

ALASKA LEGISLATURE

984

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

HEB

167

SFIN

FILE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

3
Bill Version: CSHB 167 (FIN)
(H) Publish Date: 4/20/93

Revision Date: April 15, 1993
Title: "An Act relating to air quality, and the prevention, abatement, and control of air pollution..."
Sponsor: Representative Hanley
Requestor: Governor's Office/OMB

Department Affected: Law
BRU: Legal Services
Component: Operations
COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

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

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx

Changes in SCS CS HB167 (JUD) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
4/28/93 KRL
date Comte Aide (initial)

POSITIONS:

FULL-TIME	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Please see attached analysis.

Prepared by: Richard I. Peques, Director
Division: Administrative Services Division
Approved by Commissioner: Charles E. Cole, Attorney General
Agency: Department of Law

Phone: 465-3672
Date: April 15, 1993
Date: April 15, 1993

COMPILED COPY PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

No. 2

Bill Version: CSHB 167 (FIN)

(H) Publish Date: 4/20/93

STATE OF ALASKA

Revision Date: 19-Apr-93
 Title: Alaska Air Permit Statutes

Department Affected: Environmental Conservation

Sponsor: Representative Mark Hanley
 Requestor: House Finance Committee

BRU: Environmental Quality
 Component: Air Quality Management

COMPONENT SERIAL NO. 1428

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94(Note 1)	FY 95(Note 2)	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	(707.1) 259.7	3,125.2	3,125.2	3,125.2	3,083.1	3,083.1
TRAVEL	(103.4) 48.0	284.6	287.9	291.2	334.2	334.2
CONTRACTUAL	(182.6) 135.1	106.8	495.1	726.5	259.6	259.6
SUPPLIES	(50.5) 0.0	73.7	75.4	77.2	65.8	65.8
EQUIPMENT	(50.7) 0.0	156.8	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1094.3) 442.8	3747.1	3983.6	4220.1	3742.7	3742.7

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

REVENUE						
FUND SOURCE: 1005	(1094.3) 442.8	3747.1	3983.6	4220.1	3742.6	3742.6

FUNDING:

1002 FEDERAL RECEIPTS						
1003 GF MATCH						
1004 GF						
1005 GF/PROGRAM REC'PT	(1094.3) 442.8	3747.1	3983.6	4220.1	3742.7	3742.7
1006 GF/MHTIA						
OTHER						
TOTAL	(1094.3) 442.8	3747.1	3983.6	4220.1	3742.7	3742.7

POSITIONS:

FULL-TIME (Note 3)	4.0	22.4	22.4	22.4	21.7	21.7
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (See attachment)	
Note 1:	Indicates FY 94 funding authorization required above legislative approved FY 94 operating budget to implement this Act. Values in () indicate permit program cost increases relative to FY 93 budget.
Note 2:	For FY 95 and beyond, federal law requires the permit program be 100% funded by program receipts.
Note 3:	Indicates net increase in positions relative to authorized FY 94 operating budget.

Prepared by: Leonard D. Verrelli, Chief
Environmental Quality, Air Quality Management

Phone: 465-5100
 Date: 4/19/93

Approved by Commissioner: Janice Adair, Assistant Commissioner
 Agency: Department of Environmental Conservation

Date: 4-19-93

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

Rev. 12/92

Changes in SCS CS HB167 (JUD) of 5
 reflect NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.

COMMITTEE COPY

4/28/93 KRL
 date Comte Aide (initial)

1993 AIR PERMIT BILL FISCAL NOTE
SUPPLEMENTARY EXPLANATION

No. 2.
CS HB 167 (Fisc)
Pg. 2

Title V of the 1990 Clean Air Act (the Act) requires each state to develop and implement a permit program under the approval and direction of the U.S. Environmental Protection Agency. Though Alaska currently maintains an air quality permit program, the mandates imposed by the Act are expected to result in a substantially increased workload for ADEC. The Act also mandated that each state collect fees from permittees necessary to fund the total direct and indirect costs of the permit program.

ADEC performed a comprehensive analysis during the fall of 1992 for the purpose of estimating the staff and budget increases over FY 93 due to implementing an approvable Title V permit program. The findings of this analysis are presented in a document entitled "Proposed Permit Program - Estimated Budget and Staffing," a copy of which is available from the Air Quality Management Section at ADEC. This analysis also provides estimates of fees which will be charged to permittees for the purpose of funding an approvable program. The enclosed spreadsheets on page 4 and 5 reflect the findings of this analysis and document the assumptions used to calculate the entries in the Air Permit Bill's Fiscal Note.

ADEC expects that the number of permitted facilities will increase from the current of 175 to 450. The Act requires that each state permit all facilities within three years of starting a permit program. ADEC plans to distribute the permitting workload equally over the first three years, so that a stable number of permitting engineers are required. In the fourth year of the permit program, the permitting workload will decrease since all existing facilities should be permitted. The inspection workload will increase as more facilities are permitted, and is expected to stabilize in year four when all facilities are permitted. ADEC plans to reassign staff, who no longer will be needed in permitting, to inspection duties. In addition, ADEC plans to contract some inspection work to private consultants. These measures are intended to avoid hiring personnel on a temporary basis; therefore stabilizing the number of personnel employed in the permit program.

The line item entries in the Operating Block of the Fiscal Note reflect the total costs of the Title V air permit program for FY 93 and beyond. The budget line item allocations for ADEC's FY 93 permit program are listed at the top of page 4. ADEC's current permit program employs 21.5 FTE (full-time equivalents) at a total cost of \$1.922 million in FY 93. The existing program is funded by federal grant, state matching monies and program receipts. New federal law requires that the permit program be 100 % funded by program receipts managed in a dedicated fund. Following federal approval of the new program, current federal grant and state matching monies will not be used to support the permit program portion of the entire budget for the air quality management section.

1993 AIR BILL FISCAL NOTE BACK-UP

FY 93 TOTAL PERMIT PROGRAM COSTS

Pers. Services	Travel	Contractual	Supplies	Equipment	FTE
1390.4	130.9	294.3	49.5	57.2	21.5

FY 93 TOTAL 1922.3

FY 95 TOTAL PERMIT PROGRAM COSTS

Group	Pers. Services	Travel	Contractual	Supplies	Equipment	FTE
Per Ton Services	917.0	89.7	31.0	21.3	N/A	12.7
Permits	1558.5	50.0	54.2	29.0	N/A	22.3
Compliance	536.1	124.8	18.2	9.8	N/A	7.5
Monitoring	113.5	20.1	3.4	13.6	N/A	1.4
Totals	3125.2	284.6	106.8	73.7	156.8	43.9

FY 95 TOTAL 3747.1

FY 96 TOTAL PERMIT PROGRAM COSTS

Group	Pers. Services	Travel	Contractual	Supplies	Equipment	FTE
Per Ton Services	917.0	89.7	76.5	21.3	0.0	12.7
Permits	1558.5	50.0	133.9	29.0	0.0	22.3
Compliance	536.1	124.8	276.4	9.8	0.0	7.5
Monitoring	113.5	23.4	8.4	15.3	0.0	1.4
Totals	3125.2	287.9	495.1	75.4	0.0	43.9

FY 96 TOTAL 3983.6

No 2.
CS HAS 167 (Final)
pg. #

HVB

168

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 26, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/7/93

The FINANCE Committee considered:

HB 168

HOUSE BILL NO. 168

MULTIPLE PERMITEE GAMING; PRIZE AMOUNTS

"An Act relating to multiple-beneficiary charitable gaming permits and door prizes for charitable gaming; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 168 (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 DCED

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Mackan</i> MACKAN	✓				
<i>Donald Larson</i> LARSON	X	<i>Mark B. Hanley</i> Hanley		X	
<i>Richard Rose</i> ROSE	X	<i>Paul Pannell</i> Pannell		X	
		<i>James Grussendorf</i> Grussendorf		X	
		<i>Lerron Martin</i> Martin			✓
		<i>James Theriault</i> Theriault			X
		<i>Lang Brown</i> Brown			✓

Eileen P. Mackan
CO-CHAIRMAN'S SIGNATURE

LARSON

MACKAN

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB-168(F)

Revision Date: 5/8/93 Department Affected: Revenue
 Title: "An Act relating to Charitable Gaming etc." BRU: Gaming
 Sponsor: House Rules Committee Component: _____
 Requestor: House Rules COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 934	FY 945	FY 956	FY 967	FY 978	FY 989
PERSONAL SERVICES	270	270	270	270	270	270
TRAVEL	7	7	7	7	7	7
CONTRACTUAL	50	50	50	50	50	50
SUPPLIES	2	2	2	2	2	2
EQUIPMENT	52	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	381	329	329	329	329	329

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

REVENUE FUND SOURCE:	274	274	274	274	274	274
----------------------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER G.F. Program FUND SOURCE: <u>Receipts</u>	381	329	329	329	329	329
TOTAL						

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach separate page if necessary.)

See attached documents

Prepared By: John Hansen Phone: 465-2581
 Division: Gaming Date: 5/8/93
 Approved by Commissioner: Paul Fuchs
 Agency: DCED Date: 5/8/93

**Gaming Division
Budget Amendment Description**

100 Personal Services

FY 94

<u>Position</u>	<u>Location</u>	<u>Total Cost</u>
1 Auditor III	Fairbanks	\$ 64.1
1 Auditor III	Anchorage	64.1
1 Tax Examiner II	Juneau	49.2
1 Administrative Assistant I	Juneau	52.9
1 Document Processor II	Juneau	33.5
Convert Director's Position (currently Program Manager, 22F)		<u>4.6</u>
		\$268.4
 <u>200 Travel</u>		
Increase in travel for audits, investigations, and training		7.0
 <u>300 Contractual Services</u>		
Revenue Hearing Officers		50.0
 <u>400 Supplies</u>		
Increase in supplies due to additional staff		2.0
 <u>500 Equipment (1 time cost only)</u>		
6 each computers at \$3,200	19.2	
1 laser printer	4.0	
software package and programming	6.0	
workstations and files for five positions	<u>21.0</u>	
Total Equipment		50.2

001.HAN

GBA

**ADDITIONAL
EXPLANATION
FORM**

AGENCY Commerce & Economic Development
 BRU Occupational Licensing
 COMPONENT Operations

FY 94

Page 2 of 2
 Revised Date: _____

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

WALTER J. HICKEL, GOVERNOR

P O BOX 110806
JUNEAU, ALASKA 99811 0806
PHONE (907) 465-2524

February 25, 1993

The Honorable Brian Porter
House of Representatives
State Capitol
Juneau, AK 99801-1182

Received

FEB 25 1993

BY BRIAN PORTER

Dear Representative Porter:

Re: Budget Increase Revenue Projection

Per your request of February 23, 1993, I have computed what I believe to be a conservative increase in net proceeds to permittees as well as increase in revenues to the state based upon the \$381.0 budget increase we proposed.

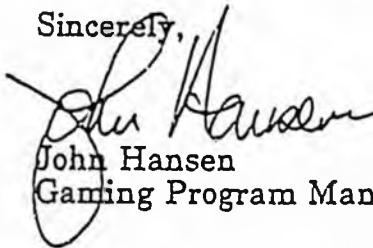
Net proceeds to permittees should increase by \$1.6¹ million. State revenues will increase by approximately \$274.0².

Revenue & Expenditures

<u>FY 94</u>	Revenue Estimate	\$1.974.0 ³
	Budget Expenditures	<u>\$1.042.0</u>
	Balance to General Fund	<u>\$ 932.0</u>

As reflected above the Gaming Program will generate more revenue and provide the general fund with approximately one million dollars in excess. Enclosed is the schedule used to arrive at these estimates.

Sincerely,



John Hansen
Gaming Program Manager

JH/go001.jh
022593c
Enclosures

¹Refer to revenue project - enclosed

²Refer to revenue project - enclosed

³Refer to revenue project - enclosed

Division of Gaming
Revenue Projection

FY 94 Revenue Estimate based on current budget.
AS 06.15. (Gaming)

License Fees	114.0
1% Tax	219.0
3% Pull-tab Tax	<u>1258.0</u>

Gaming Total \$1,591.0

AS.43.35 (coin-operated device)

Machine Tax \$100.0

Estimate Total Combined Revenue \$1,700.0

FY94 Revenue Estimate based on Amended Budget

AS.06.15. (Gaming)

License Fees	114.0
1% Tax	300.0
3% Pull-Tab Tax	<u>1260.0</u>

Gaming Total \$1,674.0

AS 43.35 (coin operated device)

Machine Tax \$300.0

Estimate Total Combined Revenue \$1,974.0^J
As Amended Increase \$274.0^Z

NET PROCEEDS

FY 94 Net Proceeds to Permittees (amended budget) \$17,500.0

FY 94 Net Proceeds to Permittees (current budget)
(per 91 Annual Actuals) \$15,900.0

Increase \$1,600.0^I

8-LS0674V
Luckhaupt
4/2/93

CS FOR HOUSE BILL NO. 168()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL
FOR AN ACT ENTITLED

1 "An Act requiring regulations relating to pull-tabs adopted by the Department of
2 Commerce and Economic Development to be consistent with the North American
3 Gaming Regulators Association standards on pull-tabs; allowing permittees to
4 contract with vendors to sell pull-tabs on behalf of the permittee; restricting the
5 purchase of pull-tabs by certain persons; requiring the sale of pull-tabs by
6 vendors to be solely by a pull-tab ticket dispensing machine; requiring receipts
7 before certain prizes may be paid; prohibiting distributors from supplying pull-tabs
8 to vendors; relating to registration of vendors; requiring the licensing of out-of-
9 state manufacturers; allowing public or nonprofit broadcasting stations to sell pull-
10 tabs at more than one location; preventing persons with certain convictions from
11 being involved in charitable gaming activities as a permittee, licensee, vendor,
12 person responsible for an activity, fund raiser or consultant of a licensee, or

1 employee in a managerial or supervisory capacity and providing exceptions for
2 certain persons whose convictions are at least 10 years old; relating to multiple-
3 beneficiary charitable gaming permits and door prizes for charitable gaming;
4 requiring Department of Commerce and Economic Development approval of
5 contracts between charitable gaming permittees and operators before gaming may
6 occur; limiting the amount of authorized expenses to a percentage of adjusted
7 gross income for a charitable gaming activity; relating to the reporting and
8 payment of a percentage of the adjusted gross income by operators to permittees;
9 requiring Department of Commerce and Economic Development approval of
10 contracts between permittees and operators; allowing the commissioner of
11 commerce and economic development to issue orders prohibiting violations of state
12 gaming laws; relating to the authority of the commissioner of commerce and
13 economic development to suspend or revoke a permit, license, or registration;
14 relating to the uses to which charitable gaming proceeds may be put; relating
15 to 'political uses' and 'political organizations' as those terms are used in the
16 charitable gaming statutes; and providing for an effective date."

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

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

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

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

24 (2) a method of ascertaining net proceeds, the determination of items
25 of expense that may be incurred or paid, and the limitation of the amount of the items
26 of expense to prevent the proceeds from the activity permitted from being diverted to

1 noncharitable, noneducational, nonreligious, or profit-making organizations, individuals,
2 or groups;

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

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

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

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

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

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

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

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

1 a registered vendor at the time a permit, [OR] a license, or a vendor registration
2 is surrendered, revoked, or invalidated;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (1) of a law of this state that is, or a law or ordinance of another
16 jurisdiction that would be if it was committed in this state, a class B felony other than
17 extortion, a class C felony, or an unclassified felony described outside of AS 11, and
18 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates
19 10 years after the person's conviction;

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

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

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

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

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

1 member in charge.

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

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

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

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

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

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

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

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

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

1 (a) The department shall revoke the license of an operator who does not
 2 (1) report an adjusted gross income of at least 15 percent of gross
 3 income for each quarter [TWO CONSECUTIVE QUARTERS] based on the total
 4 operation of the operator; or

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (1) the direct contribution of proceeds of a bingo or pull-tab game
31 to a candidate for a public office of the state or a political subdivision of the state

1 or to that candidate's campaign organization:

2 (2) the use, directly or indirectly, of the net proceeds of the
3 charitable gaming activity to support lobbying efforts before any level of
4 government; or

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

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

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

12 (d) The total amount of authorized expenses that may be incurred under (a) of
13 this section in connection with any gaming activity other than pull-tabs may not exceed
14 90 percent of the adjusted gross income from that gaming activity.

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

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

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

23 (2) breaches a contractual agreement with a permittee, licensee, or
24 registered vendor;

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

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

1 registration;

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

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

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

10 (d) The total value of door prizes offered or awarded under authority of a
11 permit issued to a municipality or qualified organization under this chapter or under
12 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or
13 \$240,000 a year.

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

15 (e) The total value of all door prizes offered or awarded at a single facility or
16 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A
17 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed
18 \$20,000 a month or \$240,000 a year.

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

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

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

30 (a) A person may not manufacture pull-tabs in the state, and may not sell or
31 distribute a pull-tab that the person has manufactured outside of the state to

1 persons in the state, unless the person has received a pull-tab manufacturer's license
2 issued by the department.

3 * Sec. 21. 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.

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

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

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

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

22 (i) A permittee or registered vendor may not turn over a prize of \$50 or more
23 to a person with a pull-tab card entitling the person to that prize unless the person
24 signs a receipt for the prize and returns the receipt to the permittee or vendor. The
25 pull-tab card entitling the person to the prize may be signed as the receipt.

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

1 Revenue Code).

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

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

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

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

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

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

29 (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into
30 a written contract with that vendor. The department may inspect this contract. If the
31 contract contains provisions that violate this chapter or the regulations adopted under

1 it, the department may declare the contract void, and may suspend or revoke the
2 registration of the vendor and the permit of the permittee.

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

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

8 (i) An amount equal to the ideal net less the compensation owed to the vendor
9 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series
10 to the vendor for sale. The amount required to be paid by the vendor shall be paid by
11 check or, if paid by other means, shall be deposited directly into the gaming checking
12 account of the permittee.

13 (j) All money paid to a registered vendor ~~under this section by a~~ permittee
14 shall be paid by check only, and the check may not be drawn in a manner that the
15 payee is not identified.

16 (k) An operator may not contract with or use a vendor to sell pull-tabs on
17 behalf of the operator.

18 (l) Pull-tabs may be sold by a vendor under this section only through a pull-tab
19 ticket dispensing machine authorized by the department under AS 05.15.060.

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

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

28 (b) If the public interest requires, the commissioner may issue an emergency
29 order prohibiting an act or practice in violation of this chapter or a regulation adopted
30 under this chapter without notice to or an opportunity to be heard by the person
31 affected by the order. The commissioner shall immediately serve the person with a

1 copy of the emergency order. An emergency order expires 60 days after the date it
2 is issued, if the person affected by the order requests a hearing within 15 days of
3 receipt of the order. If the person does not request a hearing within 15 days of receipt
4 of the emergency order, the order becomes permanent. Following a hearing, the
5 commissioner may rescind, modify, or make permanent the emergency order.

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

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

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

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

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

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

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

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

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

25 (A) is responsible for gaming receipts;

26 (B) has the authority to hire employees or to dismiss or
27 otherwise discipline them;

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

29 (D) is responsible for keeping the accounts for activities under
30 this chapter;

31 (E) is responsible for conducting activities under this chapter,

1 including the arranging for locations at which those activities will occur, or

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

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

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

8 (A) a retail establishment;

9 (B) an eating establishment; or

10 (C) an establishment licensed under AS 04.11.

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

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

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

C\$HB168 () work draft

4/2/93

Amendment No. 1

Offered by: Representative Carl E. Moses

Page 1, Line 9

Following "stations" insert "or networks"

CSHB168 () work draft

4/2/93

Amendment No. 2

Offered by: Representative Carl E. Moses

Page 13, Line 11

After "check"

Delete "or, if paid by other means, shall be deposited directly into the gaming checking account of the permittee."

Insert "and the check may not be drawn in a manner that the payee is not identified."

CSHB168 () work draft

4/2/93

Amendment No. 3

Offered by: Representative Carl E. Moses

Page 13,

Delete sub-section (j) which reads

"All money paid to a registered vendor under this section by a permittee shall be paid by check only, and the check may not be drawn in a manner that the payee is not identified."

8-LS0674N
Luckhaupt
5/7/93

CS FOR HOUSE BILL NO. 168()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

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

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

1 net proceeds of a ^{Puu Tab game} [charitable gaming activity] to a registered lobbyist; relating to
2 'political uses' and 'political organizations' as those terms are used in the
3 charitable gaming statutes; and providing for an effective date."

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

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

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

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

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

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

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

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

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

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

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

3 (7) [(8)] the number of activities that may be held, operated, or
4 conducted under a permit during a specified period; however, the department may not
5 allow more than 14 bingo sessions a month and 35 bingo games a session to be
6 conducted under a permit; the holders of a multiple-beneficiary permit under
7 AS 05.15.100(d) may hold, operate, or conduct the number of sessions and games
8 a month equal to the number allowed an individual permittee per month
9 multiplied by the number of holders of the multiple-beneficiary permit;

10 (8) [(9)] a method of accounting for receipts and disbursements by
11 operators, including the keeping of records and requirements for the deposit of all
12 receipts in a bank;

13 (9) [(10)] the disposition of funds in possession of a permittee, [OR]
14 a person, municipality, or qualified organization that possesses an operator's license,
15 or a registered vendor at the time a permit, [OR] a license, or a vendor registration
16 is surrendered, revoked, or invalidated;

17 (10) [(11)] restrictions on the participation by employees of the
18 Department of Fish and Game in salmon classics; and in king salmon classics, and by
19 employees of Douglas Island Pink and Chum in king salmon classics;

20 (11) [(12)] other matters the commissioner considers necessary to carry
21 out this chapter or protect the best interest of the public.

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

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

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

28 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The
29 commissioner may examine or have examined the books and records of a permittee,
30 an operator, a registered vendor, or a person licensed to manufacture or to distribute
31 pull-tab games in the state. The commissioner may issue subpoenas for the attendance

1 of witnesses and the production of books, records, and other documents.

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

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

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

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

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

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

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

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

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

26 (b) The department shall adopt regulations that provide that a disqualification
27 of a person under (a) of this section based upon a conviction of that person for a
28 violation

29 (1) of a law of this state that is, or a law or ordinance of another
30 jurisdiction that would be if it was committed in this state, a class B felony other than
31 extortion, a class C felony, or an unclassified felony described outside of AS 11, and

1 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates
2 10 years after the person's conviction;

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

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

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

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

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

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

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

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

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

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

29 (d) A permittee shall submit by certified mail to the department for approval
30 a copy of each contract with an operator with whom the permittee contracts to conduct
31 activities subject to this chapter. The contract must meet the requirements of this

1 section. The department shall approve or disapprove the contract. If the
 2 contract is disapproved, reasons for the disapproval shall be provided in writing
 3 to the permittee. Activities may not be conducted under the contract before the
 4 contract is approved. Subsequent amendments to an approved contract do not
 5 take effect until the amendments are approved by the department [THE
 6 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE

7 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY

8 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE

9 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

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

11 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A

12 municipality may by ordinance prohibit an operator or a vendor from conducting

13 activities under this chapter within the municipality.

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

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

16 (1) report an adjusted gross income of at least 15 percent of gross

17 income for each quarter [TWO CONSECUTIVE QUARTERS] based on the total

18 operation of the operator; or

19 (2) pay to each authorizing permittee for ~~each quarter~~ ^{annually} [TWO

20 CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as

21 determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]

22 percent of the adjusted gross income, as determined under (1) of this subsection, from

23 a gaming activity other than pull-tabs, received from activities conducted on behalf

24 of the authorizing permittee.

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

26 (b) In an application for a permit, a municipality or qualified organization shall

27 disclose the name and address of each person responsible for the operation of the

28 activity and whether any person named

29 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR]

30 a violation of a law of this state that is, or a law or ordinance of another state that

31 would be if committed in this state, an unclassified felony described in AS 11, a

Failed

1 Class A felony, extortion, or a violation of a law or ordinance of this state or
2 another jurisdiction that is [WITHIN THE PRECEDING FIVE YEARS, OR
3 CONVICTED OF] a crime involving theft or dishonesty or [OF] a violation of [A
4 MUNICIPAL, STATE, OR FEDERAL] gambling laws [LAW]; or

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

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

8 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six
9 municipalities or qualified organizations, or a combination of two to six municipalities
10 and qualified organizations, may jointly apply for a multiple-beneficiary permit under
11 AS 05.15.100(d). The commissioner may not issue or renew a permit except upon
12 satisfactory proof that each joint applicant is a municipality or qualified organization,
13 the activity may be permitted under this chapter, and the issuance of a permit is not
14 detrimental to the best interests of the public. Upon request of the commissioner, the
15 joint applicants shall prove conclusively each of these requirements before a permit
16 may be issued or renewed.

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

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

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

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

31 (a) The authority to conduct the activity authorized by this chapter is

1 contingent upon the dedication of the net proceeds of the charitable gaming activity
2 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants
3 and to political, educational, civic, public, charitable, patriotic or religious uses in the
4 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means
5 uses benefiting persons either by bringing them under the influence of education or
6 religion or relieving them from disease, suffering, or constraint, or by assisting them
7 in establishing themselves in life, or by providing for the promotion of the welfare and
8 well-being of the membership of the organization within their own community, or
9 through aiding candidates for public office or groups that support candidates for public
10 office, or by erecting or maintaining public buildings or works, or lessening the burden
11 on government, but does not include

12 (1) the direct or indirect payment of any portion of the net
13 proceeds of a bingo or pull-tab game to a lobbyist registered under AS 24.45; or

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

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

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

21 (d) The total amount of authorized expenses that may be incurred under (a) of
22 this section in connection with any gaming activity other than pull-tabs may not exceed
23 90 percent of the adjusted gross income from that gaming activity.

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

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

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

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

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

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

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

13 (b) If the department revokes a license or vendor registration under this
14 section, it may prohibit the licensee or vendor from reapplying for a license or vendor
15 registration for a period of not more than five years. If the department revokes a
16 permit under this section, it may prohibit the permittee from reapplying for a permit
17 for a period of not more than one year.

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

19 (d) The total value of door prizes offered or awarded under authority of a
20 permit issued to a municipality or qualified organization under this chapter or under
21 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or
22 \$240,000 a year.

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

24 (e) The total value of all door prizes offered or awarded at a single facility or
25 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A
26 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed
27 \$20,000 a month or \$240,000 a year.

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

29 (g) A municipality or a qualified organization may award a maximum of
30 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if
31 a municipality or a qualified organization contracts with an operator to conduct on its

1 behalf activities authorized under this chapter, the municipality or qualified
2 organization may award a maximum of \$500,000 in prizes each year. The holders of
3 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in
4 prizes each year of \$1,000,000 times the number of holders of the permit for
5 activities authorized under this chapter. In this subsection "activities authorized
6 under this chapter" means all activities subject to this chapter other than bingo.

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

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

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

13 (e) A distributor may not

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

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

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

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

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

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

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

31 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50

1 or more to a person with a pull-tab card entitling the person to that prize unless the
2 person signs a receipt for the prize and returns the receipt to the permittee, operator,
3 or vendor. The receipt must be in a form approved by the department.

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

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

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

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

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

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

31 (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into

1 a written contract with that vendor. The department may inspect this contract. If the
2 contract contains provisions that violate this chapter or the regulations adopted under
3 it, the department may declare the contract void, and may suspend or revoke the
4 registration of the vendor and the permit of the permittee.

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

8 (h) If a permittee contracts with a vendor under (a) of this section, the contract
9 must provide that the permittee shall receive no less than 70 percent of the ideal net.

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

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

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

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

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

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

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

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

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

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

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

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

16 (A) is responsible for gaming receipts;

17 (B) has the authority to hire employees or to dismiss or
18 otherwise discipline them;

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

20 (D) is responsible for keeping the accounts for activities under
21 this chapter;

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

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

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

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

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

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

31 (C) is an establishment holding a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15

(i) beverage dispensary license under AS 04.11.090 that has not been designated by the Alcoholic Beverage Control Board under AS 04.16.049(a)(2) - (3), has not been exempted by the Department of Labor under AS 04.16.049(c) and AS 23.10.355, and if the establishment is a hotel, motel, resort, or similar business that caters to the traveling public as a substantial part of its business, does not allow the sale of pull-tabs in a dining room, banquet room, guest room, or other public areas other than a room in which there is regularly maintained a fixed counter or service bar at which alcoholic beverages are sold or served to members of the public for consumption;

(ii) package store license under AS 04.11.150.

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

* Sec. 30. Except for secs. 12 and 16 of this Act, this Act takes effect immediately under AS 01.10.070(c).

* Sec. 31. Sections 12 and 16 of this Act take effect January 1, 1994.

SPONSOR STATEMENT
Representative Carl E. Moses

House Bill 168, regarding charitable gaming, attempts to clarify what is inherently permissible in statute and would create a new charitable gaming permit called a "Multiple-Beneficiary" permit.

Under this permit, two to six qualified organizations would be allowed to apply jointly for the multiple-beneficiary permit. With this permit, the holders could conduct as many games and sessions as allowed under law for individual permittees multiplied by the number of holders of the multiple-beneficiary permit.

Currently, Lucky Strike Bingo of Anchorage operates under this configuration. Lucky Strike consists of four qualified organizations who join together to conduct gaming activity without the use of an operator. Other organizations such as church groups, soccer clubs, native corporations and other non-profits that choose to join together in this fashion without the use of an operator will also benefit from this legislation.

The motivation behind this bill surfaced a few years ago when the Department of Commerce proposed, but did not adopt, regulations that would prohibit activities such as those conducted by Lucky Strike. In response to that situation, Senate Bill 6 was introduced in 1991 that would establish a multiple-beneficiary permit. SB6 was not passed due to a shortage of time in the session on the Senate Floor.

HB168 is a reintroduction of SB6. It is a non-controversial gaming measure and I would appreciate the committee's affirmative action.



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Representative Brian Porter

State Capitol
Juneau, AK 99801-1182

March 4, 1993

Honorable Ron Larson
Honorable Eileen Maclean
Co-Chair, House Finance Committee
State Capitol
Juneau, AK 99801-1182

Dear Representative Larson,

Attached is a letter from John Hansen, Gaming Program Manager. This program is moving (and appropriately so) to the Department of Revenue from the Department of Commerce and Economic Development.

The program receipts generated by this division are approximately \$1.6 million, while their budget is \$681.4 thousand. All our governments' efforts should be so productive.

I'm writing, though, to ask your consideration of the program's request (attached) for a budget increase. Obviously, this is a request not made lightly in view of our need to reduce overall spending. I urge your consideration for two primary reasons:

1. Historically, as states and cities have passed gaming laws, they have used too much of the resulting revenue for general fund needs and too little to adequately manage, supervise and control the gaming. We read almost weekly of the negative results of this practice. "Skimming" and other forms of corruption seem to automatically follow a lack of commitment to control gaming operations. Alaska needs to make this commitment.
2. Our state's gaming regulations were, from my recollection, not instituted to provide state revenue. Rather, they were designed to develop revenue for qualifying charities. As can be seen in Mr. Hansen's analysis, the intent of their increase request is to provide a more adequate level of review and audit of the reports and tax forms completed by gaming operators. These submissions provide

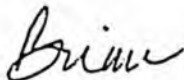
Representative Ron Larson
Representative Eileen Maclean
March 4, 1993
Page 2

revenue, but more importantly, the appropriate level of return to the (permittee) charity.

Mr. Hansen's attached second submission dated February 25, 1993, indicates that the increased audits and reviews generated by this budget increase would provide an additional \$1.6 million to charity and \$274.0 thousand to the State. I'm sure some of the \$1.6 million would offset current HESS funding for these kinds of activities.

I respectfully ask your consideration of this request for what arguably is a minimal increase that will provide substantive benefit to state government, the gaming industry and to necessary charity programs throughout our entire state.

Sincerely,



Brian Porter

BP:elm

Attachments

cc: House Finance Committee Members

*pcc: John Hansen
Gaming Manual*

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

P O BOX 116806
JUNEAU, ALASKA 99811 0806
PHONE (907) 465 2534

February 17, 1993

Received

FEB 22 1993

FOR BRIAN PORTER

The Honorable Brian Porter
House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Porter:

RE: Gaming Program Support

Executive Order #82 transfers the administration of the Gaming program from the Division of Occupational Licensing, Department of Commerce and Economic Development, to the Gaming Division located in the Department of Revenue effective July 1, 1993.

Currently, the program is located in the Division of Occupational Licensing in DCED. The division is responsible for administering 36 various regulatory and licensing programs.

The Governor believes these activities require close supervision, including auditing of financial records which will be more effective in the Department of Revenue. The FY 94 request for program staff consists of 11 PFT positions and contractual funding for a seasonal (six-month) position.

Under the Department of Revenue, the Gaming Division would be responsible for administration of the Gaming program (AS 05.15) and the Coin-Operated Amusement and Gaming Device (AS 43.35) program. Currently, licensed gaming in Alaska is a \$205 million industry conducted by approximately 1,000 permittees and 40 licensed operators. Reviews of the tax returns and financial statements are a critical part of compliance. This program is funded through program receipts. FY 94 income is estimated to be at \$1.6 million for the Gaming program. Total expenditures will be approximately \$681.4, leaving the balance to the general fund. Revenues from the coin-operated device tax currently at \$100.0 would also increase substantially. Currently, enforcement efforts are minimal in this area. Approximately 500 licenses are issued annually. We believe more of these devices exist in Alaska. Gaming investigators are experienced in this area. Many of these devices are located in premises where gaming activity is being conducted. Collection of this tax would be more efficient and better compliance is anticipated.

February 17, 1993

Permittees and operators that conduct gaming are required to file financial statements on a quarterly basis and also annual financial statements and remit a 1% fee to the state. Pull-tab distributors also collect a 3% tax on the ideal net from permittees and remit those taxes on a monthly excise tax return.

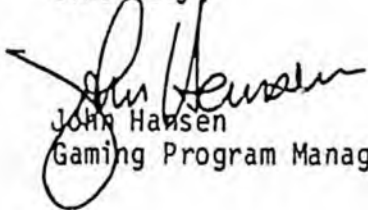
The review and audit of these financial statements are critical. Gaming is grossly understaffed. We have one auditor assigned to conduct these audits. Complex audits of operators can take as much as six months to complete. The audits that we have completed indicate a general lack of compliance. Noncompliance results in less money available to the permittees and underpayment of taxes to the state. Since 1990, our enforcement efforts were primarily in getting all gaming operations in compliance with our licensing requirements. If operations were not legal, they were shut down. This was accomplished through investigators working in the field. We now have three offices: Juneau, Anchorage, and Fairbanks, with a Chief of Compliance and three investigators. We believe there exists substantial compliance with our licensing requirements today. However, the financial statements need auditing.

As you requested, I have provided a proposed budget amendment for five new positions to support the audit of these financial statements and provide for administrative support for the Gaming Division in the DOR. The total increase for these positions is \$381,000. Any help in this area would result in an increase in accountability of this activity.

As I briefly described to you, at this point, the administration is not planning to request any new positions; however, any support in this area would be welcomed.

If I can provide any further information, please let me know. Thank you for your assistance.

Sincerely,


John Hansen
Gaming Program Manager

JH/dg14005D
021793c
Enclosures .

cc: Cheryl Frasca, Office of Management and Budget
Rod Mourant, Department of Revenue

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 168

Revision Date: 4/16/93
Title: An Act relating to Charitable Gaming, etc.
Sponsor: House Rules Committee
Requestor: _____

Department Affected: Revenue
BRU: Gaming Division
Component: _____
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	77.4	77.4	77.4	77.4	77.4	77.4
TRAVEL	3.0	3.0	3.0	3.0	3.0	3.0
CONTRACTUAL						
SUPPLIES	0.5					
EQUIPMENT	6.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	86.9	80.4	80.4	80.4	80.4	80.4

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

REVENUE FUND SOURCE:	100.0	100.0	100.0	100.0	100.0	100.0
----------------------	-------	-------	-------	-------	-------	-------

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	86.9	80.4	80.4	80.4	80.4	80.4
1006 GF/MHTIA						
OTHER						
TOTAL	86.9	80.4	80.4	80.4	80.4	80.4

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) Impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Personal Services, 1 each Revenue Auditor IV. One-time cost equipment for computer, desk, etc. Revenue increase from auditing of tax returns and licensing of out-of-state manufacturers and limiting gaming-related expenses.

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

Phone: 465-2581
Date: 5/11/93

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

Date: 5/7/93

PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA

BILL NO. CS HB 168 (JUD)

1993 LEGISLATIVE SESSION

Revision Date: 3/31/93 Dept. Affected: Commerce & Economic Development
 Title: An Act relating to multiple-beneficiary BRU: Occupational Licensing
charitable gaming permits..... Component: Operations
 Sponsor: House Rules Committee
 Requestor: House Labor & Commerce COMPONENT SERIAL NO. 1844

Expenditures/Revenues:

(Thousands of Dollars)

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

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

REVENUE FUND SOURCE:	.0	.0	.0	.0	.0	.0
-----------------------------	-----------	-----------	-----------	-----------	-----------	-----------

FUNDING:

(Thousands of Dollars)

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

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

HB 168 provides for a new class of permittee (MBP). Two to six permittees could apply to the department to conduct activities at a single facility. Currently regulations provide for 4 permittees to conduct activity at a single facility.

Prepared by: John Hansen, Jr., Gaming Manager
 Division: Occupational Licensing

Phone: 465-2581
 Date: 3/31/93

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

Date: 3-31-93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 7, 1993

Dear House Finance Committee Members:

During your recent hearings on HB 168, a gaming reform bill, Speaker Barnes requested Commissioner Paul Fuhs to provide you with a letter from me making clear my position on gaming in Alaska and proposed changes to state law.

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

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

Specifically, I support:

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

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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


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

MEMORANDUM

March 31, 1993

SUBJECT: Sectional Summary of CSHB 168(JUD) (Work Order No. 8-LS0674\A)

TO: Representative Eileen MacLean
Attn: Carol Collins

FROM: Jerry Luckhaupt 
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Preliminarily, the "meat" of this bill is Sections 2, 6, 7, 8, and 9. I will start with them.

Section 2 of the bill amends AS 05.15.100 by adding a new subsection that authorizes the commissioner of commerce and economic development to issue a multiple-beneficiary permit to two to six municipalities and qualified organizations^{1/} that jointly apply for the permit. The permit would allow the holders of the permit to jointly conduct charitable gaming activities permitted by AS 05.15.

Section 6 of the bill amends AS 05.15.115(d) by requiring the department of commerce and economic development to approve contracts between operators and permittees for compliance with AS 05.15.115 before gaming may occur.

Section 7 of the bill amends AS 05.15.128(a) by providing that the department of commerce and economic development shall revoke the license of an operator that fails to pay to each permittee for at least two consecutive quarters at least 40 percent of the adjusted gross income from a pull-tab activity or 15 percent of the adjusted gross income from a gaming activity other than pull-tabs. "Adjusted gross income" is defined in AS 05.15.210(1).

^{1/} "Qualified organization" is defined at AS 05.15.210(29).



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 7, 1993

Dear House Finance Committee Members:

During your recent hearings on HB 168, a gaming reform bill, Speaker Barnes requested Commissioner Paul Fuhs to provide you with a letter from me making clear my position on gaming in Alaska and proposed changes to state law.

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

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

Specifically, I support:

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

House Finance Committee Members

April 7, 1993

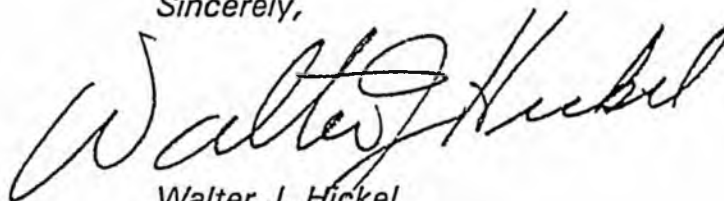
Page 2

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

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

With best regards.

Sincerely,

A handwritten signature in black ink, reading "Walter J. Hickel". The signature is written in a cursive, flowing style with a large initial "W".

Walter J. Hickel
Governor

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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


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

MEMORANDUM

March 31, 1993

SUBJECT: Sectional Summary of CSHB 168(JUD) (Work Order No. 8-LS0674\A)

TO: Representative Eileen MacLean
Attn: Carol Collins

FROM: Jerry Luckhaupt 
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Preliminarily, the "meat" of this bill is Sections 2, 6, 7, 8, and 9. I will start with them.

Section 2 of the bill amends AS 05.15.100 by adding a new subsection that authorizes the commissioner of commerce and economic development to issue a multiple-beneficiary permit to two to six municipalities and qualified organizations^{1/} that jointly apply for the permit. The permit would allow the holders of the permit to jointly conduct charitable gaming activities permitted by AS 05.15.

Section 6 of the bill amends AS 05.15.115(d) by requiring the department of commerce and economic development to approve contracts between operators and permittees for compliance with AS 05.15.115 before gaming may occur.

Section 7 of the bill amends AS 05.15.128(a) by providing that the department of commerce and economic development shall revoke the license of an operator that fails to pay to each permittee for at least two consecutive quarters at least 40 percent of the adjusted gross income from a pull-tab activity or 15 percent of the adjusted gross income from a gaming activity other than pull-tabs. "Adjusted gross income" is defined in AS 05.15.210(1).

^{1/} "Qualified organization" is defined at AS 05.15.210(29).

Section 8 of the bill adds a new section, AS 05.15.145, to AS 05.15 that provides: that from two to six municipalities and qualified organizations may jointly apply for a multiple-beneficiary permit; that the commissioner may not issue a multiple-beneficiary permit except upon proof satisfactory to the commissioner that each individual applicant is a municipality or a qualified organization; that the provisions of AS 05.15.140(b)-(d), relating to reports and exclusions from participation as an operator of the activity of persons with certain criminal convictions; that a municipality or qualified organization that is part of a multiple-beneficiary permit may not hold another charitable gaming permit; procedures for withdrawal by a municipality or qualified organization from a multiple-beneficiary permit; that reports shall be jointly filed as required for operators under AS 05.15.083.

Section 9 of the bill amends AS 05.15.160 by adding new subsections that provide limits on expenses that can be incurred for pull-tab activities (60% of adjusted gross income) and non-pull-tab activities (85% of adjusted gross income).

The other sections of the bill, other than section 15, make changes that implement sections 2 and 8.

Section 1 of the bill amends AS 05.15.060(8) to provide that the holders of a multiple-beneficiary permit may hold or conduct the number of sessions or games per month that is equal to the number allowed an individual permittee multiplied by the number of municipalities and qualified organizations participating in the permit.

Section 3 of the bill amends AS 05.15.112(a) to require the holders of a multiple-beneficiary permit to jointly designate one member in charge under the permit.

Section 4 of the bill amends AS 05.15.112(b) to require the member in charge to be a member of one of the qualified organizations or a member of the board of directors of one of the qualified organizations or an employee of one of the municipalities.

Section 5 of the bill amends AS 05.15.112(d) to require the holders of a multiple-beneficiary permit to designate alternate members in charge.

Section 10 of the bill amends AS 05.15.180(d) to include multiple-beneficiary permits under the door prize limits of this section.

Section 11 of the bill amends AS 05.15.180(e) to clarify that the door prize limits.

Section 12 of the bill amends AS 05.15.180(g) to provide that the holders of a multiple-beneficiary permit may award a maximum in prizes each year of \$1,000,000 multiplied by the number of municipalities and qualified organizations jointly holding the permit.

Representative Eileen MacLean
March 31, 1993
Page 3

Section 13 of the bill amends AS 05.15.187(f) by clarifying that all permittees must make the described reports and that a permittee under that section includes municipalities and qualified organizations that jointly hold a multiple-beneficiary permit.

Section 14 of the bill provides an immediate effective date for all the sections of the bill except sections 7 and 9.

Section 15 of the bill provides a January 1, 1994 effective date for sections 7 and 9.

GPL:gc:pl
93-290.glc

Back-up

STATEMENT

OF

ALEUTIAN/PRIBILOF ISLANDS ASSOCIATION, INC.

on

H.B. 168, A BILL RELATING TO MULTIPLE-BENEFICIARY
CHARITABLE GAMING PERMITS AND DOOR PRIZES FOR CHARITABLE
GAMING; AND PROVIDING FOR AN EFFECTIVE DATE

PRESENTED BY

DIMITRI PHILEMONOF
EXECUTIVE DIRECTOR

BEFORE THE

HOUSE, LABOR, AND COMMERCE COMMITTEE

March 9, 1993

Mr. Chairman and members of the Committee, my name is Dimitri Philemonof. I am the Executive Director of the Aleutian/Pribilof Islands Association, Inc. (A/PIA). A/PIA is a non profit corporation whose purpose is to "handle federal, State, and private funds in order to advance the overall economic, social, and cultural development of the Aleutian Region." Because of its non-profit and social welfare nature, A/PIA has been able to qualify as a "qualified organization" within the meaning of the gaming statutes, and has held a gaming permit for many years.

Like many other permittees, A/PIA has tried to use its gaming permit in a way to maximize the revenue that it produces for the economic, social, and cultural development of the Aleut region. Because it wanted to maximize its return from gaming, A/PIA decided that it would operate its gaming permit by itself, which would eliminate all middlemen, and would minimize overhead.

The problem that A/PIA faced was that, by itself, it did not have the resources to obtain or operate the kind of facility that could generate significant revenues from gaming.

Fortunately current regulations allow up to four permittees to join together to conduct gaming activities at a single location. Because A/PIA was able to join forces with three other "qualified organizations"-- the Alaska Native Health Board, the Aleutian Housing Authority, and the Kodiak Area Native Association -- it was

able to marshall the resources to establish and operate a bingo hall in Anchorage known as "Lucky Strike Bingo."

Since its inception in 1986, "Lucky Strike Bingo" has been an unqualified success story. It has paid out significant amounts of revenue to the four permittees who run it. Since 1987, the four permittees have never received a return of less than 19% of adjusted gross revenues, and in most years, the rate of return has been much higher, sometimes going as high as 29% of adjusted gross revenue. I am not aware of any similar gaming activity in Alaska that consistently produces as high a rate of return for its permittees. The attached chart shows in graphic form the consistently high rates of return that the Lucky Strike Bingo permittees have been able to enjoy over the last four years. A/PIA itself has received \$548,000 in gaming revenues from Lucky Strike Bingo as of December 31, 1992.

The money from Lucky Strike Bingo has been particularly valuable to A/PIA because it can be used where it will produce the best results. Most of A/PIA's other funding is restricted by various grant conditions, and there is little flexibility in using these funds to deal with unexpected problems or opportunities. Since our gaming money is not so restricted, it can be spent wherever it will do the most good. To give you some examples of the kinds of things which we have been able to accomplish with our

gaming money, I would like to list some projects that have been funded through gaming.

1. Medivac Transportation. Gaming monies have been spent in assisting medivac transportation for people in the Aleut Region who must travel to Anchorage because of medical emergency. These funds are also used to help with funeral costs in case of death.

2. Food for the Needy. Gaming funds have been spent on food baskets that are distributed to the needy and underprivileged in the Aleut Region, and on turkeys and children's gifts that we distribute to the needy at Christmas time.

3. Youth Programs. Gaming funds are used to bring students to Anchorage for events like the AFN Youth Convention. They are also used to sponsor special school activities within the Region.

4. Aleut Relocation. You may recall that a bill was introduced in Congress to compensate the Japanese-Americans who were relocated during World War II. During the initial phases of this legislation, the similar predicament of the Aleut people was forgotten. It took a considerable effort to educate the members of Congress about the facts of the Aleut relocation. Without our gaming money, we would not have been able to pay for the travel, legal, and other expenses that were necessarily incurred in attempting to make Congress aware of the Aleut relocation. We

believe that our educational efforts were very important in ensuring that the final legislation included \$27,000,000.00 in various individual and group benefits for the Aleut Region. Accordingly, it is no exaggeration to say that our gaming monies were instrumental in producing \$27,000,000.00 of benefits for the Aleut Region.

4. Educational Tape. Because there was widespread ignorance of the Aleut relocation during World War II, we decided to produce an educational film on this aspect of Alaska history. We received a grant from the State which partially funded this project, but it could not have been completed without our gaming monies. Since completion, this film has been shown nationwide on T.V., and it is also being used in many classrooms throughout the country. We are very proud of this film, and have I brought several copies for the Committee's viewing.

To sum up, Lucky Strike Bingo is a success story that demonstrates the good things that can come from a well-regulated gaming program. Moreover, t(T)he Lucky Strike Bingo experience shows that operation of gaming permits by the permittees is the best way of ensuring that the gaming revenues go where they are intended to go: to the permittees, where they can be used as A/PIA has used them, to provide food for the poor, or for educational purposes, or to further other worthwhile social or economic goals.

Our experience at Lucky Strike Bingo has convinced me, however, that there are a few ways in which the State's regulation of gaming could be improved, so that gaming operations would be more efficient, and so that even greater returns can be achieved by the permittees. House Bill 168 incorporates these improvements, and it will ensure that gaming operations that are conducted by more than one permittee, such as Lucky Strike Bingo's, are even more efficient. It will make it possible for permittees such as A/PIA to achieve even better returns on their gaming permits. Here is why:

1. Since H.B.168 allows the costs of a gaming operation to be split among as many as six qualified organizations, it will greatly reduce the overhead costs for each qualified organization. To use Lucky Strike Bingo as an example, the costs of operating its bingo hall are currently split among the four permittees, which is the maximum that the law allows. Under H.B. 168, the Lucky Strike operation could include as many as six qualified organizations. The overhead would therefore be split six ways, instead of four, which would result in a substantial savings for each of the qualified organizations. While some additional personnel would be needed to handle the increased volume of operation produced by six qualified organizations, the total overhead burden for each qualified organization would be greatly reduced.

2. Since the new legislation calls for a multiple beneficiary permit, the accounting for the operation would be centralized into one permit, instead of divided over four permits, as is currently the case. To use Lucky Strike Bingo as an example once again, centralized accounting would produce the following estimated savings:

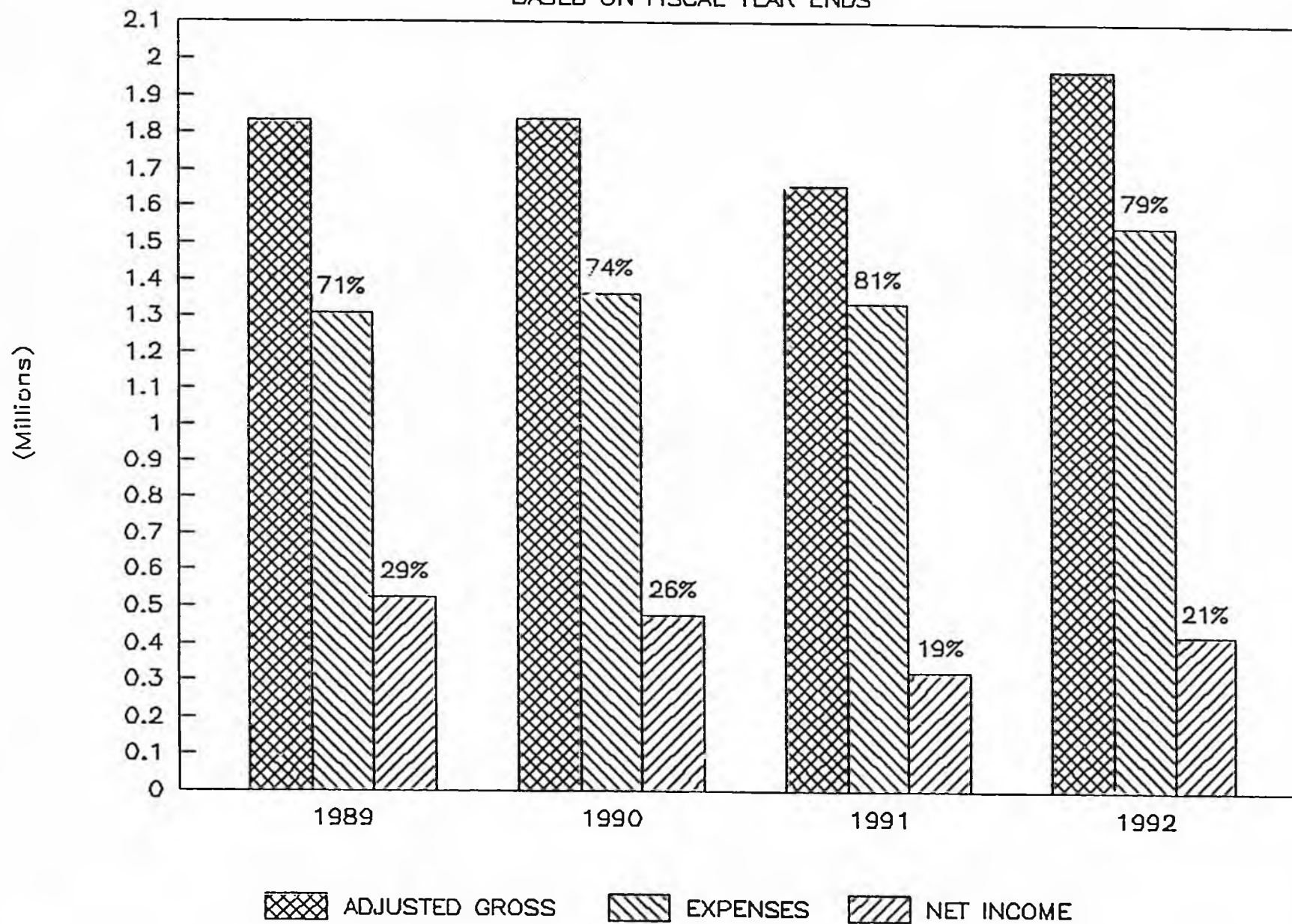
- a. Bookkeeping overhead would be cut by 50% to 75%.
- b. Inventory on hand cost would be cut by approximately \$45,000.00 per year.
- c. Because our accounting and inventorying procedures would be greatly simplified, we could expect to perform these functions more quickly and with fewer mistakes. This would produce additional savings which are difficult to quantify numerically.

In conclusion, I believe that House Bill 168 will make some highly desirable improvements in the gaming statutes. It will make it easier for permittees to run their own operations by joining together with other permittees, it will make joint operations more efficient, and most importantly, it will ensure that more of the gaming revenues go to the place where they are supposed to go: to the permittees, where they can be used for worthwhile social, charitable, and educational purposes.

Thank you, Mr. Chairman and members of the committee.

LUCKY STRIKE BINGO

BASED ON FISCAL YEAR ENDS



Mr. John Hansen
Department of Commerce and Economic Development
Division of Occupational Licensing

Dear John,

Pending the outcome of the current lawsuit, the proceeds that comprise the difference between the 15% return to the charity and the 40% return to the charity and according to the agreement between us, the amounts placed in an escrow account are as follows:

Building Industry Assoc. of Anchorage	\$ 8,400.67
Alaska Light Opera Theatre	3,261.56
Alaska Chiropractic Society	23,049.97
Congregation Beth Shalom	11,384.71
Mat-Su Valley Humane Society	3,920.77
Wasilla Area Seniors	16,441.68
Mid Valley Seniors	14,101.39
Valdez Democratic Precinct	8,866.10
Total amount in escrow	89,426.65

OPERATORS FEE/NET PROCEEDS

2ND QUARTER 1992

AS REPORTED BY JAMES HARMAN

<u>Permittee</u>		<u>Operator Fee Paid</u>	<u>Net Proceeds in Escrow</u>
Building Assoc.	#92-0041	\$ 1816.84	\$ 8400.67
Alaska Light Opera	#92-0065	\$ 1768.12	\$ 3261.56
Alaska Chiropractic	#92-0894	\$ 4225.50	\$23049.97
Congregation Beth Shalom	#92-0382	\$ 77.51	\$11384.71
Mat-Su Valley Humane	#92-0017	\$ 1935.21	\$ 3920.77
Wasilla Area Seniors	#92-0713	\$ 4956.01	\$16441.68
Mid-Valley Seniors	#92-1000	\$15087.41	\$14101.39
Valdez Democrats	#92-0978	<u>\$16774.92</u>	<u>\$ 8866.10</u>
	TOTALS:	<u>\$46,641.52</u>	<u>\$89426.85</u>

~~\$136,068.37~~

LUCKY STRIKE BINGO

A JOINT VENTURE

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

ALEUTIAN PRIBILOF ISLANDS ASSOC.
1699 "C" Street, Suite 205
Anchorage, Alaska 99501
(907) 276-2700

ALEUTIAN HOUSING AUTHORITY
1689 "C" Street, Suite 203
Anchorage, Alaska 99501
(907) 276-2700

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

March 2, 1993

Carl E. Moses, Representative
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Re: Proposed Gaming Legislation
H.B. 168

Dear Representative Moses:

I am writing this letter to explain the reasons why House Bill No. 168, concerning multiple beneficiary permits, would be of great benefit to the Aleutian/Pribilof Islands Association and other similarly situated charitable organizations.

Perhaps the easiest way to explain the benefits of this proposed legislation would be to describe the makeup and activities of Lucky Strike Bingo ("LSB"). The Aleutian/Pribilof Islands Association, of which I am the Executive Director, is one of the four permittees who jointly conduct gaming activities as LSB. The other permittees are the Aleutian Housing Authority, Kodiak Area Native Association and the Alaska Native Health Board. The four permittees who make up LSB are currently conducting gaming activities under the provisions of 13 AAC 34.200(c), which allows up to four permittees to conduct gaming activities jointly. LSB has a pleasant and spacious hall in Anchorage where both bingo and pull tab activities are conducted.

The four permittees are all firmly of the belief that their current arrangement is far superior to any other that they could make for the utilization of their gaming permits. If they operated separately, none of the permittees could afford the type of successful facility which they now have.

Moreover, since the LSB facility is operated by its permittees, the permittees are ensured of receiving the maximum return from the gaming activities. Since 1987, the permittees in LSB have never received a return of less than 19% of adjusted gross

Representative Moses
March 2, 1993
Page 2

revenues, and in most years, the rate of return has been much higher, sometimes going as high as 28% of adjusted gross revenue. We are not aware of any similar gaming activity in Alaska that consistently produces as high a rate of return for its permittees.

In short, the LSB permittees believe that the joint operation of a facility by the permittees is the best way to ensure that gaming operations deliver their revenues to the place that they are supposed to go: to the permittees.

While we believe that LSB's operation is a great success story, we also believe that H.B. 168 will improve the returns that jointly operating permittees can receive. The proposed legislation will have the following beneficial results:

1. Since the costs of operation will be split among as many as six permittees, instead of four as is allowed under current law, the amount of overhead to be borne by each permittee will be lessened. For example, the bingo hall currently operated as LSB in Anchorage could easily service six permittees instead of four, with very little increased cost. The resulting savings will flow to the permittees.

In the past, concern has been voiced by the administration that allowing too many permittees to band together will reduce the control that the permittees have over the gaming operation. Our experience at LSB convinces us that six permittees are not too many to keep control of the gaming activities, and we understand that the administration now agrees with us on this point.

2. Since the new legislation calls for a multiple beneficiary permit, the accounting for the operation would be centralized into one permit, instead of divided over four permits, as is currently the case. Centralized accounting would cut our bookkeeping overhead by 50% to 75%, would cut our inventory on hand cost by approximately \$45,000.00, and would allow us to operate more efficiently and with less mistakes.

Finally, we would urge that H.B. 168 be amended by adding an additional subsection to the proposed AS 05.15.128, which would read as follows:

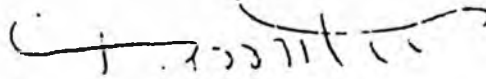
(f) Multiple beneficiary permits shall be subject to the expense limitations set forth in AS 05.15.160, but shall be exempt from any regulation which attempts to limit or quantify allowable expenses beyond the requirements of AS 05.15.160.

Representative Moses
March 2, 1993
Page 3

Our reason for requesting this amendment is that expense limitations which go beyond the requirements of AS 05.15.160 are not needed for multiple beneficiary permits. Since the permittees themselves are running the gaming, they already have every incentive to pay the maximum amount of return to themselves. We feel that LSB's record in making payments to the permittees strongly supports this conclusion.

In addition, because of conflicts between the regulations of the Department of Commerce and the Department of Revenue, further expense limitations, such as 12 AAC 34.700(b) (which was recently struck down by the courts), could make it impossible for a permittee to conduct both bingo and pull-tab activities as LSB currently does.

Very truly yours,



Dimitri Philimonof
Chairman of the Board

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

Representative Carl Moses
House Of Representatives
State Of Alaska

Re: HB 168

Dear Representative Moses:

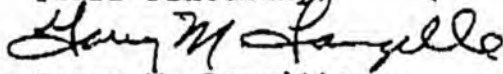
I want to lend support for your efforts on HB 168 that will allow the State to issue multiple-beneficiary permits for joint gaming activities. This will allow more non-profits to participate in those locations that are more active and give them a chance to share in those revenues. Also it will allow those locations that are active to continue beyond the current limits.

For those of us who believe that the Gambling Industry can be a productive vehicle which can provide badly needed Revenue and Employment for Alaskans as well as providing non-profits help in their worthy endeavors, this Bill helps.

Our interest is not only the non-profits that operate in our locations but also the larger Liquor Licence Industry that is in dire straits of additional activities and revenue needs (16% decrease in consumption in Alaska last 7 years) to ensure that it remains a stable and productive industry in our State.

Keep up the good work.

Yours sincerely,



Garry M. Langille
President

FEB 25 1993

February 24, 1993

Mr. Carl E. Moses, Representative
Alaska State Legislature

Re: House Bill No. 168

Dear Representative Moses,

I am writing to you to express my support of this bill. I am in the process right now of trying to do this very thing under current legislation, and it is very difficult and cumbersome.

The advantage of this legislation is that it would allow multiple permittees to use the efficiencies of economic scale in the raising of funds. It would also allow them to be in control of the fund raising activity.

I do not see this legislation as a threat to the operators, as there are plenty of permit holders who have neither the time, energy or ability to run a business.

One suggestion that I would make, is on page 3, line 12 (e) have it read:

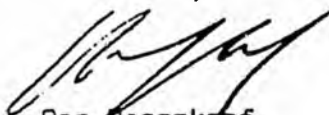
The holders of a multiple-beneficiary permit shall jointly file reports with the department that comply with the reporting requirements imposed on municipalities and qualified organizations under AS 05.15.080.

The gaming department could then require a combined report the same as an operator must file.

The advantage of this change, is that it removes the multiple-beneficiary permit from the operator category, and should operators get ensnared in future legislation, the multiple-beneficiary would not be included.

If I can answer any questions, I would be happy to do so.

Thank You,



Ron Pagenkopf
Operator
Treasurer Juneau Soccer Club.

Phone wk 586-2027
hm 789-1989

People Count Inc.
Business & Technical School

P.O. Box 1310
Kenai, Alaska 99611-1310
Business: (907) 283-4089
FAX (907) 283-9498

March 5, 1993

Representative Carl E. Moses
Capitol Building, Room 204
Juneau AK 99801-1182

Dear Representative Moses,

I have reviewed HB 168, which amends AS 05.15.

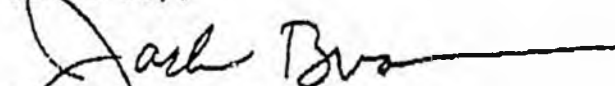
Section 2 amends AS 05.100 by adding a new subsection that authorizes the commissioner of commerce and economic development to issue a multiple-beneficiary permit to two to six municipalities and qualified organizations that apply for the permit, allowing the holders of the permit to jointly conduct charitable gaming activities.

Section 4 adds a new section, AS 05.15.145, that provides: from two to six municipalities and qualified organizations may jointly apply for a multiple-beneficiary permit; the commissioner may not issue a multiple-beneficiary permit except upon satisfactory proof that each individual applicant is a municipality or a qualified organization; relates to reports and exclusions from participation as an operator of the activity of persons with certain criminal convictions; no one who is part of a multiple-beneficiary permit may hold another charitable gaming permit; procedures for withdrawal by a municipality or qualified organization from a multiple-beneficiary permit; reports shall be jointly filed as required for operators under AS 05.15.083.

It appears to help clarify issues and address concerns that Non-Profits have.

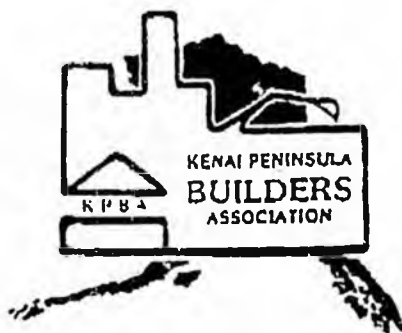
As the Executive Director of People Count, Inc., I feel I can support this bill, without reservations.

Sincerely,



Jack Brown
Executive Director

JB/mdh



MEMORANDUM

TO: Representative Carl E. Moses/Senator Randy Phillips/Representative Bill Hudson
FROM: Pat Vincent, Executive Officer, Kenai Peninsula Builders Association
DATE: March 8, 1993
RE: HB168

The Kenai Peninsula Builders Association would oppose HB 168 as it relates to multiple-beneficiary permits. It is our opinion that the system for self-directed gaming joint ventures is already in place, and that the rules and regulations we are currently working under are most satisfactory. We are concerned with added reporting requirements and a possible loss of accountability that will result from this bill. It is our opinion that Section 3 and 4 of the bill would allow a person who is named member-in-charge to act as an unlicensed operator for the multiple-beneficiary permittees so long as he is an employee or a member of one of the organizations.

We would not be opposed to regulations that allow more than four permittees to be engaged in a self-directed gaming joint venture, so long as it is not set up as an operator-run operation, minus a licensed operator. We do not feel that a multiple-beneficiary permit or joint reporting need be a requirement to allow more permittees to participate in a self-directed gaming joint venture.

The Kenai Peninsula Builders Association is a non-profit organization engaged since 1990, in a self-directed gaming joint venture with the Women's Resource & Crisis Center in Kenai, Alaska. Ours has been basically a "Shared Premises/Shared Employees" arrangement and is satisfactory to both organizations and to the State of Alaska who has authorized our joint venture. Our arrangement allows one organization to utilize its permit every other month. We order and maintain separate pull-tab inventories, keep separate books, and are solely responsible for the oversight of the permits and for our state and federal reporting.

HB 168 would not allow us to continue to conduct our self-directed gaming joint-venture as it is presently operated. The Kenai Peninsula Builders Association would not wish to become less involved in the day-to-day operations of this joint-venture. We feel that a non-profit organization should be solely responsible for maintaining the integrity of their permit - that a member of another organization or an employee of both should not be given that responsibility.

BILL'S of alaska

MAR 04 1993

March 4, 1993

Representative Carl E. Moses
Alaska House of Representatives
State Capital Rm 204
Juneau, Ak 99801-1182

Dear Representitive Moses

VIA Fax 465-3445, Original Mailed

I have read the Sectional Summary of your HB 168 which provides for changes in Alaska Charitable Gaming Statutes.

Your bill would increase from 4 to 6 the number of charities or non-profit groups who could join together to operate a gaming facility (such as a bingo hall) and increase the allowable prize pay-out (\$1 million per participant).

The increase from 4 to 6 permits is a sound idea and I therefore support HB 168.

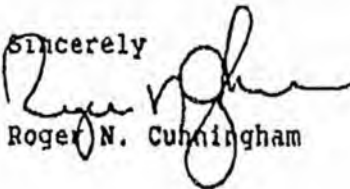
Along with that support, you should know that I am a licensed pull-tab and bingo supply distributor with no affiliation, association or vendor relationship with any group that might benefit from this bill.

There are several gaming operations in Alaska that are stifled by the (current) 4 permit limitation. Your bill would allow more organizations to profit from participation in a well-run, well-managed facility. There are far more organizations wishing to use their gaming permit than there are facilities to accomodate them.

Permitees that join together in this way operate under a common management and SELF-DIRECT their gaming activity. Figures reported by the state show that a far greater share of the profit is retained by the organizations involved in Self-Directed gaming than when a commercial operator is engaged. I believe this was the original intent of Alaska's Charitable Gaming Statutes.

I trust as well, that you will support Sen. Pearce's bill barring persons with criminal records from participating in gaming and Sen. Zahroff's bill creating an Alaska Gaming Commission.

Sincerely



Roger N. Cunningham

P.O. BOX 874731 WASHILLA, AK 99887 (907)979-1500 or 1-800-473-4269
"You're Best Source for Pull-Taba and Bingo Supplies"