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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) CONTRACT - CS / 4-15-91 SB 6 / 2-13-91
- \_\_\_\_\_
- \_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

DeGroot NO REC.  
Rich Halford NO REC  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Chair: Paul Reice - no pass Signature and Recommendation

**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. 

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						
<b>TOTAL OPERATING</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

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						
<b>TOTAL</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

POSITIONS:

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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr. Training Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: 4/15/91  
 Approved by Commissioner: Glenn A. Olds  
 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 - 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.

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

## REQUEST FOR NEW HIRE

POSITION TITLE	Auditor III
RANGE/STEP	18a
SERVICE	Classified
TYPE 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 expanse of the state, and the limited funding for travel purposes, many audits could not be done, thus reducing the 1% net proceeds fee due the state.

## REQUEST FOR NEW HIRE

POSITION TITLE	Records and Licensing Supervisor
RANGE/STEP	16a
SERVICE	Classified
TYPE 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

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 Administration  
 Sponsor: Senator Zharoff  
 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
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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						
<b>TOTAL OPERATING</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

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						
<b>TOTAL</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

POSITIONS:

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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr. Gaming Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: 4/15/91  
 Approved by Commissioner: Glenn A. Olds  
 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 - C S S S S B 6

### EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees 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	
			<u>\$ 40.0</u>
<b>TOTAL COST</b>			<b><u>\$301.0</u></b>

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office 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 expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

## REQUEST FOR NEW HIRE

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

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES

SALARY	\$40.5
BENEFITS	\$15.9

TOTAL PERSONAL SERVICES	\$56.4
-------------------------	--------

TRAVEL	\$ 5.0
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
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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. 

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

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 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 *Glenn A. Olds*

Agency: Department of Commerce & Economic Development Date: 2/11/91

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

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

DEPARTMENT Commerce & Economic Development - Gaming		BILL NUMBER SB 6	SPONSOR Senator Zharoff	
SHORT TITLE OF BILL An Act relating to multiple-beneficiary charitable gaming permits				
DEPARTMENT POSITION Additional restrictions and a license fee should be established				
PREPARED BY John Hansen	DATE 2/11/91	COMMISSIONER'S SIGNATURE <i>[Signature]</i> Spec Asst II		DATE 2/13/91

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL  None	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT:     NONE     FISCAL NOTE ATTACHED

**BACKGROUND LEGISLATIVE INTENT**

To provide for a "multiple-beneficiary permit" (MBP) to be issued by the department to conduct gaming under AS 05.15. Two to four permittees could apply for the MBP permit.

**ANALYSIS OF BILL PROGRAM EFFECTS**

Under this bill, no restrictions exist on how many permittees may be issued the MBP permit for a single facility in a calendar year. Does not provide for an annual permit fee. Current fees range from \$20.00 to \$100.00 based on gross receipts.

Relaxes the requirements currently set in regulation 12 AAC 34.200(c) on permittees who join together to conduct gaming at a single facility without the use of an operator.

**AMENDMENTS PROPOSED**

1. Establish a license fee: \$250.00 annual for each permittee.
2. Restrict maximum number of permittees to use a single facility in a calendar year by statute.
3. Require each permittee to individually account for its income and expenses. Prizes and Net Proceeds.

SECTIONAL ANALYSIS  
CSS SB 6 RELATING TO CHARITABLE GAMING

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.

# 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

April 15, 1991

**SUBJECT:** CSSSSB 6 (L&C) - work draft

**TO:** Senator Drue Pearce  
Chair, Senate Labor and Commerce Committee  
Attn: Rod Mourant

**FROM:** John B. Gaguine *JBG*  
Legislative Counsel

Enclosed is a draft CSSSSB 6 (L&C), per your memo of April 13. It seems to me that your last proposed change - amending AS 05.15.030(a) to require local governments to protest within 15 days (sec. 2 of the bill) - would pretty much prevent local government from acting at all.

Since AS 05.15.030(a) requires that a protest be made through resolution, it would have to be made through the local assembly or council, and not through the municipal bureaucracy. I simply do not see how a local assembly or council could possibly give adequate notice, hearings, and final action on a protest within 15 days. Unlike the legislature, which meets constantly for 120 days, most local assemblies meet, I believe, every two weeks; I imagine some of the smaller municipalities have assemblies that meet even more infrequently.

Moreover, since under AS 05.15.030(a) a local government can only base a protest based on an applicant's lack of qualifications - rather than the local government's desire to keep certain sorts of charitable gaming activity out of its area - there will be additional time necessary for the investigation to ascertain whether an applicant in fact is qualified. I would imagine, for instance, that if an application for a permit is from an obscure, probably unincorporated organization far from the municipality that is considering a protest, the check on the organization's legitimacy would take more than 15 days in itself.

If I may be of further assistance, please advise.

JBG:pl  
91-257.plm

Enclosure

**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**

March 28, 1991

**SUBJECT:** CSSSSB 6 (L&C)

**TO:** Senator Drue Pearce  
Chair, Senate Labor and Commerce Committee  
Attn: Rod Mourant

**FROM:** John B. Gaguine *JBG*  
Legislative Counsel

Enclosed is a redo of CSSSSB 6 (L&C), incorporating (with some modifications) the provisions of SB 162. I did not incorporate section 1 of SB 162, which amended AS 05.15.060(6). Instead the redo takes the approach of W.O. 7LS0958, and eliminates paragraph (6) altogether. Since AS 05.15.122 and 05.15.140 already require the exclusion of persons with certain convictions, it seemed redundant to me to require DCED to issue regulations to the same effect.

I also modified the language of sections 3 and 5 of SB 162 (now sections 9 and 11 of CSSSSB 6 (L&C)). There is no substantive difference; I just think that the new language is less verbose.

If I may be of further assistance, please advise.

JBG:pl  
91-215.plm

Enclosure

# Alaska State Legislature



Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Ellason  
Senator Rick Hallford  
Senator Jay Kerttula

WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3844

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99504  
(907) 561-2018

## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel  
Legal Services

FROM: Rod Mourant Legislative Aide  
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 6

John, please prepare a committee substitute for SB 6 (7-LS0013\D) making the following changes:

- 1) Incorporate work draft 7-LS0958\A into SB 6 with the following exceptions: do not include sections 4 through 7 from the work draft.
- 2) Amend section 12 of the work draft to include the same provision for bingo games of chance.
- 3) Add section to amend AS 05.15.184 to 1 percent of gross receipts.
- 4) Add section to limit locations at which licensees, permittees or vendors may carry out their business to site specific licensed locations. The purpose is to eliminate wandering, "street vendor", type of operations

John, the committee would like to hear this new draft on Wednesday, March 27th at 3:30 P.M..

Red

LEGISLATOR'S COPY

If you have any modifications, please contact the assigned staff immediately.

LEGISLATIVE RESEARCH AGENCY  
RESEARCH REQUEST FORM

91.154  
Request #

Senator Drue Pearce  
Requested for (Legislator)

Charitable Gaming

Senator Pearce (4993)  
Staff Phone Number

ASSIGNMENT

02/07/91 Mail  
Date/Time Initials

Carol R. Vandor 02/07/91  
Staff (3991) Date

SUBJECT DESCRIPTION

See attached.  
\_\_\_\_\_  
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PURPOSE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Background Info/Pertinent Files? \_\_\_\_\_

ANTICIPATED COMPLETION DATE: March 1, 1991

# Alaska State Legislature

3111 C Street, Suite 150  
Anchorage, Alaska 99503  
(907) 561-2038



**RECEIVED**

During Session:  
FEB 07 1991 Box V  
Juneau, Alaska 99811

Legislative Research Agency  
(907) 465-4993

**Senator Drue Pearce**  
District G

TO: Gordon S. Harrison, Director  
Legislative Research Agency

FROM: Senator Drue Pearce, Chair  
Senate Labor & Commerce Committee

A handwritten signature in cursive script, appearing to read "Drue Pearce".

Date: February 7, 1991

RE: Charitable Gaming

Under current state and federal law, are there any provisions that restrict participation in gaming; i.e., fines or penalties as a result of misdemeanor violations, conviction on more serious charges, other reasons? If guilty of such violations can an organization/person still be an operator, receive permits or sponsor charitable gaming functions?

DRAFT

fur

TO: Gordon S. Harrison, Director  
Legislative Research Agency

FROM: Senator Drue Pearce, Chair  
Senate Labor & Commerce Committee

Date: February 6, 1991

RE: Charitable Gaming

Under current state and federal law, are there any provisions that restrict participation in gaming; i.e., fines or penalties as a result of misdemeanor violations, conviction on more serious charges, other reasons? If guilty of such violations can an organization/person still be an operator, receive permits or sponsor charitable gaming functions?

Rod.

let's do a research request -

I want to know who is by law not allowed to participate in our gaming - if one has been convicted of what (state + fed) - can you still be an operator or receive permits, etc.

WORK DRAFT

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WORK DRAFT

44 states have simulcast racing.  
No racing commission.

7-0027E  
Gaguine  
8/6/90

Division of gaming would police.  
would allow more than one permit.  
monopoly by contract  
on signals.

1 IN THE SENATE

2

SENATE BILL NO.

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing off-track parimutuel wagering as charitable gaming."

7

8

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

9

\* Section 1. AS 05.15.100(a) is amended to read:

10

(a) The commissioner may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, off-track parimutuel wagering events, and contests of skill.

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\* Sec. 2. AS 05.15.115(c) is amended to read:

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(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, off-track parimutuel wagering events, contests of skill, and all activities permitted under AS 05.15.100(b) are each a different type of activity.

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\* Sec. 3. AS 05.15.128(a) is amended to read:

25

(a) The department shall revoke the license of an operator who does not, with regard to income derived from activities other than off-track parimutuel wagering events,

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(1) report an adjusted gross income of at least 15 percent of gross income for two consecutive quarters based on the total

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WORK DRAFT

1 operation of the operator; or

2 (2) pay to each authorizing permittee for two consecutive  
3 quarters at least 15 percent of the adjusted gross income, as deter-  
4 mined under (1) of this subsection, received from activities conducted  
5 on behalf of the authorizing permittee.

6 \* Sec. 4. AS 05.15.128 is amended by adding a new subsection to read:

7 (c) The department shall revoke the license of an operator who  
8 does not, with regard to income derived from off-track parimutuel  
9 wagering, pay to each authorizing permittee and to the department the  
10 amounts required by AS 05.15.189(a) and (c).

11 \* Sec. 5. AS 05.15.160(a) is amended to read:

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

15 (1) goods, wares, [AND] merchandise, and, in the case of  
16 off-track parimutuel wagering events, televising rights, necessary for  
17 the operation of the activity;

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

20 (A) an employee of the permittee; or

21 (B) an operator hired by the permittee to conduct the  
22 activity if the compensation is not related to the receipts from  
23 the activity.

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

25 (a) Except as provided in AS 05.15.100(b), this chapter does not  
26 authorize the use of playing cards, dice, roulette wheels, coin-  
27 operated instruments or machines, or other objects or instruments  
28 used, designed, or intended primarily for gaming or gambling or any  
29 other method or implement not expressly authorized by the

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1 commissioner. Equipment for the processing of parimutuel wagers may  
2 be used in off-track parimutuel wagering events.

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

4 (b) With the exception of raffles, lotteries, bingo games, pull-  
5 tab games, rain classics, goose classics, mercury classics, salmon  
6 classics, off-track parimutuel wagering events, and other activities  
7 authorized under AS 05.15.100(b), an activity may not be licensed  
8 under this chapter unless it existed in the state in substantially the  
9 same form and was conducted in substantially the same manner before  
10 January 1, 1959.

11 \* Sec. 8. AS 05.15.180(f) is amended to read:

12 (f) A person under the age of 19 years may not play a bingo game  
13 and a person under the age of 21 years may not engage in off-track  
14 parimutuel wagering.

15 \* Sec. 9. AS 05.15.180(g) is amended to read:

16 (g) A municipality or a qualified organization may award a  
17 maximum of \$1,000,000 in prizes each year in activities authorized  
18 under this chapter; however, if a municipality or a qualified organi-  
19 zation contracts with an operator to conduct on its behalf activities  
20 authorized under this chapter, the municipality or qualified organiza-  
21 tion may award a maximum of \$500,000 in prizes each year. In this  
22 subsection, "activities authorized under this chapter" means all  
23 activities subject to this chapter other than bingo and off-track  
24 parimutuel wagering events.

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

27 Sec. 05.15.189. OFF-TRACK PARIMUTUEL WAGERING. (a) A permittee  
28 that wishes to conduct off-track parimutuel wagering under its permit  
29 shall enter into a contract with an operator under AS 05.15.115. The

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1 contract must provide that

2 (1) the permittee shall receive at least two percent of the  
3 gross receipts received by the operator under the permittee's permit,  
4 or at least 30 percent of the operator's net profit for the period  
5 that the operator was conducting off-track parimutuel wagering under  
6 the permittee's permit, whichever is greater;

7 (2) the operator shall pay the permittee no later than one  
8 week after the end of the period during which the operator conducted  
9 off-track parimutuel wagering under the permittee's permit; and

10 (3) the contract terminates after four weeks or after the  
11 operator receives \$3,000,000 in gross receipts under the contract,  
12 whichever comes first.

13 (b) An operator conducting off-track parimutuel wagering on  
14 behalf of a permittee shall submit to the department a plan describing  
15 how the operator proposes to select permittees with whom the operator  
16 enters into contracts. The department may disapprove the plan if the  
17 department finds that the plan does not involve a sufficient number of  
18 permittees. The department shall issue regulations concerning the  
19 criteria for permittee selection and the approval or disapproval of  
20 plans submitted under this subsection.

21 (c) An operator conducting off-track parimutuel wagering on  
22 behalf of a permittee shall pay the department two percent of the  
23 gross receipts received by the operator. The operator shall make the  
24 payments at the same time as the operator makes payment to the permit-  
25 tee under (a) of this section.

26 (d) An operator conducting off-track parimutuel wagering shall  
27 pay to holders of winning tickets at least

28 (1) 30 percent of the parimutuel pool of wagers on a single  
29 horse, less breakage; and

WORK DRAFT

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WORK DRAFT

1 (2) 75 percent of the parimutuel pool of wagers involving  
2 more than one horse, less breakage.

3 \* Sec. 11. AS 05.15.210 is amended by adding new paragraphs to read:

4 (35) "breakage" means the odd cents by which the amount  
5 payable on each dollar wagered in an off-track parimutuel wagering  
6 event exceeds a multiple of 10 cents;

7 (36) "off-track parimutuel wagering" means a form of wager-  
8 ing on the outcome of horse races involving thoroughbred, standard-  
9 bred, or quarter horses and sanctioned by a state racing authority  
10 that are shown by closed-circuit television at a location different  
11 from the location where the race takes place in which those who wager  
12 personally purchase tickets of various denominations on a horse or  
13 combination of horses and all wagers for each race are pooled and held  
14 by the race televisor for distribution; when the outcome of the race  
15 has been decided, the race televisor distributes a percentage of the  
16 total wagers, according to regulations adopted by the department, to  
17 the holders of tickets on the winning horses or combination of horses.

18 \* Sec. 12. AS 18.65.080 is amended by adding a new subsection to read:

19 (b) The Department of Public Safety shall investigate, including  
20 the processing of fingerprints, and ascertain whether an applicant for  
21 a license issued under AS 05.15.122 who proposes to conduct off-track  
22 parimutuel wagering, and the employees of an operator holding a li-  
23 cense under AS 05.15.122 and conducting off-track parimutuel wagering,  
24 have been charged with

25 (1) a felony; or

26 (2) an offense defined in AS 11.66.200 - 11.66.280, or a  
27 comparable provision of municipal, state, or federal law.  
28  
29

March 28, 1991

Drue -

RE: SB 6

Here is corrected new draft.

Mitch would like us to delete section 7 because it is only 30% and seems to conflict with section (24 pg 9 in 30 & 31.) Also it addresses Bingo.

Also would like us to add "or operator" to pg 9 in 31.

*3RD 4 VARIANTS VS PHASE, OPS + 3002, - CDDI: AT  
CITOCQRAH*

I would like to see title amended to state felony exclusion.

WC INTO VC SUBCOMMITTEE  
(HALL FORD IF NO JUD)

February 6, 1991

Drue -

There were two gaming votes taken last session.

The first was HB 323: Menard's Big Lake Ice Classic  
house vote 1/16/90 31-3 (Barnes, Furnace, Leman)  
senate vote 4/7/90 14-3 (Faiks, Kelly, Rodey)

The second was HB 587: Donley(H L&C) Electronic Ad Ban  
house vote 4/30/90 28-6 (M. Davis, Hanley, Leman, Martin,  
Phillips, Swackhammer)  
senate vote 5/8/90 ~~34-6~~ (Duncan, Fischer, Frank, Halford,  
15-5 Jones)

ALL  
SRC DATE =  
7005'08  
HB 587

Red

Set time for me  
to talk to Mason  
about.

Plus, pull up  
history of Senate  
action last year  
with votes of  
all of us.

SLC 1 DP 3 NR

5/7 2ND RDG

AMEND #1 DUNCAN - ACTIVITIES FOR MASON PERMITTING  
UMDRN 05.15, 100 HAS CONTRACTED  
05.15.115

FAILED - 10-10

ELIASON NO

#2 COHILL - P&I LN 24 DELETE TO PL 2 INSERT  
DERRIN S

ADOPT RECS IF TRUCK NOT OK.

FAILED 8-12 ELIASON NO

3

RIN 2<sup>ND</sup> RDL 12-8

FELIATION NO

~~RACIND ACTION NOT ADOPTING AMEND #1 10-10~~

5/7 RACIND FAILURE AMEND #1

FAILR 5-11 FELIATION NO

FULL BILL FAILED 10-10

PERANCE NH9 TO YEA

VERLICK YEA TO NH9

January 24, 1992

Drue -

Re: GAMING

Using CSSSSB6(L&C) as the guide, the following sections are need to address the indicated topics.

Felony exclusion:

Sec 10, 11, 12, 15, 16, 17, 20, 25, 33

3rd Party vendors & multibeneficiary permits:

Sec 1, 3, 4, 5, 6, 7, 8, 13, 18, 21,22

BINGO pooling (loss leader):

Sec 27, 28, 29, 30, 32

51% of real net to sponscr:

Amend AS 05.15.128 being drafted with John Hansen

Exclude unions & campaigns (political parties?) as sponsors:

Amend 05.15.210 to exclude

A handwritten signature in black ink, appearing to be 'T. Red' or similar, located in the lower right quadrant of the page.

gaming  
886

ofr Cochill apparently wants to put the entire burden on the non-profits. I sit on the Board of 2 nonprofits - w/ gaming permits. We have neither the manpower or expertise to police our operators. Furthermore, we've been getting a progressively smaller piece of the pie.

Volunteers. A nice idea to ~~sell~~ perhaps. But the liability is too great. The responsibility. We're talking about a \$200 million business.

Gov't out of the middle - I don't want gov't out. We should receive a % - a sin tax if you will - as is the case in every other state.

# Coghill pitches bill deregulating game operators

ASSOCIATED PRESS

JUNEAU — Lt. Gov. Jack Coghill says he will propose legislation next month that would remove state regulation of those who operate bingo and pull-tab lottery games for charities.

The legislation also would allow anyone, including restaurants and bars, to operate the lucrative games without state review. Only the charities would be regulated.

"Charities will be the ones responsible for their conduct," Coghill said Tuesday. "That way you get government out of the middle of it."

Coghill's plan is supported by game operators. But some involved in charitable fund-raising say the proposal would shift too much responsibility to charities that depend on money from the games.

"We're not interested in spending most of our time in monitoring the games and the overhead," said Lanie Fleischer, executive director of Big Brothers-Big Sisters of Anchorage Inc.



Coghill

Coghill's staff is still drafting the legislation. In a recent memo on his plan, Coghill said charities would be required to keep records of gaming activities and conduct audits if the activity exceeds \$250,000 a year. Failure to comply would cost a charity its gaming permit.

See Gaming, page B4

B4 Wednesday, December 18, 1991

## Gaming

Continued from page B1

Under current law, at least 15 percent of the game proceeds after prizes must go to the charity. A regulatory change proposed by Commerce Commissioner Glenn Olds in July would increase the minimum to 40 percent. Coghill and game operators oppose dedicating that much to charities.

Coghill proposes the charities get a percentage of the take based on the type of game: 25 percent for pull tabs; 15 percent for bingo; 10 percent for raffles and lotteries; and 5 percent for other games.

The charities would handle payment of all expenses and other accounting under Coghill's plan.

The proposal also would remove provisions of the 1988 Gaming Reform Act that required operators to be licensed. And it would allow so-called "third-party vendors" — bars, convenience stores, bowling alleys and other businesses — to return to gaming.

Those vendors were banned from selling pull tabs in January after Attorney General Charles Cole determined state law did not specifically allow them to participate in the business.

Under Coghill's proposed bill, all sellers of pull tabs would be unlicensed and unregulated. "It does not get us into dividing between operators and distributors and third-party vendors," he said.

Ed Dilley, owner of Pop Shoppe Inc. of Fairbanks, said game operators like himself favor Coghill's plan. "I was one of the fathers of that concept," he said.

Industry representatives have said Olds' regulations would have put most gaming operators out of business.

"The perception is we make a ton of money, because we make huge grosses," Dilley said. "But the money goes to rent, to wages — the normal everyday cost of business."

Coghill has refused to sign the Olds regulations since July. Gov. Walter J. Hickel in April gave Coghill the authority to block proposed regulations that do not conform with the administration's philosophy and agenda.

Olds pushed for tougher regulations when an attempt to pass a gaming-reform bill died in a rare filibuster at the close of the last legislative session in May.

Gambling in 1990 generated \$188 million in gross income, and charities received \$14.6 million, or 8 percent, of that total. Five years earlier the industry generated almost \$64 million in gross income and charities received about \$8.7 million, or 14 percent.

## ASSOCIATION FOR NON-PROFIT GAMING

GOOD AFTERNOON. MY NAME IS DRUE PEARCE AND I CHAIR THE SENATE LABOR & COMMERCE COMMITTEE. ALSO ON THE COMMITTEE ARE SENATORS COLLINS, ELIASON, HALFORD AND KERTTULA. I HAVE BEEN ASKED TO SPEAK WITH YOU TODAY ABOUT THE STATUS AND THE FUTURE OF NON-PROFIT GAMING IN ALASKA AND TO EXPLAIN HOW GROUPS SUCH AS YOURS CAN BE MOST EFFECTIVE WHEN DEALING WITH THE LEGISLATURE AND THE GOVERNOR.

LAST SESSION THE SENATE LABOR & COMMERCE COMMITTEE SPENT CONSIDERABLE TIME ON THE ISSUE OF GAMING IN THE STATE AND HOW IT COULD BE BEST REGULATED TO FULFILL ITS ROLE AS AN ADDITIONAL FUNDING SOURCE FOR CHARITABLE AND NON-PROFIT ORGANIZATIONS IN ALASKA. IN FACT, NOT COUNTING MEETINGS AND WORK SESSIONS, THE COMMITTEE DEVOTED FOUR <sup>full</sup> ~~SEVERAL HOUR~~ HEARINGS TO LEGISLATION DEALING WITH GAMING.

SENATE BILL 6<sup>wo)</sup> SPONSORED BY SENATOR ZHAROFF. <sup>The CS was</sup> ~~WAS~~ THE RESULT OF MANY HOURS OF DEBATE AND WORK BY THE COMMITTEE. <sup>The bill would</sup> ~~THAT~~ LEGISLATION PROTECTS THE INTEGRITY OF CHARITABLE GAMING BY LIMITING CONVICTED FELON PARTICIPATION AS LICENSEES OR OPERATORS, MANDATES AN APPROPRIATE SHARE OF GAMING PROCEEDS TO THE SPONSORING NON-PROFIT ORGANIZATION, INSURES THE FINANCIAL VIABILITY AND FAIRNESS OF OPERATIONS, AND ALLOW<sup>S</sup> LOCAL GOVERNMENTS TO DECIDE FOR THEMSELVES TO ALLOW OR PROHIBIT GAMING WITHIN THEIR JURISDICTION. THIS LEGISLATION WAS AMENDED IN THE HOUSE OF REPRESENTATIVES AND HAD TO BE RETURNED TO THE SENATE FOR A VOTE. UNFORTUNATELY, THE HOUSE OF REPRESENTATIVES DID NOT VOTE ON THE BILL UNTIL THE LAST NIGHT OF

SESSION AND THE SENATE HAD ALREADY ADJOURNED. THE LEGISLATION WILL BE IN THE SENATE WHEN WE CONVENE IN JANUARY. THE SENATE MUST THEN DECIDE WHETHER OR NOT TO CONCUR WITH THE AMENDMENTS MADE IN THE HOUSE.

IN ADDITION TO THIS LEGISLATION, I WOULD ANTICIPATE THAT THE ADMINISTRATION WILL BE INTRODUCING NEW LEGISLATION DEALING WITH GAMING THIS COMING YEAR. I RECENTLY RECEIVED A COPY OF A DOCUMENT TITLED "LEGISLATIVE SOLUTION REFORM" AND AUTHORED BY THE LT. GOVERNOR.

~~IT IS MY UNDERSTANDING THAT THIS POLICY STATEMENT HAS BEEN ENDORSED BY GOVERNOR NICKEL AND COMMISSIONER OLDS. THE ADMINISTRATION SEEMS TO ENDORSE EFFORTS TO MAINTAIN THE INTEGRITY OF GAMING IN THE STATE AS WELL AS EFFORTS TO HOLD PERMITTEES RESPONSIBLE FOR THEIR OPERATIONS.~~ MY UNDERSTANDING IS THAT THE ADMINISTRATION WILL BE FORWARDING PROPOSED LEGISLATION SOON. PERHAPS JOHN HANSEN CAN ADDRESS THAT TOPIC A LITTLE MORE COMPLETELY WHEN HE SPEAKS.

THE CHARITABLE GAMING STAFF HAS BEEN VERY ACTIVE THIS YEAR CONDUCTING AUDITS OF OPERATIONS IN AN EFFORT TO SEE THAT THE LAW IS FOLLOWED AND THAT PERMITEES RECEIVE THEIR FULL SHARE OF GAMING PROCEEDS. IT IS, AFTER ALL, THE PURPOSE OF GAMING IN THIS STATE TO GENERATE ADDITIONAL REVENUES FOR NON-PROFIT ORGANIZATIONS. THEY CONDUCTED OVER SIXTY AUDITS OF PERMITEES AND OPERATORS AND FOUND MOST ORGANIZATIONS IN COMPLIANCE BUT ALSO FOUND SERIOUS DISCREPANCIES DURING SEVERAL AUDITS. WHILE I REALIZE THAT GAMING IS RELATIVELY NEW TO THE STATE AND THAT THEIR NEEDS TO BE A BIG

*Mr*  
*Coahill*  
*totally deregulated*  
*gambling - on every street corner. Will he*  
*deregulate liquor licenses and legalize prostitution*  
*while he's at it?*

EFFORT MADE BY PERMITTEES TO LEARN HOW TO KEEP THE RECORDS REQUIRED BY THE DEPARTMENT OF COMMERCE AND HOW TO COMPLY WITH THE LAW, THESE DISCREPANCIES DO CONCERN ME. IN ORDER FOR GAMING TO BE SUCCESSFUL IN ALASKA, ITS MUST BE PERCEIVED BY THE GENERAL PUBLIC AS HONEST AND IT MUST SERVE A USEFUL PURPOSE.

I HAVE ALSO BEEN ASKED TO EXPLAIN A LITTLE BIT ABOUT HOW INTEREST GROUPS, SUCH AS THIS ONE, INFLUENCE LEGISLATION AND REGULATION DEVELOPMENT. THE EASY ANSWER IS THAT YOU MUST WORK TOGETHER TO DEVELOP A FAIR AND CONSISTENT POSITION ON AN ISSUE AND TO MAKE YOUR DESIRES HEARD. CONTRADICTIONS OR DIFFERING POSITIONS ONLY ADD TO THE CONFUSION IN THE PROCESS AND DO NOTHING TO PROMOTE YOUR CAUSE.

(DRUE - AT THIS POINT MAY BE YOU COULD EXPLAIN HOW A BILL PROGRESSES THROUGH THE LEGISLATURE AND HOW AN INTEREST GROUP BECOMES INVOLVED. SIMILAR TO WHAT YOU SAID TO THE INSURANCE FOLKS. ALSO, ENCOURAGE THEM TO STAY INVOLVED ALL THE WAY THROUGH THE REGULATION DRAFTING AND ADOPTION PROCESS AND TO PROVIDE FEED BACK TO THE LEGISLATURE ON PROBLEMS THAT THEY EXPERIENCE.)

THANKS INVITING ME AND I LOOK FORWARD TO WORKING WITH YOU THIS COMING SESSION.

ASSOCIATION FOR NON-PROFIT GAMING

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THANKS INVITING ME AND I LOOK FORWARD TO WORKING WITH YOU THIS COMING SESSION.

Steve

~~Alpine~~ Alpine

adopted statutory framework  
regs tried to establish more statutes.

Existing structure - only needs

- 3<sup>rd</sup> party vendors
- no other changes

- Charities will put their permit where they get the most.

\* Original SBB is all that's needed.  
Step back + let it work.

Who wants to risk bond if the rules are going to change. -

Care needs ~~to~~ to be calm.

---

Sandy Sanderson

- blind reading organization

- 1) article is scary for non-profits
- 2) operators can hire lobbyist - charitable organizations can.
- 3) some charities won't get out + do the work - why are we worried about them? Industry is too competitive.

Pull-tab tax. - already pays - now, local communities are taking a cut.

X 3<sup>rd</sup> party vendors closing cost the state -  
due to no pull-tabs.

Cut down industry  
revenues.

of talk - % return - bras that there  
isn't enough.

Politics is perception -

"Comparable worth."

Terry - I have a problem as a capitalist."

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Eliason  
Senator Rick Halford  
Senator Jay Kerttula



WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3844

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99504  
(907) 561-2018

## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel  
Legal Services Division

FROM: Rod Mourant, Legislative Aide  
Senate Labor & Commerce Committee

DATE: April 16, 1991

RE: SB 6

A handwritten signature in cursive script that reads "Rod".

John, the Senate Labor & Commerce Committee passed out CS Sponsor  
Substitute Senate Bill 6 (L&C), work draft 7-LS00i3\G dated  
~~4/11/91~~  
4/15/91, with the following changes:

Add a new section:

Sec \_\_\_ AS 05.15.124 is amended to read:

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

Amend sections 10, 11, 13 (if needed) and all other relevant  
sections to apply the lifetime employment prohibition pertaining  
to felony and theft, dishonesty and gambling law violations to  
all gaming employees and distributors, including but not limited  
to supervisors and managers.

Add a new section:

Sec \_\_\_ AS 05.15.183 is amended to conceptually include all of  
the prohibitions that apply in section 10.

Amend the title to include the felony prohibition in the  
title.

John, I'd like to receive the bill in time to be read across to  
the next committee of referral on Wednesday, April 17th.

Thanks.

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Ellason  
Senator Rick Halford  
Senator Jay Kerttula



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(907) 561-2018

## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legal Counsel  
Legal Services Division

FROM: Rod Mourant, Legislative Aide  
Senate Labor & Commerce Committee

RE: SB 6

DATE: April 13, 1991

A handwritten signature in cursive script that reads "Rod".

John, please make the following changes to CSSSSB 6 (L&C) work draft 7-LS0013\G dated 4/11/91:

1) Change the title of the bill to protect the inclusion of the felony provisions and multi-beneficiary provisions of the legislation.

2) Insert a definition of "managerial or supervisory capacity" to mean that the employee:

- a. is responsible for gaming receipts;
- b. has the authority to hire employees or to dismiss or otherwise discipline them;
- c. prepares financial reports required under this chapter;
- d. is responsible for keeping the accounts for activities under this chapter; or
- e. is responsible for conducting activities under this chapter, including the arranging for locations at which those activities will occur.

3) Pg 9 ln 15 change from 15 days to 30 days.

4) Insert a new section recognizing a pull-tab ticket dispensing machine and in 05.15.060 insert section allowing the commissioner to adopt regulations governing the devices and their use.

5) Amend 05.15.020 to establish a license fee of \$100 for each permittee included in a multi-beneficiary arrangement.

6) Amend section 13 (a) ln 7-9 to include "in a calendar year". Insert where appropriate.

7) Amend section 10 pg 4 ln 20 to delete "30% of adjusted gross income" and insert "40% of ideal net".

8) Amend section 25 pg 10 ln 13 to delete "65%" and insert "70%".

9) Add a new section 05.15.030 that requires local government action within fifteen days to approve or disapprove an application for a permit, operator or vendor license within their jurisdiction.

John, the committee plans on holding a hearing and probably moving this bill on Monday, April 15th.



TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: C + G Fax: 5630881

Attn: \_\_\_\_\_ Phone: \_\_\_\_\_

Transmitted by: ROD MOURANT Date: 4-2-91

Re: CS SS SB 6 (LVC) DRAFT

Comments: PER MIKE SZYMANSKI

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: C & G Fax: 376-0253

Attn: ROGER CUNNINGHAM Phone: \_\_\_\_\_

Transmitted by: ROD MOURANT Date: 4-2-91

Re: CS SS SB 6 (L+C) DRAFT

Comments: PER MIKE SZYMANSKI

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: ALASKA Fax: 265-8983

Attn: MICHAEL WILLIAMS Phone: 265-8544

Transmitted by: ROD MOURANT Date: 4-8-91

Re: PROPOSAL CS SB 6

Comments: THIS IS OMNIBUS GAMING BILL.

I EXPECT FURTHER CHANGES AT

FRIDAY'S MARTINE. (3:30 P.M.)

*Rod*

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: SENATOR PEARCE Fax: 561-4194

Attn: DRUE Phone: 561-2038

Transmitted by: ROD MOURANT Date: 12/17/91

Re: GAMING TACK.

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Number of Pages: 5 Including Cover Sheet.



# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN  
SEAT A

3111 "C" STREET, SUITE 450  
ANCHORAGE, ALASKA 99503  
(907) 561-7629 (FAX) 562-4376

ALASKA LANDINGS • BENTZEN • BIRCHWOOD • CHESTER CREEK • HEATHER MEADOWS • LINCOLN PARK • MIDTOWN • NORTHSTAR  
NORTHIWOOD • ROMIG • ROOSEVELT PARK • SPENARD • THOMPSON • TURNAGAIN • WINDEMERE • WOODLAND PARK



CHAIRMAN  
JUDICIARY COMMITTEE

VICE CHAIRMAN  
REGULATION REVIEW COMMITTEE

MEMBER  
RULES COMMITTEE  
LABOR AND COMMERCE COMMITTEE

April 4, 1991

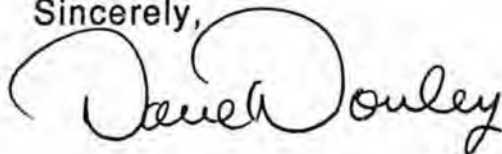
Dear Colleagues:

For the past three years I have spent a great deal of time listening to and working with the various groups interested in charitable gaming. During that process I have formulated some principles that guide my thinking as to how we should handle charitable gaming in Alaska.

I drafted these principles and their supporting arguments for the House Labor and Commerce hearing on charitable gaming. Since many of you have asked me about this issue, I am enclosing a copy of the material I prepared for House Labor and Commerce for your review.

Last year in the House Labor and Commerce Committee we compiled a history of charitable gaming in Alaska with background information on the issues that have developed around gaming. If you would like a copy of this history please call Becky Bear in my office (3892) and we'll provide you a copy.

Sincerely,



Representative Dave Donley

DD/bb

attach: Principles of Charitable Gaming

JUNEAU OFFICE

(During Legislative Session January through May)

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3892 (FAX) 463-5661



# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN  
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(907) 561-7629 (FAX) 562-4376



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JUDICIARY COMMITTEE

VICE CHAIRMAN  
REGULATION REVIEW COMMITTEE

MEMBER  
RULES COMMITTEE  
LABOR AND COMMERCE COMMITTEE

## Principles for Charitable Gaming

### 1. Maximum return to the charities

When the original statutes were written which allowed charitable gaming, gaming was allowed so that charities could raise funds. There is absolutely no indication that at any time the legislature set out to establish a "gaming industry" in the Alaska economy. As recently as the 1990 primary, the voters of Alaska rejected an initiative that would have legalized casino gambling and a wide range of other gaming activities.

It is clear that since gaming was legalized for the purpose of charitable fund raising, maximum return should go to the charities.

### 2. Gambling should not be made glamorous

As has been clearly demonstrated in states that have state lotteries, high payouts and heavy advertising induce people who would not normally gamble to gamble and induce those who do gamble to spend more. At no point has the legislature or the people of the state of Alaska indicated that they are interested in encouraging gambling. As the state regulates gaming, it should avoid encouraging gambling.

### 3. Charitable gaming activity should be conducted for the benefit of the greatest number of charities


Since the purpose of charitable gaming is to ensure that non-profit organizations have a funding base, it is in the best interests of the state to encourage equitable distribution of gaming related income. It would not be good public policy to allow a small number of charities or operators acting on behalf of a group of charities to monopolize this funding source.

DD/bb

JUNEAU OFFICE

(During Legislative Session January through May)



P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3892 (FAX) 463-5661 •  77C

# State of Alaska

## Committees

CO-CHAIR, HOUSE JUDICIARY  
VICE-CHAIR, HOUSE LABOR AND COMMERCE  
HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES



P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 463-4712  
463-4968/4986  
(SESSION)

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

Representative Max F. Gruenberg, Jr.  
District 11  
Spenard, Upper Midtown Anchorage

DATE: March 18, 1991  
TO: Rep. Max Gruenberg  
FROM: Michael Plunkett  
RE: Alaskan-Canadian Highway  
medallion working copy

" An act relating to a medallion commemorating the 50th anniversary of the United States Military building of the Alaskan-Canadian Highway."

(a) ALASKA-CANADIAN HIGHWAY COMMEMORATIVE MEDALLION. The Alaskan Department of Military and Veterans Affairs shall contract or otherwise arrange to enter into an agreement with the Yukon Territory of Canada for the minting and sale of medallions commemorating the 50th anniversary of the United States military building of the Alaska-Canada Highway.

(b) The commemorative medallions shall be minted only from .999 fine gold and silver from Alaska and the Yukon Territory and in weights determined by the Alaskan commissioner of administration and the Yukon Territorial Government.

(c) One side of the medallion under this section shall be to commemorate the participation of the United States Military in the building of the Highway and shall be designed by an Alaskan artist. The other side shall be to commemorate the participation of the Yukon Territory in building the Highway and shall be designed by a Yukon artist. The design shall be determined in a contest conducted by each government under the supervision of the Department of Military and Veterans Affairs and in accordance with Yukon law. Payment for the winning Alaskan design may not exceed \$1000.

(d) The medallions shall be available for sale as souvenirs in accordance with Alaskan and Yukon laws. All royalties from the sale of medallions shall be split equally between Alaska and the Yukon Territory. The amount of the royalty shall be determined by the Adjutant General of the Department of Military and Veterans Affairs and Yukon Territorial government.

(e) No later than January 20, the contractor shall submit to the legislature a report on the production and sale of medallions under this section.

FEB 22 1991

Pouch V  
Juneau, Alaska 99811

Alaska State Legislature  
House of Representatives

Phone:  
(907) 465-4454



Labor and Commerce Committee

TO: All Legislators  
FROM: Rep. David Finkelstein  
DATE: February 22, 1991  
SUBJECT: Charitable gaming hearing in Anchorage

The House Labor and Commerce Committee will hold a public hearing on charitable gaming in Anchorage on Friday, March 1.

The purpose of the committee meeting is to listen to concerns about the current charitable gaming laws and regulations, as well as ideas for change. The meeting will take place from 3:00 pm to 6:00 pm in the Anchorage Legislative Information Office at 3111 "C" St.

The meeting will be teleconferenced to room 17 of the capitol. You are invited to participate at either the Anchorage or Juneau site.

Rod should listen —  
I know it will  
be boring

I MISSED

ADOPTED  
#1

BY SEN ELLISON

Add a section to read as follows:

Sec \_\_\_\_ AS 05.15.124 is amended to read:

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

SB 6

DEFINITIONS

(36) "managerial or supervisory capacity" means that the employee

- (A) is responsible for gaming receipts;
- (B) has the authority to hire employees or to dismiss or otherwise discipline them;
- (C) prepares financial reports required under this chapter;
- (D) is responsible for keeping the accounts for activities under this chapter; or
- (E) is responsible for conducting activities under this chapter, including the arranging for locations at which those activities will occur.

the contract, the activities to be conducted on behalf of the permittee, the location where the activity is to be conducted, the name and address of the permittee, and other provisions the department may require.

contract with more than one operator at the same time or place of activity. For the purposes of this chapter, bingo, pull-tab games, ice cream socials, classics, mercury classics, salmon derby, fish derbies, contests of skills, and AS 05.15.100(b) are each a different activity.

submit to the department a copy of each contract with whom the permittee contracts to conduct the activity under this chapter. The permittee shall submit to the department a copy of the contract or subsequent amended contract or amended contract.

eligibility for permit. An applicant shall be eligible for a permit if the applicant is a natural person or a qualified organization to be eligible for a permit.

license. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter unless the person, municipality, or qualified organization has received an operator's license from the department.

requirements for an operator's license to a natural person or qualified organization that the applicant must provide: (1) a fee of \$500; (2) proof of liability insurance satisfactory to the department; (3) proof of liability insurance satisfactory to the department in the amount of \$100,000.

proof of liability insurance satisfactory to the department in the amount of \$100,000.

issue an operator's license to an applicant if the applicant is a person employed by the applicant in a managerial or supervisory position, has been convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

if the applicant is a person in a managerial or supervisory position, has been convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

*NEW Section FOR SB 4*

*FOR EACH ACTIVITY*

*3. 2014 (2) 319  
4 dice 30 \$  
FOR PULL TABS*

Sec. 05.15.124. Municipal regulation of operators. A municipality may by ordinance prohibit an operator from conducting activities under this chapter within the municipality.

Sec. 05.15.128. Revocation of operator's license. (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 based on the total operation of the operator; or

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

(b) A person, municipality, or qualified organization whose operator's license has been revoked under this section may appeal the revocation if the person, municipality, or qualified organization submits to and pays for a complete audit of the operator's financial records by the department. The results of the audit are conclusive.

Sec. 05.15.130. Commissioner may impose additional requirements for eligibility. The commissioner may supplement the definitions of qualified organizations and activities by regulations adopted under this chapter adding to the definitions additional requirements which the commissioner considers necessary for the best interest of the public or for the proper administration of this chapter.

Sec. 05.15.140. Proof necessary to qualify for permit. (a) The commissioner may not issue or renew a permit except upon satisfactory proof that the applicant is a municipality or qualified organization, the activity may be permitted under this chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon request of the commissioner, the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

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

(1) has been 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, or federal gambling law; or

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

(c) The commissioner may not issue a permit for an activity operated by a person who has been 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, or federal gambling law.

*05 15 210 (3)  
SINGLE OPPORTUNITY TO PARTICIPATE IN A  
AA BINGO DRAWING SHALL  
LAST FOR ONE DOLLAR.  
BR*

## CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&amp;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 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 *No* → (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 *NO* (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 (e) 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 ADD  
13 5 TO D  
14 SUSPENSION (e) The holders of a multiple-beneficiary permit shall jointly file reports with the  
15 department that comply with the reporting requirements imposed on operators under  
16 AS 05.15.083.

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 \$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 is 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).

ADD MANAGERIAL & SOLID CHARITY  
IN S 507

7-LS0013V  
Gaguine  
4/16/91

**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:

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, 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 (e) 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 \$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 is 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(j), 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 <sup>INVOLVING GAMING ACTIVITY</sup> a person who has been convicted of  
19 a crime described in this subsection.

20 (m) A registered vendor may not employ a person in any capacity <sup>INVOLVING GAMING ACTIVITY</sup> if the person has been  
21 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).

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:

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; and providing for an effective date."

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

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

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

8 (1) \$20 for an applicant that did not hold a permit during the preceding year;

9 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from  
10 activities conducted under this chapter during the preceding year;

11 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not  
12 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

13 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from  
14 activities conducted under this chapter during the preceding year or that is one of the applicants

1 for a multiple-beneficiary permit under AS 05.15.100(d).

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

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

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

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

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

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

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

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

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

30 (6) the licensing and regulation of pull-tab ticket dispensing machines  
31 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,

1 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON  
 2 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE  
 3 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR  
 4 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL  
 5 GAMBLING LAW];

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

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

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

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

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

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

24 \* Sec. 4. AS 05.15.070 is amended to read:

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

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

31 (d) The commissioner may issue a multiple-beneficiary permit to two to six

1 municipalities or qualified organizations or to a combination of two to six municipalities and  
 2 qualified organizations that apply jointly for the permit. The permit gives the permit holders the  
 3 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the  
 4 restrictions set out in (b) of this section.

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

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

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

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

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

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

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

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

24 \* Sec. 10. AS 05.15.122(c) is amended to read:

25 (c) The department may not issue an operator's license to an applicant if the applicant  
 26 or a person employed by the applicant [in a managerial or supervisory capacity] has been  
 27 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE  
 28 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or  
 29 [OF] a violation of a municipal, state, or federal gambling law.

30 \* Sec. 11. AS 05.15.122(d) is amended to read:

31 (d) A licensee may not employ a person [in a managerial or supervisory capacity] if the

1 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR  
2 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED  
3 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
4 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

5 \* Sec. 12. AS 05.15.128(a) is amended to read:

6 (a) The department shall revoke the license of an operator who does not  
7 (1) report an adjusted gross income of at least 15 percent of gross income for two  
8 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL  
9 OPERATION OF] the operator; or

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

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

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

16 \* Sec. 13. 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,  
21 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or  
22 dishonesty, or [OF] a violation 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. 14. 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 a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON  
28 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF  
29 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
30 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

31 \* Sec. 15. AS 05.15 is amended by adding a new section to read:

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

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

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

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

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

24 \* Sec. 16. AS 05.15.160(a) is amended to read:

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

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

31                                   (A) an employee of the permittee; or

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

3 \* Sec. 17. AS 05.15.170 is repealed and reenacted to read:

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

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

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

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

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

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

23 \* Sec. 18. AS 05.15.180(d) is amended to read:

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

27 \* Sec. 19. AS 05.15.180(e) is amended to read:

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

1 \* Sec. 20. AS 05.15.180(g) is amended to read:

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

11 \* Sec. 21. AS 05.15.180 is amended by adding new subsections to read:

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

16 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost  
17 \$1.

18 \* Sec. 22. AS 05.15.183 is amended by adding a new subsection to read:

19 (e) A distributor may not

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

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

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

23 \* Sec. 23. AS 05.15.184 is amended to read:

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

30 \* Sec. 24. AS 05.15.185 is amended to read:

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

1 distributed in the state must be sealed and have a serial number label issued by the National  
 2 Association of Fundraising Ticket Manufacturers or other serial number label approved by the  
 3 department and may be distributed only to

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

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

7 (3) a vendor registered under this chapter when

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

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

13 \* Sec. 25. AS 05.15.187(f) is amended 1:

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

21 \* Sec. 26. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

1 at the sale location.

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

4 \* Sec. 27. AS 05.15 is amended by adding a new section to article 2 to read:

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

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

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

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

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

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

1 (g) 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. The department may inspect this contract. If the  
3 contract contains provisions that violate this chapter or the regulations adopted under it, the  
4 department may declare the contract void, and may suspend or revoke the registration of the  
5 vendor and the license of the operator or the permit of the permittee.

6 (h) 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 registered vendor for sale  
8 by that vendor on behalf of the permittee or operator.

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

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

20 (l) The department may not issue a vendor registration for a person who has been  
21 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,  
22 or federal gambling law, or who employs in a managerial or supervisory capacity a person who  
23 has been convicted of a crime described in this subsection.

24 (m) A registered vendor may not employ a person in a managerial or supervisory  
25 capacity if the person has been convicted of a crime described in (l) of this section.

26 \* Sec. 28. AS 05.15 is amended by adding a new section to read:

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

1 acceptable to the commissioner showing that the violation has been corrected.

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

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

11 \* Sec. 29. AS 05.15.200(b) is amended to read:

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

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

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

19 (36) "managerial or supervisory capacity" means that the employee

20 (A) is responsible for gaming receipts;

21 (B) has the authority to hire employees or to dismiss or otherwise  
22 discipline them;

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

24 (D) is responsible for keeping the accounts for activities under this  
25 chapter; or

26 (E) is responsible for conducting activities under this chapter, including  
27 the arranging for locations at which those activities will occur.

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

30 (38) "vendor" means a business whose primary activity is not regulated by this  
31 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a

- 1 business license under AS 43.70, and is
- 2 (A) a retail establishment;
- 3 (B) an eating establishment; or
- 4 (C) an establishment licensed under AS 04.11.
- 5 \* Sec. 31. This Act takes effect immediately under AS 01.10.070(c).

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:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL 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 (7) [(8)] the number of activities that may be held, operated, or conducted under  
15 a 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 05.15.160(d) may hold, operate, or conduct the  
18 number of sessions and games a month equal to the number allowed an individual permittee  
19 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,  
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(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 (10) [(11)] restrictions on the participation by employees of the Department of  
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this  
29 chapter or protect the best interest of the public.

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

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



1 or a person employed by the applicant, in a managerial or supervisory capacity, has been  
2 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE  
3 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or  
4 [OF] a violation of a municipal, state, or federal gambling law.

5 \* Sec. 9. AS 05.15.122(d) is amended to read:

6 (d) A licensee may not employ a person in a managerial or supervisory capacity if the  
7 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR  
8 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED  
9 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
10 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

11 \* Sec. 10. 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 for two  
14 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL  
15 OPERATION OF] the operator; or  
16 (2) pay to each authorizing permittee for two consecutive quarters  
17 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED  
18 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of  
19 the authorizing permittee other than pull-tab games; and  
20 (B) at least 30 percent of the adjusted gross income received from  
21 pull-tab games conducted on behalf of the authorizing permittee.

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

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

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

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

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

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

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

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

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

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

19 (d) A municipality or qualified organization that is among the holders of a multiple-  
20 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw  
21 to the department and to the other holders of the permit. The effective date of the withdrawal  
22 is 30 days after the department receives written notice of intent. A municipality or qualified  
23 organization that withdraws from a multiple-beneficiary permit may apply for a permit under  
24 AS 05.15.100(a), but its share of the prizes awarded under the multiple-beneficiary permit and  
25 the prizes it awards under its own permit are subject to the maximums established in  
26 AS 05.15.180(g).

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

30 \* **Sec. 14.** AS 05.15.160(a) is amended to read:

31 (a) The only expenses that may be incurred or paid in connection with the operation of

1 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary  
2 for

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

6 (A) an employee of the permittee; or

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

9 \* Sec. 15. AS 05.15.170 is repealed and reenacted to read:

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

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

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

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

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

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

29 \* Sec. 16. 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 \$20,000 a month or \$240,000 a year.

2 \* Sec. 17. 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 \$20,000 a month or \$240,000  
6 a year.

7 \* Sec. 17. AS 05.15.180(g) is amended to read:

8 (g) A municipality or a qualified organization may award a maximum of \$1,500,000  
9 [\$1,000,000] in prizes each year in activities authorized under this chapter; however, if a  
10 municipality or a qualified organization contracts with an operator to conduct on its behalf  
11 activities authorized under this chapter, the municipality or qualified organization may award a  
12 maximum of \$500,000 in prizes each year. The holders of a multiple-beneficiary permit  
13 under AS 05.15.100(d) may award a maximum in prizes each year of \$1,500,000 times the  
14 number of holders of the permit for activities authorized under this chapter. In this  
15 subsection "activities authorized under this chapter" means all activities subject to this chapter  
16 other than bingo.

17 \* Sec. 19. AS 05.15.180 is amended by adding new subsections to read:

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

22 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost  
23 \$1.

24 \* Sec. 20. AS 05.15.183 is amended by adding a new subsection to read:

25 (e) A distributor may not

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

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

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

29 \* Sec. 21. AS 05.15.184 is amended to read:

30 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of  
31 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs

1        in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED  
2        ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the  
3        department the tax collected in the preceding month at the time that the report under  
4        AS 05.15.183(d) is filed with the department.

5        \* Sec. 22. AS 05.15.185 is amended to read:

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

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

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

13                (3) a vendor registered under this chapter when

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

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

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

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

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

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

31                (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more

1 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt  
2 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card  
3 entitling the person to the prize may be signed as the receipt.

4 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,  
5 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.  
6 Pull-tab sales may be made in person only.

7 \* Sec. 25. 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 15 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 65 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 has been  
24 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,  
25 or federal gambling law, or who employs in a managerial or supervisory capacity a person who  
26 has been convicted of a crime described in this subsection.

27 (m) A registered vendor may not employ a person in a managerial or supervisory  
28 capacity if the person has been convicted of a crime described in (l) of this section.

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

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

31 If the commissioner determines that a person has engaged in an act or practice in violation of this

1 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable  
 2 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the  
 3 violation by the person. The order remains in effect until the person has submitted evidence  
 4 acceptable to the commissioner showing that the violation has been corrected.

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

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

14 \* Sec. 27. AS 05.15.200(b) is amended to read:

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

18 \* Sec. 28. AS 05.15.210 is amended by adding new paragraphs to read:

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

22 (36) "permittee" means a municipality or a qualified organization that holds a  
 23 valid permit under AS 05.15.100;

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

27 (A) a retail establishment;

28 (B) an eating establishment; or

29 (C) an establishment licensed under AS 04.11.

30 \* Sec. 29. This Act takes effect immediately under AS 01.10.070(c).

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:  
Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL 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 (7) [(8)] the number of activities that may be held, operated, or conducted under  
15 a 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 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,  
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(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 (10) [(11)] restrictions on the participation by employees of the Department of  
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this  
29 chapter or protect the best interest of the public.

30 \* Sec. 2. 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. 3. 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. 4. 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. 5. 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. 6. 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. 7. 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 30 percent of the ideal net  
29 for each pull-tab series sold by the operator under the contract.

30 \* Sec. 8. AS 05.15.122(c) is amended to read:

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

1 or a person employed by the applicant, in a managerial or supervisory capacity, has been  
2 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE  
3 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or  
4 [OF] a violation of a municipal, state, or federal gambling law.

5 \* Sec. 9. AS 05.15.122(d) is amended to read:

6 (d) A licensee may not employ a person in a managerial or supervisory capacity if the  
7 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR  
8 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED  
9 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
10 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

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

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

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

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

20 \* Sec. 11. AS 05.15.140(c) is amended to read:

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

26 \* Sec. 12. 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 its share of the prizes awarded under the multiple-beneficiary permit and  
14 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 \* Sec. 13. AS 05.15.100(a) is amended to read:

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

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

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

26 (A) an employee of the permittee; or

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

29 \* Sec. 14. AS 05.15.170 is repealed and reenacted to read:

30 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
31 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,

1 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to  
2 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

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

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

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

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

18 \* Sec. 15. AS 05.15.180(d) is amended to read:

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

22 \* Sec. 16. AS 05.15.180(e) is amended to read:

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

27 \* Sec. 17. AS 05.15.180(g) is amended to read:

28 (g) A municipality or a qualified organization may award a maximum of \$1,500,000  
29 [\$1,000,000] in prizes each year in activities authorized under this chapter; however, if a  
30 municipality or a qualified organization contracts with an operator to conduct on its behalf  
31 activities authorized under this chapter, the municipality or qualified organization may award a

1 maximum of \$500,000 in prizes each year. The holders of a multiple-beneficiary permit  
 2 under AS 05.15.100(d) may award a maximum in prizes each year of \$1,500,000 times the  
 3 number of holders of the permit for activities authorized under this chapter. In this  
 4 subsection "activities authorized under this chapter" means all activities subject to this chapter  
 5 other than bingo.

6 \* Sec. 18. AS 05.15.180 is amended by adding a new subsection to read:

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

11 \* Sec. 19. AS 05.15.183 is amended by adding a new subsection to read:

12 (e) A distributor may not  
 13 (1) take an order for the purchase of a pull-tab series from a vendor;  
 14 (2) sell a pull-tab series to a vendor; or  
 15 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

16 \* Sec. 20. AS 05.15.184 is amended to read:

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

23 \* Sec. 21. AS 05.15.185 is amended to read:

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

28 (1) a municipality or a qualified organization that has obtained a permit issued  
 29 under this chapter;  
 30 (2) [OR TO] an operator on behalf of an authorizing permittee; or  
 31 (3) a vendor registered under this chapter when

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

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

6 \* Sec. 22. AS 05.15.187(f) is amended to read:

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

14 \* Sec. 23. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

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

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

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

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

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

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

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

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

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

30 (i) If a <sup>OR OPERATOR</sup> permittee <sup>OR OPERATOR</sup> contracts with a vendor under (a) of this section, the contract must  
31 provide that the permittee shall receive no less than 65 percent of the ideal net.

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

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

9 (l) The department may not issue a vendor registration for a person who has been  
10 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,  
11 or federal gambling law, or who employs in a managerial or supervisory capacity a person who  
12 has been convicted of a crime described in this subsection.

13 (m) A registered vendor may not employ a person in a managerial or supervisory  
14 capacity if the person has been convicted of a crime described in (l) of this section.

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

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

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

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

31 \* Sec. 26. AS 05.15.200(b) is amended to read:

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

4 \* Sec. 27. AS 05.15.210 is amended by adding new paragraphs to read:

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

8 (36) "permittee" means a municipality or a qualified organization that holds a  
9 valid permit under AS 05.15.100;

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

13 (A) a retail establishment;

14 (B) an eating establishment; or

15 (C) an establishment licensed under AS 04.11.

16 \* Sec. 28. This Act takes effect immediately under AS 01.10.070(c).

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL 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 (7) [(8)] the number of activities that may be held, operated, or conducted under  
15 a 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 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,  
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(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 (10) [(11)] restrictions on the participation by employees of the Department of  
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this  
29 chapter or protect the best interest of the public.

30 \* Sec. 2. 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. 3. 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. 4. 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. 5. 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. 6. 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. 7. 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 30 percent of the ideal net  
29 for each pull-tab series sold by the operator under the contract.

30 \* Sec. 8. 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 its share of the prizes awarded under the multiple-beneficiary permit and  
18 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 \* Sec. 9. AS 05.15.160(a) is amended to read:

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

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

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

30 (A) an employee of the permittee; or

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

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

2 \* Sec. 10. AS 05.15.170 is repealed and reenacted to read:

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

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

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

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

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

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

22 \* Sec. 11. AS 05.15.180(d) is amended to read:

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

26 \* Sec. 12. AS 05.15.180(e) is amended to read:

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

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

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

10 \* Sec. 14. AS 05.15.180 is amended by adding a new subsection to read:

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

15 \* Sec. 15. AS 05.15.183 is amended by adding a new subsection to read:

16 (e) A distributor may not

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

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

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

20 \* Sec. 16. AS 05.15.184 is amended to read:

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

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

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

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

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

4                   (3) a vendor registered under this chapter when

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

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

10 \* Sec. 18. AS 05.15.187(f) is amended to read:

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

18 \* Sec. 19. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

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

30                   Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES  
31                   AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract

1 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator  
2 first registers the vendor with the department by applying for registration on a form prescribed  
3 by the department and by submitting the registration fee of \$50 for each location at which the  
4 vendor will sell pull-tabs.

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

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

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

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

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

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

31 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-

1 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale  
2 by that vendor on behalf of the permittee or operator.

3 (i) If a permittee contracts with a vendor under (a) of this section, the contract must  
4 provide that the permittee shall receive no less than 65 percent of the ideal net.

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

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

13 (l) The department may not issue a vendor registration for a person who would be  
14 ineligible for issuance of an operator's license because of AS 05.15.122(c), or who employs in  
15 a managerial or supervisory capacity a person who would be ineligible for issuance of an  
16 operator's license because of AS 05.15.122(c).

17 (m) A registered vendor may not employ a person in a managerial or supervisory  
18 capacity if the person would be ineligible for issuance of an operator's license because of  
19 AS 05.15.122(c).

20 \* Sec. 21. AS 05.15 is amended by adding a new section to read:

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

27 (b) If the public interest requires, the commissioner may issue an emergency order  
28 prohibiting an act or practice in violation of this chapter or a regulation adopted under this  
29 chapter without notice to or an opportunity to be heard by the person affected by the order. The  
30 commissioner shall immediately serve the person with a copy of the emergency order. An  
31 emergency order expires 60 days after the date it is issued, if the person affected by the order

1 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing  
2 within 15 days of receipt of the emergency order, the order becomes permanent. Following a  
3 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

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

5 \* Sec. 22. AS 05.15.200(b) is amended to read:

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

9 \* Sec. 23. AS 05.15.210 is amended by adding new paragraphs to read:

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

13 (36) "permittee" means a municipality or a qualified organization that holds a  
14 valid permit under AS 05.15.100;

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

18 (A) a retail establishment;

19 (B) an eating establishment; or

20 (C) an establishment licensed under AS 04.11.

21 \* Sec. 24. This Act takes effect immediately under AS 01.10.070(c).

INCORPORATE INTO SB 6

WORK DRAFT

WORK DRAFT

WORK DRAFT

7-LS0958A  
Gaguine  
3/12/91

CONVERSION FROM  
NON-PROFIT GAMING

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY .

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

1 violated;

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

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

7 *shc* (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL 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 (7) [(8)] the number of activities that may be held, operated, or conducted under  
15 a 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;

17 (8) [(9)] a method of accounting for receipts and disbursements by operators,  
18 including the keeping of records and requirements for the deposit of all receipts in a bank;

19 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,  
20 municipality, or qualified organization that possesses an operator's license, or a registered  
21 vendor at the time a permit, [OR] a license, or a vendor registration is surrendered, revoked,  
22 or invalidated;

23 (10) [(11)] restrictions on the participation by employees of the Department of  
24 Fish and Game in salmon classics;

25 (11) [(12)] other matters the commissioner considers necessary to carry out this  
26 chapter or protect the best interest of the public.

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

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

*OPINION  
AND DECISION  
TO USE  
WARRANTS  
HANDLERS*  
*- WHAT ABOUT  
OPINION, HANDSON  
REVISION SAY*

1 records, and other documents.

2 \* Sec. 3 AS 05.15.115 is amended by adding a new subsection to read:

3 (e) A contract between a permittee and an operator under this section for the conduct of  
4 pull-tab games shall provide that the permittee must receive at least 30 percent of the ideal net  
5 for each pull-tab series sold by the operator under the contract.

*WOULD LIKE - CHAIR FIXES 35%  
HANDON 40%*

6 \* Sec. 4. AS 05.15.122(c) is amended to read:

7 (c) The department may not issue an operator's license to an applicant if the applicant  
8 *AMENDS  
SB 1880* or a person employed by the applicant in a managerial or supervisory capacity, has been  
9 convicted of,

10 (1) a felony violation of the laws of the state, the United States, or another  
11 state or territory relating to controlled substances or gambling;

12 (2) in prison for, or on parole for a felony other than a felony described in (1)  
13 of this subsection within the preceding five years; [,] or

14 (3) a misdemeanor [CONVICTED OF A CRIME] involving theft or dishonesty  
15 or involving [OF] a violation of a municipal, state, or federal gambling law within the  
16 preceding five years.

17 \* Sec. 5. AS 05.15.122(d) is amended to read:

18 (d) A licensee may not employ a person in a managerial or supervisory capacity if the  
19 *AMENDS  
SB 1880* person would not be eligible for issuance of a license under (c) of this section [HAS BEEN  
20 CONVICTED OF, IN PRISON FOR OR ON PAROLE FOR A FELONY WITHIN THE  
21 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR  
22 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL  
23 GAMBLING LAW].

*LICENSEE OR PERMITTEE - OPERATORS*

24 \* Sec. 6. AS 05.15.140(b) is amended to read:

25 (b) In an application for a permit, a municipality or qualified organization shall disclose  
26 *AMENDS  
SB 1880* the name and address of each person responsible for the operation of the activity and whether  
27 any person named

28 (1) would be ineligible for issuance of an operator's license because of  
29 AS 05.15.122(c) [HAS BEEN CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A  
30 FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME  
31 INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE,

1 OR FEDERAL GAMBLING LAW]; or

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

4 \* Sec. 7. AS 05.15.140(c) is amended to read:

5 (c) The commissioner may not issue a permit for an activity operated by a person  
6 described in (b)(1) of this section [WHO HAS BEEN CONVICTED OF, IN PRISON FOR, OR  
7 *Amended* ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED  
8 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
9 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

10 \* Sec. 8. AS 05.15.160(a) is amended to read:

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

- 14 (1) goods, wares, and merchandise necessary for the operation of the activity;
- 15 (2) personal services involved with the operation of the activity, including those  
16 performed by

17 (A) an employee of the permittee; or

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

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

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

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

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

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

*REVIEW VS  
CURRENT  
SCHEDULE*

*COMING WITH HB  
501*

1 manager of the permittee, licensee, or vendor is convicted; or

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

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

9 \* Sec. 10. AS 05.15.183 is amended by adding a new subsection to read:

*LOOK AT  
HB 501*

10 (e) A distributor may not

*OK  
PREPAREMENT*

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 \* Sec. 11. AS 05.15.185 is amended to read:

*OK  
PREPAREMENT*

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

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

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

22 (3) a vendor registered under this chapter when

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

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

*Amended*

28 \* Sec. 12. AS 05.15.187 is amended by adding new subsections to read:

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

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

5 \* Sec. 13. AS 05.15 is amended by adding a new section to article 2 to read:

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

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

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

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

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

30 (f) At the time that a permittee or operator annually renews its permit or license, it shall  
31 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's

1 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

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

10 (i) If a permittee contracts with a vendor under (a) of this section, the contract must  
11 provide that the permittee shall receive no less than 65 percent of the ideal net.

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

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

20 (l) The department may not issue a vendor registration for a person who would be  
21 ineligible for issuance of an operator's license because of AS 05.15.122(c), or who employs in  
22 a managerial or supervisory capacity a person who would be ineligible for issuance of an  
23 operator's license because of AS 05.15.122(c).

24 (m) A registered vendor may not employ a person in a managerial or supervisory  
25 capacity if the person would be ineligible for issuance of an operator's license because of  
26 AS 05.15.122(c).

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

28 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)  
29 If the commissioner determines that a person has engaged in an act or practice in violation of this  
30 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable  
31 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the

1 violation by the person. The order remains in effect until the person has submitted evidence  
2 acceptable to the commissioner showing that the violation has been corrected.

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

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

12 \* Sec. 15. AS 05.15.200(b) is amended to read:

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

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

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

20 (36) "permittee" means a municipality or a qualified organization that holds a  
21 valid permit under AS 05.15.100;

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

25 (A) a retail establishment;

26 (B) an eating establishment; or

27 (C) an establishment licensed under AS 04.11. (Ban )

28 \* Sec. 17. This Act takes effect immediately under AS 01.10.070(c).

Drew

3/15/91

WORK DRAFT

WORK DRAFT

This not cleared this  
draft with my folks yet. Will  
meet with them on Saturday.

Please use this as an  
unidentified basis. In other  
words, don't tag me as anyone  
else as author, until I get  
clearance. (love)  
Miki

7 LS0958A  
Gaguine  
3/12/91

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY .

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

Section 1 - only add vendors  
under Regulations

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL 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 (7) [(8)] the number of activities that may be held, operated, or conducted under  
15 a 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;

17 (8) [(9)] a method of accounting for receipts and disbursements by operators,  
18 including the keeping of records and requirements for the deposit of all receipts in a bank;

19 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,  
20 municipality, or qualified organization that possesses an operator's license, or a registered  
21 vendor at the time a permit, [OR] a license, or a vendor registration is surrendered, revoked,  
22 or invalidated;

23 (10) [(11)] restrictions on the participation by employees of the Department of  
24 Fish and Game in salmon classics;

25 (11) [(12)] other matters the commissioner considers necessary to carry out this  
26 chapter or protect the best interest of the public.

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

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

*Section not - by drafters  
became id removed in  
Section #4 of bill*

*Added text*

records, and other documents.

\* Sec. 3. AS 05.15.115 is amended by adding a new subsection to read:

(e) A contract between a permittee and an operator under this section for the conduct of pull-tab games shall provide that the permittee must receive at least 30 percent of the ideal net for each pull-tab series sold by the operator under the contract.

\* Sec. 4. AS 05.15.122(c) is amended to read:

(c) The department may not issue an operator's license to an applicant if the applicant or a person employed by the applicant in a managerial or supervisory capacity, has been convicted of,

(1) a felony violation of the laws of the state, the United States, or another state or territory relating to controlled substances or gambling;

(2) in prison for, or on parole for a felony other than a felony described in (1) of this subsection within the preceding five years; [,] or

(3) a misdemeanor [CONVICTED OF A CRIME] involving theft or dishonesty or involving [OF] a violation of a municipal, state, or federal gambling law within the preceding five years.

\* Sec. 5. AS 05.15.122(d) is amended to read:

(d) A licensee may not employ a person in a managerial or supervisory capacity if the person would not be eligible for issuance of a license under (c) of this section [HAS BEEN 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, OR FEDERAL GAMBLING LAW].

\* Sec. 6. AS 05.15.140(b) is amended to read:

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

(1) would be ineligible for issuance of an operator's license because of AS 05.15.122(c) [HAS BEEN 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,

*This gives 30% to charities and 70% to non operators purchase*

*New section to clean up felony section*

*Makes sure that not all employees are convicted, only those who need to*

1 OR FEDERAL GAMBLING LAW]; or

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

4 \* Sec. 7. AS 05.15.140(c) is amended to read:

5 (c) The commissioner may not issue a permit for an activity operated by a person  
6 described in (b)(1) of this section [WHO HAS BEEN CONVICTED OF, IN PRISON FOR, OR  
7 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED  
8 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A  
9 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

*See also  
lead to new  
felony job*

10 \* Sec. 8. AS 05.15.160(a) is amended to read:

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

- 14 (1) goods, wares, and merchandise necessary for the operation of the activity;
- 15 (2) personal services involved with the operation of the activity, including those

16 performed by

17 (A) an employee of the permittee; or

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

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

*Allows for  
payment*

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

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

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

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

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

1 manager of the permittee, licensee, or vendor is convicted; or

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

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

9 \* Sec. 10. AS 05.15.183 is amended by adding a new subsection 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 \* Sec. 11. AS 05.15.185 is amended to read:

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

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

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

22 (3) a vendor registered under this chapter when

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

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

28 \* Sec. 12. AS 05.15.187 is amended by adding new subsections to read:

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

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

5 \* Sec. 13. AS 05.15 is amended by adding a new section to article 2 to read:

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

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

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

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

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

30 (f) At the time that a permittee or operator annually renews its permit or license, it shall  
31 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's

1 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

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

10 (i) If a permittee contracts with a vendor under (a) of this section, the contract must  
11 provide that the permittee shall receive no less than 65 percent of the ideal net.

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

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

20 (l) The department may not issue a vendor registration for a person who would be  
21 ineligible for issuance of an operator's license because of AS 05.15.122(c), or who employs in  
22 a managerial or supervisory capacity a person who would be ineligible for issuance of an  
23 operator's license because of AS 05.15.122(c).

24 (m) A registered vendor may not employ a person in a managerial or supervisory  
25 capacity if the person would be ineligible for issuance of an operator's license because of  
26 AS 05.15.122(c).

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

28 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)  
29 If the commissioner determines that a person has engaged in an act or practice in violation of this  
30 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable  
31 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the

1 violation by the person. The order remains in effect until the person has submitted evidence  
2 acceptable to the commissioner showing that the violation has been corrected.

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

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

12 \* Sec. 15. AS 05.15.200(b) is amended to read:

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

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

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

20 (36) "permittee" means a municipality or a qualified organization that holds a  
21 valid permit under AS 05.15.100;

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

25 (A) a retail establishment;

26 (B) an eating establishment; or

27 (C) an establishment licensed under AS 04.11.

28 \* Sec. 17. This Act takes effect immediately under AS 01.10.070(c).

9/22 DP 5445 - Gov Bill  
Rod - ONLY W/M  
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She met w/

Bob Thomas regarding  
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PROBLEMS:

- 1) PILOCUMMANT CODE
- 2) DEPT S/F ADMIN
- 3) COMMISSION COMPENSATION

Gov PROBABLY OPPOSES

Bob Thomas

Hansen has copy -

IN THE SENATE

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SENATE BILL NO.

Bob needs  
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IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

Hansen - says  
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A BILL

\*Sec. 1. FINDINGS AND PURPOSE. (a) The legislature finds that

(1) non-profit health and human service agencies enhance the quality of life in the state by providing programs of assistance for those citizens with special needs beyond that being served by the current health and human service programs funded by the state;

(2) non-profit health and human service agencies provide programs of assistance in virtually all communities of the state;

(3) actual and projected reduced funding assistance by state government has and will continue to decrease both the level of service and the number of individuals receiving services from non-profit health and human service agencies;

(4) actual and projected reduced funding assistance by state government will continue to cause a reduction of the number of non-profit health and human service agencies in the state;

(5) the amount of revenue generated by a state lottery may be sufficient to maintain present levels of operation of the current health and human service agencies and help to perpetuate their unique and invaluable contributions to the quality of life in the state;

(6) the legislature will best serve the public interest by establishing a state lottery, the proceeds of which shall be deposited in a special account within the general fund to be appropriated by the legislature to fund first the necessary operations of non-profit health and human service agencies on a "need" basis and then other state programs as the proceeds allow.

(b) The purposes of this Act are to

(1) ensure the continued existence and operation of a health and human service agency network by creating a special account within the general fund known as the lottery grants account;

(2) establish the Alaska State Lottery Commission within the Department of Administration, to administer, promote, and conduct a state lottery, the proceeds of which shall be deposited in the lottery grants account of the general fund for appropriation by the legislature to fund grants to Alaska non-profit health and human service agencies and for other purposes as determined by the legislature.

\*Sec 2. AS 05 is amended by adding a new chapter to read:

CHAPTER 18. STATE LOTTERY.

ARTICLE 1. ADMINISTRATION.

Sec. 05.18.0101. CREATION OF ALASKA STATE LOTTERY COMMISSION. The Alaska State Lottery Commission is established for the purpose of generating revenue for the support of non-profit health and human service providers in the State of Alaska, and for other expenses of the state. The Commission is an instrumentality of the state within the Department of Administration.

Sec. 05.18.020. POWERS OF THE COMMISSION. (a) The powers of the Commission are vested in the Board of Commissioners. The Commission consists of the commissioner of administration and four members appointed by the governor and subject to conformation by the legislature under AS 39.05.080. One member appointed to the Commission shall have at least three years of experience in the administration of physical and mental health related human service programs in the state; one member appointed to the Commission shall have at least three years of involvement in statutory and regulatory enforcement of charitable gaming, lotteries, or gambling enterprises; and two members appointed to the Commission shall be public members. Appointed members of the Commission shall qualify under AS 39.05.100. No more than three of the five

members may be members of the same political party. The governor shall designate an appointed member to serve as chair of the Commission.

(b) Appointed members serve staggered terms of four years, and may be reappointed. A vacancy on the Commission does not impair the authority of the Commission to exercise the powers and perform the duties of the Commission.

(c) The governor may remove a member of the Commission. A removal by the governor shall be in writing and shall state the reason for the removal. A member who is removed by the governor may not participate in Commission business and may not be counted for purposes of establishing a quorum after the person receives written notice of removal.

(d) An appointed member of the Commission is entitled to compensation at a rate of \$150 for each day the member is engaged in the actual performance of duties as a member of the Commission. The Commission may provide by regulation for compensation for partial days during which an appointed member is engaged in actual performance of duties as a member of the Commission.

(e) In addition to compensation under (d) of this section, an appointed member of the Commission is entitled to per diem and travel expenses authorized for members of boards and commissions under AS 39.20.180.

Sec. 05.18.030. MEETINGS. (a) The Commission shall meet at least quarterly at the call of the chair, at the request of a majority of the members, or at a regularly scheduled time set by the Commission.

(b) An action of the Commission is not binding unless taken at a meeting where three or more of the members are present and vote in favor of the action.

Sec. 05.18.040. DUTIES AND POWERS OF THE COMMISSION. (a) The Commission is responsible for the management of the lottery but shall contract with a service provider for day to day operation of the lottery.

(b) The Commission shall determine procedures for awarding the contract for operation of the day-to-day conduct of the lottery and provide for preferential consideration of Alaskan owned vendors.

(c) The Commission may condition the exercise of a power or duty delegated to the Contractor.

(d) In managing the lottery the Commission shall

(1) be responsible for the management of the financial and legal obligations of the lottery;

(2) generally manage the lottery on a self-sustaining basis for the purpose of revenue generation;

(3) determine policy direction for the operation and administration of the lottery;

(4) report to the governor and the legislature each quarter on the total lottery revenue, prize disbursement, and other expenses for the preceding quarter;

(5) report to the governor and the legislature each year, including a full and complete statement of lottery revenue, prize disbursement, and other expenses, and recommendations for changes in this chapter;

(6) report to the governor and the legislature as frequently as the Commission determines necessary on the reaction of state residents to the lottery, and on matters that require changes in the law to prevent violations or evasions of this chapter or to correct undesirable conditions in connection with the operation or administration of the lottery;

(7) monitor the operation of the lottery throughout the state; and

(8) study and investigate the operation and administration of the lottery laws of other states and federal laws that affect the lottery.

(b) The Commission may do all things necessary and appropriate to exercise the Commission's duties and powers under this chapter.

Sec. 05.18.050. REGULATIONS. (a) The Commission shall adopt regulations under the Administrative Procedure Act (AS 44.62) to establish

- (1) the type of lottery to be conducted;
- (2) the price of lottery products;
- (3) the numbers and sizes of the prizes for the winning lottery products;
- (4) the manner of selecting the winning products;
- (5) the frequency of the drawings or selections of winning lottery products;
- (6) the type and number of locations where lottery products may be sold;
- (7) the method to be used in selling lottery products;
- (8) the manner of payment of prizes to the holders of the winning lottery products;
- (9) the procedures for contracting with persons to be agents;
- (10) the manner and maximum amount of compensation to be paid agents;
- (11) the prizes that an agent or an employee of the agent can award; and
- (12) other matters necessary or desirable to carry out this chapter, to operate the lottery efficiently and economically, and to make the purchase of lottery products and the distribution of prizes convenient.

(b) The Commission shall adopt regulations under the Administrative Act (AS 44.\_\_\_\_\_) to establish

- (1) the qualifications to be met by nonprofit health and human service agencies for consideration of funding from the lottery grants program;
- (2) the procedures for nonprofit health and human agencies to apply for consideration for funding from the lottery grants account.

Sec. 05.18.070. DUTIES OF CONTRACTOR. (a) The Contractor shall

- (1) conduct the operation and day to day administration of the lottery;
- (2) contract with agents to sell lottery products;
- (3) meet at least quarterly with the Commission on the operation and administration of the lottery;
- (4) make available for inspection by the Commission, upon request, all books, records, files, and other information and documents of the Contractor;
- (5) advise the Commission and make recommendations to improve the operation and administration of the lottery;
- (6) suspend or revoke a contract issued under this chapter for a violation of this chapter or the regulations adopted under this chapter;
- (7) subject to the approval of the Commission, enter into contracts for the operation and administration of the lottery, except that agent contracts are not subject to the approval of the Commission; and
- (8) provide each month to the Commission a full and complete statement of the lottery revenue, prize disbursements, and other expenses for the preceding month.

(b) The Contractor may not employ a person who has been convicted, including conviction based on a guilty plea or plea of no contest, of a felony or other crime if the felony or other crime is substantially related to the qualifications, functions, or other duties of the employee.

Sec. 05.18.080. SUBPOENAS. (a) The Commission may subpoena witnesses and documents in a matter subject to the jurisdiction of the Commission. The Commission may administer oaths and affirmations to persons whose testimony is required.

(b) If a person fails to obey a subpoena, or if a person refuses to answer a relevant question or to submit a document when ordered to do so by the Commission, the

Commission may apply to the superior court for an order directing the person to comply with the subpoena or the order. The court may order the person to comply.

## ARTICLE 2. LOTTERY RETAIL SALES AGENTS.

Sec. 05.18.100. LOTTERY RETAIL SALES AGENTS. (a) The Contractor may contract with persons on behalf of the Commission to be lottery retail sales agents.

(b) A lottery retail sales agent may

- (1) sell lottery products;
- (2) award prizes as allowed under regulations of the Commission; and
- (3) hire employees to perform the services under (1) and (2) of this

subsection.

(c) An agent shall supervise each employee of the agent in the employee's performance of services under (b) (1) and (2) of this section.

## Sec. 05.18.110. QUALIFICATIONS FOR SALES AGENT CONTRACTS.

(a) A person who wishes to contract with the Contractor to be a sales agent shall apply on a form provided by the Commission. The Contractor may charge the applicant a fee to cover the costs of processing the application and checking the background of the applicant.

(b) Before contracting with an applicant to be an agent, the Contractor shall consider

- (1) the financial responsibility and security of the applicant and the applicant's business or activity;
- (2) the accessibility of the applicant's place of business or activity to the public;
- (3) the ability of the applicant to promote the retail sale of lottery products;
- (4) the sufficiency of existing agent contracts to serve the public convenience;
- (5) the volume of expected sales; and

(6) other factors the Contractor determines are relevant.

(c) The Contractor may not contract with an applicant to be an agent if the applicant

(1) is an individual who is not a resident of the state or is not a corporation, partnership, or association licensed to conduct business in the state;

(2) would be engaged in business exclusively as an agent;

(3) is an individual under the age of 18; or

(4) has been convicted of a felony that is substantially related to the functions or duties of an agent or gambling misdemeanor, including a conviction based on a guilty plea or plea of no contest.

Sec. 05.18.120. DURATION OF SALES AGENT CONTRACTS. The Contractor may contract with an agent for a term of not more than two years. subject to AS 05.18.110, the Contractor may renew the contract for successive terms of not more than two years.

Sec. 05.18.130. REVOCATION OR SUSPENSION OF SALES AGENT CONTRACTS. (a) The Contractor may suspend or cancel the contract of an agent who violates 05.18.320.

(b) The Contractor may suspend or cancel the contract of an agent who violates a regulation adopted under this chapter or a provision of this chapter other than AS 05.18.320.

Sec. 05.18.140. COMPENSATION OF SALES AGENTS. (a) The Contractor shall establish the levels of compensation for agents. The contractor may establish bonus or incentive awards.

(b) When establishing the compensation for sales agents, the Contractor shall consider

(1) the time and the cost of overhead necessary to make the lottery products available at convenient times and for sufficient hours to accommodate the public;

(2) the time necessary for an agent to keep adequate records of the sales of lottery products and to prepare the deposits and reports required under AS 05.18.150;

(3) other criteria the Commission considers relevant.

Sec. 05.16.150. DEPOSIT OF RECEIPTS AND REPORTS. (a) The Contractor shall deposit to the credit of the state in a bank designated by the commissioner of administration all net due proceeds from the sale of lottery products;

(b) The Commission shall determine the schedule for deposits of net due proceeds by the Contractor.

(c) Every month the Contractor shall file with the Department of Administration summary reports of the receipts and transactions in the sale of lottery products.

### ARTICLE 3. PRIZES.

Sec. 05.18.200. ASSIGNMENT OF PRIZES. A person may not assign a right to a prize under this chapter. A prize may be paid to a person other than the prize winner under a court order or to the estate of a deceased prize winner or to the Department of Administration for deposit in the general fund to satisfy a judgment in favor of the state against the prize winner. The state is discharged of all further liability when a prize has been paid under this section.

#### Sec. 05.18.210. PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS.

(a) If a person entitled to a prize is under the age of 18 years, and if the prize is \$5,000 or less, the Commission may deliver the prize to an adult member of the minor's family, or to a guardian of the minor, in the form of a check or draft payable to the order of the minor. If the prize is more than \$5,000, the Commission may deliver the prize by depositing the amount of the prize in a bank to the credit of an adult member of the minor's family, or a guardian of the minor, as custodian for the minor. The person named as custodian shall have the same duties and powers as a person designated as a custodian under AS 45.60.

(b) The state is discharged of all further liability after payment of prize to a minor under this section.

(c) In this section, the terms "bank," "guardian," and "member" of a "minor's family" have the meanings given in AS 45.60.091.

Sec. 05.18.220. UNCLAIMED PRIZE MONEY. The Commission shall retain unclaimed prize money for the person entitled to it for one year after the prize is awarded. The prize may not be claimed after one year from its award. If the winner does not claim the prize money within the year, the Commission shall transfer the money and accrued interest to the lottery grants account.

#### ARTICLE 4. MISCELLANEOUS PROVISIONS.

Sec. 05.18.300. LOTTERY GRANTS ACCOUNT AND APPROPRIATIONS. There is created in the general fund the lottery grants account. The account consists of the proceeds received from the sale of lottery products and all other money credited or transferred to the account. The commissioner of administration shall separately account for money deposited in the account. The annual estimated balance in the account shall first be used by the legislature to make appropriations to the lottery grants account to carry out the purposes of this chapter. That portion of the annual estimated balance in the account that is not necessary for the support of the health and human service agencies lottery grants account may be appropriated to other purposes as the legislature considers appropriate.

Sec. 05.18.310. AUDIT. The Commission shall have an audit of the books and accounts of the contractor performed at least once each year by certified public accountants. The Commission may have special audits performed at any time on its own motion. The Commission shall file a copy of each audit with the commissioner of administration and the legislature.

Sec. 05.18.320. PROHIBITED ACTS. (a) A person may not

- (1) act as an agent or sell a lottery product unless the person has a contract with the Commission to be an agent, or is an employee of an agent and sells lottery products or awards lottery prizes under the supervision of the agent;

(2) sell a lottery product at a price greater than that fixed by the Contractor;

(3) sell or offer to sell a lottery product to a person under the age of 18;

(4) knowingly present a counterfeit or altered lottery product for payment or transfer a counterfeit or altered lottery product to another person to present for payment;

(5) with intent to defraud, falsely make, alter, forge, utter, pass, or counterfeit a lottery product; or

(6) impersonate a lottery representative.

(b) An agent, a member of the Commission, or an officer or employee of the Contractor may not purchase a lottery product or receive a lottery prize.

(c) An agent may not willfully withhold funds owed to the Contractor.

(d) This section does not prohibit a person from giving a lottery product to another person of any age.

Sec. 05.18.330. ASSIGNMENT OF CONTRACTS. A person who enters into a contract under this chapter may not assign the contract without the approval of the Commission.

Sec. 05.18.340. PENALTY. A person who violates AS 05.18.150, 05.18.160, 05.18.200, 05.18.320, or 05.18.330 is guilty of a class C felony.

Sec. 05.18.980. APPLICABILITY OF OTHER LAWS. Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the Commission:

(1) AS 05.15;

(2) state procurement laws, including AS 36.30, except as specifically provided in that chapter.

Sec. 05.18.990. DEFINITIONS. In this chapter, unless the context requires otherwise.

(1) "agent" means a person who has contracted with the commission to be a lottery retail sales agent under this chapter;

(2) "agent contract" means a contract under AS 08.18.100 between the commission and an agent;

(3) "Commission" means the Alaska State Lottery Commission;

(4) "Contractor" means the vendor under contract with the Commission to conduct day-to-day operations of the lottery;

(5) "lottery" means the lottery established and operated under this chapter;

(6) "lottery product" means a ticket, receipt, card, or other item, except a lottery prize, received by a person from an agent or an employee of an agent as evidence of participation in the lottery;

(7) "operation and administration" includes accounting, sales, promotion, enforcement, and security;

(8) "person" has the meaning given in AS 01.10.060 and also includes an estate, receiver, trustee, assignee, referee, or other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and a department, commission, agency or instrumentality of the state, including municipalities and the agencies and instrumentalities of municipalities.

\*Sec. 3. AS 36.30.015(e) is amended to read:

(LANGUAGE NECESSARY FROM EXECUTIVE ORDER #50, SHOULD BE SIMILAR TO THAT WHICH ESTABLISHES THE ALASKA PUBLIC BROADCASTING COMMISSION)

\*Sec. 4. AS 36.30.050(c) is amended to read:

(c) The lists may be used by the chief procurement officer or an agency when issuing invitations to bid or requests for proposals under this chapter. The lists may be

used by the Alaska Legislative Council, the court system, the Alaska State Lottery Commission, the Alaska State Building Authority, and the Alaska Railroad Corporation.

\*Sec. 5. AS 36.30.990(1) is amended to read:

(1) "agency" means a department, institution, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of the state government, except for the University of Alaska, the Alaska State Building Authority, the Alaska State Lottery Commission, and the Alaska Railroad Corporation; it does not include a regional Native housing authority created under AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

\*Sec. 6. AS 39.25.110(11) is amended by adding a new subparagraph to read:

Alaska State Lottery Commission;

\*Sec. 7. AS 39.50.200(b) is amended by adding a new paragraph to read:

Alaska State Lottery Commission (AS 05.18).

\*Sec. 8. Sections 1, 2, 6, and 7 of this Act take effect July 1, 1987.

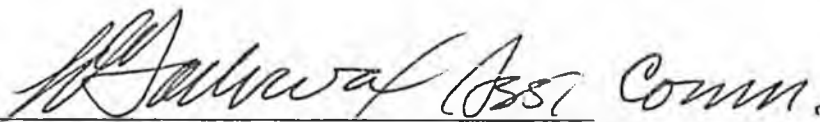
\*Sec. 9. Sections 3 - 5 of this Act take effect on the effective date of sec. 2, ch. 106, SLA 1986.

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

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF OCCUPATIONAL LICENSING

APR 3 1991

WALTER J. HICKEL, GOVERNOR

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

April 3, 1991

Honorable Drue Pearce, Chairperson  
Senate Labor & Commerce Committee  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Pearce:

At the work session on gaming legislation held on March 23, 1991, you requested additional information: (1) Existing costs of the Games of Chance and Skill program, and (2) Anticipated costs of the program with the addition of a Gaming Commission.

The following information is enclosed:

- 1) Gaming program costs with the addition of a Gaming Commission.
- 2) FY 91 Gaming Budget (existing program costs).
- 3) Funding Summary.
- 4) Revenue Summary.
- 5) Additional gaming information requested on financial reporting, pull-tab dispensing devices, suspension and revocations, and a copy of Washington's laws concerning pull-tab devices.

If you have any questions regarding the enclosed information, please contact this office.

Sincerely,

*Ann Boudreaux*

Ann Boudreaux  
Director

AB/JS/dg19310D  
040391c

Enclosures

cc: John Hansen, Gaming Program Manager

Division of Occupational Licensing

GAMES OF CHANCE & SKILL

Gaming Program with a New Gaming Commission

Gaming Program Costs	715.9	
Gaming Commission Costs (SB 4 fiscal note)	<u>399.1</u>	
Anticipated Costs:		\$ 1,115.0
FY 92 Estimated Revenue		<u>\$ 1,797.1</u>
Excess GF Revenue		\$ 682.1

Division of Occupational Licensing

GAMES OF CHANCE & SKILL

FY 91 Gaming Budget

Personal Services:

<u>PCN</u>	<u>POSITION</u>	<u>RANGE</u>	<u>COST</u>
08-2075	Gaming Program Manager	22	\$ 75.2
08-2046	Investigator II	16	58.2
08-2059	Revenue Auditor IV	20	70.2
08-2064	Tax Examiner II	12	45.1
08-2076	(S) Occ. Lic. Examiner I	12	18.3
08-2062	Clerk-Typist III	08	32.7
08-2077	Investigator IV (Anch)	20	63.8
08-2064	Revenue Auditor III (Anch)	18	58.2
08-2060	Investigator III (Fbx)	18	58.4
	Administrative overhead		<u>20.4</u>

Sub-Total: \$500.5

Travel: \$ 48.0

Contractual Services: \$163.1

Supplies: \$ 1.4

Equipment: \$ 2.9

TOTAL: \$715.9

Division of Occupational Licensing

GAMES OF CHANCE & SKILL

Funding Summary

FY 90 FUNDING

Authorization:	\$365.4
Funding was granted with transfer of the program from the Department of Revenue to DCED/Occupaitonal Licensing.	
Budget Increment:	100.0
This funding was provided by budget increment to provide a supervisory position for the gaming program.	
FY 90 Sub-Total:	\$465.4

FY 91 FUNDING

Budget Increments:	\$100.00
Funding was provided for two (2) positions:	
1) Investigator III	\$72.3;
2) Seasonal Occupational Licensing Examiner I	\$27.7.
Budget Amendments:	\$ 150.5
Funding was provided for the following:	
1) Seasonal Clerk-Typist III	\$21.2;
2) Data Processing Clerk III	\$39.4;
3) Attorney IV	\$89.9
TOTAL:	\$715.9

Division of Occupational Licensing

GAMES OF CHANCE & SKILL

Revenue Summary

FY 90 Revenue: \$ 1,690.2

License/Permit Fees	\$ 99.1
1% Net Proceeds	192.8
3% Pull-Tab Assessment	1,398.3

FY 91 Revenue: (as of 4/2/91) \$ 1,128.4

License/Permit Fees	\$ 85.5
1% Net Proceeds	110.8
3% Pull-Tab Assessment	932.1

(NOTE: FY 91 Revenue was originally estimated at \$1,500.0 and may exceed that amount.)

FY 92 Anticipated Revenue: \$ 1,797.1

License/Permit Fees	\$ 97.1
1% Net Proceeds	170.0
3% Pull-Tab Assessment	1530.0

REQUIRED FINANCIAL REPORTING  
TO THE DEPARTMENT

	<u>MONTHLY</u>	<u>//</u>	<u>QUARTERLY</u>	<u>//</u>	<u>ANNUALLY</u>	<u>//</u>	<u>TOTALS</u>
PERMITTEE			X	300	X	1000	2200
OPERATOR			X	21	X	21	105
DISTRIBUTORS	X	31					252
MANUFACTURERS	X	10					<u>120</u>
					GRAND TOTAL		2677

Additionally, operators are required to file with the permittee, monthly, quarterly and annual reports.

The required Report to the Legislature is comprised, in part, on the financial data contained in all of the above reports; therefore, all information contained in the various reports must be data entered into the computer gaming management program.

The 1% net proceeds fee is computed and remitted with the permittee annual financial statement.

The 3% pull-tab tax on ideal net is computed and remitted with the distributor monthly reports. The pull-tab i.d. stamp number, the pull-tab serial number and other identifying information must be data entered for each report.

The pull-tab i.d. stamp number, serial number, distributor and other identifying data must be data entered from the manufacturer monthly report.

INVESTIGATIVE AND AUDIT STATISTICS

INVESTIGATIONS COMPLETED	1990	136
	1991	45
AUDITS COMPLETED	1990	44
	1991	26
INVESTIGATIONS IN PROGRESS	1991	35
AUDITS IN PROGRESS	1991	3

INVESTIGATIONS AND AUDITS NEEDED:

PERMITTEES	400	
OPERATORS	15	
DISTRIBUTOR	15	
NOTICES OF VIOLATION ISSUED	1990	162
	1991	61

COIN-OPERATED PULL-TAB  
DISPENSING DEVICES

The Washington State Gambling Commission (WSGC) regulates the types of pull-tab dispensing devices that may be used. Their regulations are somewhat vague in that they don't really specify the actual "mechanics" of the device. The Commission does, however, require that any device proposed for use, and is substantially different from already approved devices, must be INSPECTED and APPROVED by the Commission before the device can be used.

Attached are the applicable rules governing pull-tab devices in Washington. As you can see, WA regulates not only the device itself, but many other facets of the industry. In many instances, WA is considered the "expert" in regulating gaming activities. In fact, they offer to other governmental agencies "training" sessions. These sessions consist of both investigative and auditing techniques as well as tours of pull-tab manufacturing facilities. The "trainee" as part of the session, participate in actual audits of licensees and accompany WSCG staff in observing and auditing a bingo session.

If you are interested in obtaining a complete copy of Washington's statutes and regulations, or any other state, please let me know. I have copies of both statutes and regulations for most, if not all. If you wish to speak with the WSGC directly, their number is (206) 438-7687. The person you should talk to is Randee Kerns.

Kelcy Parsons  
Tax Examiner II  
Phone (907) 465-3409

## SUSPENSION AND REVOCATION

Suspension and/or revocation of a permit is generally used as a "last ditch" remedy when efforts to bring the permittee into compliance are unsuccessful or where the permittee has continued to violate statutes and regulations. Depending upon the nature and severity of the violation, the suspension period may range from two weeks on up. Current statutes and regulations do not specify a minimum or maximum amount of time for suspension. If a permit is revoked, the revocation is one year from the effective date of the revocation per AS 05.15.040.

Under 15 AAC 105.190, the following are grounds for suspension, revocation or denial of a permit or license:

- 1) a false statement made in an application for a permit or license or in a report required under AS 05.15. or this chapter;
- 2) failure to keep sufficient books or records to substantiate year-end reports to the department;
- 3) failure to timely file a report required by AS 05.15. or this chapter;
- 4) the conviction of a permittee or an officer or employee of a permittee of a felony or a crime involving moral turpitude, or a violation of a municipal, state, or federal gambling law;
- 5) knowing violation by a permittee or officer or employee of a permittee of a provision of AS 05.15. or this chapter;
- 6) failure to devote net proceeds in accordance with AS 05.15. or this chapter;
- 7) paying or incurring unreasonable or exorbitant expenses of fees by the permittee or licensee;
- 8) allowing the use of a permit by another organization;
- 9) failure to remit any amount of pull-tab tax to a licensed pull-tab distributor when pull-tabs are acquired or purchased.

Over the years, several suggestions regarding the suspension of permits have been proposed. They are:

- 1) Assign a "point" value to each violation. Each point value would indicate the number of days the permit or license is suspended. The lower the point value, the less number of days the permit or license is suspended.

2) Assign a "point" value to each violation. Once a certain number of "points" have been assessed against a permittee or licensee, the permit or license is suspended. (Much the way the point system works with the drivers license.)

3) Institute monetary fines or penalties for each violation in addition to suspension. The fine or penalty and length of suspension would be dependent upon the nature and severity of the violation.

Of the three suggestions above, the department would recommend number 3. We feel that a fine, in addition to suspension, would go a long way towards bringing the permittees and licensees into compliance.

Past efforts by the limited staff, to maintain consistency in the suspension and/or revocation of a permit have been hampered, due primarily, to the changes in the administration and policy. However, with the implementation of the State I.D. Stamp program for pull-tabs, and this administration's mandate to bring this program into compliance, we believe substantial progress is being made. However, the limited staff and resources we have, will continue to limit our ability to fully implement the 1988 Gaming Reform Act and its regulatory provisions.

Attachment

2941Q

✓WAC 230-30-072 **Punchboard and pull tab inventory and retention requirements.** Each punchboard and pull tab series purchased or otherwise obtained by an operator shall be controlled and accounted for in the following manner:

(1) Each operator shall closely monitor punchboard and pull tab series purchased to assure that all identification and inspection service stamp numbers are correctly entered in all records and each device purchased is recorded. The following control procedures apply:

✓(a) After the close of business on September 30, 1988, and before operating punchboards and pull tabs after that date, each operator shall take a physical inventory of all punchboards and pull tabs in-play and awaiting play and record the following information separately for punchboards and pull tabs:

- (i) Name of game; and
- (ii) I.D. stamp number;

(b) At the time punchboards and pull tabs are delivered, each operator will assure that all purchase invoice data is correct by comparing the actual I.D. stamp numbers on each punchboard/pull tab series to the numbers entered on the purchase invoices;

(c) After December 31, 1988, all purchases of punchboards or pull tabs shall be recorded on a standard distributor's invoice, which includes space for the operator to either attach a records entry label or enter the identification and inspection stamp number and the date the device was placed out for play. For all punchboards or pull tab series purchased after December 31, 1988, the operator shall enter the date and the identification and inspection service stamp number in the space on the invoice, adjacent to the distributor's entry, by either attaching a records entry label or by written entry;

(d) After December 31, 1988, if a device is returned to a distributor for any reason, including commission required recall, the operator shall record the date, invoice or credit memo number, and "returned" on the original purchase invoice. Provided, that licensees may use a commission approved inventory log to comply with subsections (c) and (d) of this section;

(2) Each punchboard or pull tab series which is removed from operation, together with the prize flare, all unplayed tabs, and all winning punches or tabs, shall be retained by the operator for at least four months following the last day of the month in which it was removed from play. The board, unplayed tabs, flare, and all winning punches or tabs shall remain available for inspection, on the licensed premises, by commission agents and/or local law enforcement and taxing agencies. Provided, that devices may be stored off premise if they are produced for inspection upon demand;

(3) Each punchboard or pull tab series which is not placed out for public play or returned to the distributor or manufacturer from whom it was originally purchased, must be retained on the licensed premises and made available for inspection by commission agents and/or local law enforcement and taxing agencies. Provided, that devices may be stored off premise if they are produced for inspection upon demand;

(4) Each punchboard or pull tab series which is deemed by the operator to be defective or unplayable, for any reason, shall not be returned to the distributor or manufacturer without approval from the commission. If it is found to be defective after it has been placed out for play, all other rules apply and it must be recorded as required by WAC 230-08-010. Provided, that the retention time required by subsection (2) above may be shortened by the commission upon inspection and written release by a commission agent. [Statutory Authority: RCW 9.46.070 (8), (11) and (14), 88-13-060 (Order 179), § 230-30-072, filed 6/14/88.]

✓WAC 230-30-075 **Minimum percentage of prizes for certain gambling activities.** No operator shall put out for play and no distributor or manufacturer of punchboards and pull tabs shall sell or otherwise provide to any person in this state or for use in this state any punchboard or pull tab series that does not contain the following minimum percentage in prizes:

(1) Punchboards - a minimum of 60 percent respecting each punchboard placed out for public play.

(2) Pull tabs - a minimum of 60 percent respecting each series of pull tabs placed out for public play.

(3) For the purposes of determining the percentage of prizes offered on any punchboard, or in any pull tab series under this section, total merchandise prizes shall be computed at the amount actually paid therefor by the licensed operator plus 50 percent of that actual cost.

✓(4) Single cash prizes on punchboards/pull tabs shall not exceed:

(a) Two hundred in cash; or

(b) A merchandise prize, or combination merchandise prize, for which the operator has not expended more than three hundred dollars.

✓(5) Multiple winners on an individual pull tab or punch shall not exceed the single cash or merchandise prize limit in (4) above. [Statutory Authority: RCW [9.46.]070 (1), (2), and (11) and [9.46.]110. 85-21-046 (Order 154), § 230-30-075, filed 10/14/85. Statutory Authority: RCW 9.46.070(11). 82-06-007 (Order 119), § 230-30-075, filed 2/19/82. Statutory Authority: RCW 9.46.070(10). 79-09-029 (Order 91), § 230-30-075, filed 8/14/79; Order 70, § 230-30-075, filed 5/24/77; Order 43, § 230-30-075, filed 11/28/75.]

✓WAC 230-30-080 **Limitation on pull tab dispensing devices.** (1) No pull tabs shall be placed out for public play unless the total number of pull tabs originally in the series shall be clearly disclosed on the face of the flare advertising the prizes available from that series of pull tabs. The total number of pull tabs originally in the series will be placed upon the flare by the manufacturer prior to the series being sold to a distributor or operator.

(2) No pull tab shall be added to a series of pull tabs after that series has been shipped from its place of manufacture.

(3) No pull tab series, or any portion thereof, shall be placed in, or if a spindle upon, any pull tab dispensing device until any other series of pull tabs previously in, or

upon, the device has been played out or permanently removed from public play.

(4) No pull tab once placed in, or if a spindle upon, a pull tab dispensing device out for public play shall be removed from the dispensing device until the series is permanently removed from public play, except only:

(a) Those pull tabs actually played by consumers,

(b) Those pull tabs removed by representatives of the commission, or other law enforcement agency inspecting the device, and

(c) Those tabs temporarily removed during necessary repair or maintenance of the device.

✓ Excepting only tabs removed under (b) and (c) hereinabove, once a pull tab has been removed from public play it shall not again be put out for public play.

✓ (5) No person shall put out any pull tab series for public play unless the series of pull tabs is wholly contained within, or if a spindle upon, the device used for dispensing that series.

✓ (6) No person shall sell or transfer to another person in this state, or for use within this state, or shall place out for public play any device for the dispensing of pull tabs not so constructed as to allow a consumer to clearly see each pull tab within, or if a spindle upon, the device prior to playing the device. However, a metal plate, not to exceed 3/4 inch in height, may be affixed across the front at the bottom of the dispensing columns of a mechanical pull tab dispensing device.

(7) No person shall sell or transfer to any other person in this state, or for use within this state, or put out for public play any device for the dispensing of pull tabs without permanent lines or markings on the face of the device and clearly visible to the consumer which effectively divide the tabs remaining in the device into divisions of approximately 25 tabs so that the consumer can determine how many tabs remain within the device.

(8) No person shall put out for public play any device for the dispensing of pull tabs which is not so constructed as to provide for at least one selection position for every 400 pull tabs originally in the series in play in the machine.

The following schedule shall be followed in the enforcement of this subsection:

MINIMUM NUMBER OF TABS FROM WHICH SELECTION MUST BE AVAILABLE	THE NUMBER OF TABS ORIGINALLY IN SERIES OF PLAY
1	1 - 400
2	401 - 800
3	801 - 1200
4	1201 - 1600
5	1601 - 2000
6	2001 - 2400
7	2401 - 2800
8	2801 - 3200
9	3201 - 3600
10	3601 - 4000

(9) No person shall sell or transfer to another person in this state, or for use within this state, or put out for

public play, any pull tab series which contains more than 4000 individual pull tabs. [Statutory Authority: RCW 9.46.030 (2) and (3) and 9.46.070 (11) and (14). 83-19-024 (Order 136), § 230-30-080, filed 9/13/83. Statutory Authority: RCW 9.46.070(14). 81-19-073 (Order 112), § 230-30-080, filed 9/15/81. Statutory Authority: RCW 9.46.070(10). 79-07-019 (Order 90), § 230-30-080, filed 6/14/79; Order 55, § 230-30-080, filed 6/25/76; Order 43, § 230-30-080, filed 11/28/75; Order 15, § 230-30-080, filed 4/17/74; Order 9, § 230-30-080, filed 12/19/73, 1:26 p.m.; Order 5, § 230-30-080, filed 12/19/73, 1:25 p.m.]

**WAC 230-30-090 All devices must comply with rules.** No operator shall display or put out for play, and no distributor or manufacturer or their representatives shall sell or otherwise furnish, any punchboard, series of pull tabs, or device for the dispensing of pull tabs unless such punchboards, pull tabs or devices for the dispensing of pull tabs conform to all requirements of this state's laws and the rules of this commission, as they now exist or are hereafter amended. [Order 18, § 230-30-090, filed 5/21/74.]

**WAC 230-30-095 Pull tab dispensing devices to be submitted to commission for approval prior to sale.** No pull tab dispensing device shall be put out for public play, or sold or otherwise furnished to any person in this state, or for use within this state, after August 1, 1976 unless and until an identical prototype of that device has first been presented to the commission by its manufacturer and has been approved by the commission for use within this state.

Prototypes, or examples, of such devices shall be presented at the commission's office for staff review, together with an application for commission approval on a form obtained from the commission, not less than 60 calendar days prior to the date by which a commission decision is desired.

The commission shall retain the device actually submitted for approval, or a later production model thereof, at the discretion of the director or the commission. Approval, if granted, shall extend only to the specific device approved and devices exactly like it. If the device is modified in any way, excepting only in color and other like superficial appearance features, it must be resubmitted for commission approval of such modifications and shall be treated in all respects under this rule as if it were a new and different device.

The traditional single spindle device, and the clear glass or plastic traditional fishbowl device, for the dispensing of pull tabs are hereby approved and these devices need not be submitted to the commission for further approval notwithstanding the above provisions of this rule. [Order 55, § 230-30-095, filed 6/25/76; Order 45, § 230-30-095, filed 12/30/75.]

**WAC 230-30-100 Punchboard and pull tab device to display name of its licensed manufacturer.** (1) No operator shall put out for play, and no distributor or manufacturer shall sell or otherwise furnish, any

punchboard, series of pull tabs or device for the dispensing of pull tabs unless each such board, series, or device shall have conspicuously set forth thereon a stamp, seal or label which identifies its manufacturer and the city and state of its manufacturer.

(2) Any coin-operated pull tab dispensing device manufactured or sold in this state, or for use in this state, and initially placed out for play on or after August 1, 1976, shall have the manufacturer's name, the city and state of its manufacturer, and the manufacturer's serial number for that device stamped or embossed into its case. The manufacturer shall keep a permanent record describing each such device sold, identifying the purchaser and setting out that serial number.

The manufacturer's serial number shall be set out on the sales invoice each time the device is sold or transferred.

(3) Each individual pull tab shall have conspicuously set forth thereon the name of the manufacturer or label or trademark which identifies its manufacturer. The label or trademark must be filed with the commission prior to the printing of the pull tab.

(4) No operator shall put out for play and no distributor shall sell or otherwise furnish, any punchboard, series of pull tabs or coin operated device for the dispensing of pull tabs, unless the manufacturer of punchboards, series of pull tabs or coin operated device for the dispensing of pull tabs, identified on such device, has been licensed by the commission. [Statutory Authority: RCW 9.46.070(13), 79-07-019 (Order 90), § 230-30-100, filed 6/14/79; Order 55, § 230-30-100, filed 6/25/76; Order 43, § 230-30-100, filed 11/28/75; Order 27, § 230-30-100, filed 11/15/74; Order 23, § 230-30-100, filed 9/23/74; Order 18, § 230-30-100, filed 5/21/74; Order 12, § 230-30-100, filed 2/14/74.]

✓ **WAC 230-30-102 Pull tab series assembly and packaging.** (1) Manufacturers of pull tabs shall manufacture, assemble, and package each pull tab series in such a manner that none of the winning pull tabs, nor the location or approximate location of any of the winning pull tabs can be determined, in advance of opening the pull tabs in any manner or by any device, including but not limited to any pattern in manufacture, assembly, packaging, markings, or by the use of a light.

(2) Winning pull tabs shall be evenly distributed and mixed among all other pull tabs in the series. The series shall be assembled and packaged with special care so as to eliminate any pattern as between series, or portions of series, from which the location or approximate location of any of the winning tabs may be determined.

(3) When the series is packaged in more than one package, box or other container, the entire series of individual pull tabs shall be mixed in such a manner that no person can determine the position or approximate location of any of the winning pull tabs or determine whether any one package or portion of a series contains a larger or smaller percentage of winning pull tabs than the balance of the series. The packages, boxes or other containers shall not be numbered as to distinguish one from the other. Each series of pull tabs shall contain a

packing slip placed inside the package containing the name of manufacturer, series number, date the series was packaged, and the name or identification of the person who packaged the series: *Provided*, That this information may be printed on the back of the flare or the outside of at least one of the packages, boxes or containers in which the pull tabs are packed. [Statutory Authority: RCW 9.46.070 (8), (11) and (14), 85-03-024 (Order 142), § 230-30-102, filed 1/9/85; Order 78, § 230-30-102, filed 11/17/77; Order 43, § 230-30-102, filed 11/28/75.]

✓ **WAC 230-30-103 Standards for construction of pull tabs.** (1) Pull tabs shall be constructed so that it is impossible to determine the covered or concealed number, symbol, set of symbols, or game protection on the pull tab until it has been dispensed to and opened by the player, by any method or device, including but not limited to, the use of a marking, variance in size, variance in paper fiber, or light.

(2) All pull tabs, except banded and latex covered pull tabs, will be constructed using a two or three ply paper stock construction.

(3) The manufacturer shall conspicuously print on the face or cover sheet the series number and the name of the manufacturer or label or trademark identifying the manufacturer. On banded pull tabs, the series number and the name of the manufacturer or label or trademark identifying the manufacturer shall be printed so both are readily visible prior to opening the pull tab.

(4) The cover sheet shall be color coded when individual series numbers are repeated and may show the consumer how to open the pull tab to determine the symbols or numbers. The cover sheet will contain perforated and/or clean-cut openings centered over the symbols or numbers on the back of the face sheet in such a manner as to allow easy opening by the consumer after purchase of the pull tabs, while at the same time, not permitting pull tabs to be opened prematurely in normal handling. Perforation should exist on both horizontal lines of the opening with either perforated or clean-cut on the vertical or elliptical line where the tab must be grasped for opening after bending the edge of ticket down. On latex covered pull tabs, either the face or back of the pull tab shall be color coded when individual series numbers are repeated and may show the consumer how to remove the latex to determine the symbols or numbers. On banded pull tabs, the paper stock shall be color coded when individual series numbers are repeated.

(5) Pull tabs will be glued or sealed so that it is impossible to determine the covered or concealed numbers, symbol or set of symbols on the pull tab until it has been dispensed to and opened by the player.

(6) Thickness.

(a) Vendable pull tabs. Defined as pull tabs that are sold out of mechanical pull tab dispensing devices approved for such use in this state by the Washington state gambling commission.

(i) Single opening and double sided tabs. The overall bulk thickness of the pull tab shall be .045 inches plus or minus .003 inches.

(ii) Multiple opening tabs. The overall bulk thickness of the pull tab shall be .026 inches plus or minus .002 inches.

(b) Nonvendable pull tabs. Defined as pull tabs that cannot be sold out of mechanical pull tab dispensing devices approved for use in this state by the Washington state gambling commission. Nonvendable pull tabs may be dispensed from fishbowls, receptacles, packing boxes or spindles. Manufacturers may use any thickness, provided they comply with all other rules of the commission.

(c) All pull tabs within a single pull tab series shall be of the same thickness.

(7) Length and width.

(a) Vendable pull tabs

(i) Single opening and double sided tabs shall be  $1 \frac{7}{8}$  inches  $\times$  1 inch plus or minus  $\frac{1}{8}$  inch.

(ii) Multiple opening tabs shall be  $3 \frac{1}{2}$  inches by  $1 \frac{7}{8}$  inches plus or minus  $\frac{1}{8}$  inch.

(b) Nonvendable pull tabs - manufacturers may construct nonvendable pull tabs in any size provided the pull tab complies with all other rules of the commission.

(c) All pull tabs within a single pull tab series shall be uniform in length or width and not vary by more than  $\frac{3}{64}$  inch, provided that in no case shall winning pull tabs be identifiable by visible variation in dimension.

(8) All pull tabs will be constructed to insure that, when offered for sale to the public, the pull tab is virtually opaque and free of security defects wherein winning pull tabs cannot be determined prior to being opened through the use of high intensity lights or any other method.

(9) Each manufacturer shall establish his own game protection for each pull tab game or series of games. The game protection shall be a method of identifying winning pull tabs, after they have been purchased and opened, from nonwinning, altered or forged pull tabs. The manufacturer may use special numbers, colors, designs, ink or any combination to establish the game protection. Manufacturers will submit to the gambling commission a letter explaining the game protection and will keep the commission informed on any changes. Spindle-type pull tab series when played in the manner set out in WAC 230-30-070(8) are exempt from this requirement. [Statutory Authority: Chapter 9.46 RCW. 87-15-052 (Order 169), § 230-30-103, filed 7/14/87. Statutory Authority: RCW 9.46.070 (1), (2), and (11) and 9.46.110. 85-21-046 (Order 154), § 230-30-103, filed 10/14/85. Statutory Authority: RCW 9.46.070 (5), (7), (8), (9), (11), (14) and (19). 84-13-038 (Order 140), § 230-30-103, filed 6/15/84; Order 78, § 230-30-103, filed 11/17/77; Order 43, § 230-30-103, filed 11/28/75.]

✓ WAC 230-30-104 Possession or sale of pull tab series in which winners or location of winners may be determined in advance--Prohibited. (1) No operator, distributor or manufacturer, or representative thereof, with knowledge or in circumstances whereunder he reasonably should have known, shall possess, display, put

out for play, sell or otherwise furnish to any person any pull tab series or pull tab from any series:

(a) In which the winning tabs have not been evenly distributed and mixed among all other tabs in the series; or

(b) In which the location, or approximate location, of any of the winning tabs can be determined in advance of opening the tabs in any manner or by any device, including but not limited to, any pattern in the manufacture, assembly or packaging of the tabs by the manufacturer, by any markings on the tabs or container, or by the use of a light; or

(c) Which does not conform in any other respect to the requirements of these rules as to manufacture, assembly, or packaging of pull tabs.

(2) No manufacturer or distributor or representative thereof shall use as a sales promotion any statement, demonstration, or implication that any certain portion of a series of pull tabs contains more winners than other portions of the series or that any series of pull tabs may be sold by the operator in a particular manner that would give the operator any advantage in selling more of the pull tabs before having to pay out winners. [Statutory Authority: RCW 9.46.070 (8), (11) and (14). 85-03-024 (Order 142), § 230-30-104, filed 1/9/85; Order 78, § 230-30-104, filed 11/17/77.]

WAC 230-30-105 Only one flare may be used with a punchboard or pull tab series. No person shall place or have out in public view more than one flare advertising the prizes available from the operation of any punchboard, or from any series of pull tabs. [Order 43, § 230-30-105, filed 11/28/75.]

✓ WAC 230-30-106 Standards for flares, made by manufacturers; distributors; operators. (1) Except as set forth in paragraph (2) below, the flare advertising prizes available from the operation of any punchboard, or any series of pull tabs shall be made by the manufacturer only, winning numbers or symbols shall not be altered by any operator or distributor, and shall:

(a) Be placed only upon the upper face, or on the top, of any such punchboard or any device used to dispense the pull tabs; and

(b) Clearly set out each of the prizes available and the number or symbol which wins prizes; and

(c) Set out the winning numbers or symbols for prizes of five dollars or more in cash, or merchandise worth five dollars or more at retail, in such a manner that each may be easily and clearly deleted or marked off as each prize is won and awarded. For the purposes of this subsection the retail value of a merchandise prize shall be the amount actually paid therefore by the licensed operator plus 50 percent of that actual cost.

(2) Distributors and operators that make merchandise packages and merchandise-cash combination packages may make and use substitute flares in accordance with WAC 230-30-015 as long as the following conditions are satisfied:

(a) The substitute flare complies with the requirements of 1(a), (b), and (c) of this section;

(b) The winning numbers or symbols on the substitute flare are selected from the winning numbers or symbols on the flare made by the manufacturer, or from the optional numbers placed on the back of the board by the manufacturer; and

(c) The substitute flare is stapled to the manufacturer's flare.

(3) Spindle-type pull tab series when played in the manner set out in WAC 230-30-070(8) are exempt from this section. [Statutory Authority: RCW 9.46.070 (11) and (14). 87-24-016 (Order 173), § 230-30-106, filed 11/23/87. Statutory Authority: RCW 9.46.070(10). 79-09-029 (Order 91), § 230-30-106, filed 8/14/79; Order 43, § 230-30-106, filed 11/28/75.]

**WAC 230-30-110 Possession of duplicate numbered-color coded pull tab series prohibited.** (A) Each manufacturer of pull tabs shall assign a series number to each series of pull tabs he manufactures and place that series number on each pull tab in that series. A manufacturer may, in addition, assign a color trim to that series and if so, each pull tab in the series shall also reflect that color trim.

No manufacturer, manufacturer's representative, distributor or distributor's representative shall sell or furnish to any operator a series of pull tabs with the same series number and color code combination as a series which that operator has previously purchased or obtained but upon which play has not been completed.

(B) No person licensed as an operator of punchboards or pull tabs shall ever obtain or possess, or shall ever allow upon the licensed premises, a series of pull tabs, or portion thereof, with the same series number, or series number or color code combination, as any other series of pull tabs or portion thereof in his possession, or on the licensed premises: *Provided*, That this rule shall not prevent a person from retaining upon the licensed premises pull tabs remaining from series removed from play for the purposes of complying with federal or state law or regulation if that person

(1) Has punched a hole through each such pull tab removed and retained with a standard hole punch not less than 1/8" in diameter immediately upon removal of the pull tabs from play, and

(2) Made a written record of the series number, color code if any, and the number of tabs remaining in that series, immediately upon removing that series from play, and

(3) The written record so made is maintained upon the licensed premises for a period of not less than three years after the series is removed. [Order 27, § 230-30-110, filed 11/15/74.]

**WAC 230-30-130 Flare to display pull tab series number.** Each flare describing the prizes and winning numbers or symbols for a series of pull tabs in play shall clearly set out the series number assigned to that pull tab series by the manufacturer. The series number will be placed upon the flare by the manufacturer prior to the series being sold to a distributor or operator. [Order

48, § 230-30-130, filed 3/23/76; Order 23, § 230-30-130, filed 9/23/74.]

**WAC 230-30-200 Punchboard and pull tab business restrictions.** (1) No operator shall buy, receive or otherwise obtain, nor shall any manufacturer or distributor, or anyone connected therewith, sell or deliver any punchboard, pull tab, pull tab dispensing device or related equipment, or merchandise for prizes to be awarded in connection with such activities, to any operator, except a cash [the] basis nor shall any operator permit any manufacturer or distributor or anyone connected therewith, to acquire any interest, including a security interest, in any such equipment or merchandise. A cash basis shall consist of payment in full, either by cash or by check, with payment made to the seller by the operator upon, or prior to, actual physical delivery of the merchandise to the operator: *Provided*, That when a check is used for payment to constitute a cash basis payment it shall be presented for payment into the banking system by the end of the tenth calendar day following the day the check is written. If an operator can demonstrate by a preponderance of evidence that it has properly made a payment by check, as required by this section, then it will not be held liable for a violation of this rule if the violation is caused solely by the failure of the manufacturer or distributor to deposit the check into the banking system in a timely fashion.

(2) No operator shall accept a loan of money or any thing of value from any manufacturer or distributor, or from anyone connected therewith. [Statutory Authority: RCW 9.46.070(13). 81-13-033 (Order 110), § 230-30-200, filed 6/15/81; Order 18, § 230-30-200, filed 5/21/74; Order 5, § 230-30-200, filed 12/19/73.]

Reviser's note: Permanent Order 30, filed by the Washington state gambling commission in the office of the code reviser on January 23, 1975, set an effective date of April 1, 1975, on the following section included in this chapter:

WAC 230-30-200 as a repealed section.

Emergency Order 34, filed April 1, 1975, deferred the effective date of Permanent Order 30, from April 1, 1975, to June 27, 1975.

Permanent Order 36, filed May 9, 1975, voided Orders 30 and 34 before the designated effective date of June 27, 1975, thereby returning the section to its former status as filed May 21, 1974. See later promulgation of this section by Order 110, filed June 15, 1981.

Reviser's note: RCW 34.04.058 requires the use of underlining and deletion marks to indicate amendments to existing rules, and deems ineffectual changes not filed by the agency in this manner. The bracketed material in the above section does not appear to conform to the statutory requirement.

**WAC 230-30-210 Buying from and selling to only licensees required.** No manufacturer, distributor or distributor's representative, shall sell or otherwise make available to any person any punchboards, pull tabs, pull tab dispensing devices or related equipment in this state unless it has first determined that such person has a valid license issued by the commission to sell or otherwise distribute such equipment within this state, or to operate such activity on a particular premise within this state.

No operator, distributor or distributor's representative, shall purchase or otherwise obtain from any person any punchboard, pull tab, device for the dispensing of

pull tabs or related equipment in this state until it has first determined that the person selling or otherwise offering such equipment has a valid license issued by the commission to sell the equipment in this state or has been registered with the commission as required. [Order 5, § 230-30-210, filed 12/19/73.]

**WAC 230-30-212 Punchboards, pull tabs and related equipment may be sold with sale of business.** Notwithstanding any other provision in these rules, a licensed operator who is selling the retail business in connection with which he is operating punchboards, pull tabs and pull tab dispensing devices may transfer such of those items as he has on hand to the buyer as a part of the transaction, provided:

(1) The buyer has been licensed by the commission to operate punchboards and pull tabs or has applied to the commission for such a license.

(2) Each such item sold together with the business is reported to the commission in writing by the seller. This report shall include a complete description of each item sold together with the number of the commission's stamp assigned to each item, and the number assigned by the manufacturer to each board, series of pull tabs or device. [Order 23, § 230-30-212, filed 9/23/74.]

**WAC 230-30-213 Sale of punchboards, pull tabs and pull tab dispensing devices when license revoked, expired or voluntarily surrendered.** (1) Notwithstanding any other provisions in these rules, a licensed operator or distributor of punchboards and pull tabs whose license has been revoked, expired or voluntarily surrendered may sell complete pull tab series, pull tab dispensing devices and unused punchboards in inventory to a licensed distributor or a licensed manufacturer of those devices: *Provided*, That the seller notifies the commission within ten days of the transaction in writing of the following

(a) The date the license is revoked, expired or surrendered,

(b) A complete description of the items to be sold including commission identification stamp number,

(c) The name and license number of the distributor or manufacturer who will buy the equipment.

(2) Licensed distributors and manufacturers of punchboards and pull tabs may buy complete pull tab series, pull tab dispensing devices and unused punchboards from a licensed operator whose license has been revoked, expired or surrendered: *Provided*, That:

(a) The transaction is for cash only,

(b) The licensed operator has furnished the written notification to the commission of the transaction required above.

(3) The distributor or manufacturer will prepare an invoice for the transaction with a complete description of all equipment purchased together with the commission stamp number on each item. A copy of the notice given to the commission by the operator will be attached to the invoice. The records of these transactions shall be

retained by each party for not less than three years following the transaction, unless released by the commission from this requirement as to any particular record. [Order 33, § 230-30-213, filed 2/21/75.]

**WAC 230-30-215 Trade-in of used pull tab dispensing devices permitted provided ce, in records are maintained.** "Trade-in" of pull tab dispensing devices by an operator is prohibited, except when all of the following conditions are satisfied:

(1) The trade-in is accomplished in connection with, and as a part of, an occasional transaction wherein a licensed operator is purchasing other pull tab dispensing devices from a licensed distributor or manufacturer.

(2) The portion of the purchase price of the devices purchased by the operator to be deducted as a credit for the devices traded in is the fair market price of such trade-in items, taking into account their age, condition and functional obsolescence. The trade-in credit shall be for value received and shall not be used by the distributor or manufacturer to grant a discount in the price of the devices sold to the operator when such discount is not available to all other customers of the distributor or manufacturer.

(3) A record shall be kept of each transaction by all parties to it which includes:

(a) A complete description of each device sold to the operator, its sales price and the identifying number of the device set out on the stamp affixed thereto by the commission.

(b) A complete description of each device traded in to the distributor or manufacturer, the amount of money deducted from the sales price of the items purchased by the operator as a result of the device being traded in, and the identifying number of the device set out on the stamp affixed thereto issued by the commission. These records shall be in addition to those elsewhere required. The records of these transactions shall be retained by each party for not less than three years following the transaction. [Order 15, § 230-30-215, filed 4/17/74.]

**WAC 230-30-220 Interest in separate business involving punchboards and pull tabs at a different marketing level prohibited.** No manufacturer, distributor or operator of punchboards, pull tabs, pull tab dispensing devices or related equipment shall:

(1) Have any interest, directly or indirectly, in any other of these businesses operating in whole or in part at a different marketing level;

(2) Allow any of its officers, or any other person with a substantial interest in such business, to have any interest in any other of these businesses operating in whole or in part at a different marketing level;

(3) Shall employ any person in any capacity or allow any person to represent the business in any way if such person is also employed by, or represents any other of these businesses operating in whole or in part at a different marketing level;

(4) Shall allow any other of these businesses operating in whole or in part at a different marketing level, or any

person with a substantial interest therein to have any interest directly or indirectly, in it;

(5) Have any interest, directly or indirectly, in any business of any kind in which any other of these businesses operating in whole or in part at a different marketing level, or any person having a substantial interest therein, also has a substantial interest;

(6) Allow any other business of any kind in which any other of these businesses, or any person having a substantial interest therein, to have any interest, directly or indirectly, in it;

(7) For the purposes of this rule, the different marketing levels shall be:

- (a) Operator;
- (b) Distributor;
- (c) Manufacturer;

(8) This rule shall not prohibit the same person licensed and operating as a manufacturer from being also licensed and operating as a distributor. [Order 18, § 230-30-220, filed 5/21/74; Order 5, § 230-30-220, filed 12/19/73.]

**WAC 230-30-300 Recall of defective punchboards, pull tabs or pull tab dispensing devices.** (1) Upon a determination that punchboards, pull tabs or pull tab dispensing devices for sale in Washington do not meet commission standards, the director may order all defective products and all similarly constructed or printed products be recalled by the manufacturer(s).

(2) If the director orders such a recall, the manufacturer of the product shall be immediately notified regarding the items to be recalled, reason for the recall, effective date of the recall, and any other specific requirements. The verbal notification shall be followed with a written notification. Immediately upon the oral notification, manufacturers shall cease sale in the state and initiate actions to ensure complete compliance with the recall. Manufacturers will notify all distributors within 72 hours of the items recalled, effective date of recall, and arrange for the prompt return of the defective items. Distributors, when notified in writing by either manufacturer or commission of the recall, shall immediately stop sales and/or delivery of the product.

(3) The commission shall notify, in writing, each licensed distributor of gambling paraphernalia of the recall, effective dates thereof, the products involved, and of any special instructions if applicable. Within 72 hours, the distributor shall notify the Commission of the name and addresses of operators who have purchased the recalled item(s) during the last 30 days.

(4) When the distributors have provided the names of the operators, the commission shall then notify, in writing, each affected licensed operator as to the items recalled, effective date and special instructions, if applicable. Operators shall not utilize any defective punchboards, pull tabs or pull tab dispensing devices after receiving written notification from the commission.

(5) Prior to any reintroduction in the state of any recalled or similar item, the manufacturer must first submit the revised or reworked item to the commission for review, evaluation and approval. The manufacturer will

be notified in writing, of the approval or disapproval and a copy of the approving letter will be sent by the manufacturer to the distributor with the next five shipments of the reworked item. [Statutory Authority: RCW 9.46-.070 (8), (11) and (14). 88-07-059 (Order 175), § 230-30-300, filed 3/15/88.]

**WAC 230-30-500 Rules applicable to operators of punchboards and pull tabs applicable as well to operators of either activity.** Each rule of the commission which applies to operators of both punchboards and pull tabs shall apply as well to operators of either one of these activities. [Order 25, § 230-30-500, filed 10/23/74.]

"Operator" means  
licensed organization;  
whether as the entity  
or commercial stimulant.

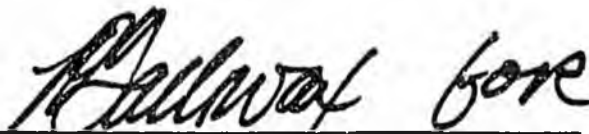
ORDER ADOPTING, AMENDING, AND REPEALING REGULATIONS OF THE  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

The attached 14 pages of regulations dealing with gaming on the air waves, operator licensing and security, limitations on pull-tab sales, expenses, revocation of a permit or license, prohibited financial interest, contests of skill, definitions, and deletion of old Department of Revenue regulations are hereby certified to be correct copies of the regulations which the Department of Commerce and Economic Development amends, repeals, and adopts under authority of AS 05.15.060, AS 05.15.130, AS 05.15.160, and Chapter 33, SLA 1990, and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and AS 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

This order takes effect on the 30th day after it has been filed by the Lieutenant Governor as provided in AS 44.62.180.

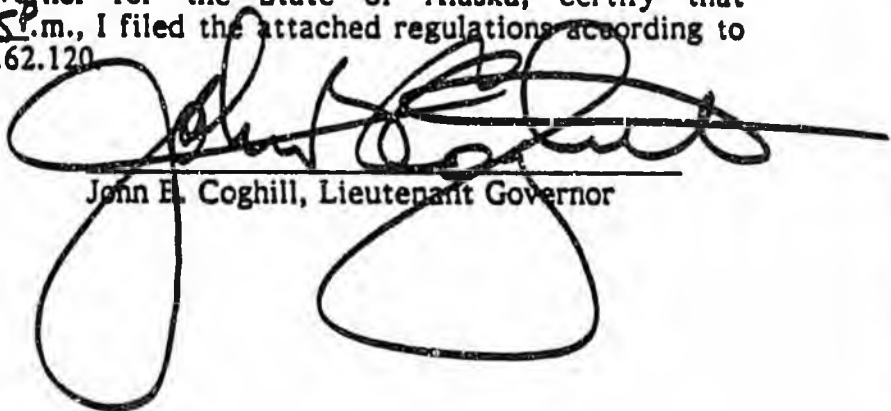
DATE: December 31, 1991  
Juneau, Alaska



Glenn A. Olds, Commissioner  
Department of Commerce and  
Economic Development

FILING CERTIFICATION

I, John B. Coghill, Lieutenant Governor for the State of Alaska, certify that on JAN 6, 1991, at 2:35 p.m., I filed the attached regulations according to the provisions of AS 44.62.040 - AS 44.62.120.



John B. Coghill, Lieutenant Governor

Effective: Feb. 5, 1992 )

Register: 121, April 1992 )

JNH/kp/val5048V

(Words underlined indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted. New sections do not use underlining or bracketing.)

(Publisher: Please renumber the existing articles to read:

Article 1, Operators, to ARTICLE 2, OPERATORS;  
Article 2, Pull-tab Manufacturing and Distribution, to  
ARTICLE 3, PULL-TAB MANUFACTURING AND DISTRIBUTION;  
Article 3, Pull-tab Games, to ARTICLE 4, PULL-TAB GAMES;  
Article 4, Bingo Games, to ARTICLE 5, BINGO GAMES; and  
Article 5, General Provisions, to ARTICLE 9, GENERAL  
PROVISIONS)

12 AAC 34 is amended by adding a new article to read:

ARTICLE 1.  
PERMITS AND PERMITTEES

12 AAC 34.100. CONDUCT OF GAMING ON THE AIRWAVES. In accordance with ch. 33, SLA 1990, a game of chance and skill authorized under AS 05.15.100(a) may be conducted on the airwaves by a noncommercial broadcasting station or network of stations, only if the station or network

(1) conducts the game under a permit issued to the station or network under AS 05.15.100(a); and

(2) has not contracted with an operator for the conduct of the game being played on the airwaves. (Eff. 2/5/92, Register 121)

Authority: Sec. 2, ch. 33, SLA 1990  
AS 05.15.060  
AS 05.15.130

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.210. OPERATOR APPLICATION REQUIREMENTS. (a) An applicant for an operator license shall submit

(1) an original application on a form provided by the department;

(2) a nonrefundable license fee required by AS 05.15.122;

(3) a bond or security satisfactory to the department as required by AS 05.15.122(b)(5); and

(4) proof of liability insurance that is issued in the name of the operator for each location in which the operator is conducting gaming activity.

(b) The department will, in its discretion, accept lienable real property located in Alaska as security required for an operator license under AS 05.15.167.

(c) Except when the applicant is a municipality, two copies of the application must be submitted to the city or borough nearest the proposed gaming activity for consideration by the local government unit.

(d) Except as provided in (b) of this section, in AS 05.15.122(b)(5) and in this section, a "bond or security satisfactory to the department" means that the bond or security

(1) meets the requirements of AS 05.15.167;

(2) will be in effect for a term of two years after the date the operator license is issued; and

(3) if a certificate of deposit, is in the name of the State of Alaska in trust for the applicant and accompanied by a completed assignment of negotiable instrument form provided by the department.

(e) An applicant shall retain a copy of the application in its permanent records. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.122  
AS 05.15.124  
AS 05.15.165  
AS 05.15.167

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.375. PAYMENT FOR PULL-TABS. Within 30 days after the actual delivery of a pull-tab series or game to a permittee or operator, the permittee or operator shall pay to the distributor the full purchase price, by check made payable to the distributor. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060

12 AAC 34.400(b) is amended to read:

12 AAC 34.400. LIMITATIONS ON PULL-TAB SALES. (a) In accordance with AS 05.15.187, a pull-tab may be sold only if

(1) all pull-tabs in the series being played have the same series number;

(2) the entire pull-tab series is available for play at only one location;

(3) a pull-tab series contains the entire prize structure for that series.

(b) A pull-tab game may not be sold in this state if

(1) the prize structure for that game is spread across more than one pull-tab series within that game; or

(2) a single prize in that pull-tab game exceeds \$500. (Eff. 6/3/90, Register 114; am 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.187  
AS 05.15.210

12 AAC 34 is amended by adding a new section to Article 4 to read:

12 AAC 34.410. PULL-TAB PARTICIPATION. (a) A person may not participate as a player in a pull-tab series from which that person, or a direct relative of the person, sold a pull-tab.

(b) A person may not sell a pull-tab to a drunken person as defined in AS 04.21.080(b)(8). (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060

12 AAC 34 is amended by adding a new section to Article 4 to read:

12 AAC 34.420. WITHDRAWAL OF PULL-TAB SERIES. (a) Except as provided in AS 05.15.187(d) and (b) of this section, a pull-tab series opened for play may not be withdrawn from play unless all pull-tabs in that series are sold.

(b) A pull-tab series opened for play may be withdrawn from play for the following reasons and under the following conditions:

(1) the permittee's prize award limitation, as identified in 12 AAC 34.900, has been reached for the calendar year; if the permittee is authorized to conduct pull-tab activities for the next calendar year, play of the withdrawn pull-tab series must be resumed when the new permit is received or at the beginning of the new calendar year, whichever is later;

(2) an operator temporarily discontinues the use of a permit to allow for the use of another permit; if the operator resumes use of the first permit, the withdrawn pull-tab series must be returned to play immediately;

(3) a permittee discontinues employment of an operator; immediately following the date on which the permittee discontinues employment with the operator the operator shall inventory the pull-tab series and return it, with the state identification stamps, to the authorizing permittee if the permittee or the permittee's new operator resumes pull-tab activities, the withdrawn pull-tab series must be returned to play immediately;

(4) pull-tabs are lost, stolen, or damaged as a result of a natural disaster, including fire or flood, as long as such circumstances are documented in writing and submitted to the department within 10 days after the incident;

(5) a permittee discontinues conducting all pull-tab activities; all pull-tabs open for play still in the possession of the permittee shall be withdrawn and returned to the department immediately for destruction;

(6) the permit under which the pull-tab series is being sold is suspended, revoked, not renewed by the permittee, or renewal is denied by the department; all pull-tabs open for play still in the possession of the permittee shall be withdrawn and returned to the department immediately for destruction unless otherwise directed by the department;

(7) the department has approved the withdrawal in response to a written request from the permittee; all pull-tabs must be handled according to the specific instructions of the department. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.180  
AS 05.15.187

12 AAC 34 is amended by reserving a new article as follows:

ARTICLE 6.  
RAFFLES, MONTE CARLO, AND OTHER GAMES  
(RESERVED)

12 AAC 34 is amended by adding a new article to read:

ARTICLE 7.  
ACCOUNTING AND RECORDKEEPING

12 AAC 34.700. MAXIMUM ALLOWABLE DEDUCTIONS FOR AUTHORIZED EXPENSES. (a) The total amount of authorized expenses that may be deducted for advertising under 15 AAC 105.220(b)(3) may not exceed five percent of the adjusted gross income for that gaming activity.

(b) The total amount of authorized expenses under AS 05.15.160 that may be paid or incurred by a permittee in connection with a pull-tab activity may not exceed 60 percent of the adjusted gross income from that pull-tab activity. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060

12 AAC 34 is amended by adding a new article to read:

ARTICLE 8.  
SUSPENSION AND REVOCATION OF LICENSE OR PERMIT.

12 AAC 34.800. DENIAL, SUSPENSION, OR REVOCATION OF A PERMIT OR LICENSE. The department will, in its discretion, deny, suspend, or revoke a permit or license if the applicant, permittee, or licensee

- (1) makes a false statement or reports false information on an application for a permit or license or on a report required under AS 05.15, 15 AAC 105, or this chapter;
- (2) fails to provide the information, documentation, or fees required as a part of the application or reporting process;
- (3) fails to meet the necessary qualifications for a permit or license;
- (4) fails to pay a tax, fee, penalty, or interest payment due to the department or an authorizing permittee;
- (5) alters or allows to be altered a permit or license issued by the department;
- (6) allows the use of a permit or license by another person, except when a permittee contracts with a licensed operator;
- (7) violates, or allows an employee to violate, any provision of AS 05.15, 15 AAC 105, or this chapter;
- (8) fails to timely file a report or supplemental information required by AS 05.15, 15 AAC 105, or this chapter;
- (9) fails to make and retain sufficient books or records to substantiate a report required under AS 05.15, 15 AAC 105, or this chapter;
- (10) fails to provide any information or documentation requested by an authorizing permittee, the department, or the department's representative necessary to substantiate a report required under AS 05.15, 15 AAC 105, or this chapter;
- (11) fails to remit the pull-tab tax to the pull-tab distributor when the pull-tabs are distributed;
- (12) fails to pay the permittee the minimum return required by AS 05.15.128;
- (13) is found to have a prohibited financial interest in a gaming activity;
- (14) allows an employee or any other person to be responsible for the conduct of gaming activities who has
  - (A) within the preceding five years, been convicted of, in prison for, or on parole for a felony;
  - (B) been convicted of a crime involving theft or dishonesty or of a violation of any municipal, state, or federal gambling law; or
  - (C) a prohibited financial interest in the operation of the activity;
- (15) uses, or allows the use of, net proceeds derived from gaming activities for purposes other than that allowed under AS 05.15, 15 AAC 105, or this chapter;
- (16) deceives or defrauds any person;
- (17) fails to cooperate with the department's representatives by
  - (A) denying access to a site where gaming activities are being conducted; or

(B) failing to promptly produce for inspection or audit a book, record, or document required by statute or regulation; or

(18) uses someone other than a licensed operator, an employee as defined in 12 AAC 34.200(b), or a volunteer as provided for in 12 AAC 34.920, to conduct gaming activity on behalf of the permittee or operator. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.030  
AS 05.15.040  
AS 05.15.050  
AS 05.15.060  
AS 05.15.122  
AS 05.15.128  
AS 05.15.140  
AS 05.15.170

12 AAC 34.810. PROHIBITED FINANCIAL INTEREST. (a) A permittee or licensee may not have a prohibited financial interest in a gaming activity, as described in this section, and may not employ, contract with, or allow a person to participate in activities authorized by AS 05.15 who has a prohibited financial interest in a gaming activity.

(b) A permittee, licensee, or person participating in a gaming activity has a prohibited financial interest if that permittee, licensee, or person, or a direct relative of a permittee, licensee, or person

(1) participates in the operation of a gaming activity while also receiving compensation for the use of equipment or facilities used to conduct that gaming activity, unless licensed as an operator;

(2) conducts a gaming activity while at the same time selling bingo equipment, pull-tabs, tickets, or supplies in connection with that gaming activity at a price that is higher than the normal retail price offered to all other customers.

(c) In addition to the prohibited financial interests described in (b) of this section, an operator has a prohibited financial interest in a gaming activity if the operator

(1) is licensed in this state as a pull-tab distributor or pull-tab manufacturer;

(2) is an officer, director, or manager of a corporation, business, or organization that is licensed in this state as a pull-tab distributor or pull-tab manufacturer;

(3) owns or controls more than 10 percent of the assets or stock of a corporation, business, or organization that is licensed in this state as a pull-tab distributor or pull-tab manufacturer; or

(4) accepts a loan of money, or of anything of value, from a manufacturer, distributor, or anyone connected with a gaming activity.

(d) In addition to the prohibited financial interests described in (b) of this section, a permittee has a prohibited financial interest in a gaming activity if the permittee accepts a loan of money, or of anything else of value, from a manufacturer, distributor, or anyone connected with a gaming activity. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.140

12 AAC 34 is amended by adding a new section to read:  
12 AAC 34.980. CONTESTS OF SKILL DEFINITIONS. In  
AS 05.15.210(7)

(1) "marksmanship" includes contests of skill based on rifle, pistol, or archery matches, and other similar events approved by the department in which awards are given;

(2) "races" includes any test or race of physical endurance or skill performed by the individual contestants;

(3) "other athletic events" are physical events that include generally recognized track and field events based on personal physical ability or skill. (Eff. 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.100  
AS 05.15.210

12 AAC 34.990 is amended by adding new sections to read:

(4) "direct relative" means a spouse, child, parent, or any person related, up to and including the third degree consanguinity to the person or the person's spouse;

(5) "licensee" means a person, municipality or entity that has a current license as an operator, pull-tab distributor, or pull-tab manufacturer from the department. (Eff. 6/3/90, Register 114; am 2/5/92, Register 121)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.210

(EDITOR'S NOTE: The Department of Law is requested to delete the following regulations:

- 15 AAC 105.160. CONTESTS OF SKILL. Deleted 2/5/92.
- 15 AAC 105.320. OPERATOR LICENSE AND BOND. Deleted 2/5/92.
- 15 AAC 105.325. MINIMUM RETURN TO PERMITTEE. Deleted 2/5/92.
- 15 AAC 105.335. PULL-TAB TAX. Deleted 2/5/92.
- 15 AAC 105.190(a) is deleted

(a) Deleted 2/5/92.  
(Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am  
9/17/86, Register 99; am 10/1/88, Register 107; am 1/21/89,  
Register 109

Authority: AS 05.15.060  
AS 05.15.083  
AS 05.15.087  
AS 05.15.122  
AS 05.15.140  
AS 05.15.170

EDITOR'S NOTE: Under the authority of AS 44.62.125(b)(6) and  
AS 01.05.031(b)(11) as of Register 121 (April 1992), the  
regulations attorney deleted the regulations in 15 AAC 105 cited  
above, which were superseded by provisions in 12 AAC 34.

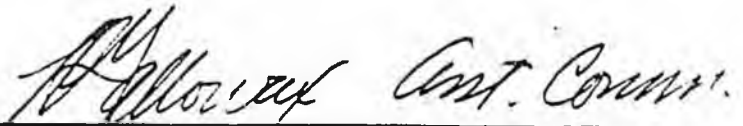
ORDER ADOPTING AND AMENDING REGULATIONS OF THE  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
GAMES OF CHANCE AND SKILL

The attached three pages of regulations allowing a permittee to use a volunteer to sell pull-tabs at a location other than the permittee's customary place of business are hereby certified to be correct copies of the former emergency regulations which the Department of Commerce and Economic Development now amends under the authority of AS 05.15.060 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and AS 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

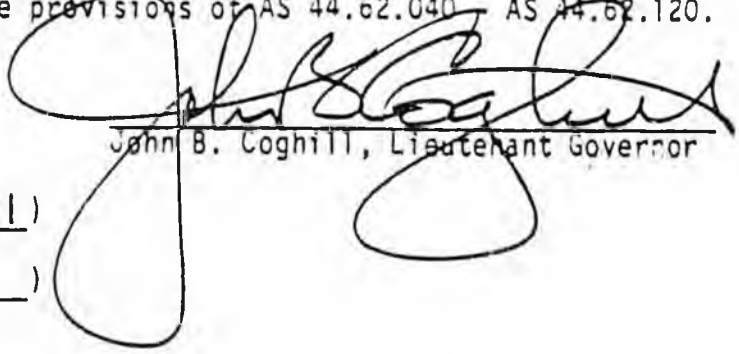
This order takes effect on the 30th day after it has been filed by the Lieutenant Governor as provided in AS 44.62.180.

DATE: 5-13-91  
Juneau, Alaska

  
Glenn A. Olds, Commissioner  
Department of Commerce and  
Economic Development

FILING CERTIFICATION

I, John B. Coghill, Lieutenant Governor for the State of Alaska, certify that on May 15, 1991, at 9:55 p.m., I filed the attached regulations according to the provisions of AS 44.62.040 - AS 44.62.120.

  
John B. Coghill, Lieutenant Governor

Effective: June 14, 1991)

Register: 118, July)

KH/wfd4495W  
51391b

12 AAC 34.400 is amended to read:

12 AAC 34.400. LIMITATION ON PULL-TAB SALES. (a) In accordance with AS 05.15.187, a pull-tab may be sold only if

- (1) all pull-tabs in the series being played have the same series number;

- (2) the entire pull-tab series is available for play at only one location;

- (3) a pull-tab series contains the entire prize structure for that series.

(b) A pull-tab game may not be sold in this state if the prize structure for that game is spread across more than one pull-tab series within that game.

(c) In addition to the requirements of AS 05.15.187(e), a person under the age of 19 may not sell pull-tabs.  
(Eff. 6/3/90, Register 114; am 6/14/91, Register 118)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.187  
AS 05.15.210

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.910. LEASING OF LOCATION TO CONDUCT GAMING ACTIVITIES. (a) A permittee or an operator may lease space at a place other than its customary place of business in order to conduct gaming activities. The lease must be in writing. The rent paid by a permittee or an operator for the space actually used to conduct the gaming activities may not exceed the average cost per square foot of comparable space. The permittee or the operator may pay no other compensation to the lessor for the use of that location.

(b) The department will, in its discretion, issue a separate permit for each location at which gaming activities are to be conducted under (a) of this section. A permit must be posted at a location before gaming activities are conducted by a permittee or an operator. The application for a permit under this section must include a copy of the lease and a list of the operator's employees or the permittee's members or employees who will conduct the gaming activities for the permittee or the operator.

(c) When pull-tabs are sold under (a) of this section at a location at which bingo games are also conducted, the pull-tabs may be sold only during the time bingo games are conducted and only in accordance with the other provisions of this section.

(d) All pull-tab sales conducted under (a) of this section must be conducted in an identifiably distinct area of the location.

(e) All gaming receipts from sales conducted under (a) of this section must be kept separate at all times from other business receipts at the location.

(f) Only an employee or member of a permittee may conduct gaming activities under (a) of this section for a permittee. Only the employee of an operator may conduct gaming activities under (a) of this section for an operator. An employee of the lessor of a location under (a) of this section may not conduct gaming activities for a permittee or an operator. In addition, the employee or member of a permittee or the employee of an operator

(1) must be present at all times when gaming activities are being conducted;

(2) is the only person at the location who may conduct gaming activities; and

(3) may only be paid a wage that does not exceed \$10 per hour.

(g) An operator conducting gaming activities under (a) of this section who is the owner of the location at which the gaming activities are conducted must also comply with the provisions of this section.

(h) In (f) of this section, the term "employee" has the meaning in 12 AAC 34.200(b). (Eff. 1/15/91, Register 117; am 6/14/91, Register 118)

Authority: AS 05.15.020  
AS 05.15.040  
AS 05.15.060

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.920. USE OF VOLUNTEER SERVICES AND SPACE.  
Notwithstanding 12 AAC 34.200(a), a municipality or qualified organization may apply for a permit to conduct charitable gaming activities at a location other than the applicant's customary place of business using a volunteer, if no compensation is to be paid to the volunteer for conducting the gaming activity. If a retail location is used to conduct gaming activities under this section, the owner of the retail location must donate the space to the permittee and may not receive compensation in any form. (Eff. 6/14/91, Register 118)

Authority: AS 05.15.020  
AS 05.15.040  
AS 05.15.060

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

PO BOX D  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465 2500

December 31, 1991

In response to numerous inquiries recently received by the Department of Commerce and Economic Development regarding the recently published charitable gaming regulations, the department has summarized the regulations and the effect on charitable gaming in Alaska with the following release.



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Larry O. Galloway  
Assistant Commissioner

LOG/JH/mst3569m  
123191a

# NEWS RELEASE

STATE OF ALASKA

DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT

GLENN A. OLDS  
COMMISSIONER



For Information Contact:

Department of Commerce &  
Economic Development  
P.O. Box D  
Juneau, Alaska 99811  
(907) 465-2500

FOR IMMEDIATE RELEASE

December 31, 1991

## COMMERCE AND ECONOMIC DEVELOPMENT ISSUES REVISED GAMBLING RULES, IMPROVES CHARITIES' CUT

Charities in Alaska could more than double their take from charitable gambling as a result of new state regulations governing gaming approved today by Department of Commerce and Economic Development Commissioner Glenn Olds.

Olds, with some changes, formalized new regulations on charitable gambling that he had proposed this summer. Under the new regulations operators of games of chance and charities that hold permits allowing the games will be limited in how much in expenses they can deduct from games, such as pull-tabs. That will free up more money to go for the purposes for which charitable gambling is supposed to be conducted, such as educational, civic, public or religious purposes.

"Our purpose is to insure that, in the absence of new legislation to control gambling, we do the best job we can under the existing law to protect charities and enhance the proceeds that they make off charitable gambling," said Olds.

(MORE)

According to preliminary audit numbers released today by John Hansen with the Department of Commerce and Economic Development, in 1990, Alaskans spent \$188.8 million on charitable gambling, a \$3 million increase over 1989's spending. Last year's spending represents an 11-fold increase in spending compared to the \$17.6 million spent in 1980.

Spending on legalized gambling skyrocketed after regulators in 1984 legalized pull-tab gambling, which in 1989 accounted for about three-quarters of the spending. Gambling was furthered in 1988 when lawmakers allowed "profit operators," like bars, to sell pull-tabs on behalf of operators who run the games on behalf of permitted charities.

Olds said the new regulations are designed to require operators and permittees to run the games more efficiently so that more net proceeds are available to go to the purposes designated by the charities.

"Right now, charities are required to receive only 2.25% of the gross receipts from operators. All I'm doing is requiring that operators hold down expenses so the charitable take will increase," said Olds.

In 1990, of the \$188.8 million taken in, only \$14.5 million (or 7.6%) went to charities after prizes, taxes, and expenses were subtracted. When charities ran their own games, the percentage rose to 9.5%, while operators turned over only \$3.1 million of the \$69.6 million they collected in the games, or 4.4% to the charities.

While not changing the law, Olds' new regulations limit operators of games from bingo to pull-tabs not to charge expenses greater than 60% of the adjusted gross after prize costs are subtracted.

Currently, operators can claim expenses of 85% of the adjusted gross. In 1990, expenses of \$28.6 million more than doubled the net proceeds to charities. This will mean the charities' percentage will increase two and one-half (or three) times.

(MORE)

The new regulations also:

- o Limit to \$500 the top single prize that can be won in pull-tab games, compared to recent \$5,000 and \$10,000 prizes. Olds said the limitation on prizes, which requires more small prizes to be offered in each pull-tab game, was imposed since it becomes too tempting for operators or employees to manipulate or rig games as the prize values increase.
- o Prohibit bartenders to sell pull-tabs to intoxicated customers, just like it is illegal under state law for bartenders to sell alcohol to obviously intoxicated customers.
- o Prohibits operators of games from also being the distributors of pull-tab games. The change is being done to prevent problems with collection of the state's 3% tax on pull-tabs and to prevent higher costs from being charged to permittees for pull-tabs they purchase from operators who also act as their own distributors of pull-tab games.

Olds said the changes should help prevent games of chance and charitable gambling from more greatly affecting the incomes of those least able to afford to play the games.

"Our goal is simply to regulate the industry as fairly as we can until lawmakers can consider more sweeping changes," said Olds. Legislation to change regulations on charitable gambling was under consideration in both the Alaska House and Senate this past session but did not win final approval.

The regulations, the subject of a series of public hearings this winter, still need to be reviewed by the Attorney General's Office and filed by the Lt. Governor's Office before they take effect.

# # #

COMPARABLE ANALYSIS  
ALLOWABLE EXPENSES

<u>1990</u>	<u>HB 517</u> <u>SB 501</u>	60% Allowable Expenses 60% Allowable Expenses
<u>1991</u>	<u>SB 6</u>	70% As Introduced 60% L/C and Judiciary
	<u>HB 168</u>	80% Introduced in Bingo Halls 65% Introduced in Stores/Pull-Tabs 50% Vendor Outlets
	<u>SB 6</u>	65% In Bingo Halls 50% In Stores/Pull-Tabs As passed on both House and Senate floors.
<u>1992</u>	12 AAC 34.700	60% Pull-Tab Expenses

## PULL-TAB ANALYSIS

GROSS RECEIPTS (\$1.00 x 1,000 Pull-Tabs)	\$1,000.00
PRIZES PAID OUT	<u>[850.00]</u>
ADJUSTED GROSS INCOME <sup>1/</sup>	150.00
ALLOWABLE EXPENSES 60% <sup>2/</sup> As Provided in Proposed Regulation 12 AAC 34.700)	<u>[90.00]</u>
NET PROCEEDS <sup>3/</sup> Available for Permittees' Use	<u>\$ 60.00</u>

- 
- <sup>1/</sup> Adjusted Gross Income is defined as the gross income less the prizes awarded and any state, federal, and municipal income taxes paid or owed. AS 05.15.210(1)
- <sup>2/</sup> Expenses are defined as bona fide expenses reasonably necessary for goods, wares, merchandise, and personal services including operators' fees necessary to conduct gaming activity. AS 05.15.160(a) and 15 AAC 105.220(b)
- <sup>3/</sup> Net Proceeds are defined as gross receipts from an authorized activity less the fee described in AS 05.15.020(b), expenses authorized by AS 05.15.160 and the prizes awarded. AS 05.15.210(22)

## Chance, Charity, Gambling with our Future

Einstein once said, "God does not throw dice." It was his reminder that we live in an ordered, dependable world, where reasonable connection between cause and effect hold, and where we build competence, character, and civilization on this confidence. Freedom, in any cosmic, as well as human sense, is to be understood as operating within this dependable design.

Parents, teachers, engineers, business leaders, and almost everyone understands this fundamental wisdom. We teach our children to learn this elemental lesson early, that fire burns; rules regulate our highways, crosswalks, and social behavior; that actions have consequences and limits; that we reap what we sow. Business and professional leaders know there are no free lunches. Someone pays.

Unhappily, what began as a fun way to relieve the burden of this wisdom about our world and ourselves in games of chance and skill, the throw of the dice, has become almost a way of life. Indeed, for many, and often those least able to pay, it has.

Alaska leads the world in the per capita investment in games of chance and charitable gambling which is now reported over \$188,924,959 annually. This explosive development involved only 162 permits and \$649,793 gross dollars in 1960, but by 1980 had reached \$17,641,692. The next decade through 1989, the last audited figure, had increased almost 900%.

In 1984, the state legalized pull-tab gambling, which now accounts for 75% of the take, and later in the "1988 Gaming Reform Act," which more properly should have been called the "Alaska Gaming Liberalization Act," opened the flood gates further by raising the prize limitations from 200,000.00 per year to 1,000,000.00 and by providing for "profit operators" to conduct gaming for permittees.

With all this development, charities have received precious little, with the law requiring only 2.25% of the gross to be remitted to charities by licensed operators and no limitations on the amount of expenses for which organizations could use these proceeds. At the same time, many charities have come to rely more heavily on gambling for their support. Ironically, this reliance has fed the appetite and justification to hope to get something for nothing, increased the professionalization and profiteering of gambling, and permitted massive profit making, expense manipulation, and even criminal invitation to our state.

There had been earnest hope that absence of law and its evasion or perversion would encourage the Legislature to address the unregulated issues, seek elimination of the criminal element, and faster ways to insure more of the take for charity. A year ago, the Legislature failed to pass such legislation and, in the closing hours of this session just completed, after enormous investment and time and leadership from the Legislature and Governor's Office and department staff, the bill failed to pass.

The Governor has sought consistently to encourage charities' return to voluntary support, indeed to enlist the role of the volunteer in appropriate games of skill and chance. Many proprietors have volunteered to help charities directly and fully to derive such revenue from exhibits or "games" on their premises.

Without legal controls and parameters sufficient to properly regulate this runaway appetite for gambling, and attendant profiteering, the recourse of the state is to have tough and tighter regulation within such law as we have, seeking to enlist and strengthen the role of the volunteer in charities' pursuit of revenue. The new regulations we will be issuing will triple the charities take, tightening controls on criminal elements and reporting, and hopefully rally concerned citizenry to press its representatives for a real bill next session.

Morality cannot be legislated in a free society, but it can be encouraged and fostered by leadership example, and public demand and initiative. It would be sad if the last frontier would be the last to address corrective measures in this rising tide in our state.

As I have told students over the years, "If you leap from the cliff, you do not defy the law of gravity, you illustrate it!"

Einstein's wisdom about dice and chance is not chancy, but highly dependable. Those who try to get something for nothing, usually get nothing for something. Fun is easily perverted, if the temptation to profit is inviting. Bingo for pleasure and charity, which we have all enjoyed, has become the threshold for big business.

The state may regulate, but it requires an aroused and enlightened public to educate. This administration invites help to turn this trend around. In our zeal to throw the dice, let's not throw out the values that have taught us to be wary of free lunches.

LG/rs2315s  
123191a

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF OCCUPATIONAL LICENSING

WALTER J. HICKEL, GOVERNOR

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

### LETTER RULING #91-3

This letter ruling is being promulgated to address what constitutes contests of skills, sweepstakes and lotteries. It also defines promotional undertakings by anyone which would not fall within the purview of any contests of skills, sweepstakes and lotteries. This ruling should help prevent anyone from violating Alaska's Unfair Trade Practices and Consumer Protection Act, AS 45.50.471-45.50.561; the 1988 Alaska Gaming Reform Act, AS 05.15; and its implementing regulations 12 AAC 34 and 15 AAC 105.

There are three important elements for any contest to constitute a sweepstake or lottery. These elements are: chance, a prize and consideration. In Morrow v. State, 511 P. 2d 127 (Alaska 1973), the Court defined "chance" as a contest of chance as opposed to a contest of skill. Thus, a contest in which significant skill is required in order to win the contest would not be considered a lottery. The skill required to remove a contest from a lottery is more than just minimal skill and the element of skill and chance cannot be combined. For instance, in People v. Rehm, 13 Cal. App. 2d. Supp. 755, 759 (1936), it was held that contests for guessing how many beans are in a jar are contests of chance and skill.

The other element that would constitute a lottery is the offer of a prize. Chance when coupled with consideration without a prize will not be sufficient. A prize has been defined as a motivating factor or the inducement that accounts for the success of virtually all forms of gambling -- the opportunity to get something for nothing (J.C. Martin Corp. v. Federal Trade Commission, 242 F. 2d 530 (7th Cir. 1957)).

The last element is consideration which is the most difficult to define. In general, if there is a contest involving a prize and chance and as a requirement to enter the contest one has to give consideration, then the contest is a lottery. A contest with a prize and a chance cannot have an entry fee, purchase requirement or requirement of other consideration or else it becomes a lottery.

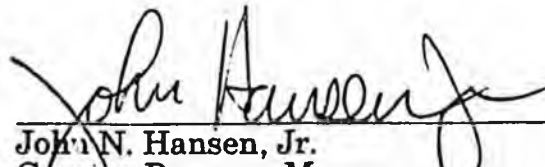
Thus, in many national promotional contests, you will see the standard language "no purchase necessary," and always a way offered to enter the contest free, generally not even requiring a contestant to pick up a specific order blank or form. Thus, in order to remove a contest from a classification as a lottery, the merchant or contest promoter must offer to all contestants a free way to enter.

Letter Ruling #91-3  
Page 2

In Holmes v. Saunders, 114 Cal. App. 2d 389, 390-391 (1952), the Court held: The consideration to make a transaction a lottery need not be paid exclusively for the chance to win the prize. It is sufficient that the consideration be paid for something else and the chance to win a prize.

Let all concerned be guided accordingly by this letter ruling.

Juneau, Alaska this 22nd day of February, 1991.

  
\_\_\_\_\_  
John N. Hansen, Jr.  
Gaming Program Manager

JNH/FQP/dg18975D  
022291a

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF OCCUPATIONAL LICENSING

STEVE COWPER, GOVERNOR

P.O. BOX D-LIC  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 485-2534

September 27, 1989

Dear Permittee:

The Department of Commerce and Economic Development, Division of Occupational Licensing, is adopting some emergency regulations that will have considerable impact on the manner in which charitable gaming activities are conducted in this state. I am writing to apprise you directly of the intent of the new regulations, as well as to provide you with the department's rationale for these major changes to current gaming practices in this state.

Since transfer of the charitable gaming program to the Division of Occupational Licensing in July of this year, a number of issues of substantial concern became the focus of much of our attention. Those issues were: 1) pull-tab "vendors"; 2) bingo "operators"; 3) statewide pull-tab games posing as "lotteries"; 4) the number of allowable monthly bingo sessions; 5) the establishment of a state requirement that pull-tabs sold in Alaska carry a state identification stamp; and 6) the creation of an advisory group to assist the department in administration of the state's charitable gaming program.

Because of the seriousness of these matters, the department, after internal review and discussions, sought the governor's review and approval of our proposed approach to resolving these issues. Having received Governor Cowper's backing, we released today a statement to the press outlining the department's new direction in enforcement of Alaska's charitable gaming statutes and regulations.

Our plan is described below, in detail.

#### I. VENDORS

We plan to adopt an emergency regulation prohibiting third party "vendors" from conducting gaming activities on behalf of permittees or operators. The Gaming Reform Act of 1988 did not contemplate or authorize a pull-tab "vendor" class. Only a permittee itself, or an operator on behalf of a permittee, is allowed to conduct gaming activities under AS 05.15.

Permittees

-3-

September 27, 1989

Ultimately, we believe the issue of vendors vs. operators is a matter most appropriately addressed before the Legislature. If the public wants to allow any entity in this state to sell pull-tabs, we believe the Legislature should write a law that specifically provides for such a result. Until that time, the department believes it must enforce the statute as written, including a prohibition on third-party vendors.

## II. OPERATORS

We have a five-point plan to deal with the controversy surrounding operator licensing. Please know that it is our intent, through these actions, to encourage persons to go into business as operators and to encourage permittees to utilize operators.

- A. We are going to enforce the language of AS 06.15.122 ("Operator's License"). We are therefore promulgating an emergency regulation which will provide that any person conducting gaming activities on behalf of more than one (1) permittee is, by definition, an operator. This will effectively make everyone presently running a professional bingo hall an operator. It will also prohibit "vendors," as previously discussed.

Our primary goal in narrowly defining an operator/permittee relationship is to enforce the gaming law's reporting requirements on those persons currently conducting gaming (e.g., bingo or pull-tab) operations.

- B. Because enforcement of reporting is our primary goal, and because we are so near the end of the current calendar year, we will not require those persons presently conducting bingo operations, who as a result of this action must seek licensure, to meet the bonding requirement of the statute.

Rather, we will simply require that they apply for an operator license, meet the liability insurance requirements, pay the license fee, and meet all monthly, quarterly, and annual reporting requirements, retroactive to July 1, 1989. All persons currently conducting bingo on behalf of more than one permittee must be licensed as an operator by November 1, 1989. If not, the state will go to court and seek a restraining order against the operation.

- C. We will not require operators to provide bonding until July 1, 1990.

We are extending the date to mid-1990 in order to allow for legislative debate over the amount of the present bonding requirement and the present limitations on prize awards imposed on permittees who contract with an operator.

It is the department's position that the present bonding requirement for operators is excessive. In addition, the difficulty in obtaining bonding is a significant disincentive for a person to become licensed as an operator. We believe a better solution to the problem would either be to significantly reduce the bonding required or establish a system patterned after the Real Estate Surety Fund (a fund created by assessing a fee against all licensees) to guarantee restitution when proceeds due a permittee from an operator turn up missing. If no legislation is passed affecting the present bonding requirement, then we will require compliance with that requirement by July 1, 1990.

- D. As a matter of fairness, we wish to release all operator bonds currently held by the state, especially those posted by bingo operators. We have asked for an Attorney General's opinion on the legality and wisdom of returning all bonds. If the Attorney General concurs, the bonds will be returned.

Permittees

-5-

September 27, 1989

3. The use of the word "lottery" in the name is terribly misleading and, from a consumer protection standpoint, probably should not be allowed.

The department has told Lottery Alaska that its gaming operations do not comport with Alaska's gaming laws and has prohibited the further introduction of such games. In fairness to those permittees under whose permits current gaming is being conducted, the department will allow Lottery Alaska to complete its sale of pull-tabs for the game(s).

The gaming statute did not authorize nor does it contemplate such large pull-tab games. If we continue to allow pull-tab operations of this size, charitable operations conducting small pull-tab games could be driven out of business, or their potential profits considerably reduced, particularly in the face of the proliferation of pull-tabs in many of the retail outlets in this state. Under the Lottery Alaska scheme, retailers get a discount on the pull-tabs purchased, plus a lot of free game-related advertising for their business, all of which encourages them to sell pull-tabs for Lottery Alaska instead of other charitable groups. In addition, the retailers are unlicensed "vendors," as previously discussed.

If the Legislature intended statewide pull-tab games, then the department believes it should amend the gaming statutes to clearly authorize them.

On a somewhat related topic, you may know that some towns, in reaction to the proliferation of pull-tab operations, have acted to prohibit operators in their community. While we appreciate the concern for local charities that motivated these municipal ordinances, we believe prohibition is too extreme a reaction, because it eliminates even the possibility that local operators could spring up to assist local charitable organizations who would prefer not to take on the headaches of having to conduct their gaming (and reporting) activities themselves. Because we are encouraging the use of operators where appropriate to meet the department's need for fiscal accountability, we hope those communities that have taken such actions will reconsider.

#### IV. PULL-TAB IDENTIFICATION STAMP

Effective January 1, 1990, the department is going to require manufacturers selling pull-tabs in Alaska to place an "identification stamp" on each series (i.e., game) played in Alaska. A number of states (including Washington) already require such a stamp. The state will print the stamps and sell them -- at a profit -- to the manufacturers, who will then place the stamp on each flare sheet accompanying each pull-tab game. The flare sheet for each game must be posted at the location where the pull-tab game is being sold.

With this additional requirement, it will be considerably more difficult to import illegal pull-tab games, and it certainly will increase the ability of gaming investigators or law enforcement officers to inspect pull-tab games, verify their legitimacy, and trace their place of origin. Manufacturers will file a report with the state listing each game sold to a distributor in Alaska. This report could then be compared with the reports required to be filed by distributors.

In addition, if feasible, we are going to seek to require pull-tab manufacturers, whether or not they manufacture pull-tabs in the state, to be licensed or at least registered with the state, to give us an additional enforcement tool.

Permittees

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September 27, 1989

As you know, the division has before it some sixty pages of regulations, most of which are noncontroversial but need substantial fine tuning. At the very least, the accounting and record keeping procedures proposed in the regulations need particular review.

We need to be sure that the rules are just as feasible for permittee-run operations that potentially lack the systems to adequately meet the rather complex and detailed reporting requirements contained in the proposed regulations as they are for operator conducted activities.

An advisory group with members representing the interests of 1) rural and urban permittees (including municipalities), 2) operators, and 3) distributors, would greatly assist the department in its review of the regulations. In addition, the group's assistance during the next legislative session could prove invaluable.

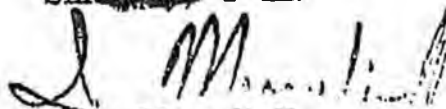
We believe a seven to nine member advisory group is workable and have already begun contacting interested persons about serving on this body. We plan to announce its formation and first meeting date by mid-November.

\* \* \*

I hope this admittedly lengthy letter has been of assistance and use to you in understanding the recent actions of the department. I wish to emphasize that our abiding concerns are that the department have the tools it needs for adequate enforcement and accountability, and that the state's gaming activities not expand beyond their statutory boundaries.

We believe charitable gaming was clearly intended by the Legislature to be conducted on a local level. However, we strongly believe that it is the Alaska Legislature's role, as elected representative of its citizens, to make decisions regarding any expansion of Alaska's gaming activities. We at least ask for and seek your understanding of -- if not your agreement with -- our role in administering the state's gaming laws.

Sincerely,



Larry Mercurieff  
Commissioner

LM/RPB/mm1668t  
092589d

## FINDING OF EMERGENCY

The Department of Commerce and Economic Development, finds that an emergency exists and that the attached regulations are necessary for the immediate preservation of the public peace and financial welfare. The following statement provides a brief summary of the need for the attached emergency regulations. In support of this finding, attached is a recent letter sent to all permit holders and operators in the state by Commissioner Merculieff which more fully explains the effect these emergency regulations will have and the consumer protection and public interest rationale behind them.

A statement of the facts constituting the emergency is:

1. **VENDORS:** The Gaming Reform Act of 1988 authorizes municipalities and qualified nonprofit organizations (called permittees) to contract with a licensed operator to conduct authorized games of chance and skill on their behalf. Third party (i.e., neither a permittee nor an operator) retail businesses, commonly called "vendors," are currently selling pull-tabs and paying out prizes, even though the statutes do not authorize or even contemplate this unlicensed vendor class. The attached emergency regulations will considerably curtail this unlicensed class. This is necessary for the following reasons:

- (a) Because vendors are neither licensed nor regulated, when the division receives a complaint about a pull-tab game sold by an unlicensed entity, its only recourse is to take action against the permittee, not against the vendor who really is the cause of the complaint. Suspending or revoking the permit of a nonprofit organization for a "vendor" problem is not in the best interest of the public.

- (b) Because of the proliferation of pull-tab games sold through third party vendors, it is now very difficult to determine whether the game the vendor is selling is even being conducted under the auspices of a gaming permit. Investigations have revealed cases where vendors have sold illegal games and pocketed the entire game proceeds. This is in violation of Alaska statutes and reduces the fundraising potential of nonprofit organizations involved in legitimate gaming activity.

- (c) Finally, because "vendors" are unregulated, there is no required contractual relationship between a permittee and a vendor as is required between permittees and operators. Therefore, permittees are not necessarily guaranteed the statutory rate of return (15%) from vendors.

These emergency regulations are necessary to limit third party vendors until such time as the Legislature has an opportunity to determine whether it wants to establish a "vendor" class license. The department believes it must limit unregulated vendors to assure that only licensed permittees or operators are conducting authorized games of chance and skill and are fulfilling the reporting and accountability requirements of state law designed to protect the best interest of the public.

2. OPERATORS. Alaska Statute 05.15.122 clearly provides that anyone conducting gaming activities on behalf of a permittee must be licensed as an operator. Lack of enforcement and inconsistent interpretation of the Gaming Reform Act has allowed multiple permittees to avoid the licensing, bonding, and reporting requirements of the law as it pertains to an operator and to avoid the statutory limitations on prize awards. The attached emergency regulations will assure compliance with the state's gaming statutes and require persons conducting gaming activities on behalf of permittees to become operators. This will effectively require any person running a professional bingo hall or pull-tab store to become an operator and, therefore, enforce accountability for the gaming activities the person supervises, as mandated by statute. The main concern is that all operations are held accountable and correctly report. This will assure that permittees receive their proper proceeds. To compel operator compliance, and in recognition of the significant number of unlicensed operators currently conducting gaming activities in the state, the commissioner finds, under AS 05.15.060(12), that it is necessary to provide for a temporary waiver of the bonding requirements under AS 05.15.122. Only in this way will the public be protected from illegitimate gaming activities and will charitable organizations be assured of getting at least the minimum funds guaranteed by statute for gaming activities conducted under the auspices of their permit.
3. PULL-TAB GAMES AS LOTTERIES: A statewide lottery as it is commonly understood is not authorized under Alaska Statutes. Currently, however, there exists a game advertised as a "lottery" which is causing some very real confusion to Alaskans. It implies that there is a statewide lottery, which, in fact, there is not. In reality, this "lottery" is a statewide pull-tab game and operates in contravention of statute. Adoption of these emergency regulations reinforces the intent of the existing gaming statute that a pull-tab game and a series have the same meaning and will cause the conduct of any statewide pull-tab games as they presently exist to wind-down.

The department finds that eliminating this kind of statewide pull-tab gaming will help prevent small pull-tab gaming operations that are presently conducted directly by permittees from having their potential profits considerably reduced by a large operation acting through "vendors" across the entire state.

As a consequence of the statewide pull-tab game, others have requested authorization to operate similar statewide gaming activity. The department finds that it was never the intent of the Legislature to allow such large statewide pull-tab operations and that it is not in the public's best interest to allow such games to proliferate without specific legislative language approving such operations.

4. NUMBER OF BINGO SESSIONS. Currently, regulation 15 AAC 105.110(5) limits all bingo operations to no more than nine bingo sessions in any one calendar month. The department finds that, as intended, this restriction has reduced the number of bingo sessions allowed in the more competitive urban areas of the state, which are mostly conducted by operators, but that it has also unreasonably restricted the number of sessions allowed in rural areas of the state, where bingo is primarily permittee-run. In the rural areas this restriction has had an adverse financial impact on organizations conducting their own bingo operations, where their funding is heavily dependent upon these proceeds and where the game itself has become an important social activity. It is in the financial and social interest of rural Alaska that this regulation is adopted.

## ADOPTION ORDER

Under authority of AS 05.15.060 and AS 05.15.130, the attached regulations (and repeals) are therefore adopted as emergency regulations (and repeals) to take effect immediately upon filing by the Lieutenant Governor as provided in AS 44.62.180(3).

This action is not expected to require an increased appropriation.

DATE: 10/3/89  
Juneau, Alaska

  
Larry Mercurieff, Commissioner  
Department of Commerce and  
Economic Development

## FILING CERTIFICATION

I, Stephen McAlpine, Lieutenant Governor for the State of Alaska, certify that on October \_\_\_\_\_, 1989, at \_\_\_\_\_, m., I filed the attached regulations according to the provisions of AS 44.62.

\_\_\_\_\_  
Lieutenant Governor

Effective \_\_\_\_\_

Register \_\_\_\_\_

KH/mm1697t  
100389a

12 AAC is amended by adding a new chapter to read:

CHAPTER 34.  
GAMES OF CHANCE AND SKILL

12 AAC 34.20J. OPERATOR LICENSE REQUIRED. (a) Except as provided in (b) of this section, an operator licensed under AS 05.15.122, must be retained on contract when any one of the following is true of the gaming activity being conducted:

(1) a person manages, supervises, or in anyway is in charge of or responsible for conducting gaming activities on behalf of one or more permittees, including a person who receives compensation or other consideration for providing gaming services; or

(2) except where operators are prohibited by municipal ordinance under AS 05.15.124, or in communities that have a population of under 5,000, two or more permittees join to conduct gaming activities, including the shared use of employees or gaming equipment.

(b) Nothing in this section prohibits a permittee from conducting gaming on its own behalf without the services of an operator. (Eff. / / , Register )

Authority AS 05.15.060  
AS 05.15.122  
AS 05.15.130  
AS 05.15.210

12 AAC 34.210. DOCUMENTATION OF BONDING. (a) Operators licensed under AS 05.15.122 after October 1, 1989 are not required to document compliance with the bonding or surety requirements of AS 05.15.122(b)(5) and 15 AAC 105.320 until July 1, 1990. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.122  
AS 05.15.130  
AS 05.15.165

12 AAC 34.220. OPERATOR REPORTING REQUIREMENTS. An operator shall comply with all monthly, quarterly, and annual reporting requirements of AS 05.15 and 15 AAC 105, and, if licensed after October 1, 1989, shall report all activities conducted since July 1, 1989, if applicable. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.122  
AS 05.15.130  
AS 05.15.165

12 AAC 34.230. OPERATOR RECORD KEEPING REQUIREMENTS. An operator shall comply with all record keeping and accounting requirements of AS 05.15 and 15 AAC 105, and, if licensed after October 1, 1989, those records must account for activities conducted since July 1, 1989, if applicable. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.122  
AS 05.15.130  
AS 05.15.165

12 AAC 34.400. LIMITATION ON PULL-TAB SALES. Each pull-tab or ticket in a pull-tab game must have the same serial number and, in accordance with AS 05.15.187(b), the game may not be sold at more than one location during the same day. In 12 AAC 34 and 15 AAC 105, "pull-tab game" has the same meaning as "pull-tab series." (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.187  
AS 05.15.210

12 AAC 34.410. AUTHORIZATION TO SELL PULL-TABS. (a) No person may sell pull-tabs to the public on behalf of a permittee, unless that person is

(1) an active member of the organization holding the permit on whose behalf the pull-tabs are being sold, where

(A) the member receives no compensation or consideration for selling the pull-tabs for the organization, and

(B) no expenses for allowing the pull-tab sales to be conducted are charged against the organization holding the permit;

- (2) a paid employee of a permittee;
- (3) a licensed operator under contract to a permittee; or
- (4) a paid employee of a licensed operator.

(b) Except as described in (a)(4) of this section, a pull-tab operator may not use another person to sell pull-tabs on the operator's behalf. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.187  
AS 05.15.210

12 AAC 34.500. BINGO SESSION LIMIT. A permittee which conducts bingo games on its own behalf without the services of an operator may hold up 14 bingo sessions per month. A permittee which uses an operator to conduct bingo games on its behalf is limited to 11 sessions per month. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.187  
AS 05.15.210

12 AAC 34.900. PRIZE AWARD LIMITATIONS. (a) The prize award limitations established in (b) of this section take effect January 1, 1990.

(b) A permittee conducting authorized games on its own behalf is limited to the following prize award limitations per calendar year:

- (1) bingo, \$840,000; and
- (2) the aggregate of all other authorized games, \$1,000,000.

(c) An operator conducting authorized games on behalf of a permittee is limited to the following prize award limitations per permittee per calendar year:

Register , , 1989 EMERGENCY REGULATIONS 12 AAC 34.900  
15 AAC 105.110

(1) bingo, \$660,000; and

(2) the aggregate of all other authorized games,  
\$500,000. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.180

12 AAC 34.990. DEFINITIONS. In this chapter

(1) "permittee" means a municipality or qualified  
organization who has a current and valid permit issued by the  
department to conduct authorized games of chance and skill  
provided for under AS 05.15. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.130

15 AAC 105.110(5) is repealed:

(5) Repealed / / . (Eff. 9/7/60, Register 2;  
am 11/6/76, Register 60; am 10/1/88, Register 107; am / / ,  
Register )

Authority: AS 05.15.060

15 AAC 105.350 is repealed:

12 AAC 105.350. ADDITIONAL PRIZE LIMITATION.  
Repealed / / .



LOTTERY ALASKA

STATE OF ALASKA  
DEPARTMENT OF COMMERCE  
& ECONOMIC DEVELOPMENT

FEB 21 1991

DIVISION OF  
OCCUPATIONAL LICENSING

February 13, 1991

John Hansen, Gaming Manager  
State of Alaska  
Department of Commerce and  
Economic Development  
P. O. Box D-Lic  
Juneau, AK 99801

VIA FAX

Dear Mr. Hansen: *John*

Thank you for your letter of February 12 and your review of our promotional plans. It is certainly appreciated.

However, your second paragraph suggests that the public may be confused by the means of entering the contest ie: a contribution at the store level of \$1 or writing in for a free game piece. The "no contribution of purchase required..." statement is designed to clearly inform the public of their two options in playing the game. I am at a loss as to why this would lead one to believe that they must make a contribution to enter the instant-win game. Explaining both methods of entering accomplishes just the opposite and eliminates any potential confusion. Additionally, the no purchase required statement appears on all of our point of sale materials, as well as on the ticket itself. Customers will be aware of the "no purchase required" rule prior to ever obtaining a game piece. We have modeled the game rule language after the language used in similar promotions which appear to be conducted with no public confusion.

Your letter, quite frankly, was to be shown to potential retailers to give them a comfort level regarding their participation in these promotions. While I realize that this is not your problem, I would like your approval for one of two options; another letter that does not suggest potential confusion with our game rules, assuming my explanation makes sense to you, or your approval to edit your second paragraph prior to distribution to those accounts who may require assurances that this is not gambling.

Please respond at your earliest convenience. Thank you again for your time, I know you are busy.

Sincerely,

Daniel A. Sullivan  
Vice President

DAS/rtp

February 12, 1991

Mr. Robert D. Thomas  
President  
Lottery Alaska, Inc.  
733 W. 4th Avenue, #400  
Anchorage, AK 99501

Dear Mr. Thomas:

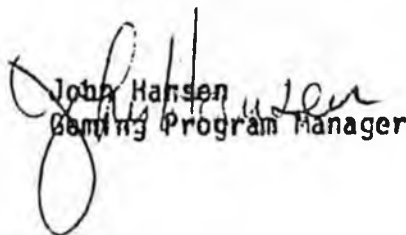
Re: Instant Win Game Proposal

Your proposal to conduct fund raising promotional activities using a product that requires no purchase to participate is not considered gaming. Accordingly, it is not an activity covered in AS 05.15 and outside our jurisdiction. This position was outlined to you in Mr. Burns' letter of January 14, 1991.

After reviewing the information you submitted, the only additional comments I have relate to the method of entering the contest. Your flyer states "contribute \$1 and receive one instant win game." It further states, "No contribution or purchase required." This may confuse the public to believe they must make the contribution to enter the instant win game. This comment is for information purposes only.

I hope this letter clarifies our position on your promotion.

Sincerely,

  
John Hansen  
Gaming Program Manager

JH/lvs4752t  
021191b

January 14, 1991

Mr. Robert D. Thomas, President  
Lottery Alaska, Incorporated  
733 West 4th Avenue, Suite 400  
Anchorage, AK 99501

Dear Mr. Thomas:

Your memorandum to Acting Commissioner Willis Kirkpatrick has been referred to this office for response. This is to advise you, given that Lottery Alaska's proposal to promote retail products through a latex ticket does not involve the use of charitable gaming permits or licenses, the Division of Occupational Licensing would have no involvement in approving or disapproving your plans. However, there may be some questions regarding whether or not the activities which you are proposing in your memorandum of December 13, 1990 could be considered gambling; I am, therefore, referring your memorandum and its attachments to Assistant Attorney General Gary Amendola for his review and comment directly to you.

Please give Mr. Amendola a few days to review the material and then feel free give him a call.

Sincerely,

Randall P. Burns  
Director

RPS/okt3497c

011991a

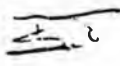
cc: Gary I. Amendola  
Assistant Attorney General  
Department of Law

John Hansen, Manager  
Games of Chance and Skill  
Division of Occupational Licensing



DT: Dec. 18, 1990

TO: Mr. Willis Kirkpatrick  
Acting Commissioner  
Dept. of Commerce & Economic Dev.

FR: Robert D. Thomas, Pres.   
Lottery Alaska, Inc.

RE: Retail Product Promotions

The following discussion contains proprietary information which I request to be held in confidence and only shared to a degree reasonably necessary for proper review by your department.

The principals of Lottery Alaska, Inc. are in the process of developing a promotional game similar to other promotions conducted in Alaska by major product manufacturers such as Pepsi, Coke, Planters Peanuts, VISA, McDonalds, American Express, Frito-Lay, Kodak, Playboy, Revlon, Sony, TV Guide, Garcia's, Anchorage Daily News, Anchorage Times, the NFL, etc. The game would provide purchasers of an informational product an opportunity to win cash and/or merchandise prizes via a game piece associated with that purchase, and would provide for a free entry into the same game without a requirement for product purchase or other consideration to the game promoter.

Specific marketing details of the contemplated promotional game are still in research and design stages, however, the promotion will utilize a latex-type game piece which will award prizes to participants based upon a random distribution of winning play symbols. Players will rub off the latex covering on a game piece to determine if they have won a prize. All players, those purchasing the product and receiving game pieces and those receiving free game pieces without a product purchase, will use the same play method. A draft copy of the intended game rules and an example of a similar product and promotional game sold in Alaska are inclosed.

The intent of this communication is twofold:

1. To inform your offices of our plan to market this promotion in hopes of preventing any misunderstanding which might arise because of possible similarities to some regulated charitable gaming activities; and,
2. To assure that the planned promotion does not conflict with Alaska law or contain an element which would require compliance with current Alaska games of chance regulations.

page 2.  
12/11/90  
W. Kirkpatrick

Our legal research of U.S. Criminal Code, U.S. Postal Service statutes and regulations, Federal Trade Commission regulations and rulings, Federal Communication Commission statutes and regulations, Alaska Criminal Code, and Alaska Games of Chance and Skill statutes and regulations conclude that the planned promotional game does not constitute gambling. It is our understanding that since this activity does not constitute gambling, regulations affecting gambling activities do not apply.

It is also our understanding that the June 1990 edition of "Statutes and Regulations, Games of Chance and Skill" from the Alaska Department of Commerce and Economic Development, Division of Occupational Licensing [containing Games of Chance and Contests of Skill Statutes (AS 05.15), Games of Chance and Skill Regulations (Commerce 12 AAC 34) and Authorized Games of Chance and Skill Regulations (Revenue 15 AAC 105)], and Alaska Attorney General's opinion of Feb. 13, 1986 regarding "Contests, sweepstakes & lotteries", by Linda M. O'Bannon, Asst. Atty. General are the two documents of reference for determining if an activity constitutes gambling subject to regulation by the Gaming Division of Occupational Licensing.

Are there any other statutes, regulations, attorney general opinions, or court rulings that should be considered to assure that a product promotional game, such as described above, is in compliance with current Alaska law?

Our intent is to launch this promotion by the end of January, 1991. Since planning, design, production, advertising and distribution for such a promotion requires a minimum of six weeks to accomplish, we would like to know of any concerns you might have with this plan prior to Jan. 1, 1991.

incls: Draft Promotional Game Rules  
Sample NFL Promotional Game and Game Rules

cc: J. Hansen, Occup. Licensing

(product name) INSTANT-WIN GAME  
OFFICIAL RULES

**How To Enter**

1. Enter by purchasing a (product name) card. A free instant-win game piece is included with each card.
2. No purchase necessary to play instant-win game. For free game piece, send a hand written self addressed stamped envelope and a 3" x 5" card with the words ("product name") to (corporation name), P. O. Box \_\_\_\_\_, Anchorage, Alaska 995\_\_\_\_. Limit, one game piece per request per day. Request must be received by May 31, 1991.
3. Promotion ends the earlier of June 30, 1991 or when the supply of (product name), Series 1, cards is exhausted.

**How To Play**

1. Rub off latex covered play area on game piece. Match 3 identical prize amounts on one game piece and win that prize.
2. Total prizes available in game, \$650,000. The prize amounts, number of prizes and odds of winning are:

<u>Prize Amount</u>	<u>Number of Prizes</u>	<u>Odds</u>
\$1	115,000	1:8.69
\$2	55,000	1:18.18
\$5	20,000	1:50
\$10	10,000	1:100
\$50	2,500	1:400
\$100	600	1:1,666.67
\$10,000	4	1:250,000
<b>Total</b>	<b>203,104</b>	<b>1:4.72</b>

**Prize Redemption**

1. All prizes must be redeemed before June 30, 1991. Instant win prizes of \$1, \$2, \$5 and \$10 must be redeemed at the retail location where the (product name) card was purchased. Prizes of \$50, \$100 and \$10,000 and all prizes from mail in requests must be redeemed by completing the back of winning game piece and mailing it to (corporation name), P. O. Box \_\_\_\_\_, Anchorage, AK 995\_\_\_\_. Prize claims should be sent via certified mail and must be received by June 30, 1991. Allow four to six weeks for verification and delivery of prizes. No responsibility is assumed for lost, late, illegible or misdirected mail. Unclaimed (product name), Series 1, prizes as of June 30, 1991 will not be awarded. Winning game pieces become the property of (corporation name) and will not be returned.
2. Employees of (corporation name) and their immediate families are not eligible to win. No substitution of prizes permitted. All federal, state and local taxes on prize are the sole responsibility of prize winners. Prizes won by minors may require consent of parent or legal guardian before prize is awarded.

3. Game pieces which have the "void if removed" covering removed, are forged, mutilated, altered, illegible, improperly obtained, printed incorrectly or otherwise defaced are automatically void. Liability for any irregular game card is limited to replacement with another, subject to availability.
4. Prize winners agree to use of their name, address and photograph for publicity purposes without compensation. All participants agree to release (corporation name) and its authorized distributors from any and all liability for injuries and damages which may result from their participation in this promotion.
5. Sales of (product name) cards may be conducted only by employees of (corporation name) and its authorized retailers.

(Abbreviated rules printed on each game piece.)

#### Instant-Win Game Rules

1. Match 3 identical prize amounts on one game piece and win that prize.
2. No purchase necessary. For free game piece, send hand written, self addressed, stamped envelope and a 3" x 5" card with the words ("product name") to (corporation name), P. O. Box \_\_\_\_\_, Anchorage, AK 995\_\_\_\_. Limit, one free game piece per request per day. Must be received by 5/30/91.
3. Redeem prizes of \$25 or less at the retail location where game piece was obtained. Redeem \$50, \$100 and \$10,000 prizes and all winning game pieces obtained from mail requests by completing back of the game piece and mailing to (corporation name), P. O. Box \_\_\_\_\_, Anchorage, AK 995\_\_\_\_. Game pieces with \$50, \$100 and \$10,000 prize claims should be sent by certified mail. Claims must be received by 6/30/91. Only prizes claimed will be awarded.
4. Game subject to official rules. See Official Rules brochure at participating stores for complete rules and odds of winning. Promotion ends 6/30/91.

Name \_\_\_\_\_ Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Phone \_\_\_\_\_



# PROMOTIONAL GAME PIECE

P. 1

**PRO SET PLAYBOOK I**

**2 WAYS TO...  
WIN  
WITH THE  
NFL!**


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P. 2

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P. 3

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P. 4

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1. No purchase required. For free game piece, send a hand written, self addressed, stamped envelope to: Pro Set Game Piece, 15303 Dallas Parkway, Suite 336, LB36, Dallas, TX 75248. Requests must be received by August 31, 1990. We need not include return postage.
2. How to play: Scratch off concealed area on the Pro Set Instant Win Game Piece. If it shows a prize, you win instantly.
3. To claim a prize: Print your name, complete address, and daytime phone number on a 3 x 5" card, sign the winning game piece, make a photocopy for your records, and mail the ORIGINAL piece with the above information to: NFL Pro Set Prizes, 15303 Dallas Parkway, Suite 336, LB36, Dallas, TX 75248. IF YOU ARE A GRAND OR FIRST PRIZE WINNER, SEND REGISTERED MAIL, RETURN RECEIPT REQUESTED. Sweepstakes begins April 1, 1989. Prize claims must be received by November 30, 1990. No unclaimed prizes will be awarded.

All prizes must be obtained through normal channels, and all prize claims are subject to verification before any prize will be awarded. Decisions judged by Pro Set, Inc. are final. Game pieces that are mutilated or tampered with or contain printing or other errors are automatically void.

4. Prizes: (1) Grand Prize: 7 day, 8 night trip to Hawaii and the Pro Bowl on February 4, 1991, for three (3) people. (2) First prizes: (1) MVP Jerry Rice signed Game Helmet from Super Bowl XXIII. (1) Jerry Rice signed Game Jersey from Super Bowl XXIII. and (10) Official Super Bowl XXIII Wilson Game Balls signed by Jerry Rice. (88) Second prizes: Authentic 1990 AFC-NFC Pro Bowl Game Jerseys (500). Third prizes: Commemorative Super Bowl Tickets (10,000). Fourth prizes: Official Media Event Game Pins (10,000). Fifth prizes: Super Bowl Patches (44,401). Sixth prizes: Collectors Game Programs. No substitutions or transfer of prizes. Odds of winning in instant prize: Grand 1 in 820,000, first 1 in 901,647, second 1 in 544,419, third 1 in 93,840, fourth 1 in 682, fifth 1 in 682, sixth 1 in 1,034. Estimated value of prize categories: Grand, \$10,000; first, \$3,800; second, \$21,500; third, \$75,000; fourth, \$100,000; fifth, \$250,000; sixth, \$145,314.
5. Prize winners will be verified as winners, notified by mail, and may be required to sign an affidavit of eligibility and release, which must be returned within 14 days of notification. Winners who are minors will have prizes awarded in the name of parent or legal guardian. Taxes, if any, are sole responsibility of winners. Sponsors are not responsible for late, lost, stolen, or misdirected mail.
6. The Instant Win game is open to residents of the U.S. except residents of VI, AL, and III employees and their families of the NFL, NFL Properties, Pro Set, Inc., NFL Players Association, and their advertising, promotion, and production agencies. Void where prohibited, taxed, or otherwise restricted by law. All federal, state, and local laws apply.
7. For a list of winners, send a stamped, self addressed envelope by January 31, 1991, to: NFL Pro Set Instant Win Game Winners List, 15303 Dallas Parkway, Suite 336, LB36, Dallas, TX 75248.



JOHN B. COGHILL  
LIEUTENANT GOVERNOR

STATE OF ALASKA

PO BOX 44

JUNEAU 99811-0111

907 465-3320

LEGISLATIVE SOLUTION  
REFORM

September 30, 1991

The concern of government is to keep professional gambling and its attendant problems and profits out of the simple innocence of gaming for charity or responsible community causes.

The policy for charitable gaming must be put in place in the statutes. Keep the system simple to limit the state's responsibility and bureaucratic growth.

The goal is to place the responsibility of conducting charitable gaming in Alaska on the qualified organizations who elect to raise funds by means of charitable gaming.

Conducting charitable gaming is a privilege that carries a certain level of responsibility. If a charitable organization cannot accept the responsibilities set forth, then they should elect to raise funds by other means.

Legislative provisions:

1. Clarify definition of organizations that qualify for gaming permits; currently qualifications are very broad. A clear policy needs to be established to clarify what types of organizations should be able to conduct charitable gaming, and to what degree (ie - large on going, pulltabs and bingo; or one time short duration raffles or monte carlo events)
2. Permittees are responsible for the gaming activity; no permit renewal if responsibility is not met, permittees should be encouraged to enroll the services of the volunteer.
3. Burden of proof of compliance will be on the charity; this should not be a bureaucratic responsibility.

4. Permittees may conduct this activity by using the services of qualified individuals as provided for in regulation; eliminate the term "operator" because current statutes place licensing requirements on operator; This will help simplify the statutes and make it clear that the responsibility lies with the organization.
5. Permittees to pay for all expenses, all income and expenses paid out of the organization's gaming account; adequate records must be kept to substantiate a semi-annual audit or annual audit based on the amount of activity performed. If the activity exceeds \$250,000 an audit must be performed by a CPA. This eliminates the need for increased bureaucracy by placing the requirement of adequate records upon the organization.
6. Compensation will be no more than 15% of adjusted gross income for contracted services used to conduct gaming; Instead of current system where operators pay a percentage to permittees; will emphasize that the responsibility lies with the permittee
7. A certain % of adjusted gross income will be used by the organization as "net proceeds" for contributions and charitable purposes; the stated percentage will be calculated to ensure the largest possible return for the charity and calculated according to the type of activity;

This will be based on the type of gaming activity the organization is conducting:

pulltabs.....	25%
bingo.....	15%
raffles and lotteries...	10%
derbies, classics, mushing events, and contests of skill.....	05%

The philosophy behind charitable gaming is to raise funds for "charity", the organizations should be required to provide a minimum percentage towards their cause, but encouraged to maximize the percentage of net proceeds that will be provided for charitable purposes.

8. Provide a reasonable licensing system for the permittees to contract with retail outlets, distributors, and manufacturers.
9. Keep the policy in statutes, the technical aspects of licensing should be provided for in regulation.



Office of the Minister  
Box 2703, Whitehorse, Yukon Y1A 2C6

MAR 14 1991

Senator Drue Pearce  
Alaska State Legislature  
3111 C Street, Suite 150  
Anchorage Alaska  
USA  
99503

Dear Senator Pearce:

I refer to your letter of March 5 to Mr. Patrick Michael, Clerk of the Yukon Legislative Assembly.

Unfortunately due to other pressing commitments, I will be unable to attend the Yukon-Alaska Legislative Assembly exchange.

I would however, like to briefly comment on your two specific issues of gaming and tourism.

One of our most significant tourism attractions in my constituency of Dawson is the Diamond Tooth Gerties Gambling Casino featuring blackjack, roulette and wheels of fortune.

With regard to your specific questions, I offer the following:

1. Who regulates gaming in the Yukon?

Gaming is controlled under our Yukon Lotteries Licensing Act administered by our Department of Justice, Consumer Services Branch.

Licenses are reviewed and approved by an independent 3 member licensing Board.

A copy of the Act and Regulations are attached.

2. Do we have charitable gaming and is there a split requirement between the permit holder and the agent?

Yes and no. Licenses are issued only to charitable organizations. There are no agents operating gaming halls and therefore, no split requirement.



3. Are there any restrictions on licensing operators with criminal records?

No. As licenses are issued only to charitable organizations, this restriction does not apply.

4. What restrictions are there on advertising and media use?

The only requirement is that all ads must include the license number.

It is unfortunate that I will be unable to attend the informal lunch to discuss the cooperative tourism marketing efforts taking place with the Yukon. We are currently involved in two key cooperative marketing efforts with Alaska.

The Tourism North Agreement was signed by Alaska, B.C. and the Yukon in May of 1989. This is a long term coop marketing agreement aimed to increase the number of people travelling through northern B.C. and the Yukon to Alaska and to improve the tourism opportunities for highway visitation in the region. The annual base budget is \$200,000 per jurisdiction.

The joint Alaska/Yukon Agreement: A coop marketing program between Alaska's and Yukon's Tourism Departments and Tourism Industry Associations (AVA, TIAY) and aimed at the Canadian market. The annual budget is \$200,000 per jurisdiction and is utilized in a joint advertising campaign.

I trust this information will be helpful in your deliberations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Webster".

Art Webster  
Minister of Tourism



TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

Office Phone (907) 465-4993 FAX (907) 463-5352

TO: Pat Michael Fax: (403)-667-3035  
Phone: (403)-667-5498

ATTN: \_\_\_\_\_

TRANSMITTED BY: Senator Drue Pearce

DATE: March 7, 1991

RE: Yukon Territory - Alaska Legislative Exchange

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NUMBER OF PAGES: 3 (INCLUDING cover sheet)

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# Alaska State Legislature

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Anchorage, Alaska 99503  
(907) 561-2038



During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465 4993

Senator Drue Pearce  
District G

March 5, 1991

Pat Michael  
Clerk of the Yukon Legislative Assembly  
Box 2703  
Whitehorse, Yukon Y1A2C6

Dear Mr. Michael:

I am looking forward to the Yukon Territory-Alaska legislative exchange. As Chair of the Senate Labor and Commerce Committee, there are two specific issues, gaming and tourism, which require a considerable amount of Labor and Commerce Committee time and energy. We could benefit from your experience in dealing with these issues.

In order to gather this knowledge, it would be especially helpful if representatives from your delegation could testify about gaming regulation in the Yukon before our committee. The Labor and Commerce Committee will meet on March 18 at 3:30pm in the Beltz Room of the State Capitol Building.

I am interested in any information you could supply concerning gaming practices in the Yukon Territory. The following questions are specific concerns you may be able to address:

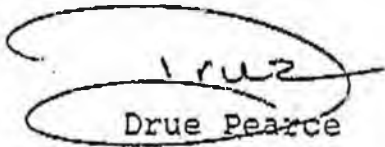
- 1) Who regulates gaming in the Yukon? *- Justice Department*
- 2) Do you have charitable gaming? If so, are there any percentage of gross or net proceeds split requirements between the permit holder and the agent conducting the event? *10%*
- 3) Are there any restrictions on licensing operators or permit holders with a criminal record? *N/A*
- 4) What are the restrictions on advertising and media use? *None*

→ Sun. late pm  
→ return possible  
~~late 18~~  
late 18

We are also planning an informal lunch meeting to discuss tourism and the cooperative tourism marketing efforts taking place with the Yukon in coordination with our Division of Tourism and the Alaska Tourism Marketing Council. The brown bag lunch will be open to all of the members in your delegation and all interested Alaskan legislators.

We are very excited about your visit and hope to gain new information from your perspective. Please contact Rod Mourant of my office by Fax at (907) 463-5352 or telephone at (907) 465-4993, to confirm the above mentioned engagements. I look forward to hearing from you soon.

Sincerely,



Drue Pearce

DP:mrs

cc: The Honorable Tony Penikett

YUKON TERRITORY  
C A N A D A

Whitehorse, Yukon

ORDER-IN-COUNCIL 1988/48

LOTTERY LICENSING ACT

Pursuant to section 11 of the Lottery Licensing Act the Commissioner in Executive Council is pleased hereby to make the following order:

1. This Order amends the Lotteries and Games of Chance Regulations.
2. The following subsections are substituted for subsections 5(2), (3) and (4) of the Regulations:

"(2) Raffles: The fee for a raffle shall be determined by multiplying the number of tickets by the cost of a ticket so as to determine the licensed ticket sales value which shall be rounded off to the nearest dollar. The fee shall be as follows -


<u>Licensed ticket sale value</u>	<u>Fee</u>
\$ 1,000 or less	\$ 10
1,001 to \$ 5,000	\$ 25
5,001 to 10,000	\$ 50
10,001 to 15,000	\$ 75
15,001 to 20,000	\$100
20,001 to 25,000	\$125
25,001 to 30,000	\$150
30,001 to 35,000	\$175
35,001 to 40,000	\$200
40,001 to 45,000	\$225
more than 45,000	\$250

Example: If your licence is to sell 1,000 tickets at a price of one dollar each, your fee is \$10 because 1,000 tickets X \$1 per ticket = \$1,000 licensed ticket sales value.

But if your licence is to sell 1,000 tickets at a price of \$10 each, your fee is \$50 because 1,000 tickets X \$10 per ticket = \$10,000 licensed ticket sales value.

- (3) Bingos: The fee for a bingo is \$10 for each day the bingo is licensed to run.
- (4) Casinos: The fee for a licence to run games of chance - a casino licence - is \$5 for each gaming table for each day the casino is licensed to run.
3. In section 10 of the Regulations, the expression "\$5,000" is substituted for the expression "\$1,000".
4. The following subsection is added to section 4 of Schedule A of the Regulations immediately after subsection (4):
- "(4.1) There is no need to comply with subsection (4) if
- (a) all ticket sales are made in the same room and the draw of winning tickets is held in that room within 7 hours of when ticket sales start,
  - (b) the ticket is in two parts each of which bears the same number, one part to be retained by the purchaser and the other part to be entered by the purchaser in the draw, and
  - (c) each prize is awarded to the person who presents the ticket-part that bears the same number as the ticket-part that is drawn for that prize."
5. The following subsection is substituted for subsection 5(2) of the Regulations:
- "(2) Of the balance left after subtracting from the revenue from the bingo the amount the bingo operator paid for prizes, at least 25% must be spent on charitable or religious purposes as set out in the licence".
6. If the lottery is run after this order comes into force, then it is the fee established by section 2 of this order that is to be paid for that lottery, even if the licence was applied for or issued before the coming into force of this order.

DATED at Whitehorse, in the Yukon Territory this 28<sup>th</sup> day of  
March, A.D. 1988.

  
Commissioner of the Yukon

Yukon Territory

Canada

ORDER-IN-COUNCIL 1987/180

LOTTERY LICENSING ACT

Pursuant to the section 11 of the Lottery Licensing Act, the Commission in Executive Council orders as follows:

1. The annexed Lotteries and Games of Chance Regulations respecting the licensing of lottery schemes are hereby made and established, effective December 31, 1987.
2. The annexed Diamond Tooth Gerties Regulations respecting the licensing of lottery schemes managed and conducted by the Klondike Visitors Association are hereby made and established, effective December 31, 1987.
3. The Lottery and Games of Chance Regulations, established by Order-In-Council 1984/61 are hereby revoked, effective December 31, 1987.
4. The Diamond Tooth Gerties Regulations established by Order-In-Council 1983/92 are hereby revoked, effective December 31, 1987.

DATED at Whitehorse, in the Yukon Territory, this 2<sup>nd</sup> day of *October* A.D., 1987.

*H. K. Lam*  
Administrator of Yukon

LOTTERY LICENSING ACT

LOTTERIES AND GAMES OF CHANCE REGULATIONS

Licence is required

1. Any person who runs a lottery without a licence commits an offence.

Who can get a licence

— *(Paragraph 2(1)(c) added by  
O.I.C. 1988/203)*

2. (1) General rule: A licence to run a lottery can only be issued to
  - (a) a religious organization, or
  - (b) a charitable organization that is in good standing under the Societies Act.
  - (c) a charitable organization incorporated under the laws of Canada, and operating in the Yukon.
- (2) Exception: If the lottery is a raffle that will have a revenue of less than \$1,000 then the licence can be issued to any religious or charitable organization.

Who issues licences

3. Only the Yukon Lottery Licensing Board can issue a licence to run a lottery.

How to apply for a licence

4. (1) An application for a licence must be made on the forms supplied by the Board.
- (2) The applicant must give the information the Board asks for.

Licence fees

5. (1) A licence cannot be issued until the fee for it has been paid to the Board.

*(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48)*

(2) Raffles: The fee for a raffle shall be determined by multiplying the number of tickets by the cost of a ticket so as to determine the licensed ticket sales value which shall be rounded off to the nearest dollar. The fee shall be as follows -

<u>Licensed ticket sale value</u>	<u>Fee</u>
\$ 1,000 or less	\$ 10
1,001 to \$ 5,000	\$ 25
5,001 to 10,000	\$ 50
10,001 to 15,000	\$ 75
15,001 to 20,000	\$100
20,001 to 25,000	\$125
25,001 to 30,000	\$150
30,001 to 35,000	\$175
35,001 to 40,000	\$200
40,001 to 45,000	\$225
more than 45,000	\$250

Example: If your licence is to sell 1,000 tickets at a price of one dollar each, your fee is \$10 because 1,000 tickets X \$1 per ticket = \$1,000 licensed ticket sales value.

But if your licence is to sell 1,000 tickets at a price of \$10 each, your fee is \$50 because 1,000 tickets X \$10 per ticket = \$10,000 licensed ticket sales value.

- (3) Bingos: The fee for a bingo is \$10 for each day the bingo is licensed to run.
- (4) Casinos: The fee for a licence to run games of chance - a casino licence - is \$5 for each gaming table or each day the casino is licensed to run.

*(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48)*

*(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48 -  
See page 1a)*

#### Limitation on length of bingos and casinos

6. (1) Bingos: No organization can be given a licence to run a bingo for more than 104 days in a year.
- (2) Casinos: No organization can be given a licence to run a casino for more than three days in a row.

#### Terms of licences

7. (1) Raffles: A licence to run a raffle is subject to all the terms set out in Schedule A to these regulations.
- (2) Bingos: A licence to run a bingo is subject to all the terms set out in Schedule B to these regulations.
- (3) Casinos: A licence to run a casino is subject to all the terms set out in Schedule C to these regulations.

#### Changes in a lottery after licence issued

8. (1) Once the licence has been issued the lottery can be changed only with the written consent of the Board.
- (2) The draw date for the lottery cannot be changed after the lottery tickets have been put on sale.

#### Awarding prizes

9. All prizes described in the licence must be awarded, even if the revenue from the lottery is not enough to pay for the prizes.

#### Guarantee for prizes

10. If the value of the prizes exceeds \$5,000 a licence cannot be issued until the Board is satisfied that the award of the prizes is guaranteed, for example by cash deposit with someone in trust, guaranteed credit from a bank, or guarantees from financially responsible people that they will pay the prize or supply the prize when asked to do so.

*(Section 10 amended by O.I.C. 1988/48)*

#### Pyramiding of prizes is prohibited

11. (1) The prizes for each game must be awarded to the winners of that game.
- (2) People cannot be required to win another game before receiving the prize for a game they have already won.

#### Payment of proceeds of lottery

12. The proceeds from a lottery must be spent on purposes set out in the licence.

#### Compensation for managing a lottery

13. No one shall be hired or paid to run a lottery licenced under these regulations or to sell tickets for the lottery, but this does not prevent a licence holder from having the lottery run or tickets sold by employees whose principal duties consist of other work for the licence holder.

#### Records of lotteries

14. All financial documents, unsold tickets, ticket stubs, receipts, and all other records in connection with the lottery must be retained within the Yukon for at least one year after the expiration of the licence and must be made available for inspection by the Board.

Reports to the Board

15. (1) Every licence holder must give the Board a report on the conduct of the lottery.
- (2) The report must be given on the form supplied by the Board and must include the information the Board asks for.

Inspection of lotteries

16. (1) The Board may designate members of the public service of the Government of Yukon and others to act as inspectors of lotteries.
- (2) Inspectors may inspect all records and equipment for the running of a lottery so as to determine whether the terms of the licence have been complied with.
- (3) If an inspector asks for the records, the licence holder shall produce them and let the inspector examine them and make copies of them.
- (4) If an inspector asks to see the equipment, the licence holder shall either produce the equipment or let the inspector have access to wherever the equipment is and let the inspector examine and operate it.
- (5) An inspector who believes on reasonable grounds that the lottery is not being run in compliance with these regulations and the terms of the licence may
  - (a) suspend the licence, or
  - (b) order that the offending game be stopped pending any further action by the Board. The suspension or order must be complied with but the licence holder may appeal the inspector's decision to the Board.
- (6) The Board may require the licence holder to pay the cost of an inspection and refuse to issue any new licences to the licence holder until the cost is paid.

#### Suspension and cancellation of licences

17. It is the responsibility of every licence holder to see to it that these regulations and the terms of the licence are complied with; if they are not complied with the Board may
- (a) suspend the licence until there is compliance, or
  - (b) cancel the licence,
- and if the lottery has already been run when the failure to comply happens, the Board may refuse to issue any new licences until there is compliance or until the failure is corrected as well as it can be.

#### Reimbursement of participants

18. If the lottery is not being run in compliance with these regulations or the terms of the licence, the Board may, at any time before the prizes have been awarded, order that the purchase price of a chance in the lottery be refunded.

#### Exemption

19. These regulations do not apply to licences issued to the Klondike Visitors Association to run lottery schemes at Centennial Hall (also known as Diamond Tooth Gerties) in Dawson City.

#### Definition

20. In these regulations "lottery" has the same meaning as "lottery scheme" has in the Lottery Licensing Act.

LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE A

Terms of Raffle Licences

Awarding prizes

1. (1) Prizes must be awarded in the following order:
  - (a) the most valuable prize must be awarded first and it is won by the ticket that is drawn first,
  - (b) the second most valuable prize must be awarded second and it is won by the ticket that is drawn second,
  - (c) and so on, according to the rule that the more valuable prizes must be awarded before the less valuable and the tickets for the more valuable prizes must be drawn before the tickets for the less valuable.

Disclosure of licence

2. (1) A copy of the licence must be produced for examination by anyone who asks to see it and who has bought a ticket or is being asked to buy a ticket.
  - (2) All advertisements of the raffle must state the licence number.

Control of the raffle

3. Responsibility for control of the raffle remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the raffle.

Tickets

4. (1) A sample of each type of ticket must be given to the Board within 14 days after the day the licence is issued.
  - (2) Only the number and price of tickets specified in the licence may be printed.

- (3) Tickets must be numbered consecutively.
- (4) Tickets must be in two parts - the stub to be retained by the licence holder, and the part to be given to the purchaser. The stub must have
  - (a) the ticket number,
  - (b) the licence number, and
  - (c) space labelled for the name, address, and telephone number of the purchaser.

The part to be given to the purchaser must state

- (d) the name and address of the licence holder,
  - (e) when and where the draws will be made,
  - (f) the kind and value of prizes,
  - (h) the number of tickets printed,
  - (i) the ticket price,
  - (j) the ticket number,
  - (k) the licence number.
- (5) Unsold tickets must not be given away nor bought by the licence holder.
  - (6) Tickets must not be sold or advertised outside Yukon, but may be sold to non-residents who are visiting Yukon.
  - (7) There must be a record of all ticket sellers and the serial numbers of all tickets handed over to each one.
  - (8) The number of tickets sold must be recorded and all money from their sale must be accounted for.

- (4.1) There is no need to comply with subsection (4) if
  - (a) all ticket sales are made in the same room and the draw of winning tickets is held in that room within 7 hours of when ticket sales start,
  - (b) the ticket is in two parts each of which bears the same number, one part to be retained by the purchaser and the other part to be entered by the purchaser in the draw, and
  - (c) each prize is awarded to the person who presents the ticket-part that bears the same number as the ticket-part that is drawn for that prize.

*(Subsection 4.1 added to section 4 of Schedule A by O.I.C. 1988/48)*

## Sports lotteries - Pool Board

5. (1) If a lottery board is established in relation to a sports event or a series of sports events, the board must state
- (a) name and address of the licence holder,
  - (b) the sports event and its date, or the series and its dates,
  - (c) the prizes,
  - (d) the scores and times,
  - (e) the number of squares printed,
  - (f) the price per square,
  - (g) the licence number.
- (2) The score or time must not be disclosed until the purchaser has bought the square.

## Expenses and proceeds

6. (1) Only the expenses necessary for running a raffle can be deducted from the revenue of the raffle.
- (2) The proceeds remaining after deducting allowable expenses must be spent on the purposes set out in the licence.

## Records and financial reports

7. (1) The report on the running of the raffle must be submitted as follows:
- (a) if the licence is for a single raffle, within 30 days of the expiration of the licence,
  - (b) if the licence is for several raffles, interim reports within 30 days of the expiration of each three month period, and a final report within 30 days of the expiration of the licence,
  - (c) at intervals of six months until the proceeds of the raffle have been spent on purposes set out in the licence,
  - (d) whenever the Board requests a report while conducting an investigation.
- (2) There must be a record of tickets and serial numbers to show the distribution of tickets and the return of ticket stubs and of money or unsold tickets by ticket sellers. This record must contain enough information to account for all tickets and cash.

Total ticket value over \$5,000 - additional conditions

8. (1) This section applies only to raffles having a total ticket value over \$5,000.
- (2) Revenue from the raffle must be deposited in the bank account mentioned in the application for the licence.
- (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
- (4) Proceeds from the raffle must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same shares as the proceeds.

LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE B

Terms of Bingo Licences

House rules

1. (1) House rules must be established and a copy must be on display where players can examine them when a bingo is being run and a copy must be produced for examination by anyone who asks to see them and has bought or wants to buy a bingo card.
- (2) The house rules must describe how the bingo will be run. For example, they must describe how the games will be called, how the calls will be recorded, how errors in calling will be dealt with, how disputes about calls or winning cards will be resolved, how prizes will be awarded.

Disclosure of licence

2. (1) A copy of the licence must be on display where players can examine it when a bingo is being run and it must be produced for examination by anyone who asks to see it and has bought or wants to buy a ticket.
- (2) All advertisements of the bingo must state the licence number.

Control of the bingo

3. (1) Responsibility for control of the bingo remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the bingo.
- (2) People who help run the bingo shall not play in the bingo or have anyone else play on their behalf.
- (3) Liquor must not be sold to the players and its consumption by the players must not be allowed while the games are being played.

#### Sales of cards and tickets

4. (1) Cards and tickets must be exchanged for cash at the time of sale. Payment by cheque, cashing cheques for the purchaser, or extending credit to the purchaser is prohibited.
- (2) Cards and tickets must not be sold outside Yukon.

#### Expenses and proceeds

5. (1) Only the expenses necessary for running the bingo can be deducted from the revenue of the bingo.
- (2) Of the balance left after subtracting from the revenue from the bingo the amount the bingo operator paid for prizes, at least 25% must be spent on charitable or religious purposes as set out in the licence".

*(Subsection 5(2) repealed and replaced by O.I.C. 1988/48)*

#### Records and financial reports

6. (1) The report on the running of the bingo must be submitted as follows:
  - (a) if the licence is for a single bingo, within 30 days of the expiration of the licence,
  - (b) if the licence is for several bingos, interim reports within 30 days of the expiration of each three month period, and a final report within 30 days of the expiration of the licence,
  - (c) at intervals of six months until the proceeds of the bingo have been spent on purposes set out in the licence,
  - (d) whenever the Board requests a report while conducting an investigation.
- (2) The record of the sale of bingo cards and tickets must contain enough information to account for all cards sold and all cash.

Bingos with revenue over \$5,000 per year

7. (1) This section applies only when the licence allows the revenue from bingos to exceed \$5,000 in a year.
  - (2) Revenue from the bingos must be deposited in the bank account mentioned in the application for the licence.
  - (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
  - (4) Proceeds from the bingos must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same share as the proceeds.
-

LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE C

Terms of Casino Licences

Disclosure of licence

1. (1) A copy of the licence must be on display where players can examine it when games are being played and it must be produced for examination by anyone who asks to see it and has played or wants to play a game.
- (2) All advertisements of the casino games must state the licence number.

House rules for blackjack

2. (1) House rules for blackjack must be established and a copy must be on display where players can examine them when blackjack is being played and a copy must be produced for examination by anyone who asks to see them and has played or wants to play a game.
- (2) The house rules must describe how the blackjack games will be played, the betting limits, and the pay off odds.
- (3) Blackjack games must be played with the cards face up.

Admission to place where games played

3. There must not be any charge for admission to the place where the casino games are played.

Control of games

4. (1) Responsibility for control of the games remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the games.

- (2) People who help run the games shall not play the games they help run or have anyone else play on their behalf, but when they are not helping they may play any game other than the one they just finished helping with.
- (3) Games players must be kept out of the pit area.
- (4) People under 19 years of age must not be allowed to play any games.

#### Game bank

5. A bank must be maintained in the place where the games are played, but in a separate room that only the casino manager and cashiers are allowed to enter.

#### Games' transactions

6. (1) The betting limits stated on the licence must not be exceeded.
- (2) Playing tokens or chips must be exchanged for cash at the time of sale to a games player.  
Payment by cheque, cashing cheques for the purchaser, or extending credit to the purchaser is prohibited.
- (3) There must be a bank at which games players may acquire and cash in playing tokens or chips. The licensee may also provide a cashier's booth for the same purpose.
- (4) All betting must be by use of playing tokens or chips and all winners must be paid by tokens or chips that they can cash in at the bank.
- (5) The banker must supply each game operator with enough playing tokens or chips for the conduct of the game. The game operators must get and cash in the tokens or chips at the bank and they must sign a receipt for the tokens or chips that the banker dispenses to them.
- (6) A record must be kept of the playing tokens or chips
  - (a) supplied to game operators,
  - (b) returned by the game operators to the bank, and
  - (c) cashed in at the bank by players.

- (7) At the end of each game the game operator must account for all the playing tokens or chips at the table or game and must return them to the bank.

#### Expenses

7. (1) Only the expenses necessary for running the games may be deducted from the revenue of the games.
- (2) The rental for equipment and the place where the games are run must be a fixed amount rather than a percentage of revenue from the games.

#### Records and financial reports

8. The report on the running of the games must be submitted within 30 days of the final day of the licenced games. The report must include the cashier's daily record for each day of gaming.

#### Gaming revenue over \$5,000

9. (1) This section applies only when the Board includes in the licence a statement requiring compliance with this section, but the Board may include that statement only when it expects the revenue from the licenced games to be over \$5,000.
- (2) Revenue from the games must be deposited in a bank account mentioned in the application for the licence.
- (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
- (4) Proceeds from the games must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same shares as the proceeds.

LOTTERY LICENCING ACT

DIAMOND TOOTH GERTIES REGULATIONS

**Interpretation**

1. "board" means the Yukon Lottery Licensing Board.

**Application**

2. These Regulations apply only in respect of licences to the Klondike Visitors Association for the management and conduct of a lottery scheme at Centennial Hall, Dawson City, known as "Diamond Tooth Gerties".

**Licence**

3. The board may, upon application to the board in an approved form, issue a licence to the Klondike Visitors Association to conduct and manage a lottery scheme, the proceeds from which will be used for a charitable or religious object or purpose, subject to such terms and conditions as the board may deem necessary for the protection of the public.

**Inspectors**

4. (1) The board may designate and appoint persons who are members of the Public Service of the Yukon as inspectors.  
  
(2) A person appointed as an inspector shall have the power and authority of an auditor as set out in these Regulations and shall be authorized to inspect all premises or places where a lottery scheme licenced by the board is being conducted, for the purpose of reporting to the board.

## Audits and inspections

5. (1) Audits and inspections may require an audit of the lottery records and accounts of the organization to whom a licence has been granted.
- (2) An audit or inspection under subsection (1) may be with respect to a licence that
- (a) is presently in good standing,
  - (b) has expired, or
  - (c) has been suspended.
- (3) The organization that has received a licence shall, on being advised by the board of the requirement for an audit, at all reasonable times, provide to the person or persons conducting the audit the unrestricted right of access to all books, documents and records relating to the lottery scheme as may be required for the audit.
- (4) The organization shall permit the person or persons conducting the audit to remove any documents or books or any item related to the lottery scheme for the purposes of the audit.
- (5) Where an inspector or auditor identifies himself to the licensee for the purpose of conducting an inspection or audit the licensee shall
- (a) allow the inspector or auditor ready access to all parts of the premises or building where the lottery scheme is being effected,
  - (b) make available all documents or equipment for examination by the inspector or auditor, and
  - (c) at the direction of an inspector or auditor discontinue any procedure, practice or activity which the inspector or auditor reasonably believes is in contravention of the Act, the Regulations, or the terms and conditions of the licence.

## Cost of audits

6. (1) Where an audit has been done pursuant to the provisions of section 5 the organization shall, at the discretion of the board, be responsible for all fees and charges related to the audit.

- (2) Where an audit is conducted by a person who is a member of the Public Service of the Yukon, there shall be no fees or charges for the audit.

#### Prizes

7. It is a condition of any licence that all prizes as described in the licence shall be awarded whether or not the revenue from the lottery scheme is sufficient to meet the obligation.

#### Reimbursement

8. Where the board is of the opinion that a lottery is being conducted in contravention of the Act or the Regulations, the board may, at any time prior to the distribution of prizes in the lottery scheme, order the organization that was granted the licence to cancel the lottery scheme and to pay each of the participants of the chance purchased in the lottery scheme an amount not to exceed the actual cost to the participants of the chance purchased.

#### Payments of proceeds

9. The net receipts from a lottery scheme shall be paid to the objects set out in the licence issued under section 3.

#### Compensation

10. Except as authorized by the board, no person or organization shall be compensated, either directly or indirectly, for conducting, managing or assisting in the management of a lottery scheme under these regulations.

Change in executive

11. Any change in the executive of the Klondike Visitors Association shall be immediately reported to the board.

Financial statements

12. (1) It is a condition of a licence issued under these regulations that the licensee shall within 30 days after the expiration of the lottery licence, submit a financial statement to the board.
- (2) Noncompliance with subsection (1) will disqualify an applicant, at the discretion of the board, from receiving a second or subsequent lottery licence.

Fees

13. The attached schedule of fees, annexed hereto as Schedule A, is hereby made and established.

Rules of Blackjack

14. The rules of blackjack, annexed hereto as Schedule B, are hereby made and established.

Accounting procedures

15. The accounting procedures, annexed hereto as Schedule C, are hereby made and established.

Form

16. The following forms are hereby made and established for use in accordance with these regulations:

Form A - Credit Slip  
Form B - Final Table Account Card  
Form C - Revenue Sheet  
Form D - Financial Report of Lottery Scheme

Y U K O N T E R R I T O R Y  
L O T T E R I E S S C H E M E S

The following fees are payable within thirty days after the expiration of the licence.

The fee for "CASINO GAMES" is \$5.00 per table per day.

Please make cheque or money order payable to The Yukon Consolidated Revenue Fund.

YUKON TERRITORY  
RULES OF BLACKJACK

- a. Object of game - draw to 21 or closest to 21 without exceeding 21. If total is higher than dealer, better wins; if total is the same as the dealer this is a stand-off; if total is lower than dealer, better loses.
- b. Card count - face cards count 10, aces count 1 or 11; others count face value.
- c. Blackjack - any ace with a picture card or a ten is an automatic winner, except when dealer also has a Blackjack in which case it is a stand-off. Blackjack pays 3 to 2.
- d. Dealer will play against all players at the same time (ie. not individually).
- e. All pay-offs except Blackjack are on even money basis.
- f. All bets down before first card dealt.
- g. Split bets - if player's first two cards are a pair, the player has the choice of splitting them into two hands and betting the same bet on each hand.
- h. Dealer must draw on 16 or under, stand on hard 17 and over and must hit a soft 17. A soft 17 is any combination of cards totalling 17 when the ace is counted as 11.
- i. All cards must be dealt face up.

ACCOUNTING PROCEDURES

Cashier's Cage:

A revenue Sheet shall be kept by the Cashier's cage in duplicate. The sheet shall indicate the following, by column:

- a. Type of game - e.g. Black Jack, Roulette, etc.
- b. The table number (This number will also identify the Cash Box number, locked to the table).
- c. The Bank (The amount of money or chips on the table when the game opens for business).
- d. Fills, credit, final, drop, net win, loss, total and percentage. See Example attached.

Fills:

All fills shall be made up in the cash cage, by the cashier, with the fill slip (see example) being made up in triplicate. The fill slip shall reflect the date, time of day, the game, the game number, the amount or denomination of chips or cash. The fill slip shall bear the signature of the cashier, the signature of the security man or runner who receives the fill from the cashier and delivers it to the table. At the table, the fill will be counted by the dealer and witnessed by the floorman who will initial the slip as to accuracy. Fill slips will bear serial numbers. The original of the fill slip will be delivered to the table along with the duplicate, the triplicate will remain at the cash cage.

The original, after being signed, will be placed in the locked box at the table on which the fill was placed. Duplicate will be returned by the security man or runner to the cash cage, placed in a separate file covering the particular game. All fills will be recorded on a revenue sheet at the time they leave the cashier's cage. Triplicate copy will be kept in the main control ledger.

Credits:

Credits will be handled similarly, that is to say the dealer shall count out the money in the presence of the floorman who will make out a credit slip showing the date, time, game and number, denominations and total amount of chips or cash, initial the credit

slip along with the floorman who will then turn the credit slip and chips/cash over to the security man or runner who will initial the original and return to the cashier's cage with the duplicate and triplicate of the credit slip. The original credit slip will be placed in the box at the table by the dealer, after the dealer's, the floorman's, and the security man's initials have been placed on the credit slip.

On arrival at the cashier's cage, the credit will be counted and certified by the cashier who will sign the duplicate and triplicate as to accuracy. The cashier will immediately enter the credit on the revenue sheet. Duplicate credit slips will be kept in the same file as fill slips covering money/chip transactions for the particular table. Triplicate will be kept in main control ledger. All credit slips will be serial numbers.

Final Count Slips:

At the end of the shift or day's play, the floorman in charge of the table games will do a final count of money/chips remaining in each tray. As he makes the count, he will make out a final count slip which will indicate the date, shift, the game and number, the denomination of chips with cash in the tray and total. The slip will be witnessed as to accuracy by the dealer and the duplicate of the slip placed on the tray. The original will be returned to the cash cage. The final count slip shall be serial numbered

At closing of the day's play or at the end of the shift as the case may be, the cashier will enter the amounts indicated by the final count slips in the final column of the revenue sheet. In the case of ending the day's play, the trays and final slips in the trays will be returned by the security man or runner to the cashier's cage where they will remain locked up overnight. In the case of a shift change during a day's play, the final count will be entered on a new revenue sheet, under the same game number and the column identified as 'Bank'. The same procedure outlined will be continued in the case of a shift change; the box will be removed from the table and replaced with an empty box. Cash boxes will be delivered immediately to the cashier's cage or counting room where they will be unlocked and the cash counted in the presence of no less than three officers of the licensee. Each box will be identified by the game number. The amount of cash taken from the box will be recorded on the revenue sheet in the 'Drop' column.

After all cash boxes have been counted and fill and credit slips removed from the boxes, slips will be checked against the copies held by the cashier, calculations will be made to determine the 'Net'. The 'Net' is determined as follows:

BANK plus FILLS minus CREDITS equals X

X minus FINAL equals NET

DROP minus NET equals WIN or LOSS

Wins shall be entered in the 'Total' Column in black or blue ink, losses shall be entered in red ink, in the 'Total' column.

Winning percentages can be calculated by dividing the 'Win' into the 'Drop'.

Final profit/loss figures and percentages can be usually calculated from the Revenue Sheet.

At the end of each day or shift, the originals, duplicates of fills, credit along with the original Final Count slips will be attached to the original Revenue Sheet and retained as a permanent record. The triplicates of the fill and credit slips and the duplicate of the Final Count slips will be attached to the copy of the Revenue Sheet to be submitted to the Executive Council Member with a financial statement.

During the period of the year when the licensee is not operating the lottery scheme all chips retained by the licensee shall be stored by a chartered bank only to be released to two authorized officers of the licensee.

CREDIT SLIP NO

Date

Game No	Shift	Amount	

CREDIT FOR:

Boss \_\_\_\_\_ Cashier \_\_\_\_\_

Final Table Count Card No.

Date \_\_\_\_\_

Shift \_\_\_\_\_

Game \_\_\_\_\_

\$10	
\$ 5	
\$ 1	
Silver	
Final	\$10
	\$ 5
	\$ 1
	Silver
	TOTAL

Fill Slip

No.

Date

	Game No	Shift	Amount
"21"			
Roulette			
Wheels			
Chips			
Silver			

Boss \_\_\_\_\_ Box \_\_\_\_\_

Cashier \_\_\_\_\_ Time \_\_\_\_\_

REVENUE SHEET

FORM C

GAME	NO	BANK	FILLS	CREDITS	FINAL	NET	DROP	WIN	LOSS	TOTAL	%

This report to be completed by two principal officers of the organization.

FORM D

FINANCIAL REPORT OF GAMES OF CHANCE  
conducted by

\_\_\_\_\_

(complete name and address of organization)

for Games of Chance conducted \_\_\_\_\_, as authorized by licence issued by The Executive Council Member,

on \_\_\_\_\_ (date of licence)

<u>GAME</u>	<u>NO.</u>	<u>BANK</u>	<u>FILLS</u>	<u>CREDITS</u>	<u>FINAL</u>	<u>NET</u>	<u>DROP</u>	<u>WIN</u>	<u>LOSS</u>
-------------	------------	-------------	--------------	----------------	--------------	------------	-------------	------------	-------------


(For explanation of above terms, please refer to the attached Accounting Procedures Guide.)

Total Net Profit \_\_\_\_\_

Expenses:

Advertising \_\_\_\_\_

Printing \_\_\_\_\_

Rental of Equipment \_\_\_\_\_

Other (specify) \_\_\_\_\_

TOTAL EXPENSES \_\_\_\_\_

NET PROCEEDS \_\_\_\_\_

The receipts derived from the Games of Chance were maintained in \_\_\_\_\_

\_\_\_\_\_  
(Name and address of Bank or Trust Company)

The net proceeds in the sum of \_\_\_\_\_ were donated to \_\_\_\_\_

\_\_\_\_\_  
(name and address of organization)

on \_\_\_\_\_ and received by \_\_\_\_\_

\_\_\_\_\_  
(name and capacity of person to whom proceeds were forwarded)

I have examined the records and accounts of \_\_\_\_\_  
(name of organization)

with respect to the above described Games of Chance, and the information contained herein is correct to the best of my knowledge and belief.

Signed	_____	_____
Print Name	_____	_____
Title	_____	_____
Address	_____	_____
Telephone No	_____	_____
Date	_____	_____

This report must be forwarded to Consumer & Corporate Affairs,  
Box 2703, Whitehorse, Yukon Territory, Y1A 2C6, within thirty days  
after the Games of Chance.



MAR 1 1991

*Rod*

*Alaska Cabaret, Hotel,  
Restaurant & Retailers Association*

*P.O. Box 104839 Anchorage, Alaska 99510  
401 K Street • (907) 272-8133 • Fax: (907) 272-8040*

February 27, 1991

Senator Druce Pearce  
P.O. Box V  
Juneau, AK 99811

Dear Senator Pearce,

Thank you so much for taking time from your busy schedule to talk with me on the pull tab issue. I appreciated the opportunity to present CHARR's position and to discuss other matters of mutual interest. Subsequently, I have discussed our position on hotel mini-bars with Tally of your staff and restated my offer of assistance with this legislation.

Please extend my thanks to your staff for their hospitality when I visited your office. Meg was very gracious in helping me arrange the appointment.

You have my best wishes for a productive session and my thanks for your assistance.

Sincerely,

*Carol Wilson*

Carol Wilson  
Executive Director

Enc.

**ARBA**  
Anchorage  
Restaurant &  
Beverage  
Association

**CHARR**  
Alaska Cabaret,  
Hotel, Restaurant  
& Retailers  
Association

*not members  
of coalition  
of charitable  
gaming (yet)*

CAROL WILSON

401 K Street, P.O. Box 104839, Anchorage, Alaska 99510  
(907) 272-8133



*Alaska Cabaret, Hotel,  
Restaurant & Retailers Association*

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#### 1991 POSITION PAPER ON REGULATION OF CHARITABLE GAMING

Public hearings on the subject of charitable gaming regulation were held several times in 1990 by the Department of Commerce and Economic Development and by the House Labor and Commerce Committee. Overwhelmingly, testimony demonstrated that non-profit and charitable organizations depend on income from charitable gaming as a major source of funds and favored continuation of the third party vendor system as it had evolved.

CHARR would favor legislation that maintains the ability of non-profit organizations to raise funds through gaming activities with the use of a third party vendor system. However, we recognize that the issue of third party vendors is not specifically addressed in the current statutes and feel that this is an appropriate issue for legislation to address. We recognize that the ultimate responsibility for the lawful conduct of gaming activities rests with the holder of the permit, but perhaps legislation could be drafted to define the relationship between the permittee and the third party vendor, specifying a minimum rate of return to the permittee and mandating that all transactions be carried out by check so that a clear audit trail to and from the mandated special gaming account will be maintained.

CHARR believes that there is a legitimate public interest to be safeguarded in proper regulation and oversight of charitable gaming activities, and we commend the efforts of the Department of Commerce and Economic Development in the attempt to do so. It is vital that the third party vendor system be maintained and formally addressed through legislation.

LAW OFFICES OF  
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**MEMORANDUM**

*No letter needed.*

**TO:** Senator Drue Pearce  
**FROM:** Mitchell D. Gravo  
**RE:** Requested Letter To and Meeting With Commissioner  
Merkuliof on Behalf of the Alaska Charitable Gaming  
Association  
**DATE:** January 24, 1990

\*\*\*\*\*

**INTRODUCTION**

The members of the Alaska Charitable Gaming Association (ACGA) need your immediate assistance. This memorandum will summarize a problem the members of ACGA have with a proposed regulation that the Department of Commerce may soon promulgate that adversely affects each member of ACGA. And the memorandum will provide you with the necessary background to write a letter in support of ACGA's position on this problem and meet with the Commissioner if you choose to do so after reading the memorandum.

**THE REGULATION**

The Department of Commerce may soon promulgate a regulation that will require virtually every individual or organization in the state involved in charitable gaming to become an operator and comply with the strict operator rules outlined in the Alaska Charitable Gaming Reform Act. ACGA is strongly in favor of this regulation. All the members of ACGA have an operator's license and cash bonds of between \$25,000 and \$100,000 posted with the State. The Department is considering drafting this regulation so that certain charitable gaming operations - those that are conducted by more than one permittee solely for more than one permittee, for example Lucky Strike Bingo in Anchorage - will not have to obtain an operator's license. This will create significant problems for ACGA members's for the reasons outlined below. ACGA strongly oppcses this exception and solicits your support in opposing this exception.

## PROBLEMS WITH THE EXCEPTION

This exception will be exploited by the unscrupulous in the charitable gaming industry. The exception will allow the unscrupulous in the charitable gaming industry to circumvent the obvious public policy element of the Alaska Charitable Gaming Reform Act requiring those conducting gaming activities on behalf of permittees to obtain an operator's license and be accountable to the State for their activities.

The exception will also create substantial inequities between those that are required to obtain an operator's license and those that will be allowed to take advantage of the exception.

An operator must report its activities to the State quarterly. A nonoperator never has to report to the State. An operator therefore has substantially more accounting overhead than a nonoperator.

An operator must post a \$25,000 to \$100,000 cash bond with the State. This insures substantial protection for the charities for which that operator is conducting gaming activities. A nonoperator does not have to post any bond with the State. Charities are totally unprotected in a nonoperator situation. And a nonoperator can use its excess cash to lowball the marketplace in an attempt to drive its operator competition out of business.

An operator must limit the prizes it awards to \$500,000 per permittee per year. A nonoperator's limit is double \$500,000 or \$1,000,000 per permittee per year. This is a substantial administrative advantage for nonoperators because it allows them to operate with half the permits that an operator operates with doing the same amount of gross business.

An operator must return 15% of its net income to its charities. A nonoperator is not subject to this requirement. Operators that do not meet this requirement will lose their operator's license. Nonoperators do not have a license to lose. Charities are guaranteed a minimum 15% return with an operator. Charities are guaranteed nothing with a nonoperator.

Because an operator must return 15% of its net income to its charities, it must make a profit. A nonoperator does not have to return any minimum to its charities and therefore does not have to make a profit. This is the most significant and inequitable difference between an operator and a nonoperator because it allows the nonoperator to lowball the marketplace with its prices and eventually drive the operators out of business when the operators match the price decreases of the nonoperator and therefore fail to make a minimum profit and return the minimum 15% of net income to their charities.

This is not speculation. It is happening in Anchorage today. Nonoperator Lucky Strike Bingo has been lowballing the price of bingo in Anchorage for several months. All the other operators in Anchorage have had to follow Lucky Strike's pricing in order to keep their market share. Boniface Lingo recently closed its doors; it was the first casualty of this inequitable price war.

#### REQUESTED ACTION

ACGA believes the above reasons provide a compelling case for requiring that all individuals and organizations conducting charitable gaming activities on behalf of more than one permittee without exception be required to obtain an operators license. This will level the playing field and make the regulations apply equitably to everyone.

This issue is critically important to ACGA. Promulgation of this regulation by the Department is imminent. If you find the above reasons compelling, please assist ACGA in the following manner. First, ask for a meeting with Commissioner Merkuliof and request no exceptions to the operator regulation that the Department is about to promulgate. Second, follow up that meeting with a letter making the same request.

Thank you for your consideration of this issue. I hope you will be able to help ACGA. If you do decide to help, please act immediately because time is of the essence on this issue.

NOV 10 1989

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OF COUNSEL  
MITCHELL D. GRAVO, P. C.

**MEMORANDUM**

**TO:** Senator Drue Pearce  
**FROM:** Mitchell D. Gravo *M.D.G.*  
**DATE:** November 6, 1989  
**SUBJECT:** Briefing for Meeting with Alaska Charitable Gaming Association

This is a confidential memorandum.

A pull-tab works in the following manner: For every dollar of pull-tabs sold, a certain amount of that dollar of gross sales is paid out in prizes, for example, seventy five cents. The twenty five cents left over is referred to as the ideal net. The charities' share of the proceeds, the operators share of the proceeds, the state tax, and expenses are all paid out of the ideal net. Pull-tabs are nothing more than paper slot machines. Each game has a different ideal net, just like each slot machine has a different pay off. Before you begin selling a game, you know exactly how much your ideal net will be when the entire game is sold. Charities must be paid 15% of the amount left over after prizes and expenses are paid, or 15% of the adjusted gross income:

**GROSS INCOME**  
**-PAYOUTS**  
**IDEAL NET**  
**-EXPENSES**  
**ADJUSTED GROSS INCOME**

The first item I want to bring to your attention is that you were a strong supporter of the "Charitable Gaming Reform Act" during the 1988 legislative session. When the bill was in the House, you supported it, and when it went to the House floor you voted for the bill.

The association has supported you in the past. The goal for this meeting is to make the association members comfortable enough with your understanding and support for the industry to follow my recommendation regarding you and raise \$2,500 for you before the end of the year.

The members of the Alaska Charitable Gaming Association represent the major players in charitable gaming within the state with the exception of the fake lottery. The fake lottery has chosen not to join the association. The members of the association account for more than half of the total charitable gaming activities in the state.

The members of the association fall into four distinct categories; 1) members who run bingo halls which include pull-tab games within the halls, 2) members who run stand alone pull-tab stores without bingo, 3) members who run pull-tab games without bingo not out of their own stores but out of vendor stores like your local bar or mom and pop grocery store, 4) members who wholesale bingo and pull-tab supplies to the above three categories and directly to charities.

These categories are important because certain issues in the industry only affect certain categories; and so certain members only care about certain issues.

Mark Griffin, Northern Lights Bingo and Alaska Bingo Supply, is in categories 1 and 4. Pete Kramer, North Star Bingo and PEC Company, is in categories 1 and 4. Ed Dilly, The Poppe Shop, is in categories 2 and 4. Jim Harman, Rippee World, is in category 2. Jay Hunison, Bingo Sams, is in category 3 and 4. John Blomfield, John Blomfield Companies, and Terry Stallman, T & S Enterprises, are in category 3.

All members of the association have posted cash bonds with the state of between \$25,000 and \$250,000. (AS 05.15.122 (5))

The following summarizes the current state of the industry:

The Alaska Charitable Gaming Reform Act passed the Legislature in 1988. This was a comprehensive reform of the charitable gaming industry in the state. As a result of this legislation, stand alone pull-tab stores sprang into existence, the fake lottery sprang into existence, and the volume of business done in the industry doubled.

The legislation called for promulgation of comprehensive regulations. No regulations have been promulgated. (AS 05.15.060)

The Department of Revenue transferred the charitable gaming program to the Department of Commerce on July 1, 1989. The Department of Commerce reviewed the program for a few months and attempted to promulgate emergency regulations during October. The Association supported the emergency regulations with the exception of the Department's position that vendors are illegal.

The Lieutenant Governor refused to sign the emergency regulations as required by law. The Governor refused to force the issue. The Department of Commerce retreated from promulgating the emergency regulations and is now promulgating the regulations through the regular process and expects to have most of them promulgated by the beginning of the session.

Members of the industry are unable to secure surety bonds required by the legislation; they consequently must post cash bonds if they wish to comply with the law. (AS 05.15.122 (5))

A clear definition of "operator" does not exist. (AS 05.15.210 (24))

A clear definition of "vendor" does not exist. The Department of Commerce' current position is that the use of vendors is illegal.

A clear definition of "series" does not exist. (AS 05.15.187 (b)-(g))

The law is currently being enforced in an arbitrary, capricious and unequal manner. For example, the Department of Commerce is forcing all the members of our association who are bingo hall operators to run their halls under the umbrella of an "operators" permit while allowing bingo halls like Lucky Strike Bingo and Frontier Bingo to operate without operator permits. My members have to post \$100,000 cash bonds and file extensive monthly reports while their competitors across town do not have to meet these requirements. This obviously places members of our association at a competitive disadvantage.

Another example of capricious enforcement of the law is the fake lottery. One member of our association was playing a game similar to the fake lottery. The Department of Commerce forced him to stop the game. Another member of the association has a letter on file with the department requesting permission to run a game exactly like the fake lottery; this letter has been on file with the department since July. The department refuses to answer the letter.

These are just two examples where the Department of Commerce applies the law in an arbitrary, capricious and unequal manner.

The following summarizes the "vendor" issue:

Some charities are not able to work with bingo halls and stand alone pull-tab stores; these charities are forced to work with operators or nonoperators who have networks of vendors who will sell small amounts of pull-tabs each day incidental to the main product in their stores. The biggest example of a vendor operation is the fake lottery; they have a network of vendors that exceeds 200. They are only the biggest example. Several operations on a smaller scale exist in the state. Most of the bars that sell pull-tabs in the state are vendor operations.

The Department of Commerce's current position is that vendors are not provided for in the law and therefore are illegal, and that pull-tabs can only be sold by full-time employees of either an operator or a permittee. This position would put a substantial portion of the industry out of business.

Based on the law and the regulations as they currently exist, this is a correct position.

The association supports legislation or regulations that would establish a licensing scheme for vendors similar to the licensing scheme that exists in the real estate industry for the relationship between a real estate broker and a real estate agent. Vendors could not exist unless they were licensed and had a contractual relationship with an operator.

This would achieve the department's goal--accountability for vendors, and the industry's goal--legality for vendors.

The following summarizes the "adjusted gross profit" issue:

All operators must return at least 15% of the adjusted gross income to their charities. This applies to all operators regardless of how they organize their businesses. (AS 05.15.128)

Some operators have substantially more overhead and capital investment than other operators. For example, operators that run bingo halls have substantially more overhead and capital investment than those operators that use vendors or those operators that have stand alone pull-tab stores.

There may be an effort to have those operators that have substantially less overhead and capital investment than the bingo hall operators return a greater portion of their adjusted gross income to their charities than the bingo hall operators.

The rationale for this effort will be that these different types of operations were not envisioned when the law was passed, and that if they were then they would have had a different adjusted gross income requirement than the bingo halls because their capital investment is substantially less than that of a bingo hall.

The association opposes any effort to differentiate the type of return required of operators based on their capital investment and their overhead. We believe it is unfair to penalize a business because it is operating efficiently.

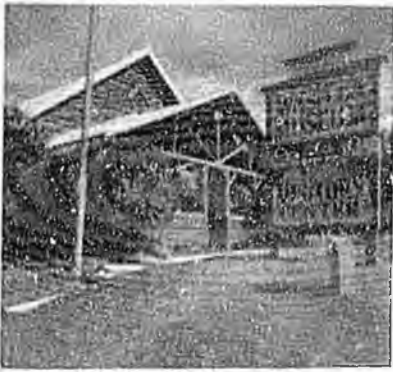
There is enough unequal treatment in the industry already; we don't need another instance of unequal treatment.

The association supports the following positions:

- 1) Regulations promulgated as soon as possible that clarify the definition of "operator", and "series."
- 2) Uniform enforcement of the regulations and law.
- 3) Legislation or regulations that will legalize vendors.
- 4) A stable adjusted gross income policy.

# Wasilla-Knik-Willow Creek

JAN 16 1991



## Historical Society

323 Main Street  
Wasilla, Alaska 99687  
376-2005

Preserving Yesterday's  
Culture for Tomorrow



Senator Drue Pearce  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Pearce:

The Attorney General's decision to curtail Pull-Tabs on December 31, or at any time, is ill-advised because a great many worthwhile small non-profit organizations in the state depend heavily on that source of income. This is especially true of small museums and other historical enterprises inasmuch as history is at the bottom of the list for federal, state and municipal grants/appropriations. Bake sales and sporadic fund drives cannot do the job, no matter how much volunteer help is available. History does not repeat itself, and much that we are trying now to preserve may be irrevocably lost.

I desperately urge you to allow the Pull-Tab operations to continue, encouraged and unabated, even if it means amending present laws or passing new legislation enabling third-party vendors to proliferate.

Respectfully yours,

*V. Louise Kellogg*

V. Louise Kellogg, President  
Wasilla-Knik-Willow Creek  
Historical Society, Operators of  
the Dorothy Page Wasilla Museum and  
the Knik Museum

*LC*  
*Rod - ask v.*

JAN 3 1990

THE POP SHOPPE  
1060 ASPEN  
FAIRBANKS, ALASKA 99709  
451-6865 OR 456-5688

December 21, 1989

State of Alaska  
Senators and Representatives  
Box V  
Juneau, Alaska 99811

To All Senators and Representatives:

Subject: Charitable Gaming (My Industry):

The State has gone through astronomical growth here in excess of \$300 million in 1989. The state is five years behind the industry in this field. We have no real expertise at state regulatory level. This is a must and needed now. I support regulations and bonding. I do not support Washington rules. This is Alaska.

I also would like to see a small amount of common sense used by regulatory bodies. The reform laws written by legislators can never cover all topics involved in regulations and enforcement of any law.

You and I need to know Commissioners have the tools to enforce and regulate intent.

The State has been at least guilty of selective enforcement, selective bonding requirements, allowing Lottery Alaska to start up a illegal game then changing their mind and trying to stop it.

No consistency in reporting requirements and forms need to comply.

Changing from Department of Revenue to Department of Commerce is no excuse for the lack of enforcement or guidance by the State. Past practices and reporting methods have been totally improperly managed and supervised by State level employees.

Having State employees personal opinions on regulations or the law is in no way proper. These decisions should come from legislators intent or Attorney General opinions on legality of regulations.

I personally have been openly lied to by those in charge.

The State has cost me and others in this industry thousands by lack of control.

As I supported Reform Bill 299 in 1988 I feel the State has only made a total disaster in charitable gaming.

Legislative intent was lost. Personal opinions are in effect now.

The States 3% tax is a large amount. No one in this industry minds supporting our State in this manner, but feel our payments would only be larger if it was not necessary to educate and fight stupidity on State level.

The Department of Commerce should write regulations. They should also encourage business in Alaska, not ~~restrict~~ it.

I personally have been through hearings five times since reform on regulations. To date we have NONE.

How much has this cost the people of Alaska?

How much has the State cost the Non-Profits I work for? In my company it will be over \$200,000 in 1989 alone.

The Department of Commerce needs help now, before this atrocity of justice ends up in court.

The State policies currently cost thousands of loss per day. My industry cannot wait for State employees to find a place to pass the buck again any longer.

I will support any bill that requires regulations of any law being reviewed by Senate and House before wasting time with hearings. If regulations do not follow your intent, you can kill them.

My company records and accounting practices are always open to any Senator or Representative who wishes to understand Charitable Gaming and how it really works. As a board member of Alaska Charitable Gaming Assn. we offer any assistance needed.

As you return to session shortly, please look in to industry and state needs in this matter. I will support any common sense revisions needed.

Fellow Alaskan for Alaska.

Sincerely,



Edward A. Dilley  
The Pop Shoppe  
E & A Services  
Alotta

THE POP SHOPPE  
1060 ASPEN  
FAIRBANKS, ALASKA 99709  
451-6865 OR 456-5688

State of Alaska  
Mr. Steve Cowper, Governor  
Juneau, Alaska 99811

Subject: Charitable Gaming

Dear Mr. Cowper:

It is my understanding you will introduce legislation on bonding for gaming. I would like to know the particulars on your bill before introduction. Also give you my opinions on this matter.

I am at present the largest bonded operator in the state with \$250,000 in cash posted as Certificates of Deposit. Let me assure you I find this totally ridiculous and costly. Some State licensed operators have not a dime of bonding. No parity in state enforcement has been used in the past here!

Yes bonding needs to be lowered and written so as it is at least attainable by all.

Along with lowering of cash requirements, a system of qualifications and back ground checks may be just as valuable. A long standing solid citizen is not as likely to risk their reputation in a small state. Business back ground is also an important asset, as record keeping and accountability is an important factor. No system is fool-proof.

As large operators can only run 20 to 40 permits a year, small groups need a market to raise funds also. The third party vendor issue is very important factor to these groups. I support their position in this need, with some type of affordable control and accounting to the state.

The State has been a total adversary to fund raising in past policies.

We have charitable gaming laws in Alaska set forth by our legislators. The State should regulate and supervise this set of laws. not fight the concept.

Mr. Cowper, this is gambling. Lets treat it like it is. We in the industry have made profits for our groups and the State in spite of our constant fight with The Department of Revenue and Department of Commerce.

Gaming will generate 300+ million in sales this year alone. The States 3% is not a small number. This should be encouraged to


Page 2  
Charitable Gaming

grow, not stifled in time of need.

Ask your commissioners to regulate and control, but use common sense if possible.

Thanks for your time.

Sincerely,



Edward A. Dilley  
Owner-Operator  
The Pop Shoppe

Proceeds Paid to Charity 1989

1st Quarter 1989

Ketchikan Youth Football	14,448.05
Douglas Lyons	43,674.18
Festival Fbks. 84	9,096.13
Fbks. Amateur Hockey	18,168.26
	<u>85,386.62</u>

2nd. Quarter

Juneau Youth Football	18,431.35
Southeast Pan Handlers	9,870.40
Ak. Native Sisterhood	9,847.02
Ktkn. Youth Services	18,877.37
North Pole Rotary	1,381.65
Fbks. Youth Soccer	26,187.72
	<u>84,595.51</u>

3rd. Quarter

Alaska Gold Kings	9,327.37
North Pole Rotary	14,919.84
Douglas Indian Assn.	2,771.71
Juneau Shotokan Karate	9,679.29
Sports Unlimited	8,471.68
American Legion #25	4,164.65
Ktkn. Senior Services	14,613.59
Ak. Native Sisterhood	3,173.92
Sons of Norway	9,067.27
Ktkn. Killer Whales	2,828.39
Ak. Native Sisterhood	447.00
	<u>79,464.71</u>

JAN 3 1990

ALASKA CENTRAL BASEBALL LEAGUE, INC.

BOX 1332

KENAI, ALASKA 99611

ANCHORAGE GLACIER PILOTS

Lou Sinnett, Gen Mgr  
Box 100895  
Anchorage, AK 99510  
(907) 274-3627  
(907) 561-0121

MAT SU MINERS

Stan Zaborac, Gen Mgr  
Box 1633  
Palmer, AK 99645  
(907) 745-4901

PENINSULA OILERS

Coral Seymour, Gen Mgr  
Box 5008  
Kenai, Alaska 99611  
(907) 283-7133  
(907) 283-4271

Wayne Dunworth, President, Box 1332, Kenai, Alaska 99611 (907) 283-7551  
(Fax 283-3299)

Jack Slama, Executive Director, 5132 East 42nd, Anchorage, AK 99508  
(907) 269-4101 (Fax 338-1341)

Drue Pearce  
4150 West 88th Ave  
Anchorage, Alaska 99502

Dear Senator Pearce,

We are writing to you asking that you do not take lightly the changing of gambling laws and in particular the pull tabs regulations that are presently proposed by the Department of Commerce.

As you well know the gaming laws started with the Dept of Commerce then was changed to the Dept of Revenue and now back again with the Department of Commerce. These changes in departments have made it difficult to make decent, pliable and equitable laws in that no one really has had the gaming regulations as a priority in their respective departments, only as a secondary duty and one which no one to date really knows much about. Each department has made or tried to make emergency regulations and change the law with too little study and before hearings were held.

Most recently the Department of Commerce has appointed an advisory gaming committee which we feel should be appointed by the legislature to do a study with legislators to come up with a viable set of regulations taken from several states with experience. The State could not suffer much if this study was not completed within this session.

We, the Alaska Central Baseball League, Inc. particularly object to not allowing a third party vendor of pull tabs, ie bars, restaurants, etc as this is where a large portion of our financing comes from. No third party vendors (Alaska business persons) allowed to sell pull tabs, but making laws and regulations that make it easier and more profitable for "Operators" simply does not seem in the best interest of the Alaskan people and the non profit organizations these laws were originally made to apply to.

It would seem that some of the new laws were expressly made to order for the operators and perhaps the department felt they would be easier to police than the non profit organizations.

We would urge you to contact us so that we might meet with you in a workshop in Anchorage to discuss this matter at length and would urge you to contact the hundreds of permittees (non-profits) to see how these changes would affect their programs before allowing the changes to be made.

Right now with the economy, there probably would be at least four less amateur baseball clubs in Alaska if these laws were changed as now proposed.

In no way are we trying to put down the department or imply that they are not capable of running the gaming laws and regulations. we simply feel that it is in the best interests of the people of Alaska to have the legislature make these laws AFTER a full and complete study and hearings are held to assure that the best laws and regulations are passed and put into effect. To hurry these laws without studies and hearings can only result in future problems.

Yours for GOOD, SOUND, GAMING LAWS,



Wayne Dunworth, President  
For the Board of Directors  
Alaska Central Baseball League, Inc.

JAN 16 1991

Don Brandon  
Executive Director

*Red*



January 9, 1991

Sen. Drue Pearce  
P. O. Box V  
Juneau, AK 99811

Dear Sen. Pearce,

Last year the legislature did nothing to resolve questions regarding charitable gaming in Alaska. Because of legislative inactivity and unwillingness to work together for the good of charities involved in gaming, charities are being penalized by the Attorney General. Charities are being restricted from fund raisers through third-party vendors creating budget shortfalls and staff reduction, which ultimately means service provided by charities are being restricted due to lack of revenue.

Please make a matter of first priority a piece of legislation which directly addresses third-party vendors and give the Department of Commerce opportunity to write regulations regarding this activity.

Sincerely,

*Don Brandon*

Don Brandon  
Executive Director

3719 Arctic Boulevard  
Anchorage, Alaska 99503  
(907) 561-7325 FAX: 562-7325



## ANCHORAGE BUCS BOOSTER CLUB - PIRATES DEN

P.O. Box 24-1105  
Anchorage, Alaska 99524-1105  
(907) 277-2827

January 9, 1991

The Honorable Drue Pearce  
3111 C Street, Suite 535  
Anchorage, AK 99503

Dear Senator Pearce:

Due to recent implementation of the Attorney General's ruling reference Pull Tab sales through third party vendors, the income needed to carry out our programs has effectively stopped.

We are a self-directed permittee, licensed under charitable gaming and therefore do not employ the services of an operator.

We urge that you implement, as quickly as possible, legislation to enable the continued employment of third party vendors for pull tab sales. Without swift action on the part of the legislature, we anticipate that our non-profit organization will cease to exist within the next 90 days.

As our elected representative, we look to your leadership in solving this urgent matter.

Respectfully,

Member of the Board



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Member of the Board



JAN 17 1991

## ANCHORAGE BUCS BASEBALL CLUB

*Members, Alaska Baseball League*

*Zed*

January 9, 1991

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Anchorage, AK 99503

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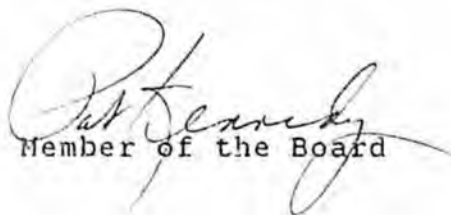
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Respectfully,

*Dennis Mattering*

Member of the Board



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Respectfully,

Member of the Board

Anchorage Amateur Radio Club, Inc.  
 Gaming Committee  
 1910 Rosemary Street  
 Anchorage, Alaska 99508

21 December 1990

Senator Drue Pearce  
 3111 C Street, Suite 535  
 Anchorage, Alaska 99503

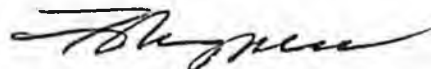
Dear Senator Pearce,

Our Club is deeply concerned about the proposed regulations from the Department of Commerce and Economic Development concerning pull tabs.

12 AAC 34.700 would have a serious impact on our income from gaming. We have been doing business with an independent operator for several years. We believe Mr. Pete Kramer has served us well. We have found no discrepancy in his accounting procedures or business ethics. We have received our fair share of the funds in a timely and business like manner. We do not have the facilities or personnel to conduct these activities, and oversee their operation as Mr. Kramer has done. As an independent business man, he is certainly entitled to receive a fair profit as compensation for his immense investment of time and personal assets. He has also complied with the State's stringent bonding requirements.

In closing, We are completely pleased with the present and past operation. We feel that the proposed regulations are unnecessarily restrictive and primarily designed to drive the Operator out of the picture. This should not be! If such is to happen, our Club would not be able to continue its philanthropic activities. We must urge you to use your power and authority to bring about a revision to these regulations which will be mutually beneficial to all concerned.

Respectfully,

  
 Fred S. Wegmer  
 Treasurer (Gaming)

Believe new A.G. stopped  
 pull tabs —  
 check w/ Commerce on  
 status  
 what will happen  
 to Radio Club?  
 Is anyone working  
 on a bill?

December 18, 1990

Dear Senator Pearce:

As you know the next legislative session is rapidly approaching. This will be a vital time for Kachemak Bay State Park. Your vote of whether to appropriate \$20 million to maintain the park with its present boundaries, or to allow clear-cut logging to proceed, will obviously have a great impact on the park's future.

I am very concerned about this issue. If the heart of the park were to be logged (Konkor Timber Company is currently obtaining the permits) it would be a continual eyesore and sad reminder for years to come. However this issue is not merely over aesthetics. Fisherpeople have a vital interest in the continued productivity of the bay. There are environmental concerns. Future revenues for the state are at stake.

The long term effects of logging are difficult to predict accurately, but it seems certain that resulting erosion, the possibility of bark smothering clam and mussel beds important to the chain of life in this rich ecosystem, and the effect on land-based wildlife, will not be insignificant.

This is not just a regional issue. Not only does the lower Kenai Peninsula depend greatly on tourism as an economic mainstay but also the entire state profits from it. When one considers the dollars that come into the state from Denali Park, which ultimately benefit all Alaskans, then one ought not to ignore the role and further potential of Kachemak Bay State Park.

A great many visitors come to Alaska each year for the express purpose of enjoying the bounty of Kachemak Bay and its surroundings. It is a unique and beautiful experience! Clear-cut logging would surely diminish the number of tourists and tarnish the experience for those who choose to visit or live in the area. Nowhere on earth does there exist a park of the magnificence of that surrounding Kachemak Bay, one so rich in life and one so readily accessible.

I am presently in my last year at the University of Anchorage, and when in May I return to the lower Kenai, I hope it is with the same fondness and cheer I have always felt for the Kachemak area. To think that it could be otherwise hurts deeply.

Please, please allocate the funds to maintain the integrity of Kachemak Bay State Park. It will pay us all back many times over and in many ways for years to come.

Thank you,

*Steve Hughes*

Steve Hughes

6710 E. 10th Ave.

Anchorage, Ak. 99504

*Thank for  
letter. say we  
look forward to  
seeing Hinkel Admuy  
plan on the  
issue.*



# Alaska State Legislature

Please enter into the record my testimony to the

S J & C

committee name

non-profit  
committee on

Gaming Legislation

, dated

3/20/91

bill/subject

My comment today is that State Government is curtailing and eliminating most Social programs and at the same time when Non-Profit organizations try to pick <sup>UP</sup> the <sup>SLACK</sup> slack the State says NO, by implementing rules and regulations that tie the hands of these organizations.

Our Legislatures need to make regulations that are adequate to follow, adequate to enforce and allow the state to share in the revenues as they now do for PULL TABS.

License Video Machines to be used as gaming devices. Insure Policies are in effect to prevent possible abuses and allow Permit holders to accomplish their goals in support of Community State and Nation. For example I know the organizations in our area support, Youth baseball, such as little league and American Legion Youth baseball, families in need of emergency assistance, Youth Ice Hockey (team sponsors and purchase of ice time for youth), Youth basketball and football, needy food baskets, not only at Thanksgiving and Christmas, but anytime a family is in need. Immediate emergency assistance to burn out victims and the list goes on and on.

These organizations need your support if they are to continue to accomplish the above goals.

Thank you for your time.

in name

Johnson Johnson

Signed: \_\_\_\_\_

Testifier

Representing (Optional)

POB 874011

Wasilla 99687

Address

376-8875

Phone No.

FEB 28 1991

Zod

February 25, 1991

Drue Pearce  
Senator,  
State of Alaska Legislature

RE: Pull-Tab Industry

Dear Senator Pearce,

I am an employee for DAV Chapters 1,2, and 3. At the current time, I am under a great deal of stress, not knowing, when I come in the next morning if my job will be there for me.

With the regulations the way they stand, we have lost, or we are loosing our third party vendors.

Please resolve this, either through legislation or new emergency regulations allowing, bartenders or their employees to sell pull-tabs.

Please help me and many others to keep our jobs.

Respectfully,



Carol Corven

cc John Hansen  
Mike Szymanski  
Gary Amendola

February 25, 1991

Drue Pearce  
Senator,  
State of Alaska Legislature

Dear Senator Pearce,

This letter is in regards to the current situation in the pull-tab industry. I am an assistant bookkeeper for DAV 1,2, and 3. At this time, we are on a very tenuous schedule, not knowing, from day to day if we will have a job. I also took a salary cut because there is just not any income coming in.

With the regulations the way they currently stand many of our customers are pulling out, therefore we are in a gloomy situation. Please resolve either through, legislation or new emergency regulations allowing, bartenders or their employees to sell pull-tabs.

I am not the only one in this predicament, I have several co-workers in the same boat, and we would be grateful if this situation could be resolved as soon as possible.

Respectfully,



George Pollitt

cc John Hansen  
Gary Amendola  
Mike Szymanski  
Doug Blankenship



# TELECOPY COVER SHEET

## Kodiak Legislative Information Office

Office - (907) 486-8118 Fax - (907) 486-5284

Call

TO: Barbara Lynn - Tlc 91-03-100

ATTN: S Labor & Commerce Committee FAX: \_\_\_\_\_ PHONE: \_\_\_\_\_

FROM: Mr. Jim Fisk PHONE: \_\_\_\_\_

INSTRUCTIONS: Please give to Chairman  
Mr. Fisk will be speaking about  
this in his testimony

SENT: Date 3-20-91 Time \_\_\_\_\_

DISPOSAL OF ORIGINAL: Discard \_\_\_\_\_ Hold for Pickup \_\_\_\_\_

NUMBER OF PAGES: 2 (NOT counting cover sheet)

TRANSMITTED BY: LJ

'89 proposal by Gaming Advisory Group  
to Commerce - not adopted.

Register

1989

PROFESSIONAL AND  
VOCATIONAL REGULATIONS12 AAC 34.130  
12 AAC 34.135

**12 AAC 34.130. PROHIBITED FINANCIAL INTEREST.** No permittee, operator, pull-tab distributor, or pull-tab manufacturer shall have a prohibited financial interest, or employ, contract with, or allow a person to participate in activities authorized by AS 05.15 and this chapter who has a prohibited financial interest in the operation of any gaming activities. Prohibited financial interest includes but is not limited to the following:

(1) An employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly, payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(2) A direct relative of an employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(3) A licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies in connection with gaming activities unless the sale is at the normal and usual retail price offered to all other customers;

(4) A direct relative of a licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies for gaming operations unless the sale is at the normal and usual retail price offered to all other customers;

(5) No permittee or operator shall buy, receive or otherwise obtain, nor shall any manufacturer or distributor, or anyone connected therewith, sell or deliver any pull-tab or pull-tabs to any permittee or operator, except on a cash basis. "Cash basis" for this subsection shall mean payment in full, either by cash or by check made payable to the seller, within 30 days of actual distribution of the pull-tabs to the permittee or distributor.

(6) No permittee or operator shall allow any operator, pull-tab distributor or manufacturer or anyone connected therewith, to acquire any interest, including a security interest, in any pull-tabs.

(7) No permittee or operator shall accept a loan of money or anything of value from any manufacturer or distributor, or from anyone connected with any gaming activities. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.140

**12 AAC 34.135. INSPECTION OF PREMISES, RECORDS AND DEVICES.** (a) All premises used to conduct gaming activities shall be open to inspection at any reasonable time by the department or its authorized representative. At any time during which an authorized gaming activity is being conducted upon such premises, any employee of the department or authorized representative, may enter upon the premises without advance notice to

(1) make a count of all monies on hand or received during the operation of the gaming activity located on the premises, inspect all receipts for income issued by the permittee or operator, and inspect all receipts for prizes which have been awarded by the permittee or operator; and,

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PROFESSIONAL AND  
VOCATIONAL REGULATIONS

12 AAC 34.135

12 AAC 34.140

(2) inspect any of the other gaming related records of the permittee or operator, employee, or of any member who directly participates in the management, operation or promotion of a gaming activity.

(b) All gaming related books and records shall be made available by the respective licensed operator to authorizing permittees, the department or its authorized representative upon reasonable notification. The records shall include, but are not limited to

- (1) general and subsidiary ledgers;
- (2) bank statements and bank reconciliations;
- (3) savings account records;
- (4) federal tax returns;
- (5) corporate income tax returns; and,
- (6) Alaska Department of Labor records.
- (7) daily and monthly reports to authorizing permittees
- (8) daily and monthly reports of permittees

(c) All gaming related books and records shall be made available to authorizing permittees or the department at a location in the state where the organization should reasonably be expected to be located. The department may require any and all books and records be made available at any office where the department conducts business. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.070  
AS 05.15.083

**12 AAC 34.140. PRIZE LIMITATIONS FOR ACTIVITIES OTHER THAN BINGO.** (a) The value of any single door prize may not exceed \$1,000. The total value of door prizes at any one single event shall not exceed \$5,000. The total value of door prizes during any one month shall not exceed \$20,000.

(b) If a permittee contracts with a licensed operator at any time, the total amount which may be awarded under the permit for activities other than bingo shall be a maximum of \$500,000 in a calendar year. If a permittee contracts with a licensed operator and the total amount of prizes awarded under the permit exceeds \$500,000 at the time the contract is executed, the permittee may not award any prizes for the remainder of the calendar year. For example, "Permittee A" has awarded \$600,000 in prizes at the time it contracts with a licensed operator. "Permittee A" may not award any more prizes for the remainder of the calendar year under its permit since the total amount of prizes awarded at the time it contracted with the operator exceeded \$500,000. "Permittee A" may award prizes under its permit for bingo activities, but not to exceed the prize limitations for bingo activities.

(c) If an organization obtains a permit as a result of a consolidation of permittees, the total of the amount of prizes awarded under each consolidating permittee shall be considered the total amount of prizes awarded by the consolidated organization at the time of consolidation.

# GAMES OF CHANCE AND CONTESTS OF SKILL

## Chapter 15. Bingo, Raffles and Ice Pools.

### Article

1. Administration (§§ 05.15.010—05.15.095)
2. Licenses and Permits (§§ 05.15.100—05.15.187)
3. General Provisions (§§ 05.15.190—05.15.995)

### Article 1. Administration.

Section	Section
10. Department of Revenue to administer chapter	80. Reports and fees required of municipalities and qualified organizations
20. Annual permit and fees	83. Reports to department by operators
25. Money deposited in general fund	87. Reports to permittee and payment of net proceeds
30. Required notices by applicant, permittee, or licensee	90. Reports to the legislature
40. Issuance and effect and term of permit	95. General provisions relating to the filing of applications and reports and payment of fees
50. Surrender of permit upon suspension or revocation	
60. Regulations	
70. Examination of books and records	

**Sec. 05.15.010. Department of Revenue to administer chapter.** The Department of Revenue shall administer this chapter. (§ 3 ch 27 SLA 1960)

**Sec. 05.15.020. Annual permit and fees.** (a) A municipality or qualified organization may conduct an activity permitted under this chapter, if the municipality or qualified organization pays the appropriate permit fee and receives an annual permit issued by the department. The annual permit fee is

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

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

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

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

(b) An additional fee of one percent of the net proceeds received during the preceding year from the activities authorized under the permit shall be paid to the department annually by the municipality or qualified organization authorized to conduct activities under this chapter, if the gross receipts for the activities were \$20,000 or more. (§ 3 ch 27 SLA 1960; am § 1 ch 182 SLA 1976; am § 1 ch 99 SLA 1988)

**Sec. 05.15.025. Money deposited in general fund.** Money received by the department under this chapter shall be deposited in the general fund. The commissioner of administration shall separately account for the money deposited in the general fund under this section. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out enforcement of this chapter. (§ 2 ch 99 SLA 1988)

**Sec. 05.15.030. Required notices by applicant, permittee, or licensee.** (a) At the time of filing an application for a permit or license under this chapter the applicant shall notify the city or borough nearest to the location of the proposed activity of the application. A local government unit may protest the conduct of the activity in its jurisdiction by resolution stating the reasons for the protest filed with the department; protests are limited to the lack of qualifications prescribed by this chapter. This resolution is

only a recommendation by the local government that may be considered by the commissioner in determining whether to issue or refuse to issue a permit or license.

(b) In addition to the requirements of (a) of this section, an applicant for a permit to conduct an activity under AS 05.15.100(b) shall notify the law enforcement agency having jurisdiction over the location of the proposed activity. The commissioner may not issue a permit for the proposed activity unless the application is accompanied by the written approval of the law enforcement agency having jurisdiction.

(c) If a permittee or licensee changes the location of an activity in the jurisdiction for which a permit has been issued, the permittee shall notify the department and the local government within 10 days after moving to the new location. (§ 3 ch 27 SLA 1960; am § 2 ch 94 SLA 1980; am § 1 ch 59 SLA 1983; am §§ 3,4 ch 99 SLA 1988)

**Sec. 05.15.040. Issuance and effect and term of permit.** After the fee is paid, a permit issued, and during the effective period of the permit, the municipality or qualified organization may conduct the activity specified in the permit. A municipality that has been issued a permit under this chapter may not conduct any activity authorized by the permit outside of the geographic boundaries of the municipality. If a permit is revoked, the permittee is not eligible for another permit until the expiration of one year from the date of revocation. A permit expires at the end of the period for which it is issued. A permit is not transferable. (§ 3 ch 27 SLA 1960; am § 1 ch 27 SLA 1982)

**Sec. 05.15.050. Surrender of permit upon suspension or revocation.** When a permit is suspended or revoked, the permittee shall surrender the permit to the department on or before the effective date of the suspension or revocation. A permit is not valid beyond the effective date of the suspension or revocation, whether surrendered or not. (§ 3 ch 27 SLA 1960)

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

(1) the issuance, renewal, and revocation of permits and licenses;

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

(3) the immediate revocation of permits and licenses authorized under this chapter if this chapter or regulations adopted under it are violated;

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

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

(6) exclusion from participation as a permittee, licensee, or employee of a permittee or licensee 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, or federal gambling law;

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

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

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

(10) the disposition of funds in possession of a permittee or a person, municipality, or qualified organization that possesses an operator's license at the time a permit or a license is surrendered, revoked, or invalidated;

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

(12) other matters the commissioner considers necessary to carry out this chapter or protect the best interest of the public. (§ 4 ch 27 SLA 1960; am § 1 ch 94 SLA 1986; am § 5 ch 99 SLA 1988)

**Sec. 05.15.070. Examination of books and records.** The commissioner may examine or have examined the books and records of a permittee, an operator, or a person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may issue subpoenas for the attendance of witnesses and the production of books, records, and other documents. (§ 6 ch 27 SLA 1960; am § 6 ch 99 SLA 1988)

**Sec. 05.15.080. Reports and fees required of municipalities and qualified organizations.** (a) A municipality or a qualified organization issued a permit under this chapter shall file a report with the department by the 45th day following each calendar quarter in which the permittee had gross receipts of \$50,000 or more from activities authorized under this chapter. The report must include the type of activity conducted, the date and location of the activity, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds, and other information the department may require. However, if the only activity conducted by a municipality or qualified organization during a calendar quarter is a raffle or lottery, then the municipality or qualified organization is not required to file a report under this subsection until the raffle or lottery is completed.

(b) A municipality or a qualified organization issued a permit under this chapter shall file an annual report with the department by March 15 of the year following the year in which activities were conducted, accompanied by the payment of the additional fee, as may be required under AS 05.15.020(b). The report must list the types of activities conducted, and, for each activity, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds. (§ 6 ch 27 SLA 1960; am § 2 ch 182 SLA 1976; am § 7 ch 99 SLA 1988)

**Sec. 05.15.083. Reports to department by operators.** (a) An operator shall file a report with the department by the last business day of the month following each calendar quarter in which an activity was conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted during the quarter, the date and location of each activity, the type of activity conducted, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds paid, and other information the department may require; a completed Internal Revenue

Service Form 941; and a copy of the operator's employer contributions and wage reports submitted to the Department of Labor for the quarter. However, if the only activity conducted by an operator during the calendar quarter is a raffle or lottery, then the operator is not required to file a report under this subsection until the raffle or lottery is completed.

(b) An operator shall file an annual report with the department, no later than February 28 of the year following the year in which activities were conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted, the types of activities conducted, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds paid to each authorizing permittee. The annual report shall also include a completed Internal Revenue Service Form W-2 for each person employed by the operator during the preceding year. (§ 8 ch 99 SLA 1988)

**Sec. 05.15.087. Reports to permittee and payment of net proceeds.** (a) An operator shall file a monthly report with each authorizing permittee for which the operator has conducted an activity during the preceding month. The report must include a daily summary of activity conducted under the permit issued to the authorizing permittee and an accounting of gross receipts, expenses, and net proceeds for the month. A check in the amount of the net proceeds due to the authorizing permittee for the month must accompany the report. The operator shall file the report by the 15th day after the end of the month covered by the report.

(b) An operator shall file a quarterly report with each authorizing permittee for which the operator has conducted an activity during the preceding calendar quarter. The report must contain quarterly summaries and year-to-date totals of the information provided under (a) of this section. The operator shall file the report by the last day of the month following the end of the calendar quarter.

(c) An operator shall file an annual report with each authorizing permittee for which the operator has conducted an activity during the preceding calendar year. The report must contain an annual summary of the information provided under (a) of this section. The operator shall file this report by February 28 of the year following the year in which the activities were conducted.

(d) An operator shall provide original invoice documents and deposit slips upon the request of an authorizing permittee for whom the operator has conducted activities. (§ 8 ch 99 SLA 1988)

**Sec. 05.15.090. Reports to the legislature.** Before April 15 of each year the commissioner shall submit a detailed report containing a summary of all reports required of permittees and operators. The attorney general and the commissioner of public safety shall, within 10 days after the convening of the legislature each year, submit a jointly prepared, detailed report outlining the effect, if any, of the operation of this chapter on the legal and law enforcement activities of the state. (§ 9 ch 27 SLA 1960; am § 3 ch 182 SLA 1976; am § 9 ch 99 SLA 1988)

**Sec. 05.15.095. General provisions relating to the filing of applications and reports and payment of fees.** (a) The applications and reports to the department required by this chapter shall be signed under penalty of unsworn falsification by the following person, as applicable:

- (1) the member in charge for the qualified organization;
- (2) a person authorized to sign on behalf of the municipality;

- (3) the operator or the operator's agent;
- (4) the licensed pull-tab distributor or the distributor's agent; or
- (5) the licensed pull-tab manufacturer or the manufacturer's agent.

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

(c) A delinquent fee bears interest at the rate set by AS 43.05.225.

(d) A permittee or licensee under this chapter shall pay a penalty of one percent of the unpaid balance, as determined by the department, of a fee due under this chapter for each 30-day period or part of a 30-day period that the fee is delinquent. The department may waive the penalty if the failure to pay the fee on time is due to a reasonable cause, as defined by regulation adopted by the department. The amount of the penalty may not exceed 25 percent of the unpaid fee. (§ 10 ch 99 SLA 1988)

## Article 2. Licenses and Permits.

Section	Section
100. Issuance of permits and licenses	150. Limitation on use of net proceeds
110. Authorized activities a privilege	160. Authorized expenses
112. Member in charge	165. Operators
115. Contracts between permittees and operators	167. Operator's bond
120. Eligibility for permit	170. Suspension of permit
122. Operator's license	180. Limitations on authorized activity
124. Municipal regulation of operators	181. Pull-tab manufacturer's license
125. Revocation of operator's license	183. Pull-tab distributor's license
130. Commissioner may impose additional requirements for eligibility	184. Pull-tab tax
140. Proof necessary to qualify for permit	185. Distribution of pull-tab games
	187. Operation of pull-tab games

**Sec. 05.15.100. Issuance of permits and licenses.** (a) The commissioner may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, and contests of skill.

(b) The commissioner also may issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and numbers wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(c) The commissioner may issue an operator's license to a natural person to conduct an activity permitted under this chapter on behalf of a municipality or a qualified organization. The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization. (§ 1 a ch 27 SLA 1960; am § 1 ch 66 SLA 1976; am § 2 ch 27 SLA 1982; am 2 ch 59 SLA 1983; am § 1 ch 93 SLA 1986; am § 2 ch 94 SLA 1986; am §§ 11,12 ch 99 SLA 1988)

**Sec. 05.15.110. Authorized activities a privilege.** The activities specified in AS 05.15.100 of this chapter may be permitted as a privilege and do not confer a right upon any person to conduct the activities. (§ 1 b ch 27 SLA 1960)

**Sec. 05.15.112. Member in charge.** (a) Each municipality or qualified organization that receives a permit under this chapter shall designate a member in charge.

(b) The member in charge is responsible for preparation, maintenance, and transmittal of all records and reports required of the permittee. The member in charge shall be a member of the qualified organization or the board of directors of the qualified organization or an employee of the municipality.

(c) The member in charge shall monitor the operator's performance under and compliance with contracts for the conduct of activities on behalf of the authorizing permittee.

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge. (§ 13 ch 99 SLA 1988)

**Sec. 05.15.115. Contracts between permittees and operators.** (a) A municipality or qualified organization holding a permit to conduct an activity under this chapter may enter into a contract with an operator licensed under this chapter to conduct on behalf of the municipality or qualified organization those activities permitted under the authority of the permit.

(b) The contract between an authorizing permittee and an operator must include the amount and form of compensation to be paid to the operator, the term of the contract, the activities to be conducted by the operator on behalf of the permittee, the location where the activities are to be conducted, the name and address of the member in charge, and other provisions the department may require.

(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, contests of skill, and all activities permitted under AS 05.15.100(b) are each a different type of activity.

(d) A permittee shall submit to the department a copy of each contract with an operator with whom the permittee contracts to conduct activities subject to this chapter. The permittee shall submit to the department a copy of the contract or subsequent amendment of the contract by certified mail at least 15 days before activities are conducted under the contract or amended contract. (§ 13 ch 99 SLA 1988)

**Sec. 05.15.120. Eligibility for permit.** An applicant shall be a municipality or qualified organization to be eligible for a permit. (§ 1 c ch 27 SLA 1960; am § 3 ch 27 SLA 1982)

**Sec. 05.15.122. Operator's license.** (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter on behalf of a municipality or qualified organization unless the person, municipality, or qualified organization has received an operator's license issued by the department.

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

- (1) applies on the form provided by the department;
- (2) pays the annual fee of \$500;
- (3) discloses the identity of persons employed by the applicant in a managerial or supervisory capacity;

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

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

(c) The department may not issue an operator's license to an applicant if the applicant or a person employed by the applicant in a managerial or supervisory capacity, has been 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, or federal gambling law.

(d) A licensee may not employ a person in a managerial or supervisory capacity if the person has been 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, or federal gambling law. (§ 14 ch 99 SLA 1988)

**Sec. 05.15.124. Municipal regulation of operators.** A municipality may by ordinance prohibit an operator from conducting activities under this chapter within the municipality. (§ 14 ch 99 SLA 1988)

**Sec. 05.15.128. Revocation of operator's license.** (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 based on the total operation of the operator; or

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

(b) A person, municipality, or qualified organization whose operator's license has been revoked under this section may appeal the revocation if the person, municipality, or qualified organization submits to and pays for a complete audit of the operator's financial records by the department. The results of the audit are conclusive. (§ 14 ch 99 SLA 1988)

**Sec. 05.15.130. Commissioner may impose additional requirements for eligibility.** The commissioner may supplement the definitions of qualified organizations and activities by rules and regulations adopted under this chapter adding to the definitions additional requirements which the commissioner considers necessary for the best interests of the public or for the proper administration of this chapter. (§ 1 d ch 27 SLA 1960)

**Sec. 05.15.140. Proof necessary to qualify for permit.** (a) The commissioner may not issue or renew a permit except upon satisfactory proof that the applicant is a municipality or qualified organization, the activity may be permitted under this chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon request of the commissioner of revenue, the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

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

(1) has been 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, or federal gambling law; or

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

(c) The commissioner may not issue a permit for an activity operated by a person who has been 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, or federal gambling law.

(d) Application forms for permits shall contain a notice that a false statement in the application is punishable by law. (§ 1 d ch 27 SLA 1960; am § 4 ch 27 SLA 1982; am § 3 ch 59 SLA 1983; am §§ 15,16 ch 99 SLA 1988)

**Sec. 05.15.150. Limitation on use of proceeds.** (a) The authority to conduct the activity authorized by this chapter is contingent upon the dedication of the net proceeds of the raffles or contests to the awarding of prizes to contestants or participants and to political, educational, civic, public, charitable, patriotic or religious uses in the state. "Political, educational, civic, public, charitable, patriotic, or religious uses" mean uses benefiting persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by assisting them in establishing themselves in life or by providing for the promotion of the welfare and well-being of the membership of the organization within their own community, or through aiding candidates for public office or groups which support candidates for public office, or by erecting or maintaining public buildings or works, or lessening the burden on government but do not include the erection, acquisition, improvement, maintenance, or repair of real, personal or mixed property unless it is used exclusively for one or more of the uses stated.

(b) The net proceeds derived from the activity must be devoted within one year to one or more of the uses stated in (a) of this section. A municipality or qualified organization desiring to hold the net proceeds for a period longer than one year must apply to the commissioner for special permission and upon good cause shown the commissioner may grant the request. (§ 1 e ch 27 SLA 1960; am § 2 ch 66 SLA 1976; am § 5 ch 27 SLA 1982)

**Sec. 05.15.160. Authorized expenses.** (a) The only expenses that may be incurred or paid in connection with the operation of an activity under a permit issued under this chapter are bona fide expenses reasonably necessary for

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

(2) personal services involved with the operation of the activity, including those

(3) performed by

(A) an employee of the permittee; or

(B) an operator hired by the permittee to conduct the activity if the compensation is not related to the receipts from the activity.

(b) Municipalities, qualified organizations, and operators may pay their employees a reasonable amount in wages or other compensation for personal services rendered by their employees while the employees are engaged in activities subject to this chapter. A reasonable amount of compensation is an amount approximating the amount ordinarily paid by similar businesses for similar work performed under similar circumstances. (§ 1 e ch 27 SLA 1960; am § 4 ch 59 SLA 1983; am §§ 17,18 ch 99 SLA 1988)

**Sec. 05.15.165. Operators.** (a) An operator shall pay net proceeds to the authorizing permittee by check.

(b) If the department finds that an operator has incurred expenses that are not authorized under AS 05.15.160, the department shall order the operator to refund to the authorizing permittee the amount of the unauthorized expenses. The operator shall pay the authorizing permittee interest on the amount ordered to be paid at the rate of 1.5 percent a month for each month or fraction of a month between the date of the activity and the date the refund is made.

(c) The operator shall post in a public place on the premises where the activities are conducted the operator's license and a copy of the permit of each authorizing permittee with whom the operator has a contract to conduct activities at the location.

(d) An operator shall obtain liability insurance covering each location where the licensee conducts an activity subject to this chapter. The operator shall provide upon request proof of insurance for each location to the department. The operator and the insurer shall inform the department of changes in the coverage of the insurance or of cancellation of the insurance. Cancellation of the insurance immediately suspends the rights of the operator to conduct activities under this chapter at the location covered by the insurance until subsequent insurance is obtained.

(e) An operator shall have its financial records reviewed annually by a certified public accountant. The operator shall submit the results of the review to the department by February 28 of the year following the year for which the review is conducted.

(f) An operator may not

(1) charge losses resulting from bad checks or uncollectable debts against the net proceeds due to the authorizing permittee;

(2) extend credit to players;

(3) employ house players;

(4) allow the operator's employees to play a game conducted by the operator at the location where the employee works for the operator. (§ 19 ch 99 SLA 1988)

**Sec. 05.15.167. Operator's bond.** (a) The bond or security filed under AS 05.15.122(b) must be made payable to the department and must be conditioned upon payment of the amounts due to the department and payment of net proceeds due to the authorizing permittee. If the operator fails to make the required payments, the operator forfeits the bond or security to the department.

(b) The amount forfeited under (a) of this section shall be first used to satisfy delinquent fees, interest, and penalties due the department under this chapter. If the bond or security is not exhausted by payment of delinquent fees, interest, and penalties, the department may use the remaining amount to pay net proceeds due an authorizing permittee. The total amount available for payment of net proceeds shall be prorated among the permittees to whom proceeds are due from that operator.

(c) The operator and the surety shall inform the department if the bond is canceled or the security is impaired. (§ 19 ch 99 SLA 1988)

**Sec. 05.15.170. Suspension of permit.** The commissioner may suspend a permit pending investigation or hearing. The suspension is effective upon the giving of notice to the permittee. The notice may be given by the delivery or handing of written notice to the permittee or a person conducting an activity under the permittee's permit or the mailing of notice to the permittee at the address

shown on the permit. A permit may be suspended under this section for a period of 90 days or until the end of a hearing or other proceeding begun during suspension. The authority of the commissioner to suspend a permit is not subject to the Administrative Procedure Act (AS 44.62). (§ 5 ch 27 SLA 1960)

**Sec. 05.15.180. Limitations on authorized activity.** (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed, or intended primarily for gaming or gambling or any other method or implement not expressly authorized by the commissioner.

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

(c) The operation of activities licensed under AS 05.15.100(b) is limited as follows:

(1) no cash prizes may be awarded;

(2) only money substitutes such as chips or scrip may be used by a player in the activity.

(3) the money substitutes may be exchanged only for prizes other than money and may not be otherwise exchanged or sold; and

(4) additional limitations may be established by the commissioner under adopted regulations.

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

(e) The total value of all door prizes offered or awarded at a single facility or bingo hall or parlor by an operator on behalf of authorizing permittees or by a permittee in conjunction with other permittees may not exceed \$20,000 a month or \$240,000 a year.

(f) A person under the age of 19 years may not play a bingo game.

(g) A municipality or a qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter; however, if a municipality or a qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year. In this subsection "activities authorized under this chapter" means all activities subject to this chapter other than bingo. (§ 2 ch 27 SLA 1960; am § 3 ch 66 SLA 1976; am §§ 5,6 ch 59 SLA 1983; am § 2 ch 93 SLA 1986; am § 3 ch 94 SLA 1986; am §§ 20,21 ch 99 SLA 1988)

**Sec. 05.15.181. Pull-tab manufacturer's license.** (a) A person may not manufacture pull-tabs in the state unless the person has received a pull-tab manufacturer's license issued by the department.

(b) The department may issue a pull-tab manufacturer's license to a person who pays an annual fee of \$500.

(c) Each series of pull-tabs manufactured in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department.

(d) A pull-tab manufacturer may distribute pull-tabs only to a licensed pull-tab distributor unless the pull-tab manufacturer is also a licensed pull-tab distributor.

(e) Each pull-tab manufacturer shall report to the department by the last business day of the month on each series of pull-tabs distributed during the preceding month, including the serial number of each series distributed and the name of the distributor to whom the series was distributed. (§ 22 ch 99 SLA 1988)

**Sec. 05.15.183. Pull-tab distributor's license.** (a) A person may not distribute pull-tab games unless the person has received a pull-tab distributor's license issued by the department.

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

(c) Pull-tabs may be distributed only from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state.

(d) A pull-tab distributor shall report to the department by the last business day of each month on each pull-tab series distributed in the preceding month. The report must include the name of the permittee to whom each series of pull-tabs is distributed and the serial number of each series. (§ 22 ch 99 SLA 1988)

**Sec. 05.15.184. Pull-tab tax.** A pull-tab distributor shall collect a tax of three percent of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. The pull-tab distributor shall pay to the department the tax collected in the preceding month at the time that the report under AS 05.15.183 (d) is filed with the department. (§ 22 ch 99 SLA 1988)

**Sec. 05.15.185. Distribution of pull-tab games.** Each series of pull-tabs distributed in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department and may be distributed only to a municipality or a qualified organization that has obtained a permit issued under this chapter or to an operator on behalf of an authorizing permittee. (§ 22 ch 99 SLA 1988)

**Sec. 05.15.187. Operation of pull-tab games.** (a) A municipality or qualified organization may operate pull-tab games. Pull-tabs shall be obtained from a licensed distributor.

(b) A pull-tab series may not be sold at more than one location during the same day.

(c) Pull-tabs from different series may not be mixed or combined, unless 10 percent or less of a series remains unsold, in which case, the remaining pull-tabs may be combined with a different series having an identical price and prize structure.

(d) A pull-tab series may not be withdrawn from sale until all pull-tabs in the series are sold, except that a pull-tab series may be withdrawn from sale if a manufacturing defect exists in the series and the department is notified of the defect and of the withdrawal from sale within a period established by regulation by the department.

(e) Pull-tabs may not be sold to a person under the age of 19 years. A person under the age of 19 years may not purchase a pull-tab.

(f) Each municipality or qualified organization that had gross receipts exceeding \$100,000 during the preceding year from activities conducted under this chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall maintain records for two years of each prize of \$50 or more, the first day and last day that each series was distributed, the serial number of each series, and the distributor from whom each series was purchased.

(g) Notwithstanding other provisions of this chapter, a pull-tab game that confers an additional right upon all or some of the purchasers of a pull-tab series to participate in a lottery for additional prizes may not be conducted in the state unless a surety bond in the amount of \$250,000 conditioned upon payment of all prizes and awards when due is submitted to the department by the operator or authorizing permittee and approved by the attorney general. (§ 22 ch 99 SLA 1988)

**NOTE:** Section 37, ch. 99, SLA 1988 provides:

"Notwithstanding the provisions of AS 05.15.187(b), enacted in sec. 22 of this Act, a pull-tab series may be sold at more than one location during the same day if the pull-tab series also confers an additional right upon all or some of the purchasers of the series to participate in a lottery for additional prizes and the pull-tab series is sold before July 1, 1989."

### Article 3. General Provisions

Section	Section
190. Interpretation and construction	210. Definitions
200. Penalties	995. Short Title

**Sec. 05.15.190. Interpretation and construction.** If any provision of this chapter, or regulation made under this chapter, is determined to be unlawful, then all permits issued in connection with the licensed activity to which the unlawful provision or regulation related shall be cancelled. (§ 8 ch 27 SLA 1960)

**Sec. 05.15.200. Penalties.** (a) A person who knowingly violates or aids or solicits a person to violate this chapter is guilty of a violation for the first offense and a class B misdemeanor for the second and each subsequent offense.

(b) A person who, with the intent to mislead a public servant in the performance of the public servant's duty, submits a false statement in an application for a permit under this chapter, is guilty of unsworn falsification. (§ 7 ch 27 SLA 1960; am § 7 ch 59 SLA 1983)

**Sec. 05.15.210. Definitions.** In this chapter

(1) "adjusted gross income" means gross income less prizes awarded and state, federal, and municipal taxes paid or owed on the income;

(2) "authorizing permittee" means a municipality or qualified organization that authorizes an operator to conduct an activity subject to this chapter on its behalf;

(3) "bingo" means a game of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers when objects similarly numbered are drawn from a receptacle, and the game being won by the person who first covers a previously designated arrangement of numbers on the card;

(4) "Charitable organization" means an organization, not for pecuniary profit, that is operated for the relief of poverty, distress, or other condition of public concern in the state;

(5) "civic or service organization" means any branch or lodge or chapter of a national or state organization that is a civic or service organization, not for pecuniary profit, and authorized by its written constitution, charter, or articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose in the state;

(6) "commissioner" means the commissioner of revenue;

(7) "contest of skill" means a contest or game in which prizes are awarded for the demonstration of human skills in marksmanship, races, and other athletic events;

(8) "department" means the Department of Revenue;

(9) "distribute" means sell, distribute, furnish, or supply;

(10) "dog mushers' association" means a civic, service, or charitable organization in the state, not for pecuniary profit, formed exclusively to promote interest in the breeding and training of dog teams for work or recreational and racing purposes, but does not include an organization formed or operated for gaming or gambling purposes;

(11) "dog mushers' contest" means a contest in which prizes are awarded for the correct guess of the racing time of a dog team or of team position in the race, including prizes to the race contestants;

(12) "educational organization" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction;

(13) "fishing-derby association" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is to promote interest in fishing for recreational purposes, but does not include an organization formed or operated for gaming or gambling purposes;

(14) "fish derby" means a contest in which prizes are awarded for catching fish;

(15) "fraternal organization" means a civic, service, or charitable organization in the state, except a college and high school fraternity, not for pecuniary profit, that is a branch or lodge or chapter, of a national or state organization and exists for the common business, brotherhood, or other interest of its members;

(16) "goose classic" means a game of chance where a prize of money is awarded for the closest guess of the time of the arrival of the first goose in spring to Creamer's Field in Fairbanks or to the Kenai River Flats near Kenai and is limited to the goose classics operated and administered by the Fairbanks Montessori Association and by the Kenai Chamber of Commerce.

(17) "gross receipts" means receipts from the sale of shares, tickets or rights connected with participation in any activity permitted under this chapter or the right to participate, including admission, fee or charge, sale of equipment or supplies, and all other miscellaneous receipts;

(18) "ice classic" means a game of chance where a prize of money is awarded for the closest guess of the time the ice moves in a body of water or watercourse in the state and is limited to the Nenana and Chena Ice Pools in the same manner as they were conducted in 1959 and previous years, a Kuskokwim Ice Classic to be operated and administered by Bethel Social Services, Inc., a Kenai River Ice Classic to be operated and administered by the Kenai and Soldotna Rotary Clubs jointly or by either the Kenai Rotary Club or the Soldotna Rotary Club, and a Yukon River Ice Classic to be operated and administered by the City of Fort Yukon;

(19) "labor organization" means an organization, not for pecuniary profit, constituted wholly or partly to bargain collectively or deal with employers, including the state and its political subdivisions, concerning grievances, terms, or conditions of employment or other mutual aid or protection in connection with employees;

(20) "mercury classic" means a game of chance where a prize of money is awarded for the closest guess of the time the temperature reaches a certain degree and is limited to the mercury classic operated and administered by the Greater Fairbanks Chamber of Commerce;

(21) "municipality" means a political subdivision of the state that is a home rule or general law city or borough or a unified municipality;

(22) "net proceeds" means the gross receipts from an authorized activity less the fee described in AS 05.15.020 (b), the expenses authorized by AS 05.15.160, and the prizes awarded at the activity;

(23) "numbers wheel" means any electronic, mechanical, or other device with numbers or other figures that are selected randomly and used in a game of chance in which the outcome is determined by the number or figure selected by the device; not including games in which a hamster or other animal is placed in an enclosure with several numbered exit holes and the winner is determined by which hole the hamster or other animal exits, or slot machines or other devices that operate by insertion of a coin or other object that may entitle the person operating the machine to receive a prize by strict dependence on the element of chance;

(24) "operator" means a natural person who, or a municipality or qualified organization that, has obtained a license to conduct an activity subject to this chapter on behalf of a permittee;

(25) "police or fire department and company" means a civic, service, or charitable organization in the state, not for pecuniary profit, consisting of members of a police department or fire company established by the state or a political subdivision of the state;

(26) "political organization" means an organization or club organized under or formally affiliated with a political party as defined in AS 15.60.010;

(27) "pull-tab game" means a game of chance where a card, the face of which is covered to conceal a number, symbol, or set of symbols, is purchased by the participant and where a prize is awarded for a card containing certain numbers or symbols designated in advance and at random;

(28) "qualified organization" means a bona fide civic or service organization or a bona fide religious, charitable, fraternal, labor, political, or educational organization, police or fire department and company, dog mushers' association, outboard motor association, or fishing derby or nonprofit trade association in the state, that operates without profits to its members and that has been in existence continually for a period of three years immediately before applying for a license; the organization may be a firm, corporation, company, association, or partnership;

(29) "raffle and lottery" means the selling of rights to participate and the awarding of prizes in a game of chance conducted by the drawing for prizes by lot;

(30) "rain classic" means a game of chance in which a prize is awarded for the closest guess of the amount of precipitation which is recorded at a certain location during a certain length of time;

(31) "religious organization" means an organization, church, body of communicants, or group, not for pecuniary profit, gathered in common membership for mutual support and edification in piety, worship, and religious

observances, or a society, not for pecuniary profit, of individuals united for religious purposes at a definite place and that is recognized as a religious organization under the federal income tax laws and the selective service law;

(32) "salmon classic" means a game of chance, to be operated and administered by the United Fisherman of Alaska, in which a prize of money is awarded for the closest guess of the total number of salmon harvested commercially statewide, as determined by the Department of Fish and Game, during a certain period of time;

(33) "series" means a unit of pull-tabs with the same serial number; (§ 1 ch 27 SLA 1960; am §§ 4,5 ch 66 SLA 1976; am §§ 6-8 ch 27 SLA 1982; am § 8 ch 59 SLA 1983; am § 1 ch 27 SLA 1985; am §§ 3,4 ch 93 SLA 1986; am § 4 ch 94 SLA 1986; am §§ 23-35 ch 99 SLA 1988)

(34) "veterans organization" means a civic, service, or charitable organization in the state, or a branch or lodge or chapter of a national or state organization in the state, not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or forces of the United States.

Sec. 05.15.995. Short title. This chapter may be cited as the Alaska Gaming Reform Act. (§ 36 ch 99 SLA 1988)

**Effective September 2, 1988**

Alaska Department of Revenue  
Income and Excise Audit Division  
P.O. Box SA  
Juneau, Alaska 99811-0400

## CHAPTER 105. AUTHORIZED GAMES OF CHANCE AND SKILL

### Section

- 10. Qualified organization
- 20. Civic or service organization
- 30. (Repealed)
- 40. (Repealed)
- 50. (Repealed)
- 60. (Repealed)
- 70. (Repealed)
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- 90. (Repealed)
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- 110. Bingo
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### Section

- 170. Issuance of permits
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- 190. Suspension, revocation, or denial of permits and licenses; hearings
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- 230. Annual financial statement; additional fee
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**Section**

330. Pull-tab distributor's license; distribution restriction

335. Pull-tab tax

**Section**

340. Bond requirement for special pull-tab games

350. Additional prize limitation

**15 AAC 105.010. QUALIFIED ORGANIZATION.** (a) A "qualified organization" as defined by AS 05.15.210(28) must have at least 25 members to be eligible for a permit under AS 05.15 and this chapter.

(b) In AS 05.15.210(28), "qualified organization that operates without profits to its members" means that no part of the net earnings of the organization inures to the benefit of any private shareholder or individual.

(c) A certificate or letter of tax exemption issued by the Internal Revenue Service is evidence that the organization qualifies under (b) of this section. This certificate or letter may be submitted along with an application for a permit under 15 AAC 105.170 or with an application for the renewal of a permit under 15 AAC 105.180, unless it has been previously submitted to the department. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 12/31/82, Register 84; am 10/1/88, Register 107)

**Authority:** AS 05.15.060  
AS 05.15.100  
AS 05.15.120

AS 05.15.130  
AS 05.15.140  
AS 05.15.210

**15 AAC 105.020. CIVIC OR SERVICE ORGANIZATION.** A "civic or service organization" as defined by AS 05.15.210(5) must be operated primarily for the purpose of bringing about civic betterment and social improvement to be eligible for a permit under AS 05.15 and this chapter. (Eff. 9/7/60, Register 2; am 10/1/88, Register 107)

**Authority:** AS 05.15.060  
AS 05.15.210

**15 AAC 105.030. RELIGIOUS ORGANIZATION.** Repealed 10/1/88.

**15 AAC 105.040. CHARITABLE ORGANIZATION.** Repealed 10/1/88.

**15 AAC 105.050. FRA'ERNAL ORGANIZATION.** Repealed 10/1/88.

**15 AAC 105.060. EDUCATIONAL ORGANIZATION.** Repealed 10/1/88.

15 AAC 105.070. VETERANS' ORGANIZATION. Repealed 10/1/88.

15 AAC 105.080. POLICE OR FIRE DEPARTMENT AND COMPANY. Repealed 10/1/88.

15 AAC 105.090. DOG MUSHERS' ASSOCIATION. Repealed 10/1/88.

15 AAC 105.100. FISHING DERBY ASSOCIATIONS. Repealed 10/1/88.

15 AAC 105.110. BINGO. "Bingo" is defined as a game of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers when objects similarly numbered are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card.

(1) No single sessions or series of bingo games, both regular and special, shall exceed 35 games in number.

(2) Not more than \$1 shall be charged by any permittee for admission to any place where bingo games are being held. This fee shall entitle a person to one card, allowing him to participate without additional charge in at least five regular games to be played on that occasion. No charge in excess of 50 cents may be made for a single opportunity to participate in any game other than the five games covered by the admission fee.

(3) No bingo cards for regular games shall be selected by other than the player who is to use the cards. Each player must select his own card or cards for regular games from the deck, group or series of cards and shall be entitled to select any card in the deck, group or series of cards that has not already been selected by a player. Cards may not be reserved for players.

(4) When a caller has started vocally to announce a call, he shall complete the call of that number. After the caller has started vocally to announce a call, if any person shall have gone bingo based upon the previous number called, such person shall share the designated prize with any other person or persons who may have gone bingo on the completed call.

(5) No organization may hold, operate or conduct bingo sessions more often than nine occasions in any calendar month.

(6) A single prize awarded in bingo may not exceed \$1,000 and the total prizes awarded during any one bingo session may not exceed \$5,000. Prize amounts shall be stated before the beginning of

each game and prizes shall be awarded as stated. Game tickets may not be considered as, nor included in, a cash prize. For example, if a person wins a \$45 jackpot, that person must receive and sign for \$45 in cash. The prize may not be divided into \$30 cash and \$15 in game tickets.

(7) No merchandise prize awarded in any bingo game may be converted into cash by the permittee organization.

(8) Repealed 10/1/88.

(9) When any merchandise is awarded in a bingo game, its value, for the purpose of the law governing bingo, shall be its current value or retail price.

(10) Equipment, prizes and supplies for bingo shall not be purchased or sold at prices in excess of the current value or retail price.

(11) Rental and/or lease fees of bingo equipment and premises shall be reasonable.

(12) Alcoholic beverages: No game of bingo shall be held, operated or conducted under any permit, in any room, enclosure or outdoor area where alcoholic beverages are sold, served or consumed during the progress of the bingo game. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 10/1/88, Register 107)

Authority: AS 05.15.060

**15 AAC 105.120. RAFFLES AND LOTTERIES.** (a) In a special-draw raffle, the winner is determined by means other than drawing from a container. A charge for a single opportunity to participate in a special-draw raffle may not exceed 50 cents.

(b) All raffle or lottery tickets and stubs shall be serially numbered consecutively, and the permit number as shown on the permit issued by the commissioner of revenue shall be imprinted on each ticket and stub. All raffle and lottery tickets sold on behalf of a qualified organization by a licensed operator must be imprinted with both the license number issued to the operator or the permit number issued to the qualified organization.

(c) Any and all tickets issued in any raffle or lottery must be accounted for to the permittee organization at the conclusion of each raffle or lottery. (Eff. 9/6/60, Register 2; am 11/6/76, Register 60; am 12/31/82, Register 84; am 2/25/84, Register 89; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.210

**15 AAC 105.125. PULL-TAB GAMES.** (a) A "pull-tab" is a paper device or card that

(1) is purchased by the participant in a "pull-tab game" as defined in AS 05.15.210(27); or

(2) confers an additional right to the purchaser to participate in a lottery for additional prizes.

(b) The charge for a pull-tab may not exceed \$2.

(c) No permittee may sell a pull-tab that was in any manner marked, defaced, tampered with, or otherwise placed in a condition that would deceive the public or that affects the chances of winning or losing.

(d) Pull-tab prizes equal to or in excess of \$50 shall be paid in cash or check only, not with additional pull-tabs, raffle or lottery tickets, bingo cards, or with any similar gaming material. All pull-tab prizes equal to or in excess of \$50 and the names of the corresponding winners shall be recorded on a form approved by the department at the time they are paid. Notwithstanding 15 AAC 105.240, the awarding of pull-tab prizes of less than \$50 need not be contingent upon the recipient executing a receipt for the prize if pull-tabs are accounted for as provided in (i) of this section.

(e) A player must be at least 19 years of age to participate in pull-tab games.

(f) A pull-tab game conducted under a particular permit may not be switched to or mixed with a pull-tab game conducted under another permit.

(g) Mechanical or electronic devices may not be used to dispense or sell pull-tabs or select the symbols or numbers used to determine the winners of a pull-tab game.

(h) Except as provided in (d) of this section, a winning pull-tab may be traded for other pull-tabs, but must be accounted for in the same manner as a cash sale when preparing financial reports required by the department.

(i) Instead of accounting for individual pull-tab sales and payment of winnings, permittees or operators may account for pull-tab activities by each series, using the "ideal gross" as gross receipts, and prizes specified by the pull-tab manufacturer as the amount of prizes awarded on reports required by the department. "Ideal gross" is the total amount of receipts that would be received if every individual pull-tab ticket in the series was sold at face value. (Eff. 10/1/88, Register 107; am 10/1/88, Register 108; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.180  
AS 05.15.187

15 AAC 105.130. ICE CLASSICS. Repealed 10/1/88.

15 AAC 105.170. ISSUANCE OF PERMITS. (a) An applicant for a permit shall submit an original application on a form prescribed

by the department. Unless the applicant is a municipality, two copies of the application must be submitted to the nearest city or borough for its consideration. An applicant shall also retain a copy of the application. The application filed with the department must be accompanied by the appropriate permit fee as required by AS 05.15.020, and unless the applicant is a municipality, by certified, true copies of articles of incorporation or, if not incorporated, bylaws and copies of national and state charters, a current list of at least 25 Alaskan members of the organization and, if applicable, and an Internal Revenue Service certificate or letter of tax exemption. The application must contain the following in the appropriate places on the form:

- (1) name of the organization;
- (2) mailing address;
- (3) name, title, and daytime telephone number of organization officers;
- (4) type of organization;
- (5) types of games to be conducted;
- (6) name, title, and daytime phone number of the organization member designated to conduct the specified activity;
- (7) the specific purposes for which the entire net proceeds are to be devoted and in what manner;
- (8) estimated yearly gross receipts;
- (9) the information required by AS 05.15.140(b) concerning persons responsible for conducting activities; and
- (10) other information required by the department on the form.

(b) Repealed 10/1/88.

(c) For 15 days after receipt by the Department of Revenue, an application is subject to protest by the city or borough nearest to the location of the proposed activity, as specified in AS 05.15.030. Upon approval of the application by the department, a permit will be issued for that calendar year. Activities may not be conducted until an annual permit has been issued. The activity or activities authorized under the permit may be conducted during the calendar year, unless the permit is suspended or revoked by the department. Refunds of permit fees will not be granted. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 2/25/84, Register 89; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.020	AS 05.15.060
AS 05.15.030	AS 05.15.100
AS 05.15.040	AS 05.15.130

**15 AAC 105.180. RENEWAL OF PERMITS.** (a) A permit may be renewed by filing an application on the prescribed form with the department.

(b) Certified copies of the articles of incorporation or the bylaws, copies of any national and state charters, and a list of Alaskan members need not accompany the application for renewal unless amendments to these documents have been made during the preceding year.

(c) Repealed 10/1/88.

(Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 10/1/88, Register 107)

Authority: AS 05.15.020  
AS 05.15.060

**15 AAC 105.190. SUSPENSION, REVOCATION, OR DENIAL OF PERMITS AND LICENSES; HEARINGS.** (a) The following are grounds for the immediate suspension, revocation, or denial of a permit or license:

(1) a false statement made in an application for a permit or license or in a report required under AS 05.15 or this chapter;

(2) failure to keep sufficient books or records to substantiate year-end reports to the department;

(3) failure to timely file a report required by AS 05.15 or this chapter;

(4) the conviction of a permittee or an officer or employee of a permittee of a felony or a crime involving moral turpitude, or a violation of a municipal, state, or federal gambling law;

(5) knowing violation by a permittee or officer or employee of a permittee of a provision of AS 05.15 or this chapter;

(6) failure to devote net proceeds in accordance with AS 05.15 or this chapter;

(7) paying or incurring unreasonable or exorbitant expenses or fees by the permittee or licensee;

(8) allowing the use of a permit by another organization;

(9) failure to remit any amount of pull-tab tax to a licensed pull-tab distributor when pull-tabs are acquired or purchased.

(b) The department will notify the permittee or permit applicant by certified mail of any action to suspend, revoke, or deny a permit. The notice will include a statement of the grounds for the suspension, revocation, or denial, and the legal authority for the action.

(c) A hearing will be held, upon written request by the permittee or permit applicant, to determine the validity of the department's action. The request for a hearing must be served upon the department within 15 days after the permittee or permit applicant receives notice from the department of the action to suspend, revoke, or deny a permit. The right to a hearing is waived if the request is not received by the department within the 15-day period.

(d) The commissioner will appoint a hearing officer to preside over the hearing. Notice of the hearing will be sent to the permittee or

permit applicant by certified mail. The hearing will be conducted according to the requirements of 15 AAC 105.195. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 9/17/86, Register 99; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060                      AS 05.15.122  
                   AS 05.15.083                      AS 05.15.140  
                   AS 05.15.087                      AS 05.15.170

**15 AAC 105.200. INVESTIGATION.** Repealed 10/1/88.

**15 AAC 105.210. MEMBER IN CHARGE OF ACTIVITIES.**  
 An organization applying for a permit shall designate on the original application a bona fide and active member to be responsible for the conduct of the activities on each occasion of holding a game of chance and skill. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
                   AS 05.15.112  
                   AS 05.15.130

**15 AAC 105.220. NET PROCEEDS.** (a) "Net proceeds" means the gross receipts from an authorized activity, less the fee described in AS 05.15.020(h), cost of prizes and authorized expenses as defined in (b) of this section.

(b) Authorized expenses are charges, fees and deductions which are reasonable and necessary to the operation of the activity as stated on the permit. Authorized expenses include payment for

- (1) equipment actually purchased for games;
- (2) printing of tickets or cards;
- (3) advertising for games;
- (4) nonalcoholic refreshments for games;
- (5) hall rentals, but only if the building is not owned by the permittee and only for the time actually used for operation of the games;
- (6) utility, repair and maintenance, and depreciation costs of a building owned by the permittee; these costs are allowable on a prorated basis for the actual hours used for the games in accordance with (c) of this section;
- (7) repairs for damages to equipment used for the games;
- (8) repealed 10/1/88;
- (9) postage, freight or accounting actually necessary for the games;
- (10) miscellaneous expenses directly pertaining to games only.

(c) The proration of building expenses shall be computed using a maximum use factor of 14 hours per day. For example, a bingo game is

conducted two days a week at five hours per day for a total of 10 hours a week. Since there are 98 use hours in a week (14 use hours per day times seven days per week equals 98 use hours per week), 10.20 percent (10 hours per week divided by 98 hours per week equals 10.20 percent) of the proratable expenses for the week may be included in the authorized expenses. For depreciation purposes, the life of the building must be the guideline life provided in the Internal Revenue Code and the only approved method of depreciation is straight line.

(d) Unauthorized expenses are those not directly related to the operation of the games and they cannot be deducted. Unauthorized expenses include, but are not limited to, payment for

(1) expenses on buildings except as provided in (b) of this section on a pro-rata basis;

(2) mortgage or interest payments;

(3) purchase of furniture, fixtures or equipment, except those necessary for the operation of the games and used exclusively for the games;

(4) payments to members as gifts, excluding authorized prizes;

(5) travel or per-diem expenses outside the state under any circumstances;

(6) organization membership fees to national or international, affiliated or unaffiliated, organizations;

(7) personal or organizational vehicle expenses;

(8) consultant fees paid to a member or paid for a member's benefit;

(9) legal fees paid to a member for services or paid for a member's benefit;

(10) organizational advertising or notices;

(11) organizational entertainment (picnics, dinners, parties, etc.);

(12) organizational accounting or other operating expenses except those directly related to the operation of the games;

(13) taxes on real or personal property and taxes based on net income;

(14) purchase of alcoholic beverages. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 10/1/88, Register 107)

Authority: AS 05.15.060  
AS 05.15.150  
AS 05.15.210

**15 AAC 105.230. ANNUAL FINANCIAL STATEMENT; ADDITIONAL FEE.** A statement accounting for all money generated from authorized games of chance and skill for the year must be filed by March 15 following the end of the calendar year. The permittee shall also file with the financial statement a copy of the required Internal Revenue Service form for every person who received prizes.

awards or winnings during the calendar year. The additional fee required by AS 05.15.02(b) shall be submitted to the department with the financial statement. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.020                      AS 05.15.080  
AS 05.15.060                      AS 05.15.130

**15 AAC 105.235. PERMITTEE REPORTS TO THE DEPARTMENT.** The quarterly and annual reports required from permittees to the department by AS 05.15.080 shall be on forms provided by the department. (Eff. 2/25/84, Register 89; am 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.080

**15 AAC 105.310. OPERATOR REPORTS TO THE DEPARTMENT.** The quarterly and annual reports required from operators to the department by AS 05.15.083 shall be on forms provided by the department. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.083

**15 AAC 105.320. OPERATOR LICENSE AND BOND.** (a) An applicant for an operator license shall submit an original application on a form prescribed by the department. Except when the applicant is a municipality, two copies of the application must be submitted to the nearest city or borough for its consideration. An applicant shall also retain a copy of the application. The application filed with the department must be accompanied by the license fee required by AS 05.15.122. Refunds of license fees will not be granted.

(b) All operators must post a bond or security satisfactory to the department as required by AS 05.15.122(b). The bond or security filed must be effective for a term of two years from the issuance of the operator license and must be conditioned upon payment of amounts due to the department, including penalties and interest, and payment of net proceeds, including any interest due to the authorizing permittee. In this subsection, "security satisfactory to the department" includes certificates of deposit made in trust for the State of Alaska accompanied by a completed assignment of negotiable instrument form provided by the department. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060                      AS 05.15.165  
AS 05.15.122                      AS 05.15.167

**15 AAC 105.325. MINIMUM RETURN TO PERMITTEE.** An operator's failure to pay the permittee the minimum return required by AS 05.15.128 is grounds for immediate suspension or revocation of an operator's license. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060 AS 05.15.165  
AS 05.15.128 AS 05.15.170

**15 AAC 105.330. PULL-TAB DISTRIBUTOR'S LICENSE; DISTRIBUTION RESTRICTION.** (a) The annual pull-tab distributor's license fee prescribed by AS 05.15.183 must be paid with the application for the license.

(b) An annual license will not be issued by the department unless all applicable information requested on a form provided by the department is complete. Refunds of license fees will not be granted.

(c) A licensed pull-tab distributor may distribute pull-tabs only to permittees, licensed operators, or intermediate licensed pull-tab distributors located in Alaska. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.183  
AS 05.15.187

**15 AAC 105.335. PULL-TAB TAX.** (a) All permittees or operators acting on behalf of a permittee or permittees must pay a pull-tab tax of 3 percent of the ideal net to the pull-tab distributor at the time the pull-tab series are distributed to the permittee or operator. All pull-tab distributors who distribute or sell pull-tabs within the State of Alaska shall collect the pull-tab tax of 3 percent of an amount equal to the ideal net of the pull-tab series. The tax shall be paid at the time of filing the monthly report required under (c) of this section.

(b) In (a) of this section, "ideal net" means the total amount of receipts that would be received if every individual pull-tab ticket in the series was sold at its face value less the total predetermined prize amounts available to be paid out in the series exclusive of any additional prize for the last pull-tab sold.

(c) The monthly report required under AS 05.15.183(d) by each pull-tab distributor must be on a form provided by the department. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.183

**15 AAC 105.340. BOND REQUIREMENT FOR SPECIAL PULL-TAB GAMES.** The \$250,000 surety bond required by AS

05.15.187(g) must be submitted for each game conducted on behalf of each permittee. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.187

**15 AAC 105.350. ADDITIONAL PRIZE LIMITATION.** If a permittee holds, operates, or conducts activities authorized under AS 05.15, and also contracts with an operator to hold, operate or conduct activities under AS 05.15, the permittee may not award prizes, including cash or negotiable instruments, the aggregate total of which is in excess of the sum or value of \$500,000 in any one calendar year. (Eff. 10/1/88, Register 107; am 1/21/89, Register 109)

Authority: AS 05.15.060  
AS 05.15.180

## CHAPTER 105. AUTHORIZED GAMES OF CHANCE AND SKILL

### 15 AAC 105.015. MUNICIPALITY. "Municipality" means

(1) a general law municipality that is an unchartered borough or city, as defined by AS 29.08.020 and 29.08.030;

(2) a home rule municipality that is an organized borough or a city of the first class which has adopted a home rule charter, as defined by AS 29.08.010; or

(3) a unified local government that is organized under AS 29.58.240 — 29.68.440. (Eff. 12/31/82, Register 84)

Authority: AS 05.15.060      AS 05.15.130  
AS 05.15.100      AS 05.15.140  
AS 05.15.120      AS 05.15.210

**15 AAC 105.095. OUTBOARD MOTOR ASSOCIATION.** "Outboard motor association" means a nonprofit association organized primarily to promote power-boat racing and the use of power boats. (Eff. 12/31/82, Register 84)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.210

**15 AAC 105.105. NONPROFIT TRADE ASSOCIATION.** "Nonprofit trade association" means a nonprofit association of merchants, craftsmen, or business firms in a particular trade or industry organized for the promotion of the common interests of that trade or industry. (Eff. 12/31/82, Register 84)

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.210

**15 AAC 105.135. MONTE CARLO ACTIVITIES.** (a) A municipality or qualified organization may apply for a permit involving the use of playing cards, dice, or numbers wheels. During one calendar year no more than three single-day activities, or no more than one two-day activity and one single-day activity, or no more than a three-day activity are permitted. A "day," for the purpose of this section, is defined as any consecutive 24-hour period.

(b) Cash prizes may not be awarded for games involving the use of playing cards, dice, or numbers wheels. Cash prizes include but are not limited to the legal tender of the United States of America, any foreign currency or coinage, gold, silver, or other negotiable instruments such as a cashier's check, certified check, money order, stock, bond, or negotiable security.

(c) Only money substitutes are allowed for use during actual play. For the purpose of this section, "money substitutes" are chips, markers, tokens, or legal facsimiles of actual currency or coinage. (Eff. 2/25/84, Register 89)

Authority: AS 05.15.060      AS 05.15.130  
AS 05.15.100      AS 05.15.180

**15 AAC 105.140. DOG MUSHERS' CONTESTS.** "Dog mushers' contests" are defined as games of chance wherein prizes are awarded for the correct guess of the racing time of a dog team or of team position in the race, including prizes to the race contestants.

(1) Dog mushers' contests shall be limited to the participation of dog-team sleds drawn over a specified course laid out by officials of a qualified dog mushers' organization, as defined under this Act.

(2) Prizes will be awarded as provided by rules and regulations established by the permittee organization for the conduct of the event.

(3) Junior dog mushing contests and contests of strength may include sleds drawn by one or more dogs. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.170. FISH DERBIES.** "Fish derbies" are defined as contests in which prizes are awarded for catching fish.

(1) Contestants in the fish derby must purchase a ticket and abide by the rules and regulations established by the permittee organization for the conducting of the event.

(2) Contestants may win prizes in any one of the following ways:

(A) Based on the size of the fish caught during the derby days;

(B) All fish entered are eligible for door prizes;

(C) Each purchaser of a derby entrance ticket is eligible to participate in a drawing for a door prize. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.100. CONTESTS OF SKILL.** "Contests of skill" are defined as contests or games in which prizes are awarded for the demonstration of human skills in marksmanship, races, and other athletic events. Marksmanship includes contests of skill based on rifle, pistol and archery matches in which awards are given. Races include any test or races of physical endurance or skill performed by the individual contestants. Other athletic events are physical events which include generally recognized field and track events based on personal physical ability or skill.

Any application for a permit to conduct contests of skill must be accompanied by proof that such event was conducted in substantially the same manner for gaming purposes prior to January 1, 1959. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.260. DISPOSITION OF FUNDS.** (a) Upon suspension of any permit, no funds will be withdrawn from the special bank account except for previously qualified expenses accrued prior to the suspension, or for disposition to their dedicated purposes as prescribed on their application for permit.

(b) Upon revocation or invalidation of a permit, the legitimate expense previously accrued by the permittee may be paid and all remaining funds must be paid over to the dedicated purposes as stated in the permittee's application. Failure to comply with these requirements shall be cause for the Commissioner of Revenue to initiate necessary legal action for compliance. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.270. DISPLAY OF PERMIT.** Each permit issued for the conduct of any activity shall be displayed conspicuously at the place where the activity is conducted. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.280. USE OF DEDICATED NET PROCEEDS.** (a) The dedicated net proceeds given to a qualified organization may not be used to pay any person for services rendered in connection with the activities from which the funds were derived. Detailed records of all disbursements must be kept with the other accounting records for a period of three years.

(b) In AS 05.15.150(a), disbursements "for the promotion of the welfare and well-being of the membership" means that a member may receive assistance in the form of various charitable donations which have been approved by the organization's board of directors. Charitable projects which an organization may sponsor include educational grants, training assistance or job counseling, food baskets, medical or health-care assistance, charitable functions and dinners for the community, etc. The qualifications to receive the charitable donations must include a requirement that all members of the organization within the community may qualify and receive the assistance. These payments may not be devoted to organizational parties, dinners or benefits, picnics, or social functions limited to members and their families.

(c) Permittees may not erect, buy or lease buildings or land for their organization with the net proceeds unless these buildings are

(1) used exclusively for educational, civic, public, or religious purposes (such as hospitals, churches, schools, government buildings, or community centers); or

(2) turned over to an appropriate nonprofit organization which qualifies as a tax-exempt organization under the Internal Revenue

Code, Section 501(C)(3), or to local, state or federal government. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60)

Authority: AS 05.15.060  
AS 05.15.150

**15 AAC 105.290. EXPENSES.** Only ordinary, necessary and reasonable expenses may be incurred for the conducting of any activities under this Act. (Eff. 9/7/60, Register 2)

Authority: AS 05.15.060

**15 AAC 105.300. VIOLATION — INELIGIBILITY.** A revocation of a permit based on a violation of AS 05.15 or this chapter makes the person, association, corporation, or other organization ineligible to apply for a permit for a period of one year from the date of that revocation. (Eff. 9/7/60, Reg 2; am 11/6/76, Register 60).

Authority: AS 05.15.040  
AS 05.15.060

**15 AAC 105.195. CONDUCT OF HEARINGS.** (a) A hearing may be conducted in person or by teleconference. If an in-person hearing is requested by the permittee or permit applicant, the hearing will be held in an office of the department at a location determined by the department, with consideration for the convenience of the permittee or permit applicant. The hearing will be recorded, and, if requested by the permittee or permit applicant, the department will have a transcript prepared at the expense of the permittee or permit applicant.

(b) A request for an extension of time or other matter must be made in writing at least 15 days before the date of the hearing.

(c) At the hearing, the department's representative will enter into the record the relevant portion of the permittee or permit applicant's file, including an explanation of the facts and law upon which the department relied. The permittee or permit applicant shall present any facts or information contrary to or not included in the file entered by the department's representative. Each party may call and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on matters relevant to the issues. Oral evidence will be taken only upon oath or affirmation.

(d) The hearing will not be conducted according to technical rules relating to evidence and witnesses. Relevant evidence, including hearsay evidence, will be admitted if it is evidence upon which responsible persons are accustomed to rely in the conduct of serious affairs. Irrelevant and unduly repetitious evidence will be excluded.

(e) Upon the hearing officer's motion or at the request of either party, the hearing officer will, in the officer's discretion, leave the record open until a specified date to receive additional testimony, evidentiary material, or briefs by the parties.

(f) After the record is closed, the hearing officer will issue a written decision containing the hearing officer's findings of fact and conclusions of law. Upon adoption by the commissioner, the written decision of the hearing officer is the final administrative decision of the department for purposes of appeal to the superior court. Judicial review of the final administrative decision may be obtained from the superior court by filing a notice of appeal in accordance with the applicable rules of court governing appeals in civil matters. (Eff. 9/18/86, Register 99)

Authority: AS 05.15.060

**15 AAC 105.240. METHOD OF ACCOUNTING.** A permittee shall maintain and keep books and records necessary to substantiate the particulars of each annual financial statement. All money collected or received from games of chance and skill activity shall be deposited in a separate bank account. Where cash prizes are awarded, the recipient of the award shall sign a receipt indicating that the cash award was received, and the awarding of the cash award shall be contingent upon the recipient executing the receipt. All expenses of activities shall be paid by check only, and the check may not be drawn to "cash" or a fictitious payee. Each check drawn on the bank account required under this section must bear two authorized signatures of the organization. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60)

Authority: AS 05.15.060  
AS 05.15.130

**15 AAC 105.250. MAINTENANCE OF RECORDS.** All records and supporting documents pertaining to activities permitted under AS 05.15 must be maintained for at least three years following the close of the calendar year. (Eff. 9/7/60, Register 2; am 11/6/76, Register 60)

Authority: AS 05.15.060

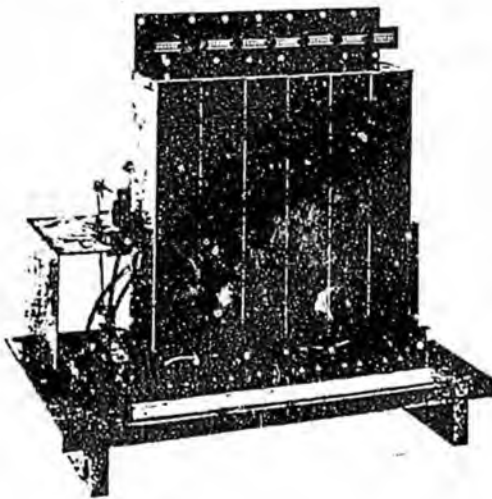
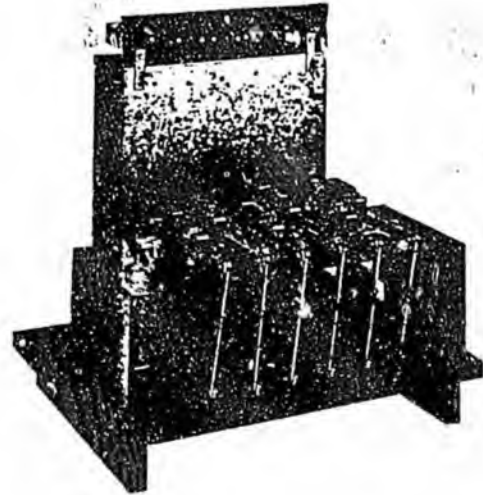
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## TICKET DISPENSER



- Dispenses the Most Popular Sizes of Tickets - 3 3/4" OR 4 1/4" with Simple Adjustments
- Simple Adjustment will compensate for various Ticket Thickness
- Battery Backed Up Memory
- Accepts \$1, \$5, \$10 and \$20 Bills and Coins

- Automatic Column "Lockout"- if a column empties or jams, all other columns will continue to operate causing no monetary loss to the operator, location, or the ticket buyer



- Full Bookkeeping with Mechanical Meters: One Meter for "Coins in" and One Meter for EACH Column (Records every ticket dispensed)
- Tamper Sensing Protection with Audio Alarm
- Heavy Duty Mechanical Dispenser



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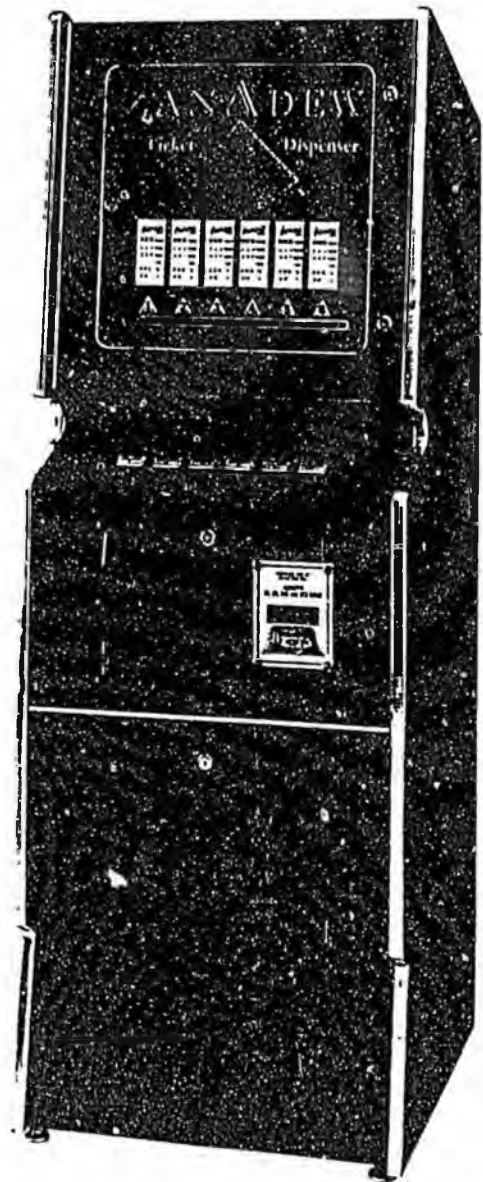
# ZANADEW TICKET DISPENSER

- 6 COLUMN DISPENSER
- EACH COLUMN CAN HAVE A DIFFERENT PRICE (\$.25-\$2.00)
- HOLDS OVER 3000 TICKETS
- LOW PRICE - HIGH RELIABILITY
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- COMPLETELY AUTOMATIC
- 4 DIGIT L.E.D. "MONEY IN" DISPLAY
- FULL BOOKKEEPING/ACCOUNTING



ZANADEW DISPENSES "PULL TABS" OR "BREAKWAYS" OR "PICKLE TICKETS" IN THE MOST POPULAR SIZES: 3 3/4" OR 4 1/4" WITH SIMPLE ADJUSTMENTS

*(no special tools required)*



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**1-800-666-7776**



**\$350,000  
IN PRIZES**

### HOW TO PLAY

Rub off latex covered play area on game piece. Match 3 identical prize amounts on one game piece and win that prize. Rub Iditarod Bonus spot. Match amount revealed with two like amounts on the upper play area and win that prize. Match 3 t-shirts and win an Iditarod t-shirt.

*Official Rules on Back*

### HOW TO ENTER:

- ◆ Contribute \$1 and receive one instant-win game piece.
- ◆ NO CONTRIBUTION OR PURCHASE REQUIRED to play instant-win game. For free game piece, send a hand-written self-addressed, stamped envelope and a 3" x 5" card with the words "Iditarod Race for the Gold" to, LAI Marketing, P. O. Box 102600, Anchorage, Alaska 99510-2600. Must be 19 years or older to play instant win game. Limit, one game piece per request per day. Request must be received by November 15, 1991. Free game pieces are subject to availability.
- ◆ Promotion ends the earlier of November 15, 1991 or when the supply of "Iditarod Race for the Gold" cards is exhausted.

### ODDS OF WINNING:

Total prize value in game, \$355,200. Prize amounts, number of prizes and odds of winning are:

<u>Prize Amount</u>	<u>Number of Prizes</u>	<u>Odds</u>
1	82,880	1: 7.1
2	23,680	1: 25.0
10	3,552	1:166.6
25	2,368	1:250.0
100	1,184	1:500.0
<u>T-Shirt</u>	<u>1,184</u>	<u>1:500.0</u>
TOTAL	114,848	1:5.15

### PRIZE REDEMPTION:

- ◆ All prizes must be claimed before December 15, 1991. Instant win prizes of \$1, \$2, \$10 and \$25 must be claimed where the "Iditarod Race for the Gold" card was purchased. T-shirt, \$100 prizes and all prizes won from mailed in requests must be claimed by completing the back of winning game piece and mailing it to LAI Marketing, P. O. Box 102600, Anchorage, AK 99510-2600. Prize claims should be sent via certified mail and must be received by December 31, 1991. Allow six weeks for verification and redemption of prizes. No responsibility is assumed for lost, late, illegible or misdirected mail. Unclaimed "Iditarod Race for the Gold" prizes as of December 15, 1991 will not be awarded. Winning game pieces become the property of LAI Marketing and will not be returned. T-shirt prize winners should specify size preference. Specific sizes subject to availability.
- ◆ Employees of LAI Marketing and their immediate families are not eligible to win. Unless authorized by LAI Marketing, no substitution of prize permitted. All federal, state and local taxes on prizes are the sole responsibility of prize winners. Prizes claimed by minors may require consent of parent or legal guardian before prize is redeemed.
- ◆ Game pieces which have the "VOID IF REMOVED" covering removed, are forged, mutilated, altered, illegible, improperly obtained, printed incorrectly or otherwise defaced are automatically void. Liability for any irregular game card is limited to replacement with another, subject to availability.
- ◆ Prize winners agree to use their name, address and photograph for publicity purposes without compensation. All participants agree to release LAI Marketing and its authorized distributors from any and all liability for injuries and damages which may result from their participation in this promotion.
- ◆ Sales of "Iditarod Race for the Gold" cards may be conducted only by employees of LAI Marketing and its authorized retailers.

### PROCEEDS BENEFIT IDITAROD TRAIL COMMITTEE

LAI Marketing is a division of Lottery Alaska, Inc.

## GENERAL INSTANT WIN GAME OPERATING RULES

- (1) Lottery Alaska, Inc. (hereinafter referred to as LAI) hereby authorizes instant-win games which meet the criteria set forth in these rules.
- (2) The President is hereby authorized to select, operate, and contract relating to and for the operation of instant-win games which meet the criteria set forth in these rules.

### DEFINITIONS

- (1) "President" means the President of LAI or any other person to whom the President's authority is lawfully delegated.
- (2) "Game piece" means an instant-win game game piece.
- (3) "Play Symbols" are the figures printed in gray-black ink which appear under each of the rub-off spots on the front of a game piece.
- (4) "Game piece Validation Number" is the unique number on the bottom left portion of the front of the game piece.
- (5) "Play Symbol Caption" is the small printed material appearing below each play symbol which repeats or explains the play symbol. One and only one of these play symbol captions appears under each play symbol and is printed in gray-black ink.
- (6) "Retailer Validation Code" consists of three small letters found under the removable rub-off covering over the play symbols on the front of the game piece, which the retailer uses to verify and validate winners of low-tier prizes. The letters appear in varying locations beneath the removable rub-off covering and among the play symbols.
- (7) "Book" is a pack of instant-win game pieces which are attached to each other by perforations, and which game pieces are packed in plastic shrink-wrapping. A "Book" shall bear a common "Book Number" and having "Game Piece Number" starting at 000 and continuing through 199.
- (8) "Book-Game Piece Number" is the 10-digit number printed on the game piece. A two-digit game identification number shall be part of the book-game piece number.

### DISTRIBUTION OF GAMES

- (1) Games will be sold by retailers selected by LAI directly. LAI is authorized to arrange for distribution of games to retailers or for sales of game pieces to the public directly by LAI

### SALE OF GAME PIECES

- (1) No person other than a retailer under a contract for the sale of games with LAI may sell games except that nothing in this section shall be construed to prevent a person who may lawfully purchase game pieces from making a gift of game pieces to another.
- (2) Game Pieces may not be sold at a location other than the address listed on the Retailer's contract with LAI
- (3) Nothing in this section shall be construed to prohibit LAI from designating certain of its agents and employees to sell game pieces directly to the public.

### INSTANT GAMES GAME PIECE PRICE

- (1) The price of instant-win game pieces shall be \$1, except to the extent of any discounts authorized by LAI. No person may sell a game piece at a price other than that established in accordance with these rules.

### NUMBER AND VALUE OF INSTANT-WIN GAME PIECE PRIZES

- (1) The prize structure and game piece quantities listed under each of the subparagraphs of this rule are approved for use in LAI's instant-win games. The quantity of game pieces ordered for a particular prize structure shall determine the number and value of instant prizes in each game.

B.2.

## OFFICIAL START OF GAME

(1) Games with a prize structure adopted by LAI under the above rule may be started at a time selected by the President. LAI shall publicly announce the starting date of a new game by use of a press release or any other appropriate means. LAI shall also issue game informations which includes a description of the game, odds of winning a prize, the number and value of prizes, and the play symbols and captions used for prize validation.

## DETERMINATION OF WINNERS

(1) Winners of an instant win game are determined by the matching of specified alignment of the play symbols on the game pieces. The play symbols are revealed by scratching or rubbing off the latex covered spots on the game pieces. The bearer must notify LAI of the win and submit the winning game piece(s) to LAI as specified in these rules. The winning game piece must be validated by LAI through use of the validation number or by any other means as specified by LAI

(2) In any event, only the highest instant prize amount will be paid on a given game piece.

(3) No portion of the play symbol captions, retailer validation codes, display printing nor any extraneous matter whatever shall be usable or playable as a part of the instant game.

(4) The game piece validation number or any portion thereof is not a play spot and is not usable or playable as such.

(5) In all events, the determination of prize winners shall be subject to the general game piece validation requirements set forth in the rules set out below and the requirements set out on the back of each instant-win game piece.

(6) The length of operation of an instant-win game shall be determined by LAI. The start date and closing date of the instant game shall be publicly announced.

## PAYMENT OF PRIZES

The procedures for claiming instant-win game piece prizes are:

(1) Low-tier instant prizes (less than \$50) shall be claimed by one of the following methods:

(a) By presenting the winning game piece to the same retailer from whom it was purchased. The retailer shall verify the claim and, if acceptable, make payment of the amount due to the claimant. In the event the retailer cannot verify the claim, the claimant shall fill out a claim form, which the retailer shall provide, and present the completed form together with the disputed game piece to LAI. If the claim is validated by LAI, a check shall be issued to the claimant in payment of the amount due. In the event that the claim is not validated by LAI, the claim shall be denied and the claimant shall be promptly notified.

(b) By bringing the game piece to the LAI office or by completing a claim form and forwarding it with the game piece to LAI via the retailer. Claim forms may be obtained from any game retailer or from LAI

(2) Mid-tier instant prizes (less than \$600) shall be claimed by one of the following methods:

(a) By presenting the winning game piece to any instant game retailer. The retailer shall validate the claim with LAI and, if authorized by LAI, make payment of the amount due the claimant. In the event the retailer cannot verify the claim, the claimant shall fill out a claim form, which the retailer shall provide, and present the completed form together with the disputed game piece to LAI. If the claim is validated by LAI, a check shall be forwarded to the claimant in payment of the amount due. In the event that the claim is not validated by LAI, the claim shall be denied and the claimant shall be promptly notified. A retailer may pay prizes in cash or by business check, or money order, or any combination thereof. A retailer that pays a prize with a check which is dishonored may be subject to suspension or termination of the retailers contract.

(b) By bringing the game piece to LAI headquarters or by completing a claim form and submitting it with the winning game piece to LAI. Claim forms may be obtained from instant game retailer or from LAI.

(c) Upon validation by LAI, a check shall be presented to the claimant in payment of the amount due. In the event that the claim is not validated by LAI, the claim shall be denied and the claimant shall be promptly notified.

(3) To claim an instant prize of more than \$600, the claimant must either bring the winning game piece to LAI headquarters or complete a claim form and forward the completed form together with the winning game piece to LAI

(4) Prizes greater than \$600 can be paid only from LAI headquarters. Upon validation by LAI, a check shall be forwarded to the claimant in payment of the amount due, less any applicable federal income tax withholding.

(5) Any game piece not passing all the validation checks is void and ineligible for any prize and shall not be paid. However, LAI may, solely at its option, replace an invalid game piece with an unplayed game piece (or game piece of equivalent sales price from any other current game). In the event a defective game piece is purchased, the only responsibility or liability of LAI shall be the replacement of the defective game piece with another unplayed game piece (or game pieces of equivalent sale price from any other current game).

B.3.

(6) All prizes shall be paid within a reasonable time after they are awarded and after the claims are verified by LAI. For each prize requiring annual payments, all payments after the first payment shall be made on the anniversary date of the first payment in accordance with the type of prize awarded. LAI may, at any time, delay any payment in order to review a change of circumstances relative to the prize awarded, the payee, the claim, or any other matter that may have come to his or her attention. All delayed payments will be brought up to date immediately upon LAI's confirmation and continue to be paid on each original anniversary date thereafter.

### GAME PIECE VALIDATION REQUIREMENTS

Besides meeting all of the other requirements in these Rules, or as may be printed on the back of each instant game piece, the following validation requirements will apply with regard to instant games:

- (1) To be a valid instant game piece, all of the following requirements must be met:
- (a) Exactly one play symbol must appear under each of the latex-covered, rub-off spots on the front of the game piece.
  - (b) Each of the play symbols must have a play symbol caption underneath, and each must agree with its play symbol caption.
  - (c) Each of the play symbols must be present in its entirety and be fully legible.
  - (d) Each of the play symbol captions must be present in its entirety and be fully legible.
  - (e) Each of the play symbols and its play symbol caption must be printed in gray-black ink.
  - (f) The game piece shall be intact.
  - (g) The series-game piece number, game piece validation, and retailer validation code must be present in their entirety and be fully legible. The game piece validation number shall correspond, using LAI's codes, to the play symbols on the game piece.
  - (h) The game piece must not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner.
  - (i) The game piece must not be counterfeit in whole or in part.
  - (j) The game piece must have been issued by LAI in an authorized manner.
  - (k) The game piece must not be stolen nor appear on any list of omitted game pieces on file at LAI.
  - (l) The play symbols, play symbol captions, game piece validation number, retailer validation code and book-game piece number must be right-side-up and not reversed in any manner.
  - (m) The game piece must be complete, and not miscut, and have exactly one play symbol and exactly one play symbol caption under each of the rub-off spots, exactly one book-game piece number, exactly one retailer validation code and exactly one validation number.
  - (n) The validation number of an apparent winning game piece shall appear on LAI's official record of validation numbers of winning game pieces; and a game piece with that validation number shall not have been paid previously.
  - (o) The game piece must not be blank or partially blank, misregistered, defective, or printed or produced in error.
  - (p) Each of the play symbols on the game piece must correspond precisely to the artwork on file at LAI; each of the play symbol captions must correspond precisely to the artwork on file at LAI; the book-game piece number must correspond precisely to the artwork on file at LAI; the retailer validation code must correspond precisely to the artwork on file at LAI; and the game piece validation number must correspond precisely to the artwork on file at LAI.
  - (q) The display printing must be regular in every respect and correspond precisely with the artwork on file at LAI.
  - (r) The game piece must pass all additional confidential validation tests of LAI.
- (2) Any game piece not passing all the validation checks in this part is void and ineligible for any prize and shall not be paid. However, LAI may, solely at its option, replace an invalid game piece with an unplayed game piece (or game pieces of equivalent sales price) from any other current LAI game. In the event a defective game piece is purchased, the only responsibility or liability of LAI shall be the replacement of the defective game piece with another unplayed game piece (or game piece of equivalent sales price from any other current game).

B. 4.

### OWNERSHIP OF INSTANT GAME PIECES

(1) Until such time as a name is imprinted or placed upon the rear portion of an instant game piece in the area designated for "name," and instant game piece which has been sold shall be owned by the bearer of said game piece. When a name is placed on the rear of said game piece in the place designated therefore, the person whose name appears in that area shall be the owner of said game piece and shall be entitled to any prize attributable thereto. Notwithstanding any name or names submitted on a claim form, LAI shall make payment to the name appearing on the back of the game piece in the space designated therefore; provided if more than one name appears on the rear of the game piece, one of those persons whose name appears thereon shall be designated to receive payment. This shall be done by indicating the name to which payment is to be made by an indication on the claim form and by the signature on the claim form of all other persons whose names appear on the rear of the game piece. LAI for its purposes shall recognize only one (1) person as owner of a game piece. The person appearing for payment shall be the same as that which appears on the rear portion of the game piece in the space designated. If a game piece is presented to LAI that does not have a name appearing on the back of the game piece, payment will be made to the name appearing on the claim form or other documents submitted with the game piece.

(2) Groups, family units, clubs, or other organizations may claim a winning game piece by one of two methods:

(a) If the organization possesses a Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service and such number is shown on the claim form; or

(b) By filing IRS Form 5754, "Statement by Person(s) Receiving Gambling Winners," with LAI. The form designates to whom winnings are to be paid and the persons to whom winnings are taxable.

### PRIZE RIGHTS UNASSIGNABLE

(1) No right of any person to a prize drawn shall be assignable, except that payment of any prize drawn may be paid to the estate of a deceased prize winner, and except that any person pursuant to an appropriate judicial order may be paid the prize to which the winner is entitled. LAI shall be discharged of all liability upon payment of a prize pursuant to this rule.

### PAYMENT OF PRIZES TO PERSONS UNDER 19 YEARS OF AGE

(1) In the event a person entitled to a prize for any winning game piece is under the age of nineteen (19) years, LAI may direct payment of the prize by delivery to an adult member of the minor's family or a guardian of the minor a check or draft payable to the adult member of the minor's family or the minor's guardian. The person so named as custodian shall have the same duties and powers as a person designated as a custodian in accordance with Alaska Law and for the purposes of this section the term "adult member of a minor's family" and "guardian of a minor" shall have the same meaning as in the Gifts to Minors Law. LAI shall be discharged of all liability upon payment of a prize to a minor pursuant to this rule.

### PRIZES PAYABLE AFTER DEATH OR DISABILITY OF OWNER

(1) All prizes or a portion thereof which remain unpaid at the time of the prize winner's death shall be payable to the duly qualified Personal Representative of his/her estate, once LAI is satisfied that such payment is lawful and proper. LAI may rely wholly on the presentation of certified copies of a court's appointment of a Personal Representative or any other evidence of a person entitled to the payment of any prize winnings when due.

(2) The payment to the estate of the deceased owner of any prize winnings by LAI shall absolve LAI and its representatives of any further liability for payment of said prize winnings. LAI need not look to the payment of the prize winning beyond the payee thereof. LAI reserves the right to petition any court of competent jurisdiction to request a determination for the payments of any prize winnings which are or may become due the estate of a deceased owner or an owner under a disability because of, but not limited to, under age, mental deficiency, physical or mental incapacity. If the legatee(s) or heir(s) of a deceased owner entitled to prize winnings obtains an order from a court of competent jurisdiction directing payments due and to become due from LAI to be paid directly to said legatee(s) or heir(s) or otherwise directs LAI to make payments to another in the event of an owner's disability or otherwise, LAI shall pay the prize winnings accordingly.

### GOVERNING LAW

(1) In purchasing a game piece, the customer agrees to comply with, and abide by, the Alaska Law, and all rules and regulations and final decisions of LAI, and all procedures and instructions established by LAI for the conduct of the game.

B. S.

## DISCHARGE OF LAI UPON PAYMENT

(1) LAI, its President, agents, officers, employees and representatives, shall be discharged of all liability upon payment of a prize or any one installment thereof to the holder of any winning game piece or in accordance with the information set forth on the claim form supplied by LAI. If there is a conflict between the information on a winning game piece and the information on the claim form, LAI may rely on the claim form after the game piece for which it has been filed has been validated as a winning game piece and, in so doing, it will be relieved of all responsibility and liability in the payment of a prize in accordance with the information set forth therein. LAI's decisions and judgments in respect to the determination of a winning game piece or of any other dispute arising from payment or awarding of prizes shall be final and binding upon all participants in the game unless otherwise provided by law or these rules. In the event a question arises relative to the winning game piece, a claim form, the payment, or the awarding of any prize, LAI may deposit the prize winnings into an escrow fund until it determines the controversy and reaches a decision, or it may petition a court of competent jurisdiction for instructions and a resolution of the controversy.

## UNCLAIMED PRIZE MONEY

(1) Any prize not claimed within the specified period shall be forfeited.

## DISCLOSURE

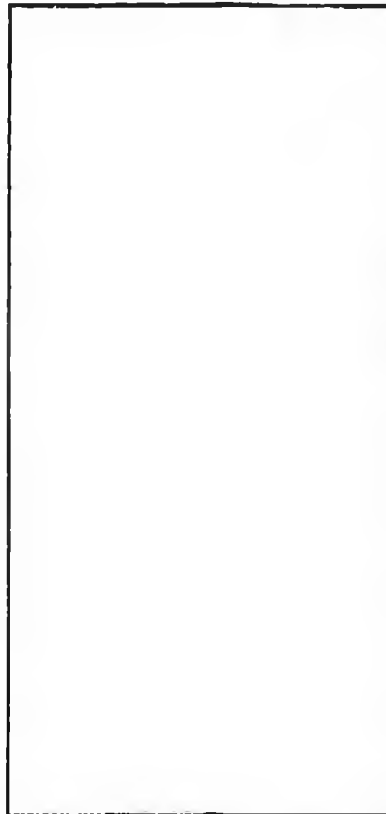
(1) LAI may use the names, addresses, and photographs of winners in any LAI promotional campaign. The address used shall not contain the street or house number of the winner.

## OFFICIAL END OF GAME

(1) The official end of an instant game shall be the day designated by LAI. Prizes may be claimed up to 30 days after the official end of the game. In the event the final day of the claim period falls on a weekend or an official state holiday, the claim period will be extended to end on the next business day. A player may submit a winning game piece claim for prize payment up to 30 days after the official end of game. Depending on the prize amount, the game piece should be submitted to the location specified in "Payment of Prizes". To participate in one of LAI's special drawings, if any, a player must redeem a game piece which qualifies for entry into that special drawing within the time limits specified by LAI.

1/10/91

c.1.



**\$350,000  
IN PRIZES**

**HOW TO PLAY**

Rub off latex covered play area on game piece. Match 3 identical prize amounts on one game piece and win that prize. Rub Iditarod Bonus spot. Match amount revealed with two like amounts on the upper play area and win that prize. Match 3 t-shirts and win an iditarod t-shirt.

***Official Rules on Back***

**HOW TO ENTER:**

- ◆ Contribute \$1 and receive one instant-win game piece.
- ◆ NO CONTRIBUTION OR PURCHASE REQUIRED to play instant-win game. For free game piece, send a hand-written self-addressed, stamped envelope and a 3" x 5" card with the words "Iditarod Race for the Gold" to, LAI Marketing, P. O. Box 102600, Anchorage, Alaska 99510-2600. Must be 19 years or older to play instant-win game. Limit, one game piece per request per day. Request must be received by September 30, 1992. Subject to availability.
- ◆ Promotion ends the earlier of September 30, 1992 or when the supply of "Iditarod Race for the Gold" cards is exhausted.

*A cert. white off and  
 1000 for instant  
 win game piece  
 \* No contribution or  
 purchase required  
 to play instant win  
 game.*

**ODDS OF WINNING:**

Total prize value in game, \$355,200. Prize amounts, number of prizes and odds of winning are:

<u>Prize Amount</u>	<u>Number of Prizes</u>	<u>Odds</u>
1	82,880	1: 7.1
2	23,660	1: 25.0
10	3,552	1:166.6
25	2,368	1:250.0
100	1,184	1:500.0
<u>T-Shirt</u>	<u>1,184</u>	<u>1:500.0</u>
<b>TOTAL</b>	<b>114,848</b>	<b>1:5.15</b>

**PRIZE REDEMPTION:**

- ◆ All prizes must be claimed before December 31, 1992. Instant win prizes of \$1, \$2, \$10 and \$25 must be claimed where the "Iditarod Race for the Gold" card was purchased. T-shirt, \$100 prizes and all prizes won from mailed in requests must be claimed by completing the back of winning game piece and mailing it to LAI Marketing, P. O. Box 102600, Anchorage, AK 99510-2600. Prize claims should be sent via certified mail and must be received by September 30, 1992. Allow six weeks for verification and redemption of prizes. No responsibility is assumed for lost, late, illegible or misdirected mail. Unclaimed "Iditarod Race for the Gold" prizes as of December 31, 1992 will not be awarded. Winning game pieces become the property of LAI Marketing and will not be returned. T-shirt prize winners should specify size preference. Specific sizes subject to availability.
- ◆ Employees of LAI Marketing and their immediate families are not eligible to win. Unless authorized by LAI Marketing, no substitution of prize permitted. All federal, state and local taxes on prizes are the sole responsibility of prize winners. Prizes claimed by minors may require consent of parent or legal guardian before prize is redeemed.
- ◆ Game pieces which have the "VOID IF REMOVED" covering removed, are forged, mutilated, altered, illegible, improperly obtained, printed incorrectly or otherwise defaced are automatically void. Liability for any irregular game card is limited to replacement with another, subject to availability.
- ◆ Prize winners agree to use their name, address and photograph for publicity purposes without compensation. All participants agree to release LAI Marketing and its authorized distributors from any and all liability for injuries and damages which may result from their participation in this promotion.
- ◆ Sales of "Iditarod Race for the Gold" cards may be conducted only by employees of LAI Marketing and its authorized retailers.

**PROCEEDS BENEFIT IDITAROD TRAIL COMMITTEE**

LAI Marketing is a division of Lottery Alaska, Inc.

C.3.

**RULES**

**ON AVERAGE ONE IN FIVE WINS**

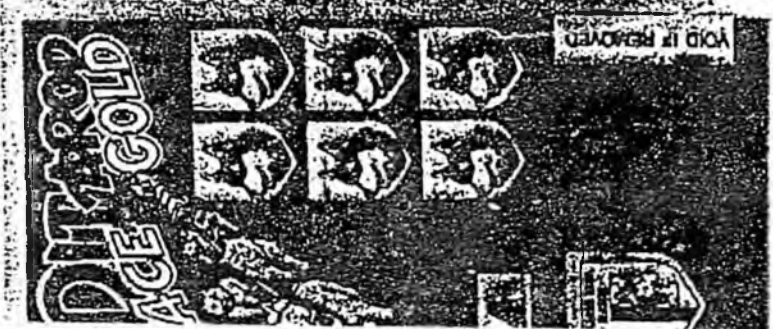
When you win a prize of \$1, \$2, \$10, \$25, \$50, \$100 or a T-Shirt ask your Lottery Alaska Retailer for instructions on redemption. All prizes must be claimed within 30 days of announced game. All players are subject to the rules and regulations of the State of Alaska and Lottery Alaska, Inc.

**IMPORTANT**

Tickets void if mutilated, altered, unissued, stolen, reconstituted, miscut, defective, or incomplete. If "VOID IF REMOVED" covering is removed, if ticket does not match standard form file with Lottery Alaska, Inc. or the State of Alaska, or fails any Lottery Alaska validation requirement. If imprint does not clearly appear in each designated position, if play symbols are not intact, if play symbols are inconsistent. Tickets not to be sold to anyone under 18 years of age.

90 F000000 370

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Signature \_\_\_\_\_  
Phone \_\_\_\_\_  
ID \_\_\_\_\_ Date Cashier \_\_\_\_\_  
Retailer Signature \_\_\_\_\_  
Retailer Number \_\_\_\_\_



**RULES**

**ON AVERAGE ONE IN FIVE WINS**

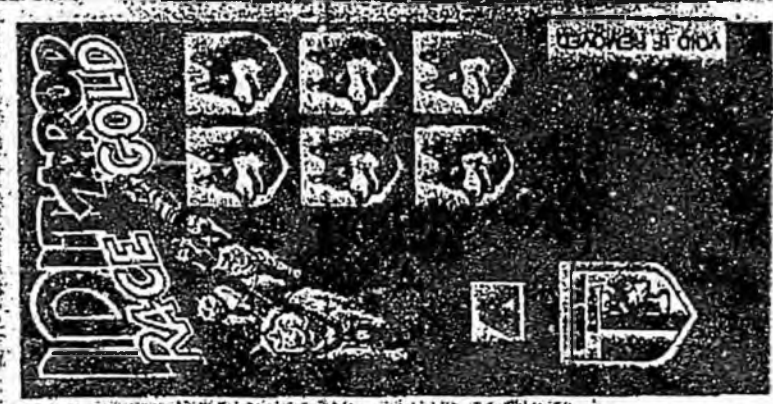
When you win a prize of \$1, \$2, \$10, \$25, \$50, \$100 or a T-Shirt ask your Lottery Alaska Retailer for instructions on redemption. All prizes must be claimed within 30 days of announced game. All players are subject to the rules and regulations of the State of Alaska and Lottery Alaska, Inc.

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90 F000000 370

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Signature \_\_\_\_\_  
Phone \_\_\_\_\_  
ID \_\_\_\_\_ Date Cashier \_\_\_\_\_  
Retailer Signature \_\_\_\_\_  
Retailer Number \_\_\_\_\_



**RULES**

**ON AVERAGE ONE IN FIVE WINS**

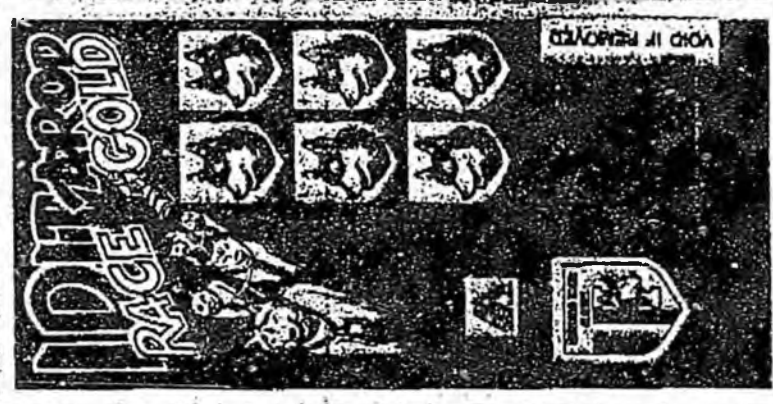
When you win a prize of \$1, \$2, \$10, \$25, \$50, \$100 or a T-Shirt ask your Lottery Alaska Retailer for instructions on redemption. All prizes must be claimed within 30 days of announced game. All players are subject to the rules and regulations of the State of Alaska and Lottery Alaska, Inc.

**IMPORTANT**

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90 F000000 370

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Signature \_\_\_\_\_  
Phone \_\_\_\_\_  
ID \_\_\_\_\_ Date Cashier \_\_\_\_\_  
Retailer Signature \_\_\_\_\_  
Retailer Number \_\_\_\_\_



**RULES**

**ON AVERAGE ONE IN FIVE WINS**

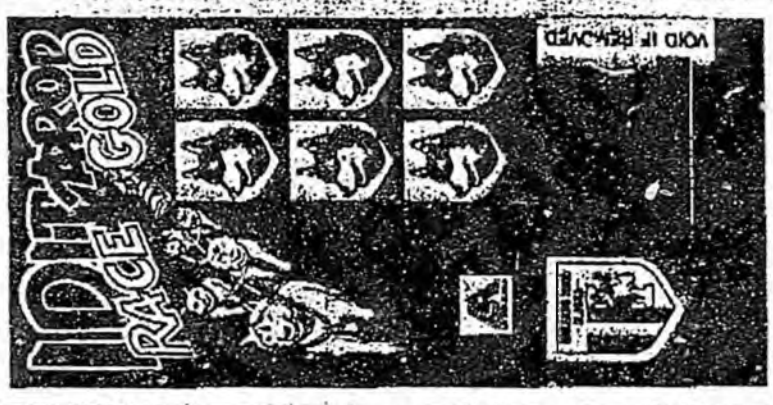
When you win a prize of \$1, \$2, \$10, \$25, \$50, \$100 or a T-Shirt ask your Lottery Alaska Retailer for instructions on redemption. All prizes must be claimed within 30 days of announced game. All players are subject to the rules and regulations of the State of Alaska and Lottery Alaska, Inc.

**IMPORTANT**

Tickets void if mutilated, altered, unissued, stolen, reconstituted, miscut, defective, or incomplete. If "VOID IF REMOVED" covering is removed, if ticket does not match standard form file with Lottery Alaska, Inc. or the State of Alaska, or fails any Lottery Alaska validation requirement. If imprint does not clearly appear in each designated position, if play symbols are not intact, if play symbols are inconsistent. Tickets not to be sold to anyone under 18 years of age.

90 F000000 370

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Signature \_\_\_\_\_  
Phone \_\_\_\_\_  
ID \_\_\_\_\_ Date Cashier \_\_\_\_\_  
Retailer Signature \_\_\_\_\_  
Retailer Number \_\_\_\_\_



**RULES**

**ON AVERAGE ONE IN FIVE WINS**

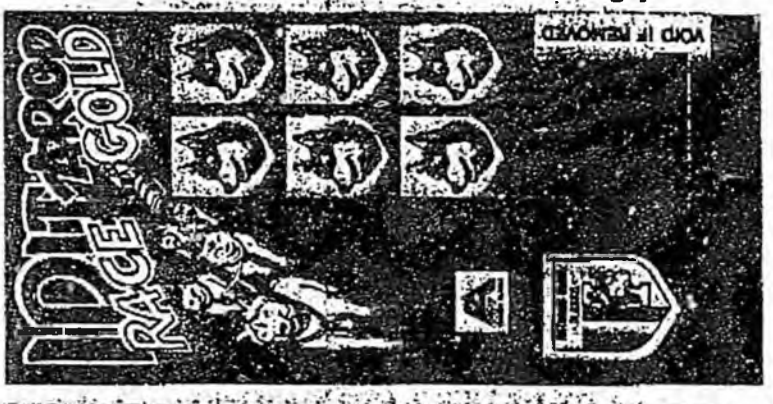
When you win a prize of \$1, \$2, \$10, \$25, \$50, \$100 or a T-Shirt ask your Lottery Alaska Retailer for instructions on redemption. All prizes must be claimed within 30 days of announced game. All players are subject to the rules and regulations of the State of Alaska and Lottery Alaska, Inc.

**IMPORTANT**

Tickets void if mutilated, altered, unissued, stolen, reconstituted, miscut, defective, or incomplete. If "VOID IF REMOVED" covering is removed, if ticket does not match standard form file with Lottery Alaska, Inc. or the State of Alaska, or fails any Lottery Alaska validation requirement. If imprint does not clearly appear in each designated position, if play symbols are not intact, if play symbols are inconsistent. Tickets not to be sold to anyone under 18 years of age.

90 F000000 370

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Signature \_\_\_\_\_  
Phone \_\_\_\_\_  
ID \_\_\_\_\_ Date Cashier \_\_\_\_\_  
Retailer Signature \_\_\_\_\_  
Retailer Number \_\_\_\_\_



D. I.

**HOW TO ENTER:**

- ◆ Contribute \$1 and receive one instant-win game piece.
- ◆ **NO CONTRIBUTION OR PURCHASE REQUIRED** to play instant-win game. For free game piece, send a hand-written self-addressed, stamped envelope and a 3" x 5" card with the words "Million Dollar Baseball" to, LAI Marketing, P. O. Box 102600, Anchorage, Alaska 99510-2600. Must be 19 years or older to play instant-win game. Limit, one game piece per request per day. Request must be received by November 15, 1991. Free game pieces are subject to availability.
- ◆ Promotion ends the earlier of November 15, 1991 or when the supply of "MILLION DOLLAR BASEBALL" cards is exhausted.

**ODDS OF WINNING:**

Total prize value in game, \$\_\_\_\_\_. Prize amounts, number of prizes and odds of winning are:

<u>Prize Amount</u>	<u>Number of Prizes</u>	<u>Odds</u>
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**PRIZE REDEMPTION:**

- ◆ All prizes must be claimed before December 15, 1991. Instant win prizes of \$1, \$2, \$10 and \$25 must be claimed where the "Million Dollar Baseball" card was purchased. T-shirt, \$100 prizes and all prizes won from mailed in requests must be claimed by completing the back of winning game piece and mailing it to LAI Marketing, P. O. Box 102600, Anchorage, AK 99510-2600. Prize claims should be sent via certified mail and must be received by December 31, 1991. Allow six weeks for verification and redemption of prizes. No responsibility is assumed for lost, late, illegible or misdirected mail. Unclaimed "Million Dollar Baseball" prizes as of December 15, 1991 will not be awarded. Winning game pieces become the property of LAI Marketing and will not be returned.
- ◆ Employees of LAI Marketing and their immediate families are not eligible to win. Unless authorized by LAI Marketing, no substitution of prize permitted. All federal, state and local taxes on prizes are the sole responsibility of prize winners. Prizes claimed by minors may require consent of parent or legal guardian before prize is redeemed.
- ⇒ Game pieces which have the "VOID IF REMOVED" covering removed, are forged, mutilated, altered, illegible, improperly obtained, printed incorrectly or otherwise defaced are automatically void. Liability for any irregular game card is limited to replacement with another, subject to availability.
- ◆ Prize winners agree to use their name, address and photograph for publicity purposes without compensation. All participants agree to release LAI Marketing and its authorized distributors from any and all liability for injuries and damages which may result from their participation in this promotion.
- ◆ Distribution of "Million Dollar Baseball" cards may be conducted only by employees of LAI Marketing and its authorized retailers.

**Proceeds Benefit the  
MUSCULAR DYSTROPHY ASSOCIATION OF ALASKA**

LAI Marketing is a division of Lottery Alaska, Inc.

125  
**AVERAGE BETTER THAN ONE IN FIVE WINS.**  
 When you win a prize of \$1, \$2, \$5, \$10, \$20 or \$40 for payment, see your Lottery Alaska Retailer from whom you purchased the ticket. When you win prizes of \$100, \$500, or \$5,000 ask your Lottery Alaska Retailer for instructions or call Lottery Alaska Headquarters (1-800-478-LOTT) for instructions on redemption. All prizes must be claimed within 30 days of announced end of game. All players are subject to the rules and regulations of the State of Alaska Lottery Alaska, Inc.

**IMPORTANT**  
 Tickets void if mutilated, altered, misused, stolen, reconstructed, copied, defective, or incomplete. If "VOID - REMOVED" covering is removed, if ticket does not match standards on file with Lottery Alaska or the State of Alaska, or fails any Lottery Alaska validation requirement, if imprint does not clearly appear in each designated position, or if play symbols are not intact, or if play symbols are inconsistent. Tickets not to be sold to anyone under 18 years of age.

CLAIMANT INFORMATION  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Phone \_\_\_\_\_  
 ID \_\_\_\_\_ Date Cashed \_\_\_\_\_  
 Retailer Signature \_\_\_\_\_  
 Retailer Number \_\_\_\_\_

50 000000 16711590 Old Scratch  
 NO PURCHASE NECESSARY  
 710640

**RULES**  
**ON AVERAGE BETTER THAN ONE IN FIVE WINS.**  
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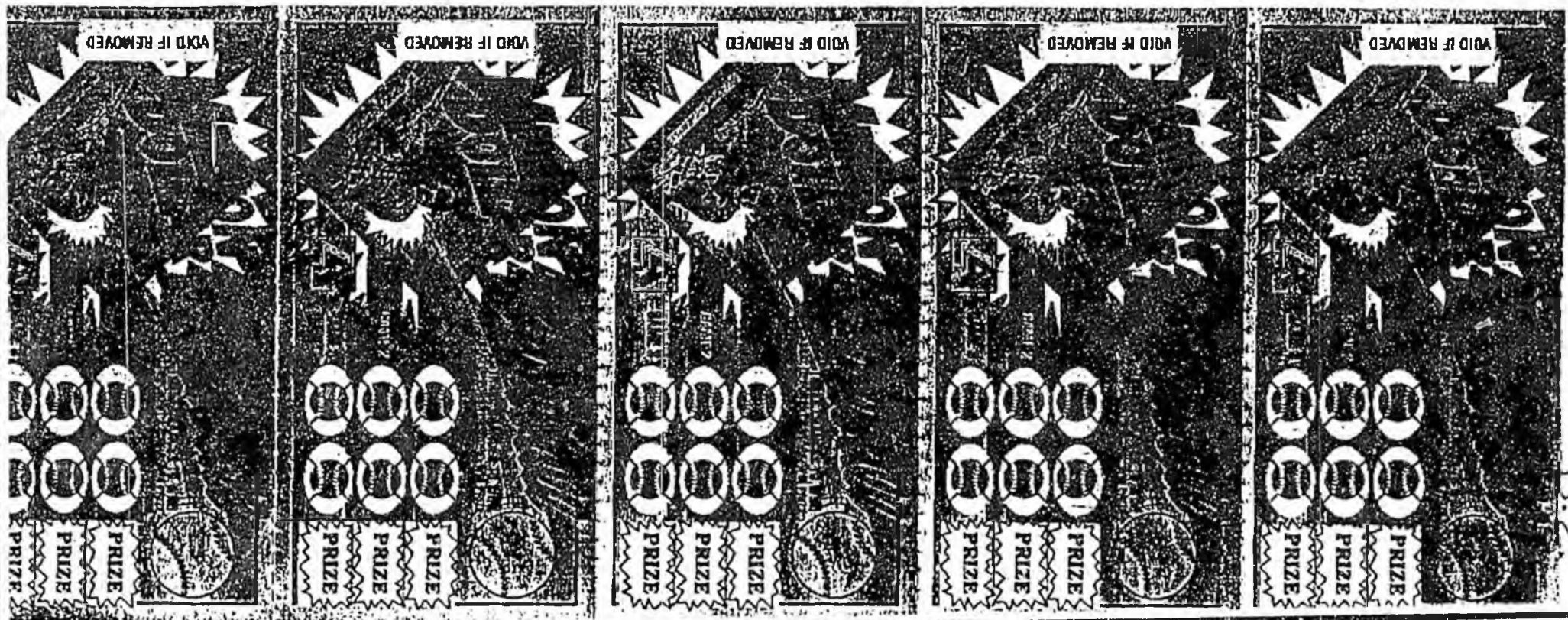
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50 000000 16711590 Old Scratch  
 NO PURCHASE NECESSARY  
 710640



Ticket Front

ALASKA TREASURES

Iditarod Greats

\$1

JOE REDINGTON



VOID IF REMOVED

MATCH 3 AMOUNTS AND WIN THAT PRIZE

SCRATCH HERE

WIN

UP TO

\$10,000

INSTANTLY

**Ticket Back**

**ALASKA TREASURES**

**Iditarod Greats**

**Joe Redington, Sr., Knik, Alaska**

Joe Redington, Sr. was born in Oklahoma in 1917. In 1948, he came to Alaska from Pennsylvania to mush dogs. He lists his occupation as dog musher and trainer. Redington has mushed on the Iditarod Trail since 1948. He helped start the Iditarod Race in an effort to preserve the trail. He worked with members of Congress to have the trail designated a National Historic Trail. Joe has also competed in the Kusko 300, the John Beargrease Race, the Alprod, the Fur Rendezvous World Championship, the Knik 120, the Knik 200, the Talkeetna 300, the Cache Creek Classic, and the Willow Championship. Redington says, "I've mushed dogs for over 40 years in Alaska, covering over 160,000 miles by dog team. I've also mushed dogs to the summit of Mt. McKinley." Redington is the owner of Knik Kenneis, the largest sled dog kennel in the world.

YEAR	PLACE	TIME	YEAR	PLACE	TIME
1990	25th	14:12:59:13	1981	14th	13:15:19:02
1989	9th	12:02:57:16	1980	Scratched	
1988	5th	13:03:25:28	1979	10th	16:11:34:01
1987	33rd	15:14:13:12	1978	5th	15:03:14:48
1986	Scratched		1977	5th	17:01:26:30
1985	Scratched		1976	Scratched	
1984	7th	13:08:43:11	1975	5th	15:15:23:43
1982	17th	17:08:25:45	1974	11th	22:10:15:57

LAI Marketing, a division of Lottery Alaska, Inc.

**Instant-Win Game Rules**

1. Match 3 identical prize amounts on one game piece and win that prize.
2. NO PURCHASE NECESSARY. For free game piece, send hand written, self addressed, stamped envelope and a 3" x 5" card with the words "ALASKA TREASURES, Iditarod Greats" to LAI Marketing, P. O. Box 102600, Anchorage, AK 99510-2600. Limit, one free game piece per request per day. Must be received by 1/15/92.
3. Collect prizes of \$25 or less at the retail location where game piece was obtained. Collect \$50, \$100 and \$10,000 prizes and all winning game pieces obtained from mail requests by completing back of the game piece and mailing to LAI Marketing, P. O. Box 102600, Anchorage, AK 99510-2600. Prize claims should be sent by certified mail. Claims must be received by 12/31/91. Only prizes claimed will be awarded.
4. Game subject to official rules. See Official Rules brochure at participating stores for complete rules and odds of winning. Promotion ends 12/31/91.

Name \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

City, State, Zip \_\_\_\_\_

BY JOHN HERBERS

## AND NOW FOR SOME GOOD NEWS: LOTTERIES ARE IN TROUBLE

**A**t last, there is something positive to say about publicly sponsored lotteries: They are not doing very well.

They are doing poorly in the sense that they are not producing the revenue that had been anticipated for busted state budgets, revenue that has been earmarked for education in many states.

I consider this good news, not bad as the advocates of lotteries view it, because I believe, aside from the moral implications of governments enticing citizens into gambling, that the lotteries eventually will fall of their own weight. That will happen, however, only after our addiction to lotteries has become so great that the withdrawal will cause great pain and dislocations. As with drug addiction, it is better to quit now than later.

The lotteries are now sending us a message that was not widely heard before. More significant, it is being spread not by the opponents of lotteries but by their sponsors and advocates. The message—as detailed in Jeffrey L. Katz's excellent article, *Lottery Fatigue*, in the September issue of *GOVERNING*—is that lotteries become less productive of revenue unless they are bolstered by constant innovations and ceaseless advertising aimed at enticing participants to gamble.

Look at what seems to lie ahead: lotteries on video machines to better hook the young; selling tickets by telephone and in supermarkets; combining lotteries with television game shows; allowing states to sell their tickets in other states; and, for those who do not patronize the lotteries, state-sponsored sports betting. All this is just for starters. America, it seems, could soon become one big Las Vegas, but with the states rather than the mob running it all.

State-sponsored gambling is brought to us through the warped logic that haunts so much of our public life today. When I wrote in this space two years ago that lotteries were a scam because they hold out a false hope to the poor, who make up a disproportionate share of those who wager, proponents argued back that people of various incomes play the games.

So what? That does not diminish the fact that one can go through the urban slums of America and see the wasted poor betting against overwhelming odds in futile attempts to escape their misery. And not only in the cities. J.C. Doherty, an astute authority on rural America, wrote from Chestertown, Maryland, that displaced farm workers there, after receiving their welfare checks, line up for lottery tickets—"paying their taxes, so to speak."

Nor does the argument wash that state sponsorship of gambling keeps it away from private crooks. That may technically be true, but the arguments on the other side overwhelm that technicality. Governments at all levels have lost enough credibility with the public without becoming gaming operators facing all the ethical pitfalls that occupation entails.

Nor is it reasonable to suppose that those pitfalls will be avoided when the running of lotteries is in public hands. Lotteries to finance public services and facilities flourished in the 19th century until they fell prey to massive corruption and the public shunned them. Government-operated lotteries made their comeback only in recent years when states discovered that the use of clever advertising to lure the bettors would make lotteries fly.

Although there has been no report of super scandals in recent lotteries, they are nevertheless fertile ground for waste and fraud. And there are more subtle ethical problems. Some states have learned that lottery advertising tends to blunt criticism of lotteries in weak-kneed newspapers, magazines and broadcast outlets—something commercial advertisers have known for years and acted upon.

Jim Hosker, the Kentucky lottery czar, has admitted that he pulled commercials from Massachusetts stations during the time when he ran that state's lottery because of news broadcasts he considered unfair. State officials, or those working for the state under privatization, have enough temptations without being handed a weapon so easily used against the news media.

Yet the public's sense of what constitutes the proper role for government seems to have dimmed in recent years. The easy slide into state-sponsored gambling—which would have been impossible a generation ago—may be a metaphor for the larger faults in our public life: the decline of issues and the ascendancy of personalities in political dialogue; disintegration of the political parties and of their ability to apply discipline in government bodies; schizophrenic constituencies that demand services without tax revenues to pay for them, creating a generation of elected officials without the courage to say what is needed, by way of money or sacrifice, to have the kind of society we want.

For now, it may be sufficient to ask: Do we really believe we can educate our children to deny themselves instant gratification—as wise heads say we must—with the takings from gambling? □



MAR 20 1991

# NEWS RELEASE

*Red -  
for gaming*

STATE OF ALASKA

OFFICE OF THE GOVERNOR  
P.O. BOX A  
JUNEAU, ALASKA 99811

WALTER J. HICKEL  
GOVERNOR



FOR INFORMATION CONTACT:

ERIC REHMANN  
ACTING PRESS SECRETARY

DEPUTY PRESS SECRETARY

(907) 465-3500

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FOR IMMEDIATE RELEASE

March 20, 1991

91-51

## HICKEL ADMINISTRATION INTERPRETS PULL-TAB REGULATIONS

JUNEAU--Gov. Walter J. Hickel today announced that members and volunteers of charitable organizations will be allowed to sell pull-tabs at locations other than a charity's principal place of business.

At a meeting last week, Hickel instructed the Department of Commerce and Economic Development to clarify emergency regulations filed in January that banned third parties from selling pull-tabs.

The interpretation of the emergency regulations reached by the administration allows members and volunteers of charitable organizations with a gaming permit to sell pull-tabs as long as the members and volunteers are not compensated. Volunteers do not have to be members of the charitable organization selling the pull-tabs.

The interpretation also allows charitable organizations through their members and volunteers to use retail locations, such as stores and taverns, to sell pull-tabs for fund raising purposes. The owner or operator of the retail location must donate the space and service.

Said Hickel: "I've expressed my opposition to gambling many times. But as long as the state permits the sale of pull-tabs, the state also should ensure that all the profits from their sales reach the charities."

###

# Pull-tab seller, state cut a deal to renew license

By GEORGE FROST  
Daily News reporter

1/9

State gambling regulators have cut a deal with Fairbanks pull-tab operator Ed Dilley — accused in a state audit of pocketing \$810,000 that should have been paid to non-profit organizations.

Dilley, the state's biggest pull-tab operator, was given a temporary 1992 gambling license Monday following a round of secret negotiations with state officials, according to Dilley and Gary Amendola, a deputy attorney general representing the state Department of

Commerce.

The 48-year-old former contractor was denied renewal of a state license in December. The confidential audit alleged that he had overcharged expenses and withheld income that was supposed to go to charities he worked for in

1989 and 1990.

"They had charged me with underpaying \$810,000," Dilley said Wednesday. "In actuality, the numbers my accountant came up with showed that I had overpaid ... \$53,000.

"I suspect they (gaming regula-

tors) don't completely agree with me, but we haven't disagreed either."

State gaming manager John Hansen did not return telephone messages for comment. But Han-

Please see Page B-3. PULL-TAB

# Regulators issue pull-tab permit to Fairbanks man

By BEN WEAR

1/8/92

JAMES WRITER

State gaming regulators have agreed to let Fairbanks pull-tab operator Ed Dilley go back into business and are softening their stance on an audit that said Dilley overcharged his non-profit clients.

Dilley, who was denied a 1992 gaming operator's license last week by the state Department of Commerce and Economic Development, was given a temporary permit Monday night, according to his Anchorage attorney, Darryl Thompson. Some of his Pop Shoppe outlets, which sell the cardboard slot machines, will open "in a day or two," Thompson said, as soon as Commerce completes the paperwork.

The state issued the temporary license following a several-hour meeting Monday with state gaming officials in which Dilley refuted the audit's conclusions, aided by a coterie of advisers, including Thompson, a Seattle attorney, a Fairbanks accounting professor and Dilley's certified public accountant.

Dilley was incensed when details of the audit were published last month, including allegations that he had overcharged by \$810,000 the charitable groups

whose gambling he runs. Gaming statutes allow operators such as Dilley to deduct from the money they pass on to their non-profit clients "bona fide expenses reasonably necessary" to run the games.

That audit, and a separate Commerce investigative report, were the primary supporting evidence for the department's decision to pull Dilley's 1992 license. Dilley's gaming operations took in \$9.8 million in 1990, almost all of that from pull-tabs, and distributed \$380,935 to the 40 or so non-profit groups that hired him.

Hansen, on a break from the close-door Monday meeting, said that the \$810,000 obligation would be "substantially reduced," based on documentation of expenses provided by Dilley. Hansen would not be more specific Tuesday, saying that Dilley has to provide still more documents before his staff can calculate a revised estimate of what Dilley owes.

Both Hansen and Thompson took pains to be diplomatic about the haggling over the audit.

"I think both sides are being reasonable," Thompson said. "Any remaining issues, we'll go to a hearing officer and have her resolve them."

## Gaming officials to release audit on pull-tab salesman

ASSOCIATED PRESS

FAIRBANKS -- State gaming officials say they will release an audit Tuesday that details their complaints about pull-tab salesman Ed Dilley, after they meet with Dilley today.

The state alleges that Dilley, a Fairbanks businessman, failed to pay enough money to the non-profit groups that hired him as a fund-raiser.

The findings in a state report led officials to deny a 1992 pull-tab operator's license to Dilley, who until Jan. 2 was the state's largest pull-tab vendor.

John Hansen, of the state Department of Commerce and Economic Development, said some portions of the report that have become public to date have been "proposed findings."

The report on Dilley's operation cannot be released until after officials meet with him today.

The proposed findings say Dilley, who last week shut down eight Pop Shoppes, including two in Fairbanks, withheld \$810,000

from charities and non-profits in 1989 and 1990.

At least 10 Fairbanks-area agencies hired Dilley to raise money for them during those two years: Festival Fairbanks '84, Interior Building Association, Fairbanks Amateur Hockey Association, Fairbanks Youth Soccer Association, Chena Kiwanis Club, Northstar Little League, Fairbanks Little League, North Star Dance Foundation, Alaska Gold Kings Inc., and North Pole Rotary.

Several groups have said they were pleased with the service Dilley provided. However, the Gold Kings are suing Dilley, alleging he stole money from the hockey team.

Dilley on Friday issued a letter to non-profit groups, saying he has conducted games "at the highest level of honesty" and has been subjected to "lies and slander that would shame the CIA."

He supports gaming reform but the state is trying to end all gaming, he said in the letter.

# Pull-tab operator gets license back

119  
THE ASSOCIATED PRESS/THE JUNEAU EMPIRE

**FAIRBANKS** - Pull-tab game operator Ed Dilley has been granted a temporary state license pending an ongoing review of his operations, less than a week after officials denied him a license because of alleged financial violations.

Dilley, who owns eight pull-tab shops statewide including The Pop Shoppes in the Nugget and Mendenhall malls in Juneau, says he plans to be back in business soon.

The state issued a temporary operator's license after a meeting Monday between Dilley and state officials.

Gaming in Alaska, including bin-

go and pull-tab sales, is conducted under permits issued to non-profit groups. The charities then may contract with for-profit operators, such as Dilley, to manage the fund-raising games.

Dilley's pull-tab license expired Jan. 1.

In December, the state turned down Dilley's application for the 1992 renewal of his operator's permit, following a state investigation and audit of his expense and deduction practices.

The audit alleges that Dilley improperly withheld more than \$800,000 from charities in 1989 and 1990.

The draft audit - which was the subject of Monday's hearing - remains confidential. Hansen earlier had told the Fairbanks Daily News-Miner that the audit would be released Tuesday.

But assistant attorney general Gary Amendola said the audit would not be released this week. "We had our meeting and based on that we're going to make some adjustments. I expect that will take up to a week," he said.

"It was a worthwhile exchange of information about methodologies and for determining appropriate expenses in Ed Dilley's operation. We had a frank discussion about those

expenses," Amendola said.

Dilley, a 48-year-old former contractor, has become the state's largest pull-tab operator, annually marketing \$10 million worth of game tickets through eight Pop Shoppe outlets in Fairbanks, Anchorage, Juneau and Nome.

"I have posted additional bonding until the state is fully satisfied with the results of our talks," Dilley said in a prepared statement Wednesday.

"Both myself and the state wish to minimize any losses to non-profits during this week and expedite the opening of the Pop Shoppe stores," the release said.

# Report blasts pull-tab vendor

By BEN WEAR

TIMES WRITER

1/11/92  
A state investigation says Fairbanks gambling operator Ed Dilley broke his word to state regulators last year by continuing to sell pull tabs through bars, liquor stores and video stores after agreeing to stop the banned practice.

Dilley broke gaming rules 530 times from January 1989 to July 1991, according to the several-hundred-page report by state Department of Commerce and Economic Development gaming investigator William Casselman.

Dilley, 48, continued to use so-called "third-party vendors" to sell the tabs, months after state Attorney General Charles Cole banned the practice, despite nearly having his license suspended last summer. The report also says Dilley charged all of the rent in his Pop Shoppe stores to the non-profit groups who hired him, even though T-shirts, pool tables, hot dog stands, and other sales items occupied as much as 90 percent of the space.

The state issues gambling permits only to non-profit groups but allows

The report also says Dilley charged all of the rent in his Pop Shoppe stores to the non-profit groups who hired him, even though T-shirts, pool tables, hot dog stands, and other sales items occupied as much as 90 percent of the space.

them to hire operators such as Dilley to run the games. Operators are allowed to charge their clients for "reasonably necessary" expenses.

Casselmann wrote in the report, prepared last fall after a four-month investigation, that Dilley charged his clients more than he actually paid for some expenses. He cited one case where Dilley paid \$3,600 to rent space in a Nome liquor store to sell pull tabs and then charged his clients \$20,000. Dilley charged a Fairbanks soccer team \$2,000 a week for management and bookkeeping, records in the report show.

The report contains comments from several non-profit groups accusing Dilley of charging them unreasonable expenses, treating them rudely

and withholding information.

"Dilley's business has become such a large operation he appears to have lost the capability of controlling" it, Casselman wrote. "Also... Dilley displays a total disregard for the gaming program management and the elected officials governing the program."

A section of the report, titled "Dilley's Communications," recounts numerous letters and phone calls laced with insults and profanity by Dilley. A Jan. 24, 1991, letter from Dilley to Commerce Commissioner Glenn Olds, for instance, said that most lawyers on the attorney general's staff "would not make a pimple on a good paralegal's a—."

Casselmann concluded Dilley's operator's license should be revoked.

Dilley's attorney Darryl Thompson said Friday that the culprit is confusion, not his client.

"The reform act is a new law and may not clearly direct reporting requirements," Thompson said. "We are working with the state in good faith."

The report also contains a half-page on the criminal history of Dilley, the state's leading pull-tab vendor. Most of that section was blacked out at the request of Dilley's lawyer. What remains says only that Dilley was convicted of an unnamed crime in Oregon, sometime around 1973, without saying if it was a felony or a misdemeanor.

Under state gaming law, a person with a felony conviction cannot obtain a gaming license if the conviction, prison time or parole occurred within the past five years. Violation of any gambling law or conviction on a crime "involving theft or dishonesty" also makes a person ineligible for a gaming license.

Dilley's conviction did not fall within those categories, the report said.

Thompson was asked what the

See Report, back page

# Report

Continued from page B1

criminal conviction involved.

"It's irrelevant," Thompson said. "If you need to, you can get it from the state of Oregon."

The investigative report is distinct from a state audit that generated a wave of bad publicity for Dilley in recent weeks.

Dilley has admitted that the audit, still being withheld from the public, accuses him of withholding \$810,000 that should have gone to his clients in 1989 and 1990, but he vehemently rejects its conclusions.

The audit and the investigative report convinced officials to revoke Dilley's 1992 license late

last month, leading him to charge that he had been convicted without a trial. On Jan. 6, Dilley and his advisers met with regulators behind closed doors for several hours, discussing the audit.

Dilley was given a temporary license that evening, pending more negotiations. Gaming manager John Hansen and Thompson publicly put an amicable face on the talks.

Dilley did not, however.

His defiant comments in a published report earlier this week, claiming the state made such a mess of the audit that the charities actually owe him money, nearly waylaid the negotiations. He also was quoted as saying the state had backed away from all but three violations in the investigative report.

Dilley's candor violated an agreement to keep the media in the dark about the negotiations. State officials, angry at what they say were false statements, demanded a retraction from Dilley.

Thompson sent reporters a prepared statement on the mat-

ter.

"Recent comments attributed to Mr. Dilley are not accurate as to what Mr. Dilley stated, nor are they an accurate portrayal... of the ongoing negotiations between Mr. Dilley and the Department of Commerce," the statement said.

# Hickel seeks rules giving charities 40 percent pull-tab profits

By BEN WEAR  
TIMES WRITER

Gov. Walter J. Hickel ordered his Commerce commissioner Monday to resubmit rules cracking down on pull-tab operators, regulations that Lt. Gov. Jack Coghill had refused to sign.

The rules, first suggested by Commerce and Economic Development Commissioner Glenn

Olds last summer, would require operators — contractors hired by non-profit groups to run their gambling — to give the charities at least 40 percent of the money left after bettors are paid. The current minimum payout is 15 percent.

"I don't think Alaskans want gambling as an industry in their state," Hickel said in a prepared statement. "However, bingo and

pull-tabs are generally accepted as a way of helping support charitable causes. I want to make sure that the money from those operations goes to the people who really need it."

Gaming revenue has exploded by 300 percent since 1985 to \$188 million, fueled by the increased use of operators by charities. But the charities' actual take has gone up just 40 percent. Regulators be-

lieve the operators are overcharging their non-profit clients for business expenses.

The Commerce regulations also would limit the payout on a pull-tab to \$500 and prohibit selling the miniature cardboard slot machines to someone who is drunk. Coghill said earlier this month that reserving 40 percent for charities would drive operators out of business and ultimate-

ly result in the non-profit groups getting less money. Coghill announced he's writing legislation to deregulate operators completely.

Hickel's move is a further repudiation of Coghill, who lost his authority last Friday to pass on regulations from state departments. Despite the close timing of the two events, at least one high-ranking administration official said Coghill's gaming stance isn't

the whole story.

"The letter (Hickel) wrote to the commissioners indicated that several of them have asked about" Coghill's authority over rules, Commerce Deputy Commissioner Larry Galloway said. "The gaming issue is sensational because it deals with so much money and it has the attention of the press. But I don't think it's a one-item deal."

# Coghill: Hickel breaking promises

By JAY CROFT AT 12-31-91  
TIMES WRITER

Lt. Gov. Jack Coghill, "hurt and disappointed" by Gov. Walter J. Hickel taking away special regulatory powers, lashed out Monday at Hickel and top administration officials Coghill said have cut him out of decision-making circles.

"I am shocked that the governor has

■ Proposal requires pull-tab operators to pay charities 40 percent. A9.

■ Fairbanks plan would give some revenues directly to residents. B1

taken this action," Coghill said in a statement. "The governor's action effectively dissolves the Hickel/Coghill team by go-

ing back on another promise that was made when Wally joined the campaign."

But, Coghill said in an interview, he has no intention of resigning. "That would play right into their hand," he said about Hickel, chief of staff Max Hodel and others.

Hickel last week stripped Coghill of authority to accept, reject or amend state

regulation proposals.

Hickel had given the powers in April and took them back after complaints from Cabinet members and advice from the attorney general.

Hickel spokesman John Manly said Hickel does not want Coghill to step down.

"Of course not," Manly said. "He

wants him to continue to be part of the team.

"I think he (Coghill) tends to overreact sometimes."

Coghill said Hickel had promised him the power to veto commissioners during their campaign last year, an increase from the lieutenant governor's stated du-

See Coghill, page A9

# Coghill

Continued from page A1

"The sad thing is that, without an elected official's review of regulations, the runaway bureaucracy that was here before us will continue to run this state," he said.

Hickel also has not kept promises to cut the budget, encourage teamwork among commissioners, solve the years-long subsistence crisis or oppose federal handling of wetlands management, Coghill said.

He plans to become an "inside advocate" to ensure Hickel follows through on those pledges.

Coghill said he was particularly upset that Hickel did not tell him of the change.

"When he did that to me without even talking to me ...," Coghill said, his voice raising and then falling off. "Wally Hickel never even said 'boo' to me. He sent Max Hodel.

"I'm not mad. I'm just disappointed," Coghill said. "It's strictly a political power play on the part of Max Hodel."

Hodel issued his own press release Monday in response to Coghill's.

"This has been an unmanageable process, bogging down the system," Hodel said. "The governor's action is not an effort to minimize the lieutenant governor's role but to expedite the process."

The administration's plans remain the same, Hodel said. "We are reviewing all procedures that can help streamline services to Alaska, and this step follows that direction."

He was sorry Coghill was "personally disappointed," Hodel said, and "I hope he will continue

"They, the people around the governor and the governor himself, have effectively taken me out of any policy position. I'm not crying spilt milk or anything. I'm just thoroughly hurt. I had my hopes that we would be a team. We campaigned on being a team."

— Lt. Gov. Jack Coghill

to be part of the team."

Coghill also blamed the switch on Glenn Olds, Commerce and Economic Development commissioner, with whom he ran afoul over proposed changes to regulating the state's charitable gaming industry.

Coghill sat on Olds' proposals from July until this month, when he recommended legislation largely contrary to Olds' ideas.

"It was the charitable gaming issue, I think, which prompted the governor to ask the attorney general for his opinion on this issue," Attorney General Charles Cole said Monday from Texas.

Cole urged Hickel to reverse his April order so regulations will go from the 15 executive departments to the Law Department for technical review and Coghill's office for filing.

"Once regulations have been adopted by a commissioner in accordance with statutory requirements, the lieutenant governor is required to file them as a ministerial act," Cole said.

"(Gaming) was not my principal concern," Cole said. "I felt that the procedures being employed by the lieutenant governor could possibly taint all regulations."

Hickel later Monday directed Olds to readopt the proposals, which would require pull-tab and bingo operators donate at least 40 percent of their net proceeds

to charity, up from 15 percent.

Olds was traveling out of the state and did not return a phone message. In a statement, though, he said he never disputed Coghill's authority.

"But when he told me he wanted to reverse policy calls made with the governor, I have urged him not to do it single-handedly, as he was apparently intending to do with the gaming regulations," Olds said.

Coghill denied "a power play on my part" and intentionally cutting out Olds, who was "so busy globe-trotting" he couldn't discuss the issue.

It was not the first time he rejected a department's proposal, Coghill said.

He rejected regulations from the Department of Natural Resources that would ban helicopters from Wood-Tikchik State Park in Southeast. The park's council voted to seek an audit into Coghill's authority.

He said Monday he would continue to refuse to sign proposals as he felt necessary.

Former Lt. Gov. Stephen McAlpine said he did so "many, many times" during his eight years in office.

McAlpine agreed with Coghill that an elected official should hold non-elected department workers accountable to public concerns. And he said he urged Hickel months ago to appoint

someone to oversee regulations.

"The lieutenant governor is in a perfect position," McAlpine said. "No. 1, the regulations have to go there anyway. And No. 2, he is elected."

Still, McAlpine said he tried to keep conflicts behind closed doors.

A battle between Hickel and Coghill, he said, is one neither can win. "At some point, they have to sit down and make the peace."

Hickel yanking Coghill's regulatory powers is the latest example of the deteriorating relationship between the state's top two elected executives, friends for 40 years.

"I would say it's been eroding," Coghill said.

While Hickel was in Asia in October, Coghill blasted two former Hickel aides — special assistant James Rockwell and press secretary Eric Rehmann, who both resigned this month — for having undue influence with the governor and for being too public. Then Hickel, Rockwell and Olds fired back their own shots at Coghill, none mincing words in the press.

Since then, "a series of events" has further distanced him from Hickel, Coghill said.

He attributed the growing split to Hickel's appointment of legislative liaison Paul Fuhs over

Bruce Geraghty, Coghill's former chief of staff; preparation of the governor's budget which "I didn't have anything to do or say with;" and Hickel's naming former Labor Commissioner Nancy Bear Usera to run the Administration Department without consulting Coghill.

"They, the people around the governor and the governor himself, have effectively taken me out of any policy position,"

Coghill said. "I'm not crying; spilt milk or anything. I'm just thoroughly hurt. I had my hopes that we would be a team. We campaigned on being a team."

Coghill said he still had not talked with Hickel, despite trying to reach him over the weekend.

Instead, Coghill said he will wait for Hickel to return to Juneau this week, "and then I'll ask for an appointment with him."

# Hickel takes regulation veto from Coghill

By LARRY PERSILY

THE JUNEAU EMPIRE

12/31/91  
Lt. Gov. Jack Coghill, who has been stripped of his powers to veto proposed state regulations, says the move is another example of the governor's broken campaign promises and "effectively dissolves the Hickel-Coghill team."

Coghill said today, "He (Gov. Walter J. Hickel) took this action without ever talking to me. He never talks to me."

Hickel last week rescinded Coghill's powers to review, approve or reject proposed state-agency regulations. Coghill said it had been his job to apply the administration's "litmus test" to proposed regulations, to ensure that they followed the Hickel-Coghill campaign promise of less government interference.

"I'm more disappointed and hurt than I am mad," said Coghill, who said he wants an "eyeball-to-eyeball" meeting with the governor when he returns to Juneau.

"Hell no, I'm not going to resign," the lieutenant governor said. His future role in the administration will be as an "inside advocate ... to push Wally's administration to honor the commitments we both made."

Hickel was in Anchorage this

morning and is not due back to Juneau until Thursday evening.

Coghill in part blamed Hickel's chief of staff, Max Hodel, for his loss of regulatory review powers. "The whole third floor since we've taken office has been a show of politics, mostly by Max Hodel."

Hodel this morning released a prepared statement: "The governor's action is not an effort to minimize the lieutenant governor's role, but to expedite the process. I am sorry Jack is personally disappointed that the change has been made."

The governor rescinded Coghill's authority Thursday, following complaints from cabinet members and advice from the attorney general.

In April, Hickel gave Coghill expanded powers over the adoption of state regulations, allowing the lieutenant governor to challenge the work of the governor's commissioners.

It is the Legislature's job to set policy and the role of state agencies to adopt regulations to carry out those policies, Coghill said. "(But) they (the agencies) go beyond procedural matters and really get into policy matters. The commissioners do not read those things (proposed

Please turn to Coghill, Page 8

## Coghill...

Continued from Page 1  
regulations). Some underlings stick them under their nose and away they go."

Some lawmakers said it probably was unconstitutional for Hickel to grant Coghill such regulatory review powers.

Hodel said today the attorney general's office determined that Coghill's new powers were not appropriate.

"This has been an unmanageable process, bogging down the system," Hodel said.

Commissioners are required to submit their proposed regulations for final review by the lieutenant governor's and attorney general's offices, and under past administrations the lieutenant governor's office exercised much less control than Coghill had this year.

Hickel's two-paragraph memo to Coghill last week said, "In the future, your office will continue to perform the ministerial duties of endorsement and filing of regulations. ..."

Coghill blamed Commerce Commissioner Glenn Olds for persuading Hickel to rescind his regulatory powers. He said Olds and others had told the governor "that I've been interfering with their duties, and I've not."

The lieutenant governor said he gets no respect from Olds, who he accused of "junketing all over the world."

Olds is on vacation in Florida this week. He did not return a phone call this morning.

One of the top-level policy dis-

agreements apparently prompting the change involved the state's \$200 million-a-year charitable gaming industry. Olds had approved regulations in July that would have limited the amount of expenses operators could claim, in effect guaranteeing a larger take for the charities.

Existing state law says charities must receive at least 15 percent of the take after prizes, but the regulations would have raised that to 40 percent.

Olds also wanted to prevent bartenders from selling pull-tabs to people who were drunk.

But Coghill delayed acting on the regulations, saying he wanted to regulate the non-profit charities, not the for-profit operators hired by the charities.

Under Coghill's plan, charities would be responsible for policing the vendors they hire to sell their pull tabs or other fund-raising games.

Some in the fund-raising industry, though, said Coghill's plan might shift too much responsibility on the shoulders of the charities.

Coghill also said earlier this month he would introduce legislation next year setting the minimum take for charities at between 5 percent and 25 percent, depending on the type of game.

His proposed legislation also would allow convenience stores and bars to sell the fund-raising games on behalf of charities, reversing a January ruling from the attorney general's office.

"The problem with the gaming process is over the past three or four years we've tried to micro-manage it ... rather than take a look at what government's role really is," Coghill said.

The governor has made gaming

reform a priority of his administration, and in the past has expressed displeasure that the charities have not earned more from the growth of the industry.

Hodel said Hickel would make a "major announcement regarding charitable gaming" later today.

Hickel spokesman John Manly said rescinding Coghill's regulatory powers had more to do with the attorney general's advice than the pull-tab issue.

Coghill, however, pointed to another regulatory debate that he said probably added to his problems within the administration. Earlier this year he had rejected Department of Natural Resources regulations to ban helicopters from Wood-Tikchik State Park in Southeast Alaska, prompting a majority of the park council's members to vote for an audit into his authority to block the regulations.

"I said you don't ban, you regulate," Coghill said today.

"The sad thing is that, without an elected official's review of regulations, the runaway bureaucracy that was here before us will continue to run this state," he said.


Coghill said other campaign promises broken by Hickel include cutting the budget, solving the state's subsistence battle with the federal government, challenging restrictive federal management of wetlands development and forcing commissioners to work as a team with the administration.

Coghill left the Republican Party last year to run with Hickel on the Alaskan Independence Party ticket. The last-minute campaign team won the election on an anti-government interference and pro-development platform.

**Anchorage Daily News**

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Publisher

Howard Weaver  
Editor



Michael Carey, Editorial Page Editor  
Patrick Dougherty, Managing Editor

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Katherine Fanning, Editor and Publisher 1971 to 1983  
Lawrence Fanning, Editor and Publisher 1967 to 1971  
Founded in 1948 by Norman C. Brown

## Pull-tab politics

### *Bad ideas make for bad bills*

Here's a bill that hasn't been written yet but deserves the trash can when the ink dries.

Lt. Gov. Jack Coghill, dissatisfied with the way the state regulates bingo and pull-tab lottery games, says he's going to introduce legislation that deregulates a major part of the state's gambling industry. In Alaska, legalized gambling is confined to games conducted on behalf of charities.

*Once upon a time Americans thought gambling was a tool of the devil. Not any more. In 1989, Americans spent about as much on legal and illegal gambling as they did on the defense budget — \$290 billion dollars.*

If the Coghill bill passes, charities would have to regulate themselves, and so-called third-party vendors — for example bars and restaurants — could begin unregulated, unlicensed pulltab sales. Third-party vendors can't sell pulltabs at all now under a January interpretation of the law issued by Attorney General Charlie Cole.

Once upon a time Americans thought gambling was a tool of the devil. Not any more. In 1989, Americans spent

about as much on legal and illegal gambling as they did on the defense budget — \$290 billion dollars.

Here in Alaska, charitable gaming has become a \$200 million industry. Think for a moment. What other \$200 million industry would we allow to operate with a minimum of scrutiny? What other state would tell gamblers to do their thing as if the honesty and integrity of the game were a matter of indifference to state officials?

A self-policing charitable gaming industry is a contradiction in terms. Alaskans would be making a bad bet by following Jack Coghill. Poorly regulated or unregulated gambling is a sure thing to go wrong — and create devilish trouble for everyone.

# Charities are losers after Coghill blocks pull-tab rule change

The Associated Press

12/15/91

JUNEAU — A disagreement between Lt. Gov. Jack Coghill and Commerce Commissioner Glenn Olds has blocked new regulations that would have increased the share of profits that charities reap from pull-tab lottery sales.



Coghill

With Coghill's decision to block the regulations, it will be up to the legislature to try to resolve the issue next year.

Regulations approved by Olds in July would have capped the amount of expenses claimed by lottery operators, set a \$500 limit on the top prize in pull-tab games and prohibited bartenders from selling pull-tab tickets to drunks.



Olds

Olds had said the limit on allowable expenses would return more of the profits from charitable gaming to charities. Only non-profit groups may be licensed for pull-tab or bingo games, but many charities hire for-profit operators to run the games.

The gaming industry said the new rules would put many operators out of the gaming business and hurt the charities.

The sticking point is the expense cap, which would limit charities and operators to claiming 60 percent of the proceeds for expenses after prizes are paid out. The remaining 40 percent would have to go to the charities.

Charities now are required to receive a minimum of 15 percent of the take after prizes.

Coghill does not approve of the new cap, according to memos from his office. He has declined to sign the new regulations for five months.

Neither Olds nor Coghill returned phone calls for comment Friday.

Please see Page B-3, PULL-TAB

## PULL-TAB: Rules blocked

Continued from Page B-1

Gov. Wally Hickel in April gave Coghill the authority to block proposed regulations that don't fit the administration's agenda. The new power was sharply criticized by legislators.

"I think these regulations of Olds will die a natural death because Coghill is going to keep them locked up," said Roger Cunningham of Wasilla, a gaming industry representative.

Coghill said in a Sept. 4 memo to Joe Holbert, Hickel's deputy chief of staff, that the limits would put many pull-tab operators out of business.

Lawmakers failed to agree on reforms of the state's gambling laws last session. The issue was the last one considered and led to a rare filibuster on the House floor in the final hour before adjournment.

Hickel had asked lawmakers for a bill granting a greater return of profits to charities. After lawmakers failed to do that, Olds drafted regulations that would do the same thing.

The business of bingo, pull tabs and other charita-

ble gaming has grown into a \$200 million industry in Alaska over the past decade, according to a state report. But the percentage of the take returned to charities has steadily declined.

In 1990, gambling generated almost \$188 million in gross income and charities received \$14.6 million, or 8 percent, of the total. Five years before, the industry generated almost \$64 million in gross income and charities received about \$8.7 million, or 14 percent.

In an Oct. 28 memo to Attorney General Charlie Cole, Coghill said he and Olds had agreed to remove the offending provision on allowable expenses. But John Hansen, state gaming manager, said Olds never signed a memo directing state lawyers to remove that provision.

Coghill has asked the Law Department to help draft new legislation that would change the way charitable gaming is run in the state.

Marco Pignalberi, chairman of the Coalition for Non-Profit Gaming in Anchorage, said the industry also is working on new legislation for the session, which begins Jan. 13.

# Hike in charity's share of pull tabs is blocked

## Coghill stops Olds reforms; buck goes to Legislature

ASSOCIATED PRESS

JUNEAU — A disagreement between Lt. Gov. Jack Coghill and Commerce Commissioner Glenn Olds has blocked new regulations that would have increased the share of profits charities reap from pull-tab lottery sales.

With Coghill's decision to block the regulations, it will be up to the Legislature to try to resolve the issue next year.

Regulations approved by Olds in July would have capped the amount of expenses claimed by lottery operators, set a \$500 limit on the top prize in pull-tab

games, and prohibited bartenders from selling pull-tab tickets to drunks.

Olds had said the limit on allowable expenses would return more of the profits from charitable gaming to charities. Only non-profit groups may be licensed for pull-tab or bingo games, but many charities hire for-profit operators to run the games.

The gaming industry said the new rules would put many operators out of the gaming business and hurt the charities.

The sticking point is the expense cap, which would limit charities and operators

See Gambling, back page

## Gambling

Continued from page A1

to claiming 60 percent of the proceeds for expenses after prizes are paid out. The remaining 40 percent would have to go to the charities.

Charities now are required to receive a minimum of 15 percent of the take after prizes.

Coghill does not approve of the new cap, according to memos from his office. He has declined to sign the new regulations for five months.

Neither Olds nor Coghill returned phone calls for comment Friday.

Gov. Walter J. Hickel in April gave Coghill the authority to block proposed regulations that don't fit the administration's agenda. The new power was sharply criticized by legislators.

"I think these regulations of Olds will die a natural death be-

cause Coghill is going to keep them locked up," said Roger Cunningham of Wasilla, a gaming industry representative.

Coghill said in a Sept. 4 memo to Joe Holbert, Hickel's deputy chief of staff, that the limits would put many pull-tab operators out of business.

Lawmakers failed to agree on reforms of the state's gambling laws last session. The issue was the last one considered and led to a rare filibuster on the House floor in the final hour before adjournment.

Hickel had asked lawmakers for a bill granting a greater return of profits to charities. After lawmakers failed to do that, Olds drafted regulations that would do the same thing.

The business of bingo, pull tabs and other charitable gaming has grown into a \$200 million industry in Alaska over the past decade, according to a state report. But the percentage of the take returned to charities has steadily declined.

In 1990, gambling generated almost \$188 million in gross income and charities received \$14.6 million, or 8 percent, of the total. Five years before, the industry generated almost \$64 million in gross income and charities received about \$8.7 million, or 14 percent.

In an Oct. 28 memo to Attorney General Charles Cole, Coghill said he and Olds had agreed to remove the offending provision on allowable expenses. But John Hansen, state gaming manager, said Olds never signed a memo directing state lawyers to remove that provision.

Coghill has asked the Law Department to help draft new legislation that would change the way charitable gaming is run in the state.

Marco Pignalberi, chairman of the Coalition for Non-Profit Gaming in Anchorage, said the industry also is working on new legislation for the session, which begins Jan. 13.

# Coghill kills pull-tab regulations

By DIRK MILLER

12-13-91

THE JUNEAU EMPIRE

A disagreement between Lt. Gov. Jack Coghill and Commerce and Economic Development Commissioner Glenn Olds has blocked new rules that would have upped the share that charities reap from the sale of pull-tab games.

With Coghill's decision to block the regulatory changes, it appears the issue will go back to the Legislature next year.

Tough regulations approved by Olds in July would have capped the amount of expenses claimed by game operators, set a \$500 limit on the top prize in pull-tab games and prohibited bartenders from selling pull-tab tickets to drunk customers.

Olds had said the limit on allowable expenses would return more of the profits from charitable gaming to charities.

Though only non-profit organizations may receive a state license for pull-tab or bingo games, many charities hire for-profit operators to run the games.

The gaming industry, however, said the rules would put many people out of the gaming business.

The sticking point was the expense cap, which would limit charities and operators to claiming 60 percent of the proceeds for expenses after prizes are paid out. The remainder would have to go to the charity or non-profit organization.

Currently, charities are required to receive a minimum of 15 percent

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The business of bingo, pull tabs and other charitable gaming has grown into a \$200 million industry in Alaska over the past decade. But the percentage of the take returned to charities has steadily declined.

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of the take after prizes.

Coghill apparently did not approve of the cap, according to memos from his office. He has held off signing the new regulations for the past five months.

Gov. Walter J. Hickel in April gave Coghill the authority to block proposed regulations that don't fit the administration's agenda. Though the new powers were criticized by legislators, they have not been overturned by Hickel.

"I think these regulations of Olds will die a natural death because Coghill is going to keep them locked up," said Roger Cunningham of Wasilla, an industry representative.

Cunningham supplies gaming products to non-profits and operators. Cunningham has said the cap would damage the industry.

Neither Olds nor Coghill returned phone calls today to the Empire.

Coghill said in a Sept. 4 memo to Joe Holbert, Hickel's deputy chief of staff, that the limits would put many pull-tab operators out of business.

Rep. Dave Donley, D-Anchorage, said the disagreement in the Hickel administration is understandable. Donley was one of several lawmakers who proposed changes to the state's charitable gaming law last session. Lawmakers failed to agree on reforms pushed by the Hickel administration the last day of the session.

Hickel had pushed lawmakers for legislation granting a greater return of the profits to charities. After lawmakers failed to do that, Olds drafted regulations with a similar effect.

The business of bingo, pull tabs and other charitable gaming has grown into a \$200 million industry in Alaska over the past decade, according to a state report. But the percentage of the take returned to charities has steadily declined.

In 1990, gambling generated almost \$188 million in gross income and charities received \$14.6 million or 8 percent of that total. Five years before, the industry generated almost \$64 million in gross income and

charities received about \$8.7 million or 14 percent.

More than 900 non-profit organizations last year held permits allowing them to engage in bingo and pull-tab operations.

In an Oct. 28 memorandum to Attorney General Charlie Cole, Coghill said he and Olds had agreed to remove the offending provision on allowable expenses. But John Hansen, the state's gaming manager, said Olds never signed a memo requesting that the state's lawyers remove that provision.

Gary Amendola, an assistant attorney general, also said there apparently had been an agreement between Coghill and Olds to drop the expenses section.

"He (Coghill) returned the regulations to the Department of Law in anticipation that Department of Commerce would send over a memo to amend (the regulations)," Amendola said. "I also understand that so far that memo has not been sent."

Meanwhile, Coghill has asked the Department of Law to work with him on drafting new legislation that would change the way charitable gaming is run in the state. The issue is expected to come before lawmakers in the session that begins Jan. 13.

Marco Pignalberi, chairman of the Coalition for Non-Profit Gaming in Anchorage, said the industry is also working on new legislation for the coming session.

# Commission on pull tabs requested

## Charities want panel to investigate Commerce's new gaming rules

By JOHN FOLEY

TIMES WRITER

Non-profit gambling organizations, claiming they have been victimized by governmental sleight-of-hand, have requested a state commission be formed to examine the issue closer.

Rosalie Nadeau, co-chairwoman of the Coalition for Non-Profit Gaming, said Monday that many organizations throughout the state selling pull tabs will be hurt by regulations approved last week by Commerce Commissioner Glenn Olds.

The regulations require charities receive 40 percent of the adjusted gross income from sales of pull tabs, with 60 percent going to expenses. Charities were required to receive 15 percent of the income, with 85 percent going to expenses.

"Those organizations which conduct the gaming themselves are not able to live with the regulations as signed by the Commissioner," Nadeau said. "Those organizations who

choose to conduct gaming through the use of an operator will find that their operator can no longer afford to do business.'

Typically, buyers pay between 50 cents and \$2 for a pull tab and tear off strips in search of matching symbols to win prizes.

Although 15 percent of the income does not sound like much, Nadeau said that kind of net-profit is excellent. "When you consider the cash investment of the charitable organization is almost nothing," she said, "the rate of return is phenomenal."

Reached Monday in Cambridge, Mass., Olds said he implemented the regulation to "de-accelerate" the pull tab profits going to gaming, which he said were abusing the law. Those who disagree with the regulation can lobby legislators to change the law, he added.

House Speaker Ben Grussendorf said the gaming issue has been examined by the House and Senate and there is no need to form another commission. If so desired, the judiciary and labor and commerce committees could hold public hearings on the issue,

he added.

Nadeau and the non-profit gaming coalition argue that Gov. Walter J. Hickel's administration is using the issue to sweep all forms of gambling out of the state.

"The administration is not dealing in reality when it comes to this issue," she said. "Wally Hickel would like to do away with gaming in Alaska, charitable or otherwise."

In agreement was Katy Middleton, executive assistant at The Monroe Foundation in Fairbanks, which uses pull tabs to raise funds for schools. Last year the games provided \$75,000 for the educational needs of Monroe Catholic High School and Immaculate Conception Grade School, she said.

"No one knows what's going on with the regulations," she said. "We just don't know what is going to happen."

Other organizations in the state that use pull tabs to raise money for charities are People Count Inc. in Nikiski and The Alaska Mental Health Association in Anchorage.

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■ **TROUBLESHOOTER:** Seeking band music / D-3

■ **FORUM:** Readers write / D-7

# METRO

THURSDAY

SECTION **D** March 21, 1991

## Pull-tab law revision dismays charities

By **MATT KOHLMAN**  
The Associated Press

JUNEAU — The latest revision of the state's pull-tab lottery regulations will do little to ease the hardship faced by charitable groups that depend on lottery income, the groups' representatives said Wednesday.

Under the revised regulations, bars, restaurants, grocery stores and other third-party vendors can sell pull-tab lottery tickets as long

as they receive no compensation.

An emergency regulation passed in mid-January says the vendors can only rent space to charitable groups licensed to sell pull-tabs.

The revision allows the vendors to donate their space and time, said Assistant Attorney General Gary Amendola. "We'll find out how benevolent retail organizations want to be," he said.

In a news release on the change, Gov. Wally Hickel said he has

always opposed gambling. He added, however, that "as long as the state permits the sale of pull-tabs, the state also should ensure that all the profits from their sales reach the charities."

But Roger Cunningham, co-chairman of the Coalition for Non-Profit Gaming, said the ruling basically provides no change.

"This latest round of interpretations is not a large help to non-profits," he said. "Walter Hickel

did not become a millionaire by giving his services away for free, and that's precisely what he's asking merchants to do here."

The revision is a "non-story," said former Attorney General Ed Boyko, the coalition's attorney.

"The bottom line is they haven't fixed anything," Boyko said. "The problem is pressing, the charities are going broke and nobody cares."

"Who's going to donate? It's a grandstanding routine to make the

people believe the governor cares about the plight of the charities."

That plight started in December when Attorney General Charlie Cole banned the sale of pull-tabs in unlicensed outlets.

State law requires operators to have licenses, but the law was not enforced until this year. There were only 25 licensed operators in the state at the beginning of the

Please see Page D-3, **PULL-TABS**

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## **PULL-TABS:** Charities irked

Continued from Page D-1

year, according to the state Division of Occupational Licensing, which oversees charitable gaming.

Regulations say licensed operators must pay charities at least 15 percent of adjusted gross sales after prizes are paid to pull-tab buyers. Third-party vendors faced no such requirements and made separate arrangements with individual charities.

Critics said the vendors increasingly charged charities for selling pull-tabs and made charities bid for space.

The ban and subsequent emergency modification sought to end that practice, state officials said. It should provide charities with a greater share of the proceeds, Amendola said.

But Cunningham said there was no evidence of widespread abuse. He said charities have lost an important money-producing outlet under the regulation.

"One hundred percent of nothing is nothing," he said.

# Fever over lotteries cooling, states find

By FRED BAYLES  
The Associated Press

When Gov. Ann Richards opened a special session of the Texas legislature last week, she urged lawmakers to support a state lottery to help with a multibillion-dollar deficit.

"It is the rarest of all creatures," she said, "a popular way to generate revenue."

But officials in Texas — and Louisiana where a lottery begins this fall — may be taking a bigger gamble than they think.

State-run lotteries are no longer a sure bet.

In the fiscal year just ended, seven of the lotteries operating in 31 states and the District of Columbia made less than they did the previous year, the first time many

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## FEVER: Lotteries no panacea, states increasingly finding

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saw lottery revenues fall. Revenues of six others were flat. Still others see bets drying up this year: in New York, betting is down 10 percent.

The explanations are many. A weak economy; the Gulf war; competition from other games. "With the banking crisis and the war, we're a little behind," said Peg Rose, a spokeswoman for the Rhode Island Lottery Commission.

But some see more long-term reasons. Public interest, they say, is flagging. In some cases the games have reached a saturation point.

"It's going to take some fairly dramatic change in the way they are doing tickets or

some significant new product," said Duane Burke of the Public Gaming Research Institute.

**NYSSE**

Police spokesman Mel Personett said the boy first broke into APEX Appliances, a nearby store, and stole tools used to break into the liquor store. No damage estimate was available for the appliance store, but the break-in at the liquor store caused \$300 damage, Personett said.

The boy was lodged at the Johnson Youth Center after being charged with second-degree burglary, third-degree theft, third-degree criminal mischief and minor consuming alcohol. The boy, whose name was not released because he is a minor, may have been accompanied by a second juvenile, Personett said. The case is under investigation.

\*\*\*\*\*  
**Community senior citizens conference Saturday:** Juneau senior citizens will consider resolutions on issues affecting the elderly and elect delegates for a statewide conference when they meet in a community forum Saturday at the assembly chambers. The forum will run from 9 a.m. to 4 p.m. and is open to all senior citizens.

The Juneau Commission on Aging, in cooperation with other senior organizations, is sponsoring Saturday's forum in preparation for the Alaska Conference on Aging, to be held in Anchorage in April. Eleven Juneau delegates will be elected Saturday to represent the community at the statewide gathering in the spring. Delegates must be at least 55 years old.

Issues for Saturday's meeting include health and social services, senior rights, ethics and housing. Guest speakers include Al Borrego and Vicky Borrego of the University of Alaska Southeast. The Borregos served as co-authors on "The Golden Resource" in 1989, which compiled survey results on Juneau senior citizen needs and concerns. For more information on Saturday's meeting, people may call Larry Parker at 789-7261.

\*\*\*\*\*  
**UAS offers grant-writing workshop:** First-time grant writers can take a grant-writing workshop from 9 a.m. to 11 a.m. Friday through the University of Alaska Southeast Small Business Development Center.

The session, scheduled at the Bill Ray Center downtown, is intended for novices and will focus on funding sources, differences between grants and contracts, and criteria for success. The workshop will be taught by Linda VanBallenberghe, who works as an educational specialist for the state office of adult and vocational education.

VanBallenberghe will present techniques for grant writers in both the private and public sector. There is a \$20 fee for the class, and people interested in attending should contact Audrey Accord at 463-3789.

## Alaska

**Moderate earthquake rattles Valdez:** A moderate earthquake measuring 4.4 on the Richter scale struck near Valdez in Prince William Sound today, the Alaska Tsunami Warning Center said. It was centered about 70 miles northwest of Valdez and struck at 3:17 a.m.

There were no immediate reports of damage or injuries, but the earthquake was felt by residents of Valdez, seismologist Bob Hammond said. It was the second earthquake in 24 hours in the Valdez area. An earthquake measuring 3.6 on the Richter scale and centered about 30 miles northwest of Valdez struck at 6:55 a.m. Monday.

Moderate to strong earthquakes are commonplace throughout Alaska.

\*\*\*\*\*  
**Baby's death investigated in Anchorage:** Authorities are investigating the death of a baby found in a south Anchorage home with 14 other children at what police said was an unlicensed child-care operation.

Janis Knight, who ran the operation from the home, called authorities after the infant boy stopped breathing last Thursday. The child, born in September, died that afternoon at Providence Hospital. His name was not released by police.

Police officers who examined the home said they found babies throughout the house. Infants in car seats were found in the bathtub, in a closed closet and between the bed and wall in a bedroom. A license is required when people supervise more than four children not related to them, according to Gwen McAlpin, a licensing supervisor with the state Division of Family and Youth Services.

\*\*\*\*\*  
**Gonzales confirmed for last House seat:** Republican activist Johnny Gonzales of Clear was sworn into a seat in the House today, filling the vacancy left by Dick Shultz's appointment to the Senate. House Republicans confirmed Gonzales late Monday, the first day of the 1991 legislative session.

Gonzales said he was unsure what was discussed in the GOP caucus, and was disappointed he was not sworn in Monday with the other House members. "I have the same question. What's the holdup? I figured the caucus would just fly through it."

Gov. Walter J. Hickel nominated Gonzales Friday. Shultz, R-Tok, was sworn into the Senate earlier this month to replace Jack Coghill, who was elected lieutenant governor last fall.

By JULIA RUBIN

THE ASSOCIATED PRESS

**ANCHORAGE** - Parties on both sides of a dispute over unlicensed pull-tab sales said they will abide by a temporary state regulation until they can put the issue before the Alaska Legislature.

The temporary rule, issued last week, allows charities to lease space from unlicensed restaurants, bars and other "third-party vendors" to sell pull-tabs. Some charities worried about the rule's requirements that they have designated gaming areas in such establishments and that their own employees conduct the sales, among other concerns.

But on Friday, attorney Edgar Paul Boyko, who represents about 30 Alaska charities gathered in the Coalition for Non-Profit Gaming, told the group those fears were largely unfounded and that any such differences in interpreting the new rule had been ironed out for the meantime.

"The trouble with the emergency regulations is that they were effected without consulting any of the affected people. They created more problems than they solved," Boyko said.

He said the charities will seek a better solution from the legislature and that he saw no reason to seek legal action "unless (regulators) go to court and start harassing people."

Boyko called the temporary rule a complete reversal of the state's ban, ordered last October and effective since Jan. 1, on any pull-tab sales by unlicensed third-party vendors.

But John Hansen, gaming manager for the state Division of Operational Licensing, said the rule is a compromise that allows charities to continue operating while imposing some regulation on the unlicensed vendors.

"It sets certain limitations as to whom, where and how much people will be paid, but it is better than no activity at all," he said.

"What is now clearly understood is what the rules mean. I believe there was a lot of reaction that was unnecessary because people were interpreting this different ways."

The temporary rule lasts for 120 days and the state is taking written comment on it until April 1, Hansen said.

"Hopefully, the Legislature is going to be looking at the issue and making a determination about whether they want to have third-party vendors. There are several bills being drafted. If (the Legislature doesn't act), then we'll go to make these regulations permanent," he said.

Boyko told the charity operators to get leases and file for permits with the state, and continue operating as usual.



## Christmas memories

Bob Chernikofs of Wallace ar turn an estimated 400 Christmas enough gardening crew will volunteered its tree-chipping program, which was sponsored asked to hold out their Christmas up, and instead to bring them Creek for the recycling project coordinator, said a logo contenty's expanding recycling camp

## Settlement access to r

THE ASSOCIATED PRESS

**ANCHORAGE** - GCI has set a year-old lawsuit with a state utility group and won unrestricted access to the utilities' telephone rate-set meetings.

The agreement was approved by the long-distance telephone company and officials of the Alaska Exchange Carriers Association, which represents 21 telephone utilities in the state.

"There were no winners and losers," said Jeffery Mayhook, attorney representing the Exchange Carriers Association.

The suit was initially filed in January 1990 when the carriers association excluded representatives of GCI from key meetings. GCI contended the meetings were an open forum cause the group was a "subordinate government unit" subject to the Alaska Open Meetings Act.


However, Mayhook said his client was not ruled a government entity.

The Alaska Public Utilities Commission agreed with Mayhook's assertion and also said the utility group was exempt from the open meeting rule.

But during the lawsuit, the association opened its meetings, Mayhook said.

"It doesn't hurt ACEA," he said.

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