

HB

307

9-LS1070\F
Luckhaupt
4/24/95

CS FOR HOUSE BILL NO. 307()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES TOOHEY, Phillips, James, Martin

A BILL

FOR AN ACT ENTITLED

1 "An Act providing that a political use is not an authorized use of charitable
2 gaming proceeds; prohibiting the contribution of charitable gaming proceeds, other
3 than proceeds from raffles to candidates for certain public offices, their campaign
4 organizations, or to political groups; providing that a political group is not a
5 qualified organization for purposes of charitable gaming, other than raffles;
6 relating to raffles; and providing for an effective date."

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

8 * Section 1. AS 05.15.100 is amended by adding a new subsection to read:

9 (e) The department may issue a permit to a political organization for activities
10 conducted under AS 05.15.155. A permit issued under this subsection gives the
11 political organization the privilege of conducting raffles but no other forms of
12 charitable gaming. A political organization receiving a permit under this subsection
13 must satisfy all the requirements of this chapter relating to permittees. A political

1 organization may not hold or otherwise participate in a multiple-beneficiary permit.

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

3 (e) A political organization holding a permit to conduct raffles under
4 AS 05.15.100(e) may not enter into a contract with an operator to conduct, on behalf
5 of the political organization, the raffles permitted under the authority of the permit.

6 * Sec. 3. AS 05.15.150 is amended to read:

7 Sec. 05.15.150. LIMITATION ON USE OF PROCEEDS. (a) The authority
8 to conduct the activity authorized by this chapter is contingent upon the dedication of
9 the net proceeds of the charitable gaming activity to the awarding of prizes to
10 contestants or participants and to [POLITICAL,] educational, civic, public, charitable,
11 patriotic, or religious uses in the state. "Educational [POLITICAL, EDUCATIONAL],
12 civic, public, charitable, patriotic, or religious uses" means uses benefiting persons
13 either by bringing them under the influence of education or religion or relieving them
14 from disease, suffering, or constraint, or by assisting them in establishing themselves
15 in life, or by providing for the promotion of the welfare and well-being of the
16 membership of the organization within their own community, [OR THROUGH
17 AIDING CANDIDATES FOR PUBLIC OFFICE OR GROUPS THAT SUPPORT
18 CANDIDATES FOR PUBLIC OFFICE,] or by erecting or maintaining public
19 buildings or works, or lessening the burden on government, but does not include

20 (1) the direct or indirect

21 (A) payment of any portion of the net proceeds of a bingo or
22 pull-tab game to a lobbyist registered under AS 24.45;

23 (B) contribution of any portion of the net proceeds of a
24 charitable gaming activity to

25 (i) a candidate for a public office of the state or a
26 political subdivision of the state or to the candidate's campaign
27 organization;

28 (ii) a political party as defined under AS 15.60;

29 (iii) an organization or club organized under or
30 formally affiliated with a political party;

31 (iv) a political group as defined under AS 15.60; or

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(v) a group as defined under AS 15.13.130, including a group that seeks to influence the opinions of voters concerning the election of a candidate for public office, a constitutional amendment, an initiative, or another ballot measure; or
(2) the erection, acquisition, improvement, maintenance, or repair of real, personal, or mixed property unless it is used exclusively for one or more of the permitted uses.

(b) The net proceeds derived from the activity must be devoted within one year to one or more of the uses stated in (a) of this section. If the net proceeds are derived from raffles, the proceeds must be devoted within one year to one or more of the uses stated in (a) of this section or to political uses as provided in (c) of this section. A municipality or qualified organization desiring to hold the net proceeds for a period longer than one year must apply to the department for special permission and upon good cause shown the department may grant the request.

* Sec. 4. AS 05.15.150 is amended by adding a new subsection to read:

(c) In addition to the uses specified in (a) of this section, a permittee may dedicate the net proceeds of raffles to political uses within the state. In this subsection, "political uses" means uses benefiting persons through aiding candidates for public office or groups that support candidates for public office.

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

Sec. 05.15.155. POLITICAL ORGANIZATION RAFFLES. A political organization that holds a permit under AS 05.15.100(e) may conduct raffles. Notwithstanding AS 05.15.150, the authority to conduct the raffles under this section is contingent upon the dedication of the net proceeds of the raffles to political, educational, civic, public, charitable, patriotic, or religious uses in the state and to the awarding of prizes to contestants or participants. "Educational, civic, public, charitable, patriotic, or religious uses" means those uses described in AS 05.15.150(a). "Political uses" has the meaning given in AS 05.15.150(c). The net proceeds derived from raffles under this subsection must be devoted within one year to one or more of the uses described in this section. A political organization desiring to hold the net proceeds for a period longer than one year must apply to the department for special permission

1 and upon good cause shown the department may grant the request.

2 * Sec. 6. AS 05.15.690(32) is amended to read:

3 (32) "political organization" means an organization or club organized
4 under or formally affiliated with a political party as defined in AS 15.60.010, that
5 operates without profits to its members, and that has been in existence for a
6 period of three years immediately before applying for a license; the organization
7 may be a firm, corporation, company, association, or partnership;

8 * Sec. 7. AS 05.15.690(34) is amended to read:

9 (34) "qualified organization" means a bona fide civic or service
10 organization or a bona fide religious, charitable, fraternal, veterans, labor,
11 [POLITICAL,] or educational organization, police or fire department and company,
12 dog mushers' association, outboard motor association, or fishing derby or nonprofit
13 trade association in the state, that operates without profits to its members and that has
14 been in existence continually for a period of three years immediately before applying
15 for a license; the organization may be a firm, corporation, company, association, or
16 partnership;

17 * Sec. 8. This Act takes effect January 1, 1996.

AMENDMENT #2

TO CSHB 307 ()

OFFERED IN THE HOUSE

BY REPRESENTATIVE FINKELSTEIN

Page 4, after line 1

Insert a new subsection to read

The department shall adopt regulations to identify all accounts that charitable gaming proceeds are transferred into by permittees and providing for access by the department to those accounts to ensure that proceeds are not diverted or transferred to any purpose or use not permitted by this chapter.

CSHB 307 (Draft F)
Sectional

The work draft prohibits charitable gaming as a method of raising funds for political purposes, except that the proceeds from raffles may be used for political purposes.

Section 1: Provides that the department may issue permits to political organizations to conduct raffles only. Provides that a political organization may not participate in a multiple beneficiary permit.

Section 2: Prohibits a political organization from contracting with an operator to conduct raffles.

Section 3: Revises AS 05.15.105 to clarify that political organizations may not receive proceeds from any type of gaming activities except raffles. It prohibits any part of the proceeds of other gaming activities to be given to a candidate for public office (state, subdivision of the state, or the candidate's campaign organization); a political party; a group organized under or affiliated with a political party, a political group, or a group defined in AS 15.30.130(4). Proceeds from all raffles for political purposes must be used within one year of their collection.

Section 4: Amends AS 05.15.150 to state that net proceeds from raffles may be dedicated to political uses. It defines political uses as those aiding candidates for public office or groups that support candidates.

Section 5: This adds a new section that states that political organizations may hold raffles for political purposes or for the other purposes allowed in the statutory scheme of charitable gaming. It again states that the proceeds must be used within a year unless the organization applies for

and obtains special permission from the department for good cause to hold the proceeds more than a year.

Section 6: Modifies the definition of political organization for the charitable gaming chapter to require that the organization have been in existence three years before it may apply for a license.

Section 7: Conforming amendment.

Section 8: Effective date of January 1, 1996

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 307

Revision Date: _____ Dept. Affected: Revenue
 Title: Pull-Tabs Prohibited BRU: Revenue Operations
 Component: Charitable Gaming Division

Sponsor: Representative Toohey
 Requester: House Judiciary COMPONENT SERIAL NO. 1883

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES				(323.8)	(323.8)	(323.8)
TRAVEL				(20.0)	(20.0)	(20.0)
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	(343.8)	(343.8)	(343.8)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()				(1,875.9)	(1,875.9)	(1,875.9)
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FUND SOURCE (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	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME				-6	-6	-6
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The effects of this bill if passed include a \$16,270.0 effective net proceeds loss to charities, \$1875.9 decrease in State tax receipts and the layoff of six Charitable Gaming Division employees (two Investigators, two Revenue Auditors, one Tax Examiner and an Administrative Assistant).

Prepared by: Dennis Poshard, Director Phone: 465-2279
 Division: Charitable Gaming Division Date: 4/24/95
 Approved by: _____
 Commissioner: Wilson L. Condon Date: 4/24/95
 Agency: Department of Revenue

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SPONSOR STATEMENT

Proposed CS for House Bill 307 (JUD)

"An Act providing that a political use is not an authorized use of charitable gaming proceeds; prohibiting the contribution of charitable gaming proceeds, other than proceeds from raffles to candidates for certain public offices, their campaign organizations, or to political groups; providing that a political group is not a qualified organization for purposes of charitable gaming, other than raffles; relating to raffles; and providing for an effective date."

This bill would directly prohibit the misdirection of gambling proceeds from being funneled to political uses. I do not believe anyone can legitimately consider politicians, or their attempts to influence the electoral process, a legitimate use of charity money.

Raffles are exempted from this prohibition. When raffle tickets are sold, the purchaser has full knowledge of the cause that the raffle represents.

There is a zero fiscal note from the Department of Revenue. Your support would be appreciated.

#2

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