

HB

168

(7)

Date Referred: March 10, 1993

FURTHER REFERRALS:

Finance

Date of Committee Action: 3-24-93

The JUDICIARY Committee considered:

HB 168

HOUSE BILL NO. 168

MULTIPLE PERMITEE GAMING; PRIZE AMOUNTS

"An Act relating to multiple-beneficiary charitable gaming permits and door prizes for charitable gaming; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 168 (JUD) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) DCED 3/10/93

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Janette James</i>	<input checked="" type="checkbox"/>	<i>Gail Phillips</i>		<input checked="" type="checkbox"/>	
<i>Brian Porter</i>	<input checked="" type="checkbox"/>	<i>Tom Gonzalez</i>		<input checked="" type="checkbox"/>	
		<i>Ken Bell</i>		<input checked="" type="checkbox"/>	

Brian Porter
CHAIRMAN'S SIGNATURE



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

State Capitol
Juneau, AK 99801-1182

Representative Carl E. Moses
Chairman, House Rules Committee
465-4451

MEMORANDUM

DATE: March 11, 1993

TO: Representative Brian Porter
Chairman, Judiciary Committee

FROM: Representative Carl E. Moses *CEM*
Chairman, House Rules Committee

RE: Request for Hearing

I would like to request a committee hearing for HB 168 at your earliest convenience.

The bill alters the restrictions on holders of multiple-beneficiary permits. Basically, the bill allows permit holders to conduct the number of sessions and games a month equal to the number allowed by individual permit holders multiplied by the number of holders of multiple-beneficiary permits.

The bill also establishes that the maximum amount awarded in door prizes each year be \$1million times the number of holders of the permit for activities. House Bill 168 has an immediate effective date.

Senate Bill 95, the companion bill, was heard on Tuesday, March 9th, 1993 before the Senate Community and Regional Affairs Committee was passed out of committee.

REQUEST FOR SCHEDULING

SPONSOR STATEMENT
Representative Carl E. Moses

House Bill 168, regarding charitable gaming, attempts to clarify what is inherently permissible in statute and would create a new charitable gaming permit called a "Multiple-Beneficiary" permit.

Under this permit, two to six qualified organizations would be allowed to apply jointly for the multiple-beneficiary permit. With this permit, the holders could conduct as many games and sessions as allowed under law for individual permittees multiplied by the number of holders of the multiple-beneficiary permit.

Currently, Lucky Strike Bingo of Anchorage operates under this configuration. Lucky Strike consists of four qualified organizations who join together to conduct gaming activity without the use of an operator. Other organizations such as church groups, soccer clubs, native corporations and other non-profits that choose to join together in this fashion without the use of an operator will also benefit from this legislation.

The motivation behind this bill surfaced a few years ago when the Department of Commerce proposed, but did not adopt, regulations that would prohibit activities such as those conducted by Lucky Strike. In response to that situation, Senate Bill 6 was introduced in 1991 that would establish a multiple-beneficiary permit. SB6 was not passed due to a shortage of time in the session on the Senate Floor.

HB168 is a reintroduction of SB6. It is a non-controversial gaming measure and I would appreciate the committee's affirmative action.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 3, 1993

SUBJECT: Sectional Summary of HB 168 (Work Order No. 8-LS0674\A)

TO: Representative Carl Moses

FROM: Jerry Luckhaupt *JEL*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Preliminarily, the "meat" of this bill is Sections 2 and 6. I will start with them.

Section 2 of the bill amends AS 05.15.100 by adding a new subsection that authorizes the commissioner of commerce and economic development to issue a multiple-beneficiary permit to two to six municipalities and qualified organizations^{1/} that jointly apply for the permit. The permit would allow the holders of the permit to jointly conduct charitable gaming activities permitted by AS 05.15.

Section 6 of the bill adds a new section, AS 05.15.145, to AS 05.15 that provides: that from two to six municipalities and qualified organizations may jointly apply for a multiple-beneficiary permit; that the commissioner may not issue a multiple-beneficiary permit except upon proof satisfactory to the commissioner that each individual applicant is a municipality or a qualified organization; that the provisions of AS 05.15.140(b)-(d), relating to reports and exclusions from participation as an operator of the activity of persons with certain criminal convictions; that a municipality or qualified organization that is part of a multiple-beneficiary permit may not hold another charitable gaming permit; procedures for withdrawal by a municipality or qualified organization from a multiple-beneficiary permit; that reports shall be jointly filed as required for operators under AS 05.15.083.

The other sections of the bill make changes that implement these two sections.

^{1/} "Qualified organization" is defined at AS 05.15.210(29).

SECTIONAL ANALYSIS

Representative Carl Moses

March 3, 1993

Page 2

Section 1 of the bill amends AS 05.15.060(8) to provide that the holders of a multiple-beneficiary permit may hold or conduct the number of sessions or games per month that is equal to the number allowed an individual permittee multiplied by the number of municipalities and qualified organizations participating in the permit.

Section 3 of the bill amends AS 05.15.112(a) to require the holders of a multiple-beneficiary permit to jointly designate one member in charge under the permit.

Section 4 of the bill amends AS 05.15.112(b) to require the member in charge to be a member of one of the qualified organizations or a member of the board of directors of one of the qualified organizations or an employee of one of the municipalities.

Section 5 of the bill amends AS 05.15.112(d) to require the holders of a multiple-beneficiary permit to designate alternate members in charge.

Section 7 of the bill amends AS 05.15.180(d) to include multiple-beneficiary permits under the door prize limits of this section.

Section 8 of the bill amends AS 05.15.180(e) to clarify that the door prize limits.

Section 9 of the bill amends AS 05.15.180(g) to provide that the holders of a multiple-beneficiary permit may award a maximum in prizes each year of \$1,000,000 multiplied by the number of municipalities and qualified organizations jointly holding the permit.

Section 10 of the bill amends AS 05.15.187(f) by clarifying that all permittees must make the described reports and that a permittee under that section includes municipalities and qualified organizations that jointly hold a multiple-beneficiary permit.

Section 11 of the bill provides an immediate effective date.

GPL:gc
93-191.glc

(7)

Date Referred: February 19, 1993

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 3/09/93

The LABOR AND COMMERCE Committee considered:

HB 168

HOUSE BILL NO. 168

MULTIPLE PERMITEE GAMING; PRIZE AMOUNTS

"An Act relating to multiple-beneficiary charitable gaming permits and door prizes for charitable gaming; and providing for an effective date."

RECOMMENDATIONS: the same title
be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact GED

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	A
<i>Hittory</i>	<input checked="" type="checkbox"/>	<i>Edward Porter</i>		<input checked="" type="checkbox"/>	
<i>Bill Hudson</i>	<input checked="" type="checkbox"/>	<i>W.F. Williams</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>		<input checked="" type="checkbox"/>	

Bill Hudson
CHAIRMAN'S SIGNATURE

STATEMENT
OF
ALEUTIAN/PRIBILOF ISLANDS ASSOCIATION, INC.

on

H.B. 168, A BILL RELATING TO MULTIPLE-BENEFICIARY
CHARITABLE GAMING PERMITS AND DOOR PRIZES FOR CHARITABLE
GAMING; AND PROVIDING FOR AN EFFECTIVE DATE

PRESENTED BY

DIMITRI PHILEMONOF
EXECUTIVE DIRECTOR

BEFORE THE

HOUSE, LABOR, AND COMMERCE COMMITTEE

March 9, 1993

Mr. Chairman and members of the Committee, my name is Dimitri Philemonof. I am the Executive Director of the Aleutian/Pribilof Islands Association, Inc. (A/PIA). A/PIA is a non profit corporation whose purpose is to "handle federal, State, and private funds in order to advance the overall economic, social, and cultural development of the Aleutian Region." Because of its non-profit and social welfare nature, A/PIA has been able to qualify as a "qualified organization" within the meaning of the gaming statutes, and has held a gaming permit for many years.

Like many other permittees, A/PIA has tried to use its gaming permit in a way to maximize the revenue that it produces for the economic, social, and cultural development of the Aleut region. Because it wanted to maximize its return from gaming, A/PIA decided that it would operate its gaming permit by itself, which would eliminate all middlemen, and would minimize overhead.

The problem that A/PIA faced was that, by itself, it did not have the resources to obtain or operate the kind of facility that could generate significant revenues from gaming.

Fortunately current regulations allow up to four permittees to join together to conduct gaming activities at a single location. Because A/PIA was able to join forces with three other "qualified organizations"-- the Alaska Native Health Board, the Aleutian Housing Authority, and the Kodiak Area Native Association -- it was

able to marshall the resources to establish and operate a bingo hall in Anchorage known as "Lucky Strike Bingo."

Since its inception in 1986, "Lucky Strike Bingo" has been an unqualified success story. It has paid out significant amounts of revenue to the four permittees who run it. Since 1987, the four permittees have never received a return of less than 19% of adjusted gross revenues, and in most years, the rate of return has been much higher, sometimes going as high as 29% of adjusted gross revenue. I am not aware of any similar gaming activity in Alaska that consistently produces as high a rate of return for its permittees. The attached chart shows in graphic form the consistently high rates of return that the Lucky Strike Bingo permittees have been able to enjoy over the last four years. A/PIA itself has received \$548,000 in gaming revenues from Lucky Strike Bingo as of December 31, 1992.

The money from Lucky Strike Bingo has been particularly valuable to A/PIA because it can be used where it will produce the best results. Most of A/PIA's other funding is restricted by various grant conditions, and there is little flexibility in using these funds to deal with unexpected problems or opportunities. Since our gaming money is not so restricted, it can be spent wherever it will do the most good. To give you some examples of the kinds of things which we have been able to accomplish with our

gaming money, I would like to list some projects that have been funded through gaming.

1. Medivac Transportation. Gaming monies have been spent in assisting medivac transportation for people in the Aleut Region who must travel to Anchorage because of medical emergency. These funds are also used to help with funeral costs in case of death.

2. Food for the Needy. Gaming funds have been spent on food baskets that are distributed to the needy and underprivileged in the Aleut Region, and on turkeys and children's gifts that we distribute to the needy at Christmas time.

3. Youth Programs. Gaming funds are used to bring students to Anchorage for events like the AFN Youth Convention. They are also used to sponsor special school activities within the Region.

4. Aleut Relocation. You may recall that a bill was introduced in Congress to compensate the Japanese-Americans who were relocated during World War II. During the initial phases of this legislation, the similar predicament of the Aleut people was forgotten. It took a considerable effort to educate the members of Congress about the facts of the Aleut relocation. Without our gaming money, we would not have been able to pay for the travel, legal, and other expenses that were necessarily incurred in attempting to make Congress aware of the Aleut relocation. We

believe that our educational efforts were very important in ensuring that the final legislation included \$27,000,000.00 in various individual and group benefits for the Aleut Region. Accordingly, it is no exaggeration to say that our gaming monies were instrumental in producing \$27,000,000.00 of benefits for the Aleut Region.

4. Educational Tape. Because there was widespread ignorance of the Aleut relocation during World War II, we decided to produce an educational film on this aspect of Alaska history. We received a grant from the State which partially funded this project, but it could not have been completed without our gaming monies. Since completion, this film has been shown nationwide on T.V., and it is also being used in many classrooms throughout the country. We are very proud of this film, and have I brought several copies for the Committee's viewing.

To sum up, Lucky Strike Bingo is a success story that demonstrates the good things that can come from a well-regulated gaming program. Moreover, t(T)he Lucky Strike Bingo experience shows that operation of gaming permits by the permittees is the best way of ensuring that the gaming revenues go where they are intended to go: to the permittees, where they can be used as A/PIA has used them, to provide food for the poor, or for educational purposes, or to further other worthwhile social or economic goals.

Our experience at Lucky Strike Bingo has convinced me, however, that there are a few ways in which the State's regulation of gaming could be improved, so that gaming operations would be more efficient, and so that even greater returns can be achieved by the permittees. House Bill 168 incorporates these improvements, and it will ensure that gaming operations that are conducted by more than one permittee, such as Lucky Strike Bingo's, are even more efficient. It will make it possible for permittees such as A/PIA to achieve even better returns on their gaming permits. Here is why:

1. Since H.B.168 allows the costs of a gaming operation to be split among as many as six qualified organizations, it will greatly reduce the overhead costs for each qualified organization. To use Lucky Strike Bingo as an example, the costs of operating its bingo hall are currently split among the four permittees, which is the maximum that the law allows. Under H.B. 168, the Lucky Strike operation could include as many as six qualified organizations. The overhead would therefore be split six ways, instead of four, which would result in a substantial savings for each of the qualified organizations. While some additional personnel would be needed to handle the increased volume of operation produced by six qualified organizations, the total overhead burden for each qualified organization would be greatly reduced.

2. Since the new legislation calls for a multiple beneficiary permit, the accounting for the operation would be centralized into one permit, instead of divided over four permits, as is currently the case. To use Lucky Strike Bingo as an example once again, centralized accounting would produce the following estimated savings:

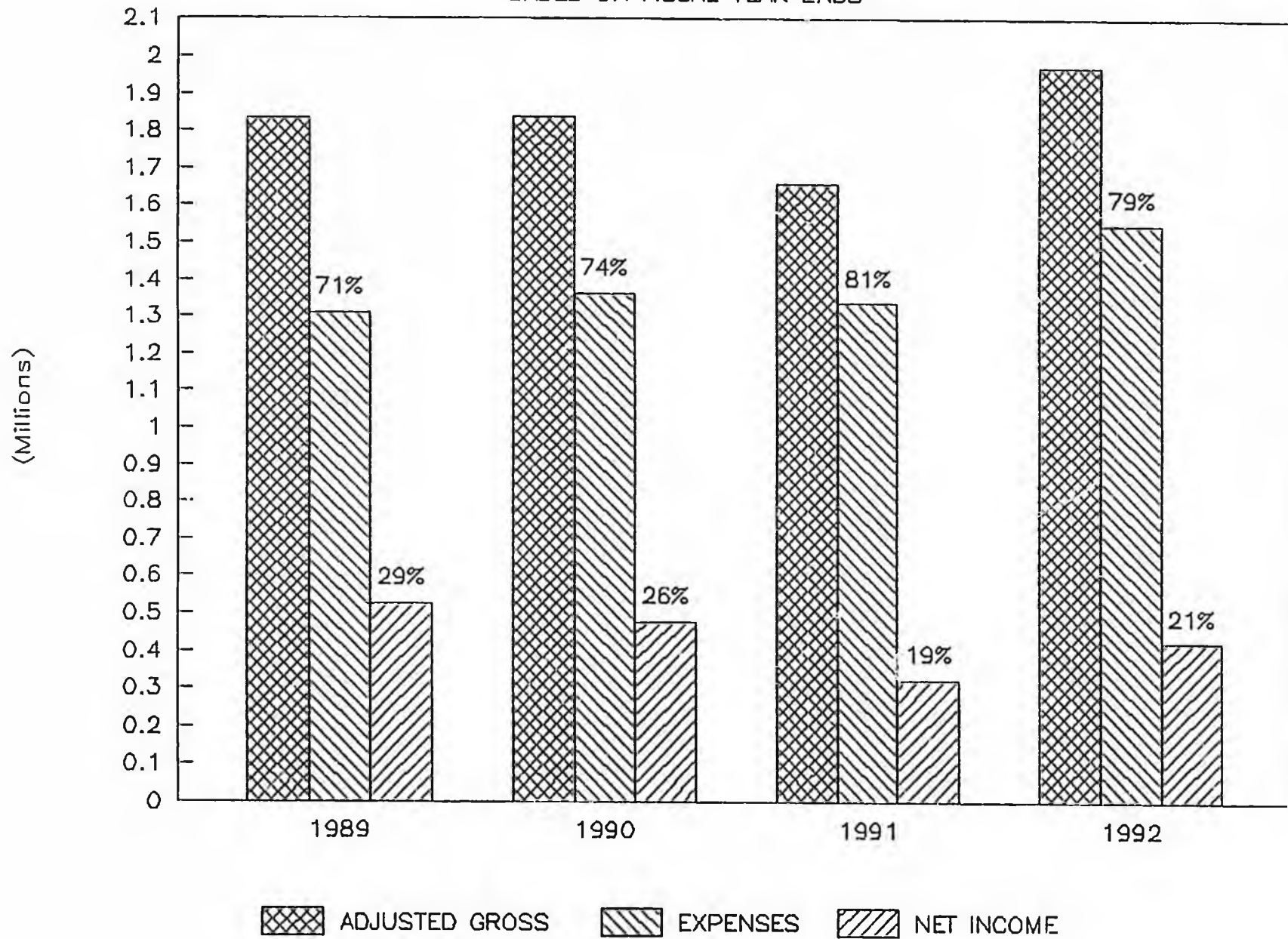
- a. Bookkeeping overhead would be cut by 50% to 75%.
- b. Inventory on hand cost would be cut by approximately \$45,000.00 per year.
- c. Because our accounting and inventorying procedures would be greatly simplified, we could expect to perform these functions more quickly and with fewer mistakes. This would produce additional savings which are difficult to quantify numerically.

In conclusion, I believe that House Bill 168 will make some highly desirable improvements in the gaming statutes. It will make it easier for permittees to run their own operations by joining together with other permittees, it will make joint operations more efficient, and most importantly, it will ensure that more of the gaming revenues go to the place where they are supposed to go: to the permittees, where they can be used for worthwhile social, charitable, and educational purposes.

Thank you, Mr. Chairman and members of the committee.

LUCKY STRIKE BINGO

BASED ON FISCAL YEAR ENDS



Mr. John Hansen
Department of Commerce and Economic Development
Division of Occupational Licensing

Dear John,

Pending the outcome of the current lawsuit, the proceeds that comprise the difference between the 15% return to the charity and the 40% return to the charity and according to the agreement between us, the amounts placed in an escrow account are as follows:

Building Industry Assoc. of Anchorage	\$ 8,400.67
Alaska Light Opera Theatre	3,261.56
Alaska Chiropractic Society	23,049.97
Congregation Beth Shalom	11,384.71
Mat-Su Valley Humane Society	3,920.77
Wasilla Area Seniors	16,441.68
Mid Valley Seniors	14,101.39
Valdez Democratic Precinct	8,866.10
Total amount in escrow	89,426.65

OPERATORS FEE/NET PROCEEDS

2ND QUARTER 1992

AS REPORTED BY JAMES HARMAN

<u>Permittee</u>		<u>Operator Fee Paid</u>	<u>Net Proceeds in Escrow</u>
Building Assoc.	#92-0041	\$ 1816.84	\$ 8400.67
Alaska Light Opera	#92-0065	\$ 1768.12	\$ 3261.56
Alaska Chiropractic	#92-0894	\$ 4225.50	\$23049.97
Congregation Beth Shalom	#92-0382	\$ 77.51	\$11384.71
Mat-Su Valley Humane	#92-0017	\$ 1935.21	\$ 3920.77
Wasilla Area Seniors	#92-0713	\$ 4956.01	\$16441.68
Mid-Valley Seniors	#92-1000	\$15087.41	\$14101.39
Valdez Democrats	#92-0978	<u>\$16774.92</u>	<u>\$ 8866.10</u>
	TOTALS:	<u>\$46,641.52</u>	<u>\$89426.85</u>

✓ ✓
\$136068.37

LUCKY STRIKE BINGO

A JOINT VENTURE

ALASKA NATIVE HEALTH BOARD
1345 Rudakof Circle, Suite 206
Anchorage, Alaska 99508
(907) 337-0028

ALEUTIAN HOUSING AUTHORITY
1689 "C" Street, Suite 203
Anchorage, Alaska 99501
(907) 276-2700

ALEUTIAN PRIBILOF ISLANDS ASSOC.
1689 "C" Street, Suite 205
Anchorage, Alaska 99501
(907) 276-2700

KODIAK AREA NATIVE ASSOC.
402 Center Avenue
Kodiak, Alaska 99615
(907) 486-5725

March 2, 1993

Carl E. Moses, Representative
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Re: Proposed Gaming Legislation
H.B. 168

Dear Representative Moses:

I am writing this letter to explain the reasons why House Bill No. 168, concerning multiple beneficiary permits, would be of great benefit to the Aleutian/Pribilof Islands Association and other similarly situated charitable organizations.

Perhaps the easiest way to explain the benefits of this proposed legislation would be to describe the makeup and activities of Lucky Strike Bingo ("LSB"). The Aleutian/Pribilof Islands Association, of which I am the Executive Director, is one of the four permittees who jointly conduct gaming activities as LSB. The other permittees are the Aleutian Housing Authority, Kodiak Area Native Association, and the Alaska Native Health Board. The four permittees who make up LSB are currently conducting gaming activities under the provisions of 13 AAC 34.200(c), which allows up to four permittees to conduct gaming activities jointly. LSB has a pleasant and spacious hall in Anchorage where both bingo and pull tab activities are conducted.

The four permittees are all firmly of the belief that their current arrangement is far superior to any other that they could make for the utilization of their gaming permits. If they operated separately, none of the permittees could afford the type of successful facility which they now have.

Moreover, since the LSB facility is operated by its permittees, the permittees are ensured of receiving the maximum return from the gaming activities. Since 1987, the permittees in LSB have never received a return of less than 19% of adjusted gross

Representative Moses
March 2, 1993
Page 2

revenues, and in most years, the rate of return has been much higher, sometimes going as high as 28% of adjusted gross revenue. We are not aware of any similar gaming activity in Alaska that consistently produces as high a rate of return for its permittees.

In short, the LSB permittees believe that the joint operation of a facility by the permittees is the best way to ensure that gaming operations deliver their revenues to the place that they are supposed to go: to the permittees.

While we believe that LSB's operation is a great success story, we also believe that H.B. 168 will improve the returns that jointly operating permittees can receive. The proposed legislation will have the following beneficial results:

1. Since the costs of operation will be split among as many as six permittees, instead of four as is allowed under current law, the amount of overhead to be borne by each permittee will be lessened. For example, the bingo hall currently operated as LSB in Anchorage could easily service six permittees instead of four, with very little increased cost. The resulting savings will flow to the permittees.

In the past, concern has been voiced by the administration that allowing too many permittees to band together will reduce the control that the permittees have over the gaming operation. Our experience at LSB convinces us that six permittees are not too many to keep control of the gaming activities, and we understand that the administration now agrees with us on this point.

2. Since the new legislation calls for a multiple beneficiary permit, the accounting for the operation would be centralized into one permit, instead of divided over four permits, as is currently the case. Centralized accounting would cut our bookkeeping overhead by 50% to 75%, would cut our inventory on hand cost by approximately \$45,000.00, and would allow us to operate more efficiently and with less mistakes.

Finally, we would urge that H.B. 168 be amended by adding an additional subsection to the proposed AS 05.15.128, which would read as follows:

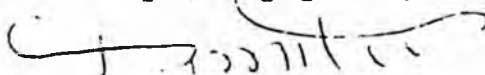
(f) Multiple beneficiary permits shall be subject to the expense limitations set forth in AS 05.15.160, but shall be exempt from any regulation which attempts to limit or quantify allowable expenses beyond the requirements of AS 05.15.160.

Representative Moses
March 2, 1993
Page 3

Our reason for requesting this amendment is that expense limitations which go beyond the requirements of AS 05.15.160 are not needed for multiple beneficiary permits. Since the permittees themselves are running the gaming, they already have every incentive to pay the maximum amount of return to themselves. We feel that LSB's record in making payments to the permittees strongly supports this conclusion.

In addition, because of conflicts between the regulations of the Department of Commerce and the Department of Revenue, further expense limitations, such as 12 AAC 34.700(b) (which was recently struck down by the courts), could make it impossible for a permittee to conduct both bingo and pull-tab activities as LSB currently does.

Very truly yours,



Dimitri Philemonof
Chairman of the Board

Kodiak Liquor Licence Association
P.O. Box 947
Kodiak, Alaska 99615
March 5, 1993

Representative Carl Moses
House Of Representatives
State Of Alaska

Re: HB 168

Dear Representative Moses:

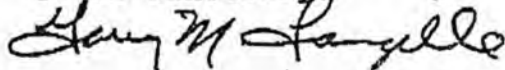
I want to lend support for your efforts on HB 168 that will allow the State to issue multiple-beneficiary permits for joint gaming activities. This will allow more non-profits to participate in those locations that are more active and give them a chance to share in those revenues. Also it will allow those locations that are active to continue beyond the current limits.

For those of us who believe that the Gambling Industry can be a productive vehicle which can provide badly needed Revenue and Employment for Alaskans as well as providing non-profits help in their worthy endeavors, this Bill helps.

Our interest is not only the non-profits that operate in our locations but also the larger Liquor Licence Industry that is in dire straits of additional activities and revenue needs (16% decrease in consumption in Alaska last 7 years) to ensure that it remains a stable and productive industry in our State.

Keep up the good work.

Yours sincerely,



Garry M. Langille
President

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FEB 25 1993

February 24, 1993

Mr. Carl E. Moses, Representative
Alaska State Legislature

Re: House Bill No. 168

Dear Representative Moses,

I am writing to you to express my support of this bill. I am in the process right now of trying to do this very thing under current legislation, and it is very difficult and cumbersome.

The advantage of this legislation is that it would allow multiple permittees to use the efficiencies of economic scale in the raising of funds. It would also allow them to be in control of the fund raising activity.

I do not see this legislation as a threat to the operators, as there are plenty of permit holders who have neither the time, energy or ability to run a business.

One suggestion that I would make, is on page 3, line 12 (e) have it read:

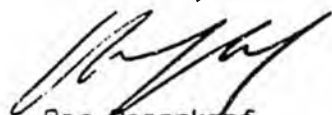
The holders of a multiple-beneficiary permit shall jointly file reports with the department that comply with the reporting requirements imposed on municipalities and qualified organizations under AS 05.15.080.

The gaming department could then require a combined report the same as an operator must file.

The advantage of this change, is that it removes the multiple-beneficiary permit from the operator category, and should operators get ensnared in future legislation, the multiple-beneficiary would not be included.

If I can answer any questions, I would be happy to do so.

Thank You,



Ron Pagenkopf
Operator
Treasurer Juneau Soccer Club.

Phone wk 586-2027
hm 789-1989

People Count Inc.
Business & Technical School

P.O. Box 1310
Kenai, Alaska 99811-1310
Business: (907) 283-4088
FAX (907) 283-8488

March 5, 1993

Representative Carl E. Moses
Capitol Building, Room 204
Juneau AK 99801-1182

Dear Representative Moses,

I have reviewed HB 168, which amends AS 05.15.

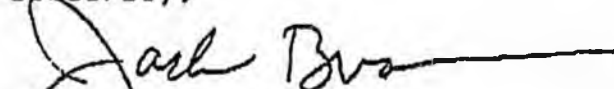
Section 2 amends AS 05.100 by adding a new subsection that authorizes the commissioner of commerce and economic development to issue a multiple-beneficiary permit to two to six municipalities and qualified organizations that apply for the permit, allowing the holders of the permit to jointly conduct charitable gaming activities.

Section 4 adds a new section, AS 05.15.145, that provides: from two to six municipalities and qualified organizations may jointly apply for a multiple-beneficiary permit; the commissioner may not issue a multiple-beneficiary permit except upon satisfactory proof that each individual applicant is a municipality or a qualified organization; relates to reports and exclusions from participation as an operator of the activity of persons with certain criminal convictions; no one who is part of a multiple-beneficiary permit may hold another charitable gaming permit; procedures for withdrawal by a municipality or qualified organization from a multiple-beneficiary permit; reports shall be jointly filed as required for operators under AS 05.15.089.

It appears to help clarify issues and address concerns that Non-Profits have.

As the Executive Director of People Count, Inc., I feel I can support this bill, without reservations.

Sincerely,



Jack Brown
Executive Director

JB/mdh



MEMORANDUM

TO: Representative Carl E. Moses/Senator Randy Phillips/Representative Bill Hudson
FROM: Pat Vincent, Executive Officer, Kenai Peninsula Builders Association
DATE: March 8, 1993
RE: HB168

The Kenai Peninsula Builders Association would oppose HB 168 as it relates to multiple-beneficiary permits. It is our opinion that the system for self-directed gaming joint ventures is already in place, and that the rules and regulations we are currently working under are most satisfactory. We are concerned with added reporting requirements and a possible loss of accountability that will result from this bill. It is our opinion that Section 3 and 4 of the bill would allow a person who is named member-in-charge to act as an unlicensed operator for the multiple-beneficiary permittees so long as he is an employee or a member of one of the organizations.

We would not be opposed to regulations that allow more than four permittees to be engaged in a self-directed gaming joint venture, so long as it is not set up as an operator-run operation, minus a licensed operator. We do not feel that a multiple-beneficiary permit or joint reporting need be a requirement to allow more permittees to participate in a self-directed gaming joint venture.

The Kenai Peninsula Builders Association is a non-profit organization engaged since 1990, in a self-directed gaming joint venture with the Women's Resource & Crisis Center in Kenai, Alaska. Ours has been basically a "Shared Premises/Shared Employees" arrangement and is satisfactory to both organizations and to the State of Alaska who has authorized our joint venture. Our arrangement allows one organization to utilize its permit every other month. We order and maintain separate pull-tab inventories, keep separate books, and are solely responsible for the oversight of the permits and for our state and federal reporting.

HB 168 would not allow us to continue to conduct our self-directed gaming joint-venture as it is presently operated. The Kenai Peninsula Builders Association would not wish to become less involved in the day-to-day operations of this joint-venture. We feel that a non-profit organization should be solely responsible for maintaining the integrity of their permit - that a member of another organization or an employee of both should not be given that responsibility.

BILL'S of alaska

MAR 04 1993

March 4, 1993

Representative Carl E. Moses
Alaska House of Representatives
State Capital Rm 204
Juneau, Ak 99801-1182

Dear Representative Moses VIA Fax 465-3445, Original Mailed

I have read the Sectional Summary of your HB 168 which provides for changes in Alaska Charitable Gaming Statutes.

Your bill would increase from 4 to 6 the number of charities or non-profit groups who could join together to operate a gaming facility (such as a bingo hall) and increase the allowable prize pay-out (\$1 million per participant).

The increase from 4 to 6 permits is a sound idea and I therefore support HB 168.

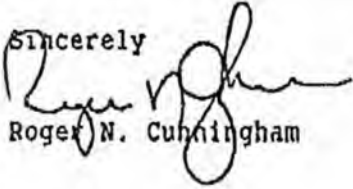
Along with that support, you should know that I am a licensed pull-tab and bingo supply distributor with no affiliation, association or vendor relationship with any group that might benefit from this bill.

There are several gaming operations in Alaska that are stifled by the (current) 4 permit limitation. Your bill would allow more organizations to profit from participation in a well-run, well-managed facility. There are far more organizations wishing to use their gaming permit than there are facilities to accomodate them.

Permitees that join together in this way operate under a common management and SELF-DIRECT their gaming activity. Figures reported by the state show that a far greater share of the profit is retained by the organizations involved in Self-Directed gaming than when a commercial operator is engaged. I believe this was the original intent of Alaska's Charitable Gaming Statutes.

I trust as well, that you will support Sen. Pearce's bill barring persons with criminal records from participating in gaming and Sen. Zahroff's bill creating an Alaska Gaming Commission.

Sincerely


Roger N. Cunningham

P.O. BOX 874731 WASHILLA, AK 99887 (907)379-1500 or 1-800-478-4265
"Your Best Source for Pull-Tab and Bingo Supplies"

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. _____ **HB 168**

Revision Date: _____ Title: <u>An Act relating to multiple-beneficiary</u> <u>charitable gaming permits.....</u> Sponsor: <u>House Rules Committee</u> Requestor: <u>House Labor & Commerce</u>	Dept. Affected: <u>Commerce & Economic Development</u> BRU: <u>Occupational Licensing</u> Component: <u>Operations</u> COMPONENT SERIAL NO. _____ <u>1844</u>
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Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	40.1	40.1	40.1	40.1	40.1	40.1
TRAVEL						
CONTRACTUAL						
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	51.1	41.1	41.1	41.1	41.1	41.1
CAPITAL						
REVENUE FUND SOURCE:	.0	.0	.0	.0	.0	.0

FUNDING:

(Thousands of Dollars)

FUNDING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	51.1	41.1	41.1	41.1	41.1	41.1
1008 GF/MHTIA						
Other						
TOTAL	51.1	41.1	41.1	41.1	41.1	41.1

POSITIONS:

POSITIONS	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 93) Impact: \$ None

ANALYSIS: (Attach a separate page if necessary)
 HB 168 provides for a new class of permittee (MBP). Two to six permittees could apply to the department to conduct activities at a single facility. Currently regulations provide for 4 permittees to conduct activity at a single facility. (Continued on attached)

Prepared by: John Hansen, Jr., Gaming Manager
 Division: Occupational Licensing
 Approved by Commissioner: Paul Fuhs
 Agency: Commerce & Economic Development

Phone: 465-2581
 Date: 3/2/93
 Date: _____

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Fiscal Note

Position Title TAX EXAMINER II		No. of Positions 1	Range/Step 12A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location AWA		Election District
TYPE OF EXPENDITURE		AMOUNT		Justification: HB 168 authorizes a new class of permittees to conduct charitable gaming. Currently the department has one examiner position issuing permits to qualified organizations. It presently takes 3-4 weeks to process applications due to the backlog of processing time it takes for each applicant. There are approximately 1,000 current permittees. This position would help to process these new permit applications, and help reduce the 3-4 weeks renewal time. Many organizations are forced to delay or cancel planned activities because of the delay in issuing permits timely. This position seeks to enhance services by relieving the delay.
Salary		27.9		
Benefits		12.2		
Premium Pay				
Other				
Total Personal Services		40.1		
Travel				
Contractual				
Commodities		1.0		
Equipment		10.0		
Other				
Total Cost		51.1		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other: GF/PR	1005	51.1		

**Request For
New Position**

AGENCY Commerce and Economic Development
 BRU Occupational Licensing
 COMPONENT Operations - #1844

page 2 of 2
 Revised Date:

FY94

8-LS0674E
Luckhaupt
3/24/93

CS FOR HOUSE BILL NO. 168(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA.

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): **HOUSE RULES COMMITTEE BY REQUEST**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to multiple-beneficiary charitable gaming permits and door prizes
2 for charitable gaming; requiring Department of Commerce and Economic
3 Development approval of contracts between charitable gaming permittees and
4 operators before gaming may occur; limiting the amount of authorized expenses
5 to a percentage of adjusted gross income for a charitable gaming activity; and
6 providing for an effective date."

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

8 * Section 1. AS 05.15.060(8) is amended to read:

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

1 number allowed an individual permittee multiplied by the number of holders of
2 the multiple-beneficiary permit;

3 * Sec. 2. 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
6 municipalities and qualified organizations that apply jointly for the permit. The permit
7 gives the permit holders the privilege of jointly conducting the activities specified in
8 (a) and (b) of this section, subject to the restrictions set out in (b) of this section.

9 * Sec. 3. AS 05.15.112(a) is amended to read:

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

14 * Sec. 4. AS 05.15.112(b) is amended to read:

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

22 * Sec. 5. AS 05.15.112(d) is amended to read:

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

26 * Sec. 6. AS 05.15.115(d) is amended to read:

27 (d) A permittee shall submit by certified mail to the department for approval
28 a copy of each contract with an operator with whom the permittee contracts to conduct
29 activities subject to this chapter. The contract must meet the requirements of this
30 section. The department shall approve or disapprove the contract. If the
31 contract is disapproved, reasons for the disapproval shall be provided in writing

1 to the permittee. Activities may not be conducted under the contract before the
2 contract is approved. Subsequent amendments to an approved contract do not
3 take effect until the amendments are approved by the department [THE
4 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE
5 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY
6 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE
7 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

8 * Sec. 7. AS 05.15.128(a) is amended to read:

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


10 (1) report an adjusted gross income of at least 15 percent of gross
11 income for two consecutive quarters based on the total operation of the operator; or

12 (2) pay to each authorizing permittee for two consecutive quarters at
13 least 40 percent of the adjusted gross income, as determined under (1) of this
14 subsection, from a pull-tab activity or at least 15 percent of the adjusted gross
15 income, as determined under (1) of this subsection, from a gaming activity other
16 than pull-tabs, received from activities conducted on behalf of the authorizing
17 permittee.

18 * Sec. 8. AS 05.15 is amended by adding a new section to read:

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

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

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

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

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

12 * Sec. 9. AS 05.15.160 is amended by adding new subsections to read:

13 (c) The total amount of authorized expenses that may be incurred under (a) of
14 this section in connection with a pull-tab activity may not exceed 60 percent of the
15 adjusted gross income from that pull-tab activity.

16 (d) The total amount of authorized expenses that may be incurred under (a) of
17 this section in connection with any gaming activity other than pull-tabs may not exceed
18 85 percent of the adjusted gross income from that gaming activity.

19 * Sec. 10. AS 05.15.180(d) is amended to read:

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

24 * Sec. 11. AS 05.15.180(e) is amended to read:

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

29 * Sec. 12. AS 05.15.180(g) is amended to read:

30 (g) A municipality or a qualified organization may award a maximum of
31 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if

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

8 * Sec. 13. AS 05.15.187(f) is amended to read:

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

17 * Sec. 14. Except for secs. 7 and 9 of this Act, this Act takes effect immediately under
18 AS 01.10.070(c).

19 * Sec. 15. Sections 7 and 9 of this Act take effect January 1, 1994.