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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 AS 05.15.020(a) is repealed and reenacted to read: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 AS 05.15.020(c) is repealed and reenacted to read: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} ~~if~~ 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

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 05.15.122(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 05.15.133 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(i), 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).