

**ALASKA LEGISLATURE**  
**HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994**

**1132**

206

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,*

*S/S Walter J. Hickel*

*Walter J. Hickel  
Governor*

*bcc: House Speaker Ramona Barras  
Representative Carl Moses  
Representative Brian Porter  
Senator Steve Frank  
Senator Drue Pearce  
Commissioner Paul Fuhs*

*WJH/WO/DCED/BPM/pw  
Gaming.ltr*

*0864/03  
Gaming letter to legislature*



NATIONAL MULTIPLE SCLEROSIS SOCIETY

ALASKA CHAPTER  
511 WEST 41ST AVE. SUITE 101

(907) 563-1115 FAX (907) 567-6673  
ANCHORAGE, AK 99503-6643

FAX SHEET

Number of pages: 1

DATE: 04/22/93

TO: Rep Brian Peete

AT: House of Representatives

FAX # 465-3834

FROM: J. Sk: Olsowski

MESSAGE

*As you develop your position on the proposed legislation we ask you to keep in mind that for many non-profits, the income received from pull tabs is an essential part of their annual budget. As an example, our chapter receives 48% of its' gross income from the sale of pull tabs. All of the profits are received by the chapter, we utilize no operators and have only volunteers selling pull tabs for us. We make no political contributions, in fact we are prohibited from doing so. However, the proposed cancellation of all pull-tab gaming permits on December 31, 1993 will have dramatic and far-reaching effect on our operations. We would be forced to cut client services and reduce our staff.*

*Our chapter has long been aware of the potential for abuse with sales of pull tabs. We have worked hard to develop a custom software package to track the operations of each of our vendors. We diligently research each applicant who indicates a willingness to sell pull tabs for us. We have developed guidelines for the use of our vendors and we monitor our vendor standings on a monthly basis. In short, we have made every effort to conduct our pull tab operations in a professional manner with adequate safeguards for the vendor, the player, the state and the Society. We have recognized that gaming operations are by their nature labor intensive, and we have dedicated the resources to ensure to the best of our ability that they are run in a business like manner.*

*The reform legislation proposed under HB-168 and SB-76 will not adversely affect our operations, rather they will do a great deal to correct some of the more inequitable operator/permittee contracts that currently exist. We request that the sale of pull-tabs solely by a pull-tab ticket dispensing machine be deleted from the legislation or be made a matter of option. This request is made based on the comments about the equipment in question having a predisposition to malfunction, additionally we wish to save ourselves from the responsibility of obtaining and servicing such equipment. We ask your consideration and support of this amended legislation.*

C O M P A R I T I V E    A N A L Y S I S

HB-168 (JUD)

- 1) M B P
- 2) Contract Approval
- 3) Raising 15% to  
40% - 15% [2 consecutive quarters]

SB-76

- 1) M B P
- 2) Contract Approval
- 3) Raising 15% to  
30% - 10% [each quarter]
- 4) Prohibits inside information.
- 5) Vendors required to pay 50% at time  
of delivery.
- 6) Requires NAGRA pull tab standards.
- 7) Prohibits Felons involvement. / loosens  
misdemeanor
- 8) Prohibits Net Proceeds for campaigns  
& Lobbyists.
- 9) Provides specific suspension/  
revocation authority up to 5 years  
for licensee's or vendors.
- 10) Provides authority to commissioner  
to issue an emergency 60 day order.

*Nett  
Assn  
of  
Gaming  
Regulators*

**S B**

**76**

**SFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BILL NO.** CSSB 76(FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Commerce & Economic Development  
 Title: An Act relating to Games of Chance BRU: Occupational Licensing  
 and Skill... Component: Operations  
 Sponsor: Senator Pearce  
 Requestor: Senate Finance 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						
<b>TOTAL OPERATING</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>	<b>.0</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
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**FUNDING:** (Thousands of Dollars)

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

**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)  
 CSSB 76(FIN) provides for licensing of out-of-state pull-tab manufacturers, 10 each at \$500 per annual license.

Prepared by: John Hansen, Gaming Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: 4/6/93  
 Approved by Commissioner: Paul Fuhs Date: 4-6-93  
 Agency: Commerce & Economic Development

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FISCAL NOTE

REQUEST:

Revision Date: 4/16/93 Affected Agency: Dept. of Revenue  
 Title: Act Relating to BRU: Gaming Div.  
Charitable Gaming  
 Sponsor: Sen. Pearce Components: \_\_\_\_\_  
 Requester: Senate Finance Committee

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

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						
Equipment	6.0					
Supplies	0.5					
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>86.9</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>	100.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund P.R.	86.9	80.4	80.4	80.4	80.4	80.4
Federal Fund						
Other						
<b>TOTAL</b>	<b>86.9</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>	<b>80.4</b>

POSITIONS:

Full-Time	1	1	1	1	1	1
Part-Time						
Temporary						

Estimate of FY 93 Impact 0.0

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.

Prepared By: *John Hansen*  
 Divisor: John Hansen, Gaming Division

Date: \_\_\_\_\_  
 Phone: 465-2581

Approved by: *Paul Fuhs*  
 Agency: Paul Fuhs, Commissioner  
Dept. of Commerce & Economic Development

Date: 4-17-93



SENATE AMENDMENT

By Peace

To: SSB 76 ( ) 'S' SENATE BILL No. \_\_\_\_\_

To: \_\_\_\_\_ <sup>Version</sup> HOUSE BILL No. \_\_\_\_\_

PAGE: 15 LINE: 11, following "holding a":

Insert "(i)"

Page 15, line 13:

Delete "(i)"

Page 15, line 15:

Delete "(ii)"

Page 15, line 17:

Delete "(iii)"

Page 15, line 23:

Delete " . "

Insert "; or

(ii) package store license under AS 04.11.090."

SENATE FINANCE COMMITTEE

Amendment Number: (2)

Bill Number: SB 76

Sponsor: Peace Date: 4/17/93

Logged In By: BW

adopted 4-17-93

8-LS0279S  
Luckhaupt  
4/16/93

CS FOR SENATE BILL NO. 76( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR PEARCE

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 certain establishments holding a  
5 beverage dispensary license; allowing municipalities to prohibit vendors from  
6 conducting gaming activities within the municipality, restricting the purchase of  
7 pull-tabs by permittees, licensees, and vendors and their owners, managers, and  
8 employees; requiring receipts before prizes of \$50 or more may be awarded in  
9 pull-tab games; prohibiting distributors from supplying pull-tabs to vendors;  
10 requiring the registration of vendors and regulating activities involving them;  
11 requiring the licensing of out-of-state pull-tab manufacturers; requiring the  
12 department regulating charitable gaming to approve contracts between permittees

1 and operators before gaming may occur; preventing persons with felony  
2 convictions or convictions for crimes involving theft or dishonesty or a violation  
3 of gambling laws from being involved in charitable gaming activities as a  
4 permittee, licensee, vendor, person responsible for the operation of an activity,  
5 fund raiser or consultant of a licensee or vendor, or employee in a managerial  
6 or supervisory capacity, and providing exceptions for certain persons whose  
7 convictions are at least 10 years old and are not for violation of an unclassified  
8 felony described in AS 11, a class A felony, or extortion; relating to multiple-  
9 beneficiary charitable gaming permits and door prizes for charitable gaming;  
10 requiring operators to pay permittees each quarter at least 30 percent of the  
11 adjusted gross income from a pull-tab activity and limiting operators to expenses  
12 of not more than 70 percent of the adjusted gross income from that activity;  
13 requiring operators to pay permittees each quarter at least 10 percent of the  
14 adjusted gross income from a charitable gaming activity other than pull-tabs and  
15 limiting operators to expenses of not more than 90 percent of the adjusted gross  
16 income from that activity; requiring a permittee who uses a pull-tab vendor to  
17 enter into a contract with that vendor; requiring a vendor contracting with a  
18 permittee to pay the permittee at least 50 percent of the ideal net for each pull-  
19 tab series delivered to the vendor by the permittee; requiring that operators  
20 report an adjusted gross income of at least 15 percent of gross income each  
21 quarter; allowing the commissioner regulating charitable gaming to issue orders  
22 prohibiting violations of state gaming laws; relating to the authority of the  
23 commissioner regulating charitable gaming to suspend or revoke a permit, license,  
24 or registration; prohibiting the direct contribution of proceeds of a bingo or pull-

1 tab game to a candidate for a public office of the state or a political subdivision  
2 of the state or to that candidate's campaign organization; prohibiting the payment  
3 of any portion of the net proceeds of a charitable gaming activity to a registered  
4 lobbyist; relating to 'political uses' and 'political organizations' as those terms are  
5 used in the charitable gaming statutes; and providing for an effective date."

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

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

8 \* Sec. 2. AS 05.15.060 is amended to read:

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

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

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

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

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

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

27 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,  
28 LICENSEE OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON  
29 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN

1 THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING  
2 THEFT OR DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR  
3 FEDERAL GAMBLING LAW;

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

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

13 (8) [(9)] a method of accounting for receipts and disbursements by  
14 operators, including the keeping of records and requirements for the deposit of all  
15 receipts in a bank;

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

20 (10) [(11)] restrictions on the participation by employees of the  
21 Department of Fish and Game in salmon classics; and in king salmon classics, and by  
22 employees of Douglas Island Pink and Chum in king salmon classics;

23 (11) [(12)] other matters the commissioner considers necessary to carry  
24 out this chapter or protect the best interest of the public.

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

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

30 \* Sec. 4. AS 05.15.070 is amended to read:

31 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The

1 commissioner may examine or have examined the books and records of a permittee,  
 2 an operator, a registered vendor, or a person licensed to manufacture or to distribute  
 3 pull-tab games in the state. The commissioner may issue subpoenas for the attendance  
 4 of witnesses and the production of books, records, and other documents.

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

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

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

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

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

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

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

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

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

29 (b) The department shall adopt regulations that provide that a disqualification  
 30 of a person under (a) of this section based upon a conviction of that person for a  
 31 violation

1 (1) of a law of this state that is, or a law or ordinance of another  
2 jurisdiction that would be if it was committed in this state, a class B felony other than  
3 extortion, a class C felony, or an unclassified felony described outside of AS 11, and  
4 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates  
5 10 years after the person's conviction;

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

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

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

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

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

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

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

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

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

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

1 (d) A permittee shall submit by certified mail to the department for approval  
 2 a copy of each contract with an operator with whom the permittee contracts to conduct  
 3 activities subject to this chapter. The contract must meet the requirements of this  
 4 section. The department shall approve or disapprove the contract. If the  
 5 contract is disapproved, reasons for the disapproval shall be provided in writing  
 6 to the permittee. Activities may not be conducted under the contract before the  
 7 contract is approved. Subsequent amendments to an approved contract do not  
 8 take effect until the amendments are approved by the department [THE  
 9 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE  
 10 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY  
 11 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE  
 12 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

13 \* Sec. 11. AS 05.15.124 is amended to read:

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

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

18 (a) The department shall revoke the license of an operator who does not  
 19 (1) report an adjusted gross income of at least 15 percent of gross  
 20 income for each quarter [TV O CONSECUTIVE QUARTERS] based on the total  
 21 operation of the operator; or  
 22 (2) pay to each authorizing permittee for each quarter [TWO  
 23 CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as  
 24 determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]  
 25 percent of the adjusted gross income, as determined under (1) of this subsection, from  
 26 a gaming activity other than pull-tabs, received from activities conducted on behalf  
 27 of the authorizing permittee.

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

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

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

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

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

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

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

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

30 (d) The holders of a multiple-beneficiary permit shall jointly file reports with  
31 the department that comply with the reporting requirements imposed on operators

1 under AS 05.15.083.

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

3 (a) The authority to conduct the activity authorized by this chapter is  
 4 contingent upon the dedication of the net proceeds of the charitable gaming activity  
 5 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants  
 6 and to political, educational, civic, public, charitable, patriotic or religious uses in the  
 7 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means  
 8 uses benefiting persons either by bringing them under the influence of education or  
 9 religion or relieving them from disease, suffering, or constraint, or by assisting them  
 10 in establishing themselves in life, or by providing for the promotion of the welfare and  
 11 well-being of the membership of the organization within their own community, or  
 12 through aiding a political organization [CANDIDATES FOR PUBLIC OFFICE OR  
 13 GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC OFFICE], or by erecting  
 14 or maintaining public buildings or works, or lessening the burden on government, but  
 15 does not include

16 (1) the direct contribution of proceeds of a bingo or pull-tab game  
 17 to a candidate for a public office of the state or a political subdivision of the state  
 18 or to that candidate's campaign organization:

19 (2) the payment of any portion of the net proceeds of the charitable  
 20 gaming activity to a lobbyist registered under AS 24.45: or

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

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

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

28 (d) The total amount of authorized expenses that may be incurred under (a) of  
 29 this section in connection with any gaming activity other than pull-tabs may not exceed  
 30 90 percent of the adjusted gross income from that gaming activity.

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

*Handwritten notes:*  
 Amendment 3  
 10/1/07

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

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

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

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

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

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

20           (b) If the department revokes a license or vendor registration under this  
 21 section, it may prohibit the licensee or vendor from reapplying for a license or vendor  
 22 registration for a period of not more than five years. If the department revokes a  
 23 permit under this section, it may prohibit the permittee from reapplying for a permit  
 24 for a period of not more than one year.

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

26           (d) The total value of door prizes offered or awarded under authority of a  
 27 permit issued to a municipality or qualified organization under this chapter or under  
 28 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or  
 29 \$240,000 a year.

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

31           (e) The total value of all door prizes offered or awarded at a single facility or

1 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A  
2 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed  
3 \$20,000 a month or \$240,000 a year.

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

5 (g) A municipality or a qualified organization may award a maximum of  
6 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if  
7 a municipality or a qualified organization contracts with an operator to conduct on its  
8 behalf activities authorized under this chapter, the municipality or qualified  
9 organization may award a maximum of \$500,000 in prizes each year. The holders of  
10 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in  
11 prizes each year of \$1,000,000 times the number of holders of the permit for  
12 activities authorized under this chapter. In this subsection "activities authorized  
13 under this chapter" means all activities subject to this chapter other than bingo.

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

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

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

20 (e) A distributor may not

- 21 (1) take an order for the purchase of a pull-tab series from a vendor;  
22 (2) sell a pull-tab series to a vendor; or  
23 (3) deliver a pull-tab series to a vendor.

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

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

1        a multiple-beneficiary permit.

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

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

7                (i) A permittee, operator, or registered vendor may not turn over a prize of \$50  
8                or more to a person with a pull-tab card entitling the person to that prize unless the  
9                person signs a receipt for the prize and returns the receipt to the permittee, operator,  
10                or vendor. The receipt must be in a form approved by the department.

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

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

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

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

27                (d) A separate endorsement shall be issued for each vendor location. The  
28                permittee shall inform the department when a vendor with whom the permittee is  
29                contracting changes the physical location at which pull-tabs are sold, and shall return  
30                to the department all copies of a permit endorsed to a vendor that is no longer selling  
31                pull-tabs on behalf of the permittee. Failure to inform the department of a change in

1 vendor location, or to return the endorsed copies of a permit to the department after  
2 a vendor change, may constitute grounds for the suspension or revocation of a  
3 permittee's permit.

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

7 (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into  
8 a written contract with that vendor. The department may inspect this contract. If the  
9 contract contains provisions that violate this chapter or the regulations adopted under  
10 it, the department may declare the contract void, and may suspend or revoke the  
11 registration of the vendor and the permit of the permittee.

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

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

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

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

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

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

30 (b) If the public interest requires, the commissioner may issue an emergency  
31 order prohibiting an act or practice in violation of this chapter or a regulation adopted

1 under this chapter without notice to or an opportunity to be heard by the person  
2 affected by the order. The commissioner shall immediately serve the person with a  
3 copy of the emergency order. An emergency order expires 60 days after the date it  
4 is issued, if the person affected by the order requests a hearing within 15 days of  
5 receipt of the order. If the person does not request a hearing within 15 days of receipt  
6 of the emergency order, the order becomes permanent. Following a hearing, the  
7 commissioner may rescind, modify, or make permanent the emergency order.

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

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

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

15 \* Sec. 28. AS 05.15.210(27) is amended to read:

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

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

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

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

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

27 (A) is responsible for gaming receipts;

28 (B) has the authority to hire employees or to dismiss or  
29 otherwise discipline them;

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

31 (D) is responsible for keeping the accounts for activities under

1 this chapter,

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

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

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

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

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

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

11 (C) is an establishment holding a beverage dispensary license  
12 under AS 04.11.090 that

13 (i) has not been designated by the Alcoholic Beverage  
14 Control Board under AS 04.16.049(a)(2) - (3);

15 (ii) has not been exempted by the Department of Labor  
16 under AS 23.10.355; or

17 (iii) if the establishment is a hotel, motel, resort, or  
18 similar business that caters to the traveling public as a substantial part  
19 of its business, does not allow the sale of pull-tabs in a dining room,  
20 banquet room, guest room, or other public areas other than a room in  
21 which there is regularly maintained a fixed counter or service bar at  
22 which alcoholic beverages are sold or served to members of the public  
23 for consumption.

24 \* Sec. 30. AS 05.15.122(c), 05.15.122(d), and 05.15.140(c) are repealed.

25 \* Sec. 31. Except for secs. 12 and 16 of this Act, this Act takes effect immediately under  
26 AS 01.10.070(c).

27 \* Sec. 32. Sections 12 and 16 of this Act take effect January 1, 1994.

AMENDMENT

OFFERED IN THE SENATE

BY Pearce

TO: CSSB-76 ~~(JUD)~~ (FIN)

*Reg of Div of Gaming*

Page 2, line 17:

Add a new section to read:

"\* Section 1. SHORT TITLE. This Act may be known as the Gaming Reform Act 1993."

Renumber the remaining sections accordingly.

SENATE FINANCE  
COMMITTEE

Amendment Number: ①  
Bill Number: SB 76  
Sponsor: \_\_\_\_\_ Date: 4/10/93  
Logged In By: (Bm)

*adopted*  
*Rescind*  
*4-17-93*

8-LS0279AM  
Luckhaupt  
4/9/93

**CS FOR SENATE BILL NO. 76( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR PEARCE**

**A BILL**  
**FOR AN ACT ENTITLED**

1 "An Act relating to charitable gaming; allowing permittees to contract with  
2 vendors to sell pull-tabs on behalf of the permittee at establishments with liquor  
3 licenses; restricting the purchase of pull-tabs by certain persons; preventing  
4 persons with felony convictions or convictions for crimes involving theft or  
5 dishonesty or a violation of gambling laws from being involved in charitable  
6 gaming activities as a permittee, licensee, vendor, person responsible for an  
7 activity, fund raiser or consultant of a licensee, or employee in a managerial or  
8 supervisory capacity and providing exceptions for certain persons whose convictions  
9 are at least 10 years old and are not for violation of an unclassified felony  
10 described in AS 11, a class A felony, or extortion; relating to multiple-beneficiary  
11 charitable gaming permits and door prizes for charitable gaming; requiring  
12 operators to pay permittees each quarter at least 30 percent of the adjusted gross

1 income from a pull-tab activity and limiting operators to expenses of not more  
2 than 70 percent of the adjusted gross income from that activity; requiring  
3 operators to pay permittees each quarter at least 10 percent of the adjusted gross  
4 income from a charitable gaming activity other than pull-tabs and limiting  
5 operators to expenses of not more than 90 percent of the adjusted gross income  
6 from that activity; requiring a vendor contracting with a permittee to pay the  
7 permittee at least 50 percent of the ideal net for each pull-tab series delivered  
8 to the vendor by the permittee; requiring that operators report an adjusted gross  
9 income of at least 15 percent of gross income each quarter; prohibiting the direct  
10 contribution of proceeds of a bingo or pull-tab game to a candidate for a public  
11 office of the state or a political subdivision of the state or to that candidate's  
12 campaign organization; prohibiting the payment of any portion of the net proceeds  
13 of a charitable gaming activity to a registered lobbyist; relating to 'political uses'  
14 and 'political organizations' as those terms are used in the charitable gaming  
15 statutes; and providing for an effective date."

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

17 \* Section 1. AS 05.15.060 is amended to read:

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

21 (1) the issuance, renewal, and revocation of permits, [AND] licenses,

22 and vendor registrations;

23 (2) a method of ascertaining net proceeds, the determination of items  
24 of expense that may be incurred or paid, and the limitation of the amount of the items  
25 of expense to prevent the proceeds from the activity permitted from being diverted to  
26 noncharitable, noneducational, nonreligious, or profit-making organizations, individuals,

1 or groups;

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

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

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

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

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

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

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

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

1 is surrendered, revoked, or invalidated;

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

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

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

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

12 \* Sec. 3. AS 05.15.070 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 \* Sec. 10. AS 05.15.124 is amended to read:

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

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

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

1 (1) report an adjusted gross income of at least 15 percent of gross  
2 income for each quarter [TWO CONSECUTIVE QUARTERS] based on the total  
3 operation of the operator; or

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

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

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

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

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

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

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

1 may be issued or renewed.

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

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

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

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

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

29 (1) the direct contribution of proceeds of a bingo or pull-tab game  
30 to a candidate for a public office of the state or a political subdivision of the state  
31 or to that candidate's campaign organization;

1                   (2) the payment of any portion of the net proceeds of the charitable  
2                   gaming activity to a lobbyist registered under AS 24.45; or

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

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

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

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

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

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

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

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

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

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

31                         (5) gives or acts upon any inside information on the status of the prizes

1 awarded or to be awarded in a pull-tab game.

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

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

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

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

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

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

18 (g) A municipality or a qualified organization may award a maximum of  
19 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if  
20 a municipality or a qualified organization contracts with an operator to conduct on its  
21 behalf activities authorized under this chapter, the municipality or qualified  
22 organization may award a maximum of \$500,000 in prizes each year. The holders of  
23 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in  
24 prizes each year of \$1,000,000 times the number of holders of the permit for  
25 activities authorized under this chapter. In this subsection "activities authorized  
26 under this chapter" means all activities subject to this chapter other than bingo.

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

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

1 \* **Sec. 21.** AS 05.15.183 is amended by adding a new subsection to read:

2 (e) A distributor may not

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

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

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

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

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

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

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

20 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50  
21 or more to a person with a pull-tab card entitling the person to that prize unless the  
22 person signs a receipt for the prize and returns the receipt to the permittee, operator,  
23 or vendor. The receipt must be in a form approved by the department.

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

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

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

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

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

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

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

27           (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into  
28 a written contract with that vendor. The department may inspect this contract. If the  
29 contract contains provisions that violate this chapter or the regulations adopted under  
30 it, the department may declare the contract void, and may suspend or revoke the  
31 registration of the vendor and the permit of the permittee.

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

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

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

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

11 (k) Pull-tabs may be sold by a vendor under this section through a pull-tab  
12 ticket dispensing machine authorized by the department under AS 05.15.060. The  
13 department may require by regulation that all pull-tab sales by a vendor be through a  
14 ticket dispensing machine.

15 \* Sec. 25. 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. 26. 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. 27. AS 05.15.210(27) is amended to read:

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

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

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

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

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

20 (A) is responsible for gaming receipts;

21 (B) has the authority to hire employees or to dismiss or  
22 otherwise discipline them;

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

24 (D) is responsible for keeping the accounts for activities under  
25 this chapter;

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

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

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

31 (40) "vendor" means a business whose primary activity is not regulated

1 by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,  
2 holds a business license under AS 43.70, and is an establishment licensed under  
3 AS 04.11.

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

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

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

**DIVISION OF LEGAL SERVICES**  
**LEGISLATIVE AFFAIRS AGENCY**  
**STATE OF ALASKA**

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

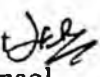
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

April 17, 1993

**SUBJECT:** Sectional Summary of CSSB 76( ), draft, dated 4/16/93 (Work Order No. 8-LS0279\S)

**TO:** Senator Drue Pearce

**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.

**Section 1 of the bill** provides a short title.

**Sections 2, 4, 11, 22, 25, 27, and 29 of the bill** deal with allowing permittees (charitable organizations) to contract with vendors, defined in sec. 29 of the bill, to sell pull-tabs for the permittee through an endorsement of the charitable organization's permit. Section 25 is the "meat" of this area of the bill.

**Sections 2, 5, 7, 8, 9, 14, 18, 19, 20, and 23** deal with multiple-permittee charitable gaming. These sections permit up to six charitable organizations or municipalities to join together to provide charitable gaming. Sections 5 and 14 are the substantive portion of these sections.

**Section 3 of the bill** requires that the Department of Commerce and Economic Development's regulations meet the standards set by the North American Gaming Regulators Association.

**Sections 6, 13, and 29 of the bill** relate to what criminal convictions disable someone from working in charitable gaming. These sections also provide an exemption for people with certain convictions when those convictions are ten years old.

**Section 10 of the bill** requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

## DIVISION OF LEGAL SERVICES

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FAX (907) 465-2029  
Mail Stop 3101

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

#### MEMORANDUM

April 6, 1993

**SUBJECT:** Sectional Summary of CSSB 76 (JUD) (Work Order No. 8-LS0279\D)

**TO:** Senator Drue Pearce

**FROM:** Jerry Luckhaupt *JL*  
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.

Sections 1, 3, 10, 21, 24, 26, and 28 of the bill deal with allowing permittees (charitable organizations) to contract with vendors, defined in sec. 28 of the bill, to sell pull-tabs for the permittee through an endorsement of the charitable organization's permit. Section 24 is the "meat" of this area of the bill.

Sections 1, 4, 6, 7, 8, 13, 17, 18, 19, and 22 deal with multiple-permittee charitable gaming. These sections permit up to six charitable organizations or municipalities to join together to provide charitable gaming. Sections 4 and 13 are the substantive portion of these sections.

Section 2 of the bill requires that the Department of Commerce and Economic Development's regulations meet the standards set by the North American Gaming Regulators Association.

Sections 5, 12, and 28 of the bill relate to what criminal convictions disable someone from working in charitable gaming. These sections also provide an exemption for people with certain convictions when those convictions are ten years old.

Section 9 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

# DIVISION OF LEGAL SERVICES

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Juneau, Alaska 99801-2105

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April 17, 1993

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**TO:** Senator Drue Pearce

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Section 10 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

Senator Drue Pearce  
April 17, 1993  
Page 2

**Sections 12, 16, and 30 of the bill** deal with increasing the percentage that operators must pay to permittees for a pull-tab activity from 15 percent to 40 percent of adjusted gross income and decreasing the percentage that must be paid for a nonpull-tab activity from 15 percent to 10 percent of adjusted gross income.

**Sections 15 and 28 of the bill** deal with what is a charitable use to which gaming proceeds may be put and what is a political organization.

**Sections 17 and 26 of the bill** deal with procedures for the revocation and regulation of licenses, permits, and registrations.

**Section 21 of the bill** requires the licensing of out-of-state manufacturers of pull-tabs.

**Section 24 of the bill** limits permittees, licensees, and vendors from purchasing their own pull-tabs and requires receipts for prizes of \$50 or more in pull-tab games.

**Section 30 of the bill** provides repealers.

**Sections 31 and 32 of the bill** are effective dates.

GPL:lmb  
93-121.lmb

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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FAX (907) 465-2029  
Mail Stop 3101

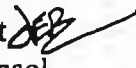
130 Seward Street, Suite 409  
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### MEMORANDUM

April 6, 1993

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Section 2 of the bill requires that the Department of Commerce and Economic Development's regulations meet the standards set by the North American Gaming Regulators Association.

Sections 5, 12, and 28 of the bill relate to what criminal convictions disable someone from working in charitable gaming. These sections also provide an exemption for people with certain convictions when those convictions are ten years old.

Section 9 of the bill requires Department of Commerce and Economic Development approval of contracts between operators and permittees.

Senator Drue Pearce  
April 6, 1993  
Page 2

Sections 11, 15, and 30 of the bill deal with increasing the percentage that operators must pay to permittees for a pull-tab activity from 15 percent to 40 percent of adjusted gross income and decreasing the percentage that must be paid for a nonpull-tab activity from 15 percent to 10 percent of adjusted gross income.

Sections 14 and 27 of the bill deal with what is a charitable use to which gaming proceeds may be put and what is a political organization.

Sections 16 and 25 of the bill deal with procedures for the revocation and regulation of licenses, permits, and registrations.

Section 20 of the bill requires the licensing of out-of-state manufacturers of pull-tabs.

Section 23 of the bill allows public broadcasters to sell pull-tabs in more than one location and limits permittees, licensees, and vendors from purchasing their own pull-tabs.

Section 29 of the bill provides repealers.

Sections 30 and 31 of the bill are effective dates.

GPL:mi  
93-061.mai

# Alaska State Legislature

During Interim:  
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Fax (907) 561-4194



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## Senator Drue Pearce District F

### Sponsor Statement for CS for Senate Bill 76 (Fin)

#### The Gambling Limitation Act of 1993

There are many rumors about this legislation. It is my intent to first set the record straight. The bill I originally introduced does two things.

- 1) It prevents criminal elements from gaining a foothold in Alaskan gaming by denying some felons access and controlling the access of others.
- 2) It increases the amount of money that charities receive from the operation of their gaming permits by preventing the current diversion of money away from genuine charitable causes. It prohibits net proceeds from being used as direct political contributions.
- 3) The Finance CS adds:
  - a) a prohibition against using net proceeds to pay registered lobbyists.
  - b) third party vendor language. This language permissively allows charitable organizations direct profitable alternatives to placing their permits with "for profit" operators. Permittees who operate their own permits often double their net proceeds. The bill allows permittees to contract with vendors to sell pull-tabs for the permittee.
  - c) multiple beneficiary permit language. This language allows the Department to issue permits authorizing 2 to 6 permittees to jointly operate their permits. This benefits permittees who band together by allowing them to hire a management team to run their games that is answerable only to them. They would have direct hire and fire authority.

One operator who represented a group of charities is The Sport Shoppe located here in Juneau. This operator successfully operated and returned 40% or more to his permittees. The permittees using this permit are the Gastineau Channel Little League, American Legion Post 25, Juneau Soccer League, Juneau, Ski Club, and

Big Brothers & Sisters. This is an example of the return that can routinely be attained if multiple beneficiary permits are allowed.

- d) a requirement for the Department of Commerce to approve contracts between operators and permittees.
- e) language that allows the Department to revoke a permit, license, or vendor registration upon proof that insider information was given or acted upon.
- f) A requirement that the Department shall license out-of-state manufacturers of pull tabs.

To return to the concept of third party vendors, there are those who would say that this is a dramatic expansion of gaming in Alaska. I would like to respond that this Committee Substitute will drastically restrict the number of third party vendor locations to those facilities that have a beverage dispensary license that has not been designated by the Alcohol Beverage Control Board as a restaurant. Pull-tabs could not be sold in the section of this facility accessible to minors. This is not an expansion of gaming activities.

Opponents to this legislation are currently spreading deliberate disinformation in an attempt to stop this bill. As an example, please turn your attention to the "Alert -- Alert -- Alert" fax sent to all charitable gaming permit holders by the Alaska Charitable Games Association, Inc. or the transcript of a radio ad recently aired that is contained in Commissioner Paul Fuhs' press release.

This bill does not expand gambling in Alaska. This bill does not put genuine charitable organizations out of business. It does not set unrealistic minimum returns to charities. It does not eliminate genuine charities from holding permits. Rather, it increases by 100% pull tab receipts to charities. Every nonprofit now eligible stays eligible. They can even make more money by being direct operators.

This disinformation is a deliberate attempt by a particular organization, whose permit holders are a matter of public record, to stop a reform bill. They cannot tell the truth - so they lie!

They are my best exhibit!

I have restricted Vendors to those establishments that have a beverage dispensary license. The Alcohol Beverage Control Board designates some of these licensed premises as restaurants. They would only be allowed to sell pull-tabs in those areas that are off limits to minors.

Fraternal organizations would also be excluded from being vendors, but they still would be allowed to sell pull-tabs under the existing permittee arraignment

#### Licenses and Permits issued by the Alcohol Beverage Control Board

- 1) Beverage Dispensary License (all types of alcohol)
- 2) Duplicate Beverage Dispensary License for Additional Rooms
- 3) Restaurant or Eating Place License (wine & beer)
- 4) Club License (Fraternal Clubs)
- 5) Bottling Works License
- 6) Brewery License
- 7) Package Store License (Liquor Stores)
- 8) General Wholesale License
- 9) Wholesale Malt Beverage and Wine License
- 10) Distillery License
- 11) Common Carrier Dispensary License (planes, trains, boats)
- 12) Retail Stock Sale License
- 13) Recreational Site License (sporting events, sled dog races, and etc.)
- 14) Community Liquor License
- 15) Pub License (universities and colleges)
- 16) Winery License
- 17) Caterer's Permit
- 18) Special Events Permit (nonprofit fraternal, civic, or patriotic organizations)
- 19) Conditional Contractor's Permit

Gaming Bill Comparison

Provision	Senate Bill 76	CS for Senate Bill 76 (Fin)
Felony exclusions	Yes, prohibits from participation for life those individuals acting in a supervisory or managerial capacity who have been convicted of a class A felony, or a crime involving theft, dishonesty or a violation of gambling laws. It provides for some departmental discretion for some lesser crimes after 10 years have passed.	Yes, same.
Campaign contributions	Yes, prohibits the use of net proceeds for direct campaign contributions.	Yes, same.
Lobbyist fees	No	Yes, prohibits the use of net proceeds for any type of payment to registered lobbyists.
Third party vendors	No	Yes, allows permittees to contract directly with third party vendors to sell pull-tabs for them. The permittee receives a 50% return immediately upon giving the vendor the pull-tabs. Operators currently can give the permittee a return as low as 15%.
Multiple beneficiary permits	No	Yes, allows permittees to band together to operate their permits jointly, using a management team that is answerable solely to the permittees. This allows economies of scale to benefit the permittees.
Departmental approval of contracts	No	Yes, requires the Department to approve contracts between operators and permittees.

Prohibit insider information	No	Yes, allows the Department to revoke, for a period of one year, the permit of an operator, vendor, or permittee upon proof that inside information about the game was given or acted upon.
Licensing out of State pull-tabs manufacturers	No	Yes, mandates that pull-tab manufacturers must be licensed by the Department before they can sell pull-tabs within the state.
Percentage return to charities	15% from total operations for two consecutive quarters	30% from pull-tabs 10% from all other operations

8-LS0279AM  
Luckhaupt  
4/9/93

CS FOR SENATE BILL NO. 76( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): SENATOR PEARCE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; allowing permittees to contract with  
2 vendors to sell pull-tabs on behalf of the permittee at establishments with liquor  
3 licenses; restricting the purchase of pull-tabs by certain persons; preventing  
4 persons with felony convictions or convictions for crimes involving theft or  
5 dishonesty or a violation of gambling laws from being involved in charitable  
6 gaming activities as a permittee, licensee, vendor, person responsible for an  
7 activity, fund raiser or consultant of a licensee, or employee in a managerial or  
8 supervisory capacity and providing exceptions for certain persons whose convictions  
9 are at least 10 years old and are not for violation of an unclassified felony  
10 described in AS 11, a class A felony, or extortion; relating to multiple-beneficiary  
11 charitable gaming permits and door prizes for charitable gaming; requiring  
12 operators to pay permittees each quarter at least 30 percent of the adjusted gross

1 income from a pull-tab activity and limiting operators to expenses of not more  
2 than 70 percent of the adjusted gross income from that activity; requiring  
3 operators to pay permittees each quarter at least 10 percent of the adjusted gross  
4 income from a charitable gaming activity other than pull-tabs and limiting  
5 operators to expenses of not more than 90 percent of the adjusted gross income  
6 from that activity; requiring a vendor contracting with a permittee to pay the  
7 permittee at least 50 percent of the ideal net for each pull-tab series delivered  
8 to the vendor by the permittee; requiring that operators report an adjusted gross  
9 income of at least 15 percent of gross income each quarter; prohibiting the direct  
10 contribution of proceeds of a bingo or pull-tab game to a candidate for a public  
11 office of the state or a political subdivision of the state or to that candidate's  
12 campaign organization; prohibiting the payment of any portion of the net proceeds  
13 of a charitable gaming activity to a registered lobbyist; relating to 'political uses'  
14 and 'political organizations' as those terms are used in the charitable gaming  
15 statutes; and providing for an effective date."

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

17 \* Section 1. AS 05.15.060 is amended to read:

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

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

23 (2) a method of ascertaining net proceeds, the determination of items  
24 of expense that may be incurred or paid, and the limitation of the amount of the items  
25 of expense to prevent the proceeds from the activity permitted from being diverted to  
26 noncharitable, noneducational, nonreligious, or profit-making organizations, individuals,

1 or groups;

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

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

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

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

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

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

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

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

1 is surrendered, revoked, or invalidated;

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

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

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

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

12 \* Sec. 3. AS 05.15.070 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 \* Sec. 10. AS 05.15.124 is amended to read:

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

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

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

1 (1) report an adjusted gross income of at least 15 percent of gross  
2 income for each quarter [TWO CONSECUTIVE QUARTERS] based on the total  
3 operation of the operator; or

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

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

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

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

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

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

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

1 may be issued or renewed.

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

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

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

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

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

29 (1) the direct contribution of proceeds of a bingo or pull-tab game  
30 to a candidate for a public office of the state or a political subdivision of the state  
31 or to that candidate's campaign organization;

1                   (2) the payment of any portion of the net proceeds of the charitable  
2                   gaming activity to a lobbyist registered under AS 24.45; or

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

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

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

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

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

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

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

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

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

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

31                         (5) gives or acts upon any inside information on the status of the prizes

1 awarded or to be awarded in a pull-tab game.

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

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

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

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

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

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

18 (g) A municipality or a qualified organization may award a maximum of  
19 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if  
20 a municipality or a qualified organization contracts with an operator to conduct on its  
21 behalf activities authorized under this chapter, the municipality or qualified  
22 organization may award a maximum of \$500,000 in prizes each year. The holders of  
23 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in  
24 prizes each year of \$1,000,000 times the number of holders of the permit for  
25 activities authorized under this chapter. In this subsection "activities authorized  
26 under this chapter" means all activities subject to this chapter other than bingo.

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

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

1 \* Sec. 21. AS 05.15.183 is amended by adding a new subsection to read:

2 (e) A distributor may not

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

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

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

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

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

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

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

20 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50  
21 or more to a person with a pull-tab card entitling the person to that prize unless the  
22 person signs a receipt for the prize and returns the receipt to the permittee, operator,  
23 or vendor. The receipt must be in a form approved by the department.

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

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

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

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

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

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

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

27           (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into  
28 a written contract with that vendor. The department may inspect this contract. If the  
29 contract contains provisions that violate this chapter or the regulations adopted under  
30 it, the department may declare the contract void, and may suspend or revoke the  
31 registration of the vendor and the permit of the permittee.

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

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

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

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

11 (k) Pull-tabs may be sold by a vendor under this section through a pull-tab  
12 ticket dispensing machine authorized by the department under AS 05.15.060. The  
13 department may require by regulation that all pull-tab sales by a vendor be through a  
14 ticket dispensing machine.

15 \* Sec. 25. 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. 26. 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. 27. AS 05.15.210(27) is amended to read:

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

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

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

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

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

20 (A) is responsible for gaming receipts;

21 (B) has the authority to hire employees or to dismiss or  
22 otherwise discipline them;

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

24 (D) is responsible for keeping the accounts for activities under  
25 this chapter;

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

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

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

31 (40) "vendor" means a business whose primary activity is not regulated

1 by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,  
2 holds a business license under AS 43.70, and is an establishment licensed under  
3 AS 04.11.

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

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

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

4-10-93  
Adopted

AMENDMENT

OFFERED IN THE SENATE

BY \_\_\_\_\_

TO: CSSB-76 (JUD)

Page 2, line 17:

Add a new section to read:

"\* Section 1. SHORT TITLE. This Act may be known as the Gaming Reform Act 1993."

Renumber the remaining sections accordingly.

SENATE FINANCE  
COMMITTEE  
Amendment Number: (i)  
Bill Number: SB 76  
Sponsor: \_\_\_\_\_ Date: 4/10/93  
Logged In By: (Bm)

April 7, 1993

*Dear House Finance Committee Members:*

*During your recent hearings on HB 138, 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,*

*SS Walter J. Hickel*

*Walter J. Hickel  
Governor*

*bcc: House Speaker Ramona Barnes  
Representative Carl Moses  
Representative Brian Porter  
Senator Steve Frank  
Senator Drue Pearce  
Commissioner Paul Fuhs*

*WJH/WO/DCED/BPM/pw  
Gaming.ltr*

*0864/03  
Gaming letter to legislature*

# HIGGINS CORP.

CAMPAIGNS • MEDIA • PUBLIC RELATIONS

3707 Woodland Drive  
Suite 2  
Anchorage, AK 99517  
(907) 243-7908

TIME 0.....

17 BUBBLES - TRAFFIC  
Post-It™ brand fax transmittal memo 7871 # of pages 1

To: JERRY JENSEN	From: D. HIGGINS
Co. KASH	Co. HIGGINS CORP
Dept. SALES	Phone # 243-7908
Fax # 349-6801	Fax # 243-3027

TO: KASH

DATE: 4/07/93

SALES REP: JERRY JENSEN

CONTACT: DEE212

ADVERTISER: ALASKANS FOX LESS GAMING

SPECIAL INSTRUCTIONS: 6A-7P-RUN DAP

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
		7	8	9	10	11
		6x	6x			
12	13					

START DATE: 4/07  
END DATE: 4/08  
LENGTH: 160

Gross	\$	540.00
Agency Commission		21.00
Net	\$	459.00

## "LESS" LOBBYING HARD FOR MORE

The opponents of the CSSB 76 must be getting worried that gaming reform legislation is gaining momentum in the House. The Senate has already moved the bill.

This afternoon's airwaves in Anchorage carried the following announcement paid for by "Alaskans for Less Gaming":

If you're concerned about the future of Alaska's children, please listen to this ad. In the next few days, our State Senate will vote on the bill that would dramatically increase gambling in Alaska. The bill would authorize the sale of pull-tabs in every bar. It would allow a statewide lottery to be run on public radio and t.v. And, worst of all, it would put our children at risk by legalizing gambling not just in bars, but everywhere. In every mall, in every store, and easily within the reach of our children. The impact would be devastating. But, it's not too late and you can help by calling your legislators today and letting them know you oppose Senate Bill 76 . . . that use of alcohol, gambling and children don't mix. Send a free public opinion message by calling your legislative information office today. With so much at stake, let's make sure that our legislators know we're watching and that we cared enough to call.

The "ALASKANS FOR LESS GAMBLING" bought this time. This organization has no prior recognition or standing with APOC, but is clearly engaged in the lobbying efforts to kill pending legislation, specifically CSSB 76.

You might ask "why?". This is a fascinating case of "LESS IS MORE." The company which produced the ad and bought time on at least two Anchorage radio stations is in fact the Higgins Corp, owned by Mark Higgins. This is the same Mark Higgins who has run the political campaigns of several past and currently elected officials. . . . the same Mark Higgins who was paid more than \$65,000 in 1991 to lobby for the Alaska Charitable Gaming Association (ACGA).

The ACGA is a consortium of 50 gaming operators, posing as a "charity", who contribute some of their gaming proceeds to this

association for "political, legal and lobbying" expenses.

Coincidentally, the address of the ACGA is the same as Higgins Corp and is upstairs from the Alaska Bingo Management, the largest pull-tab distributor and gaming operator in Alaska.

When the LESS phone number was checked, Higgins Corp (Debbie Higgins?) answered. The Higgins Corp voice allowed that they "sponsored" LESS.

Some operators are honorable businesses assisting in the fund-raising for true charities. ALASKANS FOR LESS GAMBLING is a very clear demonstration of charity money gone astray. The dark side is control.

Honest Alaskans who support fund-raising for true charities are at serious risk. This \$204 million industry is trying to protect itself.

This reform legislation must pass.

**Authorized Games of Chance and Skill**

<b>Name of Permit Holder</b>	<b>Permit Number</b>
Alaska Charitable Gaming Assn.	91-1166

**SCHEDULE D.  
DONATIONS OF NET PROCEEDS**

Net proceeds from gaming activities must be dedicated within one year to the awarding of prizes, and to political, educational, civic, public, charitable, patriotic or religious uses in Alaska. (See AS 05.15.150) List below all dedications of net proceeds. Use additional pages as necessary, or any reasonable facsimile that contains all of the requested information.

RECIPIENT	PURPOSE	AMOUNT	DATE	CHECK NO.
Mark Higgins	Lobbyist	5000.00	1/14	1090
Dept. Commerce/Econ Dev.	Copying	15.00	1/15	1092
Mark Higgins	Lobbyist	5000.00	2/25	1093
Mark Higgins	Lobbyist	8000.00	3/26	1095
Mark Higgins	Lobbyist	7000.00	4/17	1096
Mark Higgins	Lobbyist	5000.00	5/07	1097
Mark Higgins	Lobbyist	5000.00	5/23	1098
Dept Commerce/Econ Dev	Biannual report	15.00	6/19	1099
Mark Higgins	Lobbyist	5000.00	7/23	1102
Dept Commerce/Econ Dev	1991 1% fee	122.61	6/27	1100
Dept Commerce/Econ Dev	Due on '91 gross est.	150.00	6/27	1101
Armed Services YMCA	Contribution	200.00	8/06	1104
Mark Higgins	Lobbyist	3000.00	8/15	1105
Mark Higgins	Lobbyist	3500.00	9/31	1106
Mark Higgins	Lobbyist	6500.00	10/21	1107
Mark Higgins	Lobbyist	5000.00	11/18	1108
Dept Commerce/Econ Dev	1992 Permit Fee	100.00	11/19	1109
Mark Higgins	Lobbyist	5000.00	12/07	1110
WISE Project	Contribution	5000.00	12/27	1112
Johnny Ellis	Political Contribution	1000.00	12/31	1114
Max Gruenberg	Political Contribution	1000.00	12/31	1115
Mark Begich	Political Contribution	1000.00	12/31	1116
David Finkelstein	Political Contribution	1000.00	12/31	1117
<b>TOTAL AMOUNT. Enter here and on page 1, line 9</b>		<b>74,602.61</b>		

FRED W. TRIEM  
ATTORNEY AT LAW  
PROCTOR IN ADMIRALTY

BOX 129  
PETERSBURG, ALASKA 99833

(907) 772-3911

12 April 1993

Senate Finance Committee  
Alaska Senate  
Juneau, Alaska

[COPY SENT BY FAX]

In re: SB 76--Public Broadcasting Gaming Option

Dear Senators:

Senator Kelly's proposal to eliminate the provision of SB 76 that would benefit public broadcasting is a profound disappointment to us. (We are referring to the portion of SB 76 that would allow public broadcasting in Alaska to conduct a statewide game.) As you have heard, public broadcasting is in deep financial trouble (due to the cuts in its budget in recent years). We see the negative effects of these budget cuts in our public radio and television.

Alas, Senator Kelly's objections focus on the portion of the bill that would benefit public broadcasting. If these objections are sustained by the Finance Committee, then public broadcasting would lose this potential source for much-needed additional revenue. Worse yet, this would blockade a source of revenue that would not be at public expense. We suggest that the Committee should not preclude a source of revenue that will not require a legislative appropriation. In other words: let's help them who can help themselves!

We would appreciate your continued support for public broadcasting and we ask you to please retain the provision of SB 76 that supports public broadcasting in Alaska. Thank you for considering our views.

Sincerely,

*Fred W. Triem*  
*Karen E. Ellingstad*  
Fred W. Triem  
Karen E. Ellingstad



WILLIE LEWIS  
President

**LABORERS' INTERNATIONAL UNION  
of NORTH AMERICA  
LOCAL 942**

315 BARNETTE ST., FAIRBANKS, ALASKA 99701-4566, (907) 456-4584  
710 W. 9th AVE., JUNEAU, ALASKA 99801, (907) 586-2860  
FAIRBANKS FAX (907) 452-6285  
JUNEAU FAX (907) 586-5757



JOE J. THOMAS  
Business Manager  
Secretary-Treasurer

April 14, 1993

All Members of the Alaska State Senate  
State of Alaska  
Juneau, Alaska

Dear Senator:

I am writing to enlist your assistance in defeating Senate Bill 76 - Charitable Gaming. This bill is a blatant, calculated abuse of political power. It is an attempt to disenfranchise the working people of this state from participating voluntarily in raffles or pull tabs from which proceeds are used to support candidates in local and statewide elections. Not only are portions of these proceeds used for political donations, they are also used to support hundreds of nonprofit organizations, which are already being cut from municipal and state budgets, as well as scholarships, children's sports, and numerous other charities. I ask you to check the A. .O.C. reports and State Form 08-4046 Annual Financial Statement for Games of Chance and Contests of Skill and see the many beneficial uses of these funds. This bill strikes at the very heart of Democracy. It denies the average worker from participating in the important process of promoting and supporting candidates who do not necessarily agree with the powerful big businesses and their myriad of lobbyists. Political differences come and go but people should not be denied their right to vote their opinions.

Buying a ticket or purchasing a pull tab is a personal choice. If it is respectable enough for churches and other organizations, why should Unions and their members be denied this same right? There is only one answer. Those who support this bill are attempting to further tip the balance of power to the side of the rich and powerful. As we already know, donations come easily from those who have money to the politicians that will do their bidding. To deny working people and other rank-and-file organizations the right to make political contributions through one of the few avenues available to them invites plutocracy.

The working people of Alaska will not tolerate further infringement on their rights. They are counting on you and your associates in Juneau to do the right thing. Please vote **NO** on Senate Bill 76. Thank you for your attention to this extremely important matter.

Respectfully,

  
Joe J. Thomas, Business Manager/Secretary-Treasurer  
Laborers Local 942

Sen. Drew Perce

The Anchorage Area Epilepsy Society - totally  
Endorses the Roger Cunningham Amend-  
ment to your S.B. 76 on Gambling.

Something has to be done to protect our  
interest, to a greater degree.

Another thought - The Alaskan Gaming  
Commission should do is study other  
state methods. Minnesota has a very  
good one.

Thank you for taking the time  
to introduce a bill to help the non-  
Profits in this area.

Sincerely,

Lila E. Thompson, Director  
of the Anchorage Area Epilepsy Society



Working for  
Alaska's  
Mental  
Health

## Alaska Mental Health Association

4050 Lake Otis Parkway, Suite 202 • Anchorage, Alaska 99508 • (907) 563-0880

February 10, 1993

Sen. Drue Pearce  
Alaska State Capitol  
Juneau, Ak 99801-1182

Dear Senator Pearce

I read in the Anchorage Daily News that you are sponsoring legislation that would bar convicted felons or those with illegal gambling convictions from participation in charitable gaming. On behalf of the Mental Health Association, this letter supports your efforts.

Over the past several years, AMHA has raised a substantial portion of its annual budget by the sale of pull-tabs in both "leased space" arrangements and with a commercial operator. Our revenues were severely curtailed by the ban on "3rd Party Vendors" in December, 1990. With the passage of your legislation, perhaps a sound, business-like 3rd party vendor bill would be possible.

We have explicit trust in those who operate under our permit. Over time however, we have been approached by a any number of operators and promoters offering fundraising opportunities "too good to be true...."

It is our sincere belief that some of those persons (who made "too-good-to-be-true" offers) are the very element your bill would seek to eliminate from charitable gaming in Alaska. We applaud your effort on our behalf.

Yours truly

G. Steven Durgan  
Alternate-Member-In-Charge  
Fund Raising Coordinator for Charitable Gaming



# DIAMOND JIM'S ENTERPRISES

P.O. Box 2068 • Kodiak, AK 99615 • (907)488-3959

James L. Fisk Jr.  
Chief Executive Officer

FEBRUARY 11, 1993

SENATOR DRUE PEARCE  
STATE OF ALASKA DIST. "F"  
CO-CHAIRPERSON FINANCE  
JUNEAU, ALASKA 99801-1182  
907-465-4993 OFFICE  
907-465-3872 FAX

REFERENCE: SENATE BILL #76

DEAR SENATOR PEARCE:

THANKS, WHAT A BREATH OF FRESH AIR YOUR BILL WOULD BRING TO THE GAMES OF "CHANCE AND SKILL". ITS TOO LITTLE TO LATE IS NOT THE WORDS, ITS BETTER LATE THAN NEVER. THANKS AGAIN...

SENATOR, LOOKING AT THE HISTORY OF GAMBLING NATION WIDE (85%) OF THE ABUSERS ARE CONVICTED FELONS OR SECOND TIME OFFENDERS. BUT IN ALASKA SINCE THE GAMING REFORM ACT OF (1988) WAS PASSED THEIR HAS BEEN A PATTERN OF ABUSE BY FORMER FELONS OR ABUSERS OF THEFT OR DISHONESTY, OR VIOLATIONS OF MUNICIPAL, STATE, OR FEDERAL GAMBLING LAWS.

THE PERMITTEES HAVE BEEN TRYING FOR A NUMBER OF YEARS TO GET THE LEGISLATURE TO BAN THAT TYPE OF ACTIVITIES DESCRIBED IN YOUR BILL NO.76, WITH NO AVAIL.

SENATOR PEARCE AND THE REST OF THE LEGISLATURE MUST LISTEN TO THE PERMITTEES WHO ARE THE ONES THAT HOLD THE RIGHT TO DO GAMING IN ALASKA, AND MUST NOT ALLOW ANY STRONG INFLUENCE FROM ANY POLITICAL, OR POLITICAL ORGANIZATIONS WHO MY RECEIVE ANY CONTRIBUTION, OR PROCEEDS FROM ANY GAMING ACTIVITIES LICENSED TO OPERATE IN THE STATE OF ALASKA.

TO IN SURE THAT THIS BILL PASSES THE EIGHTEENTH LEGISLATURE-FIRST SESSION WE AS PERMITTEES WILL DO EVERYTHING POSSIBLE IN SUPPORTING YOUR BILL AND OTHER AMENDMENTS THAT WILL AID TO A BETTER GAMING INDUSTRY IN ALASKA.

SINCERELY,

*[Signature]*  
JAMES L. FISK JR.

Diamond Jim's Harvester Inn  
1223 Mill Bay Road  
(907)488-4428

P.S. Ribbon last night, none  
in stock at office sorry.

Office  
(907)488-3959  
(907)488-7088  
FAX (907)488-7099

Fisk's Trucking  
3728 Otneloi Way  
(907)488-3959



# DIAMOND JIM'S ENTERPRISES

P.O. Box 2068 • Kodiak, AK 99615 • (907)486-3959

James L. Fisk Jr.  
Chief Executive Officer

APRIL 5, 1993

SENATOR DRUE PEARCE  
STATE OF ALASKA DIST. "F"  
CO-CHAIRPERSON FINANCE  
JUNEAU, ALASKA 99801-1182  
907-465-4993 office  
907-465-3872 fax

REFERENCE: SENATE BILL # 76 (1993)

DEAR SENATOR PEARCE:

THE LEGISLATORS HAD A DREAM, IN THE MID-EIGHTY'S AND THAT DREAM WAS TO SLOW DOWN THE FLOW OF MONEY FROM STATE OF ALASKA GENERAL FUND FOR NONPROFIT ORGANIZATIONS. THAT IS HOW THE 1988 GAMING REFORM ACT WAS CREATED AND AS WE HAVE GROWN FROM A 45 MILLION TO 212 MILLION (1991) AND WITH ANY LUCK AT ALL IN (1993) THE REVENUE SHOULD REACH 300 MILLION AND WITH GAMING POOL BOARDS THE REVENUE SHOULD TOP 500 MILLION BY (1994).

THE ABOVE WILL ONLY HAPPEN IF THE LEGISLATOR TAKES THE PROFIT OUT OF A HAND FULL OF PEOPLE AND PLACE IT IN THE HANDS OF THE CHARITABLE ORGANIZATIONS, ONE MUST REMEMBER THAT THOSE OPERATORS WERE NOT AROUND WHEN THE CHARITY'S HAD TO GO DOOR TO DOOR TO COLLECT FUNDS FOR THEIR SURVIVAL, CAKE WALKS, RAFFLES, CHINESE AUCTIONS.

SENATE BILL #76: ADDITIONS AND DELETIONS, .

1. PAGE (3) LINE (12) REQUIRED [DELETE]
2. PAGE (5) LINE (12) THOU (26)[DELETE] AND ADD THE FOLLOWING:  
"AN ACT PREVENTING PERSONS WITH FELONY CONVICTIONS"
3. PAGE (7) LINE (6) THOU (9) ADD THE FOLLOWING:  
"35 PERCENT OF THE ADJUSTED GROSS INCOME, AS DETERMINED UNDER (1) OF THIS SUBSECTION, FROM A PULL TAB ACTIVITY OR AT LEAST (15) PERCENT"--(8) FROM A GAMING ACTIVITY OTHER THAN PULL-TABS
4. PAGE (9) LINE (10) DELETE 70 PERCENT AND ADD 65 PERCENT,  
(14) DELETE 90 PERCENT AND ADD 85 PERCENT.
5. PAGE (11) LINE (22) ADD A PERMITTEE, OPERATOR, OR  
LINE (24) PERMITTEE, OPERATOR, OR VENDOR, LINE (24-25)  
DELETE "THE PULL-TAB CARD ENTITLING THE PERSON TO THE PRIZE  
MAY BE SIGNED AS THE RECEIPT". ADD THE RECEIPT SHALL BE  
OF A FORM APPROVED BY THE DEPARTMENT.

Diamond Jim's Harvester Inn  
1223 Mill Bay Road  
(907)486-4428

Office  
(907)486-3959  
(907)486-7088  
FAX (907)486-7099

Fisk's Trucking  
3728 Otmetol Way  
(907)486-3959

PAGE TWO: SENATE BILL #76 (FIN)

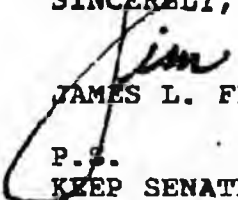
6. PAGE (12) LINE (7) DELETE \$50 AND ADD \$100, LINE (14) ADD ORIGINAL, LINE (28) DELETE \$50 AND ADD \$100.
7. PAGE (13) LINE (16) (17) DELETE ON BEHALF OF A OPERATOR. LINE (18) DELETE ONLY.

MAY I GO BACK TO THE VENDING MACHINES FOR PULL-TABS, IT IS NOT A GOOD IDEA TO FORCE THE CHARITABLE ORGANIZATIONS TO FUND THIS TYPE OF EQUIPMENT FOR THE STARTUP COST WOULD BE OUT OF THE QUESTION FOR MOST CHARITIES.

SENATOR, HERE ARE SOME OF THE DOWN SIDES OF THE VENDING MACHINES PLACED IN BUSINESSES THROUGH OUT THE STATE, SAMPLE: THE CHARITIES WANT TO PLACE THE VENDING MACHINES IN THIS BUSINESS AND THE VENDING MACHINE AGENT SAYS OK I'LL PUT THESE MACHINES IN THIS LOCATION ITS GOING TO COST YOU \$2500.00 PER MACHINE TEN MACHINES IS \$25,000.00 FOR START UP COST PLUS 18% INTEREST PLUS INSURANCE, FREIGHT, REPAIR BILLS, TRAVEL AND THE LIST GOES ON AN ON. THE POOR CHARITIES NEVER GET THE MACHINES PAID FOR SO THE OWNER OR AGENT WHO SOLD THE MACHINES SUES THE CHARITIES AND THE LIST GOES ON AN ON. PLEASE CAN WE JUST TRY AND WORK THIS REQUIREMENT OUT WITH A SUNSET CLAUSE THAT WE CAN LOOK AT IT IN JANUARY 1994 ROME WAS NOT BUILT IN 120 DAYS. MAY WE LEAVE THE DOOR OPEN TO MAKE YOUR OWN CHOICE.

THANK YOU FOR YOUR TIME IN MAKING THIS GAMING BILL BE A VERY GOOD BILL FOR THE CHARITIES, THEY ARE THE ONES THAT COUNT.

SINCERELY,

  
JAMES L. FISK, JR.

P.S.

KEEP SENATE BILL #76 AND HOUSE BILL #168 ON TRACK FOR 1993.

KODIAK, ALASKA: ORGANIZATIONS SUPPORT YOUR BILL AS AMENDED:

1] KODIAK LIONS CLUB	93 MEMBERS
2] RODEO STATE FAIR ASSOCIATION	281 MEMBERS
3] BAYSIDE FIRE DEPARTMENT	73 MEMBERS
4] VETERANS OF FOREIGN WARS #7056	427 MEMBERS
5] AMERICAN LEGION # 17	789 MEMBERS
6] BARANOFF PRODUCTIONS	257 MEMBERS
7] KODIAK LITTLE LEAGUE	366 MEMBERS
8] SMALL WORLD INC.	294 MEMBERS
9] BPOE LODGE #1772	302 MEMBERS

---

2882 MEMBERS

APR 05 1993

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

Senator Drue Pearce  
State Of Alaska Dist. "F"  
Juneau, Alaska

Re: Senate Bill # 76

Dear Senator Pearce:

I am writing again to voice my support for your efforts to clean up Gambling in Alaska and to give the charities their fair share of the revenues.

Your bill addresses those issues, I am sorry to see the softening on the felony convictions, other states are trying for life bans to keep these people out of Gambling for life. But I am pleased to see the percentage of revenues for the charities at a fair level.

I and the people here involved in pull-tabs are confused on the machine issue that is proposed. To one who has had experience in machines and the way that people play pull-tabs, this could be a disaster. From our point of view it would kill the essence of what we are trying to do, that is to lower costs and be able to have larger profits to the charities.

The machines are bulky, expensive, very difficult to upkeep. Maintenance is a problem, if you are in rural Alaska and your machine breaks down what do they do? Just picture trying to buy 100 pull-tabs with old bills that will not fit, we have people having problems buying a pack of cigarettes with old bills let alone a volume of items. Do we get tokens? Who pays. It is expensive, you would need massive volume, the bottom line is less to give the charities. This is a side issue. If you want an experiment on machines, that would be a good idea, let's try a few, or have an either or system for everyone. If the issue is games being milked or what ever the reason for machines, any machine can be counted as well as any box or bin. This is straying from what you are trying to do, CLEAN UP Gambling and give the Charities a FAIR share of the revenues.

Senator you are the Lightning rod and are under a lot of pressure and these side issues of machines are taking away from the main idea of getting Gambling in Alaska cleaned up and a fair share of revenues to the charities.

Its time to stay the course.

Sincerely,

  
Garry M. Langille, President



VETERANS OF FOREIGN WARS OF THE U.S.  
DEPARTMENT OF ALASKA  
P.O. Box 141988  
Anchorage, Alaska 99514

April 1, 1993

Alaska Legislators;

First, I would like to clarify my letter dated March 30, 1993, and apologize for any inconvenience's caused to Representative Romona Barnes in referring to her as proposing the "Quick Stop", referenced in these letters.

I still oppose any bill or legislation which would remove the ability of the Charitable Non-Profit Organizations to raise funds for their projects. As the Leader of Alaska's 6400 member Veterans Of Foreign Wars, I am writing to you to oppose the "QUICK STOP" being proposed by Governor Hickel, which would remove pull tab operations by non-profit organizations. And respectfully hope that this legislature will address the current gaming commission problems concerning the administrative regulations of the program. It is essential that the individual organizations are allowed to continue operations.

I really don't think the general public or the legislature realizes just how much money is raised, then donated to our states youth thru sports sponsorships and school scholarships, contributions to community services such as health clinics, food distribution organizations, etc.

This year alone, Veterans of Foreign Wars Posts will donate in excess of \$500,000. Ninety percent of our proceeds come from the operation of pull-tabs & Bingo. Removal of this ability to raise funds will either force the organizations to cease all of the positive efforts to make our communities a better place to live, or resort to illegal activities to continue the programs.

I think that the members of the legislature should talk to the school officials, local fire & police officials and other organizations who rely on the 'non-profit' donations to care for citizens in their communities.

Removal of this ability will in-fact place additional burdens on your already under funded educational and welfare systems.

Please assist us in resolving this issue by supporting SB 76 and HB 168 at the earliest possible date.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Larry J. Patch". The signature is written in a cursive style with a large initial "L".

LARRY J. PATCH  
Commander

VETERANS OF FOREIGN WARS OF THE UNITED STATES