

**SB 6**

**HOUSE COMMITTEE REPORT**

(11)

Date Referred: May 20, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/21/91

The FINANCE Committee considered:

CSSSSB 6(JUD)(title am)

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (JUDICIARY)(title am)

MULTIPLE PERMITTEE GAMING; PRIZE AMOUNTS

"An Act relating to charitable gaming; extending from 5 to 15 years the period during which a person is prohibited from participating in certain charitable gaming activities following a conviction of a felony or release from prison or parole as a result of a felony conviction; increasing the percentage paid by operators to pull tab authorizing permittees to 35 or 50 percent of adjusted gross income; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with HCS CSSSSB 6 (FIN)  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

fiscal note(s) DCED 5/20/91

zero fiscal note \_\_\_\_\_

zero fiscal note(s) DCED 4/17/91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<del>George T. ...</del>	<del>X</del>	Eileen P. Madigan		<input checked="" type="checkbox"/>	
George T. ...	X	Bob ...		<input checked="" type="checkbox"/>	
Yvonne ...		Donald ...		<input checked="" type="checkbox"/>	
		Jan ...		<input checked="" type="checkbox"/>	
		Robert E. ...		<input checked="" type="checkbox"/>	
		J. ...		<input checked="" type="checkbox"/>	
		...		<input checked="" type="checkbox"/>	
		Mark Boyer		<input checked="" type="checkbox"/>	
		...		<input checked="" type="checkbox"/>	

Yvonne ...  
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Version: SSSRL  
(S) Publish Date: 4/17/91

Revision Date: \_\_\_\_\_ Department Affected: COMMERCE & ECONOMIC DEV.  
Title: An Act relating to multiple-beneficiary charitable gaming permits BRU: Occupational Licensing - Gaming  
Component: XXXXXXXXX and door prizes

Sponsor: Senator Zharoff  
Requestor: Labor & Commerce and Judiciary COMPONENT SERIAL NO. 

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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
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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						

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Changes in SSSSRL (JWD) have no fiscal impact. This fiscal note is appropriate.  
SSD-91 date WB Amk Comte Aide (initial)

Prepared By: John Hansen, Gaming Program Manager Phone: 465-2581  
Division: Occupational Licensing Date: 2/11/91

Approved by Commissioner: Glenn A. Olds [Signature] Spec. Asst. TI  
Agency: Department of Commerce & Economic Development Date: 2/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Version: SSSS Bld (Jed)  
(S) Publish Date: 5-20-91

Revision Date: 5/17/91  
Title: An Act relating to charitable gaming, and providing for an effective date  
Sponsor: Zharoff  
Requestor: Senate Judiciary

Department Affected: Commerce & Economic Dev.  
BRU: Occupational Licensing  
Component: Administration

COMPONENT SERIAL NO.	0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	203.0	203.0	203.0	203.0	203.0	203.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	54.0	54.0	54.0	54.0	54.0	54.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	44.0	7.0	7.0	7.0	7.0	7.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>315.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>

CAPITAL						
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REVENUE	625.0	656.2	662.4	668.6	674.8	681.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	315.0	276.0	276.0	276.0	276.0	276.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>315.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>	<b>276.0</b>

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581  
Division: Occupational Licensing Date: 5/17/91  
Approved by Commissioner: Glenn A. Olds  
Agency: Department of Commerce & Economic Development Date: 5/17/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE ATTACHMENT - C S S S S B 6

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees who transferred with the program was five: one auditor and one investigator located in Anchorage, one auditor, one tax examiner and one clerk typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill would authorize the licensing and regulating of pull-tab vendors, authorize sales of pull-tabs from one distributor to another distributor, require the permittee and operator provide notification prior to changing the location(s) of gaming activities, amending the powers of the department to suspend or revoke permits or licenses, place restrictions on who may participate as a player of pull-tabs, authorize the department to issue orders prohibiting violations, provisions relating to making false statements in license and permit applications, amend the current prize awards limitation, specify when the pull-tab tax must be collected and who may distribute pull-tabs.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff especially in the area of audits and investigations. Presently, the gaming program has only two investigators and is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the number of permittees, operators, and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of a licensing examiner and a records and licensing supervisor to oversee the licensing staff. Given the number of permittees, and the number that would use vendor locations, an additional licensing examiner is necessary if the vendor endorsements are to be issued in a timely manner.

The \$315.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$44.0 to purchase the necessary workstations, computers and software. The required \$7.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily continue to increase as more and more charitable organizations search for other sources of revenue.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue based on the 1% net proceeds fee will be generated in addition to \$500,000 generated by the \$100 vendor endorsement fee. We estimate that 5,000 such vendor endorsements will be applied for. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and to help them strive toward voluntary compliance.

**FISCAL NOTE ATTACHMENT**

**CSSSSB 6**

**OPERATING EXPENDITURES**

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing Supervisor	16	\$50.0	
	Occupational Licensing Examiner I	12	\$40.2	
				\$203.0
<u>Travel:</u>				
	Investigator		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 10.0
<u>Contractual:</u>				
	Lease Space		\$20.0	
	Printing and Postage		\$24.0	
	Communications		\$ 5.0	
	Contract Services		\$ 5.0	
				\$ 54.0
<u>Supplies:</u>				
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Records and Licensing Supervisor		\$ 1.0	
	Occupational Licensing Examiner I		\$ 1.0	
				\$ 4.0
<u>Equipment:</u>				
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Records and Licensing Supervisor		\$10.0	
	Occupational Licensing Examiner I		\$10.0	
	Printer		\$ 4.0	
				\$ 44.0
				<b>TOTAL COST</b>
				<b>\$315.0</b>

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office Building in 450 sq. ft., this space is inadequate for current needs and, with the increased personnel, new space is a requirement.

The majority of the printing and postage cost is for the vendor endorsement license, pull-tab I.D. stamps, and forms.

Equipment represents the cost for a workstation and computer.

## REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III  
RANGE/STEP: 18a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

SALARY: \$40.5  
BENEFITS \$15.9

TOTAL PERSONAL SERVICES: \$56.4

TRAVEL: \$ 5.0  
COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

TOTAL COST \$71.9

### FUNDING SOURCE:

GENERAL FUND \$71.9

### POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- o Occasionally assist the auditor(s) in gathering information/documentation.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

## REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III  
RANGE/STEP: 18a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

SALARY: \$40.5  
BENEFITS \$15.9

TOTAL PERSONAL SERVICES: \$56.4

TRAVEL: \$ 5.0  
COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

TOTAL COST \$71.9

#### FUNDING SOURCE:

GENERAL FUND \$71.9

### POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done, thus, reducing the 1% net proceeds fee due the state.

## REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor  
RANGE/STEP: 16a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

SALARY: \$35.5  
BENEFITS \$14.5

TOTAL PERSONAL SERVICES: \$50.0

COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

TOTAL COST \$61.1

#### FUNDING SOURCE:

GENERAL FUND \$61.1

### POSITION DUTIES:

- o Review the operator and distributor license applications, issue licenses for same as well as review the operator quarterly and annual reports, the pull-tab manufacturer and distributor monthly reports.
- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information technical assistance to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by the Gaming Program Manager.

## REQUEST FOR NEW HIRE

POSITION TITLE: Occupational Licensing Examiner I  
RANGE/STEP: 12  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

SALARY: \$27.8  
BENEFITS: \$12.4

TOTAL PERSONAL SERVICES: \$40.2

SUPPLIES: \$ 1.0  
EQUIPMENT: \$10.0

TOTAL COST \$51.2

#### FUNDING SOURCE:

GENERAL FUND \$51.2

### POSITION DUTIES:

- o The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.
- o Update and maintain computerized licensing and financial records as well as the licensing files.
- o Provide information and technical assistance to the public and organizations regarding application of statutes and regulations.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the above-listed duties would be shouldered by the current staff.

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from 5 to 15 years the period during  
2 which a person is prohibited from participating in certain charitable gaming activities  
3 following a conviction of a felony or release from prison or parole as a result of a felony  
4 conviction; increasing the percentage paid by operators to pull-tab authorizing permittees  
5 to 35 or 50 percent of adjusted gross income; and providing for an effective date."

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

7 \* Section 1. AS 05.15.020(a) is amended to read:

8 (a) A municipality or qualified organization may conduct an activity permitted under this  
9 chapter, if the municipality or qualified organization pays the appropriate permit fee and receives  
10 an annual permit issued by the department. The annual permit fee is

11 (1) \$20 for an applicant that did not hold a permit during the preceding year;

12 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from  
13 activities conducted under this chapter during the preceding year;

1 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not  
2 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

3 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from  
4 activities conducted under this chapter during the preceding year.

5 \* Sec. 2. AS 05.15.020 is amended by adding a new subsection to read:

6 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee  
7 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if  
8 the applicant were applying for an individual permit.

9 \* Sec. 3. AS 05.15.030(c) is amended to read:

10 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for  
11 which a permit has been issued, the permittee shall notify the department and the local  
12 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

13 \* Sec. 4. AS 05.15 is amended by adding a new section to read:

14 Sec. 05.15.035. PERSONS PROHIBITED FROM PARTICIPATING IN THE  
15 OPERATION OF CHARITABLE GAMING ACTIVITIES. (a) A person described in (b) of this  
16 section may not

17 (1) be issued an operator's license under AS 05.15.122;

18 (2) be issued a manufacturer's license under AS 05.15.181;

19 (3) be issued a distributor's license under AS 05.15.183;

20 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

21 or

22 (5) perform personal services for a permittee or licensee under this chapter in a  
23 managerial or supervisory capacity, whether the person is an employee of the permittee or  
24 licensee or whether the person is engaged by the permittee or licensee as an independent  
25 contractor.

26 (b) A person may not be issued a license or engage in conduct described in (a) of this  
27 section if the person

28 (1) has, within the preceding 15 years, been convicted of, in prison for, or on  
29 parole for a felony;

30 (2) has been convicted at any time of a crime involving theft or dishonesty; or

31 (3) has been convicted at any time of a violation of a municipal, state, or federal

1 gambling law.

2 \* Sec. 5. AS 05.15.060 is amended to read:

3 Sec. 05.15.060. REGULATIONS. The department shall adopt regulations under the  
4 Administrative Procedure Act (AS 44.62) necessary to carry out this chapter covering, but not  
5 limited to,

6 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor  
7 endorsements;

8 (2) a method of ascertaining net proceeds, the determination of items of expense  
9 that may be incurred or paid, and the limitation of the amount of the items of expense to prevent  
10 the proceeds from the activity permitted from being diverted to noncharitable, noneducational,  
11 nonreligious, or profit-making organizations, individuals, or groups;

12 (3) the immediate revocation of permits, [AND] licenses, and vendor  
13 endorsements authorized under this chapter if this chapter or regulations adopted under it are  
14 violated;

15 (4) the requiring of detailed, sworn, financial reports of operations from  
16 permittees, [AND] licensees, and vendors including detailed statements of receipts and  
17 payments;

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

21 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
22 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
23 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
24 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
25 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

26 (7)] the method and manner of conducting authorized activities and awarding of  
27 prizes or awards, and the equipment that may be used;

28 (7) [(8)] the number of activities that may be held, operated, or conducted under  
29 a permit during a specified period; however, the department may not allow more than 14 bingo  
30 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of  
31 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the

1 number of sessions and games a month equal to the number allowed an individual permittee  
 2 per month multiplied by the number of holders of the multiple-beneficiary permit;

3 (8) [(9)] a method of accounting for receipts and disbursements by operators and  
 4 vendors, including the keeping of records and requirements for the deposit of all receipts in a  
 5 bank;

6 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,  
 7 municipality, or qualified organization that possesses an operator's license, or a vendor at the  
 8 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily  
 9 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

10 (10) [(11)] restrictions on the participation by employees of the Department of  
 11 Fish and Game in salmon classics;

12 (11) [(12)] other matters the commissioner considers necessary to carry out this  
 13 chapter or protect the best interest of the public.

14 \* Sec. 6. AS 05.15.060 is amended by adding a new subsection to read:

15 (b) Regulations adopted by the department under this section relating to charitable  
 16 gaming activity involving pull-tabs must be consistent with the standards on pull-tabs of the  
 17 North American Gaming Regulators Association.

18 \* Sec. 7. AS 05.15.070 is amended to read:

19 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may  
 20 examine or have examined the books and records of a permittee, an operator, a vendor, or a  
 21 person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may  
 22 issue subpoenas for the attendance of witnesses and the production of books, records, and other  
 23 documents.

24 \* Sec. 8. AS 05.15.095(a) is amended to read:

25 (a) The applications and reports to the department required by this chapter shall be signed  
 26 under penalty of unsworn falsification by the following person, as applicable:

- 27 (1) the member in charge for the qualified organization;  
 28 (2) a person authorized to sign on behalf of the municipality;  
 29 (3) the operator or the operator's agent;  
 30 (4) the licensed pull-tab distributor or the distributor's agent; [OR]  
 31 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or

1                                    (6) the owner of a vendor or the owner's agent.

2 \* Sec. 9. AS 05.15.095(b) is amended to read:

3                    (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter  
4                    during a period in which a report or fee is delinquent.

5 \* Sec. 10. AS 05.15.100 is amended by adding new subsections to read:

6                    (d) The commissioner may issue a multiple-beneficiary permit to two to six  
7                    municipalities or qualified organizations or to a combination of two to six municipalities and  
8                    qualified organizations that apply jointly for the permit. The permit gives the permit holders the  
9                    privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the  
10                    restrictions set out in (b) of this section.

11                    (e) The department shall revoke the permit of a permittee, including a multiple-  
12                    beneficiary permittee, that does not report for each quarter an adjusted gross income of at least  
13                    15 percent of the gross income derived from activities under this chapter.

14 \* Sec. 11. AS 05.15.112(a) is amended to read:

15                    (a) Each municipality or qualified organization that applies for [RECEIVES] a permit  
16                    under this chapter shall designate a member in charge. Municipalities and qualified  
17                    organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall  
18                    establish a board consisting of one member from each municipality and qualified  
19                    organization, and the board shall designate one of its members as the member in charge for  
20                    the multiple-beneficiary permittee.

21 \* Sec. 12. AS 05.15.112(b) is repealed and reenacted to read:

22                    (b) The member in charge is responsible for preparation, maintenance, and transmittal  
23                    of all records and reports required of the permittee and, if the permittee has entered into a  
24                    contract with an operator under AS 05.15.115, for monitoring the operator's performance under  
25                    and compliance with that contract. The alternate members in charge are responsible for the  
26                    duties of the member in charge in the absence of the member in charge. The member in charge  
27                    and the alternate members in charge shall be members of the qualified organization or the board  
28                    of directors of the qualified organization or employees of the municipality. In the case of a  
29                    multiple-beneficiary permit, the member in charge and the alternate members in charge shall be  
30                    members of one or more of the qualified organizations or the board of directors of one or more  
31                    of the qualified organizations or employees of one or more of the municipalities.

1 \* **Sec. 13.** AS 05.15.112(d) is amended to read:

2 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary  
3 permit, shall designate alternate members in charge who are responsible for the duties of the  
4 member in charge in the absence of the member in charge.

5 \* **Sec. 14.** AS 05.15.124 is amended to read:

6 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may  
7 by ordinance prohibit all operators or all vendors, or both, [AN OPERATOR] from conducting  
8 activities under this chapter within the municipality.

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

10 (a) The department shall revoke the license of an operator who does not  
11 [(1)] report an adjusted gross income of at least 15 percent of gross income each  
12 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator  
13 [; OR

14 (2) PAY TO EACH AUTHORIZING PERMITTEE FOR TWO CONSECUTIVE  
15 QUARTERS AT LEAST 15 PERCENT OF THE ADJUSTED GROSS INCOME, AS  
16 DETERMINED UNDER (1) OF THIS SUBSECTION, RECEIVED FROM ACTIVITIES  
17 CONDUCTED ON BEHALF OF THE AUTHORIZING PERMITTEE].

18 \* **Sec. 16.** AS 05.15.128 is amended by adding new subsections to read:

19 (c) The department shall revoke the license of an operator who does not pay to each  
20 authorizing permittee each quarter at least

21 (1) 20 percent of the adjusted gross income received from bingo activities and 35  
22 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the  
23 authorizing permittee, if the operator's primary method of conducting activities on behalf of the  
24 permittee is through a bingo hall;

25 (2) 50 percent of the adjusted gross income received from all activities conducted  
26 on behalf of the authorizing permittee, if the operator's primary method of conducting activities  
27 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose  
28 is the sale of pull-tabs; or

29 (3) 50 percent of the adjusted gross income received from all activities conducted  
30 on behalf of the authorizing permittee, if the operator's primary method of conducting activities  
31 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another

1 means other than those described in (1) or (2) of this subsection.

2 (d) Within the time specified under AS 05.15.083(a), each operator shall submit to the  
3 department documentation adequate to allow the department to ascertain whether the operator has  
4 complied with the requirements of (a) and (c) of this section. If an operator conducts activities  
5 through a bingo hall, the documentation must be sufficient to enable the department to ascertain  
6 whether the operator has complied with (c)(1) of this section for each activity conducted by the  
7 operator. If an operator has not submitted adequate documentation within the required time, the  
8 department shall suspend the operator's license until the operator has submitted the necessary  
9 documentation.

10 \* Sec. 17. AS 05.15.140(b) is amended to read:

11 (b) In an application for a permit, a municipality or qualified organization shall disclose  
12 the name and address of each person responsible for the operation of the activity and whether  
13 any person named

14 (1) has been convicted of, in prison for, or on parole for a felony within the  
15 preceding 15 [FIVE] years, or has been convicted of a crime involving theft or dishonesty or of  
16 a violation of a municipal, state, or federal gambling law; or

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

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

20 (c) The commissioner may not issue a permit for an activity operated by a person who  
21 has been convicted of, in prison for, or on parole for a felony within the preceding 15 [FIVE]  
22 years, or has been convicted of a crime involving theft or dishonesty or of a violation of a  
23 municipal, state, or federal gambling law.

24 \* Sec. 19. AS 05.15 is amended by adding a new section to read:

25 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities  
26 or qualified organizations, or a combination of two to six municipalities and qualified  
27 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The  
28 commissioner may not issue or renew a permit except upon satisfactory proof that each joint  
29 applicant is a municipality or qualified organization, the activity may be permitted under this  
30 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon  
31 request of the commissioner, the joint applicants shall prove conclusively each of these

1 requirements before a permit may be issued or renewed.

2 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and  
3 applications for them.

4 (c) A municipality or qualified organization that is among the holders of a multiple-  
5 beneficiary permit may not hold another permit under this chapter.

6 (d) A municipality or qualified organization that is among the holders of a multiple-  
7 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw  
8 to the department and to the other holders of the permit. The effective date of the withdrawal  
9 is 30 days after the department receives written notice of intent. A municipality or qualified  
10 organization that withdraws from a multiple-beneficiary permit may apply for a permit under  
11 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary  
12 permit and the prizes it awards under its own permit are subject to the maximums established in  
13 AS 05.15.180(g).

14 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the  
15 department that comply with the reporting requirements imposed on operators under  
16 AS 05.15.083.

17 (f) The department shall revoke a multiple-beneficiary permit if the permittee

18 (1) does not meet the requirements of AS 05.15.100(e);

19 (2) does not pay each quarter to each holder of the multiple-beneficiary permit  
20 an equal share of the amount of the adjusted gross income remaining after expenses are deducted;  
21 if a holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled  
22 to a pro rata share based on the percentage of the quarter that the withdrawing entity was a  
23 holder; or

24 (3) shows expenses that exceed

25 (A) 80 percent of the adjusted gross income received from bingo activities  
26 and 65 percent of the adjusted gross income received from pull-tab activities, if the  
27 permittee's primary method of conducting activities is through a bingo hall;

28 (B) 50 percent of the adjusted gross income received from all activities,  
29 if the permittee's primary method of conducting activities is through the sale of pull-tabs  
30 at a retail outlet whose primary purpose is the sale of pull-tabs; or

31 (C) 50 percent of the adjusted gross income received from all activities,

1 if the permittee's primary method of conducting activities is through the sale of pull-tabs  
 2 by contract with vendors or by another means other than those described in (A) or (B)  
 3 of this paragraph.

4 (g) No more than six municipalities, qualified organizations, or a combination of  
 5 municipalities and qualified organizations may be holders of a multiple-beneficiary permit during  
 6 the year for which the permit is issued.

7 \* Sec. 20. AS 05.15.170 is repealed and reenacted to read:

8 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
 9 VENDOR ENDORSEMENT. (a) The commissioner may suspend or revoke a permit, license,  
 10 or vendor endorsement, after giving notice to and an opportunity to be heard by the permittee,  
 11 licensee, or vendor, if the permittee, licensee, or vendor

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

14 (2) breaches a contractual agreement with a permittee, licensee, or vendor;

15 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a  
 16 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a  
 17 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or  
 18 manager of the permittee, licensee, or vendor is convicted;

19 (4) knowingly submits false information to the department or, in the case of a  
 20 vendor, to a permittee or operator when the vendor knows that the false information will be  
 21 submitted to the department as part of an application for a vendor endorsement; or

22 (5) is required to collect a sales tax on charitable gaming activity under a  
 23 municipal ordinance and fails to collect that tax or to transmit the proceeds of the tax to the  
 24 municipality in the manner and in the time required by municipal law.

25 (b) If the department revokes a permit, license, or vendor endorsement under this section,  
 26 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor  
 27 endorsement for a period of up to five years.

28 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

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

30 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,  
 31 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized

1 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the  
2 state in substantially the same form and was conducted in substantially the same manner before  
3 January 1, 1959.

4 \* Sec. 22. AS 05.15.180(d) is amended to read:

5 (d) The total value of door prizes offered or awarded under authority of a permit issued  
6 to a municipality or qualified organization under this chapter or under authority of a multiple-  
7 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

8 \* Sec. 23. AS 05.15.180(e) is amended to read:

9 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall  
10 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN  
11 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or  
12 \$120,000 [\$240,000] a year.

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

14 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in  
15 prizes each year in activities authorized under this chapter; however, if a municipality or a  
16 qualified organization contracts with an operator to conduct on its behalf activities authorized  
17 under this chapter, the municipality or qualified organization may award a maximum of \$500,000  
18 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may  
19 award a maximum in prizes each calendar year of \$1,000,000 times the number of holders  
20 of the permit for activities authorized under this chapter. In this subsection "activities  
21 authorized under this chapter" means all activities subject to this chapter other than bingo.

22 \* Sec. 25. AS 05.15.181(a) is amended to read:

23 (a) A person may not manufacture pull-tabs in the state, and may not sell or supply a  
24 pull-tab that the person has manufactured outside of the state to persons in the state, unless  
25 the person has received a pull-tab manufacturer's license issued by the department.

26 \* Sec. 26. AS 05.15.181(b) is amended to read:

27 (b) The department may issue a pull-tab manufacturer's license to a person who pays an  
28 annual fee of \$1,000 [\$500].

29 \* Sec. 27. AS 05.15.183(d) is amended to read:

30 (d) A pull-tab distributor shall report to the department by the last business day of each  
31 month on each pull-tab series distributed in the preceding month. The report must include the

1 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is  
2 distributed and the serial number of each series.

3 \* Sec. 28. AS 05.15.183 is amended by adding a new subsection to read:

4 (e) A distributor may not

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

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

7 (3) deliver a pull-tab series to a vendor location, except as permitted by

8 AS 05.15.185.

9 \* Sec. 29. AS 05.15.184 is amended to read:

10 Sec. 05.15.184. PULL-TAB TAX. At the time of the distribution of a pull-tab series

11 to a permittee, an operator, or another distributor, a [A] pull-tab distributor shall collect a

12 tax of three percent of the ideal net for [AN AMOUNT EQUAL TO THE GROSS RECEIPTS

13 LESS PRIZES AWARDED ON] each series of pull-tabs distributed. The pull-tab distributor shall

14 pay to the department the tax collected in the preceding month at the time that the report under

15 AS 05.15.183(d) is filed with the department.

16 \* Sec. 30. AS 05.15.185 is amended to read:

17 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs

18 distributed in the state must be sealed and have a serial number label issued by the National

19 Association of Fundraising Ticket Manufacturers or other serial number label approved by the

20 department and may be distributed only to

21 (1) a municipality or a qualified organization that has obtained a permit issued  
22 under this chapter;

23 (2) [OR TO] an operator on behalf of an authorizing permittee; or

24 (3) a vendor registered under this chapter when

25 (A) a permittee or operator has received payment from the vendor in

26 the amount and form set out in AS 05.15.188(j), and the permittee or operator has

27 authorized the distributor to distribute the series to the vendor; and

28 (B) the permittee or operator has paid to the distributor the pull-tab

29 tax under AS 05.15.184; or

30 (4) a distributor licensed under this chapter.

31 \* Sec. 31. AS 05.15.187(f) is amended to read:

1 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had  
2 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this  
3 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall  
4 maintain records for two years of each prize of \$50 or more, the first day and last day that each  
5 series was distributed, the serial number of each series, and the distributor from whom each series  
6 was purchased. In this section "permittee" includes municipalities and qualified  
7 organizations that jointly hold a multiple-beneficiary permit.

8 \* Sec. 32. AS 05.15.187 is amended by adding new subsections to read:

9 (h) An owner, manager, or employee of a person holding a permit or license under this  
10 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from any pull-  
11 tab series manufactured, distributed, or sold by the permittee, licensee, or vendor.

12 (i) An operator may not purchase a pull-tab series from a distributor that is owned in  
13 whole or in part, directly or indirectly, by the operator, unless more than 50 percent of the  
14 distributor's sales of pull-tab series are made to permittees, operators, or distributors that are  
15 wholly independent from the distributor.

16 (j) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more  
17 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt  
18 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card  
19 entitling the person to the prize may be signed as the receipt.

20 (k) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,  
21 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.  
22 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present  
23 at the sale location.

24 \* Sec. 33. AS 05.15 is amended by adding a new section to article 2 to read:

25 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES  
26 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract  
27 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator  
28 first applies for a vendor endorsement from the department on a form prescribed by the  
29 department and submits an endorsement fee of \$100 for each location at which the vendor  
30 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the  
31 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is

1 within the boundaries of a municipality, the permittee or operator shall, concurrently with  
2 applying for a vendor endorsement with the department, submit a copy of the application form  
3 to the governing body of the municipality.

4 (b) A permittee or operator may contract with more than one vendor under this section,  
5 except that

6 (1) a permittee, other than a multiple-beneficiary permittee under  
7 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the  
8 permittee's permit at more than five vendor locations unless the permittee is an association of  
9 vendors, in which case each vendor that is a member of the association may sell pull-tabs under  
10 the association's permit;

11 (2) a multiple-beneficiary permittee may not enter into contracts with vendors that  
12 result in pull-tabs being sold under the permittee's permit at more vendor locations than five  
13 times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor  
14 locations; and

15 (3) an operator may not enter into contracts with vendors that result in pull-tabs  
16 being sold under the permits of permittees who have contracted with the operator at more than  
17 five vendor locations for each permittee with which the operator has contracted, or 20 vendor  
18 locations, whichever is less.

19 (c) The department shall approve or disapprove an application for a vendor endorsement  
20 within 30 working days of receipt of the application from a permittee or operator.

21 (d) Upon approval of the vendor application, the department shall issue an endorsement  
22 to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at  
23 that vendor location.

24 (e) The endorsement issued under (d) of this section is an extension of the permittee's  
25 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a  
26 pull-tab series until the endorsement for the new vendor location has been posted at the vendor  
27 location for which the endorsement was issued. The endorsement on the permit or license must  
28 be clearly visible to the gaming public.

29 (f) A separate endorsement shall be issued for each vendor location. The permittee or  
30 operator shall inform the department and the governing body of the municipality in which the  
31 vendor operates when a vendor with whom the permittee or operator is contracting changes the

1 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement  
2 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor  
3 location. A permittee or operator shall return to the department the endorsed permit or license  
4 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to  
5 inform the department of a change in vendor location, or to return a permit or license to the  
6 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf  
7 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's  
8 permit or an operator's license under AS 05.15.170.

9 (g) At the time that a permittee or operator annually renews its permit or license, it shall  
10 also renew the endorsement for each location of each vendor that is selling pull-tabs on the  
11 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee  
12 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by  
13 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

14 (h) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter  
15 into a written contract with that vendor, and a copy of the contract must be submitted to the  
16 department for approval. If the contract contains provisions that violate this chapter or the  
17 regulations adopted under it, the department may refuse to issue the vendor endorsement for that  
18 location.

19 (i) Except as provided in AS 05.15.185, a person, other than a permittee's member in  
20 charge or an operator, may not directly supply a pull-tab series to a vendor for sale by that  
21 vendor on behalf of the permittee or operator.

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

25 (k) An amount equal to the ideal net less the compensation paid to the vendor shall be  
26 paid by the vendor to the permittee or operator at the time that the member in charge or operator  
27 delivers a pull-tab series to the vendor for sale. The amount required to be paid by the vendor  
28 under this subsection shall be paid by check and shall be deposited by the permittee or operator  
29 directly into its gaming checking account.

30 (l) A vendor may not contract under this section with more than one permittee or  
31 operator at a time.

1 \* Sec. 34. AS 05.15 is amended by adding a new section to read:

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

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

16 (c) A party aggrieved by an order under this section may appeal to the superior court.

17 \* Sec. 35. AS 05.15.200(b) is amended to read:

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

21 \* Sec. 36. AS 05.15.210(7) is amended to read:

22 (7) "contest of skill" means a contest or game that is conducted to benefit a  
23 municipality or qualified organization and in which prizes are awarded for the demonstration  
24 of human skills in rifle, pistol, archery, or dart matches, or in similar matches involving  
25 marksmanship; in [,] races or other tests of physical endurance performed by individual  
26 contestants; in bowling and billiards matches; [,] and in other physical [ATHLETIC] events  
27 that include generally recognized field and track events based on personal physical ability  
28 or skill;

29 \* Sec. 37. AS 05.15.210 is amended by adding new paragraphs to read:

30 (35) "bingo hall" means a facility owned or managed by an operator and used for  
31 the playing of bingo, and which meets the following requirements:

1 (A) at least 70 percent of the floor space of the facility must be devoted  
2 to the playing of bingo;

3 (B) at least 70 percent of the expenses incurred by the operator, excluding  
4 prize payouts, are connected with the conducting of bingo games;

5 (C) at least 30 percent of the gross receipts of the operator at the facility  
6 are derived from bingo; and

7 (D) the facility, if located in a municipality with land use ordinances,  
8 complies with all such ordinances, including those relating to parking requirements for  
9 facilities that attract large numbers of the public at one time;

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

13 (37) "managerial or supervisory capacity" means that the employee

14 (A) is responsible for gaming receipts;

15 (B) has the authority to hire employees or to dismiss or otherwise  
16 discipline them;

17 (C) prepares financial reports required under this chapter;

18 (D) is responsible for keeping the accounts for activities under this  
19 chapter;

20 (E) is responsible for conducting activities under this chapter, including  
21 the arranging for locations at which those activities will occur; or

22 (F) is a fund raiser or a consultant;

23 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);

24 (39) "permittee" means a municipality or a qualified organization that holds a  
25 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold  
26 a valid multiple-beneficiary permit under AS 05.15.145;

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

30 (A) a retail establishment;

31 (B) an eating establishment; or

1 (C) an establishment licensed under AS 04.11.

2 \* Sec. 38. AS 05.15.122(c) and 05.15.122(d) are repealed.

3 \* Sec. 39. The amendments and repeals made by this Act are temporary only and are valid only  
4 through June 30, 1992. On July 1, 1992, this Act is repealed and the laws affected by this Act shall read  
5 as they existed on the day before the effective date of the provision of this Act that amended or repealed  
6 the affected law.

7 \* Sec. 40. Sections 15 and 16 of this Act take effect October 1, 1991.

8 \* Sec. 41. Except as provided in sec. 40 of this Act, this Act takes effect immediately under  
9 AS 01.10.070(c).

7-LS0013N  
Gaguine  
5/21/91

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from 5 to 15 years the  
2 period during which a person is prohibited from participating in certain  
3 charitable gaming activities following a conviction of a felony or release  
4 from prison or parole as a result of a felony conviction; increasing the  
5 percentage paid by operators to pull-tab authorizing permittees to 35 or  
6 50 percent of adjusted gross income; and providing for an effective date."

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

8 \* Section 1. AS 05.15.020(a) is amended to read:

9 (a) A municipality or qualified organization may conduct an activity permitted under this  
10 chapter, if the municipality or qualified organization pays the appropriate permit fee and receives  
11 an annual permit issued by the department. The annual permit fee is

- 12 (1) \$20 for an applicant that did not hold a permit during the preceding year;
- 13 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from

1 activities conducted under this chapter during the preceding year;

2 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not  
3 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

4 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from  
5 activities conducted under this chapter during the preceding year.

6 \* Sec. 2. AS 05.15.020 is amended by adding a new subsection to read:

7 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee  
8 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if  
9 the applicant were applying for an individual permit.

10 \* Sec. 3. AS 05.15.030(c) is amended to read:

11 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for  
12 which a permit has been issued, the permittee shall notify the department and the local  
13 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

14 \* Sec. 4. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.035. PERSONS PROHIBITED FROM PARTICIPATING IN THE  
16 OPERATION OF CHARITABLE GAMING ACTIVITIES. (a) A person described in (b) of this  
17 section may not

18 (1) be issued an operator's license under AS 05.15.122;

19 (2) be issued a manufacturer's license under AS 05.15.181;

20 (3) be issued a distributor's license under AS 05.15.183;

21 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

22 or

23 (5) perform personal services for a permittee or licensee under this chapter in a  
24 managerial or supervisory capacity, whether the person is an employee of the permittee or  
25 licensee or whether the person is engaged by the permittee or licensee as an independent  
26 contractor.

27 (b) A person may not be issued a license or engage in conduct described in (a) of this  
28 section if the person

29 (1) has, within the preceding 15 years, been convicted of, in prison for, or on  
30 parole for a felony;

31 (2) has been convicted at any time of a crime involving theft or dishonesty; or

1 (3) has been convicted at any time of a violation of a municipal, state, or federal  
2 gambling law.

3 \* Sec. 5. AS 05.15.060 is amended to read:

4 Sec. 05.15.060. REGULATIONS. The department shall adopt regulations under the  
5 Administrative Procedure Act (AS 44.62) necessary to carry out this chapter covering, but not  
6 limited to,

7 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor  
8 endorsements;

9 (2) a method of ascertaining net proceeds, the determination of items of expense  
10 that may be incurred or paid, and the limitation of the amount of the items of expense to prevent  
11 the proceeds from the activity permitted from being diverted to noncharitable, noneducational,  
12 nonreligious, or profit-making organizations, individuals, or groups;

13 (3) the immediate revocation of permits, [AND] licenses, and vendor  
14 endorsements authorized under this chapter if this chapter or regulations adopted under it are  
15 violated;

16 (4) the requiring of detailed, sworn, financial reports of operations from  
17 permittees, [AND] licensees, and vendors including detailed statements of receipts and  
18 payments;

19 (5) the investigation of permittees, licensees, vendors, and their employees,  
20 including the fingerprinting of those permittees, licensees, vendors, and employees whom the  
21 commissioner considers it advisable to fingerprint;

22 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
23 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
24 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
25 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
26 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

27 (7)] the method and manner of conducting authorized activities and awarding of  
28 prizes or awards, and the equipment that may be used;

29 (7) [(8)] the number of activities that may be held, operated, or conducted under  
30 a permit during a specified period; however, the department may not allow more than 14 bingo  
31 sessions a month and 35 bingo games a session to be conducted under a permit: the holders of

1 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the  
 2 number of sessions and games a month equal to the number allowed an individual permittee  
 3 per month multiplied by the number of holders of the multiple-beneficiary permit;

4 (8) [(9)] a method of accounting for receipts and disbursements by operators and  
 5 vendors, including the keeping of records and requirements for the deposit of all receipts in a  
 6 bank;

7 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,  
 8 municipality, or qualified organization that possesses an operator's license, or a vendor at the  
 9 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily  
 10 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

11 (10) [(11)] restrictions on the participation by employees of the Department of  
 12 Fish and Game in salmon classics;

13 (11) [(12)] other matters the commissioner considers necessary to carry out this  
 14 chapter or protect the best interest of the public.

15 \* Sec. 6. AS 05.15.060 is amended by adding a new subsection to read:

16 (b) Regulations adopted by the department under this section relating to charitable  
 17 gaming activity involving pull-tabs must be consistent with the standards on pull-tabs of the  
 18 North American Gaming Regulators Association.

19 \* Sec. 7. AS 05.15.070 is amended to read:

20 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may  
 21 examine or have examined the books and records of a permittee, an operator, a vendor, or a  
 22 person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may  
 23 issue subpoenas for the attendance of witnesses and the production of books, records, and other  
 24 documents.

25 \* Sec. 8. AS 05.15.095(a) is amended to read:

26 (a) The applications and reports to the department required by this chapter shall be signed  
 27 under penalty of unsworn falsification by the following person, as applicable:

- 28 (1) the member in charge for the qualified organization;  
 29 (2) a person authorized to sign on behalf of the municipality;  
 30 (3) the operator or the operator's agent;  
 31 (4) the licensed pull-tab distributor or the distributor's agent; [OR]

1 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or  
2 (6) the owner of a vendor or the owner's agent.

3 \* Sec. 9. AS 05.15.095(b) is amended to read:

4 (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter  
5 during a period in which a report or fee is delinquent.

6 \* Sec. 10. AS 05.15.100 is amended by adding new subsections to read:

7 (d) The commissioner may issue a multiple-beneficiary permit to two to six  
8 municipalities or qualified organizations or to a combination of two to six municipalities and  
9 qualified organizations that apply jointly for the permit. The permit gives the permit holders the  
10 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the  
11 restrictions set out in (b) of this section.

12 (e) The department shall revoke the permit of a permittee, including a multiple-  
13 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least  
14 15 percent of the gross income derived from activities under this chapter.

15 \* Sec. 11. AS 05.15.112(a) is amended to read:

16 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit  
17 under this chapter shall designate a member in charge. Municipalities and qualified  
18 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall  
19 establish a board consisting of one member from each municipality and qualified  
20 organization. and the board shall designate one of its members as the member in charge for  
21 the multiple-beneficiary permittee.

22 \* Sec. 12. AS 05.15.112(b) is repealed and reenacted to read:

23 (b) The member in charge is responsible for preparation, maintenance, and transmittal  
24 of all records and reports required of the permittee and, if the permittee has entered into a  
25 contract with an operator under AS 05.15.115, for monitoring the operator's performance under  
26 and compliance with that contract. The alternate members in charge are responsible for the  
27 duties of the member in charge in the absence of the member in charge. The member in charge  
28 and the alternate members in charge shall be members of the qualified organization or the board  
29 of directors of the qualified organization or employees of the municipality. In the case of a  
30 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be  
31 members of one or more of the qualified organizations or the board of directors of one or more

1 of the qualified organizations or employees of one or more of the municipalities.

2 \* Sec. 13. AS 05.15.112(d) is amended to read:

3 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary  
4 permit, shall designate alternate members in charge who are responsible for the duties of the  
5 member in charge in the absence of the member in charge.

6 \* Sec. 14. AS 05.15.124 is amended to read:

7 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may  
8 by ordinance prohibit all operators or all vendors, or both, [AN OPERATOR] from conducting  
9 activities under this chapter within the municipality.

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

11 (a) The department shall revoke the license of an operator who does not  
12 [(1)] report an adjusted gross income of at least 15 percent of gross income each  
13 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator  
14 [; OR

15 (2) PAY TO EACH AUTHORIZING PERMITTEE FOR TWO CONSECUTIVE  
16 QUARTERS AT LEAST 15 PERCENT OF THE ADJUSTED GROSS INCOME, AS  
17 DETERMINED UNDER (1) OF THIS SUBSECTION, RECEIVED FROM ACTIVITIES  
18 CONDUCTED ON BEHALF OF THE AUTHORIZING PERMITTEE].

19 \* Sec. 16. AS 05.15.128 is amended by adding new subsections to read:

20 (c) The department shall revoke the license of an operator who does not pay to each  
21 authorizing permittee each quarter at least

22 (1) 20 percent of the adjusted gross income received from bingo activities and 35  
23 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the  
24 authorizing permittee, if the operator's primary method of conducting activities on behalf of the  
25 permittee is through a bingo hall;

26 (2) 50 percent of the adjusted gross income received from all activities conducted  
27 on behalf of the authorizing permittee, if the operator's primary method of conducting activities  
28 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose  
29 is the sale of pull-tabs; or

30 (3) 50 percent of the adjusted gross income received from all activities conducted  
31 on behalf of the authorizing permittee, if the operator's primary method of conducting activities

1 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another  
2 means other than those described in (1) or (2) of this subsection.

3 (d) Within the time specified under AS 05.15.083(a), each operator shall submit to the  
4 department documentation adequate to allow the department to ascertain whether the operator has  
5 complied with the requirements of (a) and (c) of this section. If an operator conducts activities  
6 through a bingo hall, the documentation must be sufficient to enable the department to ascertain  
7 whether the operator has complied with (c)(1) of this section for each activity conducted by the  
8 operator. If an operator has not submitted adequate documentation within the required time, the  
9 department shall suspend the operator's license until the operator has submitted the necessary  
10 documentation.

11 \* Sec. 17. AS 05.15.140(b) is amended to read:

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

15 (1) has been convicted of, in prison for, or on parole for a felony within the  
16 preceding 15 [FIVE] years, or has been convicted of a crime involving theft or dishonesty or of  
17 a violation of a municipal, state, or federal gambling law; or

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

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

21 (c) The commissioner may not issue a permit for an activity operated by a person who  
22 has been convicted of, in prison for, or on parole for a felony within the preceding 15 [FIVE]  
23 years, or has been convicted of a crime involving theft or dishonesty or of a violation of a  
24 municipal, state, or federal gambling law.

25 \* Sec. 19. AS 05.15 is amended by adding a new section to read:

26 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities  
27 or qualified organizations, or a combination of two to six municipalities and qualified  
28 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The  
29 commissioner may not issue or renew a permit except upon satisfactory proof that each joint  
30 applicant is a municipality or qualified organization, the activity may be permitted under this  
31 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon

1 request of the commissioner, the joint applicants shall prove conclusively each of these  
2 requirements before a permit may be issued or renewed.

3 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and  
4 applications for them.

5 (c) A municipality or qualified organization that is among the holders of a multiple-  
6 beneficiary permit may not hold another permit under this chapter.

7 (d) A municipality or qualified organization that is among the holders of a multiple-  
8 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw  
9 to the department and to the other holders of the permit. The effective date of the withdrawal  
10 is 30 days after the department receives written notice of intent. A municipality or qualified  
11 organization that withdraws from a multiple-beneficiary permit may apply for a permit under  
12 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary  
13 permit and the prizes it awards under its own permit are subject to the maximums established in  
14 AS 05.15.180(g).

15 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the  
16 department that comply with the reporting requirements imposed on operators under  
17 AS 05.15.083.

18 (f) The department shall revoke a multiple-beneficiary permit if the permittee

19 (1) does not meet the requirements of AS 05.15.100(e);

20 (2) does not pay each quarter to each holder of the multiple-beneficiary permit  
21 an equal share of the amount of the adjusted gross income remaining after expenses are deducted;  
22 if a holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled  
23 to a pro rata share based on the percentage of the quarter that the withdrawing entity was a  
24 holder; or

25 (3) shows expenses that exceed

26 (A) 80 percent of the adjusted gross income received from bingo activities  
27 and 65 percent of the adjusted gross income received from pull-tab activities, if the  
28 permittee's primary method of conducting activities is through a bingo hall;

29 (B) 50 percent of the adjusted gross income received from all activities,  
30 if the permittee's primary method of conducting activities is through the sale of pull-tabs  
31 at a retail outlet whose primary purpose is the sale of pull-tabs; or

1 (C) 50 percent of the adjusted gross income received from all activities,  
 2 if the permittee's primary method of conducting activities is through the sale of pull-tabs  
 3 by contract with vendors or by another means other than those described in (A) or (B)  
 4 of this paragraph.

5 (g) No more than six municipalities, qualified organizations, or a combination of  
 6 municipalities and qualified organizations may be holders of a multiple-beneficiary permit during  
 7 the year for which the permit is issued.

8 \* Sec. 20. AS 05.15.170 is repealed and reenacted to read:

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

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

15 (2) breaches a contractual agreement with a permittee, licensee, or vendor;

16 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a  
 17 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a  
 18 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or  
 19 manager of the permittee, licensee, or vendor is convicted;

20 (4) knowingly submits false information to the department or, in the case of a  
 21 vendor, to a permittee or operator when the vendor knows that the false information will be  
 22 submitted to the department as part of an application for a vendor endorsement; or

23 (5) is required to collect a sales tax on charitable gaming activity under a  
 24 municipal ordinance and fails to collect that tax or to transmit the proceeds of the tax to the  
 25 municipality in the manner and in the time required by municipal law.

26 (b) If the department revokes a permit, license, or vendor endorsement under this section,  
 27 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor  
 28 endorsement for a period of up to five years.

29 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

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

31 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,

1 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized  
2 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the  
3 state in substantially the same form and was conducted in substantially the same manner before  
4 January 1, 1959.

5 \* Sec. 22. AS 05.15.180(d) is amended to read:

6 (d) The total value of door prizes offered or awarded under authority of a permit issued  
7 to a municipality or qualified organization under this chapter or under authority of a multiple-  
8 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

9 \* Sec. 23. AS 05.15.180(e) is amended to read:

10 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall  
11 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN  
12 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or  
13 \$120,000 [\$240,000] a year.

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

15 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in  
16 prizes each year in activities authorized under this chapter; however, if a municipality or a  
17 qualified organization contracts with an operator to conduct on its behalf activities authorized  
18 under this chapter, the municipality or qualified organization may award a maximum of \$500,000  
19 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may  
20 award a maximum in prizes each calendar year of \$1,000,000 times the number of holders  
21 of the permit for activities authorized under this chapter. In this subsection "activities  
22 authorized under this chapter" means all activities subject to this chapter other than bingo.

23 \* Sec. 25. AS 05.15.181(a) is amended to read:

24 (a) A person may not manufacture pull-tabs in the state, and may not sell or supply a  
25 pull-tab that the person has manufactured outside of the state to persons in the state, unless  
26 the person has received a pull-tab manufacturer's license issued by the department.

27 \* Sec. 26. AS 05.15.181(b) is amended to read:

28 (b) The department may issue a pull-tab manufacturer's license to a person who pays an  
29 annual fee of \$1,000 [\$500].

30 \* Sec. 27. AS 05.15.183(d) is amended to read:

31 (d) A pull-tab distributor shall report to the department by the last business day of each

1 month on each pull-tab series distributed in the preceding month. The report must include the  
2 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is  
3 distributed and the serial number of each series.

4 \* Sec. 28. 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 from a vendor;

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

8 (3) deliver a pull-tab series to a vendor location, except as permitted by

9 AS 05.15.185.

10 \* Sec. 29. AS 05.15.184 is amended to read:

11 Sec. 05.15.184. PULL-TAB TAX. At the time of the distribution of a pull-tab series  
12 to a permittee, an operator, or another distributor, a [A] pull-tab distributor shall collect a  
13 tax of three percent of the ideal net for [AN AMOUNT EQUAL TO THE GROSS RECEIPTS  
14 LESS PRIZES AWARDED ON] each series of pull-tabs distributed. The pull-tab distributor shall  
15 pay to the department the tax collected in the preceding month at the time that the report under  
16 AS 05.15.183(d) is filed with the department.

17 \* Sec. 30. AS 05.15.185 is amended to read:

18 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs  
19 distributed in the state must be sealed and have a serial number label issued by the National  
20 Association of Fundraising Ticket Manufacturers or other serial number label approved by the  
21 department and may be distributed only to

22 (1) a municipality or a qualified organization that has obtained a permit issued  
23 under this chapter;

24 (2) [OR TO] an operator on behalf of an authorizing permittee; or

25 (3) a vendor registered under this chapter when

26 (A) a permittee or operator has received payment from the vendor in  
27 the amount and form set out in AS 05.15.188(i), and the permittee or operator has  
28 authorized the distribu to distribute the series to the vendor; and

29 (B) the permittee or operator has paid to the distributor the pull-tab  
30 tax under AS 05.15.184; or

31 (4) a distributor licensed under this chapter.

1 \* **Sec. 31.** AS 05.15.187(f) is amended to read:

2 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had  
3 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this  
4 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall  
5 maintain records for two years of each prize of \$50 or more, the first day and last day that each  
6 series was distributed, the serial number of each series, and the distributor from whom each series  
7 was purchased. In this section "permittee" includes municipalities and qualified  
8 organizations that jointly hold a multiple-beneficiary permit.

9 \* **Sec. 32.** AS 05.15.187 is amended by adding new subsections to read:

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

13 (i) An operator may not purchase a pull-tab series from a distributor that is owned in  
14 whole or in part, directly or indirectly, by the operator, unless more than 50 percent of the  
15 distributor's sales of pull-tab series are made to permittees, operators, or distributors that are  
16 wholly independent from the distributor.

17 (j) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more  
18 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt  
19 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card  
20 entitling the person to the prize may be signed as the receipt.

21 (k) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,  
22 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.  
23 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present  
24 at the sale location.

25 \* **Sec. 33.** AS 05.15 is amended by adding a new section to article 2 to read:

26 **Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES**  
27 **AND OPERATORS; VENDOR ENDORSEMENT.** (a) A permittee or operator may contract  
28 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator  
29 first applies for a vendor endorsement from the department on a form prescribed by the  
30 department and submits an endorsement fee of \$100 for each location at which the vendor  
31 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the

1 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is  
2 within the boundaries of a municipality, the permittee or operator shall, concurrently with  
3 applying for a vendor endorsement with the department, submit a copy of the application form  
4 to the governing body of the municipality.

5 (b) A permittee or operator may contract with more than one vendor under this section,  
6 except that

7 (1) a permittee, other than a multiple-beneficiary permittee under  
8 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the  
9 permittee's permit at more than five vendor locations unless the permittee is an association of  
10 vendors, in which case each vendor that is a member of the association may sell pull-tabs under  
11 the association's permit;

12 (2) a multiple-beneficiary permittee may not enter into contracts with vendors that  
13 result in pull-tabs being sold under the permittee's permit at more vendor locations than five  
14 times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor  
15 locations; and

16 (3) an operator may not enter into contracts with vendors that result in pull-tabs  
17 being sold under the permits of permittees who have contracted with the operator at more than  
18 five vendor locations for each permittee with which the operator has contracted, or 20 vendor  
19 locations, whichever is less.

20 (c) The department shall approve or disapprove an application for a vendor endorsement  
21 within 30 working days of receipt of the application from a permittee or operator.

22 (d) Upon approval of the vendor application, the department shall issue an endorsement  
23 to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at  
24 that vendor location.

25 (e) The endorsement issued under (d) of this section is an extension of the permittee's  
26 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a  
27 pull-tab series until the endorsement for the new vendor location has been posted at the vendor  
28 location for which the endorsement was issued. The endorsement and the permit or license must  
29 be clearly visible to the gaming public.

30 (f) A separate endorsement shall be issued for each vendor location. The permittee or  
31 operator shall inform the department and the governing body of the municipality in which the

1 vendor operates when a vendor with whom the permittee or operator is contracting changes the  
2 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement  
3 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor  
4 location. A permittee or operator shall return to the department the endorsed permit or license  
5 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to  
6 inform the department of a change in vendor location, or to return a permit or license to the  
7 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf  
8 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's  
9 permit or an operator's license under AS 05.15.170.

10 (g) At the time that a permittee or operator annually renews its permit or license, it shall  
11 also renew the endorsement for each location of each vendor that is selling pull-tabs on the  
12 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee  
13 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by  
14 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

15 (h) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter  
16 into a written contract with that vendor, and a copy of the contract must be submitted to the  
17 department for approval. If the contract contains provisions that violate this chapter or the  
18 regulations adopted under it, the department may refuse to issue the vendor endorsement for that  
19 location.

20 (i) Except as provided in AS 05.15.185, a person, other than a permittee's member in  
21 charge or an operator, may not directly supply a pull-tab series to a vendor for sale by that  
22 vendor on behalf of the permittee or operator.

23 (j) If a permittee or operator contracts with a vendor under (a) of this section, the  
24 contract must provide that the permittee or operator shall receive no less than 70 percent of the  
25 ideal net.

26 (k) An amount equal to the ideal net less the compensation paid to the vendor shall be  
27 paid by the vendor to the permittee or operator at the time that the member in charge or operator  
28 delivers a pull-tab series to the vendor for sale. The amount required to be paid by the vendor  
29 under this subsection shall be paid by check and shall be deposited by the permittee or operator  
30 directly into its gaming checking account.

31 (l) A vendor may not contract under this section with more than one permittee or

1 operator at a time.

2 \* Sec. 34. AS 05.15 is amended by adding a new section to read:

3 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)

4 If the commissioner determines that a person has engaged in an act or practice in violation of this  
5 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable  
6 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the  
7 violation by the person. The order remains in effect until the person has submitted evidence  
8 acceptable to the commissioner showing that the violation has been corrected.

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

17 (c) A party aggrieved by an order under this section may appeal to the superior court.

18 \* Sec. 35. AS 05.15.200(b) is amended to read:

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

22 \* Sec. 36. AS 05.15.210(7) is amended to read:

23 (7) "contest of skill" means a contest or game that is conducted to benefit a  
24 municipality or qualified organization and in which prizes are awarded for the demonstration  
25 of human skills in rifle, pistol, archery, or dart matches, or in similar matches involving  
26 marksmanship; in [,] races or other tests of physical endurance performed by individual  
27 contestants; in bowling and billiards matches; [,] and in other physical [ATHLETIC] events  
28 that include generally recognized field and track events based on personal physical ability  
29 or skill;

30 \* Sec. 37. AS 05.15.210 is amended by adding new paragraphs to read:

31 (35) "bingo hall" means a facility owned or managed by an operator and used for

1 the playing of bingo, and which meets the following requirements:

2 (A) at least 70 percent of the floor space of the facility must be devoted  
3 to the playing of bingo;

4 (B) at least 70 percent of the expenses incurred by the operator, excluding  
5 prize payouts, are connected with the conducting of bingo games;

6 (C) at least 30 percent of the gross receipts of the operator at the facility  
7 are derived from bingo; and

8 (D) the facility, if located in a municipality with land use ordinances,  
9 complies with all such ordinances, including those relating to parking requirements for  
10 facilities that attract large numbers of the public at one time;

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

14 (37) "managerial or supervisory capacity" means that the employee

15 (A) is responsible for gaming receipts;

16 (B) has the authority to hire employees or to dismiss or otherwise  
17 discipline them;

18 (C) prepares financial reports required under this chapter;

19 (D) is responsible for keeping the accounts for activities under this  
20 chapter;

21 (E) is responsible for conducting activities under this chapter, including  
22 the arranging for locations at which those activities will occur; or

23 (F) is a fund raiser or a consultant;

24 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);

25 (39) "permittee" means a municipality or a qualified organization that holds a  
26 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold  
27 a valid multiple-beneficiary permit under AS 05.15.145;

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

31 (A) a retail establishment;

- 1 (B) an eating establishment; or
- 2 (C) an establishment licensed under AS 04.11.
- 3 \* **Sec. 38.** AS 05.15.122(c) and 05.15.122(d) are repealed.
- 4 \* **Sec. 39.** AS 05.15 is repealed.
- 5 \* **Sec. 40.** Sections 15 and 16 of this Act take effect October 1, 1991.
- 6 \* **Sec. 41.** Section 39 of this Act takes effect July 1, 1992.
- 7 \* **Sec. 42.** Except as provided in secs. 40 - 41 of this Act, this Act takes effect immediately under
- 8 AS 01.10.070(c).

CSSSSB 6: "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, and gambling violations from participating in charitable gaming activities as permittees, licensees, or vendors, or as employees or independent contractors of permittees, licensees, or vendors; and providing for an effective date."


The department was given responsibility for administration of the 1988 Alaska Gaming Reform Act in July 1989. Since that time, the department has been actively engaged in trying to resolve the "third party vendor" issue. Prior to January 1, 1991 and the issuance of the Attorney General's opinion of October 24, 1990, both permittees and operators used vendors (e.g., bars, restaurants, retail outlets) extensively to sell pull-tabs on their behalf. That activity has stopped, except for a very limited basis.

With the number of "third party vendor" locations drastically reduced, pull-tab sales have decreased markedly to the detriment of many nonprofit organizations who have come to rely on this source of income. The department has experienced a reduction in the amount of pull-tab tax collected in comparison to this same period last year as a result of the decrease in available locations of gaming activities.

Because of the termination of vendor sales by the Attorney General's opinion of October 24, 1990 and the subsequent denial of permits for vendor locations, the amount of pull-tab sales and the amount of pull-tab tax collected have dramatically decreased. In FY 90, the total tax collected was \$1,398,300. For FY 91, to date (May 2, 1990), the tax collected is only \$958,520. Before the loss of vendor sales, the anticipated revenue from the 3% tax for FY 92 was \$1,530,000. If legislation authorizing vendors is not passed this session, the anticipated revenue would decrease to an estimated \$800,000 to \$850,000. Even changing the amount and tax base from 3% of ideal net to 1% of gross sales will not substantially increase the amount of tax collected unless vendor locations are authorized.

The department's previously submitted fiscal note and position paper dated April 15, 1991 was based on the work draft version dated April 11, 1991 and was completed and distributed prior to the conceptual amendments being introduced and adopted into the bill. The attached "sectional analysis" only compares the differences between the work draft version dated April 11, 1991 and the final version dated April 17, 1991.

The department believes that this bill is the most comprehensive legislation on charitable gaming to date. Both the department and the administration support this bill 100 percent in its present form and hope it is passed into law this session.

  
Glenn A. Olds, Commissioner

Date: 5-6-91

SECTIONAL ANALYSIS  
CSSSSB 6  
04/17/91 VERSION

(COMPARES ACTUAL VERSION TO  
WORK DRAFT OF 04/11/91)

"An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, and gambling violations from participating in charitable gaming activities as permittees, licensees, or vendors, or as employees or independent contractors of permittees, licensees, or vendors; and providing for an effective date."

Section 1.

AS 05.15.020

ANNUAL PERMIT AND FEES.

(a)(4) Adds language to provide a \$100 licensing fee for a multiple-beneficiary permit.

Section 2.

AS 05.15.030

REQUIRED NOTICES BY APPLICANT, PERMITTEE, OR  
LICENSEE.

(a) Adds language that provides that the commissioner may not consider a resolution under this subsection if it is not adopted within 15 days of the date that the city or borough receives notice of the application.

Section 3.

AS 05.15.060

REGULATIONS.

(1), (3), (5) (8) and (10) Adds language to direct the department to adopt regulations covering vendor registrations.

(6) Adds language to direct the department to adopt regulations covering the licensing and regulation of pull-tab dispensing machines.

Section 4.

AS 05.15.070

**EXAMINATION OF BOOKS AND RECORDS.**

Adds language that the commissioner may examine or have examined the books and records of a registered vendor and the ability of the commissioner to subpoena witnesses, books, records and other documents.

Section 9.

AS 05.15.115

**CONTRACTS BETWEEN PERMITTEES AND OPERATORS.**

(e) Adds language to specify that the contract between a permittee and operator must provide that least 40% of the ideal net for each series be paid to the permittee.

Section 10.

AS 05.15.122

**OPERATOR'S LICENSE.**

(b)(3) Provides language that the application must disclose the identity of persons employed by the applicant in any capacity rather than just managerial or supervisory.

Section 11.

AS 05.15.122

**OPERATOR'S LICENSE.**

(c) Provides that the department may not issue an operator license if the applicant or an employee of the applicant has been convicted of a felony, a crime involving theft or dishonesty or a violation of a municipal, state or federal gambling law.

(d) Provides that a licensee may not employ a person in any capacity if the person has been convicted of a felony, a crime involving theft or dishonesty or a municipal, state or federal gambling law.

Section 13.

AS 05.15.124

**MUNICIPAL REGULATION OF OPERATORS.**

Provides language that would allow municipalities to prohibit vendors within their boundaries.

**Section 14.**

**AS 05.15.128**

**REVOCATION OF OPERATOR'S LICENSE.**

(2)(B) Increases the minimum percentage that the operator must pay to each authorizing permittee for pull-tab games from 30% of ideal net to 40% of ideal net.

(b) Provides language that the application for a permit must disclose the name and address of each person responsible for the operation of the gaming activity. This application must include these persons whether they are a member, an employee or an independent contractor.

**Section 17.**

**AS 05.15.140**

**PROOF NECESSARY TO QUALIFY FOR PERMIT.**

(e) Provides language that the permittee may not give responsibility of conducting gaming activity to a member, employee or independent contractor if the member, employee or independent contractor has been convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law.

**Section 23.**

**AS 05.15.180**

**LIMITATIONS ON AUTHORIZED ACTIVITY.**

(g) Increases the amount of allowable prize awards in a calendar year from \$1,000,000 to \$1,500,000 for a permittee who conducts its own gaming activities or a multiple-beneficiary permittee.

**Section 25.**

**AS 05.15.183**

**PULL-TAB DISTRIBUTOR'S LICENSE.**

(f) Adds language to prohibit the department from issuing a license to an applicant or an employee of the applicant if either has been convicted of a felony, a crime involving theft or dishonesty or a violation of a municipal, state or federal gambling law. A licensee may not employ in any capacity, or enter into a contract for personal services with a person who has been convicted of a crime described in the subsection.

**Section 29.**

**AS 05.15.187**

**OPERATION OF PULL-TAB GAMES.**

- (j) Adds language that requires the pull-tab purchaser to be physically present at the sale location.
- (k) Adds language to allow for the sale of pull-tabs through the use of pull-tab dispensing machines.

**Section 30.**

**AS 05.15.188**

**PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES AND OPERATORS.**

- (b) Increases the amount of time the department has for approving or disapproving a vendor registration from 15 to 30 working days of receipt of the registration from a permittee or operator.
- (i) Increases the minimum percentage that a vendor must pay to the permittee or operator from 60% to 70%.
- (l) Prohibits the department from issuing a vendor registration for a person who or employ a person in any capacity who has been convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state or federal gambling law.
- (m) Prohibits a registered vendor from employing a person in any capacity if the person has been convicted of a crime described in (l) of this section.



**STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BILL ANALYSIS**

DEPARTMENT Commerce & Econ. Dev.	DIVISION Occupational Licensing	BILL NUMBER CSSSSB 6	SPONSOR Senator Zharoff
SHORT TITLE OF BILL SEE ATTACHED			
DEPARTMENT POSITION The department fully supports passage of this legislation.			
PREPARED BY <i>JNH</i> John N. Hansen, Jr. Gaming Program Manager	DATE 5/6/91	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 5-6-91

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT:     NONE     FISCAL NOTE ATTACHED

**BACKGROUND LEGISLATIVE INTENT**

1. To provide for a multiple-beneficiary permit.
2. Prohibit persons convicted of a felony, a crime of theft or dishonesty, and gambling violations from participating in charitable gaming activities.
3. Raise the required return paid to permittees from operators.

**ANALYSIS OF BILL PROGRAM EFFECTS**

SEE ATTACHED POSITION PAPER

**AMENDMENTS PROPOSED**

None

JNH/KP/dg19553D-1/050691-1 PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS

BILL ANALYSIS - CSSSB 6

TITLE OF BILL:

An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, and gambling violations from participating in charitable gaming activities as permittees, licensees, or vendors, or as employees or independent contractors of permittees, licensees, or vendors; and providing for an effective date."