

SB

76

SFIN

FILE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSSB 76(FIN)

Revision Date: _____ Dept. Affected: Commerce & Economic Development
 Title: An Act relating to Games of Chance BRU: Occupational Licensing
 and Skill... _____ Component: Operations
 Sponsor: Senator Pearce
 Requestor: Senate Finance COMPONENT SERIAL NO. 1844

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.0	.0	.0	.0	.0	.0

CAPITAL						
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REVENUE FUND SOURCE:	5.0	5.0	5.0	5.0	5.0	5.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	.0	.0	.0	.0	.0	.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
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)
 CSSB 76(FIN) provides for licensing of out-of-state pull-tab manufacturers, 10 each at \$500 per annual license.

Prepared by: John Hansen, Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 4/6/93
 Approved by Commissioner: Paul Fuhs Date: 4-6-93
 Agency: Commerce & Economic Development

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FISCAL NOTE

REQUEST:

Revision Date: 4/16/93 Affected Agency: Dept. of Revenue
 Title: Act Relating to BRU: Gaming Div.
Charitable Gaming
 Sponsor: Sen. Pearce Components: _____
 Requester: Senate Finance Committee

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
Personal Services	77.4	77.4	77.4	77.4	77.4	77.4
Travel	3.0	3.0	3.0	3.0	3.0	3.0
Contractual						
Equipment	6.0					
Supplies	0.5					
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	86.9	80.4	80.4	80.4	80.4	80.4

CAPITAL						
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REVENUE	100.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund P.R.	86.9	80.4	80.4	80.4	80.4	80.4
Federal Fund						
Other						
TOTAL	86.9	80.4	80.4	80.4	80.4	80.4

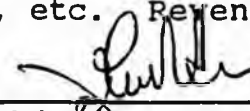
POSITIONS:

Full-Time	1	1	1	1	1	1
Part-Time						
Temporary						

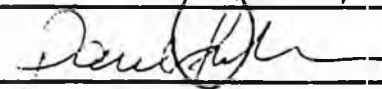
Estimate of FY 93 Impact 0.0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Personal Services, 1 each, Revenue Auditor IV. One-time cost equipment for computer, desk, etc. Revenue increase from auditing of tax returns.

Prepared By: 
 Divisor: John Hansen, Gaming Division

Date: _____
 Phone: 465-2581

Approved by: 
 Agency: Paul Fuhs, Commissioner
Dept. of Commerce & Economic Development

Date: 4-17-93

SENATE AMENDMENT

By Peace

To: SSB 76 () 'S' SENATE BILL No. _____

To: _____ ^{Version} HOUSE BILL No. _____

PAGE: 15 LINE: 11, following "holding a":

Insert "(i)"

Page 15, line 13:

Delete "(i)"

Page 15, line 15:

Delete "(ii)"

Page 15, line 17:

Delete "(iii)"

Page 15, line 23:

Delete " . "

Insert "; or

(ii) package store license under AS 04.11.090."

SENATE FINANCE COMMITTEE

Amendment Number: (2)

Bill Number: SB 76

Sponsor: Peace Date: 4/17/93

Logged In By: BW

adopted 4-17-93

8-LS0279S
Luckhaupt
4/16/93

CS FOR SENATE BILL NO. 76()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR PEARCE

A BILL
FOR AN ACT ENTITLED

1 "An Act requiring regulations relating to pull-tabs to be consistent with North
2 American Gaming Regulators Association standards on pull-tabs to the extent
3 permitted by charitable gaming laws; allowing permittees to contract with vendors
4 to sell pull-tabs on behalf of the permittee at certain establishments holding a
5 beverage dispensary license; allowing municipalities to prohibit vendors from
6 conducting gaming activities within the municipality, restricting the purchase of
7 pull-tabs by permittees, licensees, and vendors and their owners, managers, and
8 employees; requiring receipts before prizes of \$50 or more may be awarded in
9 pull-tab games; prohibiting distributors from supplying pull-tabs to vendors;
10 requiring the registration of vendors and regulating activities involving them;
11 requiring the licensing of out-of-state pull-tab manufacturers; requiring the
12 department regulating charitable gaming to approve contracts between permittees

1 and operators before gaming may occur; preventing persons with felony
2 convictions or convictions for crimes involving theft or dishonesty or a violation
3 of gambling laws from being involved in charitable gaming activities as a
4 permittee, licensee, vendor, person responsible for the operation of an activity,
5 fund raiser or consultant of a licensee or vendor, or employee in a managerial
6 or supervisory capacity, and providing exceptions for certain persons whose
7 convictions are at least 10 years old and are not for violation of an unclassified
8 felony described in AS 11, a class A felony, or extortion; relating to multiple-
9 beneficiary charitable gaming permits and door prizes for charitable gaming;
10 requiring operators to pay permittees each quarter at least 30 percent of the
11 adjusted gross income from a pull-tab activity and limiting operators to expenses
12 of not more than 70 percent of the adjusted gross income from that activity;
13 requiring operators to pay permittees each quarter at least 10 percent of the
14 adjusted gross income from a charitable gaming activity other than pull-tabs and
15 limiting operators to expenses of not more than 90 percent of the adjusted gross
16 income from that activity; requiring a permittee who uses a pull-tab vendor to
17 enter into a contract with that vendor; requiring a vendor contracting with a
18 permittee to pay the permittee at least 50 percent of the ideal net for each pull-
19 tab series delivered to the vendor by the permittee; requiring that operators
20 report an adjusted gross income of at least 15 percent of gross income each
21 quarter; allowing the commissioner regulating charitable gaming to issue orders
22 prohibiting violations of state gaming laws; relating to the authority of the
23 commissioner regulating charitable gaming to suspend or revoke a permit, license,
24 or registration; prohibiting the direct contribution of proceeds of a bingo or pull-

1 tab game to a candidate for a public office of the state or a political subdivision
2 of the state or to that candidate's campaign organization; prohibiting the payment
3 of any portion of the net proceeds of a charitable gaming activity to a registered
4 lobbyist; relating to 'political uses' and 'political organizations' as those terms are
5 used in the charitable gaming statutes; and providing for an effective date."

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

7 * Section 1. This Act may be known as the Gambling Limitation Act of 1993.

8 * Sec. 2. AS 05.15.060 is amended to read:

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

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

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

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

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

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

27 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
28 LICENSEE OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
29 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN

1 THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING
 2 THEFT OR DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR
 3 FEDERAL GAMBLING LAW;

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

6 (7) [(8)] the number of activities that may be held, operated, or
 7 conducted under a permit during a specified period; however, the department may not
 8 allow more than 14 bingo sessions a month and 35 bingo games a session to be
 9 conducted under a permit; the holders of a multiple-beneficiary permit under
 10 AS 05.15.100(d) may hold, operate, or conduct the number of sessions and games
 11 a month equal to the number allowed an individual permittee per month
 12 multiplied by the number of holders of the multiple-beneficiary permit;

13 (8) [(9)] a method of accounting for receipts and disbursements by
 14 operators, including the keeping of records and requirements for the deposit of all
 15 receipts in a bank;

16 (9) [(10)] the disposition of funds in possession of a permittee, [OR]
 17 a person, municipality, or qualified organization that possesses an operator's license,
 18 or a registered vendor at the time a permit, [OR] a license, or a vendor registration
 19 is surrendered, revoked, or invalidated;

20 (10) [(11)] restrictions on the participation by employees of the
 21 Department of Fish and Game in salmon classics; and in king salmon classics, and by
 22 employees of Douglas Island Pink and Chum in king salmon classics;

23 (11) [(12)] other matters the commissioner considers necessary to carry
 24 out this chapter or protect the best interest of the public.

25 * Sec. 3. AS 05.15.060 is amended by adding a new subsection to read:

26 (b) Regulations adopted by the department under this section relating to
 27 charitable gaming activity involving pull-tabs shall, to the extent permitted by this
 28 chapter, be consistent with the standards on pull-tabs of the North American Gaming
 29 Regulators Association, as amended from time to time.

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

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

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

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

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

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

12 Sec. 05.15.105. PERSONS PROHIBITED FROM INVOLVEMENT;
13 EXCEPTIONS. (a) If a person has been convicted of a violation of a law of this state
14 that is, or a law or ordinance of another jurisdiction that would be if it had been
15 committed in this state, a felony, or a violation of a law or ordinance of this state or
16 another jurisdiction that is a crime involving theft or dishonesty or a violation of
17 gambling laws

18 (1) the department may not issue a license to the person;

19 (2) the department may not issue a license to, or register as a vendor,
20 an applicant who employs the person in a managerial or supervisory capacity or uses
21 the person as a fund raiser or consultant;

22 (3) the department may not issue a permit for an activity if the person
23 is responsible for the operation of the activity;

24 (4) the person may not be employed in a managerial or supervisory
25 capacity by a licensee or vendor or used as a fund raiser or consultant by a licensee
26 or vendor;

27 (5) the person may not participate in charitable gaming as a permittee,
28 licensee, or vendor.

29 (b) The department shall adopt regulations that provide that a disqualification
30 of a person under (a) of this section based upon a conviction of that person for a
31 violation

1 (1) of a law of this state that is, or a law or ordinance of another
 2 jurisdiction that would be if it was committed in this state, a class B felony other than
 3 extortion, a class C felony, or an unclassified felony described outside of AS 11, and
 4 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates
 5 10 years after the person's conviction;

6 (2) of a law or ordinance of this state or another jurisdiction that is a
 7 crime involving theft or dishonesty or a violation of gambling laws, and that is not,
 8 or would not be if it was committed in this state, an unclassified felony described in
 9 AS 11, a class A felony, or extortion, terminates 10 years after the person's conviction,
 10 if the department determines that the

11 (A) person is of good character, honesty, and integrity; and

12 (B) person's involvement in charitable gaming is not against the
 13 public interest.

14 * Sec. 7. AS 05.15.112(a) is amended to read:

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

19 * Sec. 8. AS 05.15.112(b) is amended to read:

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

27 * Sec. 9. AS 05.15.112(d) is amended to read:

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

31 * Sec. 10. AS 05.15.115(d) is amended to read:

1 (d) A permittee shall submit by certified mail to the department for approval
2 a copy of each contract with an operator with whom the permittee contracts to conduct
3 activities subject to this chapter. The contract must meet the requirements of this
4 section. The department shall approve or disapprove the contract. If the
5 contract is disapproved, reasons for the disapproval shall be provided in writing
6 to the permittee. Activities may not be conducted under the contract before the
7 contract is approved. Subsequent amendments to an approved contract do not
8 take effect until the amendments are approved by the department [THE
9 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE
10 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY
11 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE
12 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

13 * Sec. 11. AS 05.15.124 is amended to read:

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

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

18 (a) The department shall revoke the license of an operator who does not
19 (1) report an adjusted gross income of at least 15 percent of gross
20 income for each quarter [TV O CONSECUTIVE QUARTERS] based on the total
21 operation of the operator; or
22 (2) pay to each authorizing permittee for each quarter [TWO
23 CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as
24 determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]
25 percent of the adjusted gross income, as determined under (1) of this subsection, from
26 a gaming activity other than pull-tabs, received from activities conducted on behalf
27 of the authorizing permittee.

28 * Sec. 13. AS 05.15.140(b) is amended to read:

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

1 (1) has been convicted of ~~|, IN PRISON FOR, OR ON PAROLE FOR |~~
2 a violation of a law of this state that is. or a law or ordinance of another state that
3 would be if committed in this state. an unclassified felony described in AS 11. a
4 Class A felony, extortion, or a violation of a law or ordinance of this state or
5 another jurisdiction that is [WITHIN THE PRECEDING FIVE YEARS, OR
6 CONVICTED OF] a crime involving theft or dishonesty. or [OF] a violation of [A
7 MUNICIPAL, STATE, OR FEDERAL] gambling laws [LAW]; or

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

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

11 Sec. 05.15 145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six
12 municipalities or qualified organizations, or a combination of two to six municipalities
13 and qualified organizations, may jointly apply for a multiple-beneficiary permit under
14 AS 05.15.100(d). The commissioner may not issue or renew a permit except upon
15 satisfactory proof that each joint applicant is a municipality or qualified organization,
16 the activity may be permitted under this chapter, and the issuance of a permit is not
17 detrimental to the best interests of the public. Upon request of the commissioner, the
18 joint applicants shall prove conclusively each of these requirements before a permit
19 may be issued or renewed.

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

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

30 (d) The holders of a multiple-beneficiary permit shall jointly file reports with
31 the department that comply with the reporting requirements imposed on operators

1 under AS 05.15.083.

2 * Sec. 15. AS 05.15.150(a) is amended to read:

3 (a) The authority to conduct the activity authorized by this chapter is
 4 contingent upon the dedication of the net proceeds of the charitable gaming activity
 5 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants
 6 and to political, educational, civic, public, charitable, patriotic or religious uses in the
 7 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means
 8 uses benefiting persons either by bringing them under the influence of education or
 9 religion or relieving them from disease, suffering, or constraint, or by assisting them
 10 in establishing themselves in life, or by providing for the promotion of the welfare and
 11 well-being of the membership of the organization within their own community, or
 12 through aiding a political organization [CANDIDATES FOR PUBLIC OFFICE OR
 13 GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC OFFICE], or by erecting
 14 or maintaining public buildings or works, or lessening the burden on government, but
 15 does not include

16 (1) the direct contribution of proceeds of a bingo or pull-tab game
 17 to a candidate for a public office of the state or a political subdivision of the state
 18 or to that candidate's campaign organization:

19 (2) the payment of any portion of the net proceeds of the charitable
 20 gaming activity to a lobbyist registered under AS 24.45: or

21 (3) the erection, acquisition, improvement, maintenance, or repair of
 22 real, personal, or mixed property unless it is used exclusively for one or more of the
 23 permitted uses [STATED].

24 * Sec. 16. AS 05.15.160 is amended by adding new subsections to read:

25 (c) The total amount of authorized expenses that may be incurred under (a) of
 26 this section in connection with a pull-tab activity may not exceed 70 percent of the
 27 adjusted gross income from that pull-tab activity.

28 (d) The total amount of authorized expenses that may be incurred under (a) of
 29 this section in connection with any gaming activity other than pull-tabs may not exceed
 30 90 percent of the adjusted gross income from that gaming activity.

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

Handwritten notes:
 Amendment 3
 10/1/07

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

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

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

10 (3) becomes disqualified to participate in charitable gaming as provided
 11 in AS 05.15.105; for the purposes of this paragraph, a permittee, licensee, or vendor
 12 that is not a natural person is considered convicted if an owner or manager of the
 13 permittee, licensee, or vendor is convicted; or

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

18 (5) gives or acts upon any inside information on the status of the prizes
 19 awarded or to be awarded in a pull-tab game.

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

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

26 (d) The total value of door prizes offered or awarded under authority of a
 27 permit issued to a municipality or qualified organization under this chapter or under
 28 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or
 29 \$240,000 a year.

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

31 (e) The total value of all door prizes offered or awarded at a single facility or

1 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A
2 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed
3 \$20,000 a month or \$240,000 a year.

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

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

14 * Sec. 21. AS 05.15.181(a) is amended to read:

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

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

20 (e) A distributor may not

- 21 (1) take an order for the purchase of a pull-tab series from a vendor;
22 (2) sell a pull-tab series to a vendor; or
23 (3) deliver a pull-tab series to a vendor.

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

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

1 a multiple-beneficiary permit.

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

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

7 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50
8 or more to a person with a pull-tab card entitling the person to that prize unless the
9 person signs a receipt for the prize and returns the receipt to the permittee, operator,
10 or vendor. The receipt must be in a form approved by the department.

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

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

18 (b) Upon approval of the vendor registration, the department shall issue an
19 endorsement to the permittee's permit that authorizes the conduct of pull-tab sales at
20 that vendor location.

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

27 (d) A separate endorsement shall be issued for each vendor location. The
28 permittee shall inform the department when a vendor with whom the permittee is
29 contracting changes the physical location at which pull-tabs are sold, and shall return
30 to the department all copies of a permit endorsed to a vendor that is no longer selling
31 pull-tabs on behalf of the permittee. Failure to inform the department of a change in

1 vendor location, or to return the endorsed copies of a permit to the department after
2 a vendor change, may constitute grounds for the suspension or revocation of a
3 permittee's permit.

4 (e) At the time that a permittee annually renews its permit, it shall also renew
5 the registration of all locations where a vendor is selling pull-tabs on the permittee's
6 behalf and shall pay a registration fee of \$50 for each vendor location.

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

12 (g) A person other than a permittee's member-in-charge, may not directly
13 supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the
14 permittee.

15 (h) If a permittee contracts with a vendor under (a) of this section, the contract
16 must provide that the permittee shall receive no less than 50 percent of the ideal net.

17 (i) An amount equal to the ideal net less the compensation owed to the vendor
18 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series
19 to the vendor for sale. The amount required to be paid by the vendor shall be paid by
20 check and the check may not be drawn in a manner that the payee is not identified.

21 (j) An operator may not contract with or use a vendor to sell pull-tabs.

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

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

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

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

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

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

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

15 * Sec. 28. AS 05.15.210(27) is amended to read:

16 (27) "political organization" means a political party as defined in
17 AS 15.60.010 or an organization or club organized under or formally affiliated with
18 a political party [AS DEFINED IN AS 15.60.010];

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

20 (36) "fund raiser or consultant" means a person who provides advice
21 or technical assistance in support of or concerning the conduct of gaming activities
22 under this chapter, whether the person is or is not an employee of a licensee;

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

26 (38) "managerial or supervisory capacity" means that the employee

27 (A) is responsible for gaming receipts;

28 (B) has the authority to hire employees or to dismiss or
29 otherwise discipline them;

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

31 (D) is responsible for keeping the accounts for activities under

1 this chapter,

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

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

5 (39) "permittee" means a municipality or a qualified organization that
6 holds a valid permit under AS 05.15.100;

7 (40) "vendor" means a business whose primary activity is not regulated
8 by this chapter but that

9 (A) is engaged in the sale of pull-tabs on behalf of a permittee;

10 (B) holds a business license under AS 43.70; and

11 (C) is an establishment holding a beverage dispensary license
12 under AS 04.11.090 that

13 (i) has not been designated by the Alcoholic Beverage
14 Control Board under AS 04.16.049(a)(2) - (3);

15 (ii) has not been exempted by the Department of Labor
16 under AS 23.10.355; or

17 (iii) if the establishment is a hotel, motel, resort, or
18 similar business that caters to the traveling public as a substantial part
19 of its business, does not allow the sale of pull-tabs in a dining room,
20 banquet room, guest room, or other public areas other than a room in
21 which there is regularly maintained a fixed counter or service bar at
22 which alcoholic beverages are sold or served to members of the public
23 for consumption.

24 * Sec. 30. AS 05.15.122(c), 05.15.122(d), and 05.15.140(c) are repealed.

25 * Sec. 31. Except for secs. 12 and 16 of this Act, this Act takes effect immediately under
26 AS 01.10.070(c).

27 * Sec. 32. Sections 12 and 16 of this Act take effect January 1, 1994.

AMENDMENT

OFFERED IN THE SENATE

BY Pearce

TO: CSSB-76 ~~(JUD)~~ (FIN)

Reg of Div of Gaming

Page 2, line 17:

Add a new section to read:

"* Section 1. SHORT TITLE. This Act may be known as the Gaming Reform Act 1993."

Renumber the remaining sections accordingly.

SENATE FINANCE
COMMITTEE

Amendment Number: ①
Bill Number: SB 76
Sponsor: _____ Date: 4/10/93
Logged In By: (Bm)

adopted
Rescind
4-17-93

8-LS0279AM
Luckhaupt
4/9/93

CS FOR SENATE BILL NO. 76()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR PEARCE

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; allowing permittees to contract with
2 vendors to sell pull-tabs on behalf of the permittee at establishments with liquor
3 licenses; restricting the purchase of pull-tabs by certain persons; preventing
4 persons with felony convictions or convictions for crimes involving theft or
5 dishonesty or a violation of gambling laws from being involved in charitable
6 gaming activities as a permittee, licensee, vendor, person responsible for an
7 activity, fund raiser or consultant of a licensee, or employee in a managerial or
8 supervisory capacity and providing exceptions for certain persons whose convictions
9 are at least 10 years old and are not for violation of an unclassified felony
10 described in AS 11, a class A felony, or extortion; relating to multiple-beneficiary
11 charitable gaming permits and door prizes for charitable gaming; requiring
12 operators to pay permittees each quarter at least 30 percent of the adjusted gross

1 income from a pull-tab activity and limiting operators to expenses of not more
2 than 70 percent of the adjusted gross income from that activity; requiring
3 operators to pay permittees each quarter at least 10 percent of the adjusted gross
4 income from a charitable gaming activity other than pull-tabs and limiting
5 operators to expenses of not more than 90 percent of the adjusted gross income
6 from that activity; requiring a vendor contracting with a permittee to pay the
7 permittee at least 50 percent of the ideal net for each pull-tab series delivered
8 to the vendor by the permittee; requiring that operators report an adjusted gross
9 income of at least 15 percent of gross income each quarter; prohibiting the direct
10 contribution of proceeds of a bingo or pull-tab game to a candidate for a public
11 office of the state or a political subdivision of the state or to that candidate's
12 campaign organization; prohibiting the payment of any portion of the net proceeds
13 of a charitable gaming activity to a registered lobbyist; relating to 'political uses'
14 and 'political organizations' as those terms are used in the charitable gaming
15 statutes; and providing for an effective date."

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

17 * Section 1. AS 05.15.060 is amended to read:

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

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

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

1 or groups;

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

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

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

10 (6) the licensing and regulation of pull-tab ticket dispensing
11 machines required by AS 05.15.188 [EXCLUSION FROM PARTICIPATION AS A
12 PERMITTEE, LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF
13 A PERSON CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY
14 WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME
15 INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
16 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW];

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

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

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

29 (10) the disposition of funds in possession of a permittee, [OR] a
30 person, municipality, or qualified organization that possesses an operator's license, or
31 a registered vendor at the time a permit, [OR] a license, or a vendor registration

1 is surrendered, revoked, or invalidated;

2 (11) restrictions on the participation by employees of the Department
3 of Fish and Game in salmon classics; and in king salmon classics, and by employees
4 of Douglas ~~MASS~~ Pink and Chum in king salmon classics;

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

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

8 (b) Regulations adopted by the department under this section relating to
9 charitable gaming activity involving pull-tabs shall, to the extent permitted by this
10 chapter, be consistent with the standards on pull-tabs of the North American Gaming
11 Regulators Association, as amended from time to time.

12 * Sec. 3. AS 05.15.070 is amended to read:

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

18 * Sec. 4. AS 05.15.100 is amended by adding a new subsection to read:

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

24 * Sec. 5. AS 05.15 is amended by adding a new section to read:

25 Sec. 05.15.105. PERSONS PROHIBITED FROM INVOLVEMENT;
26 EXCEPTIONS. (a) If a person has been convicted of a violation of a law of this state
27 that is, or a law or ordinance of another jurisdiction that would be if it had been
28 committed in this state, a felony, or a violation of a law or ordinance of this state or
29 another jurisdiction that is a crime involving theft or dishonesty or a violation of
30 gambling laws

31 (1) the department may not issue a license to the person;

1 (2) the department may not issue a license to, or register as a vendor,
2 an applicant who employs the person in a managerial or supervisory capacity or uses
3 the person as a fund raiser or consultant;

4 (3) the department may not issue a permit for an activity if the person
5 is responsible for the operation of the activity;

6 (4) the person may not be employed in a managerial or supervisory
7 capacity by a licensee or vendor or used as a fund raiser or consultant by a licensee
8 or vendor;

9 (5) the person may not participate in charitable gaming as a permittee,
10 licensee, or vendor.

11 (b) The department shall adopt regulations that provide that a disqualification
12 of a person under (a) of this section based upon a conviction of that person for a
13 violation

14 (1) of a law of this state that is, or a law or ordinance of another
15 jurisdiction that would be if it was committed in this state, a class B felony other than
16 extortion, a class C felony, or an unclassified felony described outside of AS 11, and
17 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates
18 10 years after the person's conviction;

19 (2) of a law or ordinance of this state or another jurisdiction that is a
20 crime involving theft or dishonesty or a violation of gambling laws, and that is not,
21 or would not be if it was committed in this state, an unclassified felony described in
22 AS 11, a class A felony, or extortion, terminates 10 years after the person's conviction,
23 if the department determines that the

24 (A) person is of good character, honesty, and integrity; and

25 (B) person's involvement in charitable gaming is not against the
26 public interest.

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

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

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

2 (b) The member in charge is responsible for preparation, maintenance, and
3 transmittal of all records and reports required of the permittee. The member in charge
4 shall be a member of the qualified organization or the board of directors of the
5 qualified organization or an employee of the municipality. In the case of a multiple-
6 beneficiary permit, the member in charge shall be a member of one of the
7 qualified organizations or the board of directors of one of the qualified
8 organizations or an employee of one of the municipalities.

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

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

13 * Sec. 9. AS 05.15.115(d) is amended to read:

14 (d) A permittee shall submit by certified mail to the department for approval
15 a copy of each contract with an operator with whom the permittee contracts to conduct
16 activities subject to this chapter. The contract must meet the requirements of this
17 section. The department shall approve or disapprove the contract. If the
18 contract is disapproved, reasons for the disapproval shall be provided in writing
19 to the permittee. Activities may not be conducted under the contract before the
20 contract is approved. Subsequent amendments to an approved contract do not
21 take effect until the amendments are approved by the department [THE
22 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE
23 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY
24 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE
25 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

26 * Sec. 10. AS 05.15.124 is amended to read:

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

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

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

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

4 (2) pay to each authorizing permittee for each quarter [TWO
5 CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as
6 determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]
7 percent of the adjusted gross income, as determined under (1) of this subsection, from
8 a gaming activity other than pull-tabs, received from activities conducted on behalf
9 of the authorizing permittee.

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

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

14 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR]
15 a violation of a law of this state that is, or a law or ordinance of another state that
16 would be if committed in this state, an unclassified felony described in AS 11, a
17 Class A felony, extortion, or a violation of a law or ordinance of this state or
18 another jurisdiction that is [WITHIN THE PRECEDING FIVE YEARS, OR
19 CONVICTED OF] a crime involving theft or dishonesty or [OF] a violation of [A
20 MUNICIPAL, STATE, OR FEDERAL] gambling laws [LAW]; or

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

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

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

1 may be issued or renewed.

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

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

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

15 * Sec. 14. AS 05.15.150(a) is amended to read:

16 (a) The authority to conduct the activity authorized by this chapter is
17 contingent upon the dedication of the net proceeds of the charitable gaming activity
18 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants
19 and to political, educational, civic, public, charitable, patriotic or religious uses in the
20 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means
21 uses benefiting persons either by bringing them under the influence of education or
22 religion or relieving them from disease, suffering, or constraint, or by assisting them
23 in establishing themselves in life, or by providing for the promotion of the welfare and
24 well-being of the membership of the organization within their own community, or
25 through aiding a political organization [CANDIDATES FOR PUBLIC OFFICE OR
26 GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC OFFICE], or by erecting
27 or maintaining public buildings or works, or lessening the burden on government, but
28 does not include

29 (1) the direct contribution of proceeds of a bingo or pull-tab game
30 to a candidate for a public office of the state or a political subdivision of the state
31 or to that candidate's campaign organization;

1 (2) the payment of any portion of the net proceeds of the charitable
2 gaming activity to a lobbyist registered under AS 24.45; or

3 (3) the erection, acquisition, improvement, maintenance, or repair of
4 real, personal, or mixed property unless it is used exclusively for one or more of the
5 permitted uses [STATED].

6 * Sec. 15. AS 05.15.160 is amended by adding new subsections to read:

7 (c) The total amount of authorized expenses that may be incurred under (a) of
8 this section in connection with a pull-tab activity may not exceed 70 percent of the
9 adjusted gross income from that pull-tab activity.

10 (d) The total amount of authorized expenses that may be incurred under (a) of
11 this section in connection with any gaming activity other than pull-tabs may not exceed
12 90 percent of the adjusted gross income from that gaming activity.

13 * Sec. 16. AS 05.15.170 is repealed and reenacted to read:

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

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

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

23 (3) becomes disqualified to participate in charitable gaming as provided
24 in AS 05.15.105; for the purposes of this paragraph, a permittee, licensee, or vendor
25 that is not a natural person is considered convicted if an owner or manager of the
26 permittee, licensee, or vendor is convicted; or

27 (4) knowingly submits false information to the department or, in the
28 case of a registered vendor, to a permittee when the vendor knows that the false
29 information will be submitted to the department as part of an application for
30 registration;

31 (5) gives or acts upon any inside information on the status of the prizes

1 awarded or to be awarded in a pull-tab game.

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

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

8 (d) The total value of door prizes offered or awarded under authority of a
9 permit issued to a municipality or qualified organization under this chapter or under
10 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or
11 \$240,000 a year.

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

13 (e) The total value of all door prizes offered or awarded at a single facility or
14 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A
15 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed
16 \$20,000 a month or \$240,000 a year.

17 * Sec. 19. AS 05.15.180(g) is amended to read:

18 (g) A municipality or a qualified organization may award a maximum of
19 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if
20 a municipality or a qualified organization contracts with an operator to conduct on its
21 behalf activities authorized under this chapter, the municipality or qualified
22 organization may award a maximum of \$500,000 in prizes each year. The holders of
23 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in
24 prizes each year of \$1,000,000 times the number of holders of the permit for
25 activities authorized under this chapter. In this subsection "activities authorized
26 under this chapter" means all activities subject to this chapter other than bingo.

27 * Sec. 20. AS 05.15.181(a) is amended to read:

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

1 * **Sec. 21.** AS 05.15.183 is amended by adding a new subsection to read:

2 (e) A distributor may not

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

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

5 (3) deliver a pull-tab series to a vendor.

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

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

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

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

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

24 (j) Notwithstanding (b) of this section, the department shall permit a permittee
25 that is a noncommercial broadcasting station or network of such stations to sell a pull-
26 tab series at more than one location during the same day. In this subsection,
27 "noncommercial broadcasting station" means a radio or television station that is
28 licensed by the Federal Communications Commission to a governmental entity or to
29 an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3) (Internal
30 Revenue Code).

31 * **Sec. 24.** 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
2 PERMITTEES; VENDOR REGISTRATION. (a) A permittee may contract with a
3 vendor to sell pull-tabs on behalf of the permittee, if the permittee first registers the
4 vendor with the department by applying for registration on a form prescribed by the
5 department and by submitting the registration fee of \$50 for each location at which the
6 vendor will sell pull-tabs.

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

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

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

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

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

1 (g) A person, other than a permittee's member-in-charge, may not directly
2 supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the
3 permittee.

4 (h) If a permittee contracts with a vendor under (a) of this section, the contract
5 must provide that the permittee shall receive no less than 50 percent of the ideal net.

6 (i) An amount equal to the ideal net less the compensation owed to the vendor
7 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series
8 to the vendor for sale. The amount required to be ~~paid~~ by the vendor shall be paid by
9 check and the check may not be drawn in a manner that the payee is not identified.

10 (j) An operator may not contract with or use a vendor to sell pull-tabs.

11 (k) Pull-tabs may be sold by a vendor under this section through a pull-tab
12 ticket dispensing machine authorized by the department under AS 05.15.060. The
13 department may require by regulation that all pull-tab sales by a vendor be through a
14 ticket dispensing machine.

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

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

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

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

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

8 * Sec. 27. AS 05.15.210(27) is amended to read:

9 (27) "political organization" means a political party as defined in
10 AS 15.60.010 or an organization or club organized under or formally affiliated with
11 a political party [AS DEFINED IN AS 15.60.010];

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

13 (36) "fund raiser or consultant" means a person who provides advice
14 or technical assistance in support of or concerning the conduct of gaming activities
15 under this chapter, whether the person is or is not an employee of a licensee;

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

19 (38) "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
22 otherwise discipline them;

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

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

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

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

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

31 (40) "vendor" means a business whose primary activity is not regulated

1 by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,
2 holds a business license under AS 43.70, and is an establishment licensed under
3 AS 04.11.

4 * Sec. 29. AS 05.15.122(c), 05.15.122(d), and 05.15.140(c) are repealed.

5 * Sec. 30. Except for secs. 11 and 15 of this Act, this Act takes effect immediately under
6 AS 01.10.070(c).

7 * Sec. 31. Sections 11 and 15 of this Act take effect January 1, 1994.

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

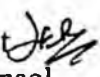
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 17, 1993

SUBJECT: Sectional Summary of CSSB 76(), draft, dated 4/16/93 (Work Order No. 8-LS0279\S)

TO: Senator Drue Pearce

FROM: Jerry Luckhaupt 
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.

Section 1 of the bill provides a short title.

Sections 2, 4, 11, 22, 25, 27, and 29 of the bill deal with allowing permittees (charitable organizations) to contract with vendors, defined in sec. 29 of the bill, to sell pull-tabs for the permittee through an endorsement of the charitable organization's permit. Section 25 is the "meat" of this area of the bill.

Sections 2, 5, 7, 8, 9, 14, 18, 19, 20, and 23 deal with multiple-permittee charitable gaming. These sections permit up to six charitable organizations or municipalities to join together to provide charitable gaming. Sections 5 and 14 are the substantive portion of these sections.

Section 3 of the bill requires that the Department of Commerce and Economic Development's regulations meet the standards set by the North American Gaming Regulators Association.

Sections 6, 13, and 29 of the bill relate to what criminal convictions disable someone from working in charitable gaming. These sections also provide an exemption for people with certain convictions when those convictions are ten years old.

Section 10 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

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FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

April 6, 1993

SUBJECT: Sectional Summary of CSSB 76 (JUD) (Work Order No. 8-LS0279\D)

TO: Senator Drue Pearce

FROM: Jerry Luckhaupt *JL*
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.

Sections 1, 3, 10, 21, 24, 26, and 28 of the bill deal with allowing permittees (charitable organizations) to contract with vendors, defined in sec. 28 of the bill, to sell pull-tabs for the permittee through an endorsement of the charitable organization's permit. Section 24 is the "meat" of this area of the bill.

Sections 1, 4, 6, 7, 8, 13, 17, 18, 19, and 22 deal with multiple-permittee charitable gaming. These sections permit up to six charitable organizations or municipalities to join together to provide charitable gaming. Sections 4 and 13 are the substantive portion of these sections.

Section 2 of the bill requires that the Department of Commerce and Economic Development's regulations meet the standards set by the North American Gaming Regulators Association.

Sections 5, 12, and 28 of the bill relate to what criminal convictions disable someone from working in charitable gaming. These sections also provide an exemption for people with certain convictions when those convictions are ten years old.

Section 9 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

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130 Seward Street, Suite 409
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Section 10 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

Senator Drue Pearce
April 17, 1993
Page 2

Sections 12, 16, and 30 of the bill deal with increasing the percentage that operators must pay to permittees for a pull-tab activity from 15 percent to 40 percent of adjusted gross income and decreasing the percentage that must be paid for a nonpull-tab activity from 15 percent to 10 percent of adjusted gross income.

Sections 15 and 28 of the bill deal with what is a charitable use to which gaming proceeds may be put and what is a political organization.

Sections 17 and 26 of the bill deal with procedures for the revocation and regulation of licenses, permits, and registrations.

Section 21 of the bill requires the licensing of out-of-state manufacturers of pull-tabs.

Section 24 of the bill limits permittees, licensees, and vendors from purchasing their own pull-tabs and requires receipts for prizes of \$50 or more in pull-tab games.

Section 30 of the bill provides repealers.

Sections 31 and 32 of the bill are effective dates.

GPL:lmb
93-121.lmb

DIVISION OF LEGAL SERVICES

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FAX (907) 465-2029
Mail Stop 3101

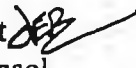
130 Seward Street, Suite 409
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MEMORANDUM

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Senator Drue Pearce
April 6, 1993
Page 2

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Sections 14 and 27 of the bill deal with what is a charitable use to which gaming proceeds may be put and what is a political organization.

Sections 16 and 25 of the bill deal with procedures for the revocation and regulation of licenses, permits, and registrations.

Section 20 of the bill requires the licensing of out-of-state manufacturers of pull-tabs.

Section 23 of the bill allows public broadcasters to sell pull-tabs in more than one location and limits permittees, licensees, and vendors from purchasing their own pull-tabs.

Section 29 of the bill provides repealers.

Sections 30 and 31 of the bill are effective dates.

GPL:mi
93-061.mai

Alaska State Legislature

During Interim:
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Anchorage, AK 99503-3925
(907) 561-2038
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Senator Drue Pearce District F

Sponsor Statement for CS for Senate Bill 76 (Fin)

The Gambling Limitation Act of 1993

There are many rumors about this legislation. It is my intent to first set the record straight. The bill I originally introduced does two things.

- 1) It prevents criminal elements from gaining a foothold in Alaskan gaming by denying some felons access and controlling the access of others.
- 2) It increases the amount of money that charities receive from the operation of their gaming permits by preventing the current diversion of money away from genuine charitable causes. It prohibits net proceeds from being used as direct political contributions.
- 3) The Finance CS adds:
 - a) a prohibition against using net proceeds to pay registered lobbyists.
 - b) third party vendor language. This language permissively allows charitable organizations direct profitable alternatives to placing their permits with "for profit" operators. Permittees who operate their own permits often double their net proceeds. The bill allows permittees to contract with vendors to sell pull-tabs for the permittee.
 - c) multiple beneficiary permit language. This language allows the Department to issue permits authorizing 2 to 6 permittees to jointly operate their permits. This benefits permittees who band together by allowing them to hire a management team to run their games that is answerable only to them. They would have direct hire and fire authority.

One operator who represented a group of charities is The Sport Shoppe located here in Juneau. This operator successfully operated and returned 40% or more to his permittees. The permittees using this permit are the Gastineau Channel Little League, American Legion Post 25, Juneau Soccer League, Juneau, Ski Club, and

Big Brothers & Sisters. This is an example of the return that can routinely be attained if multiple beneficiary permits are allowed.

- d) a requirement for the Department of Commerce to approve contracts between operators and permittees.
- e) language that allows the Department to revoke a permit, license, or vendor registration upon proof that insider information was given or acted upon.
- f) A requirement that the Department shall license out-of-state manufacturers of pull tabs.

To return to the concept of third party vendors, there are those who would say that this is a dramatic expansion of gaming in Alaska. I would like to respond that this Committee Substitute will drastically restrict the number of third party vendor locations to those facilities that have a beverage dispensary license that has not been designated by the Alcohol Beverage Control Board as a restaurant. Pull-tabs could not be sold in the section of this facility accessible to minors. This is not an expansion of gaming activities.

Opponents to this legislation are currently spreading deliberate disinformation in an attempt to stop this bill. As an example, please turn your attention to the "Alert -- Alert -- Alert" fax sent to all charitable gaming permit holders by the Alaska Charitable Games Association, Inc. or the transcript of a radio ad recently aired that is contained in Commissioner Paul Fuhs' press release.

This bill does not expand gambling in Alaska. This bill does not put genuine charitable organizations out of business. It does not set unrealistic minimum returns to charities. It does not eliminate genuine charities from holding permits. Rather, it increases by 100% pull tab receipts to charities. Every nonprofit now eligible stays eligible. They can even make more money by being direct operators.

This disinformation is a deliberate attempt by a particular organization, whose permit holders are a matter of public record, to stop a reform bill. They cannot tell the truth - so they lie!

They are my best exhibit!

I have restricted Vendors to those establishments that have a beverage dispensary license. The Alcohol Beverage Control Board designates some of these licensed premises as restaurants. They would only be allowed to sell pull-tabs in those areas that are off limits to minors.

Fraternal organizations would also be excluded from being vendors, but they still would be allowed to sell pull-tabs under the existing permittee arraignment

Licenses and Permits issued by the Alcohol Beverage Control Board

- 1) Beverage Dispensary License (all types of alcohol)
- 2) Duplicate Beverage Dispensary License for Additional Rooms
- 3) Restaurant or Eating Place License (wine & beer)
- 4) Club License (Fraternal Clubs)
- 5) Bottling Works License
- 6) Brewery License
- 7) Package Store License (Liquor Stores)
- 8) General Wholesale License
- 9) Wholesale Malt Beverage and Wine License
- 10) Distillery License
- 11) Common Carrier Dispensary License (planes, trains, boats)
- 12) Retail Stock Sale License
- 13) Recreational Site License (sporting events, sled dog races, and etc.)
- 14) Community Liquor License
- 15) Pub License (universities and colleges)
- 16) Winery License
- 17) Caterer's Permit
- 18) Special Events Permit (nonprofit fraternal, civic, or patriotic organizations)
- 19) Conditional Contractor's Permit

Gaming Bill Comparison

Provision	Senate Bill 76	CS for Senate Bill 76 (Fin)
Felony exclusions	Yes, prohibits from participation for life those individuals acting in a supervisory or managerial capacity who have been convicted of a class A felony, or a crime involving theft, dishonesty or a violation of gambling laws. It provides for some departmental discretion for some lesser crimes after 10 years have passed.	Yes, same.
Campaign contributions	Yes, prohibits the use of net proceeds for direct campaign contributions.	Yes, same.
Lobbyist fees	No	Yes, prohibits the use of net proceeds for any type of payment to registered lobbyists.
Third party vendors	No	Yes, allows permittees to contract directly with third party vendors to sell pull-tabs for them. The permittee receives a 50% return immediately upon giving the vendor the pull-tabs. Operators currently can give the permittee a return as low as 15%.
Multiple beneficiary permits	No	Yes, allows permittees to band together to operate their permits jointly, using a management team that is answerable solely to the permittees. This allows economies of scale to benefit the permittees.
Departmental approval of contracts	No	Yes, requires the Department to approve contracts between operators and permittees.

Prohibit insider information	No	Yes, allows the Department to revoke, for a period of one year, the permit of an operator, vendor, or permittee upon proof that inside information about the game was given or acted upon.
Licensing out of State pull-tabs manufacturers	No	Yes, mandates that pull-tab manufacturers must be licensed by the Department before they can sell pull-tabs within the state.
Percentage return to charities	15% from total operations for two consecutive quarters	30% from pull-tabs 10% from all other operations

8-LS0279AM
Luckhaupt
4/9/93

CS FOR SENATE BILL NO. 76()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): SENATOR PEARCE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; allowing permittees to contract with
2 vendors to sell pull-tabs on behalf of the permittee at establishments with liquor
3 licenses; restricting the purchase of pull-tabs by certain persons; preventing
4 persons with felony convictions or convictions for crimes involving theft or
5 dishonesty or a violation of gambling laws from being involved in charitable
6 gaming activities as a permittee, licensee, vendor, person responsible for an
7 activity, fund raiser or consultant of a licensee, or employee in a managerial or
8 supervisory capacity and providing exceptions for certain persons whose convictions
9 are at least 10 years old and are not for violation of an unclassified felony
10 described in AS 11, a class A felony, or extortion; relating to multiple-beneficiary
11 charitable gaming permits and door prizes for charitable gaming; requiring
12 operators to pay permittees each quarter at least 30 percent of the adjusted gross

1 income from a pull-tab activity and limiting operators to expenses of not more
2 than 70 percent of the adjusted gross income from that activity; requiring
3 operators to pay permittees each quarter at least 10 percent of the adjusted gross
4 income from a charitable gaming activity other than pull-tabs and limiting
5 operators to expenses of not more than 90 percent of the adjusted gross income
6 from that activity; requiring a vendor contracting with a permittee to pay the
7 permittee at least 50 percent of the ideal net for each pull-tab series delivered
8 to the vendor by the permittee; requiring that operators report an adjusted gross
9 income of at least 15 percent of gross income each quarter; prohibiting the direct
10 contribution of proceeds of a bingo or pull-tab game to a candidate for a public
11 office of the state or a political subdivision of the state or to that candidate's
12 campaign organization; prohibiting the payment of any portion of the net proceeds
13 of a charitable gaming activity to a registered lobbyist; relating to 'political uses'
14 and 'political organizations' as those terms are used in the charitable gaming
15 statutes; and providing for an effective date."

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

17 * Section 1. AS 05.15.060 is amended to read:

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

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

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

1 or groups;

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

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

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

10 (6) the licensing and regulation of pull-tab ticket dispensing
11 machines required by AS 05.15.188 [EXCLUSION FROM PARTICIPATION AS A
12 PERMITTEE, LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF
13 A PERSON CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY
14 WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME
15 INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
16 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW];

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

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

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

29 (10) the disposition of funds in possession of a permittee, [OR] a
30 person, municipality, or qualified organization that possesses an operator's license, or
31 a registered vendor at the time a permit, [OR] a license, or a vendor registration

1 is surrendered, revoked, or invalidated;

2 (11) restrictions on the participation by employees of the Department
3 of Fish and Game in salmon classics; and in king salmon classics, and by employees
4 of Douglas Island Pink and Chum in king salmon classics;

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

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

8 (b) Regulations adopted by the department under this section relating to
9 charitable gaming activities involving pull-tabs shall, to the extent permitted by this
10 chapter, be consistent with the standards on pull-tabs of the North American Gaming
11 Regulators Association, as amended from time to time.

12 * Sec. 3. AS 05.15.070 is amended to read:

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

18 * Sec. 4. AS 05.15.100 is amended by adding a new subsection to read:

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

24 * Sec. 5. AS 05.15 is amended by adding a new section to read:

25 Sec. 05.15.105. PERSONS PROHIBITED FROM INVOLVEMENT;
26 EXCEPTIONS. (a) If a person has been convicted of a violation of a law of this state
27 that is, or a law or ordinance of another jurisdiction that would be if it had been
28 committed in this state, a felony, or a violation of a law or ordinance of this state or
29 another jurisdiction that is a crime involving theft or dishonesty or a violation of
30 gambling laws

31 (1) the department may not issue a license to the person;

1 (2) the department may not issue a license to, or register as a vendor,
2 an applicant who employs the person in a managerial or supervisory capacity or uses
3 the person as a fund raiser or consultant;

4 (3) the department may not issue a permit for an activity if the person
5 is responsible for the operation of the activity;

6 (4) the person may not be employed in a managerial or supervisory
7 capacity by a licensee or vendor or used as a fund raiser or consultant by a licensee
8 or vendor;

9 (5) the person may not participate in charitable gaming as a permittee,
10 licensee, or vendor.

11 (b) The department shall adopt regulations that provide that a disqualification
12 of a person under (a) of this section based upon a conviction of that person for a
13 violation

14 (1) of a law of this state that is, or a law or ordinance of another
15 jurisdiction that would be if it was committed in this state, a class B felony other than
16 extortion, a class C felony, or an unclassified felony described outside of AS 11, and
17 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates
18 10 years after the person's conviction;

19 (2) of a law or ordinance of this state or another jurisdiction that is a
20 crime involving theft or dishonesty or a violation of gambling laws, and that is not,
21 or would not be if it was committed in this state, an unclassified felony described in
22 AS 11, a class A felony, or extortion, terminates 10 years after the person's conviction,
23 if the department determines that the

24 (A) person is of good character, honesty, and integrity; and

25 (B) person's involvement in charitable gaming is not against the
26 public interest.

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

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

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

2 (b) The member in charge is responsible for preparation, maintenance, and
3 transmittal of all records and reports required of the permittee. The member in charge
4 shall be a member of the qualified organization or the board of directors of the
5 qualified organization or an employee of the municipality. In the case of a multiple-
6 beneficiary permit, the member in charge shall be a member of one of the
7 qualified organizations or the board of directors of one of the qualified
8 organizations or an employee of one of the municipalities.

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

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

13 * Sec. 9. AS 05.15.115(d) is amended to read:

14 (d) A permittee shall submit by certified mail to the department for approval
15 a copy of each contract with an operator with whom the permittee contracts to conduct
16 activities subject to this chapter. The contract must meet the requirements of this
17 section. The department shall approve or disapprove the contract. If the
18 contract is disapproved, reasons for the disapproval shall be provided in writing
19 to the permittee. Activities may not be conducted under the contract before the
20 contract is approved. Subsequent amendments to an approved contract do not
21 take effect until the amendments are approved by the department [THE
22 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE
23 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY
24 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE
25 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

26 * Sec. 10. AS 05.15.124 is amended to read:

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

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

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

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

4 (2) pay to each authorizing permittee for each quarter [TWO
5 CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as
6 determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]
7 percent of the adjusted gross income, as determined under (1) of this subsection, from
8 a gaming activity other than pull-tabs, received from activities conducted on behalf
9 of the authorizing permittee.

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

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

14 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR]
15 a violation of a law of this state that is, or a law or ordinance of another state that
16 would be if committed in this state, an unclassified felony described in AS 11, a
17 Class A felony, extortion, or a violation of a law or ordinance of this state or
18 another jurisdiction that is [WITHIN THE PRECEDING FIVE YEARS, OR
19 CONVICTED OF] a crime involving theft or dishonesty or [OF] a violation of [A
20 MUNICIPAL, STATE, OR FEDERAL] gambling laws [LAW]; or

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

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

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

1 may be issued or renewed.

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

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

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

15 * Sec. 14. AS 05.15.150(a) is amended to read:

16 (a) The authority to conduct the activity authorized by this chapter is
17 contingent upon the dedication of the net proceeds of the charitable gaming activity
18 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants
19 and to political, educational, civic, public, charitable, patriotic or religious uses in the
20 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means
21 uses benefiting persons either by bringing them under the influence of education or
22 religion or relieving them from disease, suffering, or constraint, or by assisting them
23 in establishing themselves in life, or by providing for the promotion of the welfare and
24 well-being of the membership of the organization within their own community, or
25 through aiding a political organization [CANDIDATES FOR PUBLIC OFFICE OR
26 GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC OFFICE], or by erecting
27 or maintaining public buildings or works, or lessening the burden on government, but
28 does not include

29 (1) the direct contribution of proceeds of a bingo or pull-tab game
30 to a candidate for a public office of the state or a political subdivision of the state
31 or to that candidate's campaign organization;

1 (2) the payment of any portion of the net proceeds of the charitable
2 gaming activity to a lobbyist registered under AS 24.45; or

3 (3) the erection, acquisition, improvement, maintenance, or repair of
4 real, personal, or mixed property unless it is used exclusively for one or more of the
5 permitted uses [STATED].

6 * **Sec. 15.** AS 05.15.160 is amended by adding new subsections to read:

7 (c) The total amount of authorized expenses that may be incurred under (a) of
8 this section in connection with a pull-tab activity may not exceed 70 percent of the
9 adjusted gross income from that pull-tab activity.

10 (d) The total amount of authorized expenses that may be incurred under (a) of
11 this section in connection with any gaming activity other than pull-tabs may not exceed
12 90 percent of the adjusted gross income from that gaming activity.

13 * **Sec. 16.** AS 05.15.170 is repealed and reenacted to read:

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

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

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

23 (3) becomes disqualified to participate in charitable gaming as provided
24 in AS 05.15.105; for the purposes of this paragraph, a permittee, licensee, or vendor
25 that is not a natural person is considered convicted if an owner or manager of the
26 permittee, licensee, or vendor is convicted; or

27 (4) knowingly submits false information to the department or, in the
28 case of a registered vendor, to a permittee when the vendor knows that the false
29 information will be submitted to the department as part of an application for
30 registration;

31 (5) gives or acts upon any inside information on the status of the prizes

1 awarded or to be awarded in a pull-tab game.

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

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

8 (d) The total value of door prizes offered or awarded under authority of a
9 permit issued to a municipality or qualified organization under this chapter or under
10 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or
11 \$240,000 a year.

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

13 (e) The total value of all door prizes offered or awarded at a single facility or
14 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A
15 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed
16 \$20,000 a month or \$240,000 a year.

17 * Sec. 19. AS 05.15.180(g) is amended to read:

18 (g) A municipality or a qualified organization may award a maximum of
19 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if
20 a municipality or a qualified organization contracts with an operator to conduct on its
21 behalf activities authorized under this chapter, the municipality or qualified
22 organization may award a maximum of \$500,000 in prizes each year. The holders of
23 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in
24 prizes each year of \$1,000,000 times the number of holders of the permit for
25 activities authorized under this chapter. In this subsection "activities authorized
26 under this chapter" means all activities subject to this chapter other than bingo.

27 * Sec. 20. AS 05.15.181(a) is amended to read:

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

1 * Sec. 21. AS 05.15.183 is amended by adding a new subsection to read:

2 (e) A distributor may not

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

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

5 (3) deliver a pull-tab series to a vendor.

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

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

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

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

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

24 (j) Notwithstanding (b) of this section, the department shall permit a permittee
25 that is a noncommercial broadcasting station or network of such stations to sell a pull-
26 tab series at more than one location during the same day. In this subsection,
27 "noncommercial broadcasting station" means a radio or television station that is
28 licensed by the Federal Communications Commission to a governmental entity or to
29 an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3) (Internal
30 Revenue Code).

31 * Sec. 24. 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
2 PERMITTEES; VENDOR REGISTRATION. (a) A permittee may contract with a
3 vendor to sell pull-tabs on behalf of the permittee, if the permittee first registers the
4 vendor with the department by applying for registration on a form prescribed by the
5 department and by submitting the registration fee of \$50 for each location at which the
6 vendor will sell pull-tabs.

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

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

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

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

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

1 (g) A person, other than a permittee's member-in-charge, may not directly
2 supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the
3 permittee.

4 (h) If a permittee contracts with a vendor under (a) of this section, the contract
5 must provide that the permittee shall receive no less than 50 percent of the ideal net.

6 (i) An amount equal to the ideal net less the compensation owed to the vendor
7 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series
8 to the vendor for sale. The amount required to be paid by the vendor shall be paid by
9 check and the check may not be drawn in a manner that the payee is not identified.

10 (j) An operator may not contract with or use a vendor to sell pull-tabs.

11 (k) Pull-tabs may be sold by a vendor under this section through a pull-tab
12 ticket dispensing machine authorized by the department under AS 05.15.060. The
13 department may require by regulation that all pull-tab sales by a vendor be through a
14 ticket dispensing machine.

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

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

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

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

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

8 * Sec. 27. AS 05.15.210(27) is amended to read:

9 (27) "political organization" means a political party as defined in
10 AS 15.60.010 or an organization or club organized under or formally affiliated with
11 a political party [AS DEFINED IN AS 15.60.010];

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

13 (36) "fund raiser or consultant" means a person who provides advice
14 or technical assistance in support of or concerning the conduct of gaming activities
15 under this chapter, whether the person is or is not an employee of a licensee;

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

19 (38) "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
22 otherwise discipline them;

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

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

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

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

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

31 (40) "vendor" means a business whose primary activity is not regulated

1 by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,
2 holds a business license under AS 43.70, and is an establishment licensed under
3 AS 04.11.

4 * Sec. 29. AS 05.15.122(c), 05.15.122(d), and 05.15.140(c) are repealed.

5 * Sec. 30. Except for secs. 11 and 15 of this Act, this Act takes effect immediately under
6 AS 01.10.070(c).

7 * Sec. 31. Sections 11 and 15 of this Act take effect January 1, 1994.

4-10-93
Adopted

AMENDMENT

OFFERED IN THE SENATE

BY _____

TO: CSSB-76 (JUD)

Page 2, line 17:

Add a new section to read:

"* Section 1. SHORT TITLE. This Act may be known as the Gaming Reform Act 1993."

Renumber the remaining sections accordingly.

SENATE FINANCE
COMMITTEE
Amendment Number: (i)
Bill Number: SB 76
Sponsor: _____ Date: 4/10/93
Logged In By: (Bm)

April 7, 1993

Dear House Finance Committee Members:

During your recent hearings on HB 138, a gaming reform bill, Speaker Barnes requested Commissioner Paul Fuhs to provide you with a letter from me making clear my position on gaming in Alaska and proposed changes to state law.

Strictly as a moral issue, I do not believe that gambling and gaming are positive influences in society. I believe that the Alaskan people are capable of far greater achievements than profitable gaming and should continue to direct their energies toward other areas. However, realizing that gaming will continue to exist in Alaska for the short term, I believe measures exist and should be taken to improve the current situation.

In this regard, I support increasing the amount of net proceeds going to charities from gaming activities. I support getting gambling and its influences out of government, and I support increased regulation and enforcement for this industry.

Specifically, I support:

- 1. Increasing the percentage of net-gaming proceeds going to charities to 10 percent on bingo and 30 percent on pull-tabs. This change will prevent bingo losses from being written off against pull-tab revenues and will more than double the amount going to charities.*
- 2. Prohibiting net-gaming proceeds from being used for campaign contributions directly to an individual or through a political party to an individual or to pay for lobbying expenses.*
- 3. Prohibiting convicted felons from obtaining permittee or operator licenses.*

House Finance Committee Members

April 7, 1993

Page 2

- 4. Authorizing charities to contract directly with the vendor rather than going through an operator, if 50 percent of the net proceeds from pull-tabs goes to the charity at the time of delivery.*
- 5. Requiring the department to approve contracts between charities and operators to prevent abuses.*
- 6. Requiring the licensing of out-of-state pull-tab distributors and increasing the standards for pull-tabs to those required by the National American Gaming Regulatory Association.*
- 7. I also support the action of the House Finance Committee in adding \$381,000 to the Department of Revenue budget to provide for more auditing and enforcement of gaming in Alaska.*

All of these measures will help clean up the gaming industry in Alaska and will ensure that more of the money goes to legitimate charities. I urge you to adopt these measures in the House version of the bill, and move it to the floor for a vote.

With best regards.

Sincerely,

SS Walter J. Hickel

*Walter J. Hickel
Governor*

*bcc: House Speaker Ramona Barnes
Representative Carl Moses
Representative Brian Porter
Senator Steve Frank
Senator Drue Pearce
Commissioner Paul Fuhs*

*WJH/WO/DCED/BPM/pw
Gaming.ltr*

*0864/03
Gaming letter to legislature*

HIGGINS CORP.

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17 BUBBLES - TRAFFIC
Post-It™ brand fax transmittal memo 7871 # of pages 1

To: JERRY JENSEN	From: D. HIGGINS
Co. KASH	Co. HIGGINS CORP
Dept. SALES	Phone # 243-7908
Fax # 349-6801	Fax # 243-3027

TO: KASH

DATE: 4/07/93

SALES REP: JERRY JENSEN

CONTACT: DEE212

ADVERTISER: ALASKANS FOX LESS GAMING

SPECIAL INSTRUCTIONS: 6A-7P-RUN DAP

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
		7	8	9	10	11
		6x	6x			
12	13					

START DATE: 4/07
END DATE: 4/08
LENGTH: 160

Gross	\$	540.00
Agency Commission		21.00
Net	\$	459.00

"LESS" LOBBYING HARD FOR MORE

The opponents of the CSSB 76 must be getting worried that gaming reform legislation is gaining momentum in the House. The Senate has already moved the bill.

This afternoon's airwaves in Anchorage carried the following announcement paid for by "Alaskans for Less Gaming":

If you're concerned about the future of Alaska's children, please listen to this ad. In the next few days, our State Senate will vote on the bill that would dramatically increase gambling in Alaska. The bill would authorize the sale of pull-tabs in every bar. It would allow a statewide lottery to be run on public radio and t.v. And, worst of all, it would put our children at risk by legalizing gambling not just in bars, but everywhere. In every mall, in every store, and easily within the reach of our children. The impact would be devastating. But, it's not too late and you can help by calling your legislators today and letting them know you oppose Senate Bill 76 . . . that use of alcohol, gambling and children don't mix. Send a free public opinion message by calling your legislative information office today. With so much at stake, let's make sure that our legislators know we're watching and that we cared enough to call.

The "ALASKANS FOR LESS GAMBLING" bought this time. This organization has no prior recognition or standing with APOC, but is clearly engaged in the lobbying efforts to kill pending legislation, specifically CSSB 76.

You might ask "why?". This is a fascinating case of "LESS IS MORE." The company which produced the ad and bought time on at least two Anchorage radio stations is in fact the Higgins Corp, owned by Mark Higgins. This is the same Mark Higgins who has run the political campaigns of several past and currently elected officials. . . . the same Mark Higgins who was paid more than \$65,000 in 1991 to lobby for the Alaska Charitable Gaming Association (ACGA).

The ACGA is a consortium of 50 gaming operators, posing as a "charity", who contribute some of their gaming proceeds to this

association for "political, legal and lobbying" expenses.

Coincidentally, the address of the ACGA is the same as Higgins Corp and is upstairs from the Alaska Bingo Management, the largest pull-tab distributor and gaming operator in Alaska.

When the LESS phone number was checked, Higgins Corp (Debbie Higgins?) answered. The Higgins Corp voice allowed that they "sponsored" LESS.

Some operators are honorable businesses assisting in the fund-raising for true charities. ALASKANS FOR LESS GAMBLING is a very clear demonstration of charity money gone astray. The dark side is control.

Honest Alaskans who support fund-raising for true charities are at serious risk. This \$204 million industry is trying to protect itself.

This reform legislation must pass.

Authorized Games of Chance and Skill

Name of Permit Holder	Permit Number
Alaska Charitable Gaming Assn.	91-1166

**SCHEDULE D.
DONATIONS OF NET PROCEEDS**

Net proceeds from gaming activities must be dedicated within one year to the awarding of prizes, and to political, educational, civic, public, charitable, patriotic or religious uses in Alaska. (See AS 05.15.150) List below all dedications of net proceeds. Use additional pages as necessary, or any reasonable facsimile that contains all of the requested information.

RECIPIENT	PURPOSE	AMOUNT	DATE	CHECK NO.
Mark Higgins	Lobbyist	5000.00	1/14	1090
Dept. Commerce/Econ Dev.	Copying	15.00	1/15	1092
Mark Higgins	Lobbyist	5000.00	2/25	1093
Mark Higgins	Lobbyist	8000.00	3/26	1095
Mark Higgins	Lobbyist	7000.00	4/17	1096
Mark Higgins	Lobbyist	5000.00	5/07	1097
Mark Higgins	Lobbyist	5000.00	5/23	1098
Dept Commerce/Econ Dev	Biannual report	15.00	6/19	1099
Mark Higgins	Lobbyist	5000.00	7/23	1102
Dept Commerce/Econ Dev	1991 1% fee	122.61	6/27	1100
Dept Commerce/Econ Dev	Due on '91 gross est.	150.00	6/27	1101
Armed Services YMCA	Contribution	200.00	8/06	1104
Mark Higgins	Lobbyist	3000.00	8/15	1105
Mark Higgins	Lobbyist	3500.00	9/31	1106
Mark Higgins	Lobbyist	6500.00	10/21	1107
Mark Higgins	Lobbyist	5000.00	11/18	1108
Dept Commerce/Econ Dev	1992 Permit Fee	100.00	11/19	1109
Mark Higgins	Lobbyist	5000.00	12/07	1110
WISE Project	Contribution	5000.00	12/27	1112
Johnny Ellis	Political Contribution	1000.00	12/31	1114
Max Gruenberg	Political Contribution	1000.00	12/31	1115
Mark Begich	Political Contribution	1000.00	12/31	1116
David Finkelstein	Political Contribution	1000.00	12/31	1117
TOTAL AMOUNT. Enter here and on page 1, line 9		74,602.61		

FRED W. TRIEM
ATTORNEY AT LAW
PROCTOR IN ADMIRALTY

BOX 129
PETERSBURG, ALASKA 99833

(907) 772-3911

12 April 1993

Senate Finance Committee
Alaska Senate
Juneau, Alaska

[COPY SENT BY FAX]

In re: SB 76--Public Broadcasting Gaming Option

Dear Senators:

Senator Kelly's proposal to eliminate the provision of SB 76 that would benefit public broadcasting is a profound disappointment to us. (We are referring to the portion of SB 76 that would allow public broadcasting in Alaska to conduct a statewide game.) As you have heard, public broadcasting is in deep financial trouble (due to the cuts in its budget in recent years). We see the negative effects of these budget cuts in our public radio and television.

Alas, Senator Kelly's objections focus on the portion of the bill that would benefit public broadcasting. If these objections are sustained by the Finance Committee, then public broadcasting would lose this potential source for much-needed additional revenue. Worse yet, this would blockade a source of revenue that would not be at public expense. We suggest that the Committee should not preclude a source of revenue that will not require a legislative appropriation. In other words: let's help them who can help themselves!

We would appreciate your continued support for public broadcasting and we ask you to please retain the provision of SB 76 that supports public broadcasting in Alaska. Thank you for considering our views.

Sincerely,

Fred W. Triem
Karen E. Ellingstad
Fred W. Triem
Karen E. Ellingstad



WILLIE LEWIS
President

LABORERS' INTERNATIONAL UNION of NORTH AMERICA

LOCAL 942

315 BARNETTE ST., FAIRBANKS, ALASKA 99701-4566, (907) 456-4584
710 W. 9th AVE., JUNEAU, ALASKA 99801, (907) 586-2860
FAIRBANKS FAX (907) 452-6285
JUNEAU FAX (907) 586-5757



JOE J. THOMAS
Business Manager
Secretary-Treasurer

April 14, 1993

All Members of the Alaska State Senate
State of Alaska
Juneau, Alaska

Dear Senator:

I am writing to enlist your assistance in defeating Senate Bill 76 - Charitable Gaming. This bill is a blatant, calculated abuse of political power. It is an attempt to disenfranchise the working people of this state from participating voluntarily in raffles or pull tabs from which proceeds are used to support candidates in local and statewide elections. Not only are portions of these proceeds used for political donations, they are also used to support hundreds of nonprofit organizations, which are already being cut from municipal and state budgets, as well as scholarships, children's sports, and numerous other charities. I ask you to check the A. .O.C. reports and State Form 08-4046 Annual Financial Statement for Games of Chance and Contests of Skill and see the many beneficial uses of these funds. This bill strikes at the very heart of Democracy. It denies the average worker from participating in the important process of promoting and supporting candidates who do not necessarily agree with the powerful big businesses and their myriad of lobbyists. Political differences come and go but people should not be denied their right to vote their opinions.

Buying a ticket or purchasing a pull tab is a personal choice. If it is respectable enough for churches and other organizations, why should Unions and their members be denied this same right? There is only one answer. Those who support this bill are attempting to further tip the balance of power to the side of the rich and powerful. As we already know, donations come easily from those who have money to the politicians that will do their bidding. To deny working people and other rank-and-file organizations the right to make political contributions through one of the few avenues available to them invites plutocracy.

The working people of Alaska will not tolerate further infringement on their rights. They are counting on you and your associates in Juneau to do the right thing. Please vote **NO** on Senate Bill 76. Thank you for your attention to this extremely important matter.

Respectfully,


Joe J. Thomas, Business Manager/Secretary-Treasurer
Laborers Local 942

Sen. Drew Pearce

The Anchorage Area Epilepsy Society - totally
Endorses the Roger Cunningham Amend-
ment to your S.B. 76 on Gambling.

Something has to be done to protect our
interest, to a greater degree.

Another thought - The Alaskan Gaming
Commission should do is study other
state methods. Minnesota has a very
good one.

Thank you for taking the time
to introduce a bill to help the non-
Profits in this area.

Sincerely,

Lila E. Thompson, Director
of the Anchorage Area Epilepsy Society



Working for
Alaska's
Mental
Health

Alaska Mental Health Association

4050 Lake Otis Parkway, Suite 202 • Anchorage, Alaska 99508 • (907) 563-0880

February 10, 1993

Sen. Drue Pearce
Alaska State Capitol
Juneau, Ak 99801-1182

Dear Senator Pearce

I read in the Anchorage Daily News that you are sponsoring legislation that would bar convicted felons or those with illegal gambling convictions from participation in charitable gaming. On behalf of the Mental Health Association, this letter supports your efforts.

Over the past several years, AMHA has raised a substantial portion of its annual budget by the sale of pull-tabs in both "leased space" arrangements and with a commercial operator. Our revenues were severely curtailed by the ban on "3rd Party Vendors" in December, 1990. With the passage of your legislation, perhaps a sound, business-like 3rd party vendor bill would be possible.

We have explicit trust in those who operate under our permit. Over time however, we have been approached by a any number of operators and promoters offering fundraising opportunities "too good to be true...."

It is our sincere belief that some of those persons (who made "too-good-to-be-true" offers) are the very element your bill would seek to eliminate from charitable gaming in Alaska. We applaud your effort on our behalf.

Yours truly

G. Steven Durgan
Alternate-Member-In-Charge
Fund Raising Coordinator for Charitable Gaming



DIAMOND JIM'S ENTERPRISES

P.O. Box 2068 • Kodiak, AK 99615 • (907)488-3959

James L. Fisk Jr.
Chief Executive Officer

FEBRUARY 11, 1993

SENATOR DRUE PEARCE
STATE OF ALASKA DIST. "F"
CO-CHAIRPERSON FINANCE
JUNEAU, ALASKA 99801-1182
907-465-4993 OFFICE
907-465-3872 FAX

REFERENCE: SENATE BILL #76

DEAR SENATOR PEARCE:

THANKS, WHAT A BREATH OF FRESH AIR YOUR BILL WOULD BRING TO THE GAMES OF "CHANCE AND SKILL". ITS TOO LITTLE TO LATE IS NOT THE WORDS, ITS BETTER LATE THAN NEVER. THANKS AGAIN...

SENATOR, LOOKING AT THE HISTORY OF GAMBLING NATION WIDE (85%) OF THE ABUSERS ARE CONVICTED FELONS OR SECOND TIME OFFENDERS. BUT IN ALASKA SINCE THE GAMING REFORM ACT OF (1988) WAS PASSED THEIR HAS BEEN A PATTERN OF ABUSE BY FORMER FELONS OR ABUSERS OF THEFT OR DISHONESTY, OR VIOLATIONS OF MUNICIPAL, STATE, OR FEDERAL GAMBLING LAWS.

THE PERMITTEES HAVE BEEN TRYING FOR A NUMBER OF YEARS TO GET THE LEGISLATURE TO BAN THAT TYPE OF ACTIVITIES DESCRIBED IN YOUR BILL NO.76, WITH NO AVAIL.

SENATOR PEARCE AND THE REST OF THE LEGISLATURE MUST LISTEN TO THE PERMITTEES WHO ARE THE ONES THAT HOLD THE RIGHT TO DO GAMING IN ALASKA, AND MUST NOT ALLOW ANY STRONG INFLUENCE FROM ANY POLITICAL, OR POLITICAL ORGANIZATIONS WHO MY RECEIVE ANY CONTRIBUTION, OR PROCEEDS FROM ANY GAMING ACTIVITIES LICENSED TO OPERATE IN THE STATE OF ALASKA.

TO IN SURE THAT THIS BILL PASSES THE EIGHTEENTH LEGISLATURE-FIRST SESSION WE AS PERMITTEES WILL DO EVERYTHING POSSIBLE IN SUPPORTING YOUR BILL AND OTHER AMENDMENTS THAT WILL AID TO A BETTER GAMING INDUSTRY IN ALASKA.

SINCERELY,

[Signature]
JAMES L. FISK JR.

Diamond Jim's Harvester Inn
1223 Mill Bay Road
(907)488-4428

P.S. Ribbon last night, none
in stock at office sorry.

Office
(907)488-3959
(907)488-7088
FAX (907)488-7099

Fisk's Trucking
3728 Otneloi Way
(907)488-3959



DIAMOND JIM'S ENTERPRISES

P.O. Box 2068 • Kodiak, AK 99615 • (907)486-3959

James L. Fisk Jr.
Chief Executive Officer

APRIL 5, 1993

SENATOR DRUE PEARCE
STATE OF ALASKA DIST. "F"
CO-CHAIRPERSON FINANCE
JUNEAU, ALASKA 99801-1182
907-465-4993 office
907-465-3872 fax

REFERENCE: SENATE BILL # 76 (1993)

DEAR SENATOR PEARCE:

THE LEGISLATORS HAD A DREAM, IN THE MID-EIGHTY'S AND THAT DREAM WAS TO SLOW DOWN THE FLOW OF MONEY FROM STATE OF ALASKA GENERAL FUND FOR NONPROFIT ORGANIZATIONS. THAT IS HOW THE 1988 GAMING REFORM ACT WAS CREATED AND AS WE HAVE GROWN FROM A 45 MILLION TO 212 MILLION (1991) AND WITH ANY LUCK AT ALL IN (1993) THE REVENUE SHOULD REACH 300 MILLION AND WITH GAMING POOL BOARDS THE REVENUE SHOULD TOP 500 MILLION BY (1994).

THE ABOVE WILL ONLY HAPPEN IF THE LEGISLATOR TAKES THE PROFIT OUT OF A HAND FULL OF PEOPLE AND PLACE IT IN THE HANDS OF THE CHARITABLE ORGANIZATIONS, ONE MUST REMEMBER THAT THOSE OPERATORS WERE NOT AROUND WHEN THE CHARITY'S HAD TO GO DOOR TO DOOR TO COLLECT FUNDS FOR THEIR SURVIVAL, CAKE WALKS, RAFFLES, CHINESE AUCTIONS.

SENATE BILL #76: ADDITIONS AND DELETIONS, .

1. PAGE (3) LINE (12) REQUIRED [DELETE]
2. PAGE (5) LINE (12) THOU (26)[DELETE] AND ADD THE FOLLOWING:
"AN ACT PREVENTING PERSONS WITH FELONY CONVICTIONS"
3. PAGE (7) LINE (6) THOU (9) ADD THE FOLLOWING:
"35 PERCENT OF THE ADJUSTED GROSS INCOME, AS DETERMINED UNDER (1) OF THIS SUBSECTION, FROM A PULL TAB ACTIVITY OR AT LEAST (15) PERCENT"--(8) FROM A GAMING ACTIVITY OTHER THAN PULL-TABS
4. PAGE (9) LINE (10) DELETE 70 PERCENT AND ADD 65 PERCENT,
(14) DELETE 90 PERCENT AND ADD 85 PERCENT.
5. PAGE (11) LINE (22) ADD A PERMITTEE, OPERATOR, OR
LINE (24) PERMITTEE, OPERATOR, OR VENDOR, LINE (24-25)
DELETE "THE PULL-TAB CARD ENTITLING THE PERSON TO THE PRIZE
MAY BE SIGNED AS THE RECEIPT". ADD THE RECEIPT SHALL BE
OF A FORM APPROVED BY THE DEPARTMENT.

Diamond Jim's Harvester Inn
1223 Mill Bay Road
(907)486-4428

Office
(907)486-3959
(907)486-7088
FAX (907)486-7099

Fisk's Trucking
3728 Otmetel Way
(907)486-3959

PAGE TWO: SENATE BILL #76 (FIN)

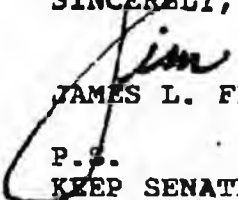
6. PAGE (12) LINE (7) DELETE \$50 AND ADD \$100, LINE (14) ADD ORIGINAL, LINE (28) DELETE \$50 AND ADD \$100.
7. PAGE (13) LINE (16) (17) DELETE ON BEHALF OF A OPERATOR. LINE (18) DELETE ONLY.

MAY I GO BACK TO THE VENDING MACHINES FOR PULL-TABS, IT IS NOT A GOOD IDEA TO FORCE THE CHARITABLE ORGANIZATIONS TO FUND THIS TYPE OF EQUIPMENT FOR THE STARTUP COST WOULD BE OUT OF THE QUESTION FOR MOST CHARITIES.

SENATOR, HERE ARE SOME OF THE DOWN SIDES OF THE VENDING MACHINES PLACED IN BUSINESSES THROUGH OUT THE STATE, SAMPLE: THE CHARITIES WANT TO PLACE THE VENDING MACHINES IN THIS BUSINESS AND THE VENDING MACHINE AGENT SAYS OK I'LL PUT THESE MACHINES IN THIS LOCATION ITS GOING TO COST YOU \$2500.00 PER MACHINE TEN MACHINES IS \$25,000.00 FOR START UP COST PLUS 18% INTEREST PLUS INSURANCE, FREIGHT, REPAIR BILLS, TRAVEL AND THE LIST GOES ON AN ON. THE POOR CHARITIES NEVER GET THE MACHINES PAID FOR SO THE OWNER OR AGENT WHO SOLD THE MACHINES SUES THE CHARITIES AND THE LIST GOES ON AN ON. PLEASE CAN WE JUST TRY AND WORK THIS REQUIREMENT OUT WITH A SUNSET CLAUSE THAT WE CAN LOOK AT IT IN JANUARY 1994 ROME WAS NOT BUILT IN 120 DAYS. MAY WE LEAVE THE DOOR OPEN TO MAKE YOUR OWN CHOICE.

THANK YOU FOR YOUR TIME IN MAKING THIS GAMING BILL BE A VERY GOOD BILL FOR THE CHARITIES, THEY ARE THE ONES THAT COUNT.

SINCERELY,


JAMES L. FISK, JR.

P.S.

KEEP SENATE BILL #76 AND HOUSE BILL #168 ON TRACK FOR 1993.

KODIAK, ALASKA: ORGANIZATIONS SUPPORT YOUR BILL AS AMENDED:

1] KODIAK LIONS CLUB	93 MEMBERS
2] RODEO STATE FAIR ASSOCIATION	281 MEMBERS
3] BAYSIDE FIRE DEPARTMENT	73 MEMBERS
4] VETERANS OF FOREIGN WARS #7056	427 MEMBERS
5] AMERICAN LEGION # 17	789 MEMBERS
6] BARANOFF PRODUCTIONS	257 MEMBERS
7] KODIAK LITTLE LEAGUE	366 MEMBERS
8] SMALL WORLD INC.	294 MEMBERS
9] BPOE LODGE #1772	302 MEMBERS

2882 MEMBERS

APR 05 1993

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

Senator Drue Pearce
State Of Alaska Dist. "F"
Juneau, Alaska

Re: Senate Bill # 76

Dear Senator Pearce:

I am writing again to voice my support for your efforts to clean up Gambling in Alaska and to give the charities their fair share of the revenues.

Your bill addresses those issues, I am sorry to see the softening on the felony convictions, other states are trying for life bans to keep these people out of Gambling for life. But I am pleased to see the percentage of revenues for the charities at a fair level.

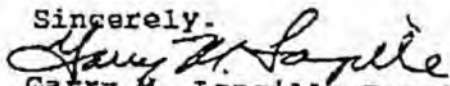
I and the people here involved in pull-tabs are confused on the machine issue that is proposed. To one who has had experience in machines and the way that people play pull-tabs, this could be a disaster. From our point of view it would kill the essence of what we are trying to do, that is to lower costs and be able to have larger profits to the charities.

The machines are bulky, expensive, very difficult to upkeep. Maintenance is a problem, if you are in rural Alaska and your machine breaks down what do they do? Just picture trying to buy 100 pull-tabs with old bills that will not fit, we have people having problems buying a pack of cigarettes with old bills let alone a volume of items. Do we get tokens? Who pays. It is expensive, you would need massive volume, the bottom line is less to give the charities. This is a side issue. If you want an experiment on machines, that would be a good idea, let's try a few, or have an either or system for everyone. If the issue is games being milked or what ever the reason for machines, any machine can be counted as well as any box or bin. This is straying from what you are trying to do, CLEAN UP Gambling and give the Charities a FAIR share of the revenues.

Senator you are the Lightning rod and are under a lot of pressure and these side issues of machines are taking away from the main idea of getting Gambling in Alaska cleaned up and a fair share of revenues to the charities.

Its time to stay the course.

Sincerely,


Garry M. Langille, President



VETERANS OF FOREIGN WARS OF THE U.S.
DEPARTMENT OF ALASKA
P.O. Box 141988
Anchorage, Alaska 99514

April 1, 1993

Alaska Legislators;

First, I would like to clarify my letter dated March 30, 1993, and apologize for any inconvenience's caused to Representative Romona Barnes in referring to her as proposing the "Quick Stop", referenced in these letters.

I still oppose any bill or legislation which would remove the ability of the Charitable Non-Profit Organizations to raise funds for their projects. As the Leader of Alaska's 6400 member Veterans Of Foreign Wars, I am writing to you to oppose the "QUICK STOP" being proposed by Governor Hickel, which would remove pull tab operations by non-profit organizations. And respectfully hope that this legislature will address the current gaming commission problems concerning the administrative regulations of the program. It is essential that the individual organizations are allowed to continue operations.

I really don't think the general public or the legislature realizes just how much money is raised, then donated to our states youth thru sports sponsorships and school scholarships, contributions to community services such as health clinics, food distribution organizations, etc.

This year alone, Veterans of Foreign Wars Posts will donate in excess of \$500,000. Ninety percent of our proceeds come from the operation of pull-tabs & Bingo. Removal of this ability to raise funds will either force the organizations to cease all of the positive efforts to make our communities a better place to live, or resort to illegal activities to continue the programs.

I think that the members of the legislature should talk to the school officials, local fire & police officials and other organizations who rely on the 'non-profit' donations to care for citizens in their communities.

Removal of this ability will in-fact place additional burdens on your already under funded educational and welfare systems.

Please assist us in resolving this issue by supporting SB 76 and HB 168 at the earliest possible date.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Larry J. Patch". The signature is written in a cursive style with a large, sweeping flourish at the end.

LARRY J. PATCH
Commander

VETERANS OF FOREIGN WARS OF THE UNITED STATES

BILL'S of alaska

April 2, 1993

Senator Drue Pearce
Alaska State Senate
State Capitol
Juneau, Ak 99801-1182

Dear Senator Pearce VIA FAX to 465-3872. Hard copy by mail.

Ken Erickson supplied me with CSSB 76(JUD) this afternoon after yesterday's amendments.

I whole-heartedly support all provisions concerning persons with convictions, limiting political contributions and lobby funding, and multi-beneficiary permits. I support the 3rd-party vendor provisions with one exception:

Very few people in the gaming industry anticipated that the prohibition against vending machines would be replaced by a section mandating their use in vendor locations. Before making this an absolute requirement, perhaps a trial period would be a good idea.

My suggestion would be that vending machines for pull-tabs be made allowable but not mandatory (perhaps a 1-year trial) during which time their use could be studied by the department and concerned members of the gaming community.

I am fully aware of the claims made by vending machine manufacturers and have copies of sales brochures for many of them. In actual use however, the results are not as good as claimed.

My parent company in Washington state has distributed pull-tabs and bingo supplies since the early 1960's and, at one time operated a substantial vending machine department for these vary machines. They closed the vending machine department because of the expense of sending repair persons to fix jammed and broken machines. They kept an on-call person to handle emergency calls nights, weekends, and holidays..

If the owner of a vendor location wants a vending machine for pull-tabs, perhaps he should be allowed that option (under the trial provisions). Time and use will tell that a 'fool-proof' vending machine has yet to be invented.

Without going into endless technical detail, here is the major problem vending paper pull-tabs: They are small and light. Vending machine mechanisms rely on gravity to properly dispense product. What works well for cans of soda pop (heavy) doesn't necessarily work for small paper cards. Product vending machines cannot be compared to ATM machines

BILL'S of alaska

Senator Pearce, Pg 2, 04/02/93

which dispense money. The ATM machines are very sophisticated and enormously expensive. They are in a different league from product-dispensing machines which must be built rather cheaply because of competitive pressure.

Vending machines as proposed, DO NOT pay off winning tickets (as do slot machines). It would still be necessary for a person with a winning ticket to be paid off by a cashier. Because of this interaction with a cashier, INSIDER INFORMATION would be every bit as available as when pull-tabs are sold from open containers.

I note that a provision about INSIDER INFORMATION has been included in the amendments. Very Good!

If the percentage paid to permittees was changed from the current 50%/50% level to 40% and the vendor NOT be required to purchase an expensive machine, the vendor would be adequately compensated and the permittee would reap a far better return.

Because of the payment in advance of a game being played, the interests of the permittee has been adequately covered. The only real issue then becomes the vendor's relationship with pull-tab players. Vending machines do nothing to solve the major problem of the exchange of information about the contents of a game. Vending machines are therefore, a needless expense. If a 3rd party vendor WANTS to use machines, he should be allowed to do so at his own expense. The percentage paid to the permittee should NOT be adjusted downward to compensate the 3rd party vendor for that expense.

In conclusion:

Scrap the vending machine idea (or allow a trial period with their use as optional.)

Change the percentages from 50%/50% to 40% retained by the 3rd party vendor and 60% to the permittee.

Sincerely


Roger Cunningham

TOKSOOK BAY TRADITIONAL COUNCIL
 P.O. Box 37048
 Toksook Bay, Alaska 99637
 Phone: 427-7114 - FAX: 427-7714

M E M O R A N D U M

TO: Senator Al Adams
 Senator George Jacko
 Rep. Richard Foster
 Rep. Lyman Hoffman
 FROM: James R. Charlie, Sr., Exec. Dir. & CEO
 DATE: April 5, 1993
 SUEJ: SB 76 and HB 168

In reference to SB 76 and HB 168, I would like to draw to your attention the heavy impact the new charitable gaming regulations will have on organization like ours.

With Mining State and Federal fund capital projects and assistance, the State should not burden small villages like ours who relies on income received for day to day operation of the offices. Toksook Bay is not the only village that relies on income from charitable gaming activities. Almost, if not all, all communities depends heavily on income from charitable games and high return percentage will definitely wipe out many operations which are really the life lines of very existence of tribal governments. Due to the complicated Federal grants application procedures, many of the village program proposals are not usually accepted for funding but very few.

We understand that HB 168 sets minimum return percentages so high it would effectively shut down charitable gaming in the state. SB 76 will also contain similiar high percentages that will kill charities. Additionally, these bills redefine "qualified" charities in a way that cuts out most organizations like ours that are now holding permits. As a result, we request that an opportunity for testimonies from charitable gaming permit holders be allowed and gave us more time to collaborate on this important issue. Interim hearings on these bills are highly recommended as the change in regulations will affect many rural Alaskan villages.

cc: Governor Walter J. Hickel
 Rep. Carl Moses
 Senator Drue Pearce
 Senator Robin Taylor

Post-It™ brand fax transmittal memo 7671		of 020000 0
To <i>Drue Pearce</i>	From <i>James Charlie</i>	
Co.	Co.	
Dept.	Phone # <i>427-7114</i>	
Fax # <i>465-3872</i>	Fax # <i>427-7114</i>	



March 31, 1991

Dear State Representative or State Senator:

This letter is to express our strong opposition to HB 168 and SB 76 which have currently been introduced to the House and Senate. As a permit holder, we urge you to please not rush these bills through, and allow time for more public testimony.

We would also like the opportunity to testify on these bills and ask for interim hearings on HB 168 and SB 76.

HB 168 sets minimum return percentages so high it would effectively shut down charitable gaming in the state. SB 76 also contains similar high percentages that will kill charities. Additionally, these bills redefine "qualified" charities in a way that cuts out most organizations that are now holding permits.

In your haste to pass legislation, please don't close your ears to the need for further testimony on the impact of these bills.

We are the Anchorage Sports Association, Inc. and, a non-profit organization that has held a gaming permit for ten (10) years.

Sincerely,

A handwritten signature in cursive script that reads "Debbie Hill".

Debbie L. Hill
Member-In-Charge of Games

3B76

FAX COMING YOUR WAY

TO: JUNEAU LIO -

Please deliver to SENATE FINANCE

NUMBER OF PAGES: 2 (Not counting cover sheet)

FROM: **Kodiak Legislative Information Office**

Office - (907) 486-8116

Fax - (907) 486-5264



Alaska State Legislature

Please enter into the record my testimony to the S. FINANCE
committee name

committee on SB76, dated 4-7-93
bill/subject

IS A NON-PROFIT GAMING PERMIT HOLDER
WE FEEL IT IS APPROPRIATE TO COMMENT ON
THIS BILL. KODIAK LIONS CLUB HAS BEEN SELLING
PULL TABS FOR TWO YEARS IN KODIAK, ALASKA.
WE PAY FOR ALL EXPENSES RELATED TO OUR
PULL TAB OPERATION INCLUDING SPACE IN A
LOCAL ESTABLISHMENT, EMPLOYEE PAYROLL,
INSURANCE, TAXES, BOOKKEEPING EXPENSES &
VARIOUS OTHER EXPENSES RELATED TO THIS VENTURE.
WE HAVE BEEN RUNNING OUR PULL TAB OPERATION
LIKE A BUSINESS & HAVE REALIZED A 40%
PROFIT MARGIN OR MORE EVERY QUARTER
SINCE WE BEGAN SELLING THEM. 100% OF
OUR NET PROFIT GOES TO CHARITY, NEARLY
ALL OF IT IN KODIAK. (CONT. ON PAGE 2)

Signed: [Signature]
Testifier

KODIAK LIONS CLUB

Representing (Optional)

BOX 1735 KODIAK AK 99615

Address

907-486-5448

KODIAK LIONS

PAGE 2

ALTHOUGH THIS BILL WILL HAVE LITTLE IMPACT ON ~~THEM~~ OUR PULL TAB ACTIVITIES, THE POTENTIAL TO INCREASE PROFITS FOR OTHER CHARITIES IN THE STATE SHOULD MAKE THIS BILL ~~THE~~ VERY ATTRACTIVE TO THEM.

WITH ALL THIS IN MIND WE URGE YOU TO WORK OUT THE CONFLICTS WITH THIS BILL, (SB76) & HB 168, & PROCEED WITH BETTING THIS BILL PASSED AS SOON AS POSSIBLE.

RESPECTFULLY,

JEFF HARMAN

KODIAK LIONS CLUB SECRETARY
MEMBER IN CHARGE OF GAMING

LUCKY STRIKE BINGO

A JOINT VENTURE

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

ALEUTIAN HOUSING AUTHORITY
401 E. Fireweed, Suite 101
Anchorage, Alaska 99503
(907) 276-2700

ALEUTIAN PRIBILOF ISLANDS ASSOC.
401 E. Fireweed, Suite 201
Anchorage, Alaska 99503
(907) 276-2700

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

DATE: 4/6/93

TIME: 7:30 a.m.

Please deliver the following pages to:

Name: Sen. Jacko/Larry Stevens

Fax Phone: 465-2997

City: Juneau

FROM: Shirley

RE: Summary Statement

We are transmitting 3 pages (including this cover letter).

If you do not receive all pages, please call back as soon as possible at (907) 274-6711.

Telecopier Operator: Galena

ADDITIONAL COMMENTS: This is the summary statement you requested. One will also be mailed.

SUMMARY STATEMENT TO HONORABLE**SENATOR GEORGE JACKO**

APRIL 1, 1993

In summary of our teleconference this morning, the four permittees; Aleutian/Pribilof Islands Association, Kodiak Area Native Association, Alaska Native Health Board and Aleutian Housing Authority; dba Lucky Strike Bingo, feel the implementation of any percentages would constitute unfavorable results.

These permittees receive 100% of the earnings. Lucky Strike Bingo is governed by a board of directors which approves all expenditures by means of a budget. Our only goal is to produce as much net income/net proceeds to the permittees as possible. We are conducting business on our own behalf.

If the adjusted gross of bingo is set at a 10% return, then LSB would not be able to operate daily throughout the year. Our permittees would be unable to provide funds for social service programs to rural Alaska natives. This could also cause approximately 28 employees to become unemployed. The adjusted gross on bingo alone is determined by the number of people through the hall because the amount to be paid out by LSB is preset to attract our customers. If the head count is not high, then LSB starts out in the red. The adjusted gross for bingo is solely determined on the amount of players we have participating. For instance, in December, usually the Best month of the year, on a

105 W. NORTHERN LIGHTS BLVD., ANCHORAGE, ALASKA 99503
(907) 274-8711 (907) 274-6752 FAX

Tuesday night, the head count was 293 people. Gross receipts less prizes were \$2,178.75. Excellent! But during the worst month of the year, normally January, on a Tuesday night, our head count was 198 people and the gross receipts less prizes were (\$10.25).

As you can see, this demonstrates that to make a profit at bingo, it is totally determined by the head count and the set prize schedule.

If a percentage is implemented on pull-tabs, then any permittee that pays state and federal taxes would be forced to pay higher taxes. For instance, rent expense on pull-tabs should be allocated in consideration to the whole hall area since Pull-tabs are running during the day and also at night while bingo is in session, not just the square footage of where pull-tabs are purchased. If a percentage is placed and we must meet quota, then the expenses will actually have to be charged incorrectly. This will force all expenses to be changed and the permittees will report more net income on pull-tabs since expenses will be incorrectly lower. This will therefore force the permittees to pay higher state and federal taxes.

We thank you for your time. APIA, KANA, ANHB, and AHA; dba LUCKY STRIKE BINGO.

LUCKY STRIKE BINGO

A JOINT VENTURE

ALASKA NATIVE HEALTH BOARD
1345 Rudakof Circle, Suite 208
Anchorage, Alaska 99508
(907) 337-0028

ALEUTIAN HOUSING AUTHORITY
401 E. Fireweed, Suite 101
Anchorage, Alaska 99503
(907) 276-2700

ALEUTIAN PRIBILOF ISLANDS ASSOC.
401 E. Fireweed, Suite 201
Anchorage, Alaska 99503
(907) 276-2700

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

DATE: 4/6/93

TIME: 7:30 a.m.

Please deliver the following pages to:

Name: Sen. Jacko/Larry Stevens

Fax Phone: 465-2997

City: Juneau

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We thank you for your time. APIA, KANA, ANHB, and AHA; dba LUCKY STRIKE BINGO.

APR- 7-93 WED 9:34

EG. AFFAIRS-KODIAK

FAX NO. 4865264

P.01



TELECOPY COVER SHEET
Kodiak Legislative Information Office
Office - (907) 486-8116 Fax - (907) 486-5264

TO: Juneau LIO for Sen. FIN cmt.

ATTN: _____ FAX: _____ PHONE: _____

FROM: Kodiak PHONE: _____

INSTRUCTIONS: Please deliver to Sen. Finance
Committee for teleconference at 6 pm on
SB 76

SENT: Date 4-7-93 Time _____

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup _____

NUMBER OF PAGES: 1 (NOT counting cover sheet)

TRANSMITTED BY: Lorna

**Kodiak
Area
Native
Association**



402 Center Avenue
Kodiak, Alaska 99615
Phone (907) 486-5725

April 6, 1993

DRUE PEARCE
ALASKA STATE LEGISLATURE
STATE CAPITOL
JUNEAU AK 99801-1182

Dear Senator Pearce

We are strongly opposed to HB 168 and SB76 which would effectively shut down charities gaming. We recently obtained a grant to build and equip our Kodiak Area Native Association Cultural Museum. Without the income from the charities gaming we will not be able to pay staff to manage the project we have spent years planning and collecting artifacts for.

Charities gaming is responsible for funding many other important, necessary programs and charitable organizations which otherwise would not exist.

It is incomprehensible to us why anyone would want to do this. With the cutbacks of the State of Alaska budget it is likely that these programs won't be able to look there for continued funding.

Please take more time to think this through.

Sincerely

KODIAK AREA NATIVE ASSOCIATION
KELLY SIMEONOFF, JR., PRESIDENT

Kelly Simeonoff, Jr.
President

KS:kc

FAIRBANKS

Daily News - Miner

"Independent in All Things . . . Neutral in None"

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Gambling reforms badly needed

A year ago, when the Hickel administration issued regulations to force charitable gambling operators to pay 40 percent of their profits to charities, operators said they might have to go out of business if they were forced to give up so much of their profits.

We said good. Alaska's gambling industry has grown in a way no one predicted, is difficult to regulate, and much of the money going to charity comes from the pockets of those who need help.

The Charitable Gaming Association of Alaska an operators group, took the state to court and got last year's regulations overturned. But the dispute didn't end. This year, the Hickel administration is backing legislation to make reforms through changes in state law. If the Legislature doesn't adopt reforms this year, Commissioner of Commerce Paul Fuhs said recently, he'll cancel all gaming permits.

Good.

For the system of charitable gambling to work as it is now structured, most people must lose. Only 15 percent of the profits made in charitable gambling go to charities. And politicians and political parties are among the "charities" that make money off gambling—to the tune of about \$600,000 per year in 1990-91.

Senate Bill 76, which the Hickel administration is backing, would sever some of the ties between politics and gambling, and boost the percentage of profits going to charities to 30 percent. Charities would also be able to get their money up front if they deal directly with bars or other retail outlets instead of operators.

Operators are crying that they can't make it under those rules.

Again we say, good.

If the charitable gambling industry disappeared from the Alaska economy, the money would not evaporate. People would spend it on something else—perhaps even food, medical care or clothing they need more than the rush from buying a pull-tab.

We support the reforms proposed in Senate Bill 76. And if they have the effect predicted by operators, so much the better.

Crooks in Charity Bingo

States and localities should be certain that bingo and other types of charitable gambling are fund-raising opportunities for deserving charities, not a money machine for racketeers and the Mob.

David Lausten

The favorite evening haunt of Aunt Tillie and Grandma Jones, the bingo game, could be a money machine for the Mob. A ludicrous notion?

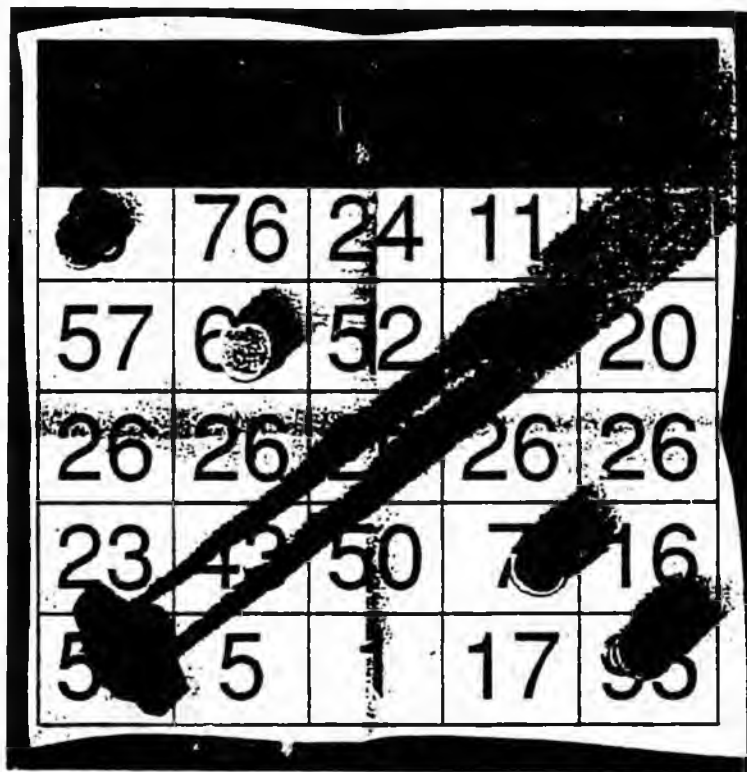
A recent investigation by the Pennsylvania Crime Commission found that organized criminals had established large bingo halls across the state. Operating under the bingo licenses of local charities, racketeers were generating millions of dollars a year in cash. Indeed, even crime "families" of Philadelphia and Pittsburgh were part of the act, exacting "street tax" from bingo racketeers and skimming proceeds through supplier contracts.

Racketeers have always been on the alert for new "business" opportunities. The ideal racket is a low-profile activity that will generate significant cash with little likelihood of arrest. When local police and prosecutors are preoccupied with violent crime, drugs, burglaries and auto theft, the enforcement of state bingo statutes has a very low priority.

Fully aware of this, and armed with lots of cash to corrupt charities and local officials, racketeers have prospered in

David Lausten is deputy chief counsel for the Pennsylvania Crime Commission. A former South Dakota legislator, he served in both the House and the Senate.

the bingo business for generations. Since the 1930s when Vincent "Jimmy Blue Eyes" Alo, a Mafia lieutenant in the Vito Genovese La Cosa Nostra family in New York, began in a bingo parlor



in Broward County, Fla., the Mob and countless local racketeers have been deeply involved in charity-operated bingo games. As recently as the 1970s and '80s, the infamous Meyer Lansky and members of the Luccese La Cosa Nostra family of New York and the Du-

falino family of Pennsylvania established bingo games at Indian reservations across the country.

The Pennsylvania bingo law provides that games may be held to raise funds for legitimate charities. The games must be operated by the charity itself and with bona fide members of the charitable group.

The crime commission's report identified bingo operations across the state that had operated under the licenses of charities, but were actually run by racketeers. Racketeers typically returned as

little as 3 percent of the revenues to the charities. In most instances, the charities' participation was in name only—no legitimate members of charitable groups were involved in the operation of the games.

In May 1991, the Lebanon County district attorney served search warrants at two Pennsylvania bingo halls in Lebanon and Harrisburg. Documents and bingo equipment were seized, as well as considerable amounts of cash. First Assistant District Attorney Brad Charles testified before the crime commission about what police found at the bingo halls.

"When we went in there, we were quite frankly amazed at what we found," Charles said. "This was not a mom-and-pop bingo operation.

This was a very well-organized, well-run and very well-funded operation. We found a shredding machine . . . a huge safe, sophisticated money counters. . . We found cash in a large tub inside the safe—\$10,000 in cash in a tub."

Ultimately, the district attorney ob-

Charities First to Suffer from Gambling Abuses

In most states, organized crime has been kept out of the charitable gambling business. But as a cash business with the potential for huge profits, charitable gambling remains susceptible to fraud and abuses by profiteers of all types. Charities—already suffering from increased competition from casinos, Indian gambling and even state-run lotteries offering pull-tab games—end up the big losers when gambling abuses occur.

Charitable gambling is now legal in 46 states. Bingo is the most commonly played game, but charities have expanded offerings to include pull-tabs, raffles, punchboards, casino nights and even sports pools.

The charitable gambling industry grew steadily and sometimes spectacularly in the 1980s, according to *Gaming and Wagering Business* magazine. But growth in the billion-dollar industry is slowing. In some states, charities are receiving a dwindling share of gambling proceeds. Of the \$220 million wagered in charitable gambling in Colorado in 1991, only 15 percent was returned to nonprofit organizations, compared to 32 percent in 1979. Higher expenses, greater amounts going for prizes, fees to professional operators and increases in taxes contribute to the drop in the charities' share.

Texas Representative Doyle Willis says the idea behind legalizing charitable gambling in his state was to help veterans' groups and other nonprofit organizations. "But disabled vets and needy people aren't getting the amounts they need," he says.

Representative Willis is sponsoring a bill to lower tax rates on charitable gambling, and he advocates strict accountability and reporting requirements to be sure charities get most of

the proceeds.

Abuses by some unscrupulous operators also threaten the industry and charitable organizations that rely on it for funding. Among the most common abuses in charitable gambling are:

- Skimming of gambling proceeds to profit operators.
- Improper expenditures of gambling proceeds.
- Collusion between bingo or pull-tab workers and players.
- Misrepresentation of prizes and false advertising.
- Sale of games under the table for illegal play.
- Kickbacks to retain sales sites.
- Creation of fake charities solely for gambling purposes.

Some nonprofit officials say, however, that allegations of corruption have been blown out of proportion by law enforcement and the press. Many gaming infractions are unintentional and result from a lack of experienced or trained staff. Frequently, charities operate with volunteers and a low administrative budget. In such circumstances, abuses like improper bingo-calling procedures and poor record-keeping are more common than outright fraud.

In addition, outside operators or management companies may take advantage of charities by offering a new source of funding while keeping most of the profit for their own benefit—an unethical but not always illegal practice in some states.

States vary widely in the degree to which they regulate charitable gambling. A few states require not much more than proof of nonprofit status and a gambling license. They leave regulation and control to local govern-

ments. Most states limit the amounts of prizes and hours of operation and require charities to report proceeds. Some require bingo hall owners and ticket manufacturers to make financial reports. Some states require that only volunteers or members of the sponsoring charity operate games or require that sponsoring organizations be in existence for a minimum period of time.

Other states may limit the amount that can go for administrative costs or to outside operators. Some states regulate gambling within one governmental agency; others divide the responsibility for regulation and enforcement between two or more agencies. A few states allow municipalities to conduct charitable gambling.

Highly regulated states like Washington and Massachusetts may require extensive background checks and licensing procedures for charities offering gambling. Minnesota and North Dakota impose relatively high taxes to gain general fund revenue, as well as to cover enforcement costs. Other states, including Virginia and California, leave responsibility for regulation to local governments.

John Jacobson, executive director of the National Association of Fundraising Ticket Manufacturers, says that strong enforcement of existing laws is the key to preventing abuses. He notes that a small fee or tax can generate enough for the industry to pay for its own enforcement. Once legislators make key policy decisions about how charitable gambling should be conducted in their state, he says, there are other states that can serve as a model for effective regulation and enforcement.

—Pam Greenberg, NCSL

tained a conviction of the corporation operating the games, resulting in a forfeiture of more than \$100,000. Sworn testimony before the crime commission revealed that the Lebanon bingo operation was run by Joseph Greenstone, who had been connected with illegal bingo games in Maryland, Pennsylvania and

Florida.

A witness described Greenstone's method of operation. When a charity was approached, a deal was proposed.

"Generally what the gig there is . . . we will make sure you [the charity] get \$100 a game [for use of the charity's license] and we want to use your organi-

zation," the witness said. "So the guy says, gee, \$100 a game, they are running all the games, 20 games a week, I get \$2,000 a week for doing nothing? The problem is, though, unless (the racketeers) kick one of the nonprofit's ass a little bit, it will continue. And these people (Joe Greenstone and other racketeers)

teers) are the masters of the L & B system of business. They lead them and bleed them."

The commission found that legitimate charitable bingo operators were unable to compete with the illegal operators.

Under Pennsylvania law, the county treasurer issues bingo licenses. Robert D. Shaffer, Lawrence County treasurer, testified that illegal bingo operations "... put a few of the little churches [bingo operations] out of business ... they just quit because they couldn't get the crowds, because the big crowds would go to the big games." Larger, racketeer-operated bingo games offer busing service and illegal pull tabs to bring in patrons.

Carole Ann Wilson of Philadelphia's Deborah Hospital Foundation told the commission that, while the organization is highly dependent on bingo revenues to conduct its charitable work, revenues have declined as a result of racketeer competition.

Besides investigating organized crime, the crime commission regularly recommends crime-related public policy alternatives to the Pennsylvania General Assembly. In its recent report on bingo, the commission examined regulatory

schemes in a number of states. It recommended that Pennsylvania carefully study the Massachusetts system.

A self-funding bingo regulatory system, the Massachusetts lottery commission's enforcement efforts are financed by a small tax on bingo proceeds and suppliers. Massachusetts licenses both the bingo games and suppliers. Lottery commission agents are responsible not only for enforcing the bingo law but also for training and supervising games and the operating personnel. The lottery commission has rulemaking authority over the amount of building rent paid by charitable bingo operators.

In addition to endorsing the highly successful Massachusetts system, the crime commission suggested that any new Pennsylvania regulatory scheme be based on the newly adopted bingo standards published by the North American Gaming Regulators Association.

The commission's report also endorsed two important recommendations of the Lebanon County (Pa.) district attorney concerning the penalty provisions for new bingo legislation.

First, any new penalty scheme should be graded according to the amount of funds stolen or skimmed, and should parallel the commonwealth's existing theft statutes. Second, the law should provide specific authority for forfeiture of funds, and should create civil remedies for charities that have been defrauded by racketeers.

The crime commission concluded that while laws such as Pennsylvania's were designed to permit charitable organizations to raise funds by the operation of bingo games, the legislation has failed in its purpose. Pennsylvania's well-intended law has done little to keep racketeers and the Mob out of the local bingo halls.

A carefully considered plan of regulation patterned after the Massachusetts law can prevent criminal infiltration. Its system of regulation has resulted in increasingly profitable charitable bingo operations with no detected instances of criminal infiltration. States and localities should be certain that their legalized bingo isn't a money machine for racketeers, but rather a fund-raising opportunity for deserving charities.

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ALERT -- ALERT -- ALERT

ATTENTION ALL CHARITABLE GAMING PERMIT HOLDERS

HB 168 AND SB 76 WILL DEVASTATE CHARITABLE GAMING

Governor Hickel and the Republican led House and Senate have introduced gaming legislation that will end charitable gaming in Alaska. If these bills pass, your charitable organization will be out of business. Under Governor Hickel's plan, all but a few permits will be weeded out of existence. You must act immediately to protect your permit!

WHY YOU SHOULD ACT TODAY

As you read this, HB 168 and SB 76 are being railroaded through the House and Senate with no opportunity for public testimony. HB 168 sets minimum return percentages so high it would effectively shut down charitable gaming in the state. SB 76 will also contain similar high percentages that will kill charities. Additionally, these bills redefine "qualified" charities in a way that cuts out most organizations that are now holding permits. In their haste to pass legislation by the end of session, legislators are effectively closing their ears to the need for further testimony on the impact of these bills.

At the pace they are moving, legislators don't want to hear what you have to say, and as a result, they don't want to craft gaming reform legislation that will keep you in business. Call your legislators today and ask them to please take more time! Request the opportunity to testify by teleconference at all possible opportunities. Ask for interim hearings on these bills.

HOW YOU CAN HELP!

1. SEND A PUBLIC OPINION MESSAGE

— Call your local Legislative Information Office and leave a public opinion message for your legislators, and all members of the House and Senate. Tell them the name of your organization and how important gaming is to your operations. Express your strong opposition to HB 168 and SB 76. Ask for the opportunity for public testimony. There is no charge to send a POM. 50 words maximum on messages.

Anchorage LIO: 561-7007

Fairbanks LIO: 452-4448

Kenai LIO: 262-9364

Juneau LIO: 465-4648

2. CALL AND WRITE YOUR LEGISLATORS IN JUNEAU

— Call your legislator and tell them how important charitable gaming is to your organization. Ask for the opportunity to have more public testimony on this legislation since gaming is so vital to the health of your charity. Most legislators accept collect calls from constituents. After you have called them, write them immediately. Ask them not to rush something so important to the charities.

3. LET GOVERNOR HICKEL, REPRESENTATIVE MOSES, SENATOR PEARCE AND SENATOR TAYLOR KNOW WHAT YOU THINK!

— These four people are key players trying to pass this legislation without an opportunity for in-depth testimony. Call Governor Hickel at 561-4228 or 465-3500, Representative Moses at 465-3764, Senator Pearce at 465-4993, and Senator Taylor at 465-3873. Request the opportunity to testify and ask for interim hearings on SB 76 and HB 168.

4. CALL YOUR MEMBERSHIP

— Get 10 of your members to call their Representatives and Senators, and Governor Hickel to express their opposition to these bills. The more public pressure we can bring to bear, the better opportunity we will have to make appropriate changes to the gaming statutes, not drastic, ill thought ones!

**CALL THE ALASKA CHARITABLE GAMES ASSOCIATION
AT 243-7908 IF YOU WOULD LIKE MORE INFORMATION
OR A COPY OF HB 168 AND SB 76.**

4-8-93

Gaming reform deserves support

You can bet on it. Most of the folks who run Alaska's profitable pull-tab, bingo and raffle operations aren't too happy about efforts to reform the charitable gaming industry.

That's because measures being pushed by the Hickel administration and some lawmakers would put more emphasis on "charitable" and less on "profitable."

Well, too bad for them. A good housecleaning of the gaming business is in order. It's easy to see why just by examining some of the reform proposals:

- One would require pull-tab operators to give 40 percent of their net proceeds to charity. That's a significant change from current law, which requires only 15 percent go to charities.

- Another part of the reform package would prohibit gaming money from being donated to political candidates. In 1991, the last year for which records are available, candidates took in

about \$600,000 in legal gambling proceeds from political parties, labor unions and political action committees.

- Still another proposal would prohibit convicted felons from running gaming operations in Alaska.

Let's see — more money for charities, fewer proceeds from gambling to political candidates and no convicted felons running the operations. It's hard to argue against those ideas.

But don't be fooled, plenty of people do — including many lawmakers. A gambling reform package pushed by the governor and some of his commissioners died on the final night of last year's legislative session, the victim of last-minute political maneuvering.

Many of the same proposals are back this year, and the need for reform has only grown more acute. That's because charitable gaming in Alaska has become a booming business. In 1991 — again, that's the most recent year for which records are available — the industry reported \$204.1 million in sales. Of that total, just \$15.9 million — 7.8 percent — went to charities.

That doesn't mean the rest was profit. By far, most of the money goes for prizes that attract pull-tab players and other gamblers. But there's no doubt that most operations make plenty of profit. Some operators have complained that requiring 40 percent to go to charities will put them out of business. That means charities will end up getting less, they argue.

But state officials disagree. They say legitimate operators can pay more to charity and still make a profit. As proof, at least one operator in Juneau voluntarily pays 40 percent to charities and is able to stay in business.

State officials also are quick to point out just how politicized the gaming industry has become. Paul Fuhs, the commissioner of Commerce and Economic Development, last week sent a letter to non-profit groups that hold gaming permits. In it, he described how one Anchorage-based pull-tab operator canceled work on behalf of a Mat-Su Valley senior group that refused to donate potential proceeds to lobby for gaming industry laws.

Fuhs, on behalf of the governor, also has threatened to shut down most charitable gaming in Alaska if the Legislature doesn't pass a reform package this session. That is a drastic step — one that definitely *would* hurt the non-profits that benefit from legal games of chance.

It's also an unnecessary step. Lawmakers should pass gaming reform measures this year, not because of threats from the administration, but because it's simply the right thing to do.

TOPIC: Efforts to reform pull-tabs, charitable gaming

FISCAL NOTE

No. 2

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Bill Version: CSSB 76 (Jud.)

(S) Publish Date: 4-3-93

Revision Date: _____ Dept. Affected: Commerce & Economic Development
 Title: An Act relating to Games of Chance BRU: Occupational Licensing
 and Skill... _____ Component: Operations
 Sponsor: Senator Pearce
 Requestor: Senate Finance COMPONENT SERIAL NO. 1844

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.0	.0	.0	.0	.0	.0
CAPITAL						

REVENUE FUND SOURCE:	5.0	5.0	5.0	5.0	5.0	5.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	.0	.0	.0	.0	.0	.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
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)
 CSSB 76(JUD) provides for licensing of out-of-state pull-tab manufacturers, 10 each at \$500 per annual license.

Prepared by: John Hansen, Gaming Program Manager
 Division: Occupational Licensing

Phone: 465-2581
 Date: 4/2/93

Approved by Commissioner: Paul Fuhs
 Agency: Commerce & Economic Development

Date: 4-2-93

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FISCAL NOTE

No. 1

STATE OF ALASKA 1993 LEGISLATIVE SESSION

B Bill Version: SB 76
(S) Publish Date: 3-5-93

Revision Date: _____ Dept. Affected: Commerce & Economic Development
 Title: Preventing persons with felony convictions BRU: Occupational Licensing
from being involved in charitable gaming activities.... Component: Operations
 Sponsor: Senator Pearce
 Requestor: Senator Pearce COMPONENT SERIAL NO. 1844

Expenditures/Revenues: (Thousands of Dollars)

OF RATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.0	.0	.0	.0	.0	.0

CAPITAL						
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REVENUE FUND SOURCE:	.0	.0	.0	.0	.0	.0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	.0	.0	.0	.0	.0	.0

POSITIONS:

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

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

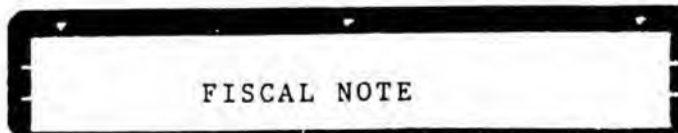
<p>ANALYSIS: (Attach a separate page if necessary) SB 76 prohibits persons with felony convictions from being involved in the use of charitable gaming proceeds to be used by a candidate for public campaign organization. New funds are not required to implement the</p>	<p>Changes in <u>CSB 76</u> <u>(KEC)</u> have no fiscal impact. This is the appropriate date's fiscal note is appropriate. <u>3/5/93</u> date <u>JPI</u> Coyle Aide (initial)</p>
---	---

Prepared by: John Hansen, Jr., Gaming Manager Phone: 465-2581
 Division: Occupational Licensing Date: 2/5/93

Approved by Commissioner: Paul Fuhs Date: 2-8-93
 Agency: Commerce & Economic Development

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SENATE COMMITTEE REPORT

DATE: 3/5/93

FURTHER:

DATE TURNED INTO OFFICE: 4-2-93

JUDICIARY Committee considered SENATE BILL NO. 76

"An Act preventing persons with felony convictions from being involved in charitable gaming activities as a permittee, licensee, or employee in a managerial or supervisory capacity; and relating to 'political uses' and 'political organizations' as those terms are used in the charitable gaming statutes."

and recommends:

- mones*
- replace with _____ CS SB 67 (JUD)
- or adopt previous _____ CS _____
- attaches amendment(s) *& rpts bk as plan*

- same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the Finance Committee

- do pass
- do not pass
- no recommendation
- individual recommendations

FN

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
DCED	4-2-93		✓

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Rubinfeld

OTHER RECOMMENDATIONS:

John Rubinfeld
Dee Donley CS adopted only
Erzanne Little Do Not Pass

note need to see fiscal CS plan conceptually MUST HAVE FINANCE HERRINGS

Adrian L. Taylor *De Pass*

JK

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 1/29/93

FURTHER: JUDICIARY

Date of 5-Day Notice: 2-4-93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/5/93

L&C Committee considered SENATE BILL NO. 76

"An Act preventing persons with felony convictions from being involved in charitable gaming activities as a permittee, licensee, or employee in a managerial or supervisory capacity; and relating to 'political uses' and 'political organizations' as those terms are used in the charitable gaming statutes."
and recommends:

replace with CS SB FC (L&C) same title
 new title
 technical title change (HB only)

attaches amendment(s) and report it back as follows

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

STW

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DCE D	2/8/93	<input checked="" type="checkbox"/>	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

True

OTHER RECOMMENDATIONS:

None True No Rec RIEGER
3

Tim Kelly - No Rec

Chair: Signature and Recommendation