

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 817

SB

4

*Waived from JFC
5-20-91*

CS FOR SENATE BILL NO. 4 (JUDICIARY)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 5/8/91
Referred: Finance

Sponsor(s): SENATORS ZHAROFF, Jones

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

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

3 * Section 1. AS 05.15 is amended by adding new sections to read:

4 ARTICLE 4. ALASKA GAMING COMMISSION.

5 Sec. 05.15.300. ALASKA GAMING COMMISSION. (a) The Alaska Gaming
6 Commission is established in the Department of Commerce and Economic Development. The
7 commission is composed of five members appointed by the governor, subject to confirmation by
8 the legislature.

9 (b) Each member of the commission shall at the time of the member's appointment be
10 a resident of the state. One member shall be appointed from each of the four judicial districts
11 of the state, and the fifth member may reside anywhere in the state.

12 (c) A person may not serve as a member of the commission if that person

13 (1) has been convicted of

14 (A) a felony; or

1 (B) an offense under this chapter, AS 11.66.200 - 11.66.280, or a
2 comparable provision of municipal, state, or federal law;

3 (2) holds an operator's license under AS 05.15.122 or a distributor's license under
4 AS 05.15.183; or

5 (3) is an elected official of the state or of a political subdivision of the state.

6 (d) A person may not serve as a member of the commission until the investigation
7 required under AS 18.65.080(b) is completed.

8 (e) The commission shall elect a chair from its membership.

9 (f) Three members of the commission constitute a quorum for the transaction of business.

10 Sec. 05.15.310. TERM OF OFFICE. (a) Members of the commission serve staggered
11 terms of four years. A vacancy is filled by appointment for the unexpired term.

12 (b) A member may not serve for more than eight years.

13 Sec. 05.15.320. REMOVAL AND SUSPENSION OF MEMBERS. (a) The governor
14 may remove a member for cause, including incompetence, neglect of duty, or misconduct in
15 office. A member being removed for cause shall be given a copy of the charges and afforded
16 an opportunity to publicly present a defense in person or by counsel upon not less than 10 days'
17 notice. If a member is removed for cause, the governor shall file with the lieutenant governor
18 a complete statement of all charges made against the member and the governor's findings based
19 on the charges, together with a complete record of the proceedings.

20 (b) The governor may immediately suspend a member for a violation of law or for
21 misconduct in office pending removal from office under (a) of this section.

22 Sec. 05.15.330. COMPENSATION AND PER DIEM. Members of the commission do
23 not receive a salary for their service on the commission but are entitled to per diem and travel
24 expenses authorized for state boards and commissions under AS 39.20.180.

25 Sec. 05.15.340. DUTIES AND POWERS OF THE COMMISSION. (a) The commission
26 shall

27 (1) license, regulate, and supervise games of chance and contests of skill under
28 this chapter;

29 (2) hire an executive director and other staff as needed to enforce and administer
30 this chapter;

31 (3) meet at least once every three months; and

1 (4) adopt regulations necessary to carry out the provisions of this chapter.

2 (b) The commission may appoint a hearing officer to conduct a hearing required by this
3 chapter or by a regulation adopted under it.

4 Sec. 05.15.350. EMPLOYEES OF THE COMMISSION. The executive director of the
5 commission is in the partially exempt service under AS 39.25.120. Other employees of the
6 commission are in the classified service under AS 39.25.100.

7 Sec. 05.15.360. REGULATIONS OF THE COMMISSION. The attorney general shall
8 enforce the regulations of the commission.

9 Sec. 05.15.370. RECORDS OF THE COMMISSION. (a) Except as provided in (b) of
10 this section, all records of the commission are public records and subject to public inspection.

11 (b) Records relating to audits and investigations by the commission, both ongoing and
12 completed, are confidential, except for the audit report issued by the commission and records
13 submitted as evidence in an administrative or judicial proceeding that results from an
14 investigation.

15 Sec. 05.15.380. PROCEEDS. Fees and other money received by the commission shall
16 be paid into the general fund.

17 Sec. 05.15.390. ADMINISTRATIVE PROCEDURE ACT. The operations of the
18 commission are subject to the Administrative Procedure Act (AS 44.62).

19 Sec. 05.15.400. CONFLICT OF INTEREST ACT. The commission is subject to
20 AS 39.50 (conflict of interest).

21 * Sec. 2. AS 05.15.010 is repealed and reenacted to read:

22 Sec. 05.15.010. ALASKA GAMING COMMISSION TO ADMINISTER CHAPTER.
23 The Alaska Gaming Commission shall administer this chapter.

24 * Sec. 3. AS 05.15.100 is amended by adding a new subsection to read:

25 (d) The commissioner may not issue a permit or license under this chapter to a person
26 who has, within one year preceding the person's application for a permit or license, been a
27 member of the Alaska Gaming Commission established under AS 05.15.300.

28 * Sec. 4. AS 05.15.112 is amended by adding a new subsection to read:

29 (e) A person may not serve as a member in charge if the person has, within the preceding
30 one year, been a member of the Alaska Gaming Commission established under AS 05.15.300.

31 * Sec. 5. AS 05.15.210(6) is repealed and reenacted to read:

1 (6) "commission" means the Alaska Gaming Commission;

2 * Sec. 6. AS 11.66.280(2) is amended to read:

3 (2) "gambling" means that a person stakes or risks something of value upon the
4 outcome of a contest of chance or a future contingent event not under the person's control or
5 influence, upon an agreement or understanding that person or someone else will receive
6 something of value in the event of a certain outcome; "gambling" does not include

7 (A) bona fide business transactions valid under the law of contracts for
8 the purchase or sale at a future date of securities or commodities and agreements to
9 compensate for loss caused by the happening of chance, including contracts of indemnity
10 or guaranty and life, health, or accident insurance; [OR]

11 (B) playing an amusement device that

12 (i) confers only an immediate right of replay not
13 exchangeable for something of value other than the privilege of immediate replay;
14 and

15 (ii) does not contain a method or device by which the
16 privilege of immediate replay may be cancelled or revoked; or

17 (C) an activity authorized [BY THE COMMISSIONER OF COMMERCE
18 AND ECONOMIC DEVELOPMENT] under AS 05.15;

19 * Sec. 7. AS 18.65.080 is amended by adding a new subsection to read:

20 (b) The Department of Public Safety shall investigate and ascertain whether a person
21 appointed by the governor to serve as a member of the Alaska Gaming Commission has been
22 convicted of a crime set out in AS 05.15.300(c).

23 * Sec. 8. AS 39.25.120(c) is amended by adding a new paragraph to read:

24 (21) the executive director of the Alaska Gaming Commission.

25 * Sec. 9. AS 39.50.200(b) is amended by adding a new paragraph to read:

26 (52) Alaska Gaming Commission (AS 05.15.300).

27 * Sec. 10. AS 44.62.330(a) is amended by adding a new paragraph to read:

28 (57) Alaska Gaming Commission (AS 05.15.300).

29 * Sec. 11. AS 44.66.010(a) is amended by adding a new paragraph to read:

30 (20) Alaska Gaming Commission (AS 05.15.300) -- June 30, 1995.

31 * Sec. 12. AS 05.15.210(8) and AS 44.33.020(31) are repealed.

1 * Sec. 13. INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial
2 appointment of members of the Alaska Gaming Commission within 120 days after the effective date of
3 this Act. The governor shall set the terms of initial members so that two members serve terms of four
4 years, one member serves a term of three years, one member serves a term of two years, and one
5 member serves a term of one year.

6 * Sec. 14. TRANSITION. (a) Regulations relating to games of chance and contests of skill, adopted
7 by the Department of Revenue or the Department of Commerce and Economic Development under
8 authority of AS 05.15 before July 1, 1991, and in effect on the effective date of this Act remain in effect
9 until regulations relating to that function that are adopted by the Alaska Gaming Commission under
10 AS 05.15 as amended by this Act, take effect. The Alaska Gaming Commission shall administer the
11 Department of Revenue and the Department of Commerce and Economic Development regulations until
12 its own take effect.

13 (b) Until the Alaska Gaming Commission is appointed, the Department of Commerce and
14 Economic Development shall administer games of chance and contests of skill under AS 05.15 and under
15 the regulations referred to in (a) of this section.

16 * Sec. 15. IMPLEMENTATION OF LEGISLATION. To be consistent with the changes made by
17 this legislation, wherever in AS 05.15 and in regulations adopted under those statutes "Department of
18 Commerce and Economic Development," "department," or "commissioner" is used, they shall be read
19 as referring to the Alaska Gaming Commission or commission when to do so would implement the
20 purposes of this Act. Under AS 01.05.031, the revisor of statutes shall implement this section in the
21 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in the
22 administrative regulations.

23 * Sec. 16. This Act takes effect July 1, 1991.

FISCAL NOTE

No. 1

Bill Version: SR 4

(S) Publish Date: 4/17/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Commerce & Economic Dev.

Title: An Act establishing the Alaska
Gaming Commission

BRU: Occupational Licensing

Component: Administration

Sponsor: Senator Zharoff

Requestor: Senator Zharoff

COMPONENT SERIAL NO.

	3	5	6
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	289.1	289.1	289.1	289.1	289.1	289.1
TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	5.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	399.1	352.1	352.1	352.1	352.1	352.1

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
---------	------	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND *	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS						
OTHER						
TOTAL	399.1	352.1	352.1	352.1	352.1	352.1

*Funding source is General Fund in bill as proposed.

POSITIONS:

FULL-TIME	5	5	5	5	5	5
PART-TIME						
TEMPORARY						

Changes in CS 564 (4 C)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

Estimate of current year impact: -0-

3-16-91 RMH
date Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary.)

The CS has no change to operating Funding, Expenditures or Revenue.

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581

Division: Occupational Licensing Date: _____

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: 4-11-91

Distribution (by preparer): Legislative Changes in CS 564 (sub) have no fiscal impact. This fiscal note is appropriate. VB, & Impacted Agency(ies).

FISCAL NOTE ATTACHMENT - SB 4

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees that transferred with the program was five: one Auditor and one Investigator located in Anchorage, one Auditor, one Tax Examiner and one Clerk Typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one Investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill establishes a five-member Alaska Gaming Commission giving it the authority to license, regulate and enforce gaming statutes and regulations.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff, especially in the area of audits and investigations. Presently, the gaming program has only two investigators which is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the growing number of permittees, operators and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of an Executive Director (based on our recommendation in the bill analysis), a Secretary to be utilized for Commission business and during their meeting(s), and a Records and Licensing Supervisor to oversee the licensing staff. We feel if this Commission is to effectively administer this program, they must be provided with the proper staff to do it. Without these positions, there is no reason to consider this legislation. You cannot accomplish the mandate of the law without being able to administer proper enforcement.

The \$399.1 required includes \$30.0 in travel to fund the cost of widespread travel to various communities and for Commission meetings quarterly, as well as \$50.0 to purchase the necessary workstations, computers and software. The required \$5.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily increase as more and more charitable organizations search for other sources of revenue in light of other sources becoming less available.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue will be generated the first year. While the amount of funds generated is considerably less than projected costs, other gaming revenue sources will more than compensate for the difference. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and strive towards voluntary compliance. During FY 91, the Gaming program generated \$1.6 million in revenue.

FISCAL NOTE ATTACHMENT
SB 4

OPERATING EXPENDITURES

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Executive Director	26	\$90.1	
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing Supervisor	16	\$50.0	
	Secretary I	10	\$36.2	
				\$289.1
<u>Travel:</u>				
	Five-Commission Members		\$15.0	
	Executive Director		\$ 5.0	
	Investigator		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 30.0
<u>Contractual:</u>				
	Lease Space			\$ 20.0
	Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>				
	Executive Director		\$ 1.0	
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Licensing Supervisor		\$ 1.0	
	Secretary		\$ 1.0	
				\$ 5.0
<u>Equipment:</u>				
	Executive Director		\$10.0	
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Licensing Supervisor		\$10.0	
	Secretary I		\$10.0	
				\$ 50.0
	TOTAL COST			\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

Equipment represents the cost for a workstation and computer.

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office in 450 sq. ft., this space is inadequate for current needs and, with the increase demand with the commission, new space is a requirement.

REQUEST FOR NEW HIRE

POSITION TITLE: Executive Director
RANGE/STEP: 26a
SERVICE: Partially Exempt
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$67.8
Benefits \$22.3

Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0
COMMODITIES:* \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$106.1

FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- o Occasionally assist the auditor(s) in gathering information/documentation.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL-SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done.

REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor
RANGE/STEP: 16a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary:	\$35.5
Benefits	\$14.5

Total Personal Services:	\$50.0
--------------------------	--------

COMMODITIES:	\$ 1.0
EQUIPMENT:	\$10.0

Total Cost	\$61.0
------------	--------

FUNDING SOURCE:

Funding source is general fund	\$61.0
--------------------------------	--------

POSITION DUTIES:

- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by either the Gaming Program Manager or the Executive Director.

REQUEST FOR NEW HIRE

POSITION TITLE: Secretary I
RANGE/STEP: 10b
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$24.6
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$47.2

FUNDING SOURCE:

Funding source is general fund \$47.2

POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

SB5

SENATE FINANCE COMMITTEE REPORT

DATE: 4/29/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 5

Power project revolving loan fund, and to the powers of the Alaska Energy Authority to finance and make loans from the power project revolving loan fund and to sell waste heat, efd.

Died in 5 FC

and recommends:

replace with _____ CS _____ (FINANCE)

or adopt previous _____ CS _____

attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

JMR

DATE: 1/21/91

FURTHER: Finance

Date of 5-Day Notice: 4/15/92
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/29/92

L&C Committee considered SENATE BILL NO. 5

"An Act relating to the power project revolving loan fund, and to the powers of the Alaska Energy Authority to finance and make loans from the power project revolving loan fund and to sell waste heat; and providing for an effective date."

and recommended:

and a majority of the committee recommends it be replaced with

replace with _____ CS SBS (L+C) same title
 new title

attached amendment(s) and do PASS

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

fn

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____
DCED/4-29-92
70CS

zero fiscal note(s) DCED for SB

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Shirley Craft
Upper Citizens Col

True Notice - To Pass
Chair: Signature and Recommendation

CS FOR SENATE BILL NO. 5 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/29/92

Referred: Finance

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the energy authority revolving fund and to the powers and finances
2 of the Alaska Energy Authority; and providing for an effective date."

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

4 * Section 1. AS 37.05.146 is amended to read:

5 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
6 and AS 37.07.080, "program receipts" means fees, charges, income earned on assets, and other
7 state money received by a state agency in connection with the performance of its functions; all
8 program receipts except the following are general fund program receipts:

9 (1) federal receipts;

10 (2) University of Alaska receipts (AS 14.40.491);

11 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
12 terms are restricted to a specific purpose;

13 (4) receipts of the following funds:

14 (A) highway working capital fund (AS 44.68.210);

- 1 (B) correctional industries fund (AS 33.32.020);
2 (C) loan funds;
3 (D) international airports revenue fund (AS 37.15.430);
4 (E) funds managed by the Alaska Aerospace Development Corporation
5 (AS 14.40.821), the Alaska State Housing Authority (AS 18.55.020), the Alaska Housing
6 Finance Corporation (AS 18.56.020), the Alaska Railroad Corporation (AS 42.40.010),
7 the Alaska Energy Authority (AS 44.83.020), the Municipal Bond Bank Authority
8 (AS 44.85.020), or the Alaska Industrial Development and Export Authority
9 (AS 44.88.020);
10 (F) fish and game fund (AS 16.05.100);
11 (G) school fund (AS 43.50.140);
12 (H) training and building fund (AS 23.20.130);
13 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
14 former AS 39.37);
15 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);
16 (K) public school trust fund (AS 37.14.110);
17 (L) second injury fund (AS 23.30.040);
18 (M) fishermen's fund (AS 23.35.060);
19 (N) FICA administration fund (AS 39.30.050);
20 (O) [See effective date note] mental health trust fund (AS 37.14.031).

21 * Sec. 2. AS 44.25.020 is amended to read:

22 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue shall

- 23 (1) enforce the tax laws of the state;
24 (2) collect, account for, have custody of, invest, and manage all state funds and
25 all revenues of the state except revenues incidental to a program of licensing and regulation
26 carried on by another state department;
27 (3) register cattle brands; and
28 (4) supply necessary clerical and administrative services for the Alcoholic
29 Beverage Control Board [; AND
30 (5) INVEST AND MANAGE THE BALANCE OF THE POWER
31 DEVELOPMENT FUND IN ACCORDANCE WITH AS 44.83.386].

1 * Sec. 3. AS 44.83.080 is amended by adding a new paragraph to read:

2 (17) to charge fees or other forms of remuneration for services or the recovery
3 of equity investments or capital costs for projects and activities described in (5), (6), and (8) of
4 this section in accordance with agreements described in (7) - (11) of this section, other
5 agreements pertaining to the projects, or with covenants or representations made in bond
6 documents pertaining to the projects or loan programs.

7 * Sec. 4. AS 44.83.090 is amended by adding a new subsection to read:

8 (c) Notwithstanding the provisions of (a) of this section, the authority may sell waste heat
9 directly to retail customers.

10 * Sec. 5. AS 44.83 is amended by adding a new section to read:

11 Sec. 44.83.107. ENERGY AUTHORITY REVOLVING FUND. (a) The energy
12 authority revolving fund is established in the authority. The revolving fund consists of

- 13 (1) appropriations made to the revolving fund by the legislature;
14 (2) money or other assets transferred to it by the authority;
15 (3) unrestricted payments on loans made or purchased by the authority;
16 (4) income and interest on amounts in the fund; and
17 (5) all revenue of the authority not otherwise required to pay the expenses of

18 authority projects.

19 (b) The board of directors of the authority may establish operations and self-insurance
20 reserve accounts within the revolving fund.

21 (c) Unless otherwise expressly stated, the funds created in this chapter, including the
22 power project fund, are accounts of the revolving fund. The authority may create additional
23 funds or accounts either within the revolving fund or outside the fund. Subject to agreements
24 made with the holders of the authority's bonds or with other persons, the authority may transfer
25 amounts in a fund or account in the revolving fund to another fund or account in the revolving
26 fund.

27 (d) The authority has the powers and responsibilities established in AS 37.10.071 with
28 respect to the investment of amounts held in the revolving fund.

29 (e) The authority may

- 30 (1) pledge amounts in the revolving fund; or
31 (2) enter into agreement with respect to the revolving fund that it considers

1 necessary to secure its bonds.

2 (f) The authority may spend amounts from the revolving fund for any purpose authorized
3 by this chapter. However, not more than 10 percent of the balance in the revolving fund,
4 determined as of the end of the preceding fiscal year, may be used for equity investment in a
5 project or program unless the project or program is expressly authorized by the legislature under
6 AS 44.83.185 or unless the legislature has appropriated the amount to the fund for the specific
7 purpose.

8 (g) The legislature may appropriate amounts in the revolving fund to the authority for
9 the cost of administering the fund.

10 * Sec. 6. AS 44.83.170(a) is amended to read:

11 (a) There is established [AS A SEPARATE FUND] the power project fund. The fund
12 consists of

13 (1) appropriations to the fund;

14 (2) repayments to the fund of principal on loans made from the fund;

15 (3) payments of interest on loans made from the fund;

16 (4) income from investment of money in the fund; and

17 (5) other money deposited in the fund as directed by resolution of the board
18 of directors of the authority [THAT SHALL BE DISTINCT FROM ANY OTHER MONEY
19 OR FUNDS OF THE AUTHORITY, AND THAT INCLUDES ONLY MONEY
20 APPROPRIATED BY THE LEGISLATURE].

21 * Sec. 7. AS 44.83.170(b) is amended to read:

22 (b) The authority may make loans from the power project fund

23 (1) to electric utilities, gas utilities, regional electric authorities, municipalities,
24 [CITIES, BOROUGHES,] regional and village corporations, village councils, and nonprofit
25 marketing cooperatives to pay the costs of

26 (A) reconnaissance studies, feasibility studies, license and permit
27 applications, preconstruction engineering, and design of power projects;

28 (B) constructing, acquiring, equipping, modifying, improving, and
29 expanding [SMALL-SCALE] power projects [PRODUCTION FACILITIES],
30 conservation facilities, bulk fuel storage facilities, and electric or gas transmission and
31 distribution facilities, including energy production, transmission, and distribution, and

1 waste energy conservation facilities that depend on fossil fuel, wind power, tidal,
2 geothermal, biomass, hydroelectric, solar, or other nonnuclear [NON-NUCLEAR] energy
3 sources; [AND]

4 (C) reconnaissance studies, preconstruction engineering, design,
5 construction, equipping, modification, and expansion of potable water supply including
6 surface storage and groundwater sources and transmission of water from surface storage
7 to existing distribution systems;

8 (D) acquisition of bulk fuel reserves or proven reserves of gas, oil,
9 coal, geothermal, or other energy resources; and

10 (E) consumer end-use improvements to reduce demand for energy;

11 (2) to a borrower for a power project if

12 (A) the loan is entered into under a [LEVERAGED LEASE] financing
13 arrangement that the authority considers provides satisfactory assurance of
14 repayment;

15 (B) the party that will be responsible for the power project is an electric
16 utility, gas utility, regional electric authority, municipality, [CITY, BOROUGH,] regional
17 or village corporation, village council, municipal school district, regional educational
18 attendance area, regional housing authority, business enterprise, or nonprofit
19 marketing cooperative; and

20 (C) the borrower seeking the loan demonstrates to the authority that the
21 financing arrangement for the power project will reduce project financing costs below
22 costs of comparable public power projects;

23 (3) to municipal school districts, regional educational attendance areas,
24 regional housing authorities, and business enterprises to pay the cost of

25 (A) waste energy conservation facilities;

26 (B) consumer end-use improvements to reduce demand for energy;

27 (C) acquisition, construction, or repair of bulk fuel storage facilities
28 and acquisition of fuel reserves;

29 (D) electric or gas distribution facilities for housing developments by
30 regional housing authorities;

31 (E) power generation facilities if those facilities provide wholesale

1 power or emergency reserve power for a community and if the utility certificated to
2 serve that community formally recommends approval of the loan application.

3 * Sec. 8. AS 44.83.179 is repealed and reenacted to read:

4 Sec. 44.83.179. REVIEW OF RECONNAISSANCE STUDY BY BOARD OF
5 DIRECTORS. The board of directors of the authority shall review reconnaissance studies of
6 proposed projects of the authority and shall make a written report. The report must include
7 findings and recommendations on whether to start, terminate, delay, modify, or continue a project
8 and must consider the costs of those actions. The authority shall maintain a record of decisions
9 made with respect to reconnaissance studies as part of its formal archives of board actions.

10 * Sec. 9. AS 44.83.181(a) is amended to read:

11 (a) The [UNLESS THE RECONNAISSANCE STUDY HAS BEEN DISAPPROVED BY
12 THE OFFICE OF MANAGEMENT AND BUDGET UNDER AS 44.83.179, THE] authority shall
13 complete a feasibility study and plan of finance for each [PROPOSED] project approved under
14 AS 44.83.179.

15 * Sec. 10. AS 44.83.181(b) is amended to read:

16 (b) A feasibility study must include

17 (1) information about the proposed project, including but not limited to estimates
18 of total project construction costs, total project operating costs, the costs of transmission systems,
19 a comparison of the economic costs and benefits affecting project feasibility [AND
20 RESERVE POWER REQUIREMENTS, THE TIMING AND AMOUNT OF ANTICIPATED
21 RETURNS FROM THE COMPLETED PROJECT, A BENEFIT-TO-COST RATIO], the
22 potential effect of the project on the environment of the area that will be served by the project
23 when completed [, AND THE AVAILABILITY OF ALTERNATIVE GOVERNMENT
24 FINANCING];

25 (2) a statement of all assumptions that affect the economic feasibility of the
26 project, including but not limited to the discount rate to be used for project evaluation [AND
27 INTEREST RATE OF AMOUNTS OF MONEY TO BE USED FOR THE PROJECT],
28 anticipated fuel prices, [AN ESCALATION RATE, STATE AND LOCAL] anticipated electric
29 loads in the affected project area [LOAD GROWTH], and estimates of indirect costs and
30 benefits; and

31 (3) a comparative analysis of all reasonable alternatives to construction of the

1 proposed project [; AND

2 (4) INFORMATION BASED ON ENGINEERING AND DESIGN WORK THAT
3 MEETS THE REQUIREMENTS FOR SUBMISSION OF A LICENSE APPLICATION FOR
4 THE PROJECT TO THE FEDERAL ENERGY REGULATORY COMMISSION].

5 * Sec. 11. AS 44.83.181(c) is repealed and reenacted to read:

6 (c) The plan of finance must include an estimate of the

7 (1) total cost of the project and a description of the sources of money that will
8 be used to finance the total cost of the project;

9 (2) operating cost of the project and a description of the source of the money that
10 is to be used to pay the operating [THIS] cost.

11 * Sec. 12. AS 44.83.181(e) is amended to read:

12 (e) The authority [, IN CONSULTATION WITH THE OFFICE OF MANAGEMENT
13 AND BUDGET,] shall adopt regulations defining

14 (1) the techniques that it shall apply to determine that the information required
15 by (b) - (d) of this section is obtained; and

16 (2) standard criteria and measures for comparative analysis of alternative financing
17 arrangements.

18 * Sec. 13. AS 44.83.187(a) is amended to read:

19 (a) The provisions of AS 44.83.177 - 44.83.185 [AND 44.83.189] apply only to a
20 proposed new project that will generate more than 1.5 megawatts of power and

21 (1) requires an appropriation from the state general fund, from the power project
22 fund, or from the renewable resources funds; or

23 (2) is based on a plan of finance that requires the issuance of general obligation
24 bonds or other pledge of the credit of the state.

25 * Sec. 14. AS 44.83.187(b) is amended to read:

26 (b) The provisions of AS 44.83.177 - 44.83.185 [AND 44.83.189] apply to a project that
27 generates more than 25 megawatts of power for which the authority will issue its revenue bonds
28 for costs of construction.

29 * Sec. 15. AS 44.83.187(d) is amended to read:

30 (d) The provisions of AS 44.83.177 - 44.83.185 do not apply to

31 (1) an addition, modification, repair, reconstruction, design, acquisition, or

1 construction for the purpose of completing a project;

2 (2) the construction of a gas or [AN] electrical transmission or distribution
3 facility that is estimated to cost \$10,000,000 or less;

4 (3) the construction of a gas or electrical transmission line or distribution
5 facility that does not require state funds for construction [THAN \$3,000,000].

6 * Sec. 16. AS 44.83.187 is amended by adding a new subsection to read:

7 (e) For purposes of this section, a new project does not include

8 (1) an addition to or modification of an existing project unless the total cost of
9 the addition or modification exceeds \$10,000,000;

10 (2) repair or reconstruction of a project; or

11 (3) design, acquisition, or construction necessary to complete a project for which
12 bonds have been issued.

13 * Sec. 17. AS 44.83.500(a) is amended to read:

14 (a) There is established in the Alaska Energy Authority the power development revolving
15 loan fund [TO CARRY OUT THE PURPOSE OF AS 44.83.500 - 44.83.530. THE FUND MAY
16 BE USED FOR NO OTHER PURPOSE].

17 * Sec. 18. AS 44.83.940 is amended to read:

18 Sec. 44.83.940. ANNUAL REPORT. Before March 1 of each year, the authority shall
19 submit to the governor and the legislature a comprehensive report for the preceding 12-month
20 period describing operations, income, and expenditures, including a detailed accounting of the
21 loans and investment made from, and the income received by, the revolving fund
22 (AS 44.83.107) [FOR THE PRECEDING 12-MONTH PERIOD].

23 * Sec. 19. AS 44.83.950(a) is amended to read:

24 (a) Notwithstanding any other provision in this chapter, only the operating budget of
25 the authority is subject to the provisions of AS 37.07 (Executive Budget Act).

26 * Sec. 20. AS 44.83.990 is amended by adding a new paragraph to read:

27 (10) "business enterprise" means a single proprietorship, corporation, firm,
28 partnership, or other association of persons organized in any manner, for any business purpose,
29 other than on a nonprofit basis, that sells or transports electricity or waste heat in compliance
30 with all applicable federal and state statutes and regulations.

31 * Sec. 21. In accordance with AS 44.83.185(c), and contingent on sec. 23 of this Act, the Alaska

1 Energy Authority is authorized to design and construct a 138 kilovolt electric transmission line between
2 Anchorage and the Kenai Peninsula at a cost of \$89,000,000 in 1992 dollars.

3 * Sec. 22. In accordance with AS 44.83.185(c), and contingent on sec. 23 of this Act, the Alaska
4 Energy Authority is authorized to design and construct a 138 kilovolt electric transmission line between
5 Healy and Fairbanks at a cost of \$82,000,000 in 1992 dollars.

6 * Sec. 23. The authorizations made in secs. 21 and 22 of this Act are contingent upon the execution
7 of written agreements between the Alaska Energy Authority and participating electric utilities providing
8 that the participating utilities agree to pay, for the electric transmission lines authorized by secs. 21 and
9 22 of this Act,

10 (1) the design and construction costs of the lines that are in excess of \$90,000,000; and

11 (2) the operation and maintenance costs of the lines.

12 * Sec. 24. AS 44.83.080(16)(G), 44.83.170(h), 44.83.189, 44.83.361, 44.83.363, 44.83.386,
13 44.83.388(b), 44.83.390, 44.83.392, 44.83.398(c), 44.83.920, 44.83.990(9) are repealed.

14 * Sec. 25. This Act takes effect July 1, 1992.

ALASKA STATE LEGISLATURE
SENATE BILL NO. 5

HISTORY IN THE SENATE

HISTORY IN THE HOUSE

1991
 1/21 24C and Finance
 1992
 4/29 24C RPT() CS 3 DP ___ NR ___ DNP ___ AM ___
 New Title ___ Same Title ___ Previous FN ___
1 FN ___ OFN ___ To 30

___ RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
 ___ New Title ___ Same Title ___ Previous FN ___
1 FN ___ OFN ___ To ___

___ RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
 ___ New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___ To ___

___ Rules Calendar(___) CS ___ AM ___ Other ___
 ___ New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___

Read second time
 ___ CS Adopted (___) ___ New Title ___
 ___ Amended ___ Advanced ___

Read third time
 ___ Letter of Intent adopted ___
 ___ Return to second for specific amendment ___

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
 Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
 Signed by President, to House

 Secretary of the Senate

19
 Read first time and referred to:

 _____ RPT CS() ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

___ RPT CS() ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

___ RPT CS() ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

Read second time
 CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reconsideration
 Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

___ Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

 Chief Clerk of the House

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ALASKA STATE LEGISLATURE
SENATE BILL NO. 5

HISTORY IN THE SENATE

1991
1/21
1992
4/29

Read first time and referred to:
Gov and Finance

1 RPT() CS 3 DP ___ NR ___ DNP ___ AM ___
 New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___ To Sen

___ RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
 ___ New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___ To ___

___ RPT(___) CS ___ DP ___ NR ___ DNP ___ AM ___
 ___ New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___ To ___

___ Rules Calendar(___) CS ___ AM ___ Other ___
 ___ New Title ___ Same Title ___ Previous FN ___
 ___ FN ___ OFN ___

Read second time

___ CS Adopted (___) ___ New Title ___
 ___ Amended ___ Advanced ___

Read third time

___ Letter of Intent adopted
 ___ Return to second for specific amendment

PASSED EFD Same ___ or
 Yeas Yeas
 Nays Nays
 Excused Excused
 Absent Absent

Reconsideration
 Reconsideration not taken up

PASSED EFD Same ___ or
 Yeas Yeas
 Nays Nays
 Excused Excused
 Absent Absent

Reported correctly engrossed
 Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

___ RPT CS(___) ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

___ RPT CS(___) ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

___ RPT CS(___) ___ New Title ___
 ___ DP ___ DNP ___ NR ___ AM ___
 ___ FN ___ OFN ___ Previous FN ___

Read second time
 CS(___) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED EFD Same ___ or
 Yeas Yeas
 Nays Nays
 Excused Excused
 Absent Absent

___ Intent adopted

Reconsideration
 Reconsideration not taken up

PASSED ON RECON. EFD Same ___ or
 Yeas Yeas
 Nays Nays
 Excused Excused
 Absent Absent

___ Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House
Version: _____
Concur in House amendment
Y ___ N ___ E ___ A ___
___ Efd same or Y ___ N ___ E ___ A ___

Failed to concur in House amendment, ask House recede
Y ___ N ___ E ___ A ___

House failed to / receded from amendment
Y ___ N ___ E ___ A ___

CC appointed by Senate _____ Chair

CC appointed by House _____ Chair

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
___ Efd same or Y ___ N ___ E ___ A ___

(H) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
___ Efd same or Y ___ N ___ E ___ A ___

To enrolling
Received from enrolling
Sent to Governor

_____ By Governor

Chapter Number _____

Filed with Lieutenant Governor

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 1
Bill Version: SB 5
(S) Publish Date: 4-29-92

Revision Date: _____ Department Affected: DCED/Alaska Energy Authority
Title: "An Act relating to the power project from revolving loan fund (PPRLF) and to the power the Alaska Energy Authority to finance & make loans from the PPRLF & to sell waste heat & provide for an effective date"
Sponsor: Zharoff
Requestor: Zharoff/Rules Committee COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Robert E. LeResche, Executive Director Phone: 465-3575
Division: Alaska Energy Authority Date: 4/9/91
Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 4-10-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

No. 2

Bill Version: SSB5 (Ltc)
 (S) Publish Date: 4-29-92

STATE OF ALASKA
 1992 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: April 28, 1992

Department Affected: DCED/Alaska Energy Authority

Title: An Act relating to the Energy Authority Revolving Loan

BRU: _____

Fund and powers of the AEA and providing for an effective date.

Component: _____

Sponsor: Zharoff

Requestor: Senate Labor and Commerce Committee

COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURE&/REVENUE: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

* CAPITAL *Basis 21,22,23		8,000.0	14,000.0	100,000.0	45,000.0	
---------------------------	--	---------	----------	-----------	----------	--

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
Rallbet Intertie Reserve	114,300.0					
Rallbet Energy Fund	2,800.0					
Energy Lake Surplus	11,000.0					
TOTAL	128,100.0					

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) The CS establishes a revolving fund in AEA similar to the revolving fund for AIDEA and expands the purpose and eligible borrowers from AEA loan programs. Sections 21 and 22 authorize instruction of two rallbet intertie; at a total cost of \$171 million and Section 23 requires the utilities to pay all construction costs above \$90 million. Appropriation bills SB294 or SB429 would provide the funds to meet the \$90 million.

Prepared By: Charlie Bussell *Charlie Bussell* Phone: 581-7577

Division: Alaska Energy Authority Date: April 28, 1992

Approved By Commissioner: Glenn Olin *Glenn Olin*

SB 6

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 20, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/21/91

The FINANCE Committee considered:

CSSSSB 6(JUD)(title am)

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (JUDICIARY)(title am)

MULTIPLE PERMITTEE GAMING; PRIZE AMOUNTS

"An Act relating to charitable gaming; extending from 5 to 15 years the period during which a person is prohibited from participating in certain charitable gaming activities following a conviction of a felony or release from prison or parole as a result of a felony conviction; increasing the percentage paid by operators to pull tab authorizing permittees to 35 or 50 percent of adjusted gross income; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CSSSSB 6 (FIN) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) DCED 5/20/91

zero fiscal note _____

zero fiscal note(s) DCED 4/17/91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
George T. ...	X	Eileen P. Madigan		✓	
George T. ...	X	Bob ...		✓	
George T. ...		Donald J. ...		X	
		Jan Brown		✓	
		Robert E. ...		✓	
		J. ...		X	
		...		✓	
		Mark Boyer		X	
		...		X	

George T. ...
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Version: SSSRL
(S) Publish Date: 4/17/91

Revision Date: _____ Department Affected: COMMERCE & ECONOMIC DEV.
Title: An Act relating to multiple-beneficiary charitable gaming permits BRU: Occupational Licensing - Gaming
Component: XXXXXXXXX and door prizes

Sponsor: Senator Zharoff
Requestor: Labor & Commerce and Judiciary COMPONENT SERIAL NO.

0	3	5	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Changes in SSSSRL (JWD) have no fiscal impact. This fiscal note is appropriate.
SSD-91 date WB Amk Comte Aide (initial)

Prepared By: John Hansen, Gaming Program Manager Phone: 465-2581
Division: Occupational Licensing Date: 2/11/91

Approved by Commissioner: Glenn A. Olds [Signature] Spec. Asst. TI
Agency: Department of Commerce & Economic Development Date: 2/13/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SSSS Bld (Jed)
(S) Publish Date: 5-20-91

Revision Date: 5/17/91
Title: An Act relating to charitable gaming, and providing for an effective date
Sponsor: Zharoff
Requestor: Senate Judiciary

Department Affected: Commerce & Economic Dev.
BRU: Occupational Licensing
Component: Administration

COMPONENT SERIAL NO.	0	3	5	6
----------------------	---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	203.0	203.0	203.0	203.0	203.0	203.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	54.0	54.0	54.0	54.0	54.0	54.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	44.0	7.0	7.0	7.0	7.0	7.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	315.0	276.0	276.0	276.0	276.0	276.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	625.0	656.2	662.4	668.6	674.8	681.0
---------	-------	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND	315.0	276.0	276.0	276.0	276.0	276.0
FEDERAL FUNDS						
OTHER						
TOTAL	315.0	276.0	276.0	276.0	276.0	276.0

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
Division: Occupational Licensing Date: 5/17/91
Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 5/17/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE ATTACHMENT - C S S S S B 6

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees who transferred with the program was five: one auditor and one investigator located in Anchorage, one auditor, one tax examiner and one clerk typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill would authorize the licensing and regulating of pull-tab vendors, authorize sales of pull-tabs from one distributor to another distributor, require the permittee and operator provide notification prior to changing the location(s) of gaming activities, amending the powers of the department to suspend or revoke permits or licenses, place restrictions on who may participate as a player of pull-tabs, authorize the department to issue orders prohibiting violations, provisions relating to making false statements in license and permit applications, amend the current prize awards limitation, specify when the pull-tab tax must be collected and who may distribute pull-tabs.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff especially in the area of audits and investigations. Presently, the gaming program has only two investigators and is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the number of permittees, operators, and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of a licensing examiner and a records and licensing supervisor to oversee the licensing staff. Given the number of permittees, and the number that would use vendor locations, an additional licensing examiner is necessary if the vendor endorsements are to be issued in a timely manner.

The \$315.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$44.0 to purchase the necessary workstations, computers and software. The required \$7.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily continue to increase as more and more charitable organizations search for other sources of revenue.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue based on the 1% net proceeds fee will be generated in addition to \$500,000 generated by the \$100 vendor endorsement fee. We estimate that 5,000 such vendor endorsements will be applied for. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and to help them strive toward voluntary compliance.

FISCAL NOTE ATTACHMENT

CSSSSB 6

OPERATING EXPENDITURES

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing Supervisor	16	\$50.0	
	Occupational Licensing Examiner I	12	\$40.2	
				\$203.0
<u>Travel:</u>				
	Investigator		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 10.0
<u>Contractual:</u>				
	Lease Space		\$20.0	
	Printing and Postage		\$24.0	
	Communications		\$ 5.0	
	Contract Services		\$ 5.0	
				\$ 54.0
<u>Supplies:</u>				
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Records and Licensing Supervisor		\$ 1.0	
	Occupational Licensing Examiner I		\$ 1.0	
				\$ 4.0
<u>Equipment:</u>				
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Records and Licensing Supervisor		\$10.0	
	Occupational Licensing Examiner I		\$10.0	
	Printer		\$ 4.0	
				\$ 44.0
				TOTAL COST
				\$315.0

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office Building in 450 sq. ft., this space is inadequate for current needs and, with the increased personnel, new space is a requirement.

The majority of the printing and postage cost is for the vendor endorsement license, pull-tab I.D. stamps, and forms.

Equipment represents the cost for a workstation and computer.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

SALARY: \$40.5
BENEFITS \$15.9

TOTAL PERSONAL SERVICES: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

TOTAL COST \$71.9

FUNDING SOURCE:

GENERAL FUND \$71.9

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- o Occasionally assist the auditor(s) in gathering information/documentation.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

SALARY: \$40.5
BENEFITS \$15.9

TOTAL PERSONAL SERVICES: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

TOTAL COST \$71.9

FUNDING SOURCE:

GENERAL FUND \$71.9

POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done, thus, reducing the 1% net proceeds fee due the state.

REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor
RANGE/STEP: 16a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

SALARY: \$35.5
BENEFITS \$14.5

TOTAL PERSONAL SERVICES: \$50.0

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

TOTAL COST \$61.1

FUNDING SOURCE:

GENERAL FUND \$61.1

POSITION DUTIES:

- o Review the operator and distributor license applications, issue licenses for same as well as review the operator quarterly and annual reports, the pull-tab manufacturer and distributor monthly reports.
- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information technical assistance to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by the Gaming Program Manager.

REQUEST FOR NEW HIRE

POSITION TITLE: Occupational Licensing Examiner I
RANGE/STEP: 12
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

SALARY: \$27.8
BENEFITS: \$12.4

TOTAL PERSONAL SERVICES: \$40.2

SUPPLIES: \$ 1.0
EQUIPMENT: \$10.0

TOTAL COST \$51.2

FUNDING SOURCE:

GENERAL FUND \$51.2

POSITION DUTIES:

- o The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.
- o Update and maintain computerized licensing and financial records as well as the licensing files.
- o Provide information and technical assistance to the public and organizations regarding application of statutes and regulations.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the above-listed duties would be shouldered by the current staff.

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from 5 to 15 years the period during
2 which a person is prohibited from participating in certain charitable gaming activities
3 following a conviction of a felony or release from prison or parole as a result of a felony
4 conviction; increasing the percentage paid by operators to pull-tab authorizing permittees
5 to 35 or 50 percent of adjusted gross income; and providing for an effective date."

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

7 * Section 1. AS 05.15.020(a) is amended to read:

8 (a) A municipality or qualified organization may conduct an activity permitted under this
9 chapter, if the municipality or qualified organization pays the appropriate permit fee and receives
10 an annual permit issued by the department. The annual permit fee is

11 (1) \$20 for an applicant that did not hold a permit during the preceding year;

12 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
13 activities conducted under this chapter during the preceding year;

- 1 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not
2 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or
3 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from
4 activities conducted under this chapter during the preceding year.

5 * Sec. 2. AS 05.15.020 is amended by adding a new subsection to read:

- 6 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee
7 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if
8 the applicant were applying for an individual permit.

9 * Sec. 3. AS 05.15.030(c) is amended to read:

- 10 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for
11 which a permit has been issued, the permittee shall notify the department and the local
12 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

13 * Sec. 4. AS 05.15 is amended by adding a new section to read:

14 Sec. 05.15.035. PERSONS PROHIBITED FROM PARTICIPATING IN THE
15 OPERATION OF CHARITABLE GAMING ACTIVITIES. (a) A person described in (b) of this
16 section may not

- 17 (1) be issued an operator's license under AS 05.15.122;
18 (2) be issued a manufacturer's license under AS 05.15.181;
19 (3) be issued a distributor's license under AS 05.15.183;
20 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

21 or

- 22 (5) perform personal services for a permittee or licensee under this chapter in a
23 managerial or supervisory capacity, whether the person is an employee of the permittee or
24 licensee or whether the person is engaged by the permittee or licensee as an independent
25 contractor.

26 (b) A person may not be issued a license or engage in conduct described in (a) of this
27 section if the person

- 28 (1) has, within the preceding 15 years, been convicted of, in prison for, or on
29 parole for a felony;
30 (2) has been convicted at any time of a crime involving theft or dishonesty; or
31 (3) has been convicted at any time of a violation of a municipal, state, or federal

1 gambling law.

2 * Sec. 5. AS 05.15.060 is amended to read:

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

6 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor
7 endorsements;

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

12 (3) the immediate revocation of permits, [AND] licenses, and vendor
13 endorsements authorized under this chapter if this chapter or regulations adopted under it are
14 violated;

15 (4) the requiring of detailed, sworn, financial reports of operations from
16 permittees, [AND] licensees, and vendors including detailed statements of receipts and
17 payments;

18 (5) the investigation of permittees, licensees, vendors, and their employees,
19 including the fingerprinting of those permittees, licensees, vendors, and employees whom the
20 commissioner considers it advisable to fingerprint;

21 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
22 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
23 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
24 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
25 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

28 (7) [(8)] the number of activities that may be held, operated, or conducted under
29 a permit during a specified period; however, the department may not allow more than 14 bingo
30 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
31 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the

1 number of sessions and games a month equal to the number allowed an individual permittee
 2 per month multiplied by the number of holders of the multiple-beneficiary permit;

3 (8) [(9)] a method of accounting for receipts and disbursements by operators and
 4 vendors, including the keeping of records and requirements for the deposit of all receipts in a
 5 bank;

6 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,
 7 municipality, or qualified organization that possesses an operator's license, or a vendor at the
 8 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily
 9 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

10 (10) [(11)] restrictions on the participation by employees of the Department of
 11 Fish and Game in salmon classics;

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

14 * Sec. 6. AS 05.15.060 is amended by adding a new subsection to read:

15 (b) Regulations adopted by the department under this section relating to charitable
 16 gaming activity involving pull-tabs must be consistent with the standards on pull-tabs of the
 17 North American Gaming Regulators Association.

18 * Sec. 7. AS 05.15.070 is amended to read:

19 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
 20 examine or have examined the books and records of a permittee, an operator, a vendor, or a
 21 person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may
 22 issue subpoenas for the attendance of witnesses and the production of books, records, and other
 23 documents.

24 * Sec. 8. AS 05.15.095(a) is amended to read:

25 (a) The applications and reports to the department required by this chapter shall be signed
 26 under penalty of unsworn falsification by the following person, as applicable:

- 27 (1) the member in charge for the qualified organization;
 28 (2) a person authorized to sign on behalf of the municipality;
 29 (3) the operator or the operator's agent;
 30 (4) the licensed pull-tab distributor or the distributor's agent; [OR]
 31 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or

1 (6) the owner of a vendor or the owner's agent.

2 * Sec. 9. AS 05.15.095(b) is amended to read:

3 (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter
4 during a period in which a report or fee is delinquent.

5 * Sec. 10. AS 05.15.100 is amended by adding new subsections to read:

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

11 (e) The department shall revoke the permit of a permittee, including a multiple-
12 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least
13 15 percent of the gross income derived from activities under this chapter.

14 * Sec. 11. AS 05.15.112(a) is amended to read:

15 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit
16 under this chapter shall designate a member in charge. Municipalities and qualified
17 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall
18 establish a board consisting of one member from each municipality and qualified
19 organization, and the board shall designate one of its members as the member in charge for
20 the multiple-beneficiary permittee.

21 * Sec. 12. AS 05.15.112(b) is repealed and reenacted to read:

22 (b) The member in charge is responsible for preparation, maintenance, and transmittal
23 of all records and reports required of the permittee and, if the permittee has entered into a
24 contract with an operator under AS 05.15.115, for monitoring the operator's performance under
25 and compliance with that contract. The alternate members in charge are responsible for the
26 duties of the member in charge in the absence of the member in charge. The member in charge
27 and the alternate members in charge shall be members of the qualified organization or the board
28 of directors of the qualified organization or employees of the municipality. In the case of a
29 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be
30 members of one or more of the qualified organizations or the board of directors of one or more
31 of the qualified organizations or employees of one or more of the municipalities.

1 * **Sec. 13.** AS 05.15.112(d) is amended to read:

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

5 * **Sec. 14.** AS 05.15.124 is amended to read:

6 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may
7 by ordinance prohibit all operators or all vendors, or both, [AN OPERATOR] from conducting
8 activities under this chapter within the municipality.

9 * **Sec. 15.** AS 05.15.128(a) is amended to read:

10 (a) The department shall revoke the license of an operator who does not
11 [(1)] report an adjusted gross income of at least 15 percent of gross income each
12 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator
13 [; OR

14 (2) PAY TO EACH AUTHORIZING PERMITTEE FOR TWO CONSECUTIVE
15 QUARTERS AT LEAST 15 PERCENT OF THE ADJUSTED GROSS INCOME, AS
16 DETERMINED UNDER (1) OF THIS SUBSECTION, RECEIVED FROM ACTIVITIES
17 CONDUCTED ON BEHALF OF THE AUTHORIZING PERMITTEE].

18 * **Sec. 16.** AS 05.15.128 is amended by adding new subsections to read:

19 (c) The department shall revoke the license of an operator who does not pay to each
20 authorizing permittee each quarter at least

21 (1) 20 percent of the adjusted gross income received from bingo activities and 35
22 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the
23 authorizing permittee, if the operator's primary method of conducting activities on behalf of the
24 permittee is through a bingo hall;

25 (2) 50 percent of the adjusted gross income received from all activities conducted
26 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
27 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose
28 is the sale of pull-tabs; or

29 (3) 50 percent of the adjusted gross income received from all activities conducted
30 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
31 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another

1 means other than those described in (1) or (2) of this subsection.

2 (d) Within the time specified under AS 05.15.083(a), each operator shall submit to the
3 department documentation adequate to allow the department to ascertain whether the operator has
4 complied with the requirements of (a) and (c) of this section. If an operator conducts activities
5 through a bingo hall, the documentation must be sufficient to enable the department to ascertain
6 whether the operator has complied with (c)(1) of this section for each activity conducted by the
7 operator. If an operator has not submitted adequate documentation within the required time, the
8 department shall suspend the operator's license until the operator has submitted the necessary
9 documentation.

10 * Sec. 17. AS 05.15.140(b) is amended to read:

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

14 (1) has been convicted of, in prison for, or on parole for a felony within the
15 preceding 15 [FIVE] years, or has been convicted of a crime involving theft or dishonesty or of
16 a violation of a municipal, state, or federal gambling law; or

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

19 * Sec. 18. AS 05.15.140(c) is amended to read:

20 (c) The commissioner may not issue a permit for an activity operated by a person who
21 has been convicted of, in prison for, or on parole for a felony within the preceding 15 [FIVE]
22 years, or has been convicted of a crime involving theft or dishonesty or of a violation of a
23 municipal, state, or federal gambling law.

24 * Sec. 19. AS 05.15 is amended by adding a new section to read:

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

1 requirements before a permit may be issued or renewed.

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

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

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

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

17 (f) The department shall revoke a multiple-beneficiary permit if the permittee

18 (1) does not meet the requirements of AS 05.15.100(e);

19 (2) does not pay each quarter to each holder of the multiple-beneficiary permit
20 an equal share of the amount of the adjusted gross income remaining after expenses are deducted;
21 if a holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled
22 to a pro rata share based on the percentage of the quarter that the withdrawing entity was a
23 holder; or

24 (3) shows expenses that exceed

25 (A) 80 percent of the adjusted gross income received from bingo activities
26 and 65 percent of the adjusted gross income received from pull-tab activities, if the
27 permittee's primary method of conducting activities is through a bingo hall;

28 (B) 50 percent of the adjusted gross income received from all activities,
29 if the permittee's primary method of conducting activities is through the sale of pull-tabs
30 at a retail outlet whose primary purpose is the sale of pull-tabs; or

31 (C) 50 percent of the adjusted gross income received from all activities,

1 if the permittee's primary method of conducting activities is through the sale of pull-tabs
 2 by contract with vendors or by another means other than those described in (A) or (B)
 3 of this paragraph.

4 (g) No more than six municipalities, qualified organizations, or a combination of
 5 municipalities and qualified organizations may be holders of a multiple-beneficiary permit during
 6 the year for which the permit is issued.

7 * Sec. 20. AS 05.15.170 is repealed and reenacted to read:

8 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
 9 VENDOR ENDORSEMENT. (a) The commissioner may suspend or revoke a permit, license,
 10 or vendor endorsement, after giving notice to and an opportunity to be heard by the permittee,
 11 licensee, or vendor, if the permittee, licensee, or vendor

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

14 (2) breaches a contractual agreement with a permittee, licensee, or vendor;

15 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
 16 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
 17 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
 18 manager of the permittee, licensee, or vendor is convicted;

19 (4) knowingly submits false information to the department or, in the case of a
 20 vendor, to a permittee or operator when the vendor knows that the false information will be
 21 submitted to the department as part of an application for a vendor endorsement; or

22 (5) is required to collect a sales tax on charitable gaming activity under a
 23 municipal ordinance and fails to collect that tax or to transmit the proceeds of the tax to the
 24 municipality in the manner and in the time required by municipal law.

25 (b) If the department revokes a permit, license, or vendor endorsement under this section,
 26 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor
 27 endorsement for a period of up to five years.

28 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

29 * Sec. 21. AS 05.15.180(b) is amended to read:

30 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
 31 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized

1 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
2 state in substantially the same form and was conducted in substantially the same manner before
3 January 1, 1959.

4 * Sec. 22. AS 05.15.180(d) is amended to read:

5 (d) The total value of door prizes offered or awarded under authority of a permit issued
6 to a municipality or qualified organization under this chapter or under authority of a multiple-
7 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

8 * Sec. 23. AS 05.15.180(e) is amended to read:

9 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
10 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
11 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or
12 \$120,000 [\$240,000] a year.

13 * Sec. 24. AS 05.15.180(g) is amended to read:

14 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
15 prizes each year in activities authorized under this chapter; however, if a municipality or a
16 qualified organization contracts with an operator to conduct on its behalf activities authorized
17 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
18 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may
19 award a maximum in prizes each calendar year of \$1,000,000 times the number of holders
20 of the permit for activities authorized under this chapter. In this subsection "activities
21 authorized under this chapter" means all activities subject to this chapter other than bingo.

22 * Sec. 25. AS 05.15.181(a) is amended to read:

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

26 * Sec. 26. AS 05.15.181(b) is amended to read:

27 (b) The department may issue a pull-tab manufacturer's license to a person who pays an
28 annual fee of \$1,000 [\$500].

29 * Sec. 27. AS 05.15.183(d) is amended to read:

30 (d) A pull-tab distributor shall report to the department by the last business day of each
31 month on each pull-tab series distributed in the preceding month. The report must include the

1 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is
2 distributed and the serial number of each series.

3 * Sec. 28. AS 05.15.183 is amended by adding a new subsection to read:

4 (e) A distributor may not

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

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

7 (3) deliver a pull-tab series to a vendor location, except as permitted by

8 AS 05.15.185.

9 * Sec. 29. AS 05.15.184 is amended to read:

10 Sec. 05.15.184. PULL-TAB TAX. At the time of the distribution of a pull-tab series

11 to a permittee, an operator, or another distributor, a [A] pull-tab distributor shall collect a

12 tax of three percent of the ideal net for [AN AMOUNT EQUAL TO THE GROSS RECEIPTS

13 LESS PRIZES AWARDED ON] each series of pull-tabs distributed. The pull-tab distributor shall

14 pay to the department the tax collected in the preceding month at the time that the report under

15 AS 05.15.183(d) is filed with the department.

16 * Sec. 30. AS 05.15.185 is amended to read:

17 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs

18 distributed in the state must be sealed and have a serial number label issued by the National

19 Association of Fundraising Ticket Manufacturers or other serial number label approved by the

20 department and may be distributed only to

21 (1) a municipality or a qualified organization that has obtained a permit issued
22 under this chapter;

23 (2) [OR TO] an operator on behalf of an authorizing permittee; or

24 (3) a vendor registered under this chapter when

25 (A) a permittee or operator has received payment from the vendor in

26 the amount and form set out in AS 05.15.188(j), and the permittee or operator has

27 authorized the distributor to distribute the series to the vendor; and

28 (B) the permittee or operator has paid to the distributor the pull-tab

29 tax under AS 05.15.184; or

30 (4) a distributor licensed under this chapter.

31 * Sec. 31. AS 05.15.187(f) is amended to read:

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

8 * Sec. 32. AS 05.15.187 is amended by adding new subsections to read:

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

12 (i) An operator may not purchase a pull-tab series from a distributor that is owned in
13 whole or in part, directly or indirectly, by the operator, unless more than 50 percent of the
14 distributor's sales of pull-tab series are made to permittees, operators, or distributors that are
15 wholly independent from the distributor.

16 (j) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
17 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
18 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
19 entitling the person to the prize may be signed as the receipt.

20 (k) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
21 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
22 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present
23 at the sale location.

24 * Sec. 33. AS 05.15 is amended by adding a new section to article 2 to read:

25 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
26 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract
27 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
28 first applies for a vendor endorsement from the department on a form prescribed by the
29 department and submits an endorsement fee of \$100 for each location at which the vendor
30 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the
31 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is

WORK DRAFT

1
2
3
4
5
6
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

aries of a municipality, the permittee or operator shall, concurrently with vendor endorsement with the department, submit a copy of the application form to the governing body of the municipality.

(b) A permittee or operator may contract with more than one vendor under this section, except that

(1) a permittee, other than a multiple-beneficiary permittee under AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the permittee's permit at more than five vendor locations unless the permittee is an association of vendors, in which case each vendor that is a member of the association may sell pull-tabs under the association's permit;

(2) a multiple-beneficiary permittee may not enter into contracts with vendors that result in pull-tabs being sold under the permittee's permit at more vendor locations than five times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor locations; and

(3) an operator may not enter into contracts with vendors that result in pull-tabs being sold under the permits of permittees who have contracted with the operator at more than five vendor locations for each permittee with which the operator has contracted, or 20 vendor locations, whichever is less.

(c) The department shall approve or disapprove an application for a vendor endorsement within 30 working days of receipt of the application from a permittee or operator.

(d) Upon approval of the vendor application, the department shall issue an endorsement to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at that vendor location.

(e) The endorsement issued under (d) of this section is an extension of the permittee's or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a pull-tab series until the endorsement for the new vendor location has been posted at the vendor location for which the endorsement was issued. The endorsement and the permit or license must be clearly visible to the gaming public.

(f) A separate endorsement shall be issued for each vendor location. The permittee or operator shall inform the department and the governing body of the municipality in which the vendor operates when a vendor with whom the permittee or operator is contracting changes the

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

1 within the boundaries of a municipality, the permittee or operator shall, concurrently with
2 applying for a vendor endorsement with the department, submit a copy of the application form
3 to the governing body of the municipality.

4 (b) A permittee or operator may contract with more than one vendor under this section,
5 except that

6 (1) a permittee, other than a multiple-beneficiary permittee under
7 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the
8 permittee's permit at more than five vendor locations unless the permittee is an association of
9 vendors, in which case each vendor that is a member of the association may sell pull-tabs under
10 the association's permit;

11 (2) a multiple-beneficiary permittee may not enter into contracts with vendors that
12 result in pull-tabs being sold under the permittee's permit at more vendor locations than five
13 times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor
14 locations; and

15 (3) an operator may not enter into contracts with vendors that result in pull-tabs
16 being sold under the permits of permittees who have contracted with the operator at more than
17 five vendor locations for each permittee with which the operator has contracted, or 20 vendor
18 locations, whichever is less.

19 (c) The department shall approve or disapprove an application for a vendor endorsement
20 within 30 working days of receipt of the application from a permittee or operator.

21 (d) Upon approval of the vendor application, the department shall issue an endorsement
22 to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at
23 that vendor location.

24 (e) The endorsement issued under (d) of this section is an extension of the permittee's
25 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a
26 pull-tab series until the endorsement for the new vendor location has been posted at the vendor
27 location for which the endorsement was issued. The endorsement on the permit or license must
28 be clearly visible to the gaming public.

29 (f) A separate endorsement shall be issued for each vendor location. The permittee or
30 operator shall inform the department and the governing body of the municipality in which the
31 vendor operates when a vendor with whom the permittee or operator is contracting changes the

1 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
2 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
3 location. A permittee or operator shall return to the department the endorsed permit or license
4 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
5 inform the department of a change in vendor location, or to return a permit or license to the
6 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
7 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
8 permit or an operator's license under AS 05.15.170.

9 (g) At the time that a permittee or operator annually renews its permit or license, it shall
10 also renew the endorsement for each location of each vendor that is selling pull-tabs on the
11 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee
12 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by
13 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

14 (h) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter
15 into a written contract with that vendor, and a copy of the contract must be submitted to the
16 department for approval. If the contract contains provisions that violate this chapter or the
17 regulations adopted under it, the department may refuse to issue the vendor endorsement for that
18 location.

19 (i) Except as provided in AS 05.15.185, a person, other than a permittee's member in
20 charge or an operator, may not directly supply a pull-tab series to a vendor for sale by that
21 vendor on behalf of the permittee or operator.

22 (j) If a permittee or operator contracts with a vendor under (a) of this section, the
23 contract must provide that the permittee or operator shall receive no less than 70 percent of the
24 ideal net.

25 (k) An amount equal to the ideal net less the compensation paid to the vendor shall be
26 paid by the vendor to the permittee or operator at the time that the member in charge or operator
27 delivers a pull-tab series to the vendor for sale. The amount required to be paid by the vendor
28 under this subsection shall be paid by check and shall be deposited by the permittee or operator
29 directly into its gaming checking account.

30 (l) A vendor may not contract under this section with more than one permittee or
31 operator at a time.

1 * Sec. 34. AS 05.15 is amended by adding a new section to read:

2 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)

3 If the commissioner determines that a person has engaged in an act or practice in violation of this
4 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
5 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
6 violation by the person. The order remains in effect until the person has submitted evidence
7 acceptable to the commissioner showing that the violation has been corrected.

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

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

17 * Sec. 35. AS 05.15.200(b) is amended to read:

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

21 * Sec. 36. AS 05.15.210(7) is amended to read:

22 (7) "contest of skill" means a contest or game that is conducted to benefit a
23 municipality or qualified organization and in which prizes are awarded for the demonstration
24 of human skills in rifle, pistol, archery, or dart matches, or in similar matches involving
25 marksmanship; in [,] races or other tests of physical endurance performed by individual
26 contestants; in bowling and billiards matches; [,] and in other physical [ATHLETIC] events
27 that include generally recognized field and track events based on personal physical ability
28 or skill;

29 * Sec. 37. AS 05.15.210 is amended by adding new paragraphs to read:

30 (35) "bingo hall" means a facility owned or managed by an operator and used for
31 the playing of bingo, and which meets the following requirements:

1 (A) at least 70 percent of the floor space of the facility must be devoted
2 to the playing of bingo;

3 (B) at least 70 percent of the expenses incurred by the operator, excluding
4 prize payouts, are connected with the conducting of bingo games;

5 (C) at least 30 percent of the gross receipts of the operator at the facility
6 are derived from bingo; and

7 (D) the facility, if located in a municipality with land use ordinances,
8 complies with all such ordinances, including those relating to parking requirements for
9 facilities that attract large numbers of the public at one time;

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

13 (37) "managerial or supervisory capacity" means that the employee

14 (A) is responsible for gaming receipts;

15 (B) has the authority to hire employees or to dismiss or otherwise
16 discipline them;

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

18 (D) is responsible for keeping the accounts for activities under this
19 chapter;

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

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

23 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);

24 (39) "permittee" means a municipality or a qualified organization that holds a
25 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold
26 a valid multiple-beneficiary permit under AS 05.15.145;

27 (40) "vendor" means a business whose primary activity is not regulated by this
28 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a
29 business license under AS 43.70, and is

30 (A) a retail establishment;

31 (B) an eating establishment; or

1 (C) an establishment licensed under AS 04.11.

2 * Sec. 38. AS 05.15.122(c) and 05.15.122(d) are repealed.

3 * Sec. 39. The amendments and repeals made by this Act are temporary only and are valid only
4 through June 30, 1992. On July 1, 1992, this Act is repealed and the laws affected by this Act shall read
5 as they existed on the day before the effective date of the provision of this Act that amended or repealed
6 the affected law.

7 * Sec. 40. Sections 15 and 16 of this Act take effect October 1, 1991.

8 * Sec. 41. Except as provided in sec. 40 of this Act, this Act takes effect immediately under
9 AS 01.10.070(c).

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from 5 to 15 years the
2 period during which a person is prohibited from participating in certain
3 charitable gaming activities following a conviction of a felony or release
4 from prison or parole as a result of a felony conviction; increasing the
5 percentage paid by operators to pull-tab authorizing permittees to 35 or
6 50 percent of adjusted gross income; and providing for an effective date."

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

8 * Section 1. AS 05.15.020(a) is amended to read:

9 (a) A municipality or qualified organization may conduct an activity permitted under this
10 chapter, if the municipality or qualified organization pays the appropriate permit fee and receives
11 an annual permit issued by the department. The annual permit fee is

- 12 (1) \$20 for an applicant that did not hold a permit during the preceding year;
- 13 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from

1 activities conducted under this chapter during the preceding year;

2 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not
3 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

4 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from
5 activities conducted under this chapter during the preceding year.

6 * Sec. 2. AS 05.15.020 is amended by adding a new subsection to read:

7 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee
8 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if
9 the applicant were applying for an individual permit.

10 * Sec. 3. AS 05.15.030(c) is amended to read:

11 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for
12 which a permit has been issued, the permittee shall notify the department and the local
13 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

14 * Sec. 4. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.035. PERSONS PROHIBITED FROM PARTICIPATING IN THE
16 OPERATION OF CHARITABLE GAMING ACTIVITIES. (a) A person described in (b) of this
17 section may not

18 (1) be issued an operator's license under AS 05.15.122;

19 (2) be issued a manufacturer's license under AS 05.15.181;

20 (3) be issued a distributor's license under AS 05.15.183;

21 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

22 or

23 (5) perform personal services for a permittee or licensee under this chapter in a
24 managerial or supervisory capacity, whether the person is an employee of the permittee or
25 licensee or whether the person is engaged by the permittee or licensee as an independent
26 contractor.

27 (b) A person may not be issued a license or engage in conduct described in (a) of this
28 section if the person

29 (1) has, within the preceding 15 years, been convicted of, in prison for, or on
30 parole for a felony;

31 (2) has been convicted at any time of a crime involving theft or dishonesty; or

1 (3) has been convicted at any time of a violation of a municipal, state, or federal
2 gambling law.

3 * Sec. 5. AS 05.15.060 is amended to read:

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

7 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor
8 endorsements;

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

13 (3) the immediate revocation of permits, [AND] licenses, and vendor
14 endorsements authorized under this chapter if this chapter or regulations adopted under it are
15 violated;

16 (4) the requiring of detailed, sworn, financial reports of operations from
17 permittees, [AND] licensees, and vendors including detailed statements of receipts and
18 payments;

19 (5) the investigation of permittees, licensees, vendors, and their employees,
20 including the fingerprinting of those permittees, licensees, vendors, and employees whom the
21 commissioner considers it advisable to fingerprint;

22 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
23 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
24 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
25 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
26 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

29 (7) [(8)] the number of activities that may be held, operated, or conducted under
30 a permit during a specified period; however, the department may not allow more than 14 bingo
31 sessions a month and 35 bingo games a session to be conducted under a permit: the holders of

1 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
 2 number of sessions and games a month equal to the number allowed an individual permittee
 3 per month multiplied by the number of holders of the multiple-beneficiary permit;

4 (8) [(9)] a method of accounting for receipts and disbursements by operators and
 5 vendors, including the keeping of records and requirements for the deposit of all receipts in a
 6 bank;

7 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,
 8 municipality, or qualified organization that possesses an operator's license, or a vendor at the
 9 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily
 10 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

11 (10) [(11)] restrictions on the participation by employees of the Department of
 12 Fish and Game in salmon classics;

13 (11) [(12)] other matters the commissioner considers necessary to carry out this
 14 chapter or protect the best interest of the public.

15 * Sec. 6. AS 05.15.060 is amended by adding a new subsection to read:

16 (b) Regulations adopted by the department under this section relating to charitable
 17 gaming activity involving pull-tabs must be consistent with the standards on pull-tabs of the
 18 North American Gaming Regulators Association.

19 * Sec. 7. AS 05.15.070 is amended to read:

20 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
 21 examine or have examined the books and records of a permittee, an operator, a vendor, or a
 22 person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may
 23 issue subpoenas for the attendance of witnesses and the production of books, records, and other
 24 documents.

25 * Sec. 8. AS 05.15.095(a) is amended to read:

26 (a) The applications and reports to the department required by this chapter shall be signed
 27 under penalty of unsworn falsification by the following person, as applicable:

- 28 (1) the member in charge for the qualified organization;
 29 (2) a person authorized to sign on behalf of the municipality;
 30 (3) the operator or the operator's agent;
 31 (4) the licensed pull-tab distributor or the distributor's agent; [OR]

- 1 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or
2 (6) the owner of a vendor or the owner's agent.

3 * Sec. 9. AS 05.15.095(b) is amended to read:

4 (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter
5 during a period in which a report or fee is delinquent.

6 * Sec. 10. AS 05.15.100 is amended by adding new subsections to read:

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

12 (e) The department shall revoke the permit of a permittee, including a multiple-
13 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least
14 15 percent of the gross income derived from activities under this chapter.

15 * Sec. 11. AS 05.15.112(a) is amended to read:

16 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit
17 under this chapter shall designate a member in charge. Municipalities and qualified
18 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall
19 establish a board consisting of one member from each municipality and qualified
20 organization. and the board shall designate one of its members as the member in charge for
21 the multiple-beneficiary permittee.

22 * Sec. 12. AS 05.15.112(b) is repealed and reenacted to read:

23 (b) The member in charge is responsible for preparation, maintenance, and transmittal
24 of all records and reports required of the permittee and, if the permittee has entered into a
25 contract with an operator under AS 05.15.115, for monitoring the operator's performance under
26 and compliance with that contract. The alternate members in charge are responsible for the
27 duties of the member in charge in the absence of the member in charge. The member in charge
28 and the alternate members in charge shall be members of the qualified organization or the board
29 of directors of the qualified organization or employees of the municipality. In the case of a
30 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be
31 members of one or more of the qualified organizations or the board of directors of one or more

1 of the qualified organizations or employees of one or more of the municipalities.

2 * Sec. 13. AS 05.15.112(d) is amended to read:

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

6 * Sec. 14. AS 05.15.124 is amended to read:

7 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may
8 by ordinance prohibit all operators or all vendors, or both, [AN OPERATOR] from conducting
9 activities under this chapter within the municipality.

10 * Sec. 15. AS 05.15.128(a) is amended to read:

11 (a) The department shall revoke the license of an operator who does not
12 [(1)] report an adjusted gross income of at least 15 percent of gross income each
13 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator
14 [; OR

15 (2) PAY TO EACH AUTHORIZING PERMITTEE FOR TWO CONSECUTIVE
16 QUARTERS AT LEAST 15 PERCENT OF THE ADJUSTED GROSS INCOME, AS
17 DETERMINED UNDER (1) OF THIS SUBSECTION, RECEIVED FROM ACTIVITIES
18 CONDUCTED ON BEHALF OF THE AUTHORIZING PERMITTEE].

19 * Sec. 16. AS 05.15.128 is amended by adding new subsections to read:

20 (c) The department shall revoke the license of an operator who does not pay to each
21 authorizing permittee each quarter at least

22 (1) 20 percent of the adjusted gross income received from bingo activities and 35
23 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the
24 authorizing permittee, if the operator's primary method of conducting activities on behalf of the
25 permittee is through a bingo hall;

26 (2) 50 percent of the adjusted gross income received from all activities conducted
27 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
28 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose
29 is the sale of pull-tabs; or

30 (3) 50 percent of the adjusted gross income received from all activities conducted
31 on behalf of the authorizing permittee, if the operator's primary method of conducting activities

1 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another
2 means other than those described in (1) or (2) of this subsection.

3 (d) Within the time specified under AS 05.15.083(a), each operator shall submit to the
4 department documentation adequate to allow the department to ascertain whether the operator has
5 complied with the requirements of (a) and (c) of this section. If an operator conducts activities
6 through a bingo hall, the documentation must be sufficient to enable the department to ascertain
7 whether the operator has complied with (c)(1) of this section for each activity conducted by the
8 operator. If an operator has not submitted adequate documentation within the required time, the
9 department shall suspend the operator's license until the operator has submitted the necessary
10 documentation.

11 * Sec. 17. AS 05.15.140(b) is amended to read:

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

15 (1) has been convicted of, in prison for, or on parole for a felony within the
16 preceding 15 [FIVE] years, or has been convicted of a crime involving theft or dishonesty or of
17 a violation of a municipal, state, or federal gambling law; or

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

20 * Sec. 18. AS 05.15.140(c) is amended to read:

21 (c) The commissioner may not issue a permit for an activity operated by a person who
22 has been convicted of, in prison for, or on parole for a felony within the preceding 15 [FIVE]
23 years, or has been convicted of a crime involving theft or dishonesty or of a violation of a
24 municipal, state, or federal gambling law.

25 * Sec. 19. AS 05.15 is amended by adding a new section to read:

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

1 request of the commissioner, the joint applicants shall prove conclusively each of these
2 requirements before a permit may be issued or renewed.

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

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

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

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

18 (f) The department shall revoke a multiple-beneficiary permit if the permittee

19 (1) does not meet the requirements of AS 05.15.100(e);

20 (2) does not pay each quarter to each holder of the multiple-beneficiary permit
21 an equal share of the amount of the adjusted gross income remaining after expenses are deducted;
22 if a holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled
23 to a pro rata share based on the percentage of the quarter that the withdrawing entity was a
24 holder; or

25 (3) shows expenses that exceed

26 (A) 80 percent of the adjusted gross income received from bingo activities
27 and 65 percent of the adjusted gross income received from pull-tab activities, if the
28 permittee's primary method of conducting activities is through a bingo hall;

29 (B) 50 percent of the adjusted gross income received from all activities,
30 if the permittee's primary method of conducting activities is through the sale of pull-tabs
31 at a retail outlet whose primary purpose is the sale of pull-tabs; or

1 (C) 50 percent of the adjusted gross income received from all activities,
 2 if the permittee's primary method of conducting activities is through the sale of pull-tabs
 3 by contract with vendors or by another means other than those described in (A) or (B)
 4 of this paragraph.

5 (g) No more than six municipalities, qualified organizations, or a combination of
 6 municipalities and qualified organizations may be holders of a multiple-beneficiary permit during
 7 the year for which the permit is issued.

8 * Sec. 20. AS 05.15.170 is repealed and reenacted to read:

9 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
 10 VENDOR ENDORSEMENT. (a) The commissioner may suspend or revoke a permit, license,
 11 or vendor endorsement, after giving notice to and an opportunity to be heard by the permittee,
 12 licensee, or vendor, if the permittee, licensee, or vendor

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

15 (2) breaches a contractual agreement with a permittee, licensee, or vendor;

16 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
 17 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
 18 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
 19 manager of the permittee, licensee, or vendor is convicted;

20 (4) knowingly submits false information to the department or, in the case of a
 21 vendor, to a permittee or operator when the vendor knows that the false information will be
 22 submitted to the department as part of an application for a vendor endorsement; or

23 (5) is required to collect a sales tax on charitable gaming activity under a
 24 municipal ordinance and fails to collect that tax or to transmit the proceeds of the tax to the
 25 municipality in the manner and in the time required by municipal law.

26 (b) If the department revokes a permit, license, or vendor endorsement under this section,
 27 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor
 28 endorsement for a period of up to five years.

29 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

30 * Sec. 21. AS 05.15.180(b) is amended to read:

31 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,

1 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized
2 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
3 state in substantially the same form and was conducted in substantially the same manner before
4 January 1, 1959.

5 * Sec. 22. AS 05.15.180(d) is amended to read:

6 (d) The total value of door prizes offered or awarded under authority of a permit issued
7 to a municipality or qualified organization under this chapter or under authority of a multiple-
8 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

9 * Sec. 23. AS 05.15.180(e) is amended to read:

10 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
11 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
12 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or
13 \$120,000 [\$240,000] a year.

14 * Sec. 24. AS 05.15.180(g) is amended to read:

15 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
16 prizes each year in activities authorized under this chapter; however, if a municipality or a
17 qualified organization contracts with an operator to conduct on its behalf activities authorized
18 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
19 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may
20 award a maximum in prizes each calendar year of \$1,000,000 times the number of holders
21 of the permit for activities authorized under this chapter. In this subsection "activities
22 authorized under this chapter" means all activities subject to this chapter other than bingo.

23 * Sec. 25. AS 05.15.181(a) is amended to read:

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

27 * Sec. 26. AS 05.15.181(b) is amended to read:

28 (b) The department may issue a pull-tab manufacturer's license to a person who pays an
29 annual fee of \$1,000 [\$500].

30 * Sec. 27. AS 05.15.183(d) is amended to read:

31 (d) A pull-tab distributor shall report to the department by the last business day of each

1 month on each pull-tab series distributed in the preceding month. The report must include the
2 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is
3 distributed and the serial number of each series.

4 * Sec. 28. AS 05.15.183 is amended by adding a new subsection to read:

5 (e) A distributor may not

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

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

8 (3) deliver a pull-tab series to a vendor location, except as permitted by

9 AS 05.15.185.

10 * Sec. 29. AS 05.15.184 is amended to read:

11 Sec. 05.15.184. PULL-TAB TAX. At the time of the distribution of a pull-tab series
12 to a permittee, an operator, or another distributor, a [A] pull-tab distributor shall collect a
13 tax of three percent of the ideal net for [AN AMOUNT EQUAL TO THE GROSS RECEIPTS
14 LESS PRIZES AWARDED ON] each series of pull-tabs distributed. The pull-tab distributor shall
15 pay to the department the tax collected in the preceding month at the time that the report under
16 AS 05.15.183(d) is filed with the department.

17 * Sec. 30. AS 05.15.185 is amended to read:

18 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
19 distributed in the state must be sealed and have a serial number label issued by the National
20 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
21 department and may be distributed only to

22 (1) a municipality or a qualified organization that has obtained a permit issued
23 under this chapter;

24 (2) [OR TO] an operator on behalf of an authorizing permittee; or

25 (3) a vendor registered under this chapter when

26 (A) a permittee or operator has received payment from the vendor in
27 the amount and form set out in AS 05.15.188(i), and the permittee or operator has
28 authorized the distribu to distribute the series to the vendor; and

29 (B) the permittee or operator has paid to the distributor the pull-tab
30 tax under AS 05.15.184; or

31 (4) a distributor licensed under this chapter.

1 * **Sec. 31.** AS 05.15.187(f) is amended to read:

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

9 * **Sec. 32.** AS 05.15.187 is amended by adding new subsections to read:

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

13 (i) An operator may not purchase a pull-tab series from a distributor that is owned in
14 whole or in part, directly or indirectly, by the operator, unless more than 50 percent of the
15 distributor's sales of pull-tab series are made to permittees, operators, or distributors that are
16 wholly independent from the distributor.

17 (j) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
18 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
19 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
20 entitling the person to the prize may be signed as the receipt.

21 (k) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
22 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
23 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present
24 at the sale location.

25 * **Sec. 33.** AS 05.15 is amended by adding a new section to article 2 to read:

26 **Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES**
27 **AND OPERATORS; VENDOR ENDORSEMENT.** (a) A permittee or operator may contract
28 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
29 first applies for a vendor endorsement from the department on a form prescribed by the
30 department and submits an endorsement fee of \$100 for each location at which the vendor
31 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the

1 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is
2 within the boundaries of a municipality, the permittee or operator shall, concurrently with
3 applying for a vendor endorsement with the department, submit a copy of the application form
4 to the governing body of the municipality.

5 (b) A permittee or operator may contract with more than one vendor under this section,
6 except that

7 (1) a permittee, other than a multiple-beneficiary permittee under
8 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the
9 permittee's permit at more than five vendor locations unless the permittee is an association of
10 vendors, in which case each vendor that is a member of the association may sell pull-tabs under
11 the association's permit;

12 (2) a multiple-beneficiary permittee may not enter into contracts with vendors that
13 result in pull-tabs being sold under the permittee's permit at more vendor locations than five
14 times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor
15 locations; and

16 (3) an operator may not enter into contracts with vendors that result in pull-tabs
17 being sold under the permits of permittees who have contracted with the operator at more than
18 five vendor locations for each permittee with which the operator has contracted, or 20 vendor
19 locations, whichever is less.

20 (c) The department shall approve or disapprove an application for a vendor endorsement
21 within 30 working days of receipt of the application from a permittee or operator.

22 (d) Upon approval of the vendor application, the department shall issue an endorsement
23 to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at
24 that vendor location.

25 (e) The endorsement issued under (d) of this section is an extension of the permittee's
26 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a
27 pull-tab series until the endorsement for the new vendor location has been posted at the vendor
28 location for which the endorsement was issued. The endorsement and the permit or license must
29 be clearly visible to the gaming public.

30 (f) A separate endorsement shall be issued for each vendor location. The permittee or
31 operator shall inform the department and the governing body of the municipality in which the

1 vendor operates when a vendor with whom the permittee or operator is contracting changes the
2 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
3 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
4 location. A permittee or operator shall return to the department the endorsed permit or license
5 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
6 inform the department of a change in vendor location, or to return a permit or license to the
7 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
8 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
9 permit or an operator's license under AS 05.15.170.

10 (g) At the time that a permittee or operator annually renews its permit or license, it shall
11 also renew the endorsement for each location of each vendor that is selling pull-tabs on the
12 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee
13 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by
14 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

15 (h) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter
16 into a written contract with that vendor, and a copy of the contract must be submitted to the
17 department for approval. If the contract contains provisions that violate this chapter or the
18 regulations adopted under it, the department may refuse to issue the vendor endorsement for that
19 location.

20 (i) Except as provided in AS 05.15.185, a person, other than a permittee's member in
21 charge or an operator, may not directly supply a pull-tab series to a vendor for sale by that
22 vendor on behalf of the permittee or operator.

23 (j) If a permittee or operator contracts with a vendor under (a) of this section, the
24 contract must provide that the permittee or operator shall receive no less than 70 percent of the
25 ideal net.

26 (k) An amount equal to the ideal net less the compensation paid to the vendor shall be
27 paid by the vendor to the permittee or operator at the time that the member in charge or operator
28 delivers a pull-tab series to the vendor for sale. The amount required to be paid by the vendor
29 under this subsection shall be paid by check and shall be deposited by the permittee or operator
30 directly into its gaming checking account.

31 (l) A vendor may not contract under this section with more than one permittee or

1 operator at a time.

2 * Sec. 34. AS 05.15 is amended by adding a new section to read:

3 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)

4 If the commissioner determines that a person has engaged in an act or practice in violation of this
5 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
6 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
7 violation by the person. The order remains in effect until the person has submitted evidence
8 acceptable to the commissioner showing that the violation has been corrected.

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

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

18 * Sec. 35. AS 05.15.200(b) is amended to read:

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

22 * Sec. 36. AS 05.15.210(7) is amended to read:

23 (7) "contest of skill" means a contest or game that is conducted to benefit a
24 municipality or qualified organization and in which prizes are awarded for the demonstration
25 of human skills in rifle, pistol, archery, or dart matches, or in similar matches involving
26 marksmanship; in [,] races or other tests of physical endurance performed by individual
27 contestants; in bowling and billiards matches; [,] and in other physical [ATHLETIC] events
28 that include generally recognized field and track events based on personal physical ability
29 or skill;

30 * Sec. 37. AS 05.15.210 is amended by adding new paragraphs to read:

31 (35) "bingo hall" means a facility owned or managed by an operator and used for