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Delivered To Senate Secretary

SEVENTEENTH LEGISLATURE
SENATE JUDICIARY COMMITTEE BILL FILE

BILL NUMBER: SB6
ABBREVIATED TITLE: Charith Gamins - Preclude Felons -

SPONSER: Z. Lauff ORIGINAL RECEIVED: April 18, 1991
WRITTEN REQUEST TO SCHEDULE REC'D: 4-21-91 FROM: Fred
SPONSER'S STATEMENT REC'D: _____ FROM: _____
SECTIONAL ANALYSIS RQST'D: _____ FROM: _____
SECTIONAL ANALYSIS RECEIVED: _____

FISCAL NOTE (ORIGINAL)
RQST'D OF: _____ REC'D FROM: Office A DATE: 2-13-91
RQST'D OF: _____ REC'D FROM: Office 13M DATE: 4-15-91
RQST'D OF: _____ REC'D FROM: _____ DATE: _____

FISCAL NOTE (C.S.)
RQST'D OF: _____ REC'D FROM: _____ DATE: _____
RQST'D OF: _____ REC'D FROM: _____ DATE: _____
RQST'D OF: _____ REC'D FROM: _____ DATE: _____

FIVE DAY NOTICE GIVEN: BuL & C NOTICE OF HEARINGS GIVEN: _____
COMMITTEES OF REFERRAL: FIRST: _____ SECOND: _____ THIRD: _____

COMMITTEE ACTION Legislative Draftsman
John Ruggens

DATE: 5-20-91 Heard Adopted Ref to Senate

PERSONS TO BE NOTIFIED OF HEARING

- 1. SPONSOR
- 2. AGENCY
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSSSB 6

Revision Date: 5/6/91 Department Affected: Commerce & Economic Dev.
 Title: An Act relating to charitable gaming, providing for multiple-beneficiary gaming permits BRU: Occupational Licensing
 Sponsor: Senator Zharoff Component: Administration
 Requestor: Senate Labor & Commerce Comm. 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	44.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	40.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	301.0	245.0	245.0	245.0	245.0	245.0

CAPITAL						
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REVENUE	1,318.0	1,343.0	1,343.0	1,343.0	1,343.0	1,343.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	301.0	245.0	245.0	245.0	245.0	245.0
FEDERAL FUNDS						
OTHER						
TOTAL	301.0	245.0	245.0	245.0	245.0	245.0

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: 5/6/91
 Approved by Commissioner: Glenn A. Olds *[Signature]* 5-6-91
 Agency: Department of Commerce & Economic Development Date: 5/6/91

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

FISCAL NOTE ATTACHMENT - CSSSSB 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 that 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.

This bill would authorize the licensing and regulating of pull-tab vendors, the issuance of multiple-beneficiary permits, provide a minimum percentage of ideal net of pull-tabs that is required to be paid to a permittee that contracts with an operator, specifies those individuals excluded from participation with a felony conviction, a crime involving theft or dishonesty, or a violation of a municipal, state or federal gambling law, changes the minimum percentage of adjusted gross receipts that must be paid to a permittee who contracts with an operator, removes the prohibition of an operator receiving compensation based on a percentage, increases the allowable total prize awards that a permittee may award from \$1,000,000 to \$1,500,000, places a fixed price on the amount charged for a bingo card, increases the pull-tab tax collected from 3% of ideal net to 1% of gross receipts, allows for delivery of pull-tabs directly to a vendor location when certain restrictions are met, restricts vendor sales of pull-tabs to a fixed location, provides a licensing fee of \$50 for vendor endorsements, provides a minimum percentage of the ideal net that must be paid to a permittee or operator that contracts with a vendor, allows the department to issued orders prohibiting violations.

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 work station 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 \$301.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$40.0 to purchase the necessary workstations, computers and software. The required \$5.0 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.

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.

In changing the amount and tax base from 3% of ideal net to 1% of gross sales, we estimate the amount of pull-tab tax collected for FY 92 will be \$993,000 (based on 1989 financial records). With the additional auditor and investigator positions, we estimate that \$75,000 in additional revenue based on the 1% net proceeds fee will be generated in addition to \$250,000 generated by the \$50 vendor endorsement fee. We estimate that 5,000 such vendor endorsements will be applied for. Further, 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 with the gaming laws.

**FISCAL NOTE ATTACHMENT
CSSSB 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 III		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 10.0
<u>Contractual:</u>			
Lease Space		\$20.0	
Printing and Postage		\$24.0	
			\$ 44.0
<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	
			\$ 40.0
TOTAL COST			<u>\$301.0</u>

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 in 450 square feet, 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.

Equipment represents the cost for a workstation and computer.

REQUEST FOR NEW HIRE

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

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$40.5
BENEFITS	\$15.9

TOTAL PERSONAL SERVICES	\$56.4
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TRAVEL	\$ 5.0
SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$71.9
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FUNDING SOURCE

GENERAL FUND	\$71.9
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Position duties:

Plans, organizes and completes audits of permittees, operators, distributors and vendors.

Provide technical assistance to permittees, operators, distributors and vendors.

Provide information to inquiring persons regarding statutes and regulations.

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 expense 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 POSITION	PFT
STAFF MONTHS	12 MONTHS

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$35.5	
BENEFITS	\$14.5	
TOTAL PERSONAL SERVICES		\$50.0
SUPPLIES	\$ 1.0	
EQUIPMENT	\$10.0	
TOTAL COST		\$61.1

FUNDING SOURCE

GENERAL FUND	\$61.1
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Position duties:

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.

Supervise and monitor the licensing of permittees and vendors.

Directs and guides 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.

Provide information and technical assistance to the public and organizations regarding application of statutes, regulations and policies.

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 would be shouldered by the Gaming Program Manager.

REQUEST FOR NEW HIRE

POSITION TITLE	Occupational Licensing Examiner I
RANGE/STEP	12
SERVICE	Classified
TYPE 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
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Position duties:

The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.

Update and maintain computerized licensing and financial records as well as the licensing files.

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.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSSSB 6

Revision Date: 4/15/91 Department Affected: Commerce & Economic Dev.
 Title: An Act relating to charitable gaming, and providing for an effective date BRU: Occupational Licensing
 Sponsor: Senator Zharoff Component: Administration
 Requestor: Senate Labor & Commerce Comm. COMPONENT SERIAL NO.

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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	44.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	40.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	301.0	245.0	245.0	245.0	245.0	245.0

CAPITAL						
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REVENUE	10,225.0	10,250.0	10,250.0	10,250.0	10,250.0	10,250.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	301.0	245.0	245.0	245.0	245.0	245.0
FEDERAL FUNDS						
OTHER						
TOTAL	301.0	245.0	245.0	245.0	245.0	245.0

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. *John N. Hansen, Jr.* Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 4/15/91
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds* Ass. Comm.
 Agency: Department of Commerce & Economic Development Date: 4/15/91

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

FISCAL NOTE ATTACHMENT - C5555B 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 that 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.

This bill would authorize the licensing and regulating of pull-tab vendors, the issuance of multiple-beneficiary permits, provide a minimum percentage of ideal net of pull-tabs that is required to be paid to a permittee that contracts with an operator, specifies those individuals excluded from participation with a felony conviction, a crime involving theft or dishonesty, or a violation of a municipal, state or federal gambling law, changes the minimum percentage of adjusted gross receipts that must be paid to a permittee who contracts with an operator, removes the prohibition of an operator receiving compensation based on a percentage, increases the allowable total prize awards that a permittee may award from \$1,000,000 to \$1,500,000, places a fixed price on the amount charged for a bingo card, increases the pull-tab tax collected from 3% of ideal net to 1% of gross receipts, allows for delivery of pull-tabs directly to a vendor location when certain restrictions are met, restricts vendor sales of pull-tabs to a fixed location, provides a licensing fee of \$50 for vendor endorsements, provides a minimum percentage of the ideal net that must be paid to a permittee or operator that contracts with a vendor, allows the department to issued orders prohibiting violations.

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 work station 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 \$301.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$40.0 to purchase the necessary workstations, computers and software. The required \$5.0 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.

In changing the amount and tax base from 3% of ideal net to 1% of gross sales, the pull-tab tax collected will increase dramatically from approximately \$1,600,000 to \$9,900,000 (based on 1989 financial records). 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 \$250,000 generated by the \$50 vendor endorsement fee. We estimate that 5000 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 towards 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 III		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 10.0
<u>Contractual:</u>			
Lease Space		\$20.0	
Printing and Postage		\$24.0	
			\$ 44.0
<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	
			\$ 40.0
TOTAL COST			<u>\$301.0</u>

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 in 450 square feet, 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.

Equipment represents the cost for a workstation and computer.

REQUEST FOR NEW HIRE

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

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$40.5
BENEFITS	\$15.9

TOTAL PERSONAL SERVICES	\$56.4
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TRAVEL	\$ 5.0
SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$71.9
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FUNDING SOURCE

GENERAL FUND	\$71.9
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Position duties:

Conduct investigations of permit or license violations and complaints.

Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.

Issue Notices of Violations when appropriate and necessary.

Educate the participants with regard to statutes and regulations.

Assist the participants by providing the correct forms, and answering inquiries.

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 expense 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 POSITION	PFT
STAFF MONTHS	12 MONTHS

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$40.5
BENEFITS	\$15.9

TOTAL PERSONAL SERVICES	\$56.4
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TRAVEL	\$ 5.0
SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$71.9
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FUNDING SOURCE

GENERAL FUND	\$71.9
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Position duties:

Plans, organizes and completes audits of permittees, operators, distributors and vendors.

Provide technical assistance to permittees, operators, distributors and vendors.

Provide information to inquiring persons regarding statutes and regulations.

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 expansion 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 POSITION	PFT
STAFF MONTHS	12 MONTHS

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$35.5
BENEFITS	\$14.5

TOTAL PERSONAL SERVICES	\$50.0
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SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$61.1
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FUNDING SOURCE

GENERAL FUND	\$61.1
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Position duties:

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.

Supervise and monitor the licensing of permittees and vendors.

Directs and guides 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.

Provide information and technical assistance to the public and organizations regarding application of statutes, regulations and policies.

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 would be shouldered by the Gaming Program Manager.

REQUEST FOR NEW HIRE

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

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$27.8
BENEFITS	\$12.4

TOTAL PERSONAL SERVICES	\$40.2
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SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$51.2
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FUNDING SOURCE

GENERAL FUND	\$51.2
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Position duties:

The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.

Update and maintain computerized licensing and financial records as well as the licensing files.

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.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB-6

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.

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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.)
 SEE ATTACHED

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. TT
 Agency: Department of Commerce & Economic Development Date: 2/13/91

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



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 480-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Rick Halford, Chairman
Senate Judiciary Committee

FROM: Senator Fred *F. Zharoff*

DATE: April 20, 1991

SUBJ: Scheduling of SB 4 & SB 6

CSSB 4 (L&C), "An Act establishing the Alaska Gaming Commission; and providing for an effective date" and CSSB 6 (L&C), "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming permits; and providing for an effective date" were recently moved out of the Labor & Commerce committee with a further referral to the Judiciary Committee. The purpose of this memo is to request scheduling of these bills at your earliest possible convenience.

Thank you for your consideration of this request. Please do not hesitate to contact me should you wish to discuss these bills.

SECTIONAL ANALYSIS
CSSS SB 6 RELATING TO CHARITABLE GAMING DATED 4-11-91

Section 1: Adds provisions for third party vendors. Adds language that would allow holders of multi-beneficiary permits to conduct the number of sessions and games per month equal to the number that would be allowed for an individual permittee multiplied by the number of permittees that are holders of the multiple-beneficiary permit.

Section 2: Allows commissioner to examine the books and records of a third party vendor.

Section 3: Allows the commissioner to issue a multiple-beneficiary permit to two to six qualified organizations that apply jointly for the permit. The permit would allow the permittees the ability to conduct games allowed under this section which include bingo and pull tabs.

Section 4: Requires that permittees holding a multiple-beneficiary permit must designate one member in charge.

Section 5: Clarifies that the member in charge of a multiple-beneficiary permit must be a member of or on the board of directors of one of the qualified organizations or an employee of a municipality that may be a holder of a multiple-beneficiary permit.

Section 6: Requires that holders of a multiple-beneficiary permit designate an alternate member in charge.

Section 7: Requires that a permittee must receive at least 30 percent of ideal net for each pull-tab series.

Section 8: Prohibits felons or those convicted of theft or dishonesty or gambling law violations from being an operator or employed as a manager or supervisor for an operator.

Section 9: Prohibits felons or those convicted of theft or dishonesty or gambling law violations from being a licensee or employed as a manager or supervisor for an operator.

Section 10: Requires a reported adjusted gross income of 15% of gross for each type of activity. Requires payment to the permittee at least 15% of adjusted gross income for activities other than pull-tabs and 30% of adjusted gross income for pull-tabs.

Section 11: Requires an applicant for a permit to disclose any felony or theft or dishonesty records for each person responsible for the operation of the activity.

Section 12: Prohibits a felon or person convicted of a crime of theft or dishonesty from being issued a permit.

Section 13: Adds a new section in AS 05.15 that establishes Multiple Beneficiary Permits. Delineates that 2 to 6 qualified organizations or municipalities may join together and apply for a multi-beneficiary permit. This section also requires applicants for multi-beneficiary permits to comply with the same requirements as individual applicants for gaming permits. This section also clarifies that holders of multi-beneficiary permits may not hold any other gaming permits under AS 05.15. This section also delineates the procedure for an entity that is a joint holder of a multi-beneficiary permit to withdraw from the permit and clarifies that the entity that has withdrawn may apply for an individual permit, but its share of prizes awarded while holding the multi-beneficiary permit apply toward awards under its individual permit. This section also requires the holders of multi-beneficiary permits to file reports that comply with the same requirements as the reports of operators.

Section 14: Allows third party vendors to be compensated based on the receipts from the activity being conducted.

Section 15: Makes revocation and suspension provisions also apply to third party vendors.

Section 16: Adds language that restricts door prizes for a multi-beneficiary permit to \$20,000 per month or \$240,000 per year. This is the same restriction as applies to other permittees.

Section 17: Removes language relating to permittees working in conjunction with each other since this would be done under multi-beneficiary permits under this bill.

Section 18: This section increases the prize award level per year for permittees from \$1 million to \$1.5 million. This section also allows the holders of a multi-beneficiary permit to pay out prize awards equal to \$1.5 million multiplied by the number of holders of the multi-beneficiary permit.

Section 19: This section precludes an operator or employee of the operator or a permittee's member in charge from contesting for prizes in that bingo game. It also sets the charge for a single opportunity in a bingo game at \$1.00.

Section 20: Amends AS 05.15.183 to allow for third party vendors.

Section 21: Amends the provisions for Pull-tab Tax to 1% of total sales for all pull-tabs in a series from 3% of gross sales less prizes in a series.

Section 22: Adds a new section that makes provision for third party vendors to receive pull-tab game distribution and requires prepayment under AS 05.15.188(j) and the pull-tab tax required in AS 05.15.184 has been paid.

Section 23: Amends the definition of "permittee" to include municipalities and qualified organizations holding multi-beneficiary permits.

Section 24: Prohibits owner, manager or employee of a permittee or licensee or third party vendor from purchasing pull-tabs in a series included in a game that the permittee, licensee or vendor is conducting. It also requires the permittee, operator or operator to have a signed receipt for any award of \$50 or more. This section also prohibits pull-tab sales from other than a licensed, fixed location.

Section 25: This section adds a second article to AS 05.15 covering the process of registering, licensing, contracting, distributing pull-tab games, fund distribution, prepayment, and prohibiting felons or others convicted of theft, dishonesty or gambling laws as they affect third party vendors.

Section 26: This section provides for a process in the event of violation of this chapter or regulations adopted as a result of this chapter. It also makes provision for the commissioner to issue an emergency order to enforce provisions of this statute of resulting regulations.

Section 27: Amends AS 05.15.200(b) to include licensee and vendor registration under provisions of unsworn falsification.

Section 28: Adds definitions for "ideal net", "permittee", and "vendor".

Section 29: Effective date clause.

SECTIONAL ANALYSIS - Sen. Zharoff

CS SB 6 (L&C) RELATING TO CHARITABLE GAMING; PROVIDING FOR MULTIPLE BENEFICIARY CHARITABLE GAMING PERMITS; AND PROHIBITING PERSONS CONVICTED OF FELONIES, CRIMES OF THEFT OR DISHONESTY AND GAMBLING AS PERMITTEES, LICENSEES, OR VENDORS

SECTION 1: Sets a licensing fee of \$100 per member of a multi beneficiary permit.

SECTION 2: Adds language to give the commissioner the power to not consider a resolution adopted by a community regarding an application for a gaming permit within that community if the resolution is not adopted within 15 days of the date the municipality receives notice of the application.

SECTION 3: Adds provisions for third party vendors. Adds language that would allow holders of multi beneficiary permits to conduct the number of sessions and games per month equal to the number that would be allowed for an individual permittee multiplied by the number of permittees that are holders of the multiple beneficiary permit.

SECTION 4: Allows the commissioner to examine the books and records of a third party vendor.

SECTION 5: Allows the commissioner to issue a multiple beneficiary permit to two to six qualified organizations that apply jointly for the permit. The permit would allow the permittees the ability to conduct games allowed under this section which include bingo and pull tabs.

SECTION 6: Requires that permittees holding a multiple beneficiary permit must designate one member in charge.

SECTION 7: Clarified that the member in charge of a multiple beneficiary permit must be a member of, or on the board of directors

of, one of the qualified organizations or an employee of a municipality that may be a holder of a multiple beneficiary permit.

SECTION 8: Requires that a holders of a multiple beneficiary permit designate an alternate member in charge.

SECTION 9: Requires that a permittee must receive at least 40 percent of ideal net for each pull tab series.

SECTION 10: Requires that applicants for operator's licenses disclose the identity of all persons employed by the potential operator.

SECTION 11: Requires that the department may not issue an operator's license if any of the applicant's employees have been convicted of a felony, a crime involving theft or dishonesty, or a violation of municipal, state or federal gambling laws.

SECTION 12: Requires that a licensee may not employ anyone who has been convicted of the crimes referenced in section 11.

SECTION 13: Adds language to allow a municipality to prohibit, by ordinance, a vendor from conducting gaming activities within the municipality.

SECTION 14: Requires a reported adjusted gross income of 15% of gross for each type of activity. Requires payment to the permittee of at least 15% of adjusted gross income for activities other than pull tabs and 40% of ideal net for pull tabs.

SECTION 15: Requires an applicant for a permit to disclose any felony or theft or dishonesty records for each person, including members, employees, and contractors, responsible for the operation of the activity.

SECTION 16: Prohibits a felon or person convicted of a crime of theft or dishonesty from being issued a permit.

SECTION 17: Prohibits a permittee from transferring any responsibility for a gaming activity to a member, employee or independent contractor who has been convicted of a felony or crime of theft or dishonesty.

SECTION 18: Adds a new section in AS 05.15 that establishes Multiple Beneficiary Permits. Delineates that 2 to 6 qualified organizations or municipalities may join together and apply for a multi beneficiary permit. This section also requires applicants for multi beneficiary permits to comply with the same requirements as individual applicants for gaming permits. This section also clarifies that holders of multi beneficiary permits may not hold any other gaming permits under AS 05.15. This section also delineates the procedure for an entity that is a joint holder of a multi beneficiary permit to withdraw from the permit and clarifies that the entity that has withdrawn may apply for an individual permit, but its share of prizes awarded while holding the multi beneficiary permit apply toward awards under its individual permit. This section also requires the holders of multi beneficiary permits to file reports that comply with the same requirements as the reports of operators.

SECTION 19: Allows third party vendors to be compensated based on the receipts from the activity being conducted.

SECTION 20: Makes revocation and suspension of provisions also apply to third party vendors.

SECTION 21: Adds language that restricts door prizes for a multi beneficiary permit to \$20,000 per month or \$240,000 per year. This is the same restriction as applies to other permittees.

SECTION 22: Removes language relating to permittees working in conjunction with each other since this would be done under multi-beneficiary permits under this bill.

SECTION 23: This section increases the prize award level per year for permittees from \$1 million to \$1.5 million. This section also allows the holders of a multi-beneficiary permit to pay out prize awards equal to \$1.5 million multiplied by the number of holders of the multi beneficiary permit.

SECTION 24: This section precludes an operator or employee of the operator or a permittee's member in charge from contesting for prizes in that bingo game. It also sets the charge for a single opportunity in a bingo game at \$1.

SECTION 25: Adds two new subsections to prohibit a distributor from taking orders from or providing pull tabs directly to a vendor and prohibits a felon or person convicted of a crime of theft or dishonesty from being issued a pull tab distributor's license.

SECTION 26: Amends the provisions for the pull tab tax to 1% of total sales for all pull tabs in a series from 3% of gross sales less prizes in a series.

SECTION 27: Adds a new section that makes provision for third party vendors to receive pull tab game distribution and requires prepayment under AS 05.15.188(j) and the pull tab tax required in AS 05.15.184 has been paid.

SECTION 28: Amends the definition of "permittee" to include municipalities and qualified organizations holding multi beneficiary permits.

SECTION 29: Prohibits owner, manager or employee of a permittee or licensee or third party vendor from purchasing pull tabs in a series included in a game that the permittee, licensee or

vendor is conducting. It also requires the permittee, operator, or vendor to have a signed receipt for any award of \$50 or more. This section also prohibits pull tab sales from other than a licensed, fixed location and requires that sales may be made only when the purchasing person is physically present. In addition, this section provides that pull tabs may be sold through pull tab ticket dispensing machines.

SECTION 30: This section adds a second article to AS 05.15 covering the process of registering, licensing, contracting distributing pull tab games, fund distribution, prepayment, and prohibiting felons or others convicted of theft, dishonesty or gambling laws as they affect third party vendors.

SECTION 31: This section provides for a process in the event of violation of this chapter or regulations adopted as a result of this chapter. It also makes provision for the commissioner to issue an emergency order to enforce provisions of this statute of resulting regulations.

SECTION 32: Amends AS 15.15.200(b) to include licensee and vendor registration under provisions of unsworn falsification.

SECTION 33: Adds definitions of "ideal net", "permittee", and "vendor".

SECTION 34: Immediate Effective Date.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/6/91

FURTHER: Judiciary

Date of 5-Day Notice: 3-14-91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

L&C Committee considered SSSB 6

Multiple-beneficiary charitable gaming permits, maximum prize awards, and door prizes for charitable gaming; efd.

and recommended:

- replace with _____ CS SS SB 6 (L+C) same title
- attached amendment(s) new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

zero fiscal note(s) COMMA - SB 6/2-13-91
COMMA - CS / 4-15-91

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

DeSilva NO REC.
Kirk Halford NO REC

[Signature]
Chair: Signature and Recommendation

SB4

P5- Line 12

New Section to Read

The department may not issue an operator's license to an applicant if the applicant's spouse has been convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law.

P6 Line 17 - New Section covering spouse of person convicted

P9 Line 18 - New Section Spouse of person convicted

New Section

Standard Severability Clause -

'If any section is determined to be unconstitutional it shall be severed and the remaining sections shall stand' or such appropriate language.

~~person~~

~~operated by a person on the~~

~~spouse of a person who~~

~~P9 Line~~

See Nevada Gaming rules re felon in family -

SR6

Anch -

Kodial

Mat-Su

John Hansen - Dept of ~~Law~~ Commerce -

Prohibit felons - Spouse & family -

Requiring adoption of regulations ^{covering} ~~including~~ methods of
ascertaining net proceeds, determining expenses, ~~and~~
limiting the amount of expenses and providing for
revocation of permits :

Problem with \$1,000 limit -

P3 Line 3

Mark Hamley

: AMENDMENT

OFFERED IN THE HOUSE

BY REP. TAYLOR

TO: HB 168

PAGE 3, LINE 30 & 31, PAGE 4, LINES 1 & 2

DELETE ALL MATERIAL AND INSERT:

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

PAGE 7, LINE 28

INSERT "(a) (1), (2), OR (4) OF"

PAGE 7 , LINE 30

INSERT "IF THE DEPARTMENT REVOKES A PERMIT, LICENSE OR VENDOR ENDORSEMENT UNDER (a) (3) OF THIS SECTION, IT SHALL PERMANENTLY PROHIBIT THE PERMITTEE OR LICENSEE FROM REAPPLYING FOR A PERMIT OR LICENSE OR, IF A VENDOR ENDORSEMENT WAS REVOKED BECAUSE OF CONDUCT BY THE VENDOR SET OUT IN (a) (3) OF THIS SECTION, FROM REAPPLYING FOR A VENDOR ENDORSEMENT FOR THAT VENDOR."

PROPOSED AMENDMENT

CSSSSB 6

*Section 14. AS 05.15.128(a) is amended to read:

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

(1) report an adjusted gross income of at least 15 percent of gross income for two consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL OPERATION OF] the operator; or

(2) pay to each authorizing permittee for two consecutive quarters

(A) at least 15 percent of the adjusted gross income [AS DETERMINED UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of the authorizing permittee other than pull-tab games; [and]

(B) at least [40] 30 percent of the ideal net received from pull-tab games conducted on behalf of the authorizing permittee by the operator, without aid or benefit of a registered vendor; and

(C) at least 50 percent of the ideal net received from pull-tab games conducted on behalf of the authorizing permittee by the operator with the aid and benefit of a registered vendor.

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from five 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; and providing for an effective date."

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

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

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

10 (1) \$20 for an applicant that did not hold a permit during the preceding year;

11 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
12 activities conducted under this chapter during the preceding year;

13 (3) \$100 [S50] for an applicant that had gross receipts of \$20,000 or more but not
14 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

1 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from
2 activities conducted under this chapter during the preceding year.

3 * Sec. 2. AS 05.15.020(a) is repealed and reenacted to read:

4 (a) A municipality or qualified organization may conduct an activity permitted under this
5 chapter, if the municipality or qualified organization

6 (1) applies for a permit, pays the appropriate permit fee, and receives an annual
7 permit issued by the department; and

8 (2) designates a member in charge and at least one alternate member in charge
9 under AS 05.15.112 who have passed the examination required by AS 05.15.112.

10 * Sec. 3. AS 05.15.020 is amended by adding a new subsection to read:

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

14 * Sec. 4. AS 05.15.020(c) is repealed and reenacted to read:

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

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

19 (d) The annual permit fee under (a) of this section is

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

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

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

25 (4) \$250 for an applicant that had gross receipts exceeding \$100,000 from
26 activities conducted under this chapter during the preceding year or that is one of the applicants
27 for a multiple-beneficiary permit under AS 05.15.100(d).

28 * Sec. 6. AS 05.15.030(c) is amended to read:

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

1 * Sec. 7. AS 05.15 is amended by adding a new section to read:

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

- 5 (1) be issued an operator's license under AS 05.15.122;
6 (2) be issued a manufacturer's license under AS 05.15.181;
7 (3) be issued a distributor's license under AS 05.15.183;
8 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

9 or

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

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

- 16 (1) has been convicted of, in prison for, or on parole for a felony within the
17 preceding 15 years;
18 (2) has been convicted at any time of a crime involving theft or dishonesty;
19 (3) has been convicted at any time of a violation of a municipal, state, or federal
20 gambling law; or
21 (4) is the spouse of a person described in (1) or (3) of this subsection.

22 * Sec. 8. AS 05.15.060 is amended to read:

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

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

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

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

4 (4) the requiring of detailed, sworn, financial reports of operations from
5 permittees, [AND] licenses, and vendors including detailed statements of receipts and
6 payments;

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

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

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

16 (8) the number of activities that may be held, operated, or conducted under a
17 permit during a specified period; however, the department may not allow more than 14 bingo
18 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
19 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
20 number of sessions and games a month equal to the number allowed an individual permittee
21 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

31 (12) other matters the commissioner considers necessary to carry out this chapter

1 or protect the best interest of the public.

2 * Sec. 9. AS 05.15.060 is amended by adding a new subsection to read:

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

6 * Sec. 10. AS 05.15.070 is amended to read:

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

12 * Sec. 11. AS 05.15.095(a) is amended to read:

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

- 15 (1) the member in charge for the qualified organization;
16 (2) a person authorized to sign on behalf of the municipality;
17 (3) the operator or the operator's agent;
18 (4) the licensed pull-tab distributor or the distributor's agent; [OR]
19 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or
20 (6) the owner of a vendor or the owner's agent.

21 * Sec. 12. AS 05.15.095(b) is amended to read:

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

24 * Sec. 13. AS 05.15.100 is amended by adding new subsections to read:

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

30 (e) The department shall revoke the permit of a permittee, including a multiple-
31 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least

1 15 percent of the gross income derived from activities under this chapter.

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

3 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit
4 under this chapter shall designate a member in charge. Municipalities and qualified
5 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall
6 establish a board consisting of one member from each municipality and qualified
7 organization, and the board shall designate one of its members as the member in charge for
8 the multiple-beneficiary permittee.

9 * Sec. 15. AS 05.15.112(a) is repealed and reenacted to read:

10 (a) Each municipality or qualified organization that applies for a permit under this
11 chapter shall designate a member in charge and at least one alternate member in charge.
12 Municipalities and qualified organizations that jointly apply for a multiple-beneficiary permit
13 under AS 05.15.145 shall establish a board consisting of one member from each municipality and
14 qualified organization, and the board shall designate one of its members as the member in charge
15 for the multiple-beneficiary permittee and at least one other of its members as an alternate
16 member in charge. The member in charge and alternate members in charge designated under this
17 section, and the members of the boards for multiple-beneficiary permittees, must have passed a
18 test formulated by the department on the contents of this chapter and the regulations adopted
19 under this chapter. The department shall administer the test at least four times a year and shall
20 arrange that persons in remote locations be able to take the test in those locations.

21 * Sec. 16. AS 05.15.112(b) is amended 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
25 under and compliance with that contract. The member in charge shall be a member of the
26 qualified organization or the board of directors of the qualified organization or an employee of
27 the municipality. In the case of a multiple-beneficiary permit, the member in charge shall
28 be a member of one of the qualified organizations or the board of directors of one of the
29 qualified organizations or an employee of one of the municipalities.

30 * Sec. 17. AS 05.15.112(b) is repealed and reenacted to read:

31 (b) The member in charge is responsible for preparation, maintenance, and transmittal

1 of all records and reports required of the permittee and, if the permittee has entered into a
2 contract with an operator under AS 05.15.115, for monitoring the operator's performance under
3 and compliance with that contract. The alternate members in charge are responsible for the
4 duties of the member in charge in the absence of the member in charge. The member in charge
5 and the alternate members in charge shall be members of the qualified organization or the board
6 of directors of the qualified organization or employees of the municipality. In the case of a
7 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be
8 members of one or more of the qualified organizations or the board of directors of one or more
9 of the qualified organizations or employees of one or more of the municipalities.

10 * Sec. 18. AS 05.15.112(d) is amended to read:

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

14 * Sec. 19. AS 05.15.112 is amended by adding a new subsection to read:

15 (e) If a permittee's designated member in charge or sole alternate member in charge
16 resigns or is no longer able to serve as member in charge or alternate member in charge, the
17 permittee has six months to replace the member in charge or alternate member in charge with
18 a person who meets the requirements of this section, and to notify the department of the
19 replacement. If after six months the permittee has not replaced the member in charge or alternate
20 member in charge with a person who meets the requirements of this section, or has not notified
21 the department of the replacement, the permittee's permit is suspended until the requirements of
22 this subsection are met. In this subsection, "permittee" includes a multiple-beneficiary permittee.

23 * Sec. 20. AS 05.15.122(b) is amended to read:

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

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

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

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

30 (4) submits proof of liability insurance satisfactory to the department; [AND]

31 (5) posts a bond or security satisfactory to the department in the amount of

1 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000; and
 2 (6) if a natural person, has passed a test formulated by the department on
 3 the contents of this chapter and the regulations adopted under this chapter and
 4 administered by the department at least four times a year; or, if a municipality or qualified
 5 organization, has designated a municipal employee or member of the organization who has
 6 passed this test.

7 * Sec. 21. AS 05.15.124 is amended to read:

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

11 * Sec. 22. AS 05.15.128(a) is amended to read:

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

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

20 * Sec. 23. AS 05.15.128 is amended by adding new subsections to read:

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

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

27 (2) 40 percent of the adjusted gross income received from all activities conducted
 28 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
 29 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose
 30 is the sale of pull-tabs; or

31 (3) 50 percent of the adjusted gross income received from all activities conducted

1 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
2 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another
3 means other than those described in (1) or (2) of this subsection.

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

12 * Sec. 24. AS 05.15.140(b) is amended to read:

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

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

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

21 * Sec. 25. AS 05.15.140(c) is amended to read:

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

26 * Sec. 26. AS 05.15 is amended by adding a new section to read:

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

1 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
2 request of the commissioner, the joint applicants shall prove conclusively each of these
3 requirements before a permit may be issued or renewed.

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

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

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

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

19 (f) The department shall revoke a multiple-beneficiary permit if the permittee does not

20 (1) meet the requirements of AS 05.15.100(e); or

21 (2) pay each quarter to each holder of the multiple-beneficiary permit an equal
22 share of the amount of the adjusted gross income remaining after expenses are deducted; if a
23 holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled to
24 a pro rata share based on the percentage of the quarter that the withdrawing entity was a holder.

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

28 * Sec. 27. AS 05.15.170 is repealed and reenacted to read:

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

1 licensee, or vendor, if the permittee, licensee, or vendor

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

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

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

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

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

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

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

19 * Sec. 28. AS 05.15.180(b) is amended to read:

20 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
21 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized
22 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
23 state in substantially the same form and was conducted in substantially the same manner before
24 January 1, 1959.

25 * Sec. 29. AS 05.15.180(d) is amended to read:

26 (d) The total value of door prizes offered or awarded under authority of a permit issued
27 to a municipality or qualified organization under this chapter or under authority of a multiple-
28 beneficiary permit may not exceed \$20,000 a month or \$240,000 a year.

29 * Sec. 30. AS 05.15.180(e) is amended to read:

30 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
31 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN

1 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
2 a year.

3 * Sec. 31. AS 05.15.180(g) is amended to read:

4 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
5 prizes each year in activities authorized under this chapter. The holders of a multiple-
6 beneficiary permit under AS 05.15.145 may award a maximum in prizes each calendar year
7 of \$1,000,000 times the number of holders of the permit for activities authorized under this
8 chapter [; HOWEVER, IF A MUNICIPALITY OR A QUALIFIED ORGANIZATION
9 CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF ACTIVITIES
10 AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR QUALIFIED
11 ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH YEAR].
12 In this subsection "activities authorized under this chapter" means all activities subject to this
13 chapter other than bingo.

14 * Sec. 32. AS 05.15.181(a) is amended to read:

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

18 * Sec. 33. AS 05.15.181(b) is amended to read:

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

21 * Sec. 34. AS 05.15.183(d) is amended to read:

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

26 * Sec. 35. AS 05.15.183 is amended by adding a new subsection to read:

27 (e) A distributor may not

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

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

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

31 AS 05.15.185.

1 * Sec. 36. AS 05.15.184 is amended to read:

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

8 * Sec. 37. AS 05.15.185 is amended to read:

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

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

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

16 (3) a vendor registered under this chapter when

17 (A) a permittee or operator has received payment from the vendor in
18 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
19 authorized the distributor to distribute the series to the vendor; and

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

22 (4) a distributor licensed under this chapter.

23 * Sec. 38. AS 05.15.187(f) is amended to read:

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

31 * Sec. 39. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

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

16 * Sec. 40. AS 05.15 is amended by adding a new section to article 2 to read:

17 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
18 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract
19 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
20 first applies for a vendor endorsement from the department on a form prescribed by the
21 department and submits an endorsement fee of \$100 for each location at which the vendor
22 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the
23 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is
24 within the boundaries of a municipality, the permittee or operator shall, concurrently with
25 applying for a vendor endorsement with the department, submit a copy of the application form
26 to the governing body of the municipality.

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

29 (1) a permittee, other than a multiple-beneficiary permittee under
30 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the
31 permittee's permit at more than five vendor locations;

1 (2) a multiple-beneficiary permittee may not enter into contracts that result in
2 pull-tabs being sold under the permittee's permit at more than 20 vendor locations; and

3 (3) an operator may not enter into contracts with vendors that result in pull-tabs
4 being sold under the permits of permittees who have contracted with the operator at more than
5 20 vendor locations.

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

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

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

16 (f) A separate endorsement shall be issued for each vendor location. The permittee or
17 operator shall inform the department and the governing body of the municipality in which the
18 vendor operates when a vendor with whom the permittee or operator is contracting changes the
19 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
20 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
21 location. A permittee or operator shall return to the department the endorsed permit or license
22 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
23 inform the department of a change in vendor location, or to return a permit or license to the
24 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
25 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
26 permit or an operator's license under AS 05.15.170.

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

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

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

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

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

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

19 * Sec. 41. AS 05.15 is amended by adding a new section to read:

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

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

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

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

4 * Sec. 42. AS 05.15.200(b) is amended to read:

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

8 * Sec. 43. AS 05.15.210(7) is amended to read:

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

16 * Sec. 44. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

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

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

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

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

- 1 (A) is responsible for gaming receipts;
- 2 (B) has the authority to hire employees or to dismiss or otherwise
- 3 discipline them;
- 4 (C) prepares financial reports required under this chapter;
- 5 (D) is responsible for keeping the accounts for activities under this
- 6 chapter;
- 7 (E) is responsible for conducting activities under this chapter, including
- 8 the arranging for locations at which those activities will occur; or
- 9 (F) is a fund raiser or a consultant;
- 10 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);
- 11 (39) "permittee" means a municipality or a qualified organization that holds a
- 12 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold
- 13 a valid multiple-beneficiary permit under AS 05.15.145;
- 14 (40) "vendor" means a business whose primary activity is not regulated by this
- 15 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a
- 16 business license under AS 43.70, and is
- 17 (A) a retail establishment;
- 18 (B) an eating establishment; or
- 19 (C) an establishment licensed under AS 04.11.
- 20 * Sec. 45. AS 05.15.060(6), 05.15.122(c), and 05.15.122(d) are repealed.
- 21 * Sec. 46. AS 05.15.112(d) is repealed.
- 22 * Sec. 47. TRANSITIONAL PROVISION. The Department of Commerce and Economic
- 23 Development shall prepare the tests required by AS 05.15.112(a), as amended by sec. 15 of this Act, and
- 24 by AS 05.15.122(b), as amended by sec. 17 of this Act, so that they may first be offered no later than
- 25 January 1992.
- 26 * Sec. 48. Sections 2, 4, 5, 15, 17, 19, 20, and 46 of this Act take effect January 1, 1993.
- 27 * Sec. 49. Except as provided in sec. 48 of this Act, this Act takes effect immediately under
- 28 AS 01.10.070(c).

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John Hansen - 2581

CS FOR HOUSE BILL NO. 168 (JUDICIARY)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES CHOQUETTE, Zawacki

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming extending from five 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; and providing for an effective date."

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

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

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

10 (1) \$20 for an applicant that did not hold a permit during the preceding year;

11 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
12 activities conducted under this chapter during the preceding year;

13 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not
14 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

1 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from
2 activities conducted under this chapter during the preceding year.

3 * Sec. 2. AS 05.15.020(a) is repealed and reenacted to read:

4 (a) A municipality or qualified organization may conduct an activity permitted under this
5 chapter, if the municipality or qualified organization

6 (1) applies for a permit, pays the appropriate permit fee, and receives an annual
7 permit issued by the department; and

8 (2) designates a member in charge and at least one alternate member in charge
9 under AS 05.15.112 who have passed the examination required by AS 05.15.112.

10 * Sec. 3. AS 05.15.020 is amended by adding a new subsection to read:

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

14 * Sec. 4. AS 05.15.020(c) is repealed and reenacted to read:

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

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

19 (d) The annual permit fee under (a) of this section is

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

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

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

25 (4) \$250 for an applicant that had gross receipts exceeding \$100,000 from
26 activities conducted under this chapter during the preceding year or that is one of the applicants
27 for a multiple-beneficiary permit under AS 05.15.100(d).

28 * Sec. 6. AS 05.15.030(c) is amended to read:

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

1 * Sec. 7. AS 05.15 is amended by adding a new section to read:

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

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

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

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

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

9 or

10 (5) perform personal services for a permittee or licensee under this chapter in a
11 managerial or supervisory capacity, whether the person is an employee of the permittee or
12 licensee ^{or} ~~or~~ whether the person is engaged by the permittee or licensee as an independent
13 contractor.

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

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

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

19 (3) has been convicted at any time of a violation of a municipal, state, or federal
20 gambling law; or

21 (4) is the spouse of a person described in (1) or (3) of this subsection.

22 * Sec. 8. AS 05.15.060 is amended to read:

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

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

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

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

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

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

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

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

16 (8) the number of activities that may be held, operated, or conducted under a
17 permit during a specified period; however, the department may not allow more than 14 bingo
18 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
19 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
20 number of sessions and games a month equal to the number allowed an individual permittee
21 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

31 (12) other matters the commissioner considers necessary to carry out this chapter

11 or protect the best interest of the public.

12 * Sec. 9. AS 05.15.060 is amended by adding a new subsection to read:

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

16 * Sec. 10. AS 05.15.070 is amended to read:

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

22 * Sec. 11. AS 05.15.095(a) is amended to read:

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

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

31 * Sec. 12. AS 05.15.095(b) is amended to read:

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

* Sec. 13. AS 05.15.100 is amended by adding new subsections to read:

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

(e) The department shall revoke the permit of a permittee, including a multiple-
beneficiary permittee, that does not report for each quarter an adjusted gross income of at least

1 15 percent of the gross income derived from activities under this chapter.

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

3 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit
4 under this chapter shall designate a member in charge. Municipalities and qualified
5 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall
6 establish a board consisting of one member from each municipality and qualified
7 organization, and the board shall designate one of its members as the member in charge for
8 the multiple-beneficiary permittee.

9 * Sec. 15. AS 05.15.112(a) is repealed and reenacted to read:

10 (a) Each municipality or qualified organization that applies for a permit under this
11 chapter shall designate a member in charge and at least one alternate member in charge.
12 Municipalities and qualified organizations that jointly apply for a multiple-beneficiary permit
13 under AS 05.15.145 shall establish a board consisting of one member from each municipality and
14 qualified organization, and the board shall designate one of its members as the member in charge
15 for the multiple-beneficiary permittee and at least one other of its members as an alternate
16 member in charge. The member in charge and alternate members in charge designated under this
17 section, and the members of the boards for multiple-beneficiary permittees, must have passed a
18 test formulated by the department on the contents of this chapter and the regulations adopted
19 under this chapter. The department shall administer the test at least four times a year and shall
20 arrange that persons in remote locations be able to take the test in those locations.

21 * Sec. 16. AS 05.15.112(b) is amended 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
25 under and compliance with that contract. The member in charge shall be a member of the
26 qualified organization or the board of directors of the qualified organization or an employee of
27 the municipality. In the case of a multiple-beneficiary permit, the member in charge shall
28 be a member of one of the qualified organizations or the board of directors of one of the
29 qualified organizations or an employee of one of the municipalities.

30 * Sec. 17. AS 05.15.112(b) is repealed and reenacted to read:

31 (b) The member in charge is responsible for preparation, maintenance, and transmittal

1 of all records and reports required of the permittee and, if the permittee has entered into a
2 contract with an operator under AS 05.15.115, for monitoring the operator's performance under
3 and compliance with that contract. The alternate members in charge are responsible for the
4 duties of the member in charge in the absence of the member in charge. The member in charge
5 and the alternate members in charge shall be members of the qualified organization or the board
6 of directors of the qualified organization or employees of the municipality. In the case of a
7 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be
8 members of one or more of the qualified organizations or the board of directors of one or more
9 of the qualified organizations or employees of one or more of the municipalities.

10 * Sec. 18. AS 05.15.112(d) is amended to read:

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

14 * Sec. 19. AS 05.15.112 is amended by adding a new subsection to read:

15 (e) If a permittee's designated member in charge or sole alternate member in charge
16 resigns or is no longer able to serve as member in charge or alternate member in charge, the
17 permittee has six months to replace the member in charge or alternate member in charge with
18 a person who meets the requirements of this section, and to notify the department of the
19 replacement. If after six months the permittee has not replaced the member in charge or alternate
20 member in charge with a person who meets the requirements of this section, or has not notified
21 the department of the replacement, the permittee's permit is suspended until the requirements of
22 this subsection are met. In this subsection, "permittee" includes a multiple-beneficiary permittee.

23 * Sec. 20. AS 05.15.122(b) is amended to read:

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

- 26 (1) applies on the form provided by the department;
- 27 (2) pays the annual fee of \$500;
- 28 (3) discloses the identity of persons employed by the applicant in a managerial
29 or supervisory capacity;
- 30 (4) submits proof of liability insurance satisfactory to the department; [AND]
- 31 (5) posts a bond or security satisfactory to the department in the amount of

1 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000; and
2 (6) if a natural person, has passed a test formulated by the department on
3 the contents of this chapter and the regulations adopted under this chapter and
4 administered by the department at least four times a year; or, if a municipality or qualified
5 organization, has designated a municipal employee or member of the organization who has
6 passed this test.

7 * Sec. 21. AS 05.15.122(d) is amended to read:

8 (d) A licensee may not employ a person in a managerial or supervisory capacity, or
9 engage a person to act as an independent contractor in a managerial or supervisory
10 capacity, if the person has been convicted of, in prison for, or on parole for a felony within the
11 preceding five years, or convicted of a crime involving theft or dishonesty or of a violation of
12 a municipal, state, or federal gambling law.

13 * Sec. 22. AS 05.15.124 is amended to read:

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

17 * Sec. 23. AS 05.15.128(a) is amended to read:

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

19 (1) report an adjusted gross income of at least 15 percent of gross income for
20 each quarter [TWO CONSECUTIVE QUARTERS] based on the total operation of the operator;
21 or

22 (2) pay to each authorizing permittee each quarter [FOR TWO CONSECUTIVE
23 QUARTERS] at least

24 (A) 20 [15] percent of the adjusted gross income [, AS DETERMINED
25 UNDER (1) OF THIS SUBSECTION,] received from bingo activities and 20 percent
26 of the adjusted gross income received from pull-tab activities conducted on behalf of
27 the authorizing permittee, if the operator's primary method of conducting activities
28 on behalf of the permittee is through a bingo hall;

29 (B) 40 percent of the adjusted gross income received from all activities
30 conducted on behalf of the authorizing permittee, if the operator's primary method
31 of conducting activities on behalf of the permittee is through the sale of pull-tabs at

1 a retail outlet whose primary purpose is the sale of pull-tabs; or

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

7 * Sec. 24. AS 05.15.128 is amended by adding a new subsection to read:

8 (c) Within ~~10~~³⁰ calendar days of the end of each calendar quarter, each operator shall
9 submit to the department documentation adequate to allow the department to ascertain whether
10 the operator has complied with the requirements of (a) of this section. If an operator conducts
11 activities through a bingo hall, the documentation must be sufficient to enable the department to
12 ascertain whether the operator has complied with (a)(2)(A) of this section for each activity
13 conducted by the operator. If an operator has not submitted adequate documentation within 10
14 calendar days of the end of the quarter, the department shall suspend the operator's license until
15 the operator has submitted the necessary documentation.

16 * Sec. 25. AS 05.15.140(b) is amended to read:

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

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

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

25 * Sec. 26. AS 05.15.140(c) is amended to read:

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

30 * Sec. 27. AS 05.15 is amended by adding a new section to read:

31 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities

1 or qualified organizations, or a combination of two to six municipalities and qualified
2 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
3 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
4 applicant is a municipality or qualified organization, the activity may be permitted under this
5 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
6 request of the commissioner, the joint applicants shall prove conclusively each of these
7 requirements before a permit may be issued or renewed.

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

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

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

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

23 (f) The department shall revoke a multiple-beneficiary permit if the permittee does not

24 (1) meet the requirements of AS 05.15.100(e); or

25 (2) pay each quarter to each holder of the multiple-beneficiary permit an equal
26 share of the amount of the adjusted gross income remaining after expenses are deducted; if a
27 holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled to
28 a pro rata share based on the percentage of the quarter that the withdrawing entity was a holder.

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

1 * Sec. 28. AS 05.15.170 is repealed and reenacted to read:

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

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

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

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

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

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

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

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

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

24 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
25 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized
26 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
27 state in substantially the same form and was conducted in substantially the same manner before
28 January 1, 1959.

29 * Sec. 30. AS 05.15.180(d) is amended to read:

30 (d) The total value of door prizes offered or awarded under authority of a permit issued
31 to a municipality or qualified organization under this chapter or under authority of a multiple-

1 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

2 * Sec. 31. AS 05.15.180(e) is amended to read:

3 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
4 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
5 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or
6 \$120,000 [\$240,000] a year.

7 * Sec. 32. AS 05.15.180(g) is amended to read:

8 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
9 prizes each year in activities authorized under this chapter. The holders of a multiple-
10 beneficiary permit under AS 05.15.145 may award a maximum in prizes each calendar year
11 of \$1,000,000 times the number of holders of the permit for activities authorized under this
12 chapter [; HOWEVER, IF A MUNICIPALITY OR A QUALIFIED ORGANIZATION
13 CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF ACTIVITIES
14 AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR QUALIFIED
15 ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH YEAR].
16 In this subsection "activities authorized under this chapter" means all activities subject to this
17 chapter other than bingo.

18 * Sec. 33. AS 05.15.181(a) is amended to read:

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

22 * Sec. 34. AS 05.15.181(b) is amended to read:

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

25 * Sec. 35. AS 05.15.183(d) is amended to read:

26 (d) A pull-tab distributor shall report to the department by the last business day of each
27 month on each pull-tab series distributed in the preceding month. The report must include the
28 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is
29 distributed and the serial number of each series.

30 * Sec. 36. AS 05.15.183 is amended by adding a new subsection to read:

31 (e) A distributor may not

- 1 (1) take an order for the purchase of a pull-tab series from a vendor;
2 (2) sell a pull-tab series to a vendor; or
3 (3) deliver a pull-tab series to a vendor location, except as permitted by
4 AS 05.15.185.

5 * Sec. 37. AS 05.15.184 is amended to read:

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

12 * Sec. 38. AS 05.15.185 is amended to read:

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

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

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

20 (3) a vendor registered under this chapter when

21 (A) a permittee or operator has received payment from the vendor in
22 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
23 authorized the distributor to distribute the series to the vendor; and

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

26 (4) a distributor licensed under this chapter.

27 * Sec. 39. AS 05.15.187(f) is amended to read:

28 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
29 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
30 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
31 maintain records for two years of each prize of \$50 or more, the first day and last day that each

1 series was distributed, the serial number of each series, and the distributor from whom each series
2 was purchased. In this section "permittee" includes municipalities and qualified
3 organizations that jointly hold a multiple-beneficiary permit.

4 * Sec. 40. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

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

20 * Sec. 41. AS 05.15 is amended by adding a new section to article 2 to read:

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

31 (b) A permittee or operator may contract with more than one vendor under this section,

1 except that

2 (1) a permittee, other than a multiple-beneficiary permittee under
3 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the
4 permittee's permit at more than five vendor locations;

5 (2) a multiple-beneficiary permittee may not enter into contracts that result in
6 pull-tabs being sold under the permittee's permit at more than 20 vendor locations; and

7 (3) an operator may not enter into contracts with vendors that result in pull-tabs
8 being sold under the permits of permittees who have contracted with the operator at more than
9 20 vendor locations.

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

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

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

20 (f) A separate endorsement shall be issued for each vendor location. The permittee or
21 operator shall inform the department and the governing body of the municipality in which the
22 vendor operates when a vendor with whom the permittee or operator is contracting changes the
23 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
24 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
25 location. A permittee or operator shall return to the department the endorsed permit or license
26 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
27 inform the department of a change in vendor location, or to return a permit or license to the
28 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
29 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
30 permit or an operator's license under AS 05.15.170.

31 (g) At the time that a permittee or operator annually renews its permit or license, it shall

1 also renew the endorsement for each location of each vendor that is selling pull-tabs on the
2 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee
3 of ~~\$50~~ ^{\$100} for each vendor location. The endorsement renewal fee shall be paid by the vendor by
4 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

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

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

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

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

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

23 * Sec. 42. AS 05.15 is amended by adding a new section to read:

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

30 (b) If the public interest requires, the commissioner may issue an emergency order
31 prohibiting an act or practice in violation of this chapter or a regulation adopted under this

1 chapter without notice to or an opportunity to be heard by the person affected by the order. The
2 commissioner shall immediately serve the person with a copy of the emergency order. An
3 emergency order expires 60 days after the date it is issued, if the person affected by the order
4 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing
5 within 15 days of receipt of the emergency order, the order becomes permanent. Following a
6 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

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

8 * Sec. 43. AS 05.15.200(b) is amended to read:

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

12 * Sec. 44. AS 05.15.210(7) is amended to read:

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

20 * Sec. 45. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

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

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

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

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

5 (A) is responsible for gaming receipts;

6 (B) has the authority to hire employees or to dismiss or otherwise
7 discipline them;

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

9 (D) is responsible for keeping the accounts for activities under this
10 chapter;

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

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

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

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

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

21 (A) a retail establishment;

22 (B) an eating establishment; or

23 (C) an establishment licensed under AS 04.11.

24 * Sec. 46. AS 05.15.060(6), 05.15.112(d), 05.15.122(c), and 05.15.122(d) are repealed.

25 * Sec. 47. TRANSITIONAL PROVISION. The Department of Commerce and Economic
26 Development shall prepare the tests required by AS 05.15.112(a), as amended by sec. 15 of this Act, and
27 by AS 05.15.122(b), as amended by sec. 17 of this Act, so that they may first be offered no later than
28 January 1992.

29 * Sec. 48. Sections 2, 4, 5, 7, 15, 17, 19, 20, 25, 26, and 46 of this Act take effect January 1, 1993.

30 * Sec. 49. Except as provided in sec. 48 of this Act, this Act takes effect immediately under
31 AS 01.10.070(c).

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

May 9, 1991

SUBJECT: Draft CSSSSB 6 (Jud)

TO: Senator Rick Halford
Chair, Senate Judiciary Committee
Attn: Doug Baily

FROM: John B. Gaguine *JBG*
Legislative Counsel

Enclosed is a draft CSSSSB 6 (Jud), expanding CSSSSB 6 (L&C) to prevent participation in charitable gaming by the members of the immediate family (defined as spouse, children, and parents) of a person convicted of a felony or of a violation of a gambling law. I did not go all the way and prohibit participation by immediate family members of persons convicted of (misdemeanor) crimes of theft and dishonesty; it simply seemed like overkill to prohibit the parent of a convicted shoplifter from calling bingo, and I understand that the concerns are with persons convicted of felonies, and not other offenses. I also did not prohibit family members of convicts from participating as employees of permittees, operators, and vendors. That again seemed like overkill, and seemed as though it went beyond the committee's concerns.

As Doug Baily and I discussed over the phone, these changes may be subject to attack as working "corruption of blood" in violation of Article I, Section 15 of the Alaska constitution. However, because the state does have great discretion in regulating gaming activity, and because Nevada apparently has similar laws, they may be constitutional. At any rate, if these changes are not constitutional, I am sure that they would be found severable from the rest of the bill. The test of Lynden Transport, Inc. v. State, 532 P.2d 700 (Alaska 1975), is clearly met: the remainder of the bill can be given legal effect, and the legislature intended that the remainder of the bill should stand if the family prohibitions are found invalid.

If I may be of further assistance, please advise.

JBG:lmb
91-164.lmb

Enclosure

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming
2 permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, or gambling
3 violations, and the immediate family members of persons convicted of felonies or gambling
4 violations, from participating in charitable gaming activities as permittees, licensees, or
5 vendors; prohibiting persons convicted of felonies, crimes of theft or dishonesty, or
6 gambling violations from working as employees of permittees, licensees, or vendors; and
7 providing for an effective date."

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

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

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

13 (1) \$20 for an applicant that did not hold a permit during the preceding year;

1 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
2 activities conducted under this chapter during the preceding year;

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

5 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from
6 activities conducted under this chapter during the preceding year or that is one of the applicants
7 for a multiple-beneficiary permit under AS 05.15.100(d).

8 * Sec. 2. AS 05.15.030(a) is amended to read:

9 (a) At the time of filing an application for a permit or license under this chapter the
10 applicant shall notify the city or borough nearest to the location of the proposed activity of the
11 application. A local government unit may protest the conduct of the activity in its jurisdiction
12 by resolution stating the reasons for the protest filed with the department; protests are limited to
13 the lack of qualifications prescribed by this chapter. This resolution is only a recommendation
14 by the local government that may be considered by the commissioner in determining whether to
15 issue or refuse to issue a permit or license. The commissioner may not consider a resolution
16 under this subsection if it is not adopted within 15 days of the date that the city or borough
17 receives notice of the application.

18 * Sec. 3. AS 05.15.060 is amended to read:

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

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

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

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

31 (4) the requiring of detailed, sworn, financial reports of operations from permittees

1 and licensees including detailed statements of receipts and payments;

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

5 (6) the licensing and regulation of pull-tab ticket dispensing machines
6 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
7 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
8 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
9 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
10 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
11 GAMBLING LAW];

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

14 (8) the number of activities that may be held, operated, or conducted under a
15 permit during a specified period; however, the department may not allow more than 14 bingo
16 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
17 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
18 number of sessions and games a month equal to the number allowed an individual permittee
19 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

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

30 * Sec. 4. AS 05.15.070 is amended to read:

31 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may

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

5 * Sec. 5. AS 05.15.100 is amended by adding a new subsection 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 * Sec. 6. AS 05.15.112(a) is amended to read:

12 (a) Each municipality or qualified organization that receives a permit under this chapter
13 shall designate a member in charge. Municipalities and qualified organizations that hold a
14 multiple-beneficiary permit shall jointly designate one member in charge.

15 * Sec. 7. AS 05.15.112(b) is amended to read:

16 (b) The member in charge is responsible for preparation, maintenance, and transmittal
17 of all records and reports required of the permittee. The member in charge shall be a member
18 of the qualified organization or the board of directors of the qualified organization or an
19 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
20 charge shall be a member of one of the qualified organizations or the board of directors of
21 one of the qualified organizations or an employee of one of the municipalities.

22 * Sec. 8. AS 05.15.112(d) is amended to read:

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

26 * Sec. 9. AS 05.15.115 is amended by adding a new subsection to read:

27 (e) A contract between a permittee and an operator under this section for the conduct of
28 pull-tab games shall provide that the permittee must receive at least 40 percent of the ideal net
29 for each pull-tab series sold by the operator under the contract.

30 * Sec. 10. AS 05.15.122(b) is amended to read:

31 (b) The department may issue an operator's license to a natural person, municipality, or

1 qualified organization that

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

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

4 (3) discloses the identity of persons employed by the applicant in any [A
5 MANAGERIAL OR SUPERVISORY] capacity;

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

7 (5) posts a bond or security satisfactory to the department in the amount of
8 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

9 * Sec. 11. AS 05.15.122(c) is amended to read:

10 (c) The department may not issue an operator's license to an applicant if the applicant
11 or a person employed by the applicant in any capacity [A MANAGERIAL OR SUPERVISORY
12 CAPACITY,] has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
13 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
14 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law, or if the applicant
15 is a member of the immediate family of a person who has been convicted of a felony or of
16 a violation of a municipal, state, or federal gambling law.

17 * Sec. 12. AS 05.15.122(d) is amended to read:

18 (d) A licensee may not employ a person in any [A MANAGERIAL OR
19 SUPERVISORY] capacity if the person has been convicted of a crime described in (c) of this
20 section [, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING
21 FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR
22 OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

23 * Sec. 13. AS 05.15.124 is amended to read:

24 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may
25 by ordinance prohibit an operator or a vendor from conducting activities under this chapter
26 within the municipality.

27 * Sec. 14. AS 05.15.128(a) is amended to read:

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

29 (1) report an adjusted gross income of at least 15 percent of gross income for two
30 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL
31 OPERATION OF] the operator; or

1 (2) pay to each authorizing permittee for two consecutive quarters

2 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED
3 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of
4 the authorizing permittee other than pull-tab games; and

5 (B) at least 40 percent of the ideal net received from pull-tab games
6 conducted on behalf of the authorizing permittee.

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

8 (b) In an application for a permit, a municipality or qualified organization shall disclose
9 the name and address of each person responsible for the operation of the activity, including a
10 member, an employee, and an independent contractor, and whether any person named

11 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
12 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
13 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; [OR]

14 (2) is a member of the immediately family of a person who has been
15 convicted of a felony or of a violation of a municipal, state, or federal gambling law; or

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

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

19 (c) The commissioner may not issue a permit for an activity operated by a person who
20 has been convicted of a crime described in (b)(1) of this section or is a person described in
21 (b)(2) of this section [, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
22 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
23 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
24 GAMBLING LAW].

25 * Sec. 17. AS 05.15.140 is amended by adding a new subsection to read:

26 (e) A permittee may not give any responsibility for an activity under this chapter to a
27 member, employee, or independent contractor who has been convicted of a crime described in
28 (b)(1) of this section.

29 * Sec. 18. AS 05.15 is amended by adding a new section to read:

30 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
31 or qualified organizations, or a combination of two to six municipalities and qualified

1 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
2 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
3 applicant is a municipality or qualified organization, the activity may be permitted under this
4 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
5 request of the commissioner, the joint applicants shall prove conclusively each of these
6 requirements before a permit may be issued or renewed.

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

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

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

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

22 * Sec. 19. AS 05.15.160(a) is amended to read:

23 (a) The only expenses that may be incurred or paid in connection with the operation of
24 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
25 for

26 (1) goods, wares, and merchandise necessary for the operation of the activity;
27 (2) personal services involved with the operation of the activity, including those
28 performed by

29 (A) an employee of the permittee; or

30 (B) an operator hired by the permittee to conduct the activity [IF THE
31 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

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

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

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

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

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

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

17 (b) If the department revokes a license or vendor registration under this section, it may
18 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
19 of not more than five years. If the department revokes a permit under this section, it may
20 prohibit the permittee from reapplying for a permit for a period of not more than one year.

21 * Sec. 21. AS 05.15.180(d) is amended to read:

22 (c) The total value of door prizes offered or awarded under authority of a permit issued
23 to a municipality or qualified organization under this chapter or under authority of a multiple-
24 beneficiary permit may not exceed \$20,000 a month or \$240,000 a year.

25 * Sec. 22. AS 05.15.180(e) is amended to read:

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

30 * Sec. 23. AS 05.15.180(g) is amended to read:

31 (g) A municipality or a qualified organization may award a maximum of \$1,500,000

1 [\$1,000,000] in prizes each calendar year in activities authorized under this chapter; however,
2 if a municipality or a qualified organization contracts with an operator to conduct on its behalf
3 activities authorized under this chapter, the municipality or qualified organization may award a
4 maximum of \$500,000 in prizes each calendar year. The holders of a multiple-beneficiary
5 permit under AS 05.15.100(d) may award a maximum in prizes each calendar year of
6 \$1,500,000 times the number of holders of the permit for activities authorized under this
7 chapter. In this subsection "activities authorized under this chapter" means all activities subject
8 to this chapter other than bingo.

9 * **Sec. 24.** AS 05.15.180 is amended by adding new subsections to read:

10 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
11 owner, manager or employee of the operator, may not contest for the prizes awarded in that
12 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
13 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

14 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
15 \$1.

16 * **Sec. 25.** AS 05.15.183 is amended by adding new subsections to read:

17 (e) A distributor may not

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

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

20 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

21 (f) The department may not issue a license under this section to an applicant if the
22 applicant or a person employed by the applicant has been convicted of a felony, a crime
23 involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law. A
24 licensee under this section may not employ in any capacity, or enter into a contract for personal
25 services with, a person who has been convicted of a crime described in this subsection.

26 * **Sec. 26.** AS 05.15.184 is amended to read:

27 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
28 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
29 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
30 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
31 department the tax collected in the preceding month at the time that the report under

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

2 * Sec. 27. AS 05.15.185 is amended to read:

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

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

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

10 (3) a vendor registered under this chapter when

11 (A) a permittee or operator has received payment from the vendor in
12 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
13 authorized the distributor to distribute the series to the vendor; and

14 (B) the permittee or operator has paid to the distributor the pull-tab
15 tax under AS 05.15.184.

16 * Sec. 28. AS 05.15.187(f) is amended to read:

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

24 * Sec. 29. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

5 (k) A permittee, operator, or registered vendor may sell pull-tabs through a pull-tab ticket
6 dispensing machine.

7 * Sec. 30. AS 05.15 is amended by adding a new section to article 2 to read:

8 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
9 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
10 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
11 first registers the vendor with the department by applying for registration on a form prescribed
12 by the department and by submitting the registration fee of \$50 for each location at which the
13 vendor will sell pull-tabs.

14 (b) The department shall approve or disapprove an initial vendor registration request
15 within 30 working days of receipt of the registration form from a permittee or operator.

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

19 (d) The endorsement issued under (c) of this section is an extension of the permittee's
20 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
21 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
22 new vendor location has been posted by the permittee or operator in the registered vendor
23 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

1 (f) At the time that a permittee or operator annually renews its permit or license, it shall
2 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
3 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

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

12 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
13 contract must provide that the permittee or operator shall receive no less than 70 percent of the
14 ideal net.

15 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
16 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
17 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
18 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
19 directly into the gaming checking account of the permittee or operator.

20 (k) All money paid to a registered vendor under this section by a permittee or operator
21 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
22 identified.

23 (l) The department may not issue a vendor registration for a person who

24 (1) has been convicted of a felony, a crime involving theft or dishonesty, or a
25 violation of a municipal, state, or federal gambling law;

26 (2) is a member of the immediate family of a person who has been convicted of
27 a felony or of a violation of a municipal, state, or federal gambling law; or

28 (3) employs in any capacity involving gaming activity a person described in (1)
29 or (2) of this subsection.

30 (m) A registered vendor may not employ in any capacity a person described in (l)(1) or
31 (2) of this section.

1 * **Sec. 31.** 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. 32.** 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 registration under this chapter [,] is guilty of unsworn falsification.

21 * **Sec. 33.** AS 05.15.210 is amended by adding new paragraphs to read:

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

25 (36) "immediate family" means the spouse, parents, and children of a person;

26 (37) "permittee" means a municipality or a qualified organization that holds a
27 valid permit under AS 05.15.100;

28 (38) "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. 34. This Act takes effect immediately under AS 01.10.070(c).

1 employees, including the fingerprinting of those permittees, licensees, registered vendors, and
2 employees whom the commissioner considers it advisable to fingerprint;

3 (6) the licensing and regulation of pull-tab ticket dispensing machines
4 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
5 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
6 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
7 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
8 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
9 GAMBLING LAW];

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

12 (8) the number of activities that may be held, operated, or conducted under a
13 permit during a specified period; however, the department may not allow more than 14 bingo
14 sessions a month and 35 bingo games a session to be conducted under a permit; the holder of
15 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
16 number of sessions and games a month equal to the number allowed an individual permittee
17 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

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

28 * Sec. 4. AS 05.15.070 is amended to read:

29 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
30 examine or have examined the books and records of a permittee, an operator, a registered
31 vendor, or a person licensed to manufacture or to distribute pull-tab games in the state. The

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/17/91
Referred: Judiciary, Finance

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming
 2 permits; prohibiting persons ^{or the spouses of persons} convicted of felonies, crimes of theft or dishonesty, and
 3 gambling violations from participating in charitable gaming activities as permittees, licensees,
 4 or vendors, or as employees or independent contractors of permittees, licensees, or vendors;
 5 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
 10 receives 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) \$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) \$100 for an applicant that had gross receipts exceeding \$100,000 from
4 activities conducted under this chapter during the preceding year or that is one of the applicants
5 for a multiple-beneficiary permit under AS 05.15.100(d).

6 * Sec. 2. AS 05.15.030(a) is amended to read:

7 (a) At the time of filing an application for a permit or license under this chapter the
8 applicant shall notify the city or borough nearest to the location of the proposed activity of the
9 application. A local government unit may protest the conduct of the activity in its jurisdiction
10 by resolution stating the reasons for the protest filed with the department; protests are limited to
11 the lack of qualifications prescribed by this chapter. This resolution is only a recommendation
12 by the local government that may be considered by the commissioner in determining whether to
13 issue or refuse to issue a permit or license. The commissioner may not consider a resolution
14 under this subsection if it is not adopted within 15 days of the date that the city or borough
15 receives notice of the application.

16 * Sec. 3. AS 05.15.060 is amended to read:

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

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

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

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

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

31 (5) the investigation of permittees, licensees, registered vendors, and their

1 employees, including the fingerprinting of those permittees, licensees, registered vendors, and
2 employees whom the commissioner considers it advisable to fingerprint;

3 (6) the licensing and regulation of pull-tab ticket dispensing machines
4 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
5 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
6 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
7 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
8 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
9 GAMBLING LAW];

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

12 (8) the number of activities that may be held, operated, or conducted under a
13 permit during a specified period; however, the department may not allow more than 14 bingo
14 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
15 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
16 number of sessions and games a month equal to the number allowed an individual permittee
17 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

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

28 * Sec. 4. AS 05.15.070 is amended to read:

29 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
30 examine or have examined the books and records of a permittee, an operator, a registered
31 vendor, or a person licensed to manufacture or to distribute pull-tab games in the state. The

1 commissioner may issue subpoenas for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 5. AS 05.15.100 is amended by adding a new subsection to read:

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

9 * Sec. 6. AS 05.15.112(a) is amended to read:

10 (a) Each municipality or qualified organization that receives a permit under this chapter
11 shall designate a member in charge. Municipalities and qualified organizations that hold a
12 multiple-beneficiary permit shall jointly designate one member in charge.

13 * Sec. 7. AS 05.15.112(b) is amended to read:

14 (b) The member in charge is responsible for preparation, maintenance, and transmittal
15 of all records and reports required of the permittee. The member in charge shall be a member
16 of the qualified organization or the board of directors of the qualified organization or an
17 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
18 charge shall be a member of one of the qualified organizations or the board of directors of
19 one of the qualified organizations or an employee of one of the municipalities.

20 * Sec. 8. AS 05.15.112(d) is amended to read:

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

24 * Sec. 9. AS 05.15.115 is amended by adding a new subsection to read:

25 (e) A contract between a permittee and an operator under this section for the conduct of
26 pull-tab games shall provide that the permittee must receive at least 40 percent of the ideal net
27 for each pull-tab series sold by the operator under the contract.

28 * Sec. 10. AS 05.15.122(b) is amended to read:

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

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

- 1 (2) pays the annual fee of \$500;
- 2 (3) discloses the identity of persons employed by the applicant in any [A
- 3 MANAGERIAL OR SUPERVISORY] capacity;
- 4 (4) submits proof of liability insurance satisfactory to the department; and
- 5 (5) posts a bond or security satisfactory to the department in the amount of
- 6 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

7 * Sec. 11. AS 05.15.122(c) is amended to read:

8 (c) The department may not issue an operator's license to an applicant if the applicant

9 or a person employed by the applicant in any capacity [A MANAGERIAL OR SUPERVISORY

10 CAPACITY,] has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,

11 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or

12 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law.

13 * Sec. 12. AS 05.15.122(d) is amended to read:

14 (d) A licensee may not employ a person in any [A MANAGERIAL OR

15 SUPERVISORY] capacity if the person has been convicted of a crime described in (c) of this

16 section [, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING

17 FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR

18 OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

19 * Sec. 13. AS 05.15.124 is amended to read:

20 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may

21 by ordinance prohibit an operator or a vendor from conducting activities under this chapter

22 within the municipality.

23 * Sec. 14. AS 05.15.128(a) is amended to read:

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

25 (1) report an adjusted gross income of at least 15 percent of gross income for two

26 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL

27 OPERATION OF] the operator; or

28 (2) pay to each authorizing permittee for two consecutive quarters

29 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED

30 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of

31 the authorizing permittee other than pull-tab games; and

1 (B) at least 40 percent of the ideal net received from pull-tab games
2 conducted on behalf of the authorizing permittee.

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

4 (b) In an application for a permit, a municipality or qualified organization shall disclose
5 the name and address of each person responsible for the operation of the activity, including a
6 member, an employee, and an independent contractor, and whether any person named

7 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
8 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
9 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

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

13 (c) The commissioner may not issue a permit for an activity operated by a person who
14 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
15 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
16 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
17 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

18 * Sec. 17. AS 05.15.140 is amended by adding a new subsection to read:

19 (c) A permittee may not give any responsibility for an activity under this chapter to a
20 member, employee, or independent contractor who has been convicted of a crime described in
21 (b)(1) of this section.

22 * Sec. 18. AS 05.15 is amended by adding a new section to read:

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

31 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and

1 applications for them.

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

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

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

15 * Sec. 19. AS 05.15.160(a) is amended to read:

16 (a) The only expenses that may be incurred or paid in connection with the operation of
17 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
18 for

19 (1) goods, wares, and merchandise necessary for the operation of the activity;

20 (2) personal services involved with the operation of the activity, including those
21 performed by

22 (A) an employee of the permittee; or

23 (B) an operator hired by the permittee to conduct the activity [IF THE

24 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

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

26 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
27 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,
28 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
29 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

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

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

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

10 (b) If the department revokes a license or vendor registration under this section, it may
11 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
12 of not more than five years. If the department revokes a permit under this section, it may
13 prohibit the permittee from reapplying for a permit for a period of not more than one year.

14 * Sec. 21. AS 05.15.180(d) is amended to read:

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

18 * Sec. 22. AS 05.15.180(e) is amended to read:

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

23 * Sec. 23. AS 05.15.180(g) is amended to read:

24 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
25 [\$1,000,000] in prizes each calendar year in activities authorized under this chapter; however,
26 if a municipality or a qualified organization contracts with an operator to conduct on its behalf
27 activities authorized under this chapter, the municipality or qualified organization may award a
28 maximum of \$500,000 in prizes each calendar year. The holders of a multiple-beneficiary
29 permit under AS 05.15.100(d) may award a maximum in prizes each calendar year of
30 \$1,500,000 times the number of holders of the permit for activities authorized under this
31 chapter. In this subsection "activities authorized under this chapter" means all activities subject

1 to this chapter other than bingo.

2 * Sec. 24. AS 05.15.180 is amended by adding new subsections to read:

3 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
4 owner, manager or employee of the operator, may not contest for the prizes awarded in that
5 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
6 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

7 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
8 *not more than* \$1.

9 * Sec. 25. AS 05.15.183 is amended by adding new subsections to read:

10 (e) A distributor may not

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

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

13 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

14 (f) The department may not issue a license under this section to an applicant if the
15 applicant or a person employed by the applicant has been convicted of a felony, a crime
16 involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law. A
17 licensee under this section may not employ in any capacity, or enter into a contract for personal
18 services with, a person who has been convicted of a crime described in this subsection.

19 * Sec. 26. AS 05.15.184 is amended to read:

20 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
21 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
22 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
23 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
24 department the tax collected in the preceding month at the time that the report under
25 AS 05.15.183(d) is filed with the department.

26 * Sec. 27. AS 05.15.185 amended to read:

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

31 (1) a municipality or a qualified organization that has obtained a permit issued

1 under this chapter;

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

3 (3) a vendor registered under this chapter when

4 (A) a permittee or operator has received payment from the vendor in
5 the amount and form set out in AS 05.15.188(i), and the permittee or operator has
6 authorized the distributor to distribute the series to the vendor; and

7 (B) the permittee or operator has paid to the distributor the pull-tab
8 tax under AS 05.15.184.

9 * Sec. 28. AS 05.15.187(f) is amended to read:

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

17 * Sec. 29. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

29 (k) A permittee, operator, or registered vendor may sell pull-tabs through a pull-tab ticket
30 dispensing machine.

31 * Sec. 30. AS 05.15 is amended by adding a new section to article 2 to read:

1 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
2 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
3 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
4 first registers the vendor with the department by applying for registration on a form prescribed
5 by the department and by submitting the registration fee of \$50 for each location at which the
6 vendor will sell pull-tabs.

7 (b) The department shall approve or disapprove an initial vendor registration request
8 within 30 working days of receipt of the registration form from a permittee or operator.

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

12 (d) The endorsement issued under (c) of this section is an extension of the permittee's
13 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
14 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
15 new vendor location has been posted by the permittee or operator in the registered vendor
16 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

25 (f) At the time that a permittee or operator annually renews its permit or license, it shall
26 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
27 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

1 vendor and the license of the operator or the permit of the permittee.

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

5 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
6 contract must provide that the permittee or operator shall receive no less than 70 percent of the
7 ideal net.

8 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
9 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
10 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
11 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
12 directly into the gaming checking account of the permittee or operator.

13 (k) All money paid to a registered vendor under this section by a permittee or operator
14 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
15 identified.

16 (l) The department may not issue a vendor registration for a person who has been
17 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
18 or federal gambling law, or who employs in any capacity involving gaming activity a person who
19 has been convicted of a crime described in this subsection.

20 (m) A registered vendor may not employ a person in any capacity involving gaming
21 activity if the person has been convicted of a crime described in (l) of this section.

22 * Sec. 31. AS 05.15 is amended by adding a new section to read:

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

29 (b) If the public interest requires, the commissioner may issue an emergency order
30 prohibiting an act or practice in violation of this chapter or a regulation adopted under this
31 chapter without notice to or an opportunity to be heard by the person affected by the order. The

1 commissioner shall immediately serve the person with a copy of the emergency order. An
2 emergency order expires 60 days after the date it is issued, if the person affected by the order
3 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing
4 within 15 days of receipt of the emergency order, the order becomes permanent. Following a
5 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

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

7 * Sec. 32. AS 05.15.200(b) is amended to read:

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

11 * Sec. 33. AS 05.15.210 is amended by adding new paragraphs to read:

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

15 (36) "permittee" means a municipality or a qualified organization that holds a
16 valid permit under AS 05.15.100;

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

20 (A) a retail establishment;

21 (B) an eating establishment; or

22 (C) an establishment licensed under AS 04.11.

23 * Sec. 34. This Act takes effect immediately under 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
Glenn A. Olds, Commissioner

Date: 5-2-91

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

REVOCAION 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.

CSSSSB 6 "An Act relating to charitable gaming; and providing for an effective date."

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

Of major concern to the department has been the so-called "third party vendor" issue. Prior to January 1, 1991 and the issuance of the Attorney General's opinion on October 24, 1990, both permittees and operators used vendors (e.g., retail outlets, bars, restaurants) to sell pull-tabs on their behalf. That activity has stopped, except for a very limited basis. Should legislation recognizing vendors as an authorized class not be passed this session, the emergency regulations, adopted January 16, 1991, will be made permanent as well as those proposed regulations of November 6, 1990 on which we have already held public hearings. Vendors cannot be authorized by regulation to conduct gaming activity.

As a whole, the committee substitute addresses the major concerns the department has had with regard to the vendor issue and increasing the minimum percentage required to be paid to the authorizing permittee by licensed operators. With these amendments to the Gaming Reform Act of 1988, we feel that all participants within the gaming industry will benefit, especially the nonprofit charitable organizations which were originally intended to benefit when charitable gaming was first authorized in 1960.


Glenn A. Olds, Commissioner

Date: 4-15-91

GAO/JNH/KP/dgl9391D
041591a

Haines Chamber of Commerce

2nd & Willard Streets
P.O. Box 518 • Haines, Alaska 99827



April 24, 1991

Senator Rick Halford
Senate Judiciary Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Re: SB 6

Dear Senator Halford:

SB 6 is awaiting a hearing in your committee, and the Haines Chamber of Commerce is very interested in seeing this bill pass this session. We urge you to hold a hearing on this bill immediately.

The Haines Chamber initiated a pull tab program about two years ago with the proceeds going to a community betterment program to accomplish some of our projects which could not otherwise be accomplished without large donations of money and time. The program has become very successful. One can hardly look around without seeing the benefits of this program.

Pull tab sales were accomplished by the third party vendor method which came under fire by the Attorney General. Our vendors were actually our own members selling pull-tabs for us in their establishments. Our percentage was 60%, and the Chamber was very happy with this arrangement.

Under the new system, we must operate our own pull-tab parlour, and the arrangement is not nearly as satisfactory. Our expenses are greater which results in lower profits, and the extra effort on the part of our staff is robbing other programs.

The third party vender relationship worked well for this organization. We feel it makes more sense to have our own members doing sales than to hire people who have no real interest in the purpose or results of our program. Much is said about charities not getting their proper share of the proceeds from these games, but we have not found this to be a problem with our close relationship with our vendors. And without this method of raising funds we would be back to minor fundraisers and minor accomplishments.

We appreciate your early consideration and passage of SB 6.

Sincerely,

Patty A. Glackin
President

p3

BILL'S distributing of alaska

April 18, 1991

Senator Rick Halford, Chairman
Senate Judiciary Committee
P.O. Box V
Juneau, Ak 99811

Dear Senator Halford and Committee Members

CSSSSB 6, an act relating to charitable gaming was recently referred to your committee for further refinement.

Passage of this legislation is absolutely vital to the financial well-being of many non-profit/charitable organizations across the state. Without quick action by your committee, it could die before ever seeing the senate floor.

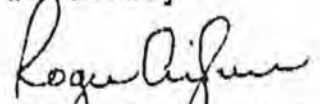
I urge that CSSSSB 6 be scheduled at the very first opportunity. If public hearing (teleconference) is necessary, please get it arranged.

Having watched the act's progress thus far, I'm fearful that, in an attempt to make it perfect, it will become an overburdened "Christmas Tree". It's time to pass the bill out ... rather than striving for perfection as defined by all those who've hung personal ornaments on it.

The Department of Commerce is prepared to adopt adequate regulation to make your legislative solution workable from a regulatory perspective.

Non-profits and charities are dying a slow death; waiting for passage of a 3rd party vendor bill. They absolutely need gaming revenue to support the community programs and services they provide. Please make short work out of CSSSSB 6.

Sincerely


Roger Cunningham

C N G

Coalition for Non-Profit Gaming

April 19, 1991

Senator Rick Halford, Chairman
Senate Judiciary Committee
PO Box V
Juneau, Alaska 99811

Dear Senator Halford and Committee Members

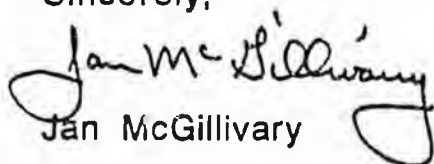
At CNG our main concern is to get a bill passed authorizing 3rd Party Vendors.

It is our understanding that SB 6, an act related to charitable gaming has been referred to your committee for refinement.

Non profits and charities need gaming revenue to support the services that they provide.

It is vital that your committee schedule a public hearing (teleconference) as soon as possible. We fear that if this is delayed this bill could die before ever reaching the senate floor.

Sincerely,


Jan McGillivary