

**ALASKA LEGISLATURE**

**1285**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996**

**HB**

**42**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/29/95

FURTHER: REPORTED OUT OF  
 SFC 2/22/96

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered **CS FOR HOUSE BILL NO. 42 (STA) am**

Absentee voting, electronic transmission of absentee ballot applications.

and recommends:

- be replaced with S CS CS HB 42 (FIN)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical change
- new: SCR# \_\_\_\_\_

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
Co-Chair <i>[Signature]</i>			<input checked="" type="checkbox"/>		
Co-Chair:					

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
Office of the Governor Div. of Elections	2/23/96		37.6
Diane Shriner advised we need new fiscal note and she said she would get it to us ASAP! <div style="text-align: right;"><i>Jerry</i> 2/22/96</div>			

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
Awaiting fiscal note from Div. of Elections.  <div style="text-align: right;">2/22/96 update attached 2/26/96</div>			

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSHB42

Revision Date: 2/23/96 Dept. Affected: Office of the Governor  
 Title: An Act relating to absentee voting, to electronic transmission of absentee ballot applications... BRU: Elective Operations  
 Sponsor: Representative Martin Component: Primary and General  
 Requester: Senate Finance Committee COMPONENT SERIAL NO. 22

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	13.0		13.0		13.0	
TRAVEL	0.0		0.0		0.0	
CONTRACTUAL	16.6		16.6		16.6	
SUPPLIES	0.0		0.0		0.0	
EQUIPMENT	8.0		0.0		0.0	
LAND & STRUCTURES	0.0		0.0		0.0	
GRANTS, CLAIMS	0.0		0.0		0.0	
MISCELLANEOUS	0.0		0.0		0.0	
<b>TOTAL OPERATING</b>	<b>37.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	37.6		29.6		29.6	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>37.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY	1		1		1	

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

Passage of CSHB 42 would require the purchase of 3 fax machines in FY97 (\$8.0). Processing the absentee applications would require an additional temporary employee- Range 8A- for six months(\$13.0). The contractual expenses (\$16.6) include the installation and monthly charges for three fax lines during the election cycle.

Prepared by: Dana LaTour Phone: 465-5347  
 Division: Division of Elections Date: 2/23/96  
 Approved by: \_\_\_\_\_ Date: 2/23/96  
 Commissioner: Lt. Governor Fran Ulmer  
 Agency: Office of the Lt. Governor

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reported out  
2/22/96

9-LS02111C

.. immediate effective date "  
Sen. Zharoff moved  
approved.

**CS FOR HOUSE BILL NO. 42 (STA) am**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE STATE AFFAIRS COMMITTEE**

**Amended: 3/1/95**

**Offered: 1/25/95**

**Sponsor(s): REPRESENTATIVES MARTIN, Mulder**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to absentee voting, to electronic transmission of absentee ballot  
2 applications, and to delivery of ballots to absentee ballot applicants by electronic  
3 transmission, and enacting a definition of the term 'state election' for purposes  
4 of absentee voting."

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

6 \* **Section 1.** AS 15.20 is amended by adding a new section to read:

7 Sec. 15.20.066. **VOTING BY ELECTRONIC TRANSMISSION.** (a) The  
8 director shall adopt regulations applicable to the delivery of absentee ballots by  
9 electronic transmission in a state election and to the use of electronic transmission  
10 absentee voting in a state election by qualified voters. The regulations must

11 (1) require the voter to comply with the same time deadlines as for  
12 voting in person on or before the closing hour of the polls;

13 (2) ensure the accuracy and, to the greatest degree possible, the

1 integrity and secrecy of the ballot process.

2 (b) An absentee ballot that is completed and returned by the voter by  
3 electronic transmission must

4 (1) contain the following statement: "I understand that by using  
5 electronic transmission to return my marked ballot, I am voluntarily waiving a portion  
6 of my right to a secret ballot to the extent necessary to process my ballot, but expect  
7 that my vote will be held as confidential as possible.", followed by the voter's  
8 signature and date of signature; and

9 (2) be accompanied by a statement executed under oath as to the  
10 voter's identity; the statement under oath must be witnessed by

11 (A) a commissioned or noncommissioned officer of the armed  
12 forces of the United States;

13 (B) an official authorized by federal law or the law of the state  
14 in which the absentee ballot is cast to administer an oath; or

15 (C) two United States citizens who are 18 years of age or older.

16 \* Sec. 2. AS 15.20.081(a) is amended to read:

17 (a) A qualified voter may apply by mail or by electronic transmission to the  
18 director for an absentee ballot. The application must [SHALL] include the address or,  
19 if the application requests delivery of an absentee ballot by electronic  
20 transmission, the telephone electronic transmission number, to which the absentee  
21 ballot is to be returned, the applicant's full Alaska residence address, and the  
22 applicant's signature. However, a person [PERSONS] residing outside the United  
23 States and applying to vote absentee in federal elections in accordance with  
24 AS 15.05.011 need not include an Alaska residence address in the application.

25 \* Sec. 3. AS 15.20.081(b) is amended to read:

26 (b) An application requesting delivery of [FOR] an absentee ballot to the  
27 applicant by mail must be received by the division of elections not less than seven  
28 [FOUR] days before the election for which the absentee ballot is sought. An  
29 application for an absentee ballot for a state election from a qualified voter  
30 requesting delivery of an absentee ballot to the applicant by electronic  
31 transmission must be received by the division of elections not less than four days

1 before the election for which the absentee ballot is sought. An [THE] absentee  
2 ballot application submitted by mail under this section must permit the person to  
3 register to vote under AS 15.07.070 and to request an absentee ballot for each state  
4 election held within that calendar year for which the voter is eligible to vote. An  
5 absentee ballot application submitted by electronic transmission under this section  
6 may not include a provision that permits a person to register to vote under  
7 AS 15.07.070.

8 \* Sec. 4. AS 15.20.081(c) is amended to read:

9 (c) After receipt of an application [BY MAIL], the director shall send the  
10 absentee ballot and other absentee voting material to the applicant by the most  
11 expeditious mail service. However, if the application requests that an absentee  
12 ballot for a state election be sent by electronic transmission, the director shall  
13 send the absentee ballot and other absentee voting material to the applicant by  
14 electronic transmission. The absentee ballot and other absentee voting [THE]  
15 material shall be sent as soon as they are ready for distribution. If the absentee ballot  
16 and other absentee voting material are mailed to the applicant, the [THE] return  
17 envelope sent with the ballot and other materials shall be addressed to the election  
18 supervisor in the district in which the voter is a resident.

19 \* Sec. 5. AS 15.20.081(e) is amended to read:

20 (e) An absentee ballot must be marked on or before the date of the election.  
21 Except as provided in (h) of this section, a voter who returns the absentee ballot by  
22 mail, whether provided to the voter by mail or by electronic transmission, shall use  
23 a mail service at least equal to first class and mail the ballot not later than the day of  
24 the election to the election supervisor for the election district in which the voter seeks  
25 to vote. Except as provided in AS 15.20.480, the ballot may not be counted unless it  
26 is received by the close of business on the 10th day after the election. If the ballot is  
27 postmarked, it must be postmarked on or before election day. After the day of the  
28 election, [NO] ballots may not [SHALL] be accepted unless received by mail.

29 \* Sec. 6. AS 15.20.081(g) is amended to read:

30 (g) The director shall maintain a record of the name of each voter to whom  
31 an absentee ballot is sent under this section [BY MAIL]. The record must list the

1 date on which the ballot is mailed or provided by electronic transmission and the  
2 date on which the ballot is received by the election supervisor and the dates on which  
3 the ballot was executed and postmarked.

4 \* Sec. 7. AS 15.20.082 is amended by adding a new subsection to read:

5 (e) The provisions of AS 15.20.066 and 15.20.081 relating to electronic  
6 transmission absentee voting do not apply to the procedures established in this section.

7 \* Sec. 8. AS 15.20.211(b) is amended to read:

8 (b) If a voter requested an absentee ballot [BY MAIL] and the proper absentee  
9 ballot was not sent to the voter, the votes cast by the voter on the ballot received  
10 which are for write-in candidates the voter could have voted for if the voter had  
11 received and voted the proper absentee ballot shall be counted.

12 \* Sec. 9. AS 15.20 is amended by adding a new section to read:

13 Sec. 15.20.225. DEFINITION OF "STATE ELECTION." In AS 15.20.010 -  
14 15.20.225, "state election" means a primary, general, or special election a purpose of  
15 which is to

16 (1) select, nominate, or elect a governor, a lieutenant governor, an  
17 acting governor, a state senator, or a state representative;

18 (2) select, nominate, or elect delegates to a constitutional convention;

19 (3) approve or reject an initiative submitted under art. XI of the state  
20 constitution and AS 15.45.190 - 15.45.200 or a referendum submitted under art. XI of  
21 the state constitution and AS 15.45.420 - 15.45.440;

22 (4) recall an official identified in (1) of this section when authorized  
23 by art. XI of the state constitution and AS 15.45.650 - 15.45.690;

24 (5) approve or reject a proposed constitutional amendment submitted  
25 under AS 15.50; or

26 (6) ratify or reject a state general obligation bond when authorized by  
27 AS 37.15.

REVISED FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: Absentee Balloting by FAX  
Sponsor: Representative Martin  
Requestor: \_\_\_\_\_

Department Affected: Office of the Governor  
BRU: Division of Elections  
Component: Primary and General  
COMPONENT SERIAL NO. 22

EXPENDITURES/REVENUES:

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL	0	13.0	0	13.0	0	13.0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	18.8	0	18.8	0	18.8
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	8.0	0	0	0	0
LAND &	0	0	0	0	0	0
GRANTS,	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL	0	37.8	0	28.8	0	29.5

CAPITAL	0	0	0	0	0	0
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REVENUE						
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FUNDING:

1002 Federal	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	37.8	0	28.8	0	28.8
1005 GF/Program	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	37.8	0	28.8	0	28.8

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	1	0	1	0	1

Estimate of current year (FY95) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: David Kolvanemi, Acting Director  
Division: Division of Elections

Phone: 485-4811  
Date: January 20, 1995

Approved by Commissioner: Fran Ulmer, Lieutenant Governor  
Agency: Office of the Governor  
January 20, 1995

Date:

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Rev 12/93

Page 1 of 1

COMMITTEE COPY

# FISCAL NOTE

*Checked 2/23/96  
sent to the Secretary*

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSHB42

Revision Date <u>2/23/96</u>	Dept Affected <u>Office of the Governor</u>
Title <u>An Act relating to absentee voting, to electronic transmission of absentee ballot applications.</u>	BRU <u>Elective Operations</u>
Sponsor <u>Representative Martin</u>	Component <u>Primary and General</u>
Requester <u>Senate Finance Committee</u>	COMPONENT SERIAL NO. <u>22</u>

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	13 0		13 0		13 0	
TRAVEL	0 0		0 0		0 0	
CONTRACTUAL	16 6		16 6		16 6	
SUPPLIES	0 0		0 0		0 0	
EQUIPMENT	0 0		0 0		0 0	
LAND & STRUCTURES	0 0		0 0		0 0	
GRANTS, CLAIMS	0 0		0 0		0 0	
MISCELLANEOUS	0 0		0 0			
<b>TOTAL OPERATING</b>	<b>37.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	37 6		29 6		29 6	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>37.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>	<b>29.6</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 0 0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY	1		1		1	

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

Passage of CSHB 42 would require the purchase of 3 fax machines in FY97 (\$8.0). Processing the absentee applications would require an additional temporary employee- Range 8A- for six months(\$13.0). The contractual expenses (\$16.6) include the installation and monthly charges for three fax lines during the election cycle.

Prepared by: Dana LaTour  
Division: Division of Elections

Phone: 465-5347  
Date: 2/23/96

Approved by: \_\_\_\_\_  
Commissioner: Lt. Governor Fran Ulmer  
Agency: Office of the Lt. Governor

Date: 2/23/96

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

# Alaska State Legislature



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

JAN 15 - MAY 15 465-3783  
STATE CAPITOL  
JUNEAU, AK 99801-1162

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

## MEMORANDUM

**DATE:** May 1, 1995

**TO:** Senator Rick Halford, Co-Chair  
Senate Finance Committee

**FROM:** Representative Terry Martin *TMM*

**RE:** Scheduling of *CSHB42 (STA) am*

---

At your earliest convenience, would you please schedule *CSHB 42 (STA) am* relating to the use of a electronic transmission to receive and send absentee ballots.

The support information and backup material are attached. If you have any questions, please contact Tom Anderson in my office at 6590.



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

# Alaska State Legislature



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

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

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

## SPONSOR SUMMARY *CSHB 42 (STA) am*

### An Act relating to absentee voting by electronic transmission.

The intent of *CSHB42 (STA) am* is to allow residents of Alaska voting absentee to utilize electronic transmission, whether in-state, out-of-state in the United States, or outside of the United States.

#### Need for Legislation

Alaska's voter population is diverse and geographically dispersed. Many individuals require assistance in voting, specifically the physically challenged, elderly, and non-English speaking voters. In addition, our Armed Service members stationed outside of Alaska have encountered difficulties in absentee voting. Military members outside the U.S. have reported an escalation in absentee problems through failures in our postal system, changes in electoral regulations, and simple misinstruction. With regard to the military, 1994 reports reveal that there are approximately 15,600 Alaskan residents serving in the Armed Forces alone, in addition to over 12,000 spouses and dependents of voting age, and almost 6,000 Alaskan citizens not affiliated with the federal government but who claim legal residence in Alaska.

These figures do not include the other Alaskan residents who vote out-of-state by absentee such as college students, state employees, private business people who must leave state for work, and even vacationers. Nor do the statistics reference in-state travelers who may not be in their election district during a state election but could utilize electronic transmission to cast their absentee ballot. This is especially helpful when one considers the potential delays and difficulties in traveling throughout Alaska.

The national trend is to expand voting practices and allow those individuals voting absentee the most expeditious means by which to cast their ballot. In terms of Alaska's requirements, there is a 36-45 day ballot transmission time. Ballots are mailed 21-30 days before the election. Marked ballots mailed by voters within the United States will be counted if postmarked by the day of the election



and if received by the Division of Elections by the tenth day following the election. Ballots returned by voters outside the United States must be received by the Division of Elections by the fifteenth day following the election. Alaska also provides a Special Write-in Absentee Ballot, which is available 60 days before the election.

Over the last two decades, absentee ballot procedures and postal service problems have resulted in the loss and delay of numerous absentee voters' ballots. In the 1988 presidential election, 200,000 U.S. military personnel alone tried to vote absentee but were unable to do so because they didn't receive their ballot on time or at all. Presently, the following ten (10) states and territories accept a voted ballot by fax: Hawaii, Indiana, Kansas, Louisiana, Montana, North Dakota, Utah, Washington, District of Columbia, and Virgin Islands. In the 1992 presidential election 699 election offices in 49 states operated fax machines to distribute information and material to voters.

The purpose of *CSHB42 (STA) am* is not to substitute the use of electronic transmission over mail service, but to decrease lost, delayed, or denied absentee ballots due to time constraints. The use of electronic transmission maintains confidentiality while furthering speed and efficiency. In essence, it expands the use of alternative voting procedures which, if not utilized, might otherwise disenfranchise an Alaskan resident voting absentee when time is of the essence.



## SECTIONAL ANALYSIS

### *CSHB 42 (STA) am*

**An Act relating to absentee voting by electronic transmission.**

#### Section 1.

Directs Division of Elections to adopt regulations establishing absentee voting by electronic transmission. Requires compliance with current deadlines while ensuring accuracy, integrity and secrecy. Requires signature by absentee voter of a statement establishing the voluntary waiver of a portion of secrecy and an oath to be taken before commissioned/non-commissioned Armed Services member, federal or state official authorized to administer oath (in state where transmission will emanate), or by two U.S. citizens 18 or older.

#### Section 2.

Allows a qualified voter to apply for an absentee ballot by electronic transmission and to provide a corresponding transmit number for confirmation.

#### Section 3.

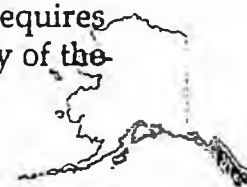
Requires a mailed application to be received by Division of Elections not less than seven days (changed from four days) before the election and an electronically transmitted application to be received not less than four days before the election. Prohibits registering to vote by electronic transmission.

#### Section 4.

Allows an absentee voter to request an absentee ballot and to receive an absentee ballot by electronic transmission.

#### Section 5.

Allows a completed ballot to be electronically transmitted by voter, but requires that any transmitted ballot be received by Division of Elections by the day of the election.



**Section 6.**

Requires the Division of Elections to record any electronically transmitted ballot.

**Section 7.**

Removes applicability of electronic transmission from AS15.20.082 which clarifies absentee voting by mail.

**Section 8.**

Allows absentee voter to write in eligible candidates if the wrong ballot was sent or electronically transmitted.

**Section 9.**

Defines "State Election" and lists potential candidates and issues that could be voted on by electronic transmission.



FEDERAL VOTING ASSISTANCE PROGRAM  
OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1155

March 21, 1995

The Honorable Drue Pearce  
President, Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Pearce:

The *Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA)*, which this office administers, concerns the absentee voting rights of over 15,600 Alaskan citizens currently serving in the Armed Forces. In addition, there are approximately 12,000 voting age spouses and dependents, and nearly 6,000 Alaskan citizens overseas not affiliated with the federal government that claim Alaska as their legal residence.

It is our understanding that CSHB 42(STA)am relating to the electronic transmission of election materials is again being considered this legislative session and has already passed the State House of Representatives. We feel passage of this legislation as amended would greatly facilitate the enfranchisement of citizens voting under the *Act*.

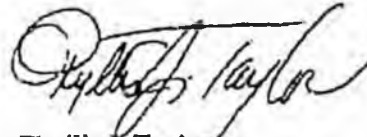
The primary problem citizens covered by *UOCAVA* experience is insufficient mail transit time for the entire process of requesting registration and ballot, receiving it and returning it in time to be counted. When this situation occurs, the alternative method of electronically transmitting election materials, may be the only option to help ensure these citizens are not disenfranchised. In fact, allowing for this alternative procedure will cut the transit time at least in half, thereby reducing the major obstacle to voting absentee by these citizens.

We also bring to your attention that this alternative procedure is at no cost to local election offices since all materials are faxed, toll free, on the secure fax line provided by the Federal Voting Assistance Program (FVAP), (800-368-8683). Once sent to the FVAP-operated processing center, the materials are routed to the fax number specified by the voter.

In 1992, voting materials were electronically routed to 699 local election offices in 49 states, the Virgin Islands, Puerto Rico and the District of Columbia. Voters served were located in 38 foreign countries as well as throughout the U.S. Currently, 36 states have successfully implemented electronic transmission of election materials.

On behalf of citizens covered by the UOCAVA, we urge Alaska legislators to adopt this alternative procedure which helps ensure voters are not disenfranchised.

Sincerely,

A handwritten signature in cursive script, appearing to read "Phyllis J. Taylor". The signature is written in black ink and is positioned above the printed name.

Phyllis J. Taylor  
Director

cc: Rep. Terry Martin

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

1907) 465-3867 or 465-2450  
FAX 1907) 465-2029  
Mail Stop 3101

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

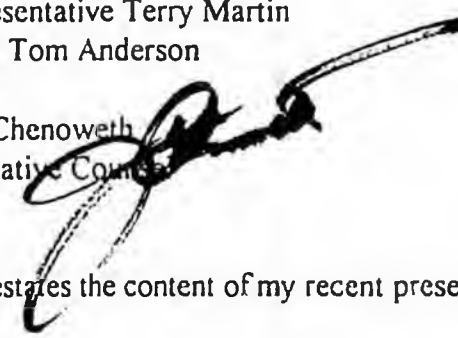
MEMORANDUM

February 10, 1995

**SUBJECT:** Effect of "secrecy of voting" guarantee of state constitution on CSHB 42(STA)

**TO:** Representative Terry Martin  
Attn: Tom Anderson

**FROM:** Jack Chenoweth  
Legislative Council



This memo summarizes and restates the content of my recent presentation to the House State Affairs Committee.

The second sentence of article V, section 3 of the Alaska constitution directs that, in matters relating to voting, "[s]ecrecy of voting shall be preserved." You have asked whether the provision would limit the use of those portions of CSHB 42 (STA) allowing the receipt and counting of votes cast by electronic transmission (facsimile transmission) in state elections. Under the bill draft, a voter casting a faxed vote acknowledges by signature that the casting of the vote using electronic transmission "voluntarily [waives the] right to a secret ballot."

While my conclusion is not free from doubt, I believe that, because a voter may voluntarily waive the secret ballot guarantee, the constitutional provision would not be read so as to cut off the state's efforts to authorize faxed voting.

As a general matter, the rule with respect to treatment of a constitutional guarantee of ballot or voting secrecy appears to be that, while compromise of the secrecy right will not be ordered, an individual may waive the personal right of voter secrecy. Hamilton v. Marshall, 282 P. 1058, 1059 (Wyo. 1929), State ex rel. Hutchens v. Tucker, 143 So. 745, 755-756 (Fla. 1932), and cases summarized at 97 A.L.R.2d 218, at 236 - 237. Thus, though identified and often referred to as a "right," other jurisdictions have, in effect, treated a state constitutional guarantee of secrecy in voting as a personal privilege of the voter.

The opportunity for the voter to waive the privilege may have influenced earlier electronic or faxed voting efforts in other states. From information you provided to me, it appears that the following jurisdictions have state constitutional provisions guaranteeing "secrecy of voting" or "purity of voting," and all have recently enacted a faxed voting arrangement for use in state or county election contests: Hawaii, Louisiana, Montana, North Dakota, Utah, Washington.

Representative Terry Martin

February 10, 1995

Page 2

Presumably, as legislation was under development, each considered the matter of the interrelationship between the respective state constitutional guarantee and the possible compromise of ballot secrecy that occurs when a faxed ballot is completed, transmitted, and received, and determined that the opportunity to cast a meaningful vote outweighed any assertion of violation of the constitutional right.

JBC:klb

95-065.klb

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

1031 WEST 4TH AVENUE, SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907) 259-5100  
FAX: (907) 276-3697

KEY BANK BUILDING  
100 CUSHMAN ST., SUITE 400  
FAIRBANKS, ALASKA 99701-4679  
PHONE: (907) 451-2811  
FAX: (907) 451-2846

P.O. BOX 110300-DIMOND COURT HOUSE  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 465-6735

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 13, 1995

Representative Terry Martin  
Alaska State Legislature  
State Capitol, Room 502  
Juneau, Alaska

Re: House Bill 42 and Ballot Secrecy

Dear Representative Martin:

As the sponsor of HB 42, you have asked for our opinion as to whether CSHB 42 (STA), which would allow voting by electronic transmission in certain circumstances, violates the portion of article V, section 3 of the Alaska Constitution that provides that "[s]ecrecy of voting shall be preserved." In our opinion the bill, if enacted, would not violate that provision. We believe that a court, if confronted with a constitutional challenge, would likely employ a balancing test, and would find that the minor infringement on ballot secrecy would be outweighed by the bill's effect of enfranchising voters.

There are no reported decisions of the Alaska Supreme Court construing the ballot secrecy language of article V, section 3. However, the minutes of the constitutional convention show that the language was not intended to be absolute. See 2 Minutes of the Alaska Constitutional Convention 812-14. The secrecy provision was offered as a floor amendment to the elections section of the constitution. During the brief debate on it, Delegate Kilcher asked, "How can secrecy be guaranteed if, as in the case of a blind person, in the case of a person who can't read, the election judges might have to assist?" President Egan referred the question to Delegate Hellenthal (not the amendment's sponsor), who responded that "the right to secrecy is not an absolutely unqualified right. It is like the right to freedom of speech. The classic example is that the right of freedom of speech does not give one the right to yell 'fire' in a crowded theatre." Id. at 814. Immediately following this exchange the amendment was adopted by voice vote.

Recognizing that constitutional rights are virtually never absolute, the Alaska Supreme Court has employed balancing of interests to determine whether governmental enactments are consistent with personal rights guaranteed by the Alaska Constitution. See, e.g., Messerli v. State, 626 P.2d 81 (Alaska 1980) (society's interest in knowing identity of person publishing newspaper advertisements seeking to influence outcome of vote on municipal bond proposition generally outweighs person's right, under free speech and privacy provisions of Alaska Constitution, to remain anonymous); Frank v. State, 604 P.2d 1068 (Alaska 1979) (Athabaskan's religious right, under article I, section 4, to have fresh game at potlatch outweighs state's interest in enforcing hunting season laws in these limited circumstances). We believe, therefore, that the court would use a balancing test here, as well.

The overriding purpose of provisions for ballot secrecy is to ensure that voters can vote as they wish, without intimidation or coercion. See, e.g., Kiehne v. Atwood, 604 P.2d 123, 127 (N.M. 1979) (quoting Carabajal v. Lucero, 158 P. 1088, 1092-93 (N.M. 1916)). CSHB 42 (STA) does not significantly interfere with this purpose.

We note first of all that CSHB 42 (STA) does not impinge on anyone's direct personal rights. Because no one is forced to submit a ballot by electronic transmission, anyone who chooses to vote in his manner is waiving whatever personal rights he or she has to ballot secrecy. And the bill contains a provision to guarantee that such a waiver will be a knowing and voluntary waiver: proposed AS 15.20.066(b)(1) requires that an absentee ballot returned by electronic transmission must contain a statement that the voter understands that, by using electronic transmission, he or she is voluntarily waiving the right to a secret ballot.

Moreover, CSHB 42 (STA)'s interference with society's general interest in ballot secrecy is minimal. Insofar as secrecy is compromised at the receiving end - the Division of Elections - the division can adopt regulations to ensure that its employees will not reveal how a ballot was voted. Insofar as secrecy is compromised at the sending end, a voter can decline to use electronic transmission if he or she fears coercion, or can request to send the ballot himself or herself. Moreover, it is likely that most people using electronic transmission will be out of state, and frequently out of the country, so that, when the ballot is transmitted, there will be no one present with any interest in how the voter votes.<sup>1</sup>

---

<sup>1</sup> Because CSHB 42 (STA) requires the division to adopt regulations, it can address specific problems that persons concerned with absentee voting by electronic transmission may have.

On the other side of the scale, CSHB 42 (STA) will apparently allow people to vote who now cannot. This includes people living overseas in places where the mail service is not reliable. In addition, it seems likely that the bill will encourage more people away from their normal voting places to vote absentee, by potentially making it easier to cast an absentee ballot.

In light of this minimal intrusion on ballot secrecy, and the beneficial effects of the bill, we believe that, if CSHB 42 (STA) is enacted into law and is challenged as unconstitutional, the courts would find that the balancing test clearly supports the bill's constitutionality.<sup>2</sup>

We note that there is already a section of the elections code which impairs ballot secrecy to at least as great a degree as CSHB 42 (STA) would. AS 15.15.240, enacted by the 1960 legislature, addresses the concerns expressed by Delegate Kilcher (set out above). It provides, in relevant part, "A qualified voter who cannot read, mark the ballot, or sign the voter's name may request an election judge, a person, or not more than two persons of the voter's choice to assist." In our opinion, it cannot be seriously argued that this provision is unconstitutional, in light of the constitutional minutes. We have the same opinion with regard to CSHB 42 (STA).

---

<sup>2</sup> As discussed above, CSHB 42 (STA) does not force anyone to send a ballot by electronic transmission, and therefore does not directly infringe on personal rights. Because of this, it seems possible that the courts would not insist on as strong a showing of governmental interest as is required in some other cases. Compare Frank v. State (requiring the government to show "compelling state interests").

Representative Terry Martin

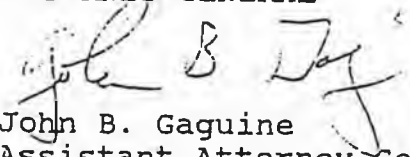
February 13, 1995  
Page 4

Please feel free to contact us if you have any questions about this letter.

Sincerely,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By:

  
John B. Gaguine  
Assistant Attorney General

JBG:kg

cc: Pat Pourchot  
Legislative Liaison  
Office of the Governor

Deborah Behr  
Assistant Attorney General  
Department of Law

1/18/95

Status of Electronic Transmission in the States & Territories*		
Allow FPCA by fax (37)	Accept blank ballot by fax (18)	Accept voted ballot by fax (10)
Arkansas	Arizona	Hawaii (under certain conds.)
Arizona	California	Indiana (declared emerg.only)
California	Hawaii (under certain conditions)	Kansas
Colorado	Idaho (in emergency only)	Louisiana
Connecticut	Indiana (declared emerg.only)	Montana (some counties)
Delaware	Kansas	North Dakota
Georgia	Louisiana	Utah
Hawaii (under certain conditions)	Montana (some counties)	Washington (some counties)
Idaho	Nevada (if reg. & OCONUS)	
Illinois (Armed Forces only)	New Jersey	District of Columbia
Indiana (declared emerg. only)	North Dakota	Virgin Islands
Iowa	Oregon	
Kansas	Utah	
Louisiana	Vermont	
Massachusetts	Washington	
Michigan	Wisconsin	
Minnesota		
Mississippi	District of Columbia	
Montana	Virgin Islands	
Nebraska		
Nevada (if reg. & OCONUS)		
New Jersey		
North Dakota		
Ohio (for ballot request only)		
Oklahoma		
Oregon		
Tennessee		
Texas		
Utah		
Vermont		
Virginia		
Washington		
Wisconsin		
American Samoa		
District of Columbia		
Guam		
Virgin Islands		

\* The above states have enacted either legislation or administrative instructions to allow for electronic transmission of voting materials.



DEPARTMENT OF THE AIR FORCE  
PACIFIC AIR FORCES

11 AF/CC  
5800 G St Ste 101  
Elmendorf AFB AK 99506-2130

21 DEC 1994

Representative Terry Martin  
355 Donna Dr, #11  
Anchorage AK 99504

Dear Representative Martin

I received your letter of November 30 requesting my support and assistance for your efforts to modify absentee voting requirements in Alaska to authorize use of telefax to request, receive, and return absentee ballots.

Federal laws and Department of Defense directives limit my ability to engage in activity in support of, or opposition to, particular issues. Specifically, I cannot use my official authority or influence in support of your bill.

I personally support your effort because it affects Alaska residents who are in the armed forces and stationed outside Alaska. Your proposal would make absentee voting easier and, therefore, should increase participation in the democratic process.

In my personal capacity, I support your efforts and could so indicate by signing a petition in support of your bill. Beyond that, my support is constrained by current guidelines.

Sincerely

A handwritten signature in cursive script, reading "Larry Boese", is written over the typed name.

LAWRENCE E. BOESE  
Lieutenant General, USAF  
Commander



3710 Woodland Drive, Suite 900  
Anchorage, AK 99517-2571  
Toll Free: (800) 770-4488  
(907) 248-4777  
Fax: (907) 248-0639  
TTY/TDD 248-8799

3550 Airport Way, Suite 3  
Fairbanks, AK 99709-4772  
Toll Free: (800) 777-7940  
(907) 479-7940  
Fax: (907) 474-4052

January 23, 1995

Members of the House of Representatives  
State Capitol  
Juneau, Alaska 99811

Dear House Members:

I am writing to express Access Alaska's strong support of HB 42, the Voting by Electronic Transmission bill, submitted by Representative Terry Martin.

For many Alaskans with disabilities finding accessible transportation to and from polling places is very difficult and causes them to forego voting due to the hassle. The Voting by Electronic Transmission bill provides an easy and effective way to remedy many of the voting problems experienced by voters with disabilities.

In passing the Voting by Electronic Transmission bill you are increasing opportunities for all Alaskans, including people with disabilities, to take part in the democratic process.

Again, Access Alaska strongly encourages you to pass HB 42 the Voting by Electronic Transmission bill

If you have any questions regarding Access Alaska's support of HB 42, please give me a call.

Thank you!

Sincerely,

Duane M. French  
Executive Director

REVISED FISCAL NOTE

STATE OF ALASKA 1995 LEGISLATIVE SESSION

Revision Date: Title: Absentee Balloting by FAX

Department Affected: Office of the Governor BRU: Division of Elections Component: Primary and General

Sponsor: Representative Martin Requestor:

COMPONENT SERIAL NO. 22

EXPENDITURES/REVENUES:

Table with 7 columns: OPERATING, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01. Rows include PERSONAL, TRAVEL, CONTRACTUAL, SUPPLIES, EQUIPMENT, LAND &, GRANTS, MISCELLANEOUS, and TOTAL.

CAPITAL table with 7 columns: CAPITAL, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01.

REVENUE table with 7 columns: REVENUE, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01.

FUNDING:

Funding table with 7 columns: FUNDING, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01. Rows include 1002 Federal, 1003 GF Match, 1004 GF, 1005 GF/Program, 1006 GF/MHTIA, OTHER, and TOTAL.

POSITIONS:

Positions table with 7 columns: POSITIONS, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01. Rows include FULL-TIME, PART-TIME, and TEMPORARY.

Estimate of current year (FY95) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: David Kolvunemi, Acting Director Division: Division of Elections Phone: 485-4611 Date: January 20, 1995 2-23-95

Approved by Commissioner: Fran Ulmer, Lieutenant Governor Agency: Office of the Governor Date: January 20, 1995

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COMMITTEE COPY

# SENATE COMMITTEE REPORT

DATE: 3/30/95

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-29-95

Judiciary Committee considered CS FOR HOUSE BILL NO. 42 (STA) am

Absentee voting, to electronic transmission of absentee ballot applications, and to delivery of ballots to absentee ballot applicants by electronic transmission.

*DFW*

and recommends:

- be replaced with \_\_\_\_\_ CS ~~HB 42~~ ( ~~STA~~ )
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( \_\_\_\_\_ )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical change  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Mike Miller</i>	✓				
<i>Lylee Mae</i>	✓				
CHAIR: <i>Adrian Taylor</i>	✓				

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal

<i>Governor Election</i>	<i>7/23/95</i>		<i>37.8</i>

FY 97

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

ABSENTEE BALLOT APPLICATIONS, AND TO DELIVERY OF BALLOTS TO ABSENTEE BALLOT APPLICANTS BY ELECTRONIC TRANSMISSION, AND ENACTING A DEFINITION OF THE TERM 'STATE ELECTION' FOR PURPOSES OF ABSENTEE VOTING."

01/06/95	31	(H)	PREFILE RELEASED
01/16/95	31	(H)	READ THE FIRST TIME - REFERRAL(S)
01/16/95	31	(H)	STA, JUD, FIN
01/25/95	126	(H)	STA RPT CS(STA) 4DP 2NR
01/25/95	126	(H)	DP: PORTER, GREEN, ROBINSON, JAMES
01/25/95	126	(H)	NR: IVAN, WILLIS
01/25/95	126	(H)	FISCAL NOTE (GOV)
02/10/95	296	(H)	JUD RPT CS(STA) 4DP 2NR 1AM
02/10/95	296	(H)	DP: GREEN, TOOHEY, VEZEY, PORTER
02/10/95	296	(H)	NR: BUNDE, FINKELSTEIN
02/10/95	296	(H)	AM: B.DAVIS
02/10/95	296	(H)	FISCAL NOTE (GOV) 1/25/95
02/15/95	395	(H)	COSPONSOR(S): MULDER
02/27/95	480	(H)	FIN RPT CS(STA) 9DP 1NR
02/27/95	481	(H)	DP: HANLEY, MARTIN, PARNELL, KOHRING
02/27/95	481	(H)	DP: GRUSSENDORF, THERRIAULT, FOSTER
02/27/95	481	(H)	DP: MULDER, BROWN
02/27/95	481	(H)	NR: KELLY
02/27/95	481	(H)	FISCAL NOTE (GOV)
03/01/95	532	(H)	RULES TO CALENDAR 3/01/95
03/01/95	532	(H)	READ THE SECOND TIME
03/01/95	532	(H)	STA CS ADOPTED UNAN CONSENT
03/01/95	533	(H)	AM NO 1 ADOPTED UNAN CONSENT
03/01/95	533	(H)	ADVANCED TO THIRD READING UNAN CONSENT
03/01/95	533	(H)	READ THE THIRD TIME CSHB 42(STA) AM
03/01/95	533	(H)	PASSED Y31 N8 E1
03/01/95	533	(H)	KUBINA NOTICE OF RECONSIDERATION
03/03/95	577	(H)	RECONSIDERATION NOT TAKEN UP
03/03/95	577	(H)	TRANSMITTED TO (S)
03/06/95	489	(S)	READ THE FIRST TIME - REFERRAL(S)
03/06/95	490	(S)	STA, JUD, FIN
03/30/95	845	(S)	STA RPT 2DP 2NR
03/30/95	845	(S)	H FN W/FY 97 IMPACT (GOV)
04/29/95	1337	(S)	JUD RPT 3DP
04/29/95	1337	(S)	(H) FN (GOV)
04/29/95	1337	(S)	REFERRED TO FINANCE

**HB**

**44**

**HFIN**

**FILE**

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

# Alaska State Legislature



MAY 15 - JAN 15 254-8169  
716 W. 4TH, SUITE 650  
ANCHORAGE, AK 99504

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

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

## SECTIONAL ANALYSIS CSHB44 (STA)

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

#### Section 1:

Adds (1) to AS05.15.060, requiring reports of all donations or contributions by permittees, licensees, or vendors to political candidates or their campaign organizations or to political groups.

#### Section 2:

Allows for the issuance of a charitable gaming permit to a political organization to conduct a raffle only, but no other form of charitable gaming. Restricts a political organization from holding a multiple-beneficiary permit.

#### Section 3:

Disallows a political permittee conducting a raffle from entering into a contract with an operator.

#### Section 4:

Eliminates "political uses" as a designation or beneficiary of gaming proceeds. Prohibits any contribution raised from charitable gaming activity, other than raffles, to be distributed to a public office candidate, political subdivision of the state, or a political party, club, or organization. (b) requires net proceeds derived from raffles to be devoted within one year to the required uses designated under AS05.15.155.

#### Section 5:

Defines "political uses" as uses benefiting persons through aiding candidates for public office or groups that support candidates for public office.

#### Section 6:

Requires raffle proceeds to be distributed to educational, civic, public, charitable, patriotic, or religious uses. Allows for special permission to be applied for if a political organization holding raffle proceeds has not distributed its earnings within a year.

#### Section 7:

Defines "qualified organization".

#### Section 8.

Effective January 1, 1996



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

# Alaska State Legislature



MAY 15 - JAN 15 254-8169  
716 W. 4TH, SUITE 650  
ANCHORAGE, AK 99504  
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JUNEAU, AK 99901-1182  
HOME 333-6990  
355 DONNA DRIVE, #11  
ANCHORAGE, AK 99504

## SPONSOR STATEMENT CSHB 44 (STA)

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

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

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

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



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

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

When zeroing in on just political permits we see a phenomenal growth of gross revenues in 1989 of \$874,958 to \$3,978,179 in 1993. There are currently 11 distinct political organizations, including Democrat and Republican district organizations, that have pull-tab permits.

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

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

AMENDMENT 5

Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

1 Page 1, line 5, following "groups;":

2 Insert "relating to bingo games;"

3 Page 5, following line 8:

4 Insert a new bill section to read:

5 "\*\* Sec. 7. AS 05.15.180(f) is amended to read:

6 (f) A person under the age of 19 years may not play a bingo game. Before  
7 a bingo game begins, the identity of each permittee that will benefit from that  
8 game shall be announced to the public."

*Session*

9 Renumber the following bill sections accordingly.

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 8, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/15/95

The FINANCE Committee considered:

HB 44

HOUSE BILL NO. 44

GAMING PROCEEDS/DEFINE CHARITABLE ORG'NS

"An Act providing that a political use is not an authorized use of charitable gaming proceeds; prohibiting the contribution of charitable gaming proceeds to candidates for certain public offices, their campaign organizations, or to political groups; providing that a political group is not a qualified organization for purposes of charitable gaming; relating to what is a qualified organization for the purpose of charitable gaming permitting; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 44 (Fin)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) Rev 2/22/95  
 fiscal note(s) \_\_\_\_\_  fiscal note(s)

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Mark Hanley</i>	Hanley	X			
<i>Gordon Mulder</i>	Mulder				X
<i>Chris Martin</i>	Martin	X			
<i>Seth Parnell</i>	Parnell				X
<i>Vic Kohring</i>	Kohring			X	
<i>Ben Grussendorf</i>	Grussendorf			X	
<i>Tan Brown</i>	Brown				X
<i>Mike Navarre</i>	Navarre				X
<i>Kelly Kelly</i>	Kelly	✓			
<i>Richard Theriault</i>	Theriault	X			
<i>Richard Foster</i>	Foster	X			

COY  
 CHAIR'S SIGNATURE *Mark Hanley* *Richard Foster*  
 Hanley Foster

# FISCAL NOTE

No. 1  
 Bill Vers# CS HB 44 (STA)  
 (H) Publish Date: 2/22/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: 2/13/95 Dept. Affected: Revenue  
 Title: Gaming proceeds/Define Charitable Gaming BRU: Revenue Operations  
 Organizations: \_\_\_\_\_ Component: Charitable Gaming Division  
 Sponsor: Representative Martin  
 Requester: State Affairs COMPONENT SERIAL NO. 1883

## Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	(19.2)	(20.2)	(21.2)	(22.2)	(23.4)	(24.5)
------------------------	--------	--------	--------	--------	--------	--------

## FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 SF Match						
1004 SF						
1005 SF/Program Receipts						
1006 SF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

### POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

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

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

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A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSHB 44(JUD)

- 1 Page 1, line 1:
- 2 Delete "providing that"
  
- 3 Page 1, lines 2 - 4:
- 4 Delete all material.
  
- 5 Page 1, line 5:
- 6 Delete "campaign organizations, or to political groups;"
  
- 7 Page 3, line 20, through page 4, line 26:
- 8 Delete all material.
  
- 9 Renumber the following bill sections accordingly.
  
- 10 Page 5, line 2:
- 11 Delete "Educational"
- 12 Insert "Political, educational"
  
- 13 Page 5, lines 3 - 4:
- 14 Delete ""Political uses" has the meaning given in AS 05.15.150(c)."

AMENDMENT

#1 Adopt

OFFERED IN THE HOUSE

BY REPRESENTATIVE MARTIN

TO: CSHB 44(JUD)

1 Page 3, line 5:

2 Delete "licensees, or vendors"

3 Page 3, line 6, following "groups:"

4 Insert a new paragraph to read:

5 "(12) the identification of all accounts that charitable gaming  
6 proceeds are transferred into by permittees and providing for access by the  
7 department to those accounts to ensure that proceeds are not diverted or  
8 transferred to any purpose or use not permitted by this chapter;"

9 Page 3, line 7:

10 Delete "(12)"

11 Insert "(13)"

AMENDMENT 4

Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

- 1 Page 1, line 5, following "groups;":
- 2       Insert "relating to the sale of pull-tabs;"
  
- 3 Page 5, following line 8:
- 4       Insert a new bill section to read:
- 5       "\* Sec. 7. AS 05.15.187 is amended by adding a new subsection to read:
- 6               (j) Each pull-tab in a series, or each jar or other receptacle containing a series
- 7       of pull-tabs, must clearly identify to the public the permittee that will benefit from the
- 8       sales of that pull-tab series."
  
- 9       Renummer the following bill sections accordingly.

Conceptional

9-LS0213G.5

Luckhaupt

3/15/95

Adopted

AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: CSHB 44(JUD)

- 1 Page 3, line 4:
- 2 Delete "all"
- 3 Following "contributions"
- 4 Insert "in an aggregate amount of more than \$100 in a calendar year"

Concern that 3 50.00  
Contributions would put over  
intent that donations in  
excess of 100.0 to a candidate  
or party be Reported.  
Same as under APOC

by certified mail to the department in contact with an operator with whom the activities subject to this chapter are conducted. The department shall review the contract. If the contract is disapproved, approval shall be provided in writing to the operator before the contract is conducted under the contract before subsequent amendments to an approved contract. If the amendments are approved by the department, the amendments shall be effective on the date of approval. (1988; am § 3 ch 24 SLA 1991; am § 14 ch 16 SLA 1994)

91 tences, and deleted the former last sentence, which required a permittee to submit a copy of the contract.

The 1994 amendment, effective April 30, 1994, inserted "canned salmon cans" in the second sentence in subsection (c).

for permit. An applicant shall be eligible for a permit. (§ 1 ch 27 SLA 1982)

TO DECISIONS

ry,

license. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter unless the person, municipality or qualified organization has received an approval from the department.

ue an operator's license to a natural person or a qualified organization that is approved by the department;

500; persons employed by the applicant in a municipality;

insurance satisfactory to the department;

satisfactory to the department in the permit under which the operator operates; and

passed a test formulated by the department and the regulations adopted under this chapter and the regulations adopted under this chapter by the department at least four

times a year; or, if a municipality or qualified organization, has designated a municipal employee or member of the organization who has passed this test.

(c) [Repealed, § 37 ch 70 SLA 1993.]

(d) [Repealed, § 37 ch 70 SLA 1993.] (§ 14 ch 99 SLA 1988; am §§ 15, 37 ch 70 SLA 1993)

Effect of amendments. — Section 15, ch 70, effective June 26, 1993, repealed subsections (c) and (d). Editor's notes. — Paragraph (b)(6) is not effective until January 1, 1995.

**Sec. 05.15.124. Municipal regulation of operators or vendors.** A municipality may by ordinance prohibit an operator or a vendor from conducting activities under this chapter within the municipality. (§ 14 ch 99 SLA 1988; am § 16 ch 70 SLA 1993)

Effect of amendments. — The 1993 amendment, effective June 26, 1993, inserted "or a vendor."

**Sec. 05.15.128. Revocation of operator's license.** (a) The department shall revoke the license of an operator who does not

(1) report an adjusted gross income of at least 15 percent of gross income annually based on the total operation of the operator; or

(2) pay to each authorizing permittee annually at least 30 percent of the adjusted gross income, as determined under (1) of this subsection, from a pull-tab activity or at least 10 percent of the adjusted gross income, as determined under (1) of this subsection, from a gaming activity other than pull-tabs, received from activities conducted on behalf of the authorizing permittee.

(b) A person, municipality, or qualified organization whose operator's license has been revoked under this section may appeal the revocation if the person, municipality, or qualified organization submits to and pays for a complete audit of the operator's financial records by the department. The results of the audit are conclusive. (§ 14 ch 99 SLA 1988; am § 17 ch 70 SLA 1993)

Effect of amendments. — The 1993 amendment, effective January 1, 1994, in subsection (a), substituted "annually" for "for two consecutive quarters" in two places and rewrote paragraph (a)(2).

**Sec. 05.15.130. Department may impose additional requirements.** The department may supplement the definitions of qualified organizations and activities by regulations adopted under this chapter adding to the definitions additional requirements that the department considers necessary for the best interests of the public or for the proper

Multi  
Beneficiary  
Permits  
-  
Amend 6  
add

## Charitable Gaming Task Force

Lanie Fleischer Chairperson 1057 W. Fireweed Lane Suite 202 Anchorage, AK 99503	Work Fax	278-2621 263-2099
Ted Boom PO Box 111047 Anchorage, AK 99511-1047	Work Fax	563-2666 563-2666
Dimitri Philemonof 2429 Kensington Drive Anchorage, AK 99504	Work Fax	276-2700 279-4351
Ann Hayes 10828 Steeple Drive Eagle River, AK 99577	Work Fax	272-6571 276-1963
George Wright 8516 Forest Lane Juneau, AK 99801	Work Pager Fax	465-6201 789-8635 790-3553
Mark Higgins 3707 Woodland Drive, Suite 2 Anchorage, AK 99516	Work Fax	243-7908 248-3027
Kilsoo Seo PO Box 1587 Bethel, AK 99559	Work Fax	543-4422 543-4421
Gerald Richards 110 W Barnette No. 102 Fairbanks, AK 99709	Work Fax	452-4156 452-3156
Father Francis McGuigan PO Box 71620 Fairbanks, AK 99707	Work Fax	456-7970 456-7481

Ruth Shannon  
313 Iditarod Ave.  
Fairbanks, AK 99701

Office 479-3311  
Work 452-5379  
Work 479-7397  
Fax 479-4492

Dan Coffey  
207 E Northern Lights Blvd.  
Suite 200  
Anchorage, AK 99503

Work 274-3385  
Fax 274-4258  
Cellular 244-0829

James Harmon  
Box 93710  
Anchorage, AK 99509-3710

Work 561-3646 Rippie World  
Work 561-5065 Bingo Bugle  
Fax 561-4858  
Pager 275-0993  
Work 561-7606 CGAA

John Minnick  
PO Box 870455  
Wasilla, AK 99687

Work 276-5349  
Fax

Dick Snyder  
9111 Golovin Street  
Anchorage, AK 99507

Work 344-3841  
Fax 522-3212

CHARITABLE GAMING TASK FORCE

	<u>PERMITEE</u>	<u>OPERATOR</u>	<u>DISTRIBUTOR</u>
1. I ANNIE FLEISCHER, Chairperson	Executive Director, Big Brothers / Big Sisters, an Anchorage permittee who contracts with an operator.		
2. TED BOOM, C.P.A.	Provides accounting services for Anchorage nonprofit organizations with gaming permits.		
3. RUTH SHANNON		Fairbanks Operator.	
4. DAN COFFEY, Attorney	Provides legal services for several Anchorage area permittees.	Provides legal services for several Anchorage area operators.	
5. JAMES HARMON	President of Anchorage permittee -- Charitable Gaming Association of Alaska.	Former Operator, currently listed as a partner on James Stewart's 1995 Operator's License Application.	Former Distributor, currently listed as the manager on Perry Green's 1995 Distributor Application.
6. FATHER FRANCIS McGUIGAN	Primary Member in Charge of Fairbanks permittee -- the Monroe Foundation.		
7. GERALD RICHARDS, C.P.A.	Provides accounting services for several Fairbanks permittees.	Provides accounting services for several Fairbanks operators.	
8. KILSOO SEO		Bethel Operator.	
9. MARK HIGGINS Political Consultant, Lobbyist	Represents interests of Anchorage permittee -- Alaska Charitable Gaming Association.	Represents the interests of Anchorage Operator Sue Griffin.	Represents the interests of Anchorage Distributor Mark Griffin.
10. GEORGE WRIGHT	Primary and Alternate Member in Charge for Juneau ANB, Inc., and Juneau ANB Camp 2.		
11. ANN HAYES	Employee of the IBEW, an Anchorage permittee. Connection to gaming is not known. IBEW contracts with an operator.		
12. DIMITRI PHILEMONOF	Primary Member in Charge of Anchorage MBP -- Gold Cache Bingo.		
13. JOI IN MINNICK	Post Commander, Wasilla VFW.		
14. DICK SNYDER	Post Commander, Anchorage American Legion.		

(1993)

Department of Commerce and Economic Development  
Division of Occupational Licensing  
Games of Chance and Skill  
Permittee Activity  
1909

# Political Parties Raffles

Report Date: 02/09/95

Page: 1

Annual Totals for game type : RAFFLES & LOTTER

Gross Receipts	50,380.01
Taxes	( 271.49)
Prizes Awarded	( 20,740.00)
Expenses	( 644.68)

Net Proceeds 28,723.74

Percent Net Proceeds is of Gross Receipts: 57.0

Break down of expenses:

Rent	0.00	Ticket printing	290.56
Janitorial	0.00	Pull-Tab Purchase	0.00
Utilities	0.00	Singo Supplies	0.00
Building Repair	0.00	Supplies	75.65
Bldg Depreciation	0.00	Other Printing	0.00
Bldg Insurance	0.00	Postage	93.06
Contract Services	0.00	Equipment Purchas	0.00
Accounting	0.00	Equipment Repairs	0.00
Wages	0.00	Non Alcoholic	70.66
Payroll Taxes	0.00	Door Prizes	0.00
Services	0.00	Advertising	0.00
Init Fees	60.00	From Operator	0.00
Pull-Tab Tax	0.00	Door Prizes	0.00
Other Expenses	54.75		

\* All numbers are as reported by the Permittees.

Total Number of reco 6

(1993)

Department of Commerce and Economic Development  
Division of Occupational Licensing  
Games of Chance and Skill  
Permittee Activity

Report Date: 02/09/95

1909

Page: 1

Annual Totals for game type :

PULL-TABS

TRUE POL. ORGANIZATIONS

Gross Receipts 2,035,396.82

Taxes ( 3,736.94) (CITY/FED TAXES)

Prizes Awarded ( 1,508,491.30)

Expenses ( 332,086.94) (RENT, WAGES, ETC.)

Net Proceeds 181,031.94

Percent Net Proceeds is of Gross Receipts: 3.3

Break down of expenses:

Rent	564.75	Ticket printing	0.00
Janitorial	0.00	Pull-Tab Purchase	1,432.94
Utilities	0.00	Singo Supplies	0.00
Building Repair	0.00	Supplies	0.00
Build Depreciation	0.00	Other Printing	0.00
Build Insurance	0.00	Postage	0.00
Contract Services	0.00	Equipment Purchas	0.00
Accounting	0.00	Equipment Repairs	0.00
Pages	0.00	Non Alcoholic	0.00
Payrol. Taxes	0.00	Door Prizes	0.00
Prof. Services	0.00	Advertising	0.00
Permit Fees	30.00	From Operator	329,926.00
Photo Tax	0.00	Door Prizes	0.00
Other Expenses	133.25		

(PAID TO OPERATOR)

POLITICAL  
PARTIES  
PULLTABS

All numbers are as reported by the Permittees.

Total Number of reco 7

WONT GET 1994 INFO. UNTIL MARCH.

(1993)

# Political Parties Bingo

Department of Commerce and Economic Development  
Division of Occupational Licensing  
Games of Chance and Skill  
Permittee Activity

Report Date: 02/09/95

1909

Page: 1

Annual Totals for game type : BINGO

Gross Receipts	1,375,517.20
Taxes	( 25.34)
Prizes Awarded	( 1,228,945.12)
Expenses	( 276,439.60)

Net Proceeds - 129,856.86

Percent Net Proceeds is of Gross Receipts: 9.4

Break down of expenses:

rent	564.75	Ticket printing	0.00
amortial	0.00	Pull-Tab Purchase	0.00
ilities	0.00	Bingo Supplies	0.00
uilding Repair	0.00	Supplies	0.00
og Depreciation	0.00	Other Printing	0.00
ldg Insurance	0.00	Postage	0.00
ontract Services	0.00	Equipment Purchas	183.60
ccounting	0.00	Equipment Repairs	0.00
ages	0.00	Non Alcoholic	0.00
payroll Taxes	0.00	Door Prizes	0.00
Services	0.00	Advertising	0.00
st: Fees	30.00	From Operator	275,528.00
ill-Tab Tax	0.00	Door Prizes	275,528.00
ther Expenses	133.25		

\* All numbers are as reported by the Permittees.

Total Number of reco 6

House Democratic Campaign Committee

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

Alaska Democrat Party

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

## Anchorage Republican Woman's Club

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

## District 25 Democrats

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

## Valdez Democratic Precinct

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

Alaska Ironworkers PAC

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

Mat-Su Democrats

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

1994 TOTALS                      \$173,200

# SPENARD LAWYER-PROTECTOR, PROMOTER AND PROFITEER OF GAM(BL)ING

**W**hen wealthy attorney Max Gruenberg moved from Spenard to the East Anchorage district to run for State House, he claimed it was only to get rid of the current representative. But is Gruenberg's expensive move actually being financed and orchestrated by the people who have the most to gain by Terry Martin's defeat, those who run gaming activities in Alaska. In fact, the major reason for Gruenberg's move across town to "get rid of Terry Martin" (as stated in the Anchorage Daily News) is a partisan political fight to preserve gambling contributions to political candidates and parties.

Martin has long been a thorn in the side of the gaming associations, which would prefer to operate without regulations governing how gaming permits are distributed and what is done

with the money. Gruenberg, on the other hand, has over the years gone out of his way to protect the gaming industry and has profited greatly from his alliance accepting thousands of dollars for campaign and personal use.

Gruenberg's cozy relationship with the gaming industry has led to the development of committees which receive huge contributions from pull tab sales and in turn purchase the votes and allegiances of legislators and lobbyists throughout Alaska. Martin has fought against the unregulated use of the gaming money, acquired under the guise of charitable contributions, which has been buying political favors

and votes favoring an industry that has seen unbelievable growth over the past six years.

To understand exactly why the gam(bl)ing industry may have encouraged Gruenberg to move into Martin's district, it is important to return to the days just before pull-tabs "paper slot machines" were made legal in Alaska in 1988.

Pull tabs existed in Alaska prior to 1988, but were not legal and thus went unregulated. In 1987, gaming receipts, derived from Bingo parlors and other forms of legal gaming, totaled less than \$60 million state wide. Following a so-called

reform effort that resulted in the legalizing of pull-tabs, gaming receipts jumped in 1988 to more than \$87 million. Today, gross receipts are well over \$227 million annually. During

*"Avoid gaming. This is a vice which is productive of every possible evil; equally injurious to the morals and health of its votaries. It is the child of Avarice, the brother of Iniquity, and the father of Mischief. It has been the ruin of many a mans honor, and the cause of suicide. The successful gamester pushes his good fortune till it is overtaken by a reverse; the losing gamester, in hopes of retrieving past misfortunes, goes on from bad to worse, till grown desperate, he pushes at everything and loses his all."*

George Washington  
May 2, 1778



Continued to pg. 2...

this time, however, net proceeds to charities had barely changed. In 1987, charities collected less than \$10 million and today receive little more than \$20 million. (See Graph)

With legislation being written that would legalize pull tabs, Gruenberg and the gaming industry, supported by lobbyists, moved to capture the money they knew would be available for their own gain by establishing the House Democratic Campaign Committee in 1987. Gruenberg solicited the aid of fellow democrat Johnny Ellis to co-chair the committee and encouraged Mark Begich to come on as Treasurer. The committee was set up as a way to channel unregulated amounts of gaming dollars into the campaign coffers of legislators sympathetic to the Alaska Charitable Gaming Association.

When the vote came to legalize pull tabs in 1988, Martin fought hard to defeat it. He knew the money generated from pull tabs would be come from the people who could least afford

*"Max and his co-horts are cheaters. They are taking thousands of dollars away from those who can least afford it. They are literally taking bread from the mouths of babies just to put money in the bank and inflate their campaign coffers..."*

it, hoping to turn a buck into much more, despite the odds.

"Max Gruenberg and the other Spenard lawyer-politicians take what little others have to lose through gambling without giving anything back of value for their pay off," Martin said. "This is stealing... or taxing the poor by giving them false hopes. Max and his co-horts are cheaters. They are taking thousands of dollars away from those who can least afford it. They are literally taking bread from the mouths of babies just to put money in the bank and inflate their egos." They are also buying protection, votes and a stable of legislators eager to vote in favor of gaming while knowing they will directly and indirectly benefit for campaign dol-

lars and other laundered support activities.

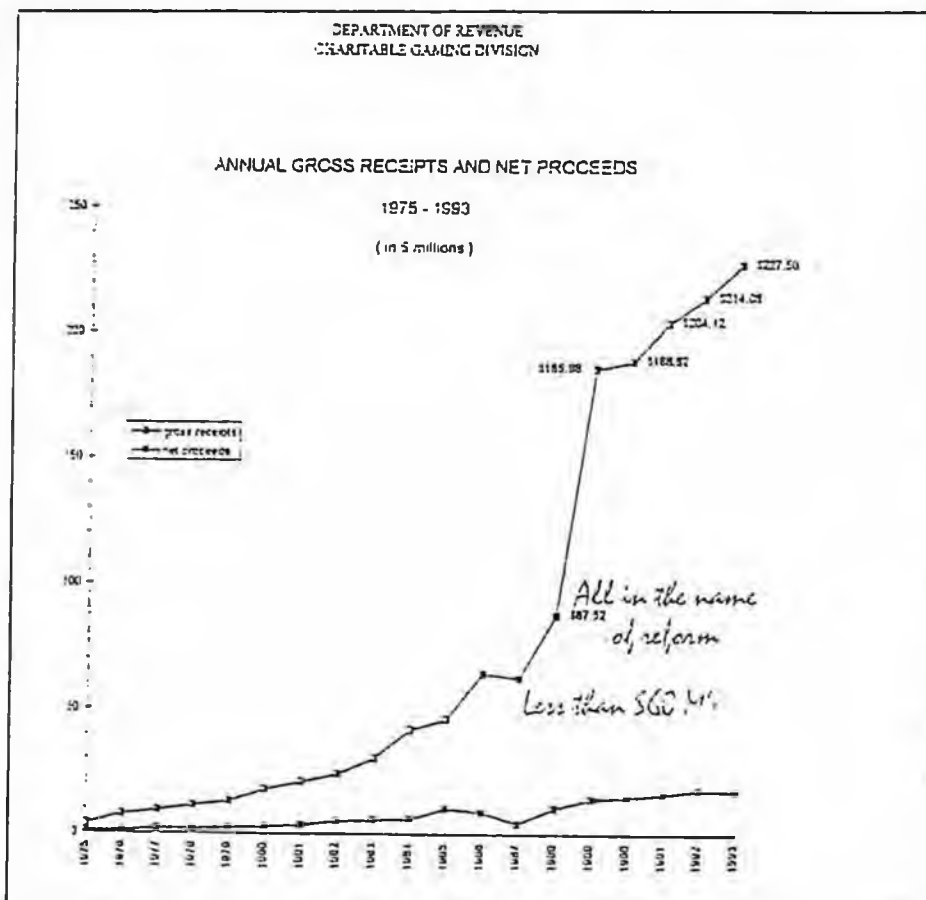
The argument in favor of allowing pull tabs was strongly supported by charities that saw the gambling slips as a key way to earn money without a huge cash outlay. The people behind charitable gaming claimed they were in favor of Alaska charities and that Alaskans would give freely to these charities if there was a chance they could win something. Hidden behind the industry's message was a desire to chip away at the barriers blocking the path to open gambling in Alaska.

The gaming industry knew, particularly after giving campaign contributions to legislators like Gruenberg, that once pull tabs were legalized, more money would be available to spend on candidates who favored gambling in Alaska. Today, pull tabs represent "the new Motherload for Alaska's campaign coffers."

(See Graphic)

The legislation that passed in 1988 was full of flaws and included wording that made Alaska the only state in the union to allow political groups to obtain gambling permits. Martin fought hard against the legislation, but the lure of campaign contributions made it a difficult fight to win. In the end, he was the only legislator not swayed by the gaming industry's promise of money.

Since that vote in 1988, abuses that could be characterized as graft and corruption, all supported by Alaska law, have become commonplace. Alaska law limits the amount of campaign contributions by individuals and corporations to \$1000 per year, but does



not regulate the amount of money contributed to or from political action committees. So when Gruenberg and the others formed the House Democratic Campaign Committee, members from the gaming industry, like Alaska Bingo Supplies, were able to direct large sums of money on their behalf. In 1991, for example, during legislative session, the operators of Northern Lights Bingo paid more than \$24,000 to the group. In all, the bingo operators gave more than \$100,000 to Gruenberg's committee, during legislative session. Once in the committee's hands, the money can then be laundered to other legislators and candidates without restriction.

Since this so-called reform legislation passed, gaming permits have also proliferated among political action and district committees, allowing politicians to profit from the money Alaskans thought were being spent on charities. In fact, most Alaskans do not know what charities they are giving money to when playing, and the pull tab operators make sure the political groups get favored placement in the various locations. Today, there are nearly 20 such gaming permits held by political groups, permits that should have gone to real charities. The revenues from these political permits alone, because of their proliferation and favored placement have seen phenomenal growth in recent years, increasing from \$874,958 in 1989 to nearly \$4 million in 1993. And of the 19 political permits operating in Alaska today, 13 are owned by Democrats, five by Republicans, one by Alaska Independence Party.

And Gruenberg, who twice managed to get himself elected as majority leader in the house while serving his Spenard district, purchased votes and legislators with the money derived from such permits (i.e. \$5,000 to Rep. George Jacko).

Indeed, once the Spenard District

11 Democrats started pull tabs, money really began to flow into Gruenberg's campaign account. Between 1987 and 1992, Gruenberg received over \$18,000 from gaming proceeds, once the money was laundered through the political organization. (See Graphic)

The lack of restrictions on gambling dollars directed to political campaigns has given those in control over permits an incalculable influence over new candidates and elected officials who are beholden to them for special voting and political generosity. The process is one in which the operators and political district officers decide who will get the largest gambling receipts, thus controlling the candidates. The operators of the permits can and do use the political permits at the

most profitable places and at the most prolific times, while the true charitable permittees suffer accordingly.

"It is most disappointing to witness the abominable selfishness of these politicians who take thousands of dollars from legitimate charitable organizations that legally should receive gaming contributions. Every dollar taken by political parties is a dollar less for seniors, families and youth activities," Martin said. "Gruenberg was buying power over new legislators by channeling thousands of dollars to their campaigns in turn for getting their vote for 'leadership' status."

All this gaming promotion and profiteering had one thing in common, none of it was voted on by the Alaskan people. In a statewide vote in

Authorized Games of Chance and Skill

Name of Permit Holder	Permit Number
Alaska Charitable Gaming Assn.	91-1186

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 form which contains all of the requested information.

RECIPIENT	PURPOSE	AMOUNT	DATE	CHECK NO.
NEW LAW PROHIBITS THIS KIND OF MISUSE OF GAMING PROCEED LOBBYING	Lobbyist	5000.00	1/14	1090
	Copying	15.00	1/15	1092
	Lobbyist	5000.00	2/25	1093
	Lobbyist	3000.00	2/26	1095
	Lobbyist	7000.00	4/17	1096
	Lobbyist	5000.00	5/07	1097
	Lobbyist	5000.00	5/23	1098
	Biannual report	15.00	6/29	1099
	Lobbyist	5000.00	7/22	1102
	1991 19 fee	122.61	5/27	1100
	Due on '91 gross est.	150.00	5/27	1101
	Contribution	200.00	3/06	1104
	Lobbyist	5000.00	3/15	1105
	Lobbyist	3500.00	9/31	1106
	Lobbyist	5500.00	10/21	1107
	Lobbyist	5000.00	11/13	1108
	1992 Permit Fee	100.00	11/19	1109
	Lobbyist	5000.00	12/07	1110
	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
TOTAL AMOUNT. Enter here and on page 1, line 9		74,602.61		

most arita-  
ness these dol-gani-gam-en by s for ties," ying han-their vote

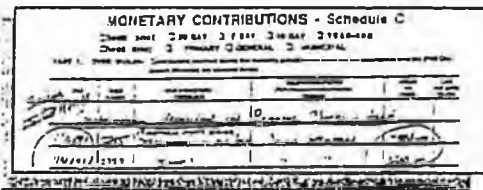
### SAMPLES OF PULL-TAB AND BINGO CHECKS GOING TO SPENARD DISTRICT DEMOCRATS.



and om-the te in

Gruenberg's Gambling Contributions (Direct/Indirect)			
Date	Check #	Amount	Contributor
10/8/87	101	\$1,000	District II, Democrats
12/29/87	108	\$2,000	District II, Democrats
		Total	\$3,000
3/5/88	113	\$450	District II, Democrats
1/19/89	126	\$1,000	District II, Democrats
3/10/89	137	\$1,000	District II, Democrats
9/19/89	156	\$1,500	District II, Democrats
10/17/89	1051	\$250	AK Charitable Gaming Assoc.
12/15/89	No Report	\$507.97	District II, Democrats
		Total	\$4,057.97
7/23/90	185	\$1,000	District II, Democrats
10/10/90	3729	\$1,000	AK Bingo Supplies/Sue Griffin
10/17/90	1007	\$120	District II, Democrats
10/23/90	185	\$4,000	District II, Democrats
11/13/90	1546	\$1,000	AK Bingo Supplies/Sue Griffin
		Total	\$7,120
9/31/91	1115	\$1,000	AK Charitable Gaming Assoc.
9/31/91	4684	\$1,000	AK Bingo Supplies/Sue Griffin
		Total	\$2,000
9/3/92	5252	\$1,000	AK Bingo Supplies/Sue Griffin
9/3/92		\$500	Northern Lights Build. Property
		Total	\$1,500
		<b>Total</b>	<b>=\$18,127</b>

*These represent some of the monetary payments that have been made to the House Democrat Campaign Committee during legislative sessions. Max Gruenberg Johnny Ellis - Co-chairman, Mark Begich - Treasurer. The only Legislative group to have a Pull-Tab Permit # 94-1132. Gross receipts in 5 years exceed \$600,000.*



NAME	ADDRESS	CITY	STATE	ZIP	AMOUNT	DATE	REMARKS
John	1234	...	...	...	4416		
John	1234	...	...	...	32,817	10/10/90	
John	1234	...	...	...	157		
					TOTAL		47,473.00
					TOTAL		47,473.00

NAME	ADDRESS	CITY	STATE	ZIP	AMOUNT	DATE	REMARKS
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
John	1234	...	...	...	1,000		
					TOTAL		6,000.00

1990, when voters were finally able to vote for or against gambling in Alaska. Alaskans soundly rejected the gaming industry with a 64% no vote. While the vote did not involve pull tabs, the voters heeded the words of Martin and others who fought against open gambling in Alaska.

Gruenberg's connection to gambling finally caught up to him in 1992, when the voters in his Spenard district threw him out of office. With gambling's biggest supporter out of the way, Martin worked hard for more reform.

"The good people of Spenard and Downtown Anchorage got rid of Gruenberg," Martin said. "Only because of their action were we able to pass true reform action to control gam(bl)ing in Alaska. What will happen if East Anchorage, Elmendorf Air Force Base and Government Hill return him to Juneau?"

"Since the Spenard legislator has been out of the legislature for two years, the tide has turned so gaming operators must convince their favored politician to move to districts of legislators who have cost them dearly through the new legislation that gives more money to the charities and prohibits paid lobbyists from receiving gaming receipts."

Stopping Terry Martin from encouraging any further gaming reform is exactly the motivation behind Gruenberg's recent move to East Anchorage.

Most likely orchestrated by the Alaska gaming industry's top lobbyist, and pull-tab operators, Gruenberg (who owns as many as seven residential properties in Anchorage and could easily have moved into any one of them) purchased an old house in Martins district in September 1993 at a cost of about \$79,000. He then spent another \$48,000 remodeling the old home. Prior to that, Gruenberg rented a room at a bed & breakfast in the district on

Continued to Back Page...

May 31, 1993, the last day to qualify for residency according to State law. Instead, Gruenberg lived primarily at his three-story District 11 Spenard condominium with his girl friend. He even went so far as to rent a vacant apartment for \$550 a month on DeBarr Road and seldom slept there. Gruenberg finally moved into the newly purchased home in May 1994, more than a year after he claimed to have moved into the district. All totaled, Gruenberg has spent somewhere around \$135,000 relocating to District 14.

Lobbyists and operators have been key players for the gaming industry and have received tens of thousands of dollars to use for purchasing votes. They have also been close friends to

Gruenberg for many years and their relationship has cost honorable charities unbelievable amounts of money. In fact, one lobbyist has over the years used gaming receipts from politically held permits to defeat Terry Martin in every campaign. So far, good has always prevailed.

"What do you think is in it for the Spenard lawyer?" Martin questioned. "There's an awful lot of money being spent just to get rid of Terry Martin. Max is going to expect something in return for doing what the gaming industry may have encouraged him to do. Most likely its going to be that new house."

"This contest with Gruenberg should be on philosophical grounds," Martin said. "However the real battle is the survival of the gambling and political profiteering from pull tabs - paper slot machines. Gruenberg is always willing to cut deals in order to protect the operators who contributed to his past campaigns and regain control over the House Democrats Campaign Committee pull tab permit.

"They (*the gaming industry*) realize the protection they will gain from Gruenberg and their purchase is not too great a price to pay for the bonanza in

the immediate coming session," Martin said. "They'll shoot for repeal of last years reform of the gaming law. I will stand by the principle that politics and gaming equal corruption. What they are doing is fundamentally wrong and takes away in so many ways the positive revenues to true charities.

True charities serve a purpose in that they assist those in need, whether by training them to work, providing needed clothing or offering food. The charitable gaming process was designed to provide this aid which in turn would supplement the decreased state spending on these vital services. The lack of gaming regulations regarding the ownership of permits by organizations other than true charities has corrupted the entire gaming process and is on the verge of controlling the very process of electing legislators and the type of legislation they produce. This new motherload that fills political coffers must be stopped, whether through the legislative process or by the initiative of the public. If it is not, all that remains honest in your state government will be traded for the sinister acts of the political permit holders.

**HB**

**44**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/26/95

FURTHER:

DATE TURNED INTO OFFICE: 5/6/95

The Finance Committee considered CS FOR HOUSE BILL NO. 44(FIN) am

Re HB 44 GAMING PROCEEDS AND DEFINING CHARITABLE ORGANIZATIONS gal

and recommends:

- be replaced with 5 CS CS HB 44 (Fin)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
  - same title
  - new title
- House Bill:
  - same title
  - technical change
  - new: SCR# \_\_\_\_\_

*5CS (Fin)  
coming*

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Rec'd EC</i>	✓	<del>_____</del>	✓		
<i>Ben King</i>	✓	<i>_____</i>	✓		
<i>Steve Beck</i>	✓				
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair: <i>Rick Halford</i>	✓				

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>DOR</i>	<i>4/27/95</i>		<i>46.5 (19.2) rev.</i>

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

[ ] APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 44 (STA)

Revision Date: <u>4/27/95</u>	Dept. Affected: <u>Revenue</u>
Title: <u>Gaming proceeds/Define Charitable Gaming</u>	BRU: <u>Revenue Operations</u>
Organizations: _____	Component: <u>Charitable Gaming Division</u>
Sponsor: <u>Representative Martin</u>	
Requester: <u>State Affairs</u>	COMPONENT SERIAL NO. <u>1683</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	36.5	36.5	36.5	36.5	36.5	36.5
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>46.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	(19.2)	(20.2)	(21.2)	(22.2)	(23.4)	(24.5)
------------------------	--------	--------	--------	--------	--------	--------

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
002 Federal Receipts						
003 GF Match						
004 GF						
005 GF/Program Receipts	46.5	36.5	36.5	36.5	36.5	36.5
006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>46.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The reporting requirements added in Senate State Affairs in section one of the bill. Would require the Division to hire a tax examiner I position to process the substantial number of reports. The one time contractual expenditure of \$10.0 is for modifications to computer software needed to data capture the information. The Department also anticipates a slight decrease of program receipts due to a loss of pull-tab taxes and net proceeds tax for political permittees.

Prepared by: <u>Dennis Poshard, Director</u>	Phone: <u>465-2279</u>
Division: <u>Charitable Gaming Division</u>	Date: <u>4/27/95</u>
Approved by: _____	
Commissioner: <u>Wilson L. Condon</u>	Date: <u>4/27/95</u>
Agency: <u>Department of Revenue</u>	

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Adopted  
5/6/95

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: SCS CSHB 44(FIN)

BY SENATOR FRANK

Substitute the following language for the language in lines 14- 17, Page 3:

(12) the identification of all financial accounts of the permittee into which charitable gaming proceeds are deposited or transferred and providing for examination by the Department of those accounts to ensure that proceeds are not diverted or transferred to any purpose or use not permitted by this chapter:

Please incorporate  
within draft 9-L50213\U  
5-6-95 to produce a final  
SCS CSHB 44 (Fin) and return  
to Room 520 Capitol.

Post-It™ brand fax transmittal memo 7671		# of pages ▶	1
To	Legal Services	From	Senate Finance
Co.	5-6-95	Co.	2618
Dept.		Phone #	
Fax #	2029	Fax #	2187

Faxed 7:30pm

Adopted 5/6/95

WORK DRAFT

WORK DRAFT

WORK DRAFT

9-LS0213U  
Luckhaupt  
5/6/95

SENATE CS FOR CS FOR HOUSE BILL NO. 44( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES MARTIN, Rokeberg, Porter, Bunde

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reporting by permittees, licensees, and vendors; relating to  
2 municipal regulation of charitable gaming; providing that a political group is not  
3 a qualified organization for purposes of charitable gaming, other than raffles, and  
4 relating to those raffles; relating to identification to the public of each permittee  
5 that will benefit from the sale of each pull-tab series and each bingo session;  
6 providing that the proceeds from charitable gaming, other than certain raffles  
7 conducted by a political organization, may not be contributed to a political party  
8 or other political group; and providing for an effective date."

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

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

11 (a) The department shall adopt regulations under AS 44.62 (Administrative  
12 Procedure Act) necessary to carry out this chapter covering, but not limited to,

13 (1) the issuance, renewal, and revocation of permits, licenses, and

1 vendor registrations;

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

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

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

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

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

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

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

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

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

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

3 (11) the requiring of reports of donations or contributions in excess  
4 of \$100 in the aggregate a year by permittees to a political candidate; reports  
5 must include all donations or contributions made from the last date covered by  
6 any previous report to three days before the due date of the report and shall be  
7 made at the following times: (A) 30 days before an election involving the  
8 candidate; (B) one week before an election involving the candidate; (C) 10 days  
9 after an election involving the candidate; and (D) February 15 for donations and  
10 contributions made that were not reported during the previous year; the  
11 department shall, for a period of time set by the department, suspend or revoke  
12 the permit of a permittee that fails to report at the times and in the manner  
13 provided in this paragraph;

14 (12) the identification of all accounts that charitable gaming  
15 proceeds are transferred into by permittees and providing for access by the  
16 department to those accounts to ensure that proceeds are not diverted or  
17 transferred to any purpose or use not permitted by this chapter;

18 (13) a requirement that a permittee, licensee, or vendor that  
19 donates or contributes the proceeds of charitable gaming to a candidate must  
20 inform the candidate that the donation or contribution is a proceed of charitable  
21 gaming;

22 (14) other matters the department considers necessary to carry out this  
23 chapter or protect the best interest of the public.

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

25 (e) The department may issue a permit to a political organization for activities  
26 conducted under AS 05.15.155. A permit issued under this subsection gives the  
27 political organization the privilege of conducting raffles but no other forms of  
28 charitable gaming. A political organization receiving a permit under this subsection  
29 must satisfy all the requirements of this chapter relating to permittees. A political  
30 organization may not hold or otherwise participate in a multiple-beneficiary permit.

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

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

4 \* Sec. 4. AS 05.15.124 is amended to read:

5 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS, [OR]  
6 VENDORS, AND MULTIPLE-BENEFICIARY CHARITABLE GAMING. A  
7 municipality may by ordinance prohibit activities under this chapter from being  
8 conducted within the municipality

9 (1) by an operator or a vendor; or

10 (2) under a multiple-beneficiary permit [FROM CONDUCTING  
11 ACTIVITIES UNDER THIS CHAPTER WITHIN THE MUNICIPALITY].

12 \* Sec. 5. AS 05.15.124 is amended by adding a new subsection to read:

13 (b) A municipality may not prohibit activities from being conducted

14 (1) under a multiple-beneficiary permit unless it also prohibits activities  
15 from being conducted by an operator;

16 (2) by an operator unless it also prohibits activities from being  
17 conducted under a multiple-beneficiary permit.

18 \* Sec. 6. AS 05.15.150(a) is amended to read:

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

31 (1) the direct or indirect

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

3                   (B) contribution of any portion of the net proceeds of a  
4 charitable gaming activity to

5                               (i) a political party as defined under AS 15.60;

6                               (ii) an organization or club organized under or  
7 formally affiliated with a political party;

8                               (iii) a political group as defined under AS 15.60;

9                               (iv) a group as defined under AS 15.13.130, including  
10 a group that seeks to influence the opinions of voters concerning the  
11 election of a candidate for public office, a constitutional  
12 amendment, an initiative, or another ballot measure; or

13                               (v) a campaign committee of a candidate for public  
14 office whether the contribution is received by the campaign  
15 committee or the candidate on behalf of the campaign committee;

16 or

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

20 \* Sec. 7. AS 05.15.150 is amended by adding a new subsection to read:

21                   (c) For the purposes of (a)(1)(B) of this section, a contribution to a candidate  
22 for public office is an indirect contribution to an entity described in (a)(1)(B) of this  
23 section if the candidate gives the contribution to an entity described in (a)(1)(B) of this  
24 section and the contributor knew or should have known that the candidate would give  
25 the contribution to the entity.

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

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

1 participants. "Political, educational, civic, public, charitable, patriotic, or religious  
2 uses" means those uses described in AS 05.15.150(a), but is not limited by  
3 AS 05.15.150(a)(1)(B) and (c) and includes aiding groups that support candidates for  
4 public office or political organizations. The net proceeds derived from raffles under  
5 this subsection must be devoted within one year to one or more of the uses described  
6 in this section. A political organization desiring to hold the net proceeds for a period  
7 longer than one year must apply to the department for special permission and upon  
8 good cause shown the department may grant the request.

9 \* Sec. 9. AS 05.15.180(f) is amended to read:

10 (f) A person under the age of 19 years may not play a bingo game. Before  
11 a bingo session begins, the identity of each permittee that will benefit from that  
12 session shall be announced to the public.

13 \* Sec. 10. AS 05.15.187 is amended by adding a new subsection to read:

14 (j) Prior to the sale of any pull-tab games, operators, vendors and permittees  
15 shall clearly identify to the public the permittee that will benefit from the sale of that  
16 pull-tab series. Such notice shall be posted so that it is clearly visibly in a location in  
17 close proximity to where the sale of pull-tabs occurs.

18 \* Sec. 11. AS 05.15 is amended by adding a new section to article 4 to read:

19 Sec. 05.15.670. REPORTS PUBLIC RECORDS. All reports of permittees,  
20 licensees, and vendors under this chapter are public records.

21 \* Sec. 12. AS 05.15.690(32) is amended to read:

22 (32) "political organization" means an organization or club organized  
23 under or formally affiliated with a political party as defined in AS 15.60.010, that  
24 operates without profits to its members, and that has been in existence for a  
25 period of three years immediately before applying for a license; the organization  
26 may be a firm, corporation, company, association, or partnership;

27 \* Sec. 13. AS 05.15.690(34) is amended to read:

28 (34) "qualified organization" means a bona fide civic or service  
29 organization or a bona fide religious, charitable, fraternal, veterans, labor,  
30 [POLITICAL,] or educational organization, police or fire department and company,  
31 dog mushers' association, outboard motor association, or fishing derby or nonprofit

1 trade association in the state, that operates without profits to its members and that has  
2 been in existence continually for a period of three years immediately before applying  
3 for a license; the organization may be a firm, corporation, company, association, or  
4 partnership;

5 \* Sec. 14. AS 09.25.100 is amended to read:

6 Sec. 09.25.100. DISPOSITION OF TAX INFORMATION. Except as  
7 provided in (b) of this section, information [INFORMATION] in the possession of  
8 the Department of Revenue that discloses the particulars of the business or affairs of  
9 a taxpayer or other person is not a matter of public record, except for purposes of  
10 investigation and law enforcement. The information shall be kept confidential except  
11 when its production is required in an official investigation or court proceeding. These  
12 restrictions do not prohibit the publication of statistics presented in a manner that  
13 prevents the identification of particular reports and items, or prohibit the publication  
14 of tax lists showing the names of taxpayers who are delinquent and relevant  
15 information that may assist in the collection of delinquent taxes.

16 \* Sec. 15. AS 09.25.100 is amended by adding a new subsection to read:

17 (b) This section does not apply to information received by the Department of  
18 Revenue from reporting by permittees, licensees, and vendors under AS 05.15.

19 \* Sec. 16. This Act takes effect January 1, 1996.

AMENDMENT

OFFERED IN THE SENATE  
TO: SCS CSHB 44(STA)

SENATE FINANCE  
COMMITTEE

Amendment Number: 1  
Bill Number: HB 44  
Sponsor: Sharp Date: 3/4/95  
Logged In By: JLH

1 Page 3 line 4

After the word permitees delete , licensees, and vendors

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 44(STA)

SENATE FINANCE  
COMMITTEE

Amendment Number: 2

Bill Number: H.B. 44

Sponsor: S. Laro Date: 5/4/95

Logged In By: [Signature]

1 Page 6, following line 9:

2 Insert a new bill section to read:

3 "\* Sec. 10. AS 05.15.690(32) is amended to read:

4 (32) "political organization" means an organization or club organized  
5 under or formally affiliated with a political party as defined in AS 15.60.010, that  
6 operates without profits to its members, and that has been in existence for a  
7 period of three years immediately before applying for a license; the organization  
8 may be a firm, corporation, company, association, or partnership;"

9 Renumber the following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 44(STA)

SENATE FINANCE  
COMMITTEE

Amendment Number: 3

Bill Number: HR 74

Sponsor: Thompson Date: 5/4/95

Logged In By: MLR

1 Page 6, following line 9:

2 Insert a new bill section to read:

3 **\*\* Sec. 10.** AS 05.15 is amended by adding a new section to article 4 to read:

4 Sec. 05.15.670. REPORTS PUBLIC RECORDS. All reports of permittees,  
5 licensees, and vendors under this chapter are public records."

6 Renumber the following bill sections accordingly.

7 Page 6, following line 18:

8 Insert new bill sections to read:

9 **\*\* Sec. 12.** AS 09.25.100 is amended to read:

10 Sec. 09.25.100. DISPOSITION OF TAX INFORMATION. Except as  
11 provided in (b) of this section, information [INFORMATION] in the possession of  
12 the Department of Revenue that discloses the particulars of the business or affairs of  
13 a taxpayer or other person is not a matter of public record, except for purposes of  
14 investigation and law enforcement. The information shall be kept confidential except  
15 when its production is required in an official investigation or court proceeding. These  
16 restrictions do not prohibit the publication of statistics presented in a manner that  
17 prevents the identification of particular reports and items, or prohibit the publication  
18 of tax lists showing the names of taxpayers who are delinquent and relevant  
19 information that may assist in the collection of delinquent taxes.

20 **\* Sec. 13.** AS 09.25.100 is amended by adding a new subsection to read:

21 (b) This section does not apply to information received by the Department of  
22 Revenue from reporting by permittees, licensees, and vendors under AS 05.15."

1 Renumber the following bill section accordingly.

#### HB-44 as it passed the House:

- Permittees would be required to report donations from gaming sources made to a candidate, the candidate's campaign organization, or a group.
- The bill requires permittees to identify all accounts that charitable gaming proceeds are transferred into. The Division also would have access to each account should it want to audit.
- Municipalities may by ordinance prevent multiple-beneficiary permittees from operating. If the muni prohibits operators from operation than multiple-beneficiary permittees are also prohibited and vice-versa.
- The contribution of net proceeds to a political party or a subunit organized under the party is prohibited.
- Political contributions would be an authorized use of raffle net proceeds. ie political parties could use raffles to raise funds for political uses.
- Before a bingo session begins, the identity of each permittee benefiting would be announced.
- Pull-Tab sales must clearly identify in writing who the permittee benefiting from the sale of each pull-tab is. ie: the jars will likely be labeled.

#### HB-44 (S)STA changes:

The Senate State Affairs changes included language that tightened who could actually handle political contributions made from gaming sources. Any candidate who accepts campaign contributions from gaming sources must now personally handle the contribution and the donor must tell the candidate if it comes from gaming sources. Thus, the candidate would have full knowledge of its source. Secondly, language was included to make donors report each contribution to the Division of Gaming under the same reporting deadlines as APOC reports.

- Amendment 9-LS0213\0.1 dated 4/20/95 narrowly defined who cannot receive gaming net proceeds. The list includes the following:
  1. Political parties as we would commonly understand them.
  2. Organizations or clubs organized or formally affiliated under a political party. Young Republicans or Democrats are good examples.
  3. Political groups. These are organizations similar to political parties, but who have not achieved the 3% vote necessary to become certified as a political party.
  4. Groups as defined in AS 15.13.130: This section can be summarized as any two or more people acting jointly who take action to influence the outcome of an election. This includes campaign organizations, but not individual candidates.
- All of the groups listed above are allowed to conduct raffles.
- Amendment 9-LS0213\0.3 dated 4/21/95 required entities donating net proceeds to political candidates to report the contribution to the Division of Charitable Gaming. The reporting deadlines mirrored APOC reporting deadlines. The Department was required to revoke the license of any donating entity who fails to report.

## Amendments offered to HB-44 in Senate Finance:

### Technical fixes:

1. Senate CS for CS for HB-44(STA) version R, page 3, line 4: One of the amendments passed in Senate State Affairs requires "permittees, licensees, and vendors" to report to the Division of Gaming if they have made any donations of gaming net proceeds to a candidate using the same time deadlines as APOC reporting. The problem occurs in requiring licensees and vendors to report. The money they would be donating is not net proceeds, it is the legitimate profits their businesses make. APOC already requires businesses and individuals to report if they donate to political causes. The solution to this double reporting requirement is to remove the words, "licensees, and vendors" from this section of the bill.
2. Senate CS for CS for HB-44(STA) version R, page 6, line 13: "Political organizations" were previously removed from the bill section defining "Qualified Organizations." Thus, "Political Organizations" would not have to meet the requirement of being a non-profit and in operation for three years. To maintain these same requirements for political organizations seeking political raffle permits amendment 9-LS0213\R.2 dated 5/3/95 adds language to the "Political Organization" definition section that includes the same requirements other charities must meet. In order to qualify for a gaming permit a charity must be in existence for three years, operate without profit to its members, and may be a firm, corporation, company, association, or partnership.

### Substantive Changes:

1. The State of Alaska grants to charities the privilege of conducting gaming to raise funds for their charitable causes. Reports made to the Division of Gaming by permittees, licensees, and vendors should be open to public examination. This would be an added check in the system to ensure that charitable gaming net proceeds are used for charitable causes as determined by Alaska's citizens. Amendment 9-LS0213\R.3 dated 5/3/95 made to Senate CS for CS for HB-44(STA) version R adds language to Title 5 (Gaming) and Title 9 (Code of Civil Procedure, Public Records) that makes reports of permittees, licensees, and vendors public record.

**Conceptual Amendment:**

Made to Senate CS for Cs for HB-44(Sta) version R, page 3, line 4:

Remove the phrase, “, licensees, and vendors” from the sentence. It should now read “... of \$100 in the aggregate a year by permittees to a political ...”

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 44(STA)

1 Page 6, following line 9:

2 Insert a new bill section to read:

3 **\*\* Sec. 10. AS 05.15.690(32) is amended to read:**

4 (32) "political organization" means an organization or club organized  
5 under or formally affiliated with a political party as defined in AS 15.60.010, that  
6 operates without profits to its members, and that has been in existence for a  
7 period of three years immediately before applying for a license; the organization  
8 may be a firm, corporation, company, association, or partnership;"

9 Renumber the following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 44(STA)

1 Page 6, following line 9:

2 Insert a new bill section to read:

3 \*\* Sec. 10. AS 05.15 is amended by adding a new section to article 4 to read:

4 Sec. 05.15.670. REPORTS PUBLIC RECORDS. All reports of permittees,  
5 licensees, and vendors under this chapter are public records."

6 Renumber the following bill sections accordingly.

7 Page 6, following line 18:

8 Insert new bill sections to read:

9 \*\* Sec. 12. AS 09.25.100 is amended to read:

10 Sec. 09.25.100. DISPOSITION OF TAX INFORMATION. Except as  
11 provided in (b) of this section, information [INFORMATION] in the possession of  
12 the Department of Revenue that discloses the particulars of the business or affairs of  
13 a taxpayer or other person is not a matter of public record, except for purposes of  
14 investigation and law enforcement. The information shall be kept confidential except  
15 when its production is required in an official investigation or court proceeding. These  
16 restrictions do not prohibit the publication of statistics presented in a manner that  
17 prevents the identification of particular reports and items, or prohibit the publication  
18 of tax lists showing the names of taxpayers who are delinquent and relevant  
19 information that may assist in the collection of delinquent taxes.

20 \* Sec. 13. AS 09.25.100 is amended by adding a new subsection to read:

21 (b) This section does not apply to information received by the Department of  
22 Revenue from reporting by permittees, licensees, and vendors under AS 05.15."

I Renumber the foilowing bill section accordingly.

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 44 (STA)

Revision Date: 4/27/95 Dept. Affected: Revenue  
 Title: Gaming proceeds/Define Charitable Gaming BRU: Revenue Operations  
 Organizations: \_\_\_\_\_ Component: Charitable Gaming Division  
 Sponsor: Representative Martin  
 Requester: State Affairs COMPONENT SERIAL NO. 1883

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	36.5	36.5	36.5	36.5	36.5	36.5
TRAVEL						
CONTRACTUAL	10.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>46.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	(19.2)	(20.2)	(21.2)	(22.2)	(23.4)	(24.5)
------------------------	--------	--------	--------	--------	--------	--------

**FUND SOURCE** (Thousands of Dollars)

002 Federal Receipts						
003 GF Match						
004 GF						
005 GF/Program Receipts	46.5	36.5	36.5	36.5	36.5	36.5
006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>46.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>

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

**POSITIONS**

FULL-TIME					
PART-TIME					
TEMPORARY					

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

The reporting requirements added in Senate State Affairs in section one of the bill. Would require the Division to hire a tax examiner I position to process the substantial number of reports. The one time contractual expenditure of \$10.0 is for modifications to computer software needed to data capture the information. The Department also anticipates a slight decrease of program receipts due to a loss of pull-tab taxes and net proceeds tax for political permittees.

Prepared by: Dennis Poshard, Director *Dennis Poshard* Phone: 465-2279  
 Division: Charitable Gaming Division Date: 4/27/95  
 Approved by: \_\_\_\_\_  
 Commissioner: Wilson L. Condon *Wilson L. Condon* Date: 4/27/95  
 Agency: Department of Revenue

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# FISCAL NOTE

No. 1  
 Bill Vers: CS HB 44(STA)  
 (H) Publish Date: 2/22/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: 2/13/95 Dept. Affected: Revenue  
 Title: Gaming proceeds/Devine Charitable Gaming BRU: Revenue Operations  
 Organizations: \_\_\_\_\_ Component: Charitable Gaming Division  
 Sponsor: Representative Martin  
 Requester: State Affairs COMPONENT SERIAL NO. 1883

## Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGE IN REVENUES	(19.2)	(20.2)	(21.2)	(22.2)	(23.4)	(24.5)

## FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF:Program Receipts						
1006 GF:MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

## POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

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

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

# Alaska State Legislature



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

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

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

RECEIVED

APR 28 REC'D

## MEMORANDUM

DATE: April 28, 1995

TO: Senator Rick Halford, Co-Chair  
Senate Finance Committee

FROM: Representative Terry Martin *TMM*

RE: Scheduling of HB44

---

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

The information packet and back-up material is attached. If you have any questions, please contact Tom Anderson at 6590.



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

# Alaska State Legislature



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

## SPONSOR STATEMENT *SCS CSHB44 (STA)*

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

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

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

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



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

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

When zeroing in on just political permits we see a phenomenal growth of gross revenues in 1989 of \$874,958 to \$3,978,179 in 1993. There are currently 11 distinct political organizations, including Democrat and Republican district organizations, that have pull-tab permits.

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

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

DEPARTMENT OF REVENUE  
CHARITABLE GAMING DIVISION

PERMITTEE STATISTICS BY AUTHORIZED ACTIVITY  
1993

ACTIVITY	GROSS RECEIPTS	TAXES	PRIZES	EXPENSES	NET PROCEEDS
PULL-TABS	99,128,423	1,033,474	76,014,990	11,098,401	11,178,108
BINGO	32,342,953	230,808	25,375,926	5,396,211	1,582,777
RAFFLES	6,330,092	27,538	3,402,359	682,246	2,401,530
FISH DERBIES	561,628	751	231,753	167,568	184,928
CONTESTS OF SKILL	468,385	575	216,362	221,217	61,679
DOG MUSHERS	288,612	3,215	665,558	256,730	(235,421)
ICE CLASSICS	460,233	2,121	247,350	177,603	33,158
MONTE CARLOS	322,691	72	67,288	110,684	144,654
SALMON CLASSICS	6,480	0	5,000	3,445	(1,965)
RAIN CLASSICS	3,140	0	0	3,933	(1,593)
GOOSE CLASSICS	536	0	0	1,002	(466)
MISCELLANEOUS	12,039	0	0	69	11,259
	<u>139,925,217</u>	<u>1,298,554</u>	<u>106,226,586</u>	<u>18,118,909</u>	<u>14,968,073</u>

*11% of Charities profits*

ALL NUMBERS ARE AS REPORTED AND DO NOT NECESSARILY BALANCE