

**HB**

**44**

REPRESENTATIVE  
TERRY MARTIN  
CHAIRMAN  
BUDGET & AUDIT COMMITTEE  
MEMBER  
HOUSE FINANCE COMMITTEE

# Alaska State Legislature



MAY 15 - JAN 15 258-8169  
716 W. 4TH, SUITE 650  
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783  
STATE CAPITOL  
JUNEAU, AK 99801-1182

HOME 333-6990  
355 DONNA DRIVE, #11  
ANCHORAGE, AK 99504

## MEMORANDUM

DATE: January 17, 1995

TO: Representative Jeannette James, Chair  
State Affairs Committee

FROM: Representative Terry Martin *TMM*

RE: Scheduling of HB44

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At your earliest convenience, would you please schedule House Bill 44 relating to the elimination of political organizations and districts from receiving proceeds through pull-tab charitable gaming practices.

My staff will submit the required information pertaining to the bill as soon as possible. If you have any questions, please contact Tom Anderson at 6590.



RECEIVED

FEB 13 1995

Rep. Brian Porter

CS FOR HOUSE BILL NO. 44( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsors: REPRESENTATIVES MARTIN, Rokeberg, Porter, Bunde, Green

A BILL

FOR AN ACT ENTITLED

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

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

10 \* Section 1. AS 05.15.060(a) is amended to read:

11 (a) The department shall adopt regulations under AS 44.62 (Administrative

1 Procedure Act) necessary to carry out this chapter covering, but not limited to,

2 (1) the issuance, renewal, and revocation of permits, licenses, and vendor  
3 registrations;

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

9 (3) the immediate revocation of permits, licenses, and vendor registrations  
10 authorized under this chapter if this chapter or regulations adopted under it are violated;

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

13 (5) the investigation of permittees, licensees, registered vendors, and their  
14 employees, including the fingerprinting of those permittees, licensees, registered vendors,  
15 and employees whom the department considers it advisable to fingerprint;

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

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

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

28 (9) the disposition of funds in possession of a permittee, a person,  
29 municipality, or qualified organization that possesses an operator's license, or a registered  
30 vendor at the time a permit, a license, or a vendor registration is surrendered, revoked,  
31 or invalidated;

32 (10) restrictions on the participation by employees of the Department of

1 Fish and Game in salmon classics; and in king salmon classics, and by employees of  
2 Douglas Island Pink and Chum in king salmon classics;

3 (11) the requiring of reports of all donations or contributions by  
4 permittees, licensees, or vendors to political candidates or their campaign  
5 organizations or to political groups;

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

8 \* Sec. 2. 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 political  
11 organization the privilege of conducting raffles but no other forms of charitable gaming.  
12 A political organization receiving a permit under this subsection must satisfy all the  
13 requirements of this chapter relating to permittees. A political organization may not hold  
14 or otherwise participate in a multiple-beneficiary permit.

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

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

19 \* Sec. 4. AS 05.15.150 is amended to read:

20 Sec. 05.15.150. LIMITATION ON USE OF PROCEEDS. (a) The authority to  
21 conduct the activity authorized by this chapter is contingent upon the dedication of the  
22 net proceeds of the charitable gaming activity to the awarding of prizes to contestants or  
23 participants and to [POLITICAL,] educational, civic, public, charitable, patriotic, or  
24 religious uses in the state. "Educational [POLITICAL, EDUCATIONAL] , civic, public,  
25 charitable, patriotic, or religious uses" means uses benefiting persons either by bringing  
26 them under the influence of education or religion or relieving them from disease,  
27 suffering, or constraint, or by assisting them in establishing themselves in life, or by  
28 providing for the promotion of the welfare and well-being of the membership of the  
29 organization within their own community, [OR THROUGH AIDING CANDIDATES  
30 FOR PUBLIC OFFICE OR GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC  
31 OFFICE,] or by erecting or maintaining public buildings or works, or lessening the

1 burden on government, but does not include

2 (1) the direct or indirect

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

5 (B) contribution of any portion of the net proceeds of a  
6 charitable gaming activity, other than raffles, to a candidate for a public  
7 office of the state or a political subdivision of the state, to the candidate's  
8 campaign organization, to a political party as defined under AS 15.60, or to  
9 an organization or club organized under or formally affiliated with a  
10 political party; or

11 (2) the erection, acquisition, improvement, maintenance, or repair of real,  
12 personal, or mixed property unless it is used exclusively for one or more of the permitted  
13 uses.

14 (b) The net proceeds derived from the activity must be devoted within one year  
15 to one or more of the uses stated in (a) of this section. If the net proceeds are derived  
16 from raffles, the proceeds must be devoted within one year to one or more of the  
17 uses stated in (a) of this section or to a political use as provided in AS 05.15.155. A  
18 municipality or qualified organization desiring to hold the net proceeds for a period  
19 longer than one year must apply to the department for special permission and upon good  
20 cause shown the department may grant the request.

21 \* Sec. 5. AS 05.15.150 is amended by adding a new subsection to read:

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

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

27 Sec. 05.15.155. POLITICAL RAFFLES. (a) Notwithstanding AS 05.15.150,  
28 a political organization that holds a permit under AS 05.15.100(e) may conduct raffles.  
29 The authority to conduct the raffles is contingent upon the dedication of the net proceeds  
30 of the raffles to the awarding of prizes to contestants or participants and to political,  
31 educational, civic, public, charitable, patriotic, or religious uses in the state. "Educational,

1 civic, public, charitable, patriotic, or religious uses" means those uses described in  
2 AS 05.15.150(a). "Political uses" has the meaning given in AS 05.15.150(c). The net  
3 proceeds derived from raffles under this subsection must be devoted within one year to  
4 one or more of the uses described in this subsection. A political organization desiring to  
5 hold the net proceeds for a period longer than one year must apply to the department for  
6 special permission and upon good cause shown the department may grant the request.

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

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

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

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## SPONSOR STATEMENT HB 44

Providing that a Political Use is not an Authorized Use  
of Charitable Gaming Proceeds.

In August of 1994 before the Primary Election, the Anchorage Daily News published an informative article disclosing where candidates for the governorship were receiving financial support. Lawyers became very prominent, as did construction and the oil industries, as well as the fishing industry who flapped its wings to get candidates' attention. Five days later the Voice of the Times brought into focus two other major players who financed political campaigns - unions and state employee groups.

Both articles missed the real *Motherload*. The newest, most prolific motherload to fill Alaska's campaign coffers is Gam(bl)ing - or more specifically, pull-tab permits. Alaska is the only state that allows political parties and local political districts to maintain gambling permits while also allowing a limitless contributory ability from political units and pull-tab permittees to candidates. The lack of restrictions on gambling dollars directed to political campaigns has given those in control over permits an incalculable influence and control over elected officials who are beholden to them for special voting and political generosity. The process is one in which the operators and political district officers decide who will receive the largest gambling receipts, thus gaining the highest level of control. The operators of the permits can and do use the political permits at the most profitable places and at the most prolific times, while the true charitable permittees suffer accordingly.

There should be an outcry of public disdain for this practice in Alaska, but it will not be heard until the facts of gambling's influence are exposed. The gurus of ethics who, for the last ten years, have been shouting the virtues of reform of special interests in political campaigns, have developed a scam of the worst kind involving political parties posing as charitable organizations in the name of reform.



What we have seen guised as a 'charity' is nothing less than raw political abuse of influence peddling and powers to corrupt the minds of the innocent for personal gains. This misuse of charity is no longer to be concealed. Rather it should be brought to bear before the public, in its true form, as an instrument of power that attracts the greed of elected officials.

Since the passage of legislation orchestrated through several Spenard lawyer/legislators and gam(b)ling operators that legalized pull-tabs and licensing (monopolizing) operators under the guise of "reform", we see the industry's growth escalate from an annual gross revenue of \$60 million dollars in 1988 to over \$227 million in 1993.

When zeroing in on just political permits we see a phenomenal growth of gross revenues in 1989 of \$374,958 to \$3,978,179 in 1993. There are 13 Democrat organizations, 5 Republican units and the Alaska Independent Party that have pull-tab permits.

Labor organizations also depend on gam(b)ling activities, especially pull-tabs, to fuel their political machinery. During 1993, 21 labor unions received \$4,269,972 in gross revenues through their permits. By holding gaming permits, politicians, political parties and precincts strip millions of dollars away from the true charities.

True charities serve a purpose in that they assist those who require aid, whether by training to work, or by clothing and feeding. The gaming process in-turn reduces state expenditures and services. Those who own gaming permits for reasons other than charity control the distribution to political groups and candidates, and end up controlling the legislature in a more sinister way than true advocates of ideologies in a democratic-representative government. This new motherload that fills political coffers must be eliminated. As evident by the 1994 Primary and General Elections, the amount of political contributions and proceeds originating from charitable gaming (pull tab) receipts distributed to Alaskan political candidates is overwhelming. House Bill 44 is the vehicle through which to change this problem. I urge your support.

## House Democratic Campaign Committee

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Northern Lights Bingo	Feb. 14, '94	\$2,462.00
Northern Lights Bingo	Mar. 11, '94	\$2,000.00
Northern Lights Bingo	Apr. 14, '94	\$2,000.00
Northern Lights Bingo	May. 10, '94	\$2,000.00
Northern Lights Bingo	Jun. 15, '94	\$1,000.00
Northern Lights Bingo	Jul. 14, '94	\$4,000.00
Northern Lights Bingo	Aug. 16, '94	\$8,000.00
Northern Lights Bingo	Oct. 7, '94	\$4,000.00
Northern Lights Bingo	Oct. 21, '94	\$3,000.00
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	1994 TOTAL	\$28,462.00

## Alaska Democrat Party

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Northern Lights Bingo	Jan. 29, '93	\$5,664.00
Northern Lights Bingo	Feb. 17, '93	\$3,427.00
Northern Lights Bingo	Mar. 30, '93	\$3,172.00
Northern Lights Bingo	May. 3, '93	\$3,043.00
Northern Lights Bingo	May. 17, '93	\$2,225.00
Northern Lights Bingo	Jun. 16, '93	\$2,513.00
Northern Lights Bingo	Jul. 26, '93	\$1,531.00
Northern Lights Bingo	Aug. 30, '93	\$1,032.00
Northern Lights Bingo	Sep. 30, '93	\$798.00
Northern Lights Bingo	Oct. 30, '93	\$3,894.00
Northern Lights Bingo	Nov. 28, '93	\$2,705.00
Northern Lights Bingo	Dec. 31, '94	\$2,780.00
<hr/>		
	1993 TOTAL	\$32,784.00
Rippie World	Aug. 12, '94	\$1,827.00
Rippie World	Oct. 7, '94	\$4,000.00
Rippie World	Nov. 9, '94	\$6,000.00
<hr/>		
	1994 TOTAL	\$11,827.00

### Anchorage Republican Woman's Club

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Alaska Bingo Management	Mar. 24, '94	\$2,000.00
Alaska Bingo Management	Apr. 25, '94	\$1,841.00
Alaska Bingo Management	Jun. 1, '94	\$1,000.00
Central AK Fund Raising Activities	Jun. 26, '94	\$4,000.00
Central AK Fund Raising Activities	Aug. 10, '94	\$5,000.00
Central AK Fund Raising Activities	Sep. 15, '94	\$3,151.00
Central AK Fund Raising Activities	Oct. 19, '94	\$5,000.00
<b>1994 TOTAL</b>		<b>\$21,992.00</b>

### District 25 Democrats

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
State Fair Bingo proceeds	Sep. 2, '94	\$1,545.00
State Fair Bingo proceeds	Sep. 8, '94	\$2,270.00
State Fair Bingo proceeds	Sep. 8, '94	\$1,571.05
State Fair Bingo proceeds	Sep. 8, '94	\$330.00
<b>1994 TOTAL</b>		<b>\$5,716.05</b>

### Valdez Democratic Precinct

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Rippie World	Jan. 17, '94	\$5,000.00
Rippie World	Feb. 22, '94	\$9,000.00
Rippie World	Mar. 17, '94	\$9,000.00
Rippie World	Apr. 20, '94	\$4,000.00
Rippie World	May. 16, '94	\$6,000.00
Rippie World	Jun. 27, '94	\$8,000.00
Rippie World	Jul. 19, '94	\$8,000.00
Rippie World	Sep. 2, '94	\$3,500.00
<b>1994 TOTAL</b>		<b>\$52,500.00</b>

**Alaska Ironworkers PAC**

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
Rippie World	Aug. 10, '94	\$7,000.00
Rippie World	Sep. 8, '94	\$11,000.00
Rippie World	Oct. 7, '94	\$9,000.00
Rippie World	Nov. 11, '94	\$11,000.00
<hr/>		
	1994 TOTAL	\$38,000.00

**Mat-Su Democrats**

<u>Gaming Operator</u>	<u>Date</u>	<u>Amount</u>
State Fair Bingo/Pulltab proceeds	Aug. 25, '94	\$8,599.00
State Fair Bingo/Pulltab proceeds	Sep. 6, '94	\$6,104.01
<hr/>		
	1994 TOTAL	\$14,703.01

1994 TOTALS                      \$173,200

State of Alaska  
**Department of Revenue**

**TONY KNOWLES**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



Wilson Condon  
Commissioner  
907-465-2300  
FAX: 907-465-2388

FOR IMMEDIATE RELEASE: January 25, 1995

R95-01

**CHARITABLE GAMING TASK FORCE NAMED**

Recognizing the need for a well-regulated, viable charitable gaming industry that provides funding for non profit organizations, Governor Tony Knowles today appointed an eleven-member task force to make recommendations regarding administration of charitable games.

The task force will address such questions as: Are charities receiving appropriate proceeds from gaming? What can government do to ensure that gaming is run fairly? How can government make gaming more efficient?

The eleven members named to the task force are all knowledgeable about charitable gaming. Most are operators of such games or represent permittees. They include: Father Francis McGuigan of Fairbanks, Ruth Shannon of Fairbanks, Jim Harmon of Anchorage, Mark Higgins of Anchorage, Dmitri Philemonof of Anchorage, Theodore Boom of Anchorage, George Wright of Juneau, Gerald Richards of Fairbanks, and Kilsoo Seo of Bethel. Lanie Fleischer of Anchorage will serve as chair of the task force.

The task force will hold public meetings in Anchorage, Fairbanks, and Juneau. The meetings will be held during the first two weeks of February and will be teleconferenced across the state. The public is encouraged to participate. All requests for teleconference access will be honored.

The task force will present a report making recommendations for the administration of charitable gaming to the commissioner of revenue by May 1, 1995. Minority viewpoints will be included in the report.

-30-

Contact: Jeff Prather - 465-2279

State of Alaska  
**Office of the Governor**

**TONY KNOWLES**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



**Bob King**  
Press Secretary  
907-465-3600  
FAX: 907-465-1833

FOR IMMEDIATE RELEASE: January 25, 1995

95-20A

**JUNEAU NEWS CONFERENCE ADVISORY**

There will be a news conference in the Governor's Conference Room in the state capitol at 10:30 a.m. on Thursday, January 26, 1995.

At the news conference, the Governor will be presented with the executive summary of the recommendations of his ten policy transition teams.

Both Governor Knowles and Lieutenant Governor Fran Ulmer, who chaired the transition teams, will be present at the conference.

The Governor will also have some remarks regarding the upcoming meeting of the National Governors' Association that he will attend this weekend in Washington, D.C.

The news conference will be teleconferenced to the Governor's offices in Anchorage and Fairbanks. Video from the news conference will be aired on the Governor's window on Ratnet.

Contact Bob King at 465-3600 if you have any questions.

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 44

Revision Date: 2/13/95 Dept. Affected: Revenue  
 Title: Gaming proceeds/Define Charitable Gaming BRU: Revenue Operations  
organizations Component: Charitable Gaming Division  
 Sponsor: Representative Martin  
 Requester: State Affairs 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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	(19.2)	(20.2)	(21.2)	(22.2)	(23.4)	(24.5)
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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						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

The Department of Revenue, Charitable Gaming Division anticipates a slight decrease of program receipts due to a loss of pull-tab taxes and net proceeds tax for political permittees.

Prepared by: Jeff Prather, Acting Director Phone: 465-2279  
 Division: Charitable Gaming Division Date: 2/13/95  
 Approved by: [Signature]  
 Commissioner: Wilson L. Condon Date: 2/13/95  
 Agency: Department of Revenue

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1. Raffles excluded
2. Qualification for permit shall not pass Polit. Parties or Political groups.
3. No proceeds <sup>Dir</sup> indirect to Parties Polit. groups or pol. candid. .
4. Report Polit. cont to Dir of gaming if pass. permit