

LEG. FINANCE - BILLS 1983 - 1984 2139

SB 532 - SB 549

2139

COMMITTEE REPORT
SENATE

FURTHER:

4/13/84

Date 5/7/84

Mr. President

The Committee on FINANCE considered SR 532

state taxation of national banks, state banks, trust companies, and savings and loan associations; etc.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation *o fiscal note came w/brief*
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

V. F. ...

Bob ...

Chairman

Chairman recommendation

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

slu 532

March 21, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811

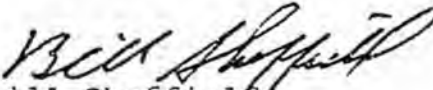
Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to amend AS 43, the Revenue and Taxation Code, by repealing AS 43.20.031(d) and AS 43.70.030(b).

This bill repeals AS 43.20.031(d), which exempts banks and savings and loan associations from taxation under AS 43.20, the corporate income tax chapter. It also repeals AS 43.70.030(b), which taxes banks, trust companies, and savings and loan associations under AS 43.70, the Business License Act.

Currently, banks and savings and loan associations are specifically exempted from the corporate income tax under AS 43.20 because of federal restrictions which required states to tax national banks and savings and loan associations separately from other corporations. Those federal restrictions no longer exist. Therefore, we may now tax banks under AS 43.20 along with all other corporate taxpayers, and that is what this bill will accomplish.

Sincerely,


Bill Sheffield
Governor

Currently banks are required to file returns and pay tax under a statute separate from all other corporations (AS 43.70). This results in significant administrative and legal problems. The Department of Revenue therefore recommends that banks be taxed under the same income tax statutes as other corporations (AS 43.20).

Although state and municipal interest is currently taxable under AS 43.70 and would not be subject to tax under AS 43.20, we estimate that requiring banks to file under AS 43.20 rather than AS 43.70 will result in no loss of revenue to the State. The Department's position is that under IRC sec. 265(2), which is adopted by reference in AS 43.20.021(a), no deduction is allowed for expenses and interest incurred or continued to purchase or carry obligations the interest on which is exempt from tax. This includes not only expenses and interest related to tax exempt state and municipal interest income, but also expenses and interest related to tax exempt U.S. interest income. Therefore, the total amount of nondeductible expenses under AS 43.20 will be close to the amount of nontaxable income.

Introduced: 3/21/84
Referred: Labor and Commerce and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 532

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state taxation of national banks,
7 state banks, trust companies, and savings and loan
8 associations; and providing for an effective date."

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

10 * Section 1. AS 43.20.031(d) and AS 43.70.030(b) are repealed.

11 * Sec. 2. This Act is retroactive to January 1, 1984.

12 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

3/21/84

Date

4/12/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 532

relating to state taxation of national banks, state banks, trust companies, and savings and loan associations; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass

do pass with attached amendment(s)

replace with/or adopt CS for _____

new title

same title and recommends _____

and attached a "LETTER OF INTENT"

NEW FISCAL NOTE

reports it back without recommendation

recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBER HAVING
OTHER RECOMMENDATIONS

2 *[Signature]* *no rec*
2 *[Signature]* *no rec*
2 *[Signature]* *no rec*

[Signature]

Chairman

Do Pass

Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER:

3/29/84

Date 11/3/84

Mr. President

The Committee on FINANCE considered SB 533

supplemental appropriation to the Department of Health and Social Services for residential care facilities for children, et al.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Joe Parker

Chairman

Chairman recommendation

Introduced: 3/22/84
Referred: Health, Education and
Social Services and Finance

Funding Information
General Fund \$87,258
Other Funds -0-
\$87,258

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2

SENATE BILL NO. 533

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the

7

Department of Health and Social Services for residen-

8

tial care facilities for children; and providing for

9

an effective date."

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

11 * Section 1. The sum of \$87,258 is appropriated from the general fund
12 to the Department of Health and Social Services for increased social
13 security costs for residential care facilities for children for the fiscal
14 year ending June 30, 1984. The appropriation shall be allocated as
15 follows:

16	(1) Alaska Children's Services	\$24,100
17	(2) Alaska Family Baptist Center	400
18	(3) Bethel Group Home	6,000
19	(4) Booth Memorial Home	20,000
20	(5) Crossroads	200
21	(6) Juneau Receiving Home	660
22	(7) Kenai Care Facility	14,000
23	(8) Ketchikan Teen Homes	6,000
24	(9) Kodiak Baptist Mission	10,500
25	(10) Maniilaq Group Home	720
26	(11) Nome Receiving Home	255
27	(12) North Star Children's Home	135
28	(13) Presbyterian Hospitality House	1,440
29	(14) Sitka Receiving Home	2,848

1 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
2 10.070(c).

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

3/22/84

Date March 28, 1984

Mr. President

The Committee on HESS considered SB 533

supplemental appropriation to the Department of Health and Social Services for residential care facilities for children; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 Paul Ginde
1 Poppy M...
1 V. Fisher

Joe Joseph
 Chairman
DO PASS
 Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER:

1/19/69

Date 5/1/69

Mr. President

The Committee on FINANCE considered SB 549

status of change and content of bill; etc.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt ~~CS~~ CS for SB 549 (Finance)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 5/3/84

REQUEST

Bill/Resolution No: CSSB549 (Finance)
 Title: An Act Relating to Games of Chance & Skill & Provide for effective date
 Sponsor: Community & Regional Affairs
 Requestor: Senate Finance
 Date of Request: 5/3/84

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Revenue Collection & Management
 BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	290.3	304.8	320.1	336.1	352.9
200 TRAVEL	-	48.0	40.0	42.0	44.1	46.3
300 CONTRACTUAL	-	108.1	60.9	60.9	60.9	60.9
400 SUPPLIES	-	4.0	4.2	4.4	4.6	4.8
500 EQUIPMENT	-	12.8	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	463.2	409.9	427.4	445.7	464.9
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	550.3	597.8	654.2	715.9	783.4

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	463.2	409.9	427.4	445.7	464.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITION:

FULL-TIME	-	8	8	8	8	8
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See revenue figures above.

ANALYSIS: See attached page.

Prepared By: Martin J. Richard

Division: Public Services

Phone: 465-2392

Date: 5/3/84

Approved by Commissioner: [Signature]

Agency: Department of Revenue

Date: 5/3/84

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CSSB 549 (Finance)
Public Services Division BRU
Fiscal Note Analysis

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerating growth expected. There is a definite need to provide for some control before it reaches a level that would prohibit any control.

The change in fee structure provided for in this legislation would allow funds for an educational enforcement program. The field investigators would review gaming operations holding permits to ensure proper operation. The tax examiners will be used to issue permits and review financial statements ensuring proper use of funds derived from gaming.

100 PERSONAL SERVICES

1	Investigator III	(\$3249 @ 12 mos.)	\$ 50,159
3	Investigator II	(\$2573 @ 36 mos.)	120,434
3	Tax Examiner II	(\$1973 @ 36 mos.)	94,446
1	Clerk Typist III	(\$1553 @ 12 mos.)	<u>25,273</u>

Total Annual Wages & Benefits \$290,312

200 TRAVEL

Estimate \$12,000 per field Investigator for mileage, travel and per diem. 48,000

300 CONTRACTUAL

4 Terminals, Printer and Central Processing Unit allocation	\$ 57,876
Cost of initial programing and set up	25,000
Printing cost for forms etc	6,000
Office space rent	<u>19,200</u>

Total Annual Contractual Obligations 108,076

400 SUPPLIES

Miscellaneous stationery and office supplies 4,000

500 EQUIPMENT

Office equipment (desk, chairs, filing cabinets etc.) 12,800

Total \$463,188

Offered: 5/18/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL GOVERNMENT. (a) A borough or organized municipality outside of a borough may elect, by passage of an appropriate ordinance, to impose an additional license fee, not to exceed one-half of one percent, on the gross receipts of an activity authorized under this chapter conducted within its boundaries. A borough or organized municipality outside of a borough that elects to impose the additional license fee shall file written notice of the election with the department on or before December 1 of the year preceding the year an election under this section is to become effective. The notice may not be rescinded for a subsequent calendar year unless a rescission notice is received by the department on or before January 1 of the year for which the license fee is rescinded.

(b) The additional license fee shall be collected and administered by the department in the same manner as provided for the additional fee in AS 05.15.020(c).

(c) The department shall refund money collected under this section to the borough or organized municipality outside of a borough for which the money was collected, as determined by the location of the activity authorized under this chapter.

(d) Money received by an organized borough under this section shall be allocated by the borough by ordinance for city, area outside city and service area purposes within the borough.

* Sec. 3. AS 05.15.030 is repealed and reenacted to read:

Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS, REQUIRED APPROVALS AND PROTESTS. (a) At the time of filing an initial or renewal application the applicant shall notify the city or borough nearest to the location of the proposed activity of the application and the location at which the proposed activity will be conducted.

(b) A local government is required to approve by resolution an initial permit application for conducting bingo games, selling pull-tabs, or holding special-draw games in its jurisdiction. The commissioner shall define special-draw games in regulations adopted under the Administrative Procedure Act (AS 44.62). The approval, which may be granted at the discretion of the governing body, shall accompany the initial license application to the commissioner. The commissioner may not issue a permit for an activity in a jurisdiction which has not approved the activity as required under this subsection.

(c) A local government may protest the conduct of an activity in its jurisdiction, including the renewal of a permit for which initial approval was required under (b), by filing with the commissioner a resolution stating the reasons for the protest. Protests are limited to the lack of qualifications prescribed by this chapter or a finding that the proposed activity would not be in the best interests of the public. This resolution is only a recommendation by the city that may be considered by the commissioner in the commissioner's determination to issue or refuse to issue a permit.

(d) If a permittee relocates within the same city or borough for which approval has been granted, the permittee shall notify the department and the city or borough within 30 days of its move to the new location.

(e) If a permittee intends to conduct an activity in a city or borough in addition to a jurisdiction for which approval has been granted, the permittee shall file an application with the department and shall notify the city or borough nearest to the new location prior to conducting the activity at the new location. An activity may not be conducted in the additional or new jurisdiction prior to approval by the commissioner.

(f) The commissioner may limit the locations in which activities under this chapter may be conducted as required to protect the best interests of the public.

* Sec. 4. AS 05.15.060 is repealed and reenacted to read:

Sec. 05.15.060. REGULATIONS. In accordance with the Administrative Procedure Act (AS 44.62), the commissioner of revenue shall adopt regulations necessary to carry out this chapter covering but not limited to the control and issuance of permits, authorized expenses, investigations of permittees, recordkeeping and accounting, prizes, equipment, audits of authorized activities, suspension or revocation of permits and other matters that the commissioner considers necessary to carry out this chapter or protect the best interest of the public.

* Sec. 5. AS 05.15.070 is amended to read:

Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES. The commissioner may examine or have examined the books and records of a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE REASONABLE COST OF THE EXAMINATION.] The commissioner may issue subpoenas for the attendance of witnesses and the production of books, records, and other documents.

* Sec. 6. AS 05.15.080 is repealed and reenacted to read:

Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNICIPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qualified organization conducting an activity authorized under this chapter shall file a report with the department no later than the last business day of the month following the month in which an activity was conducted. The report must include the type of activity conducted, the date and location of the activity, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds and other information the commissioner may

require by regulation.

(b) A municipality or qualified organization conducting an activity authorized under this chapter shall file an annual report with the department no later than January 31 of the year following the year in which activities were conducted, accompanied by the payment of the additional fee as required under AS 05.15.020(c). The report must list the types of activities conducted, and, for each activity, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes, and the total amount of net proceeds. The report must also include the disposition or intended disposition of the net proceeds.

* Sec. 7. AS 05.15 is amended by adding new sections to read:

Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED OPERATORS. (a) A qualified operator shall file a report with the department no later than the last business day of the month following the month in which an activity was conducted. The report shall be divided into sections for each municipality and qualified organization on whose behalf an activity was conducted and must include the date and location of each activity, the type of activity conducted, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds paid to the municipality or qualified organization on whose behalf the activity was conducted and other information the commissioner may require by regulation.

(b) A qualified operator shall file an annual report with the department no later than January 31 of the year following the year in which activities were conducted, accompanied by the payment of the additional fee as required under AS 05.15.020(c). The report must list the types of activities conducted, the municipalities and qualified organizations on whose behalf the activities were conducted, the

total gross receipts, the total authorized expenses, the total prizes and the total net proceeds turned over to each municipality and qualified organization.

(c) A municipality or qualified organization that authorizes a qualified operator to conduct activities authorized under this chapter shall file an annual report with the department no later than January 31 of the year following the year in which the activities were conducted. The report must list each activity conducted, the authorized representative for the municipality or qualified organization, the qualified operator conducting the activity, the date and location of each activity and the net proceeds received from the qualified operator for the activity.

Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications and reports required under this chapter shall be filed under penalty of perjury and signed by a bona fide member in good standing of the qualified organization or a person authorized to sign on behalf of a municipality.

(b) The commissioner may grant an extension for the filing of a report required under this chapter upon a showing by the permittee of reasonable cause for delay. The extension may not be granted in excess of 30 days and the report will not be considered delinquent during the period of the extension. An extension of time for the payment of the license fee is prohibited.

(c) A permittee is not authorized to conduct an activity under this chapter during any period in which a report or license fee is delinquent.

(d) A delinquent license fee shall bear interest at the rate provided for in AS 43.05.225.

* Sec. 8. AS 05.15.160 is amended to read:

Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense may not be incurred or paid in connection with the operation of an activity under a permit issued under this chapter except for bona fide expenses reasonably necessary for

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

(2) personal services rendered that are not directly or indirectly involved with the operation of the activity; or

(3) personal services involved with the operation of the activity provided the services are performed by an employee of the municipality, qualified organization, qualified operator or a consultant hired by the municipality or qualified organization conducting the activity, provided the consultant is not directly involved in the operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

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

(b) The annual authorized expenses under (a) of this section may not exceed 25 percent of the annual gross receipts from activities authorized under this chapter.

(c) The annual net proceeds for a qualified organization from activities authorized under this chapter may not be less than 25 percent of the annual gross receipts.

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

Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator may not operate an activity for more than one authorizing permittee in any 24 hour period.

(b) A qualified operator is required to pay the authorizing permittee the net proceeds from an activity within 15 calendar days

from the date of the activity. The payment shall be made by check and the qualified operator shall obtain a signed receipt from the authorizing permittee. The authorizing permittee shall keep a copy of the receipt for its records.

(c) The net proceeds of an activity that shall be paid by the qualified operator to the authorizing permittee shall be the gross receipts from the activity reduced by the license fee based on the gross receipts, the authorized expenses provided for under AS 05.15.-160(a) and the prizes awarded at the activity.

(d) An authorizing permittee shall designate a representative, who is a bona fide member in good standing of the qualified organization or a person designated by the municipality, to be its agent in working with the qualified operator. The representative shall have access to all books and records of the qualified operator, relevant to the activity, including the amounts of gross receipts, authorized expenses and prizes awarded. The commissioner may order the production of the books and records of a qualified operator that are not voluntarily made available to the representative under regulations adopted by the department.

(e) If the department finds that a qualified operator has incurred expenses that are not authorized under AS 05.15.160(a), or has incurred expenses in excess of the amount authorized under AS 05.15.-160(b), or has paid an authorizing permittee less than the minimum amount of net proceeds provided for under AS 05.15.160(c), the department shall order the qualified operator to refund to the authorizing permittee the amount of the unauthorized expenses or the difference between the minimum amount of net proceeds under AS 05.15.160(b) and the amount of the net proceeds actually paid, whichever is greater. The qualified operator shall pay the authorizing permittee interest on

the amount ordered to be paid at the rate of 1.5 percent a month for each month or fraction of a month between the date of the operation of the activity and the date the refund is made.

* Sec. 11. AS 05.15.200 is amended by adding a new subsection to read:

(c) The commissioner may assess a penalty in the manner provided for the nonpayment of taxes under AS 43.05.220(a) where a permittee has failed to timely pay a license fee required under AS 05.15.020(c) [(B)], unless it is shown that the failure was due to reasonable cause.

* Sec. 12. AS 05.15.210(15) is repealed and reenacted to read:

(15) "net proceeds" means the gross receipts from the activity reduced by the license fee based on the gross receipts, the authorized expenses provided for under AS 05.15.160(a) and the prizes awarded at the activity;

* Sec. 13. AS 05.15.210 is amended by adding new subsections to read:

(24) "authorizing permittee" means a municipality or qualified organization that has authorized a qualified operator to conduct activities authorized under a permit issued by the commissioner under this chapter on its behalf;

(25) "commissioner" means the commissioner of revenue;

(26) "department" means the Department of Revenue;

(27) "permittee" means a municipality, qualified organization or qualified operator that has been issued a permit to conduct the activities authorized under this chapter;

(28) "qualified operator" means a municipality or qualified organization that has been authorized by the commissioner to operate the activities authorized under this chapter on behalf of another permittee.

* Sec. 14. An organization which was conducting bingo games, selling

pulltabs, or holding special-draw games prior to the effective date of this Act is not required to have its existing location or locations approved by a local government under AS 05.15.030(b).

* Sec. 15. This Act takes effect July 1, 1984.

ALASKA DEPARTMENT OF REVENUE

POSITION PAPER

SB 549 and proposed CSSB 549 (Finance)—An Act relating to games of chance and contests of skill; and providing for an effective date.

The Department of Revenue has assisted the Community and Regional Affairs Committee in drafting these Bills and supports the legislation. If passed, the legislation would allow qualified operators to conduct games and contests on behalf of other organizations. The accompanying fiscal note would fund a licensing and enforcement program in the Department of Revenue to ensure the lawful disposition of the proceeds from the activities and that games are operated legally and fairly.

THERE ARE NO PROVISIONS IN THE PRESENT LAW FOR AN OPERATOR TO CONDUCT AN ACTIVITY ON BEHALF OF ANOTHER PERMITTEE.

Permit holders are the only ones authorized to conduct activities under current law. If a permittee allows its permit to be used by another organization, the permit may be revoked. Payments to operators are not authorized expenses and therefore compound the illegality. Nevertheless, operators are openly operating in Alaska. The Department of Revenue is responsible for the enforcement of the games of chance and contests of skill provisions but does not have funding in its budget for this function.

EFFECT OF THE PASSAGE OF THIS LEGISLATION.

The proposed legislation would allow municipalities and qualified organizations to operate activities for other permit holders. Those operators which are currently operating illegally would be legalized providing they could qualify for their own permit as a municipality or qualified organization. All other operators would continue to be illegal.

The proposed legislation has several safeguards to protect the permittee using an operator. Examples are the provisions regarding accountability for expenses, payment within 15 days of the activity, the posting of a bond or other security, and payment with interest if the Department finds that the proper amount of net proceeds have not been paid by the operator.

The fiscal note attached to the Bill would provide a unit within the Public Services Division of the Department of Revenue which would monitor and enforce authorized gambling activity in the State. This unit would inspect gaming operations and audit the records to ensure compliance with the law.

To compensate the general fund for the costs of the enforcement program, the proposed legislation provides for a 1.5% license fee on the gross receipts of the authorized activities. This fee would be paid by a permittee conducting its own activities or by the operator conducting activities for another permittee.

In addition to the fees due the State, the legislation would allow local governments to enact a local fee which may not exceed 0.5% of the gross receipts. Though not designated specifically in the legislation, a local government could use the revenue from its fee to defray additional municipal costs associated with gambling such as those for increased police protection and traffic control. The Department of Revenue would collect the fee for each municipality.

The proposed legislation would give a local government the opportunity to protest against a permit for an activity to be conducted within its jurisdiction if it found that the activity would not be in the best interests of the public. At the present time, local governments may only protest the lack of qualifications of the permit applicant. The Department of Revenue could limit the areas in the State in which an activity under a permit could be conducted.

For more information, please contact:

Alaska Department of Revenue
Martin J. Richard, Director
Division of Public Services
Pouch SA
Juneau, AK 99811

Telephone: 465-2392

Why SB 549 was Introduced

Bingo and other games of chance and skill are expected to gross over 35 million dollars this year for various Alaskan charitable and civic organizations. This activity is monitored by one accounting clerk in the Department of Revenue. Unfortunately, practices which are clearly contrary to existing law have become commonplace in recent years.

Due to the severe cutbacks in federal aid, many social organizations have become increasingly dependent upon the funds generated by Bingo and associated games to finance their programs. With this increasing dependence, some of these organizations took a look at the present state of bingo and became fearful, that unless the present abuses were corrected, there was a danger of a backlash which would deprive them of this source of revenue.

This legislation brings the law up to date, it provides for adequate enforcement and auditing and a means to pay for that activity and it guarantees a proper portion of the gross receipts will wind up as proceeds to the programs of the permittee. This bill is supported by the Department of Revenue and by the Cook Inlet Native Association.

Update of Department of Revenue
Sectional of Draft Legislation
to Reflect Changes in CS

Senator Ferguson's Office
3 May 1984

SECTIONAL ANALYSIS OF CSSB 549

An Act Relating to Games of Chance and Skill

SECTION 1.

This section repeals the present \$20 application fee and one percent of net proceeds license fee and replaces it with a \$50 fee for most applicants and a one and one-half percent fee on gross receipts. The new section also provides for a permit to be given to qualified operators at a fee of \$200. The increased fee is to provide a source of funds which may be appropriated for the purposes of education and enforcement of the chapter. The operator would be liable for the gross receipts fee on activities conducted for another group. Operators would be required to have bonding equal to ten percent of the calendar year's estimated prizes and proceeds.

SECTION 2.

This section authorizes boroughs and organized municipalities outside of boroughs to impose a one-half percent license fee which would be collected by the State and refunded to those local governments. Organized cities within boroughs would share in the fee authorized by the borough but cannot tax the activities separately.

SECTION 3.

This section requires that notice of the location of proposed activities be given to the city or borough nearest to the proposed location. There are also special notice requirements for changing locations. A local government could protest the qualifications of an organization or may protest on the grounds that the proposed activity would not be in the best interests of the public. The department may restrict the areas of the state in which activities may be conducted based on protests received from cities or boroughs.

SECTIONAL ANALYSIS OF CSSB 549 -- Continued

SECTION 4.

This section gives the commissioner regulatory powers to carry out the department's responsibilities in the chapter and to protect the public.

SECTION 5.

This amendment would take out the option for the commissioner to charge permittees for examinations. This provision was removed in anticipation that operating funding for enforcement would be appropriated out of the general fund from the new license fees.

SECTION 6.

This section contains the reporting requirements for groups conducting their own activities. Monthly reports would be required for months in which activities were conducted. An annual summary and payment of the additional license fee would be due by January 31 of the year following the year of the activities.

SECTION 7.

This section requires reports for activities conducted by qualified operators. Qualified operators must file monthly reports disclosing gaming operations and an annual summary along with payment of the additional license fee. Authorizing permittees, those using qualified operators, would file an annual report reporting the amounts of net proceeds received from the activities. The filings must be made under penalty of perjury. The commissioner may grant filing extensions, but not payment extensions. If an organization is delinquent in its filing or payment, its activities are automatically suspended during the period of the delinquency.

SECTION 8.

This amendment to AS 05.15.160(a) provides for payments for personal services to an employee of a qualified operator is an authorized expense. Also, payments to a consultant are authorized expenses so long as the consultant is not directly involved in the operation of the activity.

SECTION 9.

This section adds two subsections to AS 05.15.160. Subsection (b) limits total annual authorized expenses to 25 percent of the gross receipts. Subsection (c)

SECTIONAL ANALYSIS OF CSSB 549 -- Continued

requires that no less than 25 percent of the gross receipts be designated as net proceeds.

SECTION 10.

These are special rules for activities conducted by operators. Subsection (a) limits a qualified operator to conducting activities for only one authorizing permittee in any 24 hour period. Subsection (b) requires qualified operators to pay the net proceeds to the authorizing permittee within 15 days from the date of the activity conducted for that permittee. Subsection (c) explains the computation of the net proceeds to be paid to the authorizing permittee. Subsection (d) requires the designation of a representative by the authorizing permittee to serve as the liaison between the organization and the operator. The representative would have full access to the books and records related to the activity conducted by the operator for the organization. Subsection (e) requires the operator to pay additional amounts to the authorizing permittee if the department finds that unauthorized expenses have been paid or less than 25 percent of the gross receipts have been paid as net proceeds.

SECTION 11.

This change in AS 05.15.180(a) would allow the commissioner to designate instruments, machines or other objects which could be used in the operation of activities authorized under the chapter.

SECTION 12.

This section gives the commissioner the option of assessing a failure to pay penalty for the nonpayment of license fees where the failure to pay is without reasonable cause.

SECTION 13.

This section redefines "net proceeds" in conjunction with the changes made in AS 05.15.160(a) made during the last session and those proposed in the bill.

SECTION 14.

The definitions of "authorizing permittee", "permittee" and "qualified operator" would be added to the definition section of AS 05.15.

SECTIONAL ANALYSIS OF CSSE 549 -- Continued

SECTION 15.

This effective date provision would have the Act be effective July 1, 1984.

Changes made to SB 549
by the Committee Substitute

The Finance Committee substitute for SB 549 makes four changes to the original bill. These changes are detailed below.

Page 1 Line 18 - The bonding requirement for qualified operators is reduced to an amount equal to ten percent of the estimated proceeds and prizes for the calendar year. With the reporting system this legislation sets up, this level of bonding is felt to provide a proper amount of protection without being prohibitively expensive.

Page 1 Line 23 - The percentage of gross receipts paid to the state is reduced from 3% to 1½%. According to estimates by the Department of Revenue, this percentage will generate approximately \$527,250 next year. This amount is sufficient to cover the Department of Revenue's fiscal note of \$463,200.

Page 2 Line 4 - The percentage of gross receipts that local governments may establish a license fee not to exceed, has been reduced from 1% to ½%. This is felt to be sufficient to cover any additional burden that games of chance and skill may impose on local governments.

Page 8 Line 25 - A typo in a statute reference has been corrected.

The Committee Substitute, making these four changes, is supported by the original sponsor, by the Department of Revenue and by the Cook Inlet Native Association.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 5/3/84

REQUEST

Bill/Resolution No: CSSB549 (Finance)
 Title: An Act Relating to Games of Chance
 & Skill & Provide for effective date
 Sponsor: Community & Regional Affairs
 Requestor: Senate Finance
 Date of Request: 5/3/84

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Revenue
 Collection & Management
 BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	290.3	304.8	320.1	336.1	352.9
200 TRAVEL	-	48.0	40.0	42.0	44.1	46.3
300 CONTRACTUAL	-	108.1	60.9	60.9	60.9	60.9
400 SUPPLIES	-	4.0	4.2	4.4	4.6	4.8
500 EQUIPMENT	-	12.8	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	463.2	409.9	427.4	445.7	464.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	550.3	597.8	654.2	715.9	783.4

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	463.2	409.9	427.4	445.7	464.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	8	8	8	8	8
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

See revenue figures above.

ANALYSIS: See attached page.

Prepared By: Martin J. Richard
 Division: Public Services

Phone: 465-2392

Date: 5/3/84

Approved by Commissioner: _____
 Agency: Department of Revenue

Date: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CSSB 549 (Finance)
Public Services Division BRU
Fiscal Note Analysis

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerating growth expected. There is a definite need to provide for some control before it reaches a level that would prohibit any control.

The change in fee structure provided for in this legislation would allow funds for an educational enforcement program. The field investigators would review gaming operations holding permits to ensure proper operation. The tax examiners will be used to issue permits and review financial statements ensuring proper use of funds derived from gaming.

100 PERSONAL SERVICES

1	Investigator III	(\$3249 @ 12 mos.)	\$ 50,159
3	Investigator II	(\$2573 @ 36 mos.)	120,434
3	Tax Examiner II	(\$1973 @ 36 mos.)	94,446
1	Clerk Typist III	(\$1553 @ 12 mos.)	<u>25,273</u>

Total Annual Wages & Benefits \$290,312

200 TRAVEL

Estimate \$12,000 per field Investigator for mileage, travel and per diem. 48,000

300 CONTRACTUAL

4	Terminals, Printer and Central Processing Unit allocation	\$ 57,876
	Cost of initial programing and set up	25,000
	Printing cost for forms etc	6,000
	Office space rent	<u>19,200</u>

Total Annual Contractual Obligations 108,076

400 SUPPLIES

Miscellaneous stationery and office supplies 4,000

500 EQUIPMENT

Office equipment (desk, chairs, filing cabinets etc.) 12,800

Total \$463,188

OPERATORS

There are no provisions for operators in AS 05.15. The law says the permittee "may conduct the activity specified in the permit". AS 05.15.040. The commissioner of revenue issues a permit which "gives the municipality or organization the privilege of conducting" the activities. AS 05.15.100.

Authorized expenses do not include payment for personal services involved in the operation of the activity other than to employees of the permittee or a consultant. AS 05.15.160.

Authorized activities are a privilege and do not confer a right upon any person to conduct the activities. AS 05.15.110. Therefore the authorization to conduct the activities is not transferable.

The regulations provide that a permit may be revoked if the permittee allows its use for another organization. 15 AAC 105.190(8).

The regulations also require that a bona fide and active member be responsible for the conduct of the activities on each occasion and that person be present. 15 AAC 105.210. When an organization hires an operator or leases its permit, it is delegating the responsibility for the conduct of the games to a person who is not an active and bona fide member.

By using operators, permittees lose control over the authorized expenses. For example, the minimum wage plus a dollar for workers operating the games. Organizations are risking their permits. The public is damaged because after the money is distributed, for perhaps unlawful expenses of operation, the only remedy available to the state is to revoke the license or try for a misdemeanor conviction of the operator or permittee.

There is little room for operators in the accounting provisions of the regulations. Permittees are required to keep books and records necessary to substantiate the particulars of each annual financial statement. All money received should be kept in a separate bank account and receipts shall be kept for cash prizes. Expenses are supposed to be paid by check on the separate bank account with two authorized signatures of the organization.

I do not think that the intent of the legislature was to allow gambling to fund qualified organizations. I think the intent was to allow qualified organizations to conduct gambling activities to supplement their own fund raising.

Don Bullock

Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or
30

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue

1 subpoena for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

4 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
5 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
6 ified organization conducting an activity authorized under this chap-
7 ter shall file a report with the department no later than the last
8 business day of the month following the month in which an activity was
9 conducted. The report must include the type of activity conducted,
10 the date and location of the activity, the amount of gross receipts,
11 the amount of authorized expenses, the value of prizes awarded, the
12 amount of net proceeds and other information the commissioner may
13 require by regulation.

14 (b) A municipality or qualified organization conducting an
15 activity authorized under this chapter shall file an annual report
16 with the department no later than January 31 of the year following the
17 year in which activities were conducted, accompanied by the payment of
18 the additional fee as required under AS 05.15.020(c). The report must
19 list the types of activities conducted, and, for each activity, the
20 total amount of gross receipts, the total amount of authorized expen-
21 ses, the total value of prizes, and the total amount of net proceeds.
22 The report must also include the disposition or intended disposition
23 of the net proceeds.

24 * Sec. 7. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
26 OPERATORS. (a) A qualified operator shall file a report with the
27 department no later than the last business day of the month following
28 the month in which an activity was conducted. The report shall be
29 divided into sections for each municipality and qualified organization

1 on whose behalf an activity was conducted and must include the date
2 and location of each activity, the type of activity conducted, the
3 amount of gross receipts, the amount of authorized expenses, the value
4 of prizes awarded, the amount of net proceeds paid to the municipality
5 or qualified organization on whose behalf the activity was conducted
6 and other information the commissioner may require by regulation.

7 (b) A qualified operator shall file an annual report with the
8 department no later than January 31 of the year following the year in
9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than Janu-
19 ary 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

municipality.

(b) The commissioner may grant an extension for the filing of a report required under this chapter upon a showing by the permittee of reasonable cause for delay. The extension may not be granted in excess of 30 days and the report will not be considered delinquent during the period of the extension. An extension of time for the payment of the license fee is prohibited.

(c) A permittee is not authorized to conduct an activity under this chapter during any period in which a report or license fee is delinquent.

(d) A delinquent license fee shall bear interest at the rate provided for in AS 43.05.225.

* Sec. 8. AS 05.15.160 is amended to read:

Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense may not be incurred or paid in connection with the operation of an activity under a permit issued under this chapter except for bona fide expenses reasonably necessary for

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

(2) personal services rendered that are not directly or indirectly involved with the operation of the activity; or

(3) personal services involved with the operation of the activity provided the services are performed by an employee of the municipality, qualified organization, qualified operator or a consultant hired by the municipality or qualified organization conducting the activity, provided the consultant is not directly involved in the operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

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

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not

voluntarily made available to the representative under regulations adopted by the department.

(e) If the department finds that a qualified operator has incurred expenses that are not authorized under AS 05.15.160(a), or has incurred expenses in excess of the amount authorized under AS 05.15.160(b), or has paid an authorizing permittee less than the minimum amount of net proceeds provided for under AS 05.15.160(c), the department shall order the qualified operator to refund to the authorizing permittee the amount of the unauthorized expenses or the difference between the minimum amount of net proceeds under AS 05.15.160(b) and the amount of the net proceeds actually paid, whichever is greater. The qualified operator shall pay the authorizing permittee interest on the amount ordered to be paid at the rate of 1.5 percent a month for each month or fraction of a month between the date of the operation of the activity and the date the refund is made.

* Sec. 11. AS 05.15.180(a) is repealed and reenacted to read:

(a) This chapter does not authorize the use of instruments, machines, or other objects used, designed, or intended primarily for gaming or gambling unless specifically authorized under regulations adopted by the commissioner and used in the operation of activities authorized under this chapter.

* Sec. 12. AS 05.15.200 is amended by adding a new subsection to read:

(c) The commissioner may assess a penalty in the manner provided for the nonpayment of taxes under AS 43.05.220(a) where a permittee has failed to timely pay a license fee required under AS 05.15.020(c) [(B)], unless it is shown that the failure was due to reasonable cause.

* Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

(15) "net proceeds" means the gross receipts from the

1 activity reduced by the license fee based on the gross receipts, the
2 authorized expenses provided for under AS 05.15.160(a) and the prizes
3 awarded at the activity;

4 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

5 (24) "authorizing permittee" means a municipality or qual-
6 ified organization that has authorized a qualified operator to conduct
7 activities authorized under a permit issued by the commissioner under
8 this chapter on its behalf;

9 (25) "commissioner" means the commissioner of revenue;

10 (26) "department" means the Department of Revenue;

11 (27) "permittee" means a municipality, qualified organiza-
12 tion or qualified operator that has been issued a permit to conduct
13 the activities authorized under this chapter;

14 (28) "qualified operator" means a municipality or qualified
15 organization that has been authorized by the commissioner to operate
16 the activities authorized under this chapter on behalf of another
17 permittee.

18 * Sec. 15. This Act takes effect July 1, 1984.
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Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 549 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL.

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

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10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue

1 subpoena for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

4 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
5 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
6 ified organization conducting an activity authorized under this chap-
7 ter shall file a report with the department no later than the last
8 business day of the month following the month in which an activity was
9 conducted. The report must include the type of activity conducted,
10 the date and location of the activity, the amount of gross receipts,
11 the amount of authorized expenses, the value of prizes awarded, the
12 amount of net proceeds and other information the commissioner may
13 require by regulation.

14 (b) A municipality or qualified organization conducting an
15 activity authorized under this chapter shall file an annual report
16 with the department no later than January 31 of the year following the
17 year in which activities were conducted, accompanied by the payment of
18 the additional fee as required under AS 05.15.020(c). The report must
19 list the types of activities conducted, and, for each activity, the
20 total amount of gross receipts, the total amount of authorized expen-
21 ses, the total value of prizes, and the total amount of net proceeds.
22 The report must also include the disposition or intended disposition
23 of the net proceeds.

24 * Sec. 7. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
26 OPERATORS. (a) A qualified operator shall file a report with the
27 department no later than the last business day of the month following
28 the month in which an activity was conducted. The report shall be
29 divided into sections for each municipality and qualified organization

1 on whose behalf an activity was conducted and must include the date
2 and location of each activity, the type of activity conducted, the
3 amount of gross receipts, the amount of authorized expenses, the value
4 of prizes awarded, the amount of net proceeds paid to the municipality
5 or qualified organization on whose behalf the activity was conducted
6 and other information the commissioner may require by regulation.

7 (b) A qualified operator shall file an annual report with the
8 department no later than January 31 of the year following the year in
9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than Janu-
19 ary 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

1 municipality.

2 (b) The commissioner may grant an extension for the filing of a
3 report required under this chapter upon a showing by the permittee of
4 reasonable cause for delay. The extension may not be granted in
5 excess of 30 days and the report will not be considered delinquent
6 during the period of the extension. An extension of time for the
7 payment of the license fee is prohibited.

8 (c) A permittee is not authorized to conduct an activity under
9 this chapter during any period in which a report or license fee is
10 delinquent.

11 (d) A delinquent license fee shall bear interest at the rate
12 provided for in AS 43.05.225.

13 * Sec. 8. AS 05.15.160 is amended to read:

14 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
15 may not be incurred or paid in connection with the operation of an
16 activity under a permit issued under this chapter except for bona fide
17 expenses reasonably necessary for

18 (1) goods, wares, and merchandise necessary for the opera-
19 tion of the activity;

20 (2) personal services rendered that are not directly or
21 indirectly involved with the operation of the activity; or

22 (3) personal services involved with the operation of the
23 activity provided the services are performed by an employee of the
24 municipality, qualified organization, qualified operator or a consul-
25 tant hired by the municipality or qualified organization conducting
26 the activity, provided the consultant is not directly involved in the
27 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
28 RECEIPTS FROM THE ACTIVITY].

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

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not
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1 voluntarily made available to the representative under regulations
2 adopted by the department.

3 (e) If the department finds that a qualified operator has in-
4 curred expenses that are not authorized under AS 05.15.160(a), or has
5 incurred expenses in excess of the amount authorized under AS 05.15.-
6 160(b), or has paid an authorizing permittee less than the minimum
7 amount of net proceeds provided for under AS 05.15.160(c), the depart-
8 ment shall order the qualified operator to refund to the authorizing
9 permittee the amount of the unauthorized expenses or the difference
10 between the minimum amount of net proceeds under AS 05.15.160(b); and
11 the amount of the net proceeds actually paid, whichever is greater.
12 The qualified operator shall pay the authorizing permittee interest on
13 the amount ordered to be paid at the rate of 1.5 percent a month for
14 each month or fraction of a month between the date of the operation of
15 the activity and the date the refund is made.

16 * Sec. 11. AS 05.15.180(a) is repealed and reenacted to read:

17 (a) This chapter does not authorize the use of instruments,
18 machines, or other objects used, designed, or intended primarily for
19 gaming or gambling unless specifically authorized under regulations
20 adopted by the commissioner and used in the operation of activities
21 authorized under this chapter.

22 * Sec. 12. AS 05.15.200 is amended by adding a new subsection to read:

23 (c) The commissioner may assess a penalty in the manner provided
24 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
25 has failed to timely pay a license fee required under AS 05.15.020(c)
26 [(B)], unless it is shown that the failure was due to reasonable
27 cause.

28 * Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

29 (15) "net proceeds" means the gross receipts from the

1 activity reduced by the license fee based on the gross receipts, the
2 authorized expenses provided for under AS 05.15.160(a) and the prizes
3 awarded at the activity;

4 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

5 (24) "authorizing permittee" means a municipality or qual-
6 ified organization that has authorized a qualified operator to conduct
7 activities authorized under a permit issued by the commissioner under
8 this chapter on its behalf;

9 (25) "commissioner" means the commissioner of revenue;

10 (26) "department" means the Department of Revenue;

11 (27) "permittee" means a municipality, qualified organiza-
12 tion or qualified operator that has been issued a permit to conduct
13 the activities authorized under this chapter;

14 (28) "qualified operator" means a municipality or qualified
15 organization that has been authorized by the commissioner to operate
16 the activities authorized under this chapter on behalf of another
17 permittee.

18 * Sec. 15. This Act takes effect July 1, 1984.
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Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue

1 subpoena for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

4 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
5 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
6 ified organization conducting an activity authorized under this chap-
7 ter shall file a report with the department no later than the last
8 business day of the month following the month in which an activity was
9 conducted. The report must include the type of activity conducted,
10 the date and location of the activity, the amount of gross receipts,
11 the amount of authorized expenses, the value of prizes awarded, the
12 amount of net proceeds and other information the commissioner may
13 require by regulation.

14 (b) A municipality or qualified organization conducting an
15 activity authorized under this chapter shall file an annual report
16 with the department no later than January 31 of the year following the
17 year in which activities were conducted, accompanied by the payment of
18 the additional fee as required under AS 05.15.020(c). The report must
19 list the types of activities conducted, and, for each activity, the
20 total amount of gross receipts, the total amount of authorized expen-
21 ses, the total value of prizes, and the total amount of net proceeds.
22 The report must also include the disposition or intended disposition
23 of the net proceeds.

24 * Sec. 7. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
26 OPERATORS. (a) A qualified operator shall file a report with the
27 department no later than the last business day of the month following
28 the month in which an activity was conducted. The report shall be
29 divided into sections for each municipality and qualified organization

1 on whose behalf an activity was conducted and must include the date
2 and location of each activity, the type of activity conducted, the
3 amount of gross receipts, the amount of authorized expenses, the value
4 of prizes awarded, the amount of net proceeds paid to the municipality
5 or qualified organization on whose behalf the activity was conducted
6 and other information the commissioner may require by regulation.

7 (b) A qualified operator shall file an annual report with the
8 department no later than January 31 of the year following the year in
9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than Janu-
19 ary 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

1 municipality.

2 (b) The commissioner may grant an extension for the filing of a
3 report required under this chapter upon a showing by the permittee of
4 reasonable cause for delay. The extension may not be granted in
5 excess of 30 days and the report will not be considered delinquent
6 during the period of the extension. An extension of time for the
7 payment of the license fee is prohibited.

8 (c) A permittee is not authorized to conduct an activity under
9 this chapter during any period in which a report or license fee is
10 delinquent.

11 (d) A delinquent license fee shall bear interest at the rate
12 provided for in AS 43.05.225.

13 * Sec. 8. AS 05.15.160 is amended to read:

14 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
15 may not be incurred or paid in connection with the operation of an
16 activity under a permit issued under this chapter except for bona fide
17 expenses reasonably necessary for

18 (1) goods, wares, and merchandise necessary for the opera-
19 tion of the activity;

20 (2) personal services rendered that are not directly or
21 indirectly involved with the operation of the activity; or

22 (3) personal services involved with the operation of the
23 activity provided the services are performed by an employee of the
24 municipality, qualified organization, qualified operator or a consul-
25 tant hired by the municipality or qualified organization conducting
26 the activity, provided the consultant is not directly involved in the
27 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
28 RECEIPTS FROM THE ACTIVITY].

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

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not

1 voluntarily made available to the representative under regulations
2 adopted by the department.

3 (e) If the department finds that a qualified operator has in-
4 curred expenses that are not authorized under AS 05.15.160(a), or has
5 incurred expenses in excess of the amount authorized under AS 05.15.-
6 160(b), or has paid an authorizing permittee less than the minimum
7 amount of net proceeds provided for under AS 05.15.160(c), the depart-
8 ment shall order the qualified operator to refund to the authorizing
9 permittee the amount of the unauthorized expenses or the difference
10 between the minimum amount of net proceeds under AS 05.15.160(b) and
11 the amount of the net proceeds actually paid, whichever is greater.
12 The qualified operator shall pay the authorizing permittee interest on
13 the amount ordered to be paid at the rate of 1.5 percent a month for
14 each month or fraction of a month between the date of the operation of
15 the activity and the date the refund is made.

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17 (a) This chapter does not authorize the use of instruments,
18 machines, or other objects used, designed, or intended primarily for
19 gaming or gambling unless specifically authorized under regulations
20 adopted by the commissioner and used in the operation of activities
21 authorized under this chapter.

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26 [(B)], unless it is shown that the failure was due to reasonable
27 cause.

28 * Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

29 (15) "net proceeds" means the gross receipts from the

1 activity reduced by the license fee based on the gross receipts, the
2 authorized expenses provided for under AS 05.15.160(a) and the prizes
3 awarded at the activity;

4 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

5 (24) "authorizing permittee" means a municipality or qual-
6 ified organization that has authorized a qualified operator to conduct
7 activities authorized under a permit issued by the commissioner under
8 this chapter on its behalf;

9 (25) "commissioner" means the commissioner of revenue;

10 (26) "department" means the Department of Revenue;

11 (27) "permittee" means a municipality, qualified organiza-
12 tion or qualified operator that has been issued a permit to conduct
13 the activities authorized under this chapter;

14 (28) "qualified operator" means a municipality or qualified
15 organization that has been authorized by the commissioner to operate
16 the activities authorized under this chapter on behalf of another
17 permittee.

18 * Sec. 15. This Act takes effect July 1, 1984.
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Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue

1 subpoenas for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

4 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
5 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
6 ified organization conducting an activity authorized under this chap-
7 ter shall file a report with the department no later than the last
8 business day of the month following the month in which an activity was
9 conducted. The report must include the type of activity conducted,
10 the date and location of the activity, the amount of gross receipts,
11 the amount of authorized expenses, the value of prizes awarded, the
12 amount of net proceeds and other information the commissioner may
13 require by regulation.

14 (b) A municipality or qualified organization conducting an
15 activity authorized under this chapter shall file an annual report
16 with the department no later than January 31 of the year following the
17 year in which activities were conducted, accompanied by the payment of
18 the additional fee as required under AS 05.15.020(c). The report must
19 list the types of activities conducted, and, for each activity, the
20 total amount of gross receipts, the total amount of authorized expen-
21 ses, the total value of prizes, and the total amount of net proceeds.
22 The report must also include the disposition or intended disposition
23 of the net proceeds.

24 * Sec. 7. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
26 OPERATORS. (a) A qualified operator shall file a report with the
27 department no later than the last business day of the month following
28 the month in which an activity was conducted. The report shall be
29 divided into sections for each municipality and qualified organization

1 on whose behalf an activity was conducted and must include the date
2 and location of each activity, the type of activity conducted, the
3 amount of gross receipts, the amount of authorized expenses, the value
4 of prizes awarded, the amount of net proceeds paid to the municipality
5 or qualified organization on whose behalf the activity was conducted
6 and other information the commissioner may require by regulation.

7 (b) A qualified operator shall file an annual report with the
8 department no later than January 31 of the year following the year in
9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than Janu-
19 ary 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

1 municipality.

2 (b) The commissioner may grant an extension for the filing of a
3 report required under this chapter upon a showing by the permittee of
4 reasonable cause for delay. The extension may not be granted in
5 excess of 30 days and the report will not be considered delinquent
6 during the period of the extension. An extension of time for the
7 payment of the license fee is prohibited.

8 (c) A permittee is not authorized to conduct an activity under
9 this chapter during any period in which a report or license fee is
10 delinquent.

11 (d) A delinquent license fee shall bear interest at the rate
12 provided for in AS 43.05.225.

13 * Sec. 8. AS 05.15.160 is amended to read:

14 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
15 may not be incurred or paid in connection with the operation of an
16 activity under a permit issued under this chapter except for bona fide
17 expenses reasonably necessary for

18 (1) goods, wares, and merchandise necessary for the opera-
19 tion of the activity;

20 (2) personal services rendered that are not directly or
21 indirectly involved with the operation of the activity; or

22 (3) personal services involved with the operation of the
23 activity provided the services are performed by an employee of the
24 municipality, qualified organization, qualified operator or a consul-
25 tant hired by the municipality or qualified organization conducting
26 the activity, provided the consultant is not directly involved in the
27 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
28 RECEIPTS FROM THE ACTIVITY].

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

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not

1 voluntarily made available to the representative under regulations
2 adopted by the department.

3 (e) If the department finds that a qualified operator has in-
4 curred expenses that are not authorized under AS 05.15.160(a), or has
5 incurred expenses in excess of the amount authorized under AS 05.15.-
6 160(b), or has paid an authorizing permittee less than the minimum
7 amount of net proceeds provided for under AS 05.15.160(c), the depart-
8 ment shall order the qualified operator to refund to the authorizing
9 permittee the amount of the unauthorized expenses or the difference
10 between the minimum amount of net proceeds under AS 05.15.160(b) and
11 the amount of the net proceeds actually paid, whichever is greater.
12 The qualified operator shall pay the authorizing permittee interest on
13 the amount ordered to be paid at the rate of 1.5 percent a month for
14 each month or fraction of a month between the date of the operation of
15 the activity and the date the refund is made.

16 * Sec. 11. AS 05.15.180(a) is repealed and reenacted to read:

17 (a) This chapter does not authorize the use of instruments,
18 machines, or other objects used, designed, or intended primarily for
19 gaming or gambling unless specifically authorized under regulations
20 adopted by the commissioner and used in the operation of activities
21 authorized under this chapter.

22 * Sec. 12. AS 05.15.200 is amended by adding a new subsection to read:

23 (c) The commissioner may assess a penalty in the manner provided
24 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
25 has failed to timely pay a license fee required under AS 05.15.020(c)
26 [(B)], unless it is shown that the failure was due to reasonable
27 cause.

28 * Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

29 (15) "net proceeds" means the gross receipts from the

1 activity reduced by the license fee based on the gross receipts, the
2 authorized expenses provided for under AS 05.15.160(a) and the prizes
3 awarded at the activity;

4 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

5 (24) "authorizing permittee" means a municipality or qual-
6 ified organization that has authorized a qualified operator to conduct
7 activities authorized under a permit issued by the commissioner under
8 this chapter on its behalf;

9 (25) "commissioner" means the commissioner of revenue;

10 (26) "department" means the Department of Revenue;

11 (27) "permittee" means a municipality, qualified organiza-
12 tion or qualified operator that has been issued a permit to conduct
13 the activities authorized under this chapter;

14 (28) "qualified operator" means a municipality or qualified
15 organization that has been authorized by the commissioner to operate
16 the activities authorized under this chapter on behalf of another
17 permittee.

18 * Sec. 15. This Act takes effect July 1, 1984.
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Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue

1 subpoenae for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

4 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
5 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
6 ified organization conducting an activity authorized under this chap-
7 ter shall file a report with the department no later than the last
8 business day of the month following the month in which an activity was
9 conducted. The report must include the type of activity conducted,
10 the date and location of the activity, the amount of gross receipts,
11 the amount of authorized expenses, the value of prizes awarded, the
12 amount of net proceeds and other information the commissioner may
13 require by regulation.

14 (b) A municipality or qualified organization conducting an
15 activity authorized under this chapter shall file an annual report
16 with the department no later than January 31 of the year following the
17 year in which activities were conducted, accompanied by the payment of
18 the additional fee as required under AS 05.15.020(c). The report must
19 list the types of activities conducted, and, for each activity, the
20 total amount of gross receipts, the total amount of authorized expen-
21 ses, the total value of prizes, and the total amount of net proceeds.
22 The report must also include the disposition or intended disposition
23 of the net proceeds.

24 * Sec. 7. AS 05.15 is amended by adding new sections to read:

25 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
26 OPERATORS. (a) A qualified operator shall file a report with the
27 department no later than the last business day of the month following
28 the month in which an activity was conducted. The report shall be
29 divided into sections for each municipality and qualified organization

1 on whose behalf an activity was conducted and must include the date
2 and location of each activity, the type of activity conducted, the
3 amount of gross receipts, the amount of authorized expenses, the value
4 of prizes awarded, the amount of net proceeds paid to the municipality
5 or qualified organization on whose behalf the activity was conducted
6 and other information the commissioner may require by regulation.

7 (b) A qualified operator shall file an annual report with the
8 department no later than January 31 of the year following the year in
9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than Janu-
19 ary 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

1 municipality.

2 (b) The commissioner may grant an extension for the filing of a
3 report required under this chapter upon a showing by the permittee of
4 reasonable cause for delay. The extension may not be granted in
5 excess of 30 days and the report will not be considered delinquent
6 during the period of the extension. An extension of time for the
7 payment of the license fee is prohibited.

8 (c) A permittee is not authorized to conduct an activity under
9 this chapter during any period in which a report or license fee is
10 delinquent.

11 (d) A delinquent license fee shall bear interest at the rate
12 provided for in AS 43.05.225.

13 * Sec. 8. AS 05.15.160 is amended to read:

14 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
15 may not be incurred or paid in connection with the operation of an
16 activity under a permit issued under this chapter except for bona fide
17 expenses reasonably necessary for

18 (1) goods, wares, and merchandise necessary for the opera-
19 tion of the activity;

20 (2) personal services rendered that are not directly or
21 indirectly involved with the operation of the activity; or

22 (3) personal services involved with the operation of the
23 activity provided the services are performed by an employee of the
24 municipality, qualified organization, qualified operator or a consul-
25 tant hired by the municipality or qualified organization conducting
26 the activity, provided the consultant is not directly involved in the
27 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
28 RECEIPTS FROM THE ACTIVITY].

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

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not

1 voluntarily made available to the representatives under regulations
2 adopted by the department.

3 (e) If the department finds that a qualified operator has in-
4 curred expenses that are not authorized under AS 05.15.160(a), or has
5 incurred expenses in excess of the amount authorized under AS 05.15.-
6 160(b), or has paid an authorizing permittee less than the minimum
7 amount of net proceeds provided for under AS 05.15.160(c), the depart-
8 ment shall order the qualified operator to refund to the authorizing
9 permittee the amount of the unauthorized expenses or the difference
10 between the minimum amount of net proceeds under AS 05.15.160(b) and
11 the amount of the net proceeds actually paid, whichever is greater.
12 The qualified operator shall pay the authorizing permittee interest on
13 the amount ordered to be paid at the rate of 1.5 percent a month for
14 each month or fraction of a month between the date of the operation of
15 the activity and the date the refund is made.

16 * Sec. 11. AS 05.15.180(a) is repealed and reenacted to read:

17 (a) This chapter does not authorize the use of instruments,
18 machines, or other objects used, designed, or intended primarily for
19 gaming or gambling unless specifically authorized under regulations
20 adopted by the commissioner and used in the operation of activities
21 authorized under this chapter.

22 * Sec. 12. AS 05.15.200 is amended by adding a new subsection to read:

23 (c) The commissioner may assess a penalty in the manner provided
24 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
25 has failed to timely pay a license fee required under AS 05.15.020(c)
26 [(B)], unless it is shown that the failure was due to reasonable
27 cause.

28 * Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

29 (15) "net proceeds" means the gross receipts from the

1 activity reduced by the license fee based on the gross receipts, the
2 authorized expenses provided for under AS 05.15.160(a) and the prizes
3 awarded at the activity;

4 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

5 (24) "authorizing permittee" means a municipality or qual-
6 ified organization that has authorized a qualified operator to conduct
7 activities authorized under a permit issued by the commissioner under
8 this chapter on its behalf;

9 (25) "commissioner" means the commissioner of revenue;

10 (26) "department" means the Department of Revenue;

11 (27) "permittee" means a municipality, qualified organiza-
12 tion or qualified operator that has been issued a permit to conduct
13 the activities authorized under this chapter;

14 (28) "qualified operator" means a municipality or qualified
15 organization that has been authorized by the commissioner to operate
16 the activities authorized under this chapter on behalf of another
17 permittee.

18 * Sec. 15. This Act takes effect July 1, 1984.
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Offered: 5/3/84
Referred: Community and Regional
Affairs and Finance

Original Sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for ten percent of the
19 amount of prizes and net proceeds estimated to be paid for the calen-
20 dar year. The operator's permit is in addition to the permit required
21 to be obtained by the municipality or qualified organization on whose
22 behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half [THREE] percent of the
24 gross receipts from an activity permitted under this chapter shall be
25 paid to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

26 (a) At the time of filing application the applicant shall notify the
27 city or borough nearest to the location of the proposed activity of
28 the application and the location at which the proposed activity will
29 be conducted. If the permittee relocates within the same city or

1 borough the permittee shall notify the department and the city or
2 borough within 30 days of its move to the new location. If the per-
3 mittee intends to conduct an activity in an additional or different
4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
6 conducting an activity at the new location.

7 (b) A local government may protest the conduct of the activity
8 in its jurisdiction by resolution stating the reasons for the protest
9 filed with the department; protests are limited to the lack of quali-
10 fications prescribed by this chapter or a finding that the proposed
11 activity would not be in the best interests of the public. This
12 resolution is only a recommendation by the city that may be considered
13 by the commissioner in the commissioner's determination to issue or
14 refuse to issue a permit. The department may limit the locations in
15 which activities authorized under this chapter may be conducted.

16 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

17 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
18 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
19 regulations necessary to carry out this chapter covering but not
20 limited to the control and issuance of permits, authorized expenses,
21 investigations of permittees, recordkeeping and accounting, prizes,
22 equipment, audits of authorized activities, suspension or revocation
23 of permits and other matters that the commissioner considers necessary
24 to carry out this chapter or protect the best interest of the public.

25 * Sec. 5. AS 05.15.070 is amended to read:

26 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
27 The commissioner may examine or have examined the books and records of
28 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
29 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue