March 14, 1990

### MEMORANDUM

TO: Senator Dick Eliason, Chairman  
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks 

SUBJECT: Amendment to SB 501

I would appreciate your incorporating the following amendment into the Labor and Commerce Committee Substitute for SB 501:

- Amend the title by adding ", and permittee prize limitations."
- Add a new section to the bill which amends 05.15.180 (g) as follows:

A Municipality or qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter [; however, if a municipality or qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year].

Through this amendment, it will allow all permittees to award \$1,000,000 in prize money irrespective of whether they work with an operator or by themselves.

# Provided by Sen Faiks

Proposed compromise on SB 501

This proposal intends to do four things:

1. It deletes references to vendor registration and vendor fees.

It replaces the registration and fee requirements with a new requirement that permittees or operators shall notify the Department by registered mail on or before the date a vendor begins selling pull-tabs on its behalf.

It also requires the permittee or operator to notify the Department within thirty days of cessation of sales on its behalf by a vendor.

2. It gives the Department authority to disallow pull-tab sales at a vendor site if, in the department's judgement, the vendor is an habitual source of missing pull-tabs or related funds.

3. It deletes all references to the Surety Fund legislation.

4. It gives specific authority to the Department to ensure that permittees, operators and vendors receive their contractually agreed upon share of revenue, and that changes in mandatory allocation of revenue may be made after hearings pursuant to the Administrative Procedures Act.

Original sponsor(s): Finance Committee

1 IN THE SENATE BY THE LABOR & COMMERCE COMMITTEE  
2 CS FOR SENATE BILL NO. 501 (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 <sup>relating to</sup> ~~licensing and regulating~~ pull-tab vendors;  
7 prohibiting certain conduct by charitable gaming  
8 licensees and permittees and their agents; relating  
9 to charitable gaming awards, contracts between opera-  
10 tors and permittees, and to the enforcement of chari-  
11 table gaming laws; and providing for an effective  
12 date."

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

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

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

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

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

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

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

omit  
redundant  
omit

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

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

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

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

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

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

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

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

(12) ensuring that permittees, operators and vendors receive ~~an~~ <sup>an</sup> ~~equitable~~ <sup>equitable</sup> share of revenue derived from gaming activities authorized by this chapter. ~~Changes~~ <sup>Mandatory</sup> changes in allocation of revenue may be made only after public hearings pursuant to the Administrative Procedures Act.

1 (13) ~~(12)~~ other matters the commissioner considers necessary to  
2 carry out this chapter or protect the best interest of the public.

3 \* Sec. 2. AS 05.15.070 is amended to read:

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

omit

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

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

17 must provide that an operator conducting pull-tab games on behalf of a  
18 permittee shall return at least 40 percent of the ideal net to the  
19 permittee.

omit

20 \* Sec. 4. AS 05.15.124 is amended to read:

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

omit

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

25 (a) The department shall revoke the license of an operator who  
26 does not

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

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

6 (3) pay to each authorizing permittee for two consecutive  
7 quarters at least 40 percent of the ideal net received from pull-tab  
8 games conducted on behalf of the authorizing permittee.

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

10 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
11 VENDOR ~~REGISTRATION~~ <sup>SALES</sup> (a) The commission may suspend or revoke a  
12 permit, license, or vendor ~~registration~~ <sup>sales</sup> after giving notice to and an  
13 opportunity to be heard by the permittee, licensee, or vendor, if the  
14 permittee, licensee, or vendor

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

17 (2) breaches a contractual agreement with a permittee,  
18 licensee, or ~~registered~~ vendor;

19 (3) is convicted of a felony, of a crime involving theft or  
20 dishonesty, or of a violation of a municipal, state, or federal gam-  
21 bling law; for the purposes of this paragraph, a permittee, licensee,  
22 or ~~registered~~ vendor that is not a natural person is considered con-  
23 victed if an owner or manager of the permittee, licensee, or vendor is  
24 convicted; or

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

29 (b) If the department revokes a permit, license, or vendor

replace 1  
omit-replace 2  
omit-replace 3

<sup>sales</sup>  
~~registration~~ under this section, it may prohibit the permittee, <sup>OR</sup> licensee, ~~or vendor~~ from reapplying for a permit, license, or <sup>in the case of a</sup> vendor, ~~registration~~ <sup>from conducting vendor sales</sup> for a period of up to five years.

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

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

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

(e) A distributor may not

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

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

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

omit

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

(h) An owner, manager, or employee of a person holding a permit <sup>OR AN OWNER, MANAGER OR EMPLOYEE OF A VENDOR THAT IS AUTHORIZED</sup> or license under this chapter, or ~~registered~~ <sup>as a</sup> vendor, may not purchase a pull-tab from any pull-tab series manufactured, distributed, or sold by the permittee, licensee, or ~~registered~~ <sup>to sell pull-tabs,</sup> vendor.

ADD

omit

omit

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

Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES AND OPERATORS; ~~VENDOR REGISTRATION.~~ (a) A permittee or operator may contract with a vendor to sell pull-tabs on behalf of the

omit

replace

1 permittee or operator, if the permittee or operator first <sup>notifies</sup> registers  
2 ~~the vendor with the department by applying for registration on a form~~ <sup>by registered mail on or before the date a vendor begins</sup>  
3 ~~prescribed by the department and by submitting the registration fee of~~ <sup>selling on behalf of the permittee.</sup>

omit

4 \$50 for each location at which the vendor will sell pull-tabs. If a  
5 vendor location is within the boundaries of a municipality, the per-  
6 mittee or operator shall, concurrently with applying for registration  
7 with the department, submit a copy of the application form to the  
8 ~~governing body of the municipality.~~

replace

9 (b) The department <sup>may disallow pull-tab sales if it determines that the vendor is</sup> shall approve or disapprove an initial vendor <sup>by a vendor</sup>  
10 ~~registration request within 10 working days of receipt of the regis-~~ <sup>a repeating</sup> ~~tration form from a permittee or operator.~~ <sup>source of signi-</sup>

replace

11  
12 (c) ~~Upon approval of the vendor registration, the department~~  
13 ~~shall issue an endorsement to the permittee's permit or the operator's~~  
14 ~~license that authorizes the conduct of pull-tab sales at that vendor~~  
15 ~~location.~~ <sup>→ A permittee/operator must notify the dept. by registered mail</sup>

add (c)

16 ~~(d) The endorsement issued under (c) of this section is an~~ <sup>within 30 days when a vendor stops selling pull tabs on its behalf.</sup>

omit

17 extension of the permittee's or operator's privilege under AS 05.15..  
18 100 to conduct pull-tab sales in this state. A vendor may not sell a  
19 pull-tab series until the permit or license containing the endorsement  
20 for the new vendor location has been posted by the permittee or opera-  
21 tor in the registered vendor establishment. The endorsed permit or  
22 license must be clearly visible to the gaming public.

renumber

23 (e) A separate endorsement shall be issued for each vendor  
24 ~~location.~~ <sup>(d)</sup> The permittee or operator shall inform the department when  
25 a vendor with whom the permittee or operator is contracting changes  
26 the physical location at which pull-tabs are sold, and shall return to  
27 the department the endorsed permit or license of a vendor that is no  
28 longer selling pull-tabs on behalf of the permittee or operator.

omit

29 ~~Failure to inform the department of a change in vendor location, or to~~

1 return the endorsed permit or license to the department after a vendor  
2 change, may constitute grounds for the suspension or revocation of a  
3 permittee's permit or an operator's license.

4 (f) At the time that a permittee or operator annually renews its  
5 permit or license, it shall also <sup>submit a current list of all</sup> ~~renew the registration of all~~ loca-  
6 tions where a vendor is selling pull-tabs on the permittee's or opera-  
7 tor's behalf, ~~and shall pay a registration fee of \$50 for each vendor~~  
8 ~~location.~~

9 (g) A permittee or operator that uses a vendor to sell pull-tabs  
10 on its behalf shall enter into a written contract with that vendor,  
11 <sup>using a contract format and content acceptable to the Department.</sup> ~~The department may inspect this contract.~~ If the contract contains  
12 provisions that violate this chapter or the regulations adopted under  
13 it, the department may declare the contract void, and may suspend or  
14 revoke ~~the registration of the vendor and~~ the license of the operator  
15 or the permit of the permittee. <sup>The Department may develop sample contracts</sup>  
16 <sup>to carry out the provisions of this section.</sup>

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

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

24 (j) An amount equal to the ideal net less the compensation paid  
25 to the vendor shall be paid by the vendor within 30 days of the date  
26 that the member in charge or operator delivers a pull-tab series to  
27 the vendor for sale. The amount required to be paid by the vendor  
28 under this subsection must be paid by check and shall be deposited by  
29 the permittee or operator directly into its gaming <sup>BANK</sup> ~~checking~~ account.

(k) A vendor may not enter into a contract with a permittee to

1 sell pull-tabs for compensation if

2 (1) the permittee is a qualified organization, and the  
3 owner or manager of the vendor is a member of the governing body of  
4 the organization, or is the organization's designated member in charge  
5 under AS 05.15.112; or

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

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

10 (g) At the time that a permittee or operator annually renews its  
11 permit or license, it shall also <sup>PROVIDE A LIST</sup> ~~(renew the registration)~~ of all loca-  
12 tions where a vendor is selling pull-tabs on the permittee's or opera-  
13 tor's behalf, ~~and shall pay a registration fee of \$50 for each vendor~~  
14 location. The permittee or operator shall also forward, with each  
15 vendor registration renewal, that vendor's annual payment of the  
16 assessment to the charitable gaming surety fund.

replace  
omit  
Redundant

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

18 (m) The vendor registration required by (a) of this section  
19 shall be accompanied by payment of the vendor's assessment to the  
20 charitable gaming surety fund under AS 05.15.230. The assessment  
21 amount shall be set by the department by regulation and may not exceed  
22 \$100. The payment shall be drawn on the checking account of the  
23 vendor and may not be paid by the permittee or operator on the ven-  
24 dor's behalf.

omit

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

26 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAP-  
27 TER. (a) If the commissioner determines that a person has engaged in  
28 an act or practice in violation of this chapter or a regulation adopt-  
29 ed under this chapter, the commissioner may, after giving reason ble

1 notice to the person and an opportunity for the person to be heard,  
2 issue an order prohibiting the violation by the person. The order  
3 remains in effect until the person has submitted evidence acceptable  
4 to the commissioner showing that the violation has been corrected.

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

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

17 (b) A person who, with the intent to mislead a public servant in  
18 the performance of the public servant's duty, submits a false state-  
19 ment in an application for a permit, <sup>OR</sup> license ~~(or vendor registration)~~  
20 under this chapter [,] is guilty of unsworn falsification.

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

22 (35) "ideal net" means an amount equal to the total amount  
23 of receipts that would be received if every individual pull-tab ticket  
24 in a series were sold at face value, less the prizes to be awarded for  
25 that series;

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

28 (37) "vendor" means a business whose primary activity is not  
29 regulated by this chapter but that is engaged in the sale of pull-tabs

1 on behalf of a permittee or operator, holds a business license under  
2 AS 43.70, and is

3 (A) a retail establishment;

4 (B) an eating establishment; or

5 (C) an establishment licensed under AS 04.11.

*omit*  
*renumber*  
~~6 \* Sec. 16. Sections 11 and 12 of this Act take effect on the effective  
7 date of an Act establishing a charitable gaming surety fund that is enacted  
8 by the Sixteenth Alaska State Legislature.~~

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

VENDOR Compensation  
Comparitable Analysis

Prepared By	Initials	Date
Approved By		3/11

30% Vendor Compensation  
Computed ON IDEAL NET

4804 4 COL. - 8804 4 COL.

		55%	75%	85%
		PRIZE PAY-OUT	PRIZE PAY-OUT	PRIZE PAY-OUT
1	Foot Note			
2	(A) Permittee/Vendor			
3				
4	PRIZE PAY-OUT	\$ 550 -	\$ 750 -	\$ 250 -
5				
6	IDEAL NET	450 -	250 -	150 -
7				
8	30% Commission to Vendor	135 -	75 -	45 -
9	(30% X IDEAL NET)			
10	BALANCE TO PERMITTEE	<u>\$ 315 -</u>	<u>\$ 175 -</u>	<u>\$ 105 -</u>
11				
12				
13				
14				
15	(B) Permittee/OPERATOR/VENDOR			
16				
17	PRIZE PAY-OUT	\$ 550 -	\$ 750 -	\$ 250 -
18				
19	IDEAL NET	450 -	250 -	150 -
20				
21	Operator's Gross Fee (85% of A.G.I.)	382.50	212.50	127.50
22				
23	30% Commission to Vendor	135 -	75 -	45 -
24	(Pd from operators Fee)			
25	OPERATOR'S NET FEE (Less Vendor's Comp)	247.50	137.50	82.50
26				
27	BALANCE TO PERMITTEE	<u>\$ 67.50</u>	<u>\$ 31.88</u>	<u>\$ 19.13</u>
28	(15% of A.G.I.)			
29				
30				
31	(A) Permittee/Vendor computed on 30% of Ideal Net paid to Vendor by Permittee.			
32				
33	(B) Permittee/Vendor/operator computed on 30% of Ideal Net paid to Vendor by operator from Operator's allowable compensation under ASOS, IS, 2B (1)(2).			
34				
35				
36	(C) For Basis of Analysis cost of pull-tab, including tax has NOT been computed.			
37				
38				
39				
40				

Vendor Compensation  
Comparable Analysis  
5% Vendor Compensation  
Computed ON GROSS SALES

Prepared By	Initials	Date
Approved By		3/12

4804 4 COL. - 8804 4 COL.

		55%	75%	85%
	\$1000. GROSS HANDLE (1000 tabs X \$1.00 EA)	PRIZE Pay-out	PRIZE Pay-out	PRIZE Pay-out
1				
2	<u>Permittee / Vendor</u>			
3				
4	PRIZE Pay-out	\$550 -	\$750 -	\$350 -
5				
6	IDEAL NET	450 -	250 -	150 -
7				
8	<u>5% Commission to Vendor</u>			
9	(5% X GROSS)	55 -	50 -	50 -
10				
11	<u>Balance to Permittee</u>	<u>\$400 -</u>	<u>\$200 -</u>	<u>\$100 -</u>
12				
13				
14	<u>Permittee / Vendor / Operator</u>			
15				
16	PRIZE Pay-out	\$550 -	750 -	850 -
17				
18	IDEAL NET	450 -	250 -	150 -
19				
20				
21	Operators GROSS Fee (85% of AG.I)	38250	21250	12750
22				
23	<u>5% Commission to Vendor</u>	50 -	50 -	50 -
24	(Pd from operators Fee)			
25	Operators Net Fee (less Vendor Comp)	33250	16250	7750
26				
27	<u>BALANCE to Permittee</u>	<u>\$6750</u>	<u>\$3188</u>	<u>\$1913</u>
28	(15% of AG.I)			
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

*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.

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 \*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

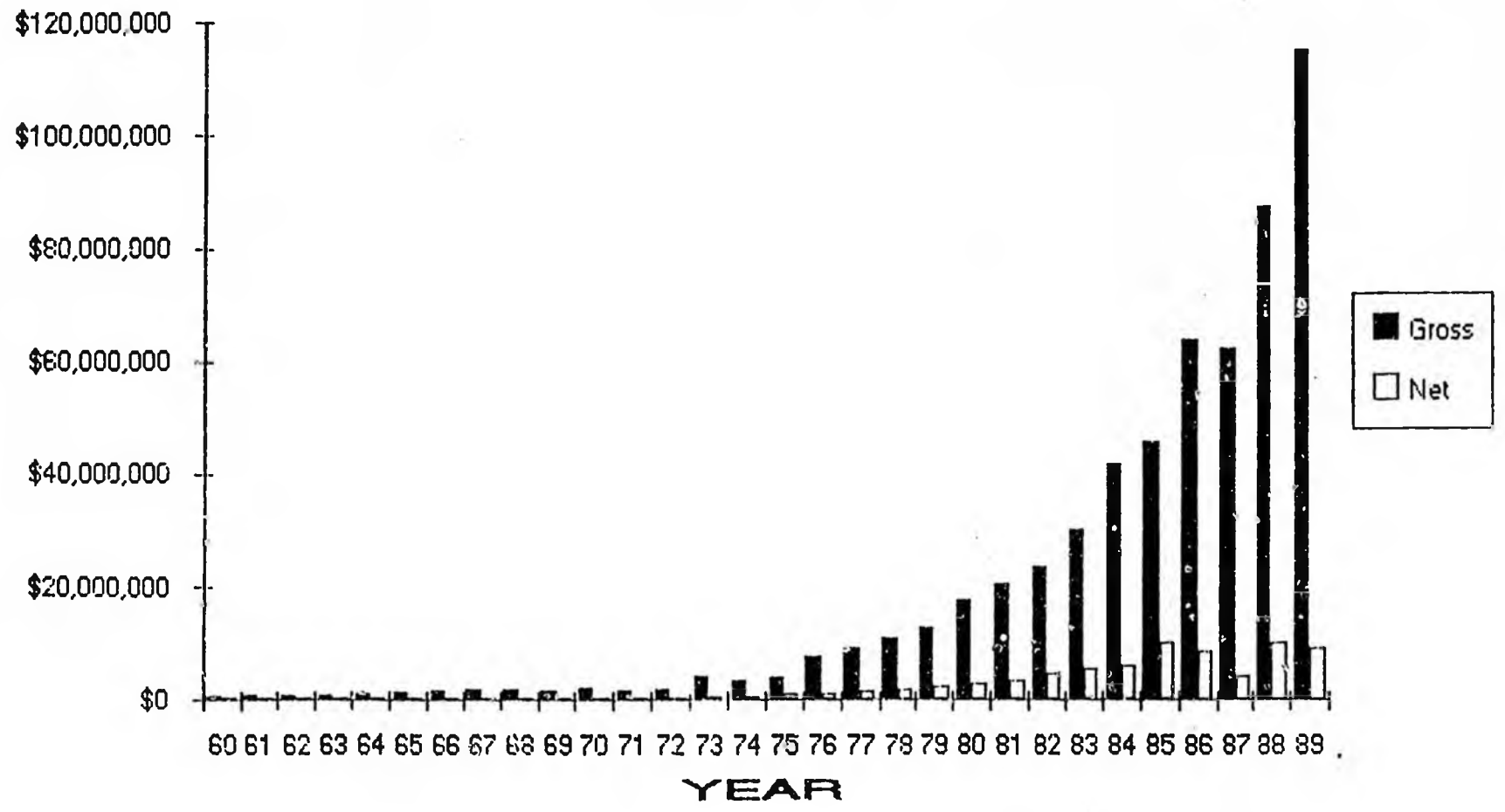
**GAMING RECEIPTS, EXPENSES AND NET PROCEEDS**  
1960-1989

<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

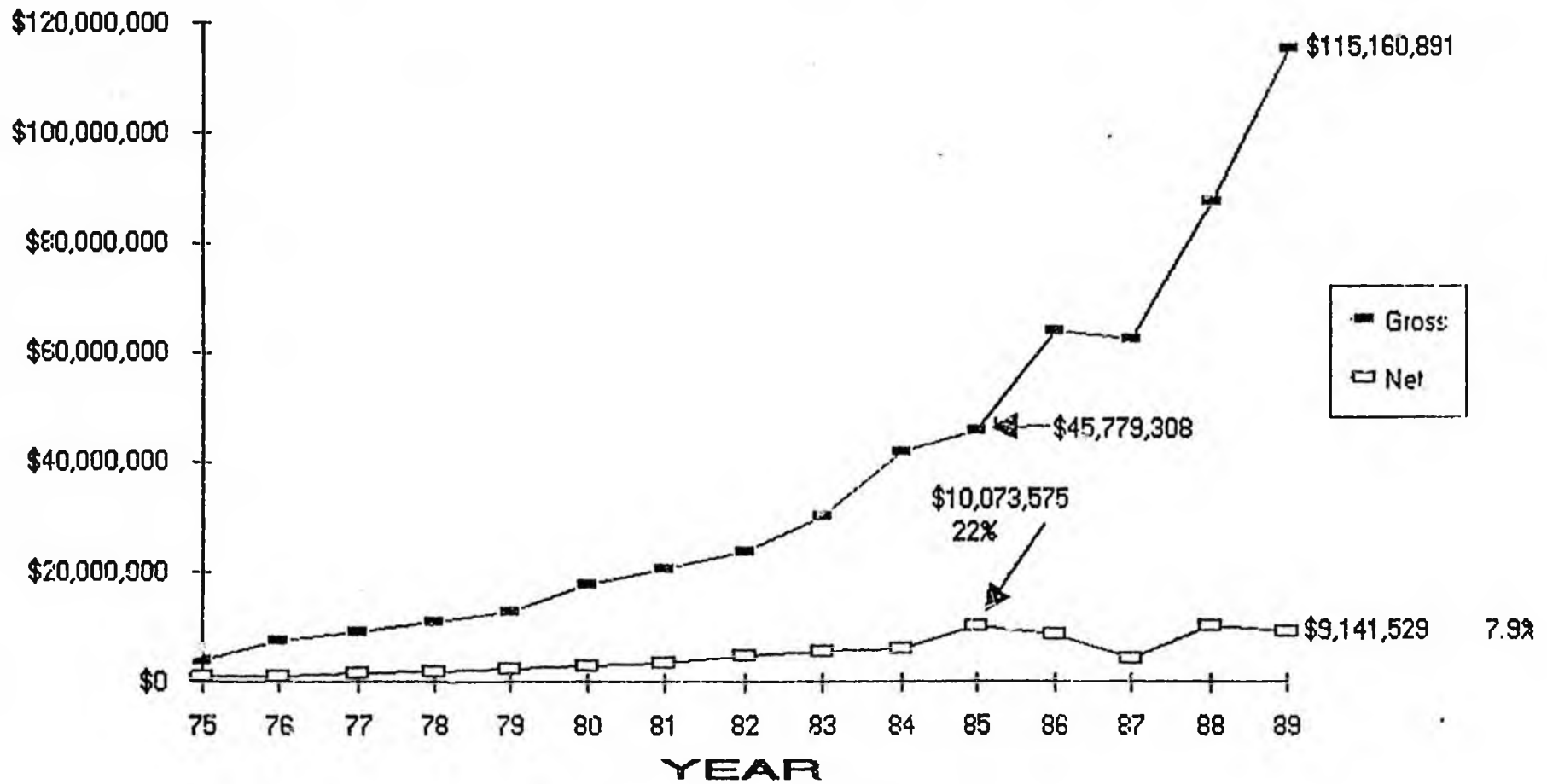
<u>YEAR</u>	<u>PERMITS ISSUED</u>	<u>GROSS RECEIPTS</u>	<u>PRIZES</u>	<u>EXPENSES AND TAXES</u>	<u>NET PROCEEDS</u>
1986	1,011	\$63,936,834	\$48,182,821	\$ 7,097,123	\$ 8,656,890
1987	1,040	62,163,749	51,613,746	6,358,015	4,191,988
1988*	1,026	87,524,470	69,095,076	10,957,143	10,256,316
1989*	1,042	115,160,891	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	199,869.83	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	<u>[ 16,554,602.21]</u>	
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	Bing > 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
<b>Totals</b>	<b><u>\$54,361,213.17</u></b>	<b><u>\$41,722,822.71</u></b>	<b><u>\$12,638,390.46</u></b>		<b><u>\$2,497,829.81</u></b>

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.

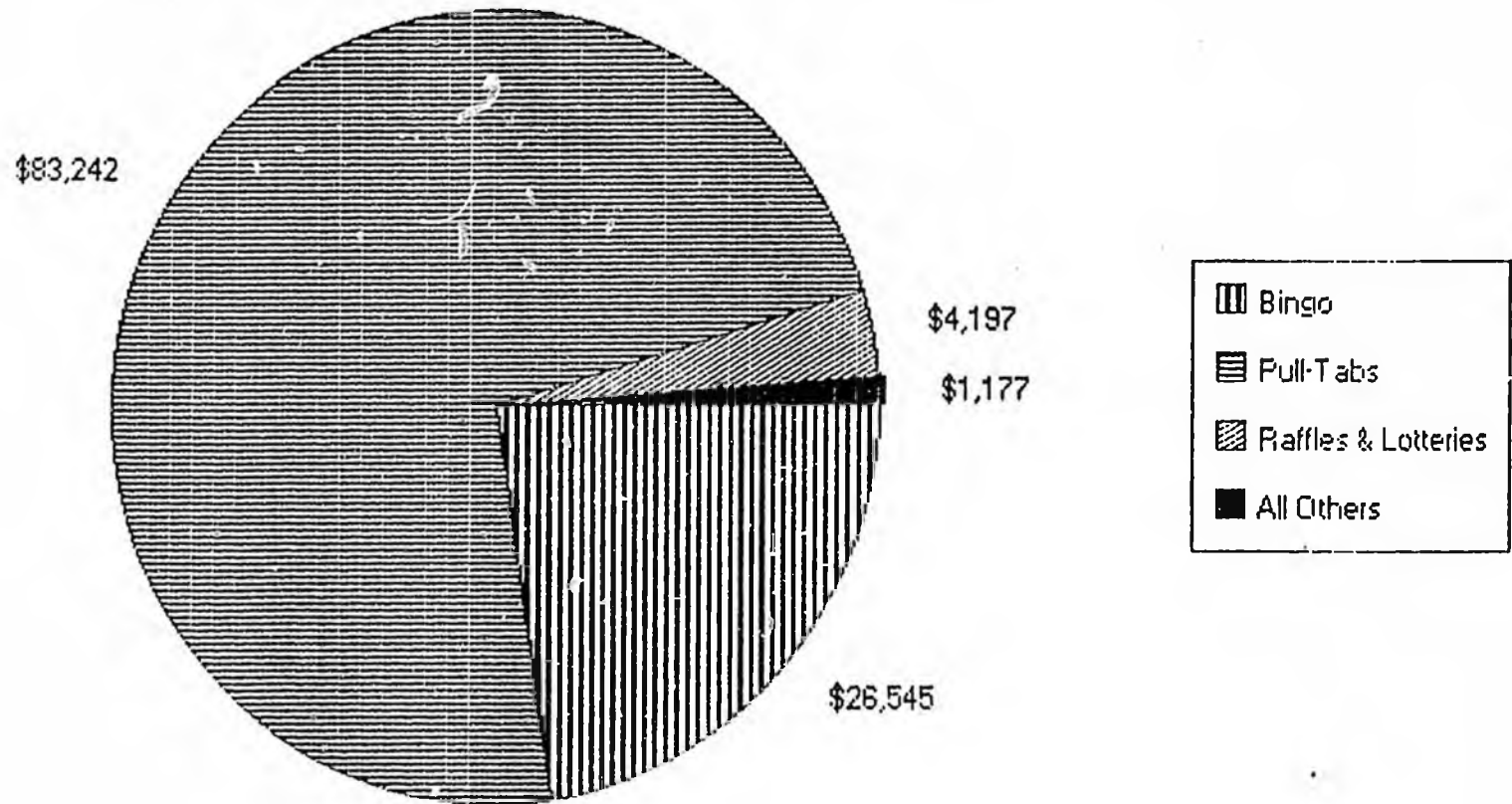
"Net proceeds" are the amounts operators paid to the various permittees on whose behalf the operators conducted gaming activities. The minimum that operators are required to pay the permittees is 15% of the "adjusted gross income." For purposes of determining whether an operator is in compliance with 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.

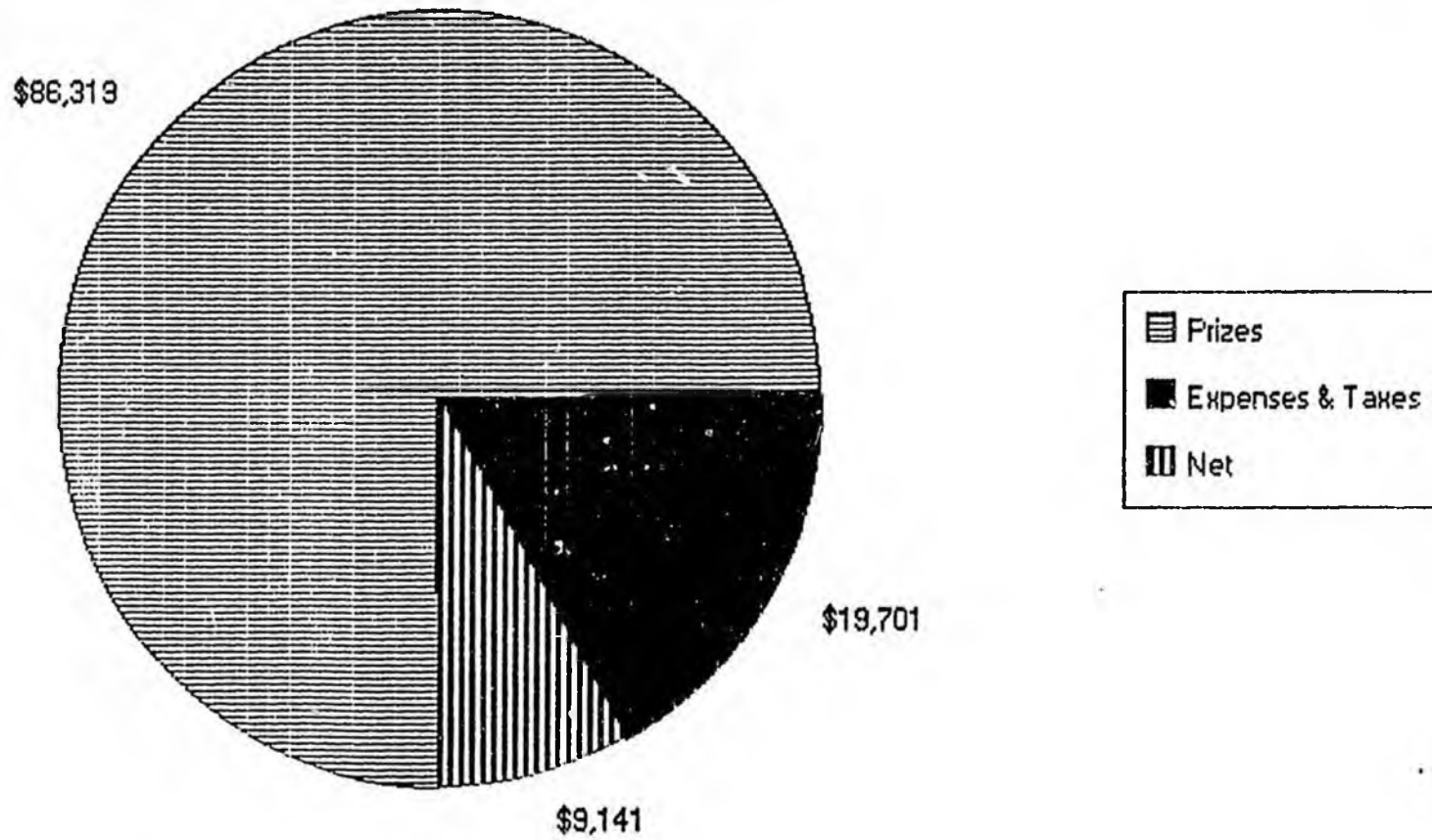
\*Failure to remit at least 15% of AGI resulted in the suspension of this operator's license.

\*\*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**



PERMITTEE/OPERATOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

CURRENT LAW

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

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>1/ Operator Gross Profit</u> (limited to 85% of AGI)	<u>382.50</u>	<u>212.50</u>	<u>127.50</u>
<u>2/ NET PROCEEDS TO PERMITTEE</u> (minimum required return)	<u>\$ 67.50</u>	<u>\$ 37.50</u>	<u>\$ 22.50</u>

Footnotes:

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

PERMITTEE/VENDOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENT RE: VENDOR COMPENSATION

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

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

Footnotes:

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

Example Utilizes 75% Prize Payout

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

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

Pull-Tab Net Proceeds

Comparable Analysis

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

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

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

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

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENTS

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

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

As compared to 3/20/90  
draft

6-2220E  
Gaguine  
3/23/90

Original sponsor(s): Finance Committee

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 501 (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 licensing and regulating pull-tab vendors;  
7 prohibiting certain conduct by charitable gaming  
8 licensees and permittees and their agents; relating  
9 to charitable gaming awards, contracts between opera-  
10 tors and permittees, and to the enforcement of chari-  
11 table gaming laws; and providing for an effective  
12 date."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 \* Sec. 2. AS 05.15.070 is amended to read:

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

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

11 (b) The contract between an authorizing permittee and an opera-  
12 tor must include the amount and form of compensation to be paid to the  
13 operator, the term of the contract, the activities to be conducted by  
14 the operator on behalf of the permittee, the location where the activ-  
15 ities are to be conducted, the name and address of the member in  
16 charge, and other provisions the department may require. The contract  
17 must provide that an operator conducting pull-tab games on behalf of a  
18 permittee shall return at least 40 percent of the ideal net to the  
19 permittee.

20 \* Sec. 4. AS 05.15.124 is amended to read:

21 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipi-  
22 pality may by ordinance prohibit an operator or a vendor from conduct-  
23 ing activities under this chapter within the municipality.

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

25 (a) The department shall revoke the license of an operator who  
26 does not

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

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

6 (3) pay to each authorizing permittee for two consecutive  
7 quarters at least 40 percent of the ideal net received from pull-tab  
8 games conducted on behalf of the authorizing permittee.

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

10 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
11 VENDOR REGISTRATION. (a) The commission may suspend or revoke a  
12 permit, license, or vendor registration, after giving notice to and an  
13 opportunity to be heard by the permittee, licensee, or vendor, if the  
14 permittee, licensee, or vendor

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

17 (2) breaches a contractual agreement with a permittee,  
18 licensee, or registered vendor;

19 (3) is convicted of a felony, of a crime involving theft or  
20 dishonesty, or of a violation of a municipal, state, or federal gam-  
21 bling law; for the purposes of this paragraph, a permittee, licensee,  
22 or registered vendor that is not a natural person is considered con-  
23 victed if an owner or manager of the permittee, licensee, or vendor is  
24 convicted; or

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

29 (b) If the department revokes a permit, license, or vendor

1 registration under this section, it may prohibit the permittee, li-  
2 censee, or vendor from reapplying for a permit, license, or vendor  
3 registration for a period of up to five years.

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

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

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

14 (e) A distributor may not

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

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

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

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

20 (h) An owner, manager, or employee of a person holding a permit  
21 or license under this chapter, or registered under this chapter as a  
22 vendor, may not purchase a pull-tab from any pull-tab series manu-  
23 factured, distributed, or sold by the permittee, licensee, or regis-  
24 tered vendor.

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

27 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-  
28 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator  
29 may contract with a vendor to sell pull-tabs on behalf of the

1 permittee or operator, if the permittee or operator first registers  
2 the vendor with the department by applying for registration on a form  
3 prescribed by the department and by submitting the registration fee of  
4 \$50 for each location at which the vendor will sell pull-tabs. If a  
5 vendor location is within the boundaries of a municipality, the per-  
6 mittee or operator shall, concurrently with applying for registration  
7 with the department, submit a copy of the application form to the  
8 governing body of the municipality.

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

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

16 (d) The endorsement issued under (c) of this section is an  
17 extension of the permittee's or operator's privilege under AS 05.15.-  
18 100 to conduct pull-tab sales in this state. A vendor may not sell a  
19 pull-tab series until the permit or license containing the endorsement  
20 for the new vendor location has been posted by the permittee or opera-  
21 tor in the registered vendor establishment. The endorsed permit or  
22 license must be clearly visible to the gaming public.

23 (e) A separate endorsement shall be issued for each vendor  
24 location. The permittee or operator shall inform the department when  
25 a vendor with whom the permittee or operator is contracting changes  
26 the physical location at which pull-tabs are sold, and shall return to  
27 the department the endorsed permit or license of a vendor that is no  
28 longer selling pull-tabs on behalf of the permittee or operator.  
29 Failure to inform the department of a change in vendor location, or to

1 return the endorsed permit or license to the department after a vendor  
2 change, may constitute grounds for the suspension or revocation of a  
3 permittee's permit or an operator's license.

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

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

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

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

23 (j) An amount equal to the ideal net less the compensation paid  
24 to the vendor shall be paid by the vendor within 30 days of the date  
25 that the member in charge or operator delivers a pull-tab series to  
26 the vendor for sale. The amount required to be paid by the vendor  
27 under this subsection must be paid by check and shall be deposited by  
28 the permittee or operator directly into its gaming checking account.

29 (k) A vendor may not enter into a contract with a permittee to

1 sell pull-tabs for compensation if

2 (1) the permittee is a qualified organization, and the  
3 owner or manager of the vendor is a member of the governing body of  
4 the organization, or is the organization's designated member in charge  
5 under AS 05.15.112; or

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

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

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

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

18 (m) The vendor registration required by (a) of this section  
19 shall be accompanied by payment of the vendor's assessment to the  
20 charitable gaming surety fund under AS 05.15.230. The assessment  
21 amount shall be set by the department by regulation and may not exceed  
22 \$100. The payment shall be drawn on the checking account of the  
23 vendor and may not be paid by the permittee or operator on the ven-  
24 dor's behalf.

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

26 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAP-  
27 TER. (a) If the commissioner determines that a person has engaged in  
28 an act or practice in violation of this chapter or a regulation adopt-  
29 ed under this chapter, the commissioner may, after giving reasonable

1 notice to the person and an opportunity for the person to be heard,  
2 issue an order prohibiting the violation by the person. The order  
3 remains in effect until the person has submitted evidence acceptable  
4 to the commissioner showing that the violation has been corrected.

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

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

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

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

22 (35) "ideal net" means an amount equal to the total amount  
23 of receipts that would be received if every individual pull-tab ticket  
24 in a series were sold at face value, less the prizes to be awarded for  
25 that series;

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

28 (37) "vendor" means a business whose primary activity is not  
29 regulated by this chapter but that is engaged in the sale of pull-tabs

1 on behalf of a permittee or operator, holds a business license under  
2 AS 43.70, and is

- 3 (A) a retail establishment;
- 4 (B) an eating establishment; or
- 5 (C) an establishment licensed under AS 04.11.

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

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

Original sponsor(s): Finance Committee

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 501 (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 relating to charitable gaming; and providing  
7 for an effective date."

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

9 \* Section 1. AS 05.15.060 is amended to read:

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

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

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

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

24 (4) the requiring of detailed, sworn, financial reports of  
25 operations from permittees and licensees including detailed statements  
26 of receipts and payments;

27 (5) the investigation of permittees, licensees, registered  
28 vendors, and their employees, including the fingerprinting of those  
29 permittees, licensees, registered vendors, and employees whom the

1 commissioner considers it advisable to fingerprint;

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

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

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

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

18 (10) the disposition of funds in possession of a permittee,  
19 [OR] a person, municipality, or qualified organization that possesses  
20 an operator's license, or a registered vendor at the time a permit,  
21 [OR] a license, or a vendor registration is surrendered, revoked, or  
22 invalidated;

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

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

27 \* Sec. 2. AS 05.15.070 is amended to read:

28 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commis-  
29 sioner may examine or have examined the books and records of a

1 permittee, an operator, a registered vendor, or a person licensed to  
2 manufacture or to distribute pull-tab games in the state. The commis-  
3 sioner may issue subpoenas for the attendance of witnesses and the  
4 production of books, records, and other documents.

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

6 (b) The contract between an authorizing permittee and an opera-  
7 tor must include the amount and form of compensation to be paid to the  
8 operator, the term of the contract, the activities to be conducted by  
9 the operator on behalf of the permittee, the location where the activ-  
10 ities are to be conducted, the name and address of the member in  
11 charge, and other provisions the department may require. The contract  
12 must provide that an operator conducting pull-tab games on behalf of a  
13 permittee shall return no less than 40 percent of the ideal net to the  
14 permittee.

15 \* Sec. 4. AS 05.15.128(a) is amended to read:

16 (a) The department shall revoke the license of an operator who  
17 does not

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

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

26 (3) pay to each authorizing permittee for two consecutive  
27 quarters at least 40 percent of the ideal net received from pull-tab  
28 games conducted on behalf of the authorizing permittee.

29 \* Sec. 5. AS 05.15.170 is repealed and reenacted to read:

1           Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
2           VENDOR REGISTRATION. (a) The commission may suspend or revoke a  
3           permit, license, or vendor registration, after giving notice to and an  
4           opportunity to be heard by the permittee, licensee, or vendor, if the  
5           permittee, licensee, or vendor

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

8           (2) breaches a contractual agreement with a permittee,  
9           licensee, or registered vendor;

10          (3) is convicted of a felony, of a crime involving theft or  
11          dishonesty, or of a violation of a municipal, state, or federal gam-  
12          bling law; for the purposes of this paragraph, a permittee, licensee,  
13          or registered vendor that is not a natural person is considered con-  
14          victed if an owner or manager of the permittee, licensee, or vendor is  
15          convicted; or

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

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

24          \* Sec. 6. AS 05.15.180(g) is amended to read:

25                 (g) A permittee [MUNICIPALITY OR A QUALIFIED ORGANIZATION] may  
26                 award a maximum of \$1,000,000 in prizes each year in activities au-  
27                 thorized under this chapter; [HOWEVER, IF A MUNICIPALITY OR A QUALI-  
28                 FIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF  
29                 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR

1 QUALIFIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH  
2 YEAR]. In this subsection, "activities authorized under this chapter"  
3 means all activities subject to this chapter other than bingo.

4 \* Sec. 7. AS 05.15.183 is amended by adding a new subsection to read:

5 (e) A distributor may not

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

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

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

10 \* Sec. 8. AS 05.15.187 is amended by adding a new subsection to read:

11 (h) An owner, manager, or employee of a person holding a permit  
12 or license under this chapter, or registered under this chapter as a  
13 vendor, may not purchase a pull-tab from any pull-tab series manu-  
14 factured, distributed, or sold by the permittee, licensee, or regis-  
15 tered vendor.

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

18 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-  
19 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator  
20 may contract with a vendor to sell pull-tabs on behalf of the permit-  
21 tee or operator, if the permittee or operator first registers the  
22 vendor with the department by applying for registration on a form pre-  
23 scribed by the department and by submitting the registration fee of  
24 \$50 for each location at which the vendor will sell pull-tabs.

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

28 (c) Upon approval of the vendor registration, the department  
29 shall issue an endorsement to the permittee's permit or the operator's

1 license that authorizes the conduct of pull-tab sales at that vendor  
2 location.

3 (d) The endorsement issued under (c) of this section is an  
4 extension of the permittee's or operator's privilege under AS 05.15.-  
5 100 to conduct pull-tab sales in this state. A vendor may not sell a  
6 pull-tab series until the permit or license containing the endorsement  
7 for the new vendor location has been posted by the permittee or op  
8 tor in the registered vendor establishment. The endorsed permit or  
9 license must be clearly visible to the gaming public.

10 (e) A separate endorsement shall be issued for each vendor  
11 location. The permittee or operator shall inform the department when  
12 a vendor with whom the permittee or operator is contracting changes  
13 the physical location at which pull-tabs are sold, and shall return to  
14 the department the endorsed permit or license of a vendor that is no  
15 longer selling pull-tabs on behalf of the permittee or operator.  
16 Failure to inform the department of a change in vendor location, or to  
17 return the endorsed permit or license to the department after a vendor  
18 change, may constitute grounds for the suspension or revocation of a  
19 permittee's permit or an operator's license.

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

25 (g) A permittee or operator that uses a vendor to sell pull-tabs  
26 on its behalf shall enter into a written contract with that vendor.  
27 The department may inspect this contract. If the contract contains  
28 provisions that violate this chapter or the regulations adopted under  
29 it, the department may declare the contract void, and may suspend or

1 revoke the registration of the vendor and the license of the operator  
2 or the permit of the permittee.

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

7 (i) A permittee or operator may not compensate a vendor for  
8 selling a series of pull-tabs on the permittee's or operator's behalf  
9 in an amount greater than 30 percent of the ideal net.

10 (j) An amount equal to the ideal net less the compensation paid  
11 to the vendor shall be paid by the vendor within 30 days of the date  
12 that the member in charge or operator delivers a pull-tab series to  
13 the vendor for sale. The amount required to be paid by the vendor  
14 under this subsection must be paid by check and shall be deposited by  
15 the permittee or operator directly into its gaming checking account.

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

18 (1) the permittee is a qualified organization, and the  
19 owner or manager of the vendor is a member of the governing body of  
20 the organization, or is the organization's designated member in charge  
21 under AS 05.15.112; or

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

25 \* Sec. 10. AS 05.15.188(g) is repealed and reenacted to read:

26 (g) At the time that a permittee or operator annually renews its  
27 permit or license, it shall also renew the registration of all loca-  
28 tions where a vendor is selling pull-tabs on the permittee's or opera-  
29 tor's behalf and shall pay a registration fee of \$50 for each vendor

1 location. The permittee or operator shall also forward, with each  
2 vendor registration renewal, that vendor's annual payment of the  
3 assessment to the charitable gaming surety fund.

4 \* Sec. 11. AS 05.15.188 is amended by adding a new subsection to read:

5 (m) The vendor registration required by (a) of this section  
6 shall be accompanied by payment of the vendor's assessment to the  
7 charitable gaming surety fund under AS 05.15.230. The assessment  
8 amount shall be set by the department by regulation and may not exceed  
9 \$100. The payment shall be drawn on the checking account of the  
10 vendor and may not be paid by the permittee or operator on the ven-  
11 dor's behalf.

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

13 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAP-  
14 TER. (a) If the commissioner determines that a person has engaged in  
15 an act or practice in violation of this chapter or a regulation  
16 adopted under this chapter, the commissioner may, after giving reason-  
17 able notice to the person and an opportunity for the person to be  
18 heard, issue an order prohibiting the violation by the person. The  
19 order remains in effect until the person has submitted evidence accep-  
20 table to the commissioner showing that the violation has been cor-  
21 rected.

22 (b) If the public interest requires, the commissioner may issue  
23 an emergency order prohibiting an act or practice in violation of this  
24 chapter or a regulation adopted under this chapter without notice to  
25 or an opportunity to be heard by the person affected by the order.  
26 The commissioner shall immediately serve the person with a copy of the  
27 emergency order. An emergency order expires 60 days after the date it  
28 is issued, if the person affected by the order requests a hearing  
29 within 15 days of receipt of the order. If the person does not

1 request a hearing within 15 days of receipt of the emergency order,  
2 the order becomes permanent. Following a hearing, the commissioner  
3 may rescind, modify, or make permanent the emergency order.

4 \* Sec. 12. AS 05.15.200(b) is amended to read:

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

9 \* Sec. 13. AS 05.15.210 is amended by adding new paragraphs to read:

10 (35) "ideal net" means an amount equal to the total amount  
11 of receipts that would be received if every individual pull-tab ticket  
12 in a series were sold at face value, less the prizes to be awarded for  
13 that series;

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

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

20 (A) a retail establishment;

21 (B) an eating establishment; or

22 (C) an establishment licensed under AS 04.11.

23 \* Sec. 14. Sections 10 and 11 of this Act take effect on the effective  
24 date of an Act establishing a charitable gaming surety fund that is enacted  
25 by the Sixteenth Alaska State Legislature.

26 \* Sec. 15. Except for secs. 10 and 11, this Act takes effect immediate-  
27 ly under AS 01.10.070(c).



## KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669  
PHONE (907) 252-4441

DON GILMAN  
MAYOR

### POSITION PAPER SB 501 RELATING TO CHARITABLE GAMING Presented by Marla Huss

The Kenai Peninsula Borough would like to submit the following comments related to SB 501, relating to charitable gaming. While the Department of Commerce and Economic Development has addressed many of our concerns regarding regulation of vendors in gaming sales compatible with the regulations pertaining to operators, there are two points which have not been addressed that we request be considered in drafting a committee substitute.

1. Neither the original version of the bill, nor draft 6-2220E which is being considered by the committee, allows municipalities to regulate or ban vendors as the current statutes allow for operators.

AS 5.15.124 currently allows municipalities to regulate or prohibit operators within the municipality. The legislation before you does not permit a municipality to exercise that local option against vendors, and thus against the further commercialization and proliferation of gaming sales, which is the purpose for the current "local option" statute. Legislation passed without this local option could pose an equal protection problem for the state and/or a municipality, who may have exercised the local option for a ban on operators.

The Kenai Peninsula Borough requests that language be added allowing this local option for vendors.

2. There is no notice requirement to local municipalities in either the bill or draft CS. Currently, under AS 5.15.030, a permittee and an operator are required to give notice to the municipality that they are applying for a license from the state. The borough requests that notice be given to a municipality at the time a permittee contracts with a vendor. Notice requirements are necessary to enforce local rules and regulations.



March 21, 1990

Dear Senator Eliason:

Thank you for your hearing , March 12, in the Senate Labor and Commerce Committee regarding SB 501.

Lottery Alaska and others in the charitable gaming industry requested the Administration to introduce legislation addressing the long-standing practice of "third-party vendors" selling gaming tickets. They declined, but stated they would not oppose such legislation. We were somewhat surprised when DCED introduced a proposed amendment which not only will require a title change of SB 501, but adds five pages of language. Several of their proposals are very valid; others are unworkable.

Specifically, we would **oppose** language which:

- 1) Requires a \$50 vendor registration fee.  
**Reason:** A \$50 IRS fee is already required (form 11-c). More fees will only eliminate the participation of many small business owners who help charities for very little compensation after their labor costs.
- 2) Establishes a 30% of ideal net cap on vendor compensation.  
**Reason:** Each game creates a different ideal net, resulting in different vendor compensation. This will not eliminate competition for locations, which was DCED's intent. A set percentage of gross sales will mean every vendor makes the same amount for every ticket sold. This is standard in all other states and will eliminate bidding for vendors. If a cap is necessary, the statute should enable the Department to set the cap in regulation.
- 3) Requires up front payment for pull-tabs.  
**Reason:** Normal business dealings are done on a payment basis, typically 30 days following product delivery. We can support a 30 day requirement.

- 4) Requires vendor payment into a surety fund.  
**Reason:** As in #1, this is burdensome to small business. Additionally, there is no surety fund. Addressing it in this bill is inappropriate until such a fund exists, if ever.
- 5) Prohibits a member of a charitable organization from selling pull-tabs for compensation.  
**Reason:** These business owners have costs also. They should be allowed to recoup these costs while helping their organization. It's discriminatory to allow some vendors to charge a fee but not others. In small towns, this could eliminate any compensated vendor participation. If their participation helps charities, what's the harm, particularly if compensation is limited by statute?
- 6) Gives the department cease and desist authority when violation of the gaming act are "about to occur."  
**Reason:** Too vague.

Finally, we oppose the proposed title change which limits vendor sales to only pull-tabs. Charities that raise funds through raffle ticket sales or dog mushing events, etc. should not be discriminated against because of the nature of their ticket.

Please consider the following amendment to SB 501. I believe it provides language that is fair to both charities and retailers and satisfies DCED concerns.

Section 1. AS 05.15.188 is amended to include a new section to Article 2 to read:

AS 05.15.188 Sales by retail vendors other than permittees or operators.

Retail vendors may sell pull-tabs, tickets and cards that are necessary to conduct activities authorized by AS 05.15.100 (a) if the retail vendor is authorized to make sales by a written contract with a permittee or operator.

a) The contract between each retail vendor and the permittee or operator must include:

- 1) The location(s) where the sales activity is to be conducted.
- 2) The name and address of the individual in charge at each location.
- 3) The type of authorized sales activity to be conducted.
- 4) The term of the contract.
- 5) The amount of compensation to be paid to the retail vendor.

b) Maximum compensation paid to retail vendors by permittees or operators shall be based on gross sales and established by regulation.

c) Payment to permittees or operators on behalf of permittees of the ideal net amount due shall be paid by the retail sales agent within 30 days following the commencement of authorized retail sales activity.

d) Contracts between retail sales agents and permittees or operators must be on file with DCED 10 days prior to commencement of sales activity.

1) The Department may withhold approval of sales activity only if the contract requirements specified in this chapter are not contained in the contract submitted to the Department.

2) The Department has 10 days from receipt of contracts to inform the permittee or operator of non-approval of specific retail sales agent contracts.

e) A vendor that fails to meet its contractual agreement with a permittee or operator, fails to comply with a requirement of this chapter or a regulation adopted under it, or the vendor or vendor owner or manager that is convicted of forgery, fraud, theft, or a crime of dishonesty related to the activities governed by this chapter, shall be prohibited for a period of five years from any further involvement in any activity authorized by or conducted under AS 05.15.

f) An employee of a registered vendor may not purchase a pull-tab from any pull-tab series sold by that vendor. A person who knowingly violates this subsection is guilty of a class B misdemeanor.

g) A vendor may not purchase a pull-tab series from a licensed distributor. Only a permittee's member-in-charge or an operator may directly supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the permittee or operator.

h) The bond posted by operators as required by AS 05.15.167 shall be available to satisfy any amounts due permittees resulting from fraudulent actions or other non-payment by retail sales agents authorized under this chapter.

i) The operator's license and permit of the qualified organization or a copy hand signed by the operator and member in charge must be conspicuously posted at each retail sales agent location.

Sec. 2. AS. 05.15.183 is amended by adding a new subsection to read:

e) A distributor may not

1) Take an order for the purchase of a pull-tab series from a vendor;

- 2) Sell a pull-tab series to a vendor; or
- 3) Deliver a pull-tab series to a vendor location.

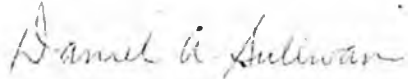
Sec. 3. AS 05.15.210 is amended by adding new paragraphs to read:

35) "ideal net" means an amount equal to the total amount of receipts that would be received if every individual pull-tab ticket in a series were sold at face value, less the prizes to be awarded for that series:

36) "permittee" means either a municipality or qualified organization;

37) "vendor" means a business whose primary activity is not regulated by AS 05.15 but which is engaged in the sale of pull-tabs on behalf of a permittee or operator and holds a business license under AS 43.70.

Sincerely,



Daniel A. Sullivan,  
Vice President

DAS/rtc

cc: Senate Labor & Commerce Committee members  
Senator Rick Uehling



# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor & Commerce  
committee name

committee on Senate Bill 501, dated March 21, 1990  
bill/subject

Page 4-5, section 4(G), The fact that a permittee when conducting activities on his own Pull Tabs can generate \$1,000,000.00 prize payout during a year, But if he uses a operator it is reduced to \$500,000.00.

If the sponsor's of this bill think that by limiting the amount of Pull Tab payout (prizes) when using an operator will reduce the overall funds generated by an operator they are wrong the operator will just contract with other Permit Holders to fill out his years business, there for why the difference? Why not make the payout \$1,000,000.00 for either operation?!

Signed: Robert K. Lewis  
Testifier  
Nome Volunteer Fire Department  
Representing (Optional)  
P. O. Box 785, Nome, Alaska 99762  
Address  
443-2439  
Phone No.

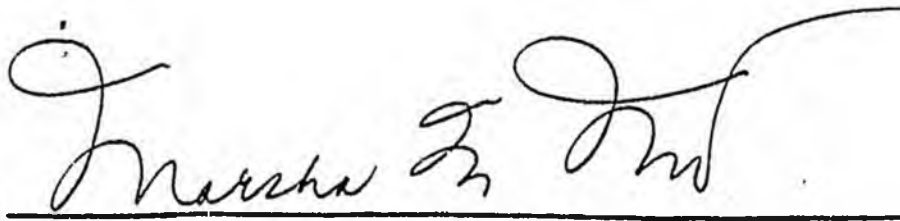


# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor and Commerce  
committee name

committee on SB 501 , dated 21 March 1990  
bill/subject

I represent Associated Alaskan Fairs and we strongly support the preservation of the third party vendor network provided for in this bill. We would like to see the permittee receive no less than 50% of ideal in any case.

Signed:   
Testifier Marsha M. Melton

Associated Alaskan Fairs  
Representing (Optional)

2075 Glenn Highway - Palmer, Alaska 99645  
Address

(907) 745-4827  
Phone No.



Working for  
Alaska's  
Mental  
Health

## Alaska Mental Health Association

4050 Lake Otis Parkway, Suite 202 • Anchorage, Alaska 99508 • (907) 563-0880

March 12, 1990

Senator Dick Eliason, Chairman  
Senate Labor and Commerce Committee  
P.O. Box V  
Juneau, Ak 99811

Dear Senator Eliason

### Testimony Regarding SB 501

After registering as an observer at today's teleconference, I realized that I should have registered to offer testimony when the controversy arose over section L. as proposed by the Department of Commerce.

First, I am the Gaming Coordinator for Alaska Mental Health Association and responsible for their day-to-day gaming activities with a major convenience store chain and one night club location in downtown Anchorage.

I support SB 501 and a majority of the substitute wording proposed by the Department of Commerce.

As written, the cap on vendor compensation DOES NOTHING TO PROTECT THE NON-PROFIT'S INTEREST. To set the cap too low will cause the vendor not to participate.

You heard testimony of setting vendor compensation on gross as Lottery Alaska does. This does not address the fact that there is a varying range of profit on individual pull-tab games. The Gaming Reform Act set Gaming Tax on the basis of Ideal Net. Compensation to the parties involved should, therefore, be based on a percentage of Ideal Net

Lottery Alaska currently pays vendors only 5% of gross (or 5 cents per \$1.00 ticket) and seeks to cause legislation to limit the rest of the industry. Lottery Alaska takes a giant slice as an "operator", leaving the charity with the statutory minimum.

Senator Eliason, Pg. 2, March 12, 1990

The Gaming Reform Act of 1988 sought to insure charities and non-profits a fair and reasonable return ... and to prevent the very abuse Mr. Sullivan advocated today.

Rather than setting a cap on the vendor, the only FAIR and EQUITABLE method is to require in statute that the permittee (the non-profit or charity) MUST RECEIVE A MINIMUM OF 40% OF IDEAL NET AFTER BOTH THE VENDOR AND OPERATOR ARE COMPENSATED AND GAME COST AND STATE GAMING TAX ARE PAID.

In the current arrangement between Alaska Mental Health and the convenience chain, you heard Ms. Campbell testify that 51% of profit from all games played was retained by the association.

In that arrangement, the vendor is compensated 40% of Ideal Net, with 60% of Ideal Net going to Mental Health. From that, Mental Health pays the cost of the pull-tabs and the state gaming tax.

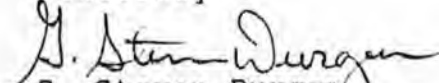
THERE IS NO OPERATOR IN THIS ARRANGEMENT. It is an outstanding example of "Self-Directed Gaming".

Looking at the matter of vendor compensation another way, The convenience store chain was compensated 10.8 cents per \$1.00 ticket. They did substantial promotion including store-front banners, window signs, and promotions with their employees.

By statute, the vendor must maintain daily logs of pull-tab activity, complete a receipt for each payout of \$50.00 or more, and ABSORB ANY LOSSES for pull-tabs entrusted to them. They hired extra accounting people to reconcile the additional paperwork.

Again, the only fair way to address the issue of compensation is to insure the non-profit of its fair share. Any other method invites abuse which the Gaming Reform Act sought to protect.

Sincerely

  
G. Steven Durgan



15 March 1990

Mr. John N. Hansen, Gaming Manager  
Department of Commerce & Economic Development  
Division of Occupational Licensing  
STATE OF ALASKA  
P. O. Box D-LIC  
Juneau, Alaska 99811-0800

Dear John:

Thanks for returning my phone call on 9 March. I appreciated your taking the time to discuss some of the issues facing the Games Advisory Group as well as non-profit organizations around the state.

You informed me via your correspondence of 14 February that I am a sub-committee of one to work on Article 7 - Other Games. You suggested I assemble a list and brief description of games for possible inclusion in the proposed gaming regulations. I have gathered this information from a number of organizations in the state. These games have been played in Alaska for many years, albeit illegally. The list is attached.

I think now is the perfect time to make the needed changes since these activities have now been placed under your jurisdiction. Hopefully this will make your job of regulating somewhat easier.

Should you have any questions in this regard, please don't hesitate to call me.

Sincerely,

Marsha M. Melton  
General Manager  
Member - Games Advisory Group

Enc. (3)

cc: Members of Alaska State House of Representatives  
Members of Alaska State Senate  
Members of Associated Alaskan Fairs  
Members of Games Advisory Group

## GAMES OF SKILL AND CHANCE

**ADD DART:** The targets for the add dart game are poster sized signs covered with numbers inside one inch squares. The player throws three darts at the target accumulating the point value of the number hit. The object is to accumulate the proper number of points required to win.

**BALLOON STORE:** Balloons are hung on a target board in a grid. Players throw darts at the balloons. A player wins by popping the balloon with the dart.

**BASKET BALL:** Basket ball hoops are mounted on the wall of the game. Players shoot baskets to win.

**BAT-N-BALL (SKY BOWLER):** A bat is suspended from the ceiling of the game area so that it hangs over the game counter. A bowling pin or other similar target is stood up directly in line with the bat. The object of the game is to gently swing the bat so that it misses the pin as it passes forward and hits it coming back, knocking the pin over.

**BAZOOKA BALL:** A ping-pong ball is fired from a pneumatic gun at one of a variety of targets--tin cans, bull's eye targets, etc. When a player hits the target he wins the game.

**BEAN BAG TOSS:** A bean bag is thrown at several aluminum cans on a raised platform. To win a player must knock all the cans off the platform with the allotted number of bean bags.

**BOSSY BINGO:** An arena is marked off with squares and a cow walks around the area. Individuals pay for the squares and wherever the cow deposits its "pie" the owner of that square gets half the entry money. The Fair gets the other half. (Very similar to the Rat Race)

**BOTTLE BUST:** Player gets two balls. If he breaks two bottles he wins.

**BUSHEL BASKETS:** Wooden bushel baskets are nailed to an angled back board as a target. The player must toss a softball at the basket. If the ball stays in the basket the player wins. If the ball comes out of the basket the player loses.

**COKE BOTTLE TOSS:** Plastic rings are thrown at a table full of glass bottles packed closely together. A player who rings the top of the coke bottle with the ring wins.

**COKE ROLL:** Players roll softball at two glass bottles. The bottles are set at the end of a small alley with side boards that keep the softball on the alley. A player who knocks both bottles down wins the prize.

**CORK GUNS:** CO2 pistols are used to shoot corks at tin cans placed on shelving at the back of the playing area. Knocking the prescribed number or combination of cans off the shelf wins the game.

**COVER THE LIGHT:** Players drop three plastic discs, covering a larger white, backlit spot. Covering the white spot completely wins the game.

**DARTS:** A dart board and darts are used. Contest of skill is he who gets the most points wins.

**GOBLET GAME:** A table is packed with several different colors of goblets. The goblets are placed so that only small spaces exist between them. Players throw plastic whiffle balls at the different colored goblets. A prize is awarded by the color of the goblet that the ball lands in.

**GUN BALL:** Players shoot plastic baseballs from a spring loaded gun, knocking over plastic cups. Player wins by knocking plastic cups from the stand they are on.

**HOOP SHOOT:** Three basket balls, one hoop with backboard, and one retrieval net is the equipment needed. Player has three chances to throw the ball into the hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receives third-rate prize.

**MILK CAN:** An old fashioned milk can is the target. Players throw softballs trying to land one in the opening at the top of the upright milk can. Winning is accomplished by successfully getting a softball in the milk can.

**ONE BALL (MILK BOTTLES):** Players throw softballs at a pyramid shaped stack of three metal milk bottles. A player wins by knocking the bottles off the platform on which they rest.

**PENNY FALLS (BULL DOZERS):** Players shoot tokens through movable chutes, trying to displace other tokens through a return chute. Returned tokens are replayed. As tokens are maneuvered towards the return chute, small prizes and redemption tokens move with them, eventually falling through the return chute.

**PULL UP:** A regular sized glass bottle is laid on its side on a level square board. A plastic ring that will fit over the neck of the bottle is tied to one end of a string, the other end is tied to a section of dowl. The player uses this fishing pole device to lift the bottle from its side to a standing position. A player must start over if the bottle falls off the board, or if he uses anything other than the fishing pole to stand the bottle up.

**PUNK RACK:** "Punks" or "cats", stuffed targets, stand several inches apart on several rows of shelves. Players throw baseballs at the punks to knock them off the shelf. Three punks off in three throws wins.

**SHOOT OUT THE STAR (SHOOTING GALLERY, MACHINE GUNS):** Players shoot out a small red star using pneumatic, rapid fire BB guns. Successfully cutting out the entire red star with 100 shots constitutes a win.

**SLAP SHOT:** Player shoots puck with hockey stick at goalie. Puck may take any one of several numbered grooves to reach the goalie. Final score and prize are determined by which slot the puck ends up in to reach the goalie.

**SPEED BALL:** The player gets three balls. He throws two of the balls for warm-ups then guesses the speed of the third ball, if he is correct he wins.

**STAR DART GAME:** Players throw darts at rows of printed black and red stars on a target board. One dart in the red on any star wins a prize. Losing darts miss the star or hit in the black of the star.

TIC TAC TOE: This game is similar to the Balloon Score game, except that the player wins by popping three balloons in a row, either up, down, across or diagonally.

TISSUE TOSS: One case of toilet tissue rolls and toilet seats attached at an angle with net in background is the equipment needed. Player has three chances to throw a roll of tissue through the toilet seat hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receive third-rate prize.

WOOD RING TOSS: A wooden hoop is thrown at rows of wooden blocks. Each block has a different prize on it. A player wins by completely ringing one of the wood blocks.

#### NOTES:

I noted the maximum charge for playing Games of Skill is \$.50. While that might have been acceptable ten or twenty years ago, you can not buy a candy bar at a movie for this fee. I feel this needs to be revised.

Permit holders and games of skill players are tired of only having a short list of legal activities to draw on. The organizations around the state I work with feel it's past time to expand this area.



9 April 1990

Mr. John N. Hansen, Jr. Gaming Manager  
Dept. of Commerce & Economic Development  
Division of Occupational Licensing  
STATE OF ALASKA  
P. O. Box D-Lic  
Juneau, Alaska 99811-0800

Dear John:

As a member of the Gaming Advisory Group, I represent a diverse group of organizations and businesses. In the Fair industry alone, there are over twenty fairs and festivals across our state. Together we entertain thousands of Alaskans and visitors annually.

After numerous telephone conferences, many personal contacts and discussions with other fairs and regulatory agencies in other states, I can come to only one conclusion. The State of Alaska should not be in the business of regulating Games of Skill.

If you feel this is a form of gambling, then obviously there is an age factor to be considered. The types of games that are played at fairs, festivals, school carnivals and community celebrations and result in a non-monetary prize are not and should not be considered gambling. They are a form of entertainment and in addition to providing funds for various community projects, they also provide a place of employment for a significant group of Alaskans.

If you feel these activities should be regulated in some way, then I suggest you set up a review board. This board could meet once a year. In the beginning they would review each game suggested for play and try it themselves to insure the games integrity. In following years, they would only review new games. The Division would periodically check on all games to insure that quality and integrity remain in place.

While our organization has many non profit groups that depend on our event to raise badly needed funds, I do not feel that deleting the "skill" section from the code would adversely affect them. It appears to me that an attempt to regulate this aspect of our gaming laws is an exercise in futility.



9 April 1990

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Page 2 - John Hansen, Jr. - Alaska State Fair cont'd

Games of Chance are another story all together. Anytime there is money involved at the beginning AND at the end, it needs to be regulated, i.e. Bingo, Pull Tabs, Ice Classics, Lotteries, Raffles, etc.. Since I am not personally involved with Games of Chance, I do not feel qualified to address this section of the code.

Should you have any questions, please feel free to call me. I will be in Juneau on Wednesday, 11 April and will drop by your office. Perhaps if you are not too busy, we could discuss this briefly.

Sincerely,



Marsha M. Melton  
General Manager  
Member - Games Advisory Group

cc. Larry Mercurieff, Commissioner  
Members of Alaska State House of Representatives  
Members of Alaska State Senate  
Randall Burns, Director  
Associated Alaskan Fairs  
Members of Games Advisory Group



VETERANS OF FOREIGN WARS OF THE U.S.  
ROBERT L. SPENCER POST NO. 7056  
P.O. Box 404  
Kodiak, Alaska 99615

James L. Fisk, Jr.  
Senior Vice Commander  
POW-MIA Chairman  
Gaming Advisory Group for the  
State of Alaska

Post Office Box 2068  
Kodiak, Alaska 99615  
Phone: (907) 486-3959

Post 7056  
House Committee Chairman  
(charged with all pull tab responsibilities)

18 March 1990

Ms. Eileen Panigeo MacLean, Chair  
Community & Regional Affairs Committee  
Room 124  
Capitol Building  
Juneau, Alaska 99811

Subject: Testimony for House Bill 512

Dear Ms. MacLean,

After my most recent conversation with your Administrative Assistant Renee, I advised her my wife is out of town and that I would attempt to complete my written test and oral response to the teleconference held on 9 March 1990.

Enclosed please find my packet containing this testimony.

I would appreciate it if you would assure that each legislative representative receives a copy of this written testimony.

Very truly yours,

  
James L. Fisk, Jr.  
JLF:nk

Enclosures: As stated

cc: Representative Dave Donley, Labor and Commerce Committee  
Senator Richard I. "Dick" Eliason, Labor and Commerce Committee

Reintroduced as testimony on 3/9/90  
To: Eileen Panigeo MacLean, Chair  
Referred: C&RA, and Labor & Commerce  
Attention: Dave Donley, Chairman

BY REP. BOUCHER, Boyer

IN THE HOUSE

HOUSE BILL NO. 512

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the retail sale of pull-tabs, tickets, and cards for charitable gaming activities."

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

\*Section 1. AS 05.15 is amended by adding a new section to article 2 to read:

Sec. 05.15.188. SALES BY PERSONS OTHER THAN PERMITTEES.  
A person other than a permittee may sell pull-tabs, tickets, and cards that are necessary to conduct activities authorized by AS 05.15.100(a) if the person is authorized to make sales by a written contract with a permittee or operator. The permittee shall notify the department within five days of the commencement of sales by a person under this section.

We are requesting that the following testimony be introduced as a possible amendment to House Bill 512.

My name is James L. Fisk, Jr. My address is: P.O. Box 2068, Kodiak, Alaska 99615. My phone number is: (907) 4863959. May I introduce myself and who I represent, and what the ultimate goals are to achieve a solid and sound HB 512. Madam Chair McLean and Chairman of other committees who may receive this testimony. This testimony is given on March 10, 1990 in Kodiak, Alaska.

Let me proceed with what I think as an individual representing the Kodiak Lions Club, the Rodeo State Fair Association, the Bayside Fire Department, the Veterans of Foreign Wars, the Veterans of Foreign Wars Auxiliary, the Baranoff Products and Kodiak Little League. Believe me when I say I represent those organizations as I am either a Charter Member or have served in the capacity of President or a Board Member. When I say that I represent the above organizations, I feel a deep internal commitment knowing that I have, and will continue to represent the welfare of those organizations and the other organizations throughout the State of Alaska to the utmost of my ability.

Let me start with a letter of what I think as what are the real issues for the Games of Chance and Skill administered by the Department of Commerce. When one associates with a new idea, of creating a dream - that dream has already been used in other states or other countries. They have experienced and suffered through the hardships. Don't let Alaska suffer those same hardships. Let's put together a foundation, a commission that will be responsive and face the true issues of the gaming industry in Alaska. Let's clean it up and not wait like Nevada did. It took them 27 years to get the criminal element out of the gaming industry in Nevada.

We need a Gaming Commission in 1990. The job of a commission to see that funds gained from gaming activities go into the pockets mandated by the legislature. The gambling must be honest and the public is protected. All activities must be controlled and kept within the boundaries of good public policy. The heart of the gaming industry in Alaska must be to protect the public from being misled by those who operate the games. The commission must define rules and regulations to accomplish the following:

What are some of the problems? What are some of the solutions?

Problem: Inside information on the pull-tab industry.

Solution: Mark off the winners on the flare card. It is done in Washington. It cuts the odds for the permittees, the vendors, and the operators, but if that is what it takes to clean up Alaska - I say do it.

Problem: Winner pick out.

Solution: Manufacturing standards - those standards should be the highest NAFTM can deliver.

Problem: Lack of Randomization

Solution: Random testing. Protect the operators from cheating as initiated by the public.

Problem: Counterfeiting. Alaska has experienced a small though serious problem with counterfeiting, for it is out there. Don't ignore it.

Solution: Develop a secondary winner protection code such as a Trade Products Win Code. It is proven and it is successful. It take's 99% out of cheating, but nothing is 100% unless you ban the games of chance and skill in Alaska completely.

Insure the receipt of mandated income by the charity. Very important, insure the receipt of mandated income by the charity. Not 15% of the adjusted gross, but a minimum of 40% of the ideal net or gross profit. The remaining 60% will be state tax, pull-tab cost, and vendor share.

Problem: Mismanagement. In every organization there is going to be a little mismanagement. We could write laws from now to the end of the century, there is going to be some mismanagement.

Solution: An accounting system that insures appropriate profit to the charity and regulates audits by regulatory staff. If you need the people, tax the industry. Remember, audit by regulatory staff. That is important.

You could write a whole book, but if you have a stacked deck and you don't regulate it, you don't audit it, and you don't observe it, because you say you don't have the staff - forget it, it's over. You may as well say we will do the same as Nevada - let them infiltrate and then figure out how to get them out.

Mechanisms used to accomplish these goals include but are not limited to the following:

1. A clear concise criteria for construction of games. NAFTM approved manufacturers only with no exceptions.

2. A technical description and definition of the game. Break open games, pull-tabs, punch boards, lottery tickets, bingo cards, etc. A good definition of what they are and then a standard for each of those games. We are trained to write a standard to deal with the overall games. Let's deal with every game and every item. There is a difference between a \$1.00 bill, a \$20.00 bill, and a \$100.00 bill - there is a difference in every games.

I am enclosing the standards for break open tickets as an example. I am enclosing catalogues, I am enclosing the break open profit line and what to look for, I am enclosing pull-tabs (rippies-whatever you want to call them). Each game is different, each card is different, each flare card is different. All devices used in gaming should have an individual set of standards including opacity, randomization, and winner protection, etc.

Don't allow a manufacturer to write the rules if he doesn't belong to NAFTM. Allow the state to sit down with all NAFTM manufacturers and work as a team. Regulations should be drawn that provide a paper trail throughout the entire gaming process.

A process, such as Tabtrak, should give you instant control without a 30 to 60 day delay. This process should be developed by an Alaskan and workable by an Alaskan. This process should develop a paper trail for the entire gaming process including but not limited to the manufacturers, distributors, operators, permittees, and vendor locations. This paper trail follows from the manufacturers doorstep to the distributors door step, then on to the operator, permittee, or vendor identifying the date shipped, the cost, game description including color, game, and count, and serial number, as well as cost and tax to the operator and permittee. Tickets sold and prizes paid, identity of winners, and number of unsold tickets would be able to be immediately identified in a paper trail developed by Tabtrak.

Take a serious look at Tabtrak before permitting the State to develop a system when there is already a system successfully being used in the marketplace. I didn't believe in it because I felt I had the best computer program in the State - tractability and accountability from the date of invoice until the completion of the game to the quarterly to the annual reports, and to the membership of the permittees organization. Tabtrak will give the State investigators in the field, finger-tip control from a pay phone 24 hours a day at no cost to the State of Alaska. Let's give it a shot.

Licensing requirements should include, but not be limited to, licensing the charities, the distributors and their representatives, the operators and their representatives, the vendors and their representatives, and most of all the manufacturers and their representatives. This is where it starts, careful thought should be given to the criteria of who gets a license. If you license dishonest people you will have a regulatory problem from day one.

I say anyone who has had a conviction for gambling, convicted felon should never be involved in gambling or gaming - not after five years, not after ten years, but never as long as he has that conviction on his file. There is an exception, if one has an SIS then - that's the exception and that's only the exception. Once a "cheater", always a "cheater". Licensing dishonest people means dishonest accountability and dishonest tractability. A license to conduct gaming should be identified as a privilege - not a right. A license may be canceled for any reasonable threat to the integrity of the game: I say that if a license is canceled then it's gone. Once it's gone, it's gone forever.

If there is an infraction for not filing paperwork in timely response, that is a misdemeanor, it is not a threat to the integrity of the game. Finally, regulate the prize levels and cost of play to a \$500.00 prize limit on pull-tabs. Consider the level of security in break open tickets. There are tickets that are poorly manufactured and tickets which are premium of the stock. All tickets need to meet a certain standard. The security of the break open game must be the greatest integrity we can give the public consumers that play to know their money and their chances are under tight scrutiny.

There needs to be enough money to provide enforcement. The State must provide enforcement that is adequate in size - not 4 or 5 covering this State. If we need to tax 5% or 6% on the ideal net, let's do it, but let's get some effectiveness in the field. Let's stop this putting a handle on auditors and investigators. Let them do their job. They are protecting the constituents in the State of Alaska - the people who are putting their trust in the legislature. That is my opening statement.

Let me go to the State's position paper. Page three: The departments proposals include:

1. Vendor registration by permittee or operator.

Take the operator out of this position paper wherever it appears. The permittees, the vendors, the distributors, the manufacturers are one segment. The operators are a business entity. Every operator is doing it to make a profit. They would not crank up the pull-tab parlor or a bingo parlor with several thousand dollars invested if they weren't going to make a big return - more than what the vendor and the permittee is going to get. You are talking big scale

gambling. Let's divide them out, let's keep the operator as operators and keep them out of the bars and restaurants and grocery stores. Put those operators in a separate entity as a business enterprise.

The lottery is going to challenge that - they will not be able to go into 7-11 stores or grocery stores. There are three municipalities in the State of Alaska that ban operators - Kodiak, Kenai Peninsula, and Sitka. These communities are sending a clear message to the legislature that says, leave the charity's home town development for generating revenue as a revenue source with charity's who want to get involved - not operators. If Lottery Alaska wants to play in these establishments, let them license each establishment for lottery, let them foot the requirements, and let them pay the insurance. They are a business entity making big bucks otherwise they wouldn't be in business. That's a separate issue. If the State wants to run a lottery - let them do it, but let's divide the operators from the permittees and vendors.

2. Issuance of an endorsement to a permittee's or operator's license that authorizes a vendor to sell pull-tabs on behalf of the permittee or operator.

Remember we are striking the operator. We are asking for an endorsement to be able to license the vendor. We agree with a \$50 or \$100 dollar licensing fee (whatever the case may be). There should be no more than one vendor license and one permittee license per establishment. If that establishment wants another permittee, allow them to give notice to the present permittee they have in force that they would like to switch. Don't hang 15 permittee licenses on the wall. You begin to lose accountability, tractability, who's game is being played, and how it is being played. Close it off.

3. a cap of 30% of ideal net on the amount that a vendor can charge a permittee or operator to compensate the vendor for selling pull-tabs on their behalf;

Strike out the operator for they are regulated on a percentage of 15% of the adjusted gross income. My organizations and advisory board members say - make it a 50/50 split of the ideal net with the charity paying the tabs and the tax. A standard price per tabs and the tax will not change.

The unscrupulous individual is going to charge \$200.00 for the tabs instead of \$75.00 so the charity gets less and less. Adopt a 50/50 split with a reasonable price for tabs and tax.

4. the requirement that the vendor pay the agreed upon amount of profit to the permittee or operator at the time of delivery of a pulltab series to the vendor for sale.

We have a large state - the largest - and it is very remote so it is therefore difficult sending a case of pull-tabs to Pilot Point. They are going to have only one or two games which they will have return the profits and tax on. We are striking the operator and let's strike the tabs and tax and profit. Let's require every permittee to issue a signed purchase order stating, the number of games, the cost of the games, and the tax. This purchase order must be signed by the distributor and the vendor, and must note the date and time of delivery. The permittee will then have 30 days to pay the distributor for the tabs and tax. If he does not pay in 30 days, then the distributor has the right to notify the commission that the permittee has failed to pay, and the commission will write the permittee allowing him 10 days to correct the problem (or maybe 40 days) but that is a paper trail that is accountable.

5. payment into the charitable gaming surety fund by a registered vendor;

You have got a contract so forget it - you don't need a surety sitting in an account some place. The operators have \$100,000.00 - let's leave it - let's let the operators be operators. The distributors, the permittees and the vendors will take care of their homework with their standardized agreement.

6. the requirement that a vendor and permittee or operator enter into a written contract;

This has been addressed. We need a standard state approved contract.

7. the provision that only a permittee or operator may supply pull-tabs to a vendor

Forget about operators. Permittees have already given a purchase order to authorize the vendor to receive pull-tabs on his behalf. If the paper trail is not there, this is an infraction of the reasonable integrity to the playing of the game, and you are not playing by the rules.

8. a provision prohibiting an employee of a vendor from purchasing a pull-tab from any series sold by the vendor;

If an employee working for a vendor selling pull-tabs has not sold a pull-tab from that game then he should be entitled to play it. If he has sold pull-tabs from that series then he should not play one single pull-tab.

9. a prohibition that the owner or manager of a vendor who is also a member of permittee organization or a municipal officer may not enter into a contract to sell pull-tabs on behalf of that organization or municipality for compensation;

If you are a distributor - you are a distributor only. If you are a vendor - you are a vendor only. If you are a permittee - you are a permittee only. If you are in a small community we have to make allowances for this. If you are a vendor selling and a member of the Russian Orthodox Church in one of these small communities, and are using the Russian Orthodox Church permit in your your establishment, the collective effort of everybody in the community is required. In an instance such as this, I feel an allowance should be made.

10. provisions to clarify that a distributor may not deal directly with a vendor; and

We have already discussed that by providing a paper trail to account for the integrity of the game.

11. provision giving the department cease and desist authority when violations of gaming act have occurred or are about to occur. This is difficult. Let the investigators determine the seriousness of the violation or potential violation.

In conclusion, strike operators and allow permittees to handle the sale of pull-tabs in their areas.

Enclosures: Section 1. AS 05.15 (Senate and House Versions)  
\* (Green highlights shall be deleted from current text)  
\*\*(Blue highlights are references only)  
Description of Break Open Games  
Trade Products Catalog  
Capital Games Catalog  
Pull-tab Scales Flyer  
Sample Transmittal Form  
Pull-tab/Win Code Samples (Three Sample Sheets)  
Sample of Winning Pull-tab ticket  
Pull-tab Prize Receipt  
Pull-tab Receipt Log  
Sample of Distributor Game Detail  
Sample of Manufacturer Game Detail (Five Sample Sheets)

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P.O. BOX D-LIC  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465-2534

DIVISION OF OCCUPATIONAL LICENSING

January 29, 1990

Dear Advisory Group Member:

Greetings and congratulations on being chosen to participate on the Gaming Advisory Group. As you have been notified by telephone, the first meeting will take place on Friday, February 9, 1990. We will be meeting in Anchorage at the Golden Lion Hotel on the corner of 36th Avenue and the Seward Highway. We have scheduled the meeting to start at 9:00 a.m., have planned a social (no host) lunch together at noon, and will resume the meeting at 1:00 p.m. until 4:00 p.m. or so.

At Commissioner Mercurieff's request, the Advisory Group will be chaired by Occupational Licensing Division Director, Randall Burns. The group will be staffed by gaming program staff. Two additional appointments were recently made by the commissioner so the group now totals fourteen (14) members. In addition to Chairperson Burns, the members selected to participate by the commissioner are listed below:

- |   |   |  |
|---|---|--|
| <p>3</p> <p>Present</p> <p>absent</p> <p>absent</p> <p>X</p> <p>X</p> | <p>1. Roger Cunningham ✓</p> <p>2. Jim Fiske ✓</p> <p>3. Lia Gladstone ✓</p> <p>4. Mark Griffin ✓</p> <p>5. Jan Jenitis ✓</p> <p>6. Peter Kraemer ✓</p> <p>7. Dwight McBride ✓</p> <p>8. Marsha Melton ✓</p> <p>9. Joe Nyquist ✓</p> <p>10. Bill O'Brien ✓</p> <p>11. Jim Peot ✓</p> <p>12. Jack Powers ✓</p> <p>13. Karen Sherman ✓</p> <p>14. Pat Vincent ✓</p> | <p>Bill's Distributing of Alaska</p> <p>VFW Post 7056 3 4 5</p> <p>Big Brothers/Big Sisters of Juneau</p> <p>Alaska Bingo Supply</p> <p>Farthest North Girl Scout Council</p> <p>North Star Bingo</p> <p>Alaska Indoor Sports</p> <p>Alaska State Fair Association</p> <p>Pull-tab City</p> <p>Cordova Moose Lodge</p> <p>Whaler Casino and Supply</p> <p>Anchorage Bucks</p> <p>Bering Sea Lions Club</p> <p>Kenai Peninsula Builders 4</p> |
|---|---|--|

A tentative agenda has been set:

1. Call to Order
2. Introductions
3. Update on Legislation and Fall Regulations Project
4. Division's Proposed Gaming Budget
5. Department Goals for Advisory Group

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: REX TALLEY  
 TITLE:  
 ADDRESS: 9221 ARLENE #8  
 CITY: ANCH ZIP: 99515  
 PHONE: 248-9206  
 BILL NO: HJR 84  
 SUBJECT: FEDERAL TAX EXEMPTION FOR CHILD CARE  
 MESSAGE: PLEASE SUPPORT THIS BILL. /MAB

POMID: 03164832  
 DATE: 03/09/90  
 TIME: 16:48:32  
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BOYER	BROWN	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS, C.	DUNCAN
DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINKELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPONEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRE	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JUDY GRIFFIN  
 TITLE:  
 ADDRESS: 4600 SHELBURNE PLACE  
 CITY: ANCH ZIP: 99516  
 PHONE: 345-0900  
 BILL NO: HB 512  
 SUBJECT: CHARITABLE GAMING/SALES AGENTS  
 MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE  
 FUNDRAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR  
 PASSAGE. BIG BROTHERS AND BIG SISTERS OF ANCHORAGE HAS IN THE PAST BENEFITTED  
 FROM FUNDRAISING EFFORTS INVOLVING THE RETAIL COMMUNITY. /MAB

POMID: 03170949  
 DATE: 03/09/90  
 TIME: 17:09:49  
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: RAY KELLEY

TITLE:

ADDRESS: POB 1175

CITY: WILLOW

ZIP: 99688

PHONE: 495-6688

BILL NO: HJR 74

SUBJECT: CONST. AMDT: SUBSISTENCE PREFERENCE

MESSAGE: &amp; HJR 88: THESE TWO RESOLUTIONS SHOW THAT, AGAIN, THE STATE OF

ALASKA IS RUNNING SCARED FROM A THREAT OF THE FEDERAL GOVERNMENT.

THE CONSTITUTION OF THE STATE OF ALASKA SHOULD NOT BE CHANGED TO

SUPPORT TITLE 8 OF ANILCA. THE REVERSE SHOULD BE THE CASE.

POMID: 14150746

DATE: 03/09/90

TIME: 15:07:46

LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON	KERTTULA
MENARD	SZYMANSKI
DAVIDSON	FAHRENKAMP
JACKO	FRANK
FOSTER	HALFORD
NAVARRE	STURGULEWSKI
FURNACE	ZHAROFF
SHARP	RODEY
HUDSON	FAIKS
DAVIS, M.	PEARCE
GOLL	
GRUENBERG	
ELLIS	
MILLER	
MARTIN	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: PEGGY MCNEES

TITLE: BOARD MEMBER, BIG BROTHERS/BIG SISTERS

ADDRESS: 2607 E. 20TH

CITY: ANCHORAGE

ZIP: 99508

PHONE: 266-1677

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND

RAISING. I SUPPORT THE BILLS AND REQUEST YOUR SUPPORT. BIG BROTHERS/BIG SISTERS

HAS BENEFITED AND WISHES TO CONTINUE TO BENEFIT FROM THE INVOLVEMENT WITH THE

RETAIL COMMUNITY. I SUPPORT HB 512 AND SB 501. /CMR

POMID: 03145209

DATE: 03/09/90

TIME: 14:57:03

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JODY SIMPSON  
TITLE:  
ADDRESS: PO BOX 521113  
CITY: BIG LAKE ZIP: 99652  
PHONE: 892-6371  
BILL NO: SB 59  
SUBJECT: MANDATORY SEATBELTS  
MESSAGE: PLEASE VOTE IN FAVOR OF SB59.

POMID: 14150708  
DATE: 03/09/90  
TIME: 15:07:08  
LIONAME: MAT-SU LIO

COPIES: SENATORS

ADAMS  
BINKLEY  
COGHILL  
DUNCAN  
FAHRENKAMP  
FAIKS  
FISCHER  
FRANK  
HALFORD  
JONES  
KELLY  
KERTTULA  
PEARCE  
POURCHOT  
RODEY  
STURGULEWSKI  
SZYMANSKI  
UEHLING  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: DAVE JONES  
TITLE:  
ADDRESS: 2435 SPRUCEWOOD  
CITY: ANCH ZIP: 99508  
PHONE: 278-3876  
BILL NO: HB 512  
SUBJECT: CHARITABLE GAMING/SALES AGENTS  
MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-  
RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE.  
BIG BROTHERS/BIG SISTERS HAS IN THE PAST BENEFITED FROM FUND RAISING EFFORTS  
INVOLVING THE RETAIL COMMUNITY AND WISHES FOR THESE RELATIONSHIPS TO CONTINUE.  
/MAB

POMID: 03151610  
DATE: 03/09/90  
TIME: 15:16:10  
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: ERIC TASKER

TITLE:

ADDRESS: 7724 ARLENE ST

CITY: ANCH

ZIP: 99502

PHONE: 243-7245

BILL NO:

SUBJECT: BUDGET

MESSAGE: LIKE MOST ALASKANS I WANT STATE GOVERNMENT REDUCED. I SUGGEST A 50% REDUCTION TO START. THIS WOULD LEAVE TWICE AS MUCH STATE GOVERNMENT AS I WANT, NEED, OR AM WILLING TO PAY FOR. -TP

POMID: 03143035

DATE: 03/09/90

TIME: 14:30:35

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BYER	BROWN	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS, C.	DUNCAN
DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINKELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPONEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRÉ	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: KAY SLACK

TITLE:

ADDRESS: PO 2507

CITY: PALMER

ZIP: 99645

PHONE: 745-8526

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-RAISING. I SUPPORT HB512 AND SB501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS-BIG SISTERS HAS IN THE PAST BENEFITTED FROM FUNDRAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE. -TP

POMID: 03143515

DATE: 03/09/90

TIME: 14:35:15

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: IRVIN BROCK

TITLE:

ADDRESS: P.O.BOX 5-337

CITY: FORT RICHARDSON

PHONE: 428-1347

ZIP: 99505

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS/BIG SISTERS HAS IN THE PASS BENEFITED FROM FUND RAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.  
/CMR

POMID: 03121526

DATE: 03/09/90

TIME: 12:15:26

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN  
FOSTER  
PETTYJOHN  
DAVIS, C.  
KUBINA

RODEY  
FAIKS  
KERTTULA  
COGHILL

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: KATHY SWARTZ

TITLE:

ADDRESS: 4930 SPORTSMAN DRIVE

CITY: ANCHORAGE

PHONE: 248-2102

ZIP: 99502

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY AND CHARITABLE FUND RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS/BIG SISTERS HAS IN THE PAST BENEFITED FROM FUND RAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.  
/CHR

POMID: 03123901

DATE: 03/09/90

TIME: 12:39:01

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN  
FOSTER  
PETTYJOHN  
DAVIS, C.  
KUBINA

RODEY  
FAIKS  
KERTTULA  
COGHILL

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JEANIE HALPIN

TITLE:

ADDRESS: 2005 W47TH

CITY: ANCH

PHONE: 243-6978

ZIP: 99517

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-  
RAISING. I SUPPORT HB512 AND SB501 AND URGE YOU TO ENDORSE ITS PASSAGE. BIG  
BROTHERS-BIG SISTERS HAS, IN THE PAST, BENEFITTED FROM FUNDRAISING EFFORTS IN-  
VOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.

-TP

POMID: 03115203

DATE: 03/09/90

TIME: 11:52:03

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: DENNIS HACKENBERGER

TITLE:

ADDRESS: 1515 WOLVERINE STREET

CITY: ANCHORAGE

PHONE: 333-9220

ZIP: 99504

BILL NO: HB 515

SUBJECT: PERS CREDIT: NONCERTIFICATED SCHOOL EMP.

MESSAGE: I AM IN SUPPORT OF HB 515 AND SB 444. /CMR

POMID: 03123623

DATE: 03/09/90

TIME: 12:36:23

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINDELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPHEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRE	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	