

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

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HJUD

HB 338

209

1 form provided by the corporation weekly reports of the receipts and
2 transactions in the sale of lottery tickets.

3 (c) The director may impose a service charge on a sales agent if
4 the payor bank dishonors

5 (1) a check that is deposited to the credit of the state by
6 the agent; or

7 (2) an electronic transfer of funds to the state lottery
8 account from the account of the agent for money received from the sale
9 of lottery tickets.

10 (d) The director may charge a sales agent with interest on money
11 that is not paid to the state within 10 days after the due date and
12 may impose an additional service charge in an amount to cover adminis-
13 trative costs if the debt is referred for collection.

14 (e) The amount, including any interest or service charge, due to
15 the corporation from a sales agent is a lien on the property of the
16 agent at the time that the corporation files a claim of lien in the
17 recorder's office of the recording district of the principal place of
18 business of the agent.

19 Sec. 05.18.150. BOND. (a) Each applicant for a lottery sale
20 agent license shall, at the time of applying for the license, file
21 with the corporation and maintain while licensed a bond with a corpo-
22 rate surety qualified to do business in the state in an amount to be
23 determined by the board running to the state conditioned upon the
24 applicant's promise to pay

25 (1) all sales receipts due the state under this chapter;

26 (2) all amounts that may be adjudged against the applicant
27 by reason of the applicant's negligence as a lottery sales agent or
28 the applicant's violation of this chapter or the regulations adopted
29 under this chapter.

1 (b) The bond required by this section remains in effect until
2 cancelled by actica of the surety, the principal, or the corporation.

3 (c) The state or another person may not bring an action on the
4 bond more than three years after its cancellation.

5 ARTICLE 3. PRIZES.

6 Sec. 05.18.200. ASSIGNMENT OF PRIZES. A person may not assign a
7 right to a prize. However, a prize may be paid to a person other than
8 the prize winner under a court order or to the estate of a deceased
9 prize winner. The state is discharged of all further liability when a
10 prize has been paid under this section.

11 Sec. 05.18.210. PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS.

12 (a) If a person entitled to a prize is under the age of 18 years, and
13 if the prize is \$5,000 or less, the director may deliver the prize to
14 an adult member of the minor's family, or to a guardian of the minor,
15 in the form of a check or draft payable to the order of the minor. If
16 the prize is more than \$5,000, the director may deliver the prize by
17 depositing the amount of the prize in a bank to the credit of an adult
18 member of the minor's family, or a guardian of the minor, as custodian
19 for the minor. The person named as custodian shall have the same
20 duties and powers as a person designated as a custodian under
21 AS 45.60.

22 (b) The state is discharged of all further liability after
23 payment of a prize to a minor under this section.

24 (c) In this section, the terms "bank", "guardian" and "member"
25 of a "minor's family" have the meanings given in AS 45.60.091.

26 Sec. 05.18.220. UNCLAIMED PRIZE MONEY. The director shall
27 retain unclaimed prize money for the person entitled to it for one
28 year after the prize is awarded. If the winner does not claim the
29 prize money within the year, the corporation shall allocate a

1 sufficient portion of the money to award additional prizes or increase
2 the amount of prizes to be awarded to comply with its policy
3 concerning the percentage of prize awards to be paid and shall return
4 the balance to the general fund.

5 ARTICLE 4. MISCELLANEOUS PROVISIONS.

6 Sec. 05.18.300. AUDIT. The board shall have an audit of the
7 books and accounts of the corporation made at least once in each year
8 by certified public accountants. The board may have special audits
9 performed at any time on its own motion or at the request of the
10 director. The board shall file a copy of each audit with the
11 commissioner of revenue and the legislature.

12 Sec. 05.18.310. PROHIBITED ACTS. (a) A person may not

13 (1) act as a lottery sales agent or sell a lottery ticket
14 or share unless licensed under this chapter;

15 (2) sell a lottery ticket or share at a price greater than
16 that fixed by the corporation;

17 (3) sell or offer to sell a lottery ticket or share to a
18 person under the age of 18;

19 (4) knowingly present a counterfeit or altered lottery
20 ticket or share for payment or transfer a counterfeit or altered
21 lottery ticket or share to another person to present for payment;

22 (5) with intent to defraud, falsely make, alter, forge,
23 utter, pass or counterfeit a lottery ticket or share; or

24 (6) impersonate a lottery representative.

25 (b) An officer, employee, or contractor of the corporation, the
26 governor, or a lottery sales agent may not purchase a ticket or share
27 or receive a lottery prize.

28 (c) A lottery sales agent may not wilfully withhold funds owed
29 to the lottery.

1 the agencies and instrumentalities of them.

2 * Sec. 2. AS 39.25.110(11) is amended by adding a new subparagraph to
3 read:

4 (G) Alaska State Lottery Corporation;

5 * Sec. 3. AS 39.50.200(b) is amended by adding a new paragraph to read:

6 (48) Alaska State Lottery Corporation (AS 05.18).

7 * Sec. 4. The terms of the initial members of the State Lottery
8 Corporation appointed under AS 05.18.020 shall be determined by the
9 governor under AS 39.05.060(c)(2).

10 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
11 10.070(c).

1 (d) Nothing in this section prohibits a person from giving a
2 ticket or share to another person of any age.

3 Sec. 05.18.320. ASSIGNMENT OF CONTRACTS. A person who enters
4 into a contract under this chapter may not assign the contract without
5 the approval of the board.

6 Sec. 05.18.330. PENALTY. A person that violates AS 05.18.140 -
7 05.18.200, 05.18.310 or 05.18.320 is guilty of a class C felony.

8 Sec. 05.18.340. APPLICABILITY OF OTHER LAWS. No other law
9 regarding the sale of lottery tickets or the administration of a
10 lottery applies to the sale of lottery tickets or shares under this
11 chapter.

12 ARTICLE 5. GENERAL PROVISIONS.

13 Sec. 05.18.900. DEFINITIONS. In this chapter, unless the con-
14 text requires otherwise,

15 (1) "agent" means a person used as a lottery sales
16 agent under this chapter;

17 (2) "board" means the board of directors of the corpo-
18 ration;

19 (3) "corporation" means the Alaska State Lottery Corpo-
20 ration;

21 (4) "director" means the executive director of the corpo-
22 ration;

23 (5) "lottery" or "state lottery" means the lottery estab-
24 lished and operated under this chapter;

25 (6) "person" has the meaning given in AS 01.10.060 and also
26 includes an estate, receiver, trustee, assignee, referee, or other
27 person acting in a fiduciary or representative capacity, whether
28 appointed by a court or otherwise, and a department, commission,
29 agency or instrumentality of the state, including municipalities and

DEPARTMENT OF REVENUE

1111 West 8th Street, Room 108
Juneau, Alaska 99801

PUBLIC SERVICES DIVISION

January 30, 1986

The Honorable Mike Navarre
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Navarre:

As I testified before your committee on Wednesday, January 22, the Department of Revenue does not feel there is adequate lottery information specific to the demographics of Alaska to present a bankable opinion on an Alaska lottery.

We believe that the two-tier approach discussed with Representative Thompson last year provides the most responsible entry into the lottery world. In that approach an appointed commission would oversee three full-time staff members in the Department of Revenue. They would evaluate the successes of other states and take a hard look at how their experiences might relate to the unique extremes of Alaska. We also recommend the contractual services of an economist who knows Alaska.

Although I'll not restate my full testimony in this letter, what follows is a list of basic issues needing Alaska specifics. This list is not intended to be all-inclusive.

- the effect of a state lottery on charitable gaming
- the possible transfer of monies from rural areas to urban areas of the state
- the transfer of monies to the state which might otherwise be spent in local areas
- the probability of tourist play
- the cost/benefit of instant games versus on-line
- security of games with wide geographic distribution
- enforcement of games with wide geographic distribution
- retailer "servicing" in rural areas
- maximum use of computer technology (coupling of programs?)
- higher cost of doing business in Alaska
- effect of distance from other states

It is our feeling that these issues need to be addressed before legislation appropriate to Alaska can be written.

To your request that I respond to HB 338, I offer the following comments.

General

The Alaska Constitution provides for no dedication of funds. As such, the lottery office would be subject to annual legislative appropriation. This could very possibly jeopardize the credibility of the lottery should its budget be too limited--even for worthy reasons.

We recommend that the board be given more express policy authority and that the executive director clearly be answerable to the board. The executive director would then recommend policy with board approval.

Enforcement provisions are absent from this legislation. It is our belief that enforcement should be a function of the lottery office rather than the State Troopers. The Troopers will have expected priorities above the lottery, but the lottery must, at all times, hold the confidence of the players through proper security and enforcement provisions.

With so many determinations for policy to be made by the director and the board, a fiscal note is nearly impossible to guess. A lottery will need to be capitalized, but the games to be introduced will have bearing on whether the capitalization should be \$2 million or \$12 million.

Most states require that the odds of any given game be advertised. We recommend that such a requirement be included in law.

A provision for lottery security and for verification of winners is advisable.

Section Comments

020 Lines of authority and responsibility should be firmly established in the board. For example, even though this section vests the powers of the corporation in the board, section 040(3) provides that the board "advise and make recommendations to the director."

050(2) apportionment of lottery proceeds should be flexible. Annual goals should be set, but individual games will, by virtue of sales volumes, have a varied apportionment of costs and prizes.

(3) insert some parameters for licensing contractors and retailers. Require by law that they have no history of criminal activity, and provide the board with regulatory authority to add additional qualifications.

060 Again, we recommend ultimate policy determination be held by the board. This should include the ability to set salaries apart from the state salary structure. Direction to conduct background checks is also recommended.

070(3) Contracting with qualified retailers is preferable to licensing. Contracts can be written to cover unique circumstances and will provide greater protection to the lottery.

080 There are many types of lotteries. We suggest that all responsibilities of this section be submitted by the director as recommendations for approval by the board.

100 Again, we recommend contracting over licensing. No contract should be entered into with any businesses whose principals have a criminal record.

110 In the absence of licensing, a filing fee should be charged sufficient to cover the costs of the background checks and processing. This would run about \$200.

120 Revocation provisions could be specific to each contract.

130 The board, after recommendation by the director, should establish the policies for retailer commissions, incentive awards, et. al.

140(a) Payment of the retailer's compensation should be a provision in the negotiated contract to provide the greatest protection to the lottery.

(b) Reporting should also be part of the contract negotiations. Parameters for compensation and reporting along with all other provisions of this section should be set by the board allowing for more flexible contract negotiations by the executive director and the retailer.

210 A provision allowing payment by annuity is advised.

220 We recommend that unclaimed prize money be held for six months rather than one year. As this section is written, there is likely a constitutional problem with rolling these monies back into prizes.

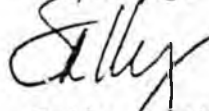
300(b) Although we agree that retailers should be precluded from purchasing tickets and winning resulting prizes, there may be a problem with the wording of this section which also precludes them from winning prizes which may be part of their sales incentives.

The Honorable Mike Navarre
January 30, 1986
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Once again, Mr. Chairman, I strongly recommend that this issue be given full-time, professional attention before we enter the lottery arena. We do not border other, more populous states. We do not have a rural road system. We have fewer people per square mile than any other state in the Union. In short, there are too many comparisons which do not compare. A lottery is a gamble no matter the level of expertise, but by fully understanding our odds, we can better decide if we can afford to play. Appointment of a commission and staff to review Alaska-specific questions will provide a safeguard to adopting legislation which may or may not enhance state revenues.

Should you or members of your committee have questions, I shall be pleased to do my best to respond.

Sincerely,



Sally Smith
Director

cc: The Honorable Dave Thompson
Alaska State Representative

SS:cv
86-29

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99801
907 465 3866

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

October 2, 1985

SUBJECT: Alaska State Lottery Commission (SSHB 338)
TO: Representative Dave Thompson
FROM: Teresa B. Cramer *TBC*
Legislative Counsel

I have prepared a draft Sponsor Substitute for HB 338. There are several provisions that you may wish to change.

Sec. 05.18.020(a) vests the powers of the corporation in the board. Later, in Sec. 05.18.040, the board is directed to delegate certain powers to the executive director. The director's powers and responsibilities are set out in Sections 05.18.060-05.18.080.

Sec. 05.18.040(a) gives the board responsibility for the management of the corporation's financial and legal obligations and directs the board to manage the corporation on a self-sustaining basis. ~~It might be more appropriate to direct the corporation to generate revenues.~~

Sec. 05.18.050(2) directs the board to ~~apportion revenues among prizes and costs.~~ Later, in Sec. 05.18.220, concerning unclaimed prize money, the board is directed to retain a portion of ~~unclaimed prizes for future prizes.~~

These provisions raise constitutional problems. Article IX, section 7, of the state constitution states

The proceeds of any state tax or license ~~shall not be dedicated to any special purpose,~~ except as provided in section 15 of this article (the Permanent Fund) or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

The state supreme court has interpreted "~~proceeds of any tax or license~~" to include the sources of any public revenues. State v. Alex, 546 P.2d 203 (Alaska 1982) Therefore, the proceeds from the sale of lottery tickets fall within the prohibition. To avoid the problem, ~~the legislature could appropriate a portion of the revenue to be raised by the sale of lottery tickets to the corporation for prize money and either provide a lapse date two years after the appropriation, permitting the corporation to add unclaimed prize money to future prizes, or could lapse the money after one year and be asked to reappropriate that sum for future prizes in the next budget.~~

Sec. 05.18.060 sets out the employment policies for the corporation.

Sec. 05.18.110 provides that a lottery sales agent license is valid for one year. You may wish to change the prohibition against charging fees for licensing or license renewal. You may also wish to consider whether a person with several retail outlets should be required to license each outlet or whether one license will cover all listed sales locations. The draft does not now require public display of the license. The director could, under 05.18.080(8), adopt regulations addressing these issues.

Sec. 05.18.140 contains new subsections permitting the director to impose a service charge for dishonored checks and electronic transfers, interest and service charges on overdue debts, and imposing a lien on the property of an agent who owes the corporation money. These are drawn from the Model Act.

Sec. 05.18.220 raises the constitutional questions concerning dedication of funds discussed under Sec. 05.18.050.

Sec. 05.18.300, providing for annual and special audits, is new. Authority to require audits is vested in the board rather than the executive director. The board is required to file copies with the legislature and with the commissioner of revenue. You may wish to require filing with the ~~governor~~ instead of the commissioner.

Sec. 05.18.310, prohibiting certain acts, has been expanded based on the Model Act. Subsection (b) prohibits any

Representative Dave Thompson
October 2, 1985
Page 3

contractor of the corporation from purchasing a ticket or share or receiving a lottery prize.

Section 2 amends AS 39.25.110 which lists positions in the exempt service.

If I may be of further assistance, please advise.

TBC:mkr
M1:022

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: HB 338
 Title: An Act establishing a state lottery
 Sponsor: Thompson
 Requestor: House Labor & Commerce Cmte.
 Date of Request: April 1, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: General Government
 BRU, Program or Subprogram(s) Affected: State Lottery Operating and Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	816.2	873.4	934.6	1,000.1	1,070.2
200 TRAVEL	-	142.8	152.8	163.5	175.0	187.3
300 CONTRACTUAL	-	10,658.9	11,405.1	12,203.5	13,057.8	13,971.9
400 SUPPLIES	-	26.0	7.6	8.2	8.8	9.5
500 EQUIPMENT	-	140.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	11,784.0	12,439.0	13,309.9	14,241.7	15,238.9
CAPITAL	-	2,500.0	-	-	-	-
REVENUE	-	1,468.0	1,570.8	1,680.8	1,798.5	1,924.5

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	12,816.0	10,868.2	11,629.1	12,443.2	13,314.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL TIME	-	19	19	19	19	19
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith
 Division: Public Services

Phone: 465-2392
 Date: April 10, 1985

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 4/10/85

Fiscal Note HB 338
April 10, 1985
Page 2

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

LOTTERY DIVISION BRU
Fiscal Note Analysis

Assumptions:

1. This will be an on-line lottery only.
2. Tickets will be on sale state-wide.
3. Gaming computer equipment will be leased for a percentage of the gross sales.
4. The lottery division will consist of four sections: 1) the director's office (includes commission costs); 2) a marketing section; 3) an enforcement section; and 4) an operations section.

The lottery commission would have overall authority over the state lottery. The director of the lottery division would handle administrative implementation of regulations of this chapter and administration of the division. The marketing section would keep pace with ever-changing trends in lottery games and sales, develop new games, estimate activity and revenue for these games, and promote the lottery state-wide. The enforcement section would conduct field work ensuring internal and external control of the lottery. The operations section would handle the receipt of tickets and maintain fiscal accountability for the tickets, prizes and monthly vendor reports.

STATE LOTTERY OPERATING BRU

100 PERSONAL SERVICES

The lottery division would be headed by a director. A Secretary I would be employed in this office to provide administrative and secretarial support to the division.

1	Director	6,817 @ 12 mos.	\$	81,809
1	Secretary I	2,547 @ 12 mos.		30,562

The marketing section would be operating under an Economist III. This section would also employ a publications specialist, a research analyst and a clerk typist III.

1	Economist III	5,187 @ 12 mos.		62,246
1	Publications Specialist III	4,456 @ 12 mos.		53,472
1	Research Analyst II	3,662 @ 12 mos.		43,944
1	Clerk Typist III	2,284 @ 12 mos.		27,408

The enforcement section would operate under an Investigator IV. Three investigators and a clerk typist III would also be employed in this section.

1	Investigator IV	4,866 @ 12 mos.		58,393
2	Investigator III	4,170 @ 24 mos.		100,298
1	Investigator II	3,662 @ 12 mos.		43,944
1	Clerk Typist III	2,284 @ 12 mos.		27,408

The operations section would operate under an Accounting Supervisor III. In addition, this section would employ three accounting technicians, two accounting clerks, a clerk typist III and a clerk III.

1	Accounting Supervisor III	4,283 @ 12 mos.	51,395
1	Accounting Technician III	3,662 @ 12 mos.	43,944
2	Accounting Technician II	3,207 @ 24 mos.	76,978
1	Accounting Clerk III	2,547 @ 12 mos.	30,563
1	Accounting Clerk II	2,415 @ 12 mos.	28,975
1	Clerk Typist III	2,284 @ 12 mos.	27,408
1	Clerk III	2,284 @ 12 mos.	<u>27,402</u>

Total Annual Wages and Benefits \$ 816,131

200 TRAVEL

In the first year, travel is estimated at \$139,020. This travel covers commission travel and monthly meetings, director's travel to other lottery states, conferences and monthly meetings. The accounting supervisor, the marketing supervisor and the investigators would each be using out-of-state travel to attend training seminars and would bring the expertise back to their sections. The marketing supervisor would travel within Alaska to promote the lottery and the enforcement section investigators would travel within Alaska to conduct field investigations and to ensure the integrity of the lottery.

Commission trips	\$ 60,400
Director trips	16,000
Marketing trips	5,000
Accounting training trip	1,400
Investigator training/Investigative trips	<u>60,000</u>

Total Travel \$ 142,800

300 CONTRACTUAL

Contractual costs are listed in two separate categories: expenses related to the gaming equipment and expenses related to the setup of the new division.

Gaming Equipment

Computer data lines from the central office to the computer terminals at each vendor's location would be leased from a gaming equipment company. Costs for installation of those lines would be a one-time capital cost.

Computer Data Lines	\$ 7,400,000
One-time capital costs	2,500,000

Division Setup

During the first year of operation, advertising costs would total about \$500,000. This amount would be reduced in subsequent years of operation.

Office communications	21,000
Copiers	12,000
Printing	35,000
Subscriptions	1,000
Postage	30,000
Messenger Service	2,000
Freight	3,000
Office Space	69,264
Miscellaneous	5,000
Advertisement	<u>500,000</u>

Total Contractual \$10,578,264

400 SUPPLIES

Office supplies costs are estimated at \$1.0 per employee for FY86. These costs will decrease in FY87.

Stationery and office supplies	\$ <u>19,000</u>
Total Supplies	\$ 19,000

500 EQUIPMENT

Office equipment and furniture includes desks, chairs, calculators, file cabinets, partitions, bookcases, credenzas, phones, one conference table and one typewriter with a stand. Expenditures for these items will impact FY86 only.

Office equipment and furniture	\$ <u>48,907</u>
Total Equipment	\$ 48,907

Sub-total State Lottery Operating \$11,605,102

DATA AND WORD PROCESSING BRU

The following funding would be allocated to data and word processing within the Department of Revenue for the operation of the lottery division.

300 CONTRACTUAL

Funds are requested for Wang archiving work stations and a printer. The vendor reports, marketing information and other information and statistics would be data-captured for analysis and reporting to the commission.

Equipment Lease and Maintenance	\$	48,512
Programs		25,000
Program Maintenance		<u>7,000</u>
Total Contractual	\$	80,572

400 SUPPLIES

The funds listed here would be used to purchase miscellaneous software and printer paper.

Miscellaneous Supplies	\$	<u>7,000</u>
Total Supplies	\$	7,000

500 EQUIPMENT

These funds would be used to purchase central processing unit equipment, including one disk drive, a tape drive, a 5574 band printer and air and power conditioners.

Disk and tape drives	\$	70,000
5574 printer		12,500
Air and power conditioners		<u>8,500</u>
Total Equipment	\$	91,000

Subtotal Data and Word Processing \$178,572

TOTAL OPERATING AND DATA AND WORD PROCESSING \$11,783,674

1.	POSITION TITLE Director				RANGE/STEP 26B	ORG. UNIT X	PAGE/LINE	COY.	APPROV.	DISP.
2.	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		

3.	CONTINUATION LEVEL				ADDITION			
4.	TYPE OF EXPENDITURE			AMOUNT				
	1	2	3					
	PERSONAL SERVICES							
5.	Salary	\$64,620						
6.	Benefits	10,598						
7.	Supplemental Benefits	3,961						
8.	Fixed Benefits	2,530						
9.	TOTAL PERSONAL SERVICES	01	81,809					
10.	Travel	02	16,000					
11.	Contractual	03						
12.	Commodities	04						
13.	Equipment	05						
14.	Other							
15.	TOTAL COST		98,809					

JUSTIFICATION

The director will administer the activities of the lottery division and supervise its daily operation, attend monthly commission meetings and act as their secretary. The director will act on advice and recommendations from the commission and will, in turn, advise the commission of division activities and provide statistical reports, information on the progress of the lottery as a revenue-generating enterprise and information on activities in other states. The director will hold press conferences to keep the public informed.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		C.F. Match 1003	
18.		General Funds 1004	98,809
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

FOR BSM USE ONLY
KEY NUMBER _____

AGENCY Revenue
PROGRAM Revenue Management & Collection
BRU State Lottery
COMPONENT Operating

Page 1 of 1
Revised Date _____

FY 86

REQUEST FOR
NEW POSITION

1.	POSITION TITLE Secretary I			RANGE/STEP 10B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PE	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	\$22,716	
6.	Benefits	3,725	
7.	Supplemental Benefits	1,392	
8.	Fixed Benefits	2,729	
9.	TOTAL PERSONAL SERVICES	01	30,562
10.	Travel	02	
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		30,562

JUSTIFICATION

The secretary will provide clerical and administrative support to the division. Duties will include typing, filing, making travel arrangements, processing personnel documents, acting as receptionist, and responding to general public inquiries.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	30,562
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

FOR BSM USE ONLY
KEY NUMBER _____

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Mangement & Collection
BRU State Lottery
COMPONENT Operating

Page 1 of 1
Revised Date _____

FY 86

1.	POSITION TITLE Investigator IV			RANGE/STEP 20B	BARG. UNIT S	PAGE/LINE	COY.	APPROV.	DISAST.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2		3					
	PERSONAL SERVICES								
5.	Salary	\$45,312							
6.	Benefits	7,431							
7.	Supplemental Benefits	2,778							
8.	Fixed Benefits	2,872							
9.	TOTAL PERSONAL SERVICES	01		58,393					
10.	Travel	02		10,160					
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST			68,553					
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		C.F. Match 1003							
18.		General Funds 1004		68,533					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR BSM USE ONLY KEY NUMBER _____									

The investigator IV will manage the enforcement section and supervise its daily operation to ensure problems are resolved in a timely fashion and the enforcement effort is on-going. This person will set priorities for investigations and will analyze the effectiveness of the effort to provide recommendations for change to the director.

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collection
BRU State Lottery
COM ONENT Operating

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Revised Date _____

FY 86

1.	POSITION TITLE Investigator III				RANGE/STEP 18B	DARG. UNIT G	PAGE/LINE	COY.	APPROV.	DISAST.
2.	TYPE OF POSITION PFT	STAFF MONTHS 24	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.		

3.	CONTINUATION LEVEL	ADDITION		
4.	TYPE OF EXPENDITURE			AMOUNT
	1	2	3	
	PERSONAL SERVICES			
5.	Salary	577,400		
6.	Benefits	12,694		
7.	Supplemental Benefits	4,742		
8.	Fixed Benefits	5,458		
9.	TOTAL PERSONAL SERVICES	01	100,298	
10.	Travel	02	24,400	
11.	Contractual	03		
12.	Commodities	04		
13.	Equipment	05		
14.	Other			
15.	TOTAL COST		124,698	

JUSTIFICATION

The investigator III's will concentrate their effort on field investigations of lottery vendors and the internal security of the lottery. This will entail background, criminal and business investigations to ensure the integrity of the lottery and the confidence of the public.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		C.F. Match 1003	
18.		General Funds 1004	124,698
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

FOR BSH USE ONLY
KEY NUMBER _____

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collection
BRU State Lottery
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FY 86

1.	POSITION TITLE Investigator II				RANGE/STEP 16B	BARG. UNIT G	PAGE/LINE	COY.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEC.		
3.	CONTINUATION LEVEL	ADDITION		JUSTIFICATION						
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2		3						
	PERSONAL SERVICES									
5.	Salary	\$33,636								
6.	Benefits	5,517								
7.	Supplemental Benefits	2,062								
8.	Fixed Benefits	2,729								
9.	TOTAL PERSONAL SERVICES	01		43,944						
10.	Travel	02		12,200						
11.	Contractual	03								
12.	Commodities	04								
13.	Equipment	05								
14.	Other									
15.	TOTAL COST			56,144						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		C.F. Match 1003								
18.		General Funds 1004		56,144						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR BSM USE ONLY										
KEY NUMBER _____										

The investigator II will concentrate their effort on field investigations of lottery vendors and the internal security of the lottery. This will entail background, criminal and business investigations to ensure the integrity of the lottery and the confidence of the public.

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collection
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FY 86

1.	POSITION TITLE Clerk Typist III	RANGE/STEP 8B	BARG. UNIT G	PAGE/LINE	CON.	APPROV.	DISTR.
2.	TYPE OF POSITION PFT	STAFF MONTHS 36	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT
3.	CONTINUATION LEVEL	ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE		AMOUNT				
	1	2	3				
	PERSONAL SERVICES						
5.	Salary	\$60,408					
6.	Benefits	9,908					
7.	Supplemental Benefits	3,703					
8.	Fixed Benefits	8,187					
9.	TOTAL PERSONAL SERVICES	01	82,206				
10.	Travel	02					
11.	Contractual	03					
12.	Commodities	04					
13.	Equipment	05					
14.	Other						
15.	TOTAL COST		82,206				
	RECEIPT CODE	FUNDING SOURCE					
16.		Federal Receipts 1002					
17.		C.F. Match 1003					
18.		General Funds 1004	82,206				
19.		I-A Receipts 1005					
20.		Program Receipts 1028					
21.		Other					
FOR BSM USE ONLY							
KEY NUMBER _____							

These positions will provide clerical support for the enforcement, marketing and operations sections. Duties will include typing, filing and other clerical-related functions.

**REQUEST FOR
NEW POSITION**

AGENCY Revenue

PROGRAM Revenue Management & Collection

BRU State Lottery

COMPONENT Operating

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Revised Date _____

1.	POSITION TITLE Economist III				RANGE/STEP 21B	BARG. UNIT S	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION: AWA	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		\$48,456							
6.	Benefits		7,947							
7.	Supplemental Benefits		2,970							
8.	Fixed Benefits		2,873							
9.	TOTAL PERSONAL SERVICES		01		62,246					
10.	Travel		02		5,000					
11.	Contractual		03							
12.	Commodities		04							
13.	Equipment		05							
14.	Other									
15.	TOTAL COST				67,246					
	RECEIPT CODE				FUNDING SOURCE					
16.					Federal Receipts 1002					
17.					C.F. Match 1003					
18.					General Funds 1004					
19.					1-A Receipts 1005					
20.					Program Receipts 1028					
21.					Other					
FOR BSM USE ONLY										
KEY NUMBER _____										

The economist III will manage and supervise the marketing section. The economist will act as a liaison with other lottery states to obtain information to enhance the state lottery and will oversee an ongoing analysis of the impact of the lottery on the state and the communities. The economist will advise the division of economic trends and make suggestions for improvements.

REQUEST FOR
NEW POSITION

AGENCY Revenue
PROGRAM Revenue Management & Collection
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FY 86

1.	POSITION TITLE Publication Specialist III			RANGE/STEP 19B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 1 1/2	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE		AMOUNT		<p>The publication specialist III would write brochures and informational booklets, design posters and prepare the media campaign to promote the lottery. Skills in graphic design will be required.</p>				
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	\$41,412							
6.	Benefits	6,792							
7.	Supplemental Benefits	2,539							
8.	Fixed Benefits	2,729							
9.	TOTAL PERSONAL SERVICES	01	53,472						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST		53,472						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004		53,472					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR BSM USE ONLY									
KEY NUMBER _____									

**REQUEST FOR
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AGENCY Revenue
PROGRAM Revenue Managment & Collection
BRU State Lottery
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FY 86

1.	POSITION TITLE Research Analyst II				RANGE/STEP 16B	DARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.		

CONTINUATION LEVEL		ADDITION	AMOUNT
1	2	3	
PERSONAL SERVICES			
5.	Salary	\$33,636	
6.	Benefits	5,517	
7.	Supplemental Benefits	2,062	
8.	Fixed Benefits	2,729	
9.	TOTAL PERSONAL SERVICES	01	43,944
10.	Travel	02	
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		43,944

JUSTIFICATION

The research analyst II would conduct surveys and compile statistics for the marketing section. This information would also be used for public information and required reports and publications. These surveys would profile the players and provide the basis for developing new games.

RECEIPT CODE	FUNDING SOURCE	AMOUNT
16.	Federal Receipts 1002	
17.	C.F. Match 1003	
18.	General Funds 1004	43,944
19.	I-A Receipts 1005	
20.	Program Receipts 1028	
21.	Other	

FOR BSM USE ONLY
KEY NUMBER _____

**REQUEST FOR
NEW POSITION**

AGENCY Revenue

PROGRAM Revenue Management & Collection

BRU State Lottery

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FY 86

1.	POSITION TITLE Accounting Supervisor III			RANGE/STEP 18B	BARG. UNIT S	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL	ADDITION		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2		3					
	PERSONAL SERVICES								
5.	Salary	\$39,600							
6.	Benefits	6,495							
7.	Supplemental Benefits	2,428							
8.	Fixed Benefits	2,872							
9.	TOTAL PERSONAL SERVICES	01		51,395					
10.	Travel	02		1,400					
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST			51,395					
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		C.F. Match 1003							
18.		General Funds 1004		51,395					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR BSM USE ONLY KEY NUMBER _____									

The accounting supervisor III will manage the operations section and supervise its daily activities. The accounting supervisor III will be responsible for training the staff and seeing that statistics of sales activities are generated and reported to the marketing section. Recommendations for policy changes, as the circumstances warrant, are made to the director.

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collections
BRU State Lottery
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Revised Date _____

FY 86

1.	POSITION TITLE Accounting Technician III				RANGE/STEP 16B	DEPT. UNIT G	PAGE/LINE	COY.	APPROV.	DISPT.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.		

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	\$33,636	
6.	Benefits	5,517	
7.	Supplemental Benefits	2,062	
8.	Fixed Benefits	2,729	
9.	TOTAL PERSONAL SERVICES	01	43,944
10.	Travel	02	
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		43,944

JUSTIFICATION

The accounting technician III will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	43,944
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

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**REQUEST FOR
NEW POSITION**

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1.	POSITION TITLE Accounting Technician II			RANGE/STEP 14B	ORG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAP
2.	TYPE OF POSITION PFT	STAFF MONTHS 24	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	

3.	CONTINUATION LEVEL		ADDITION	
4.	Type of Expenditure			AMOUNT
	1	2		3
	PERSONAL SERVICES			
5.	Salary	\$58,368		
6.	Benefits	9,574		
7.	Supplemental Benefits	3,578		
8.	Fixed Benefits	5,458		
9.	TOTAL PERSONAL SERVICES	01		76,978
10.	Travel	02		
11.	Contractual	03		
12.	Commodities	04		
13.	Equipment	05		
14.	Other			
15.	TOTAL COST			76,978

JUSTIFICATION

The accounting technician II's will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.

6.	RECEIPT CODE	FUNDING SOURCE	
7.		Federal Receipts 1002	
8.		C.F. Match 1003	
9.		General Funds 1004	76,978
10.		I-A Receipts 1005	
11.		Program Receipts 1028	
12.		Other	

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KEY NUMBER _____

**REQUEST FOR
NEW POSITION**

AGENCY Revenue

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FY 86

1.	POSITION TITLE Accounting Clerk III				RANGE/STEP 10B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	\$22,716								
6.	Benefits	3,726								
7.	Supplemental Benefits	1,392								
8.	Fixed Benefits	2,729								
9.	TOTAL PERSONAL SERVICES	01	30,563							
10.	Travel	02								
11.	Contractual	03								
12.	Commodities	04								
13.	Equipment	05								
14.	Other									
15.	TOTAL COST		30,563							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		C.F. Match 1003								
18.		General Funds 1004		30,563						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								

The accounting clerk III will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.

FOR BSM USE ONLY
KEY NUMBER _____

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collection
BRU State Lottery
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FY 86

1.	POSITION TITLE Accounting clerk II			RANGE/STEP 9B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAST.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	\$21,420							
6.	Benefits	3,513							
7.	Supplemental Benefits	1,313							
8.	Fixed Benefits	2,729							
9.	TOTAL PERSONAL SERVICES	01	28,975						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST		28,975						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004		28,975					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR BSM USE ONLY KEY NUMBER _____									

The accounting Clerk II will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.

**REQUEST FOR
NEW POSITION**

AGENCY Revenue
PROGRAM Revenue Management & Collection
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FY 86

1.	POSITION TITLE Clerk III			RANGE/STEP 8B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION AWA	ELECTION DISTRICT	LEG.	

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	S. vary	\$20,136	
6.	Benefits	3,303	
7.	Supplemental Benefits	1,234	
8.	Fixed Benefits	2,729	
9.	TOTAL PERSONAL SERVICES	01	27,402
10.	Travel	02	
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		27,402

JUSTIFICATION

The Clerk III will be responsible for assisting the accounting staff as assigned handling forms, filing and maintenance of file system.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	27,402
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

FOR BSM USE ONLY
KEY NUMBER _____

**REQUEST FOR
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AGENCY Revenue
PROGRAM Revenue Management & Collection
BRU State Lottery
COMPONENT Operating

FY 86

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Representative Mike Navarre
Labor & Commerce Committee
Alaska State Legislature

February 3, 1986

Dear Representative Navarre:

Please include this letter into the record of the Labor & Commerce Committee, of which you are the chairman, in support of HB 338, the State Lottery.

The State of Alaska has the ability at this time to institute revenue generating programs before there is such a reduction in oil money so as to create a crisis. One of those programs should be a state lottery.

As was explained by Rep. Thompson, the states adopting a statewide lottery are growing rapidly. Thirteen states as of right now are considering such a program. Three of those states are in the unfortunate position of having to propose a change to their constitution. We have no such problem and as this proposal has been well researched by Rep. Thompson's office, the time for studying a lottery could be better spent in passing the bill and raising needed revenue.

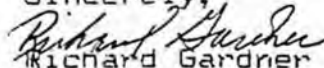
The legislature approved the sale of pull-tabs in this state several years ago. Pull-tabs are an instant lottery game. The sale of pull-tabs has grown into a multi-million dollar industry without any hue and cry from any segment of the population. The Nenana Ice Classic is a lottery and will exceed one million dollars in sales this year and is highly supported by the population. It would appear highly contradictory to approve instant lottery (pull-tabs) and a lotto type (Nenana) on one hand, and turn around and profess that a state run lottery would not work or that it was in some manner not in the public interest. Just last session, the legislature approved the salmon lottery based on pounds of fish caught. Its time that all of the people of Alaska benefit from the sale of lottery tickets.

There is the argument that we are not bordered by other states. Oregon now has a lottery state on two sides and still sold over 6 million instant lottery tickets during November 1985. A steady growth of population in our own state combined with the tourist influx can and will only improve our lottery sales.

As over twenty states now have a state-wide lottery, it is well proven with facts that the lottery is a viable method to raise revenues. Those facts also refute arguments against a lottery based solely on emotions. I strongly recommend that the committee consider those facts in favorably passing HB 338 on as soon as possible.

Thank you for this opportunity and feel free to contact me for any clarification that might be necessary to make a factual determination.

Sincerely,


Richard Gardner

P.O. Box 1353
Juneau, Alaska 99802

To: Mike
From: Roger

April 11, 1985

HB 338: Lottery bill. We have gotten minimal backup from Dave Thompson's office on this, despite my numerous requests. According to feedback I got from Dept. of Revenue sources, Thompson has appeared to have not spent much time on this bill--in fact, it appears he got the idea and just had Theresa Bannister of Leg. Counsel draw up a bill based on another state, without giving any real thought to whether any of it could apply to Alaska. Even worse, when Dept. people called Thompson about the bill, he did not appear very familiar with what was even in it. For example, they asked him why instant games were excluded from the types of lotteries to be conducted (page 2, lines 26-27) and he was shocked to find out it was even in the bill!

The idea may be okay, but clearly a lot more thought is needed on the bill. For this reason, I asked Theresa Bannister to attend, so that if the Committee wants a CS drafted, she will be on top of it. I think the bill is big enough and important enough that it should be worked on carefully and not be pushed through both houses this year. Otherwise, it could cause problems.

Commissioner Nordale will be presenting her position paper verbally to the teleconference. I think she wants to do it so that the public out there can hear what is going on and what kinds of problems may be generated by this bill--because of all of the favorable press coverage and support it got from so many people statewide who favor it, I think it might be a good idea to let her read her whole statement into the record for their benefit as well as ours.

I have put up an extensive list of objections to the bill in its present form in the Committee memo so you can see some of my specific concerns with the bill. Some of them will be raised by the Department as well.

*Mayer
Brush
file*

STATE OF ALASKA
THE LEGISLATURE

POLCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 8, 1985

SUBJECT: State Lottery Bill
(Work Order No. 14-0805)

TO: Representative David Thompson

FROM: Theresa L. Bannister *TLB*
Legislative Counsel

With this memo I am transmitting to you a draft of the state lottery bill that you requested.

The draft is based on the New Jersey lottery statutes that accompanied the work order, but I had to change the New Jersey law to conform it to Alaska law and to Alaska's drafting style. Therefore, the draft appears different from the New Jersey law, but the substance remains similar.

Please note that there is a policy question raised in the coverage of Sec. 05.18.240(e) of the draft, which you may want to consider further. That subsection prohibits certain persons, who may be involved in the lottery administration, from participating in the lottery itself. Do you want to exclude other persons? Do you feel the present provision is too broad? If a local government is a lottery sales agent its employees are prohibited from participating. Do you want that? Should members of the Governor's staff or office be allowed to participate? If you decide on changes for the present subsection, or to the draft in general, please so advise.

TLB:csh
c3/035

Alaska State Legislature



House of Representatives

DISTRICT 27:

AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMENS BAY

REPRESENTATIVE
DAVE THOMPSON

POUCH V
JUNEAU, ALASKA 99811
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(907) 465-2498

P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(LIO)(907) 486-8116

DT: 4/9/85

TO: House Labor and Commerce Committee

FR: Rep. Dave Thompson *DWT*

RE: AK Sta Lottery; HB 338

HB 338 would provide for establishment of state operated lottery intended to generate revenue, augmenting other revenue sources, for the general fund. The bill calls for creation of a division of lottery within the Department of Revenue, and a lottery commission to be appointed by the Governor. The lottery commission would determine the type(s) of lottery to be conducted, develop regulations for the lottery, plan for apportionment of total lottery generated funds, and monitor lottery activities.

The lottery division would be supervised by a lottery director appointed by the commissioner of revenue. The lottery division will license agents, control marketing functions, and maintain records for the state lottery.

The intent of this bill is to establish the framework for the state to pursue the lottery concept as one additional means of revenue generation. Determining the specific form of lottery is not addressed by this legislation, and is not the intent of the sponsor.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/24/86

REQUEST
Bill/Resolution No: SSBH 338
Title: An Act establishing a state lottery
Sponsor: Thompson
Requestor: House Labor
Date of Request: April 1, 1985

FISCAL DETAIL
Agency Affected: Revenue
BRU: State Lottery
Components: Operating and Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-	816.1	934.6	1000.1	1070.2	1145.2
TRAVEL	-	142.8	163.5	175.0	187.3	200.5
CONTRACTUAL	-	8158.8	9703.5	10557.6	11471.9	12450.0
SUPPLIES	-	26.0	8.2	8.8	9.5	10.2
EQUIPMENT	-	139.9	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS/CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	9283.6	10809.8	11741.7	12738.9	13805.9

CAPITAL	-	2500.0	-	-	-	-
---------	---	--------	---	---	---	---

REVENUE	-	12400.0	12400.0	12400.0	12400.0	12400.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	9283.6	10809.8	11741.7	12738.9	13805.9
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	19	19	19	19	19
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared by: Sally Smith *Sally Smith*
 Division: Public Services

Phone: 465-2392
 Date: March 24, 1986

Approved by: *Henry A. Stedake*
 Commissioner:
 Agency: Revenue

Date: 3/25/86

Distribution (by Agency preparing fiscal note):

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

LOTTERY DIVISION BRU
Fiscal Note Analysis

Assumptions:

1. Instant games and on-line lottery operations will be instituted.
2. Tickets will be on sale state-wide.
3. Gaming computer equipment will be leased for a percentage of the gross sales.
4. The lottery division will consist of four sections: 1) the director's office (includes commission costs); 2) a marketing section; 3) an enforcement section; and 4) an operations section.

Projected revenue was taken from the study titled Replacement Revenue, prepared by Bob D. Thomas in November 1985 for Representative David W. Thompson.

The lottery commission would have overall authority over the state lottery. The director of the lottery division would handle administrative implementation of regulations of this chapter and administration of the division. The marketing section would keep pace with ever-changing trends in lottery games and sales, recommend new games, estimate activity and revenue for these games, and promote the lottery state-wide. The enforcement section would conduct field work ensuring internal and external control of the lottery. The operations section would handle the receipt of tickets and maintain fiscal accountability for the tickets, prizes and monthly vendor reports.

STATE LOTTERY OPERATING BRU

100 PERSONAL SERVICES

The lottery division would be headed by a director. A Secretary I would be employed in this office to provide administrative and secretarial support to the division.

1	Director	6,817 @ 12 mos.	\$	81,809
1	Secretary I	2,547 @ 12 mos.		30,562

The marketing section would be operating under an Economist III. This section would also employ a publications specialist, a research analyst and a clerk typist III.

1	Economist III	5,187 @ 12 mos.		62,246
1	Publications Specialist III	4,456 @ 12 mos.		53,472
1	Research Analyst II	3,662 @ 12 mos.		43,944
1	Clerk Typist III	2,284 @ 12 mos.		27,408

The enforcement section would operate under an Investigator IV. Three investigators and a clerk typist III would also be employed in this section.

1	Investigator IV	4,866 @ 12 mos.		58,393
2	Investigator III	4,170 @ 24 mos.		100,298
1	Investigator II	3,662 @ 12 mos.		43,944
1	Clerk Typist III	2,284 @ 12 mos.		27,408

The operations section would operate under an Accounting Supervisor III. In addition, this section would employ three accounting technicians, two accounting clerks, a clerk typist III and a clerk III.

1	Accounting Supervisor III	4,283 @ 12 mos.	51,395
1	Accounting Technician III	3,662 @ 12 mos.	43,944
2	Accounting Technician II	3,207 @ 24 mos.	76,978
1	Accounting Clerk III	2,547 @ 12 mos.	30,563
1	Accounting Clerk II	2,415 @ 12 mos.	28,975
1	Clerk Typist III	2,284 @ 12 mos.	27,408
1	Clerk III	2,284 @ 12 mos.	<u>27,402</u>

Total Annual Wages and Benefits \$ 816,149

200 TRAVEL

In the first year, travel is estimated at \$139,020. This travel covers commission travel and monthly meetings, director's travel to other lottery states, conferences and monthly meetings. The accounting supervisor, the marketing supervisor and the investigators would each be using out-of-state travel to attend training seminars and would bring the expertise back to their sections. The marketing supervisor would travel within Alaska to promote the lottery and the enforcement section investigators would travel within Alaska to conduct field investigations and to ensure the integrity of the lottery.

Commission trips	\$ 60,400
Director trips	16,000
Marketing trips	5,000
Accounting training trip	1,400
Investigator training/Investigative trips	<u>60,000</u>

Total Travel \$ 142,800

300 CONTRACTUAL

Contractual costs are listed in two separate categories: expenses related to the gaming equipment and expenses related to the setup of the new division.

Gaming Equipment

Computer data lines from the central office to the computer terminals at each vendor's location would be leased from a gaming equipment company. Costs for installation of those lines would be a one-time capital cost.

Computer Data Lines	\$ 7,400,000
One-time capital costs	\$ 2,500,000

Division Setup

During the first year of operation, advertising costs would total about \$500,000.

Office communications	21,000
Copiers	12,000
Printing	35,000
Subscriptions	1,000
Postage	30,000
Messenger Service	2,000
Freight	3,000
Office Space	69,264
Miscellaneous	5,000
Advertisement	<u>500,000</u>

Total Contractual \$ 8,078,264

400 SUPPLIES

Office supplies costs are estimated at \$.0 per employee for FY86. These costs will decrease in FY87.

Stationery and office supplies	\$ <u>19,000</u>
Total Supplies	\$ 19,000

500 EQUIPMENT

Office equipment and furniture includes desks, chairs, calculators, file cabinets, partitions, bookcases, credenzas, phones, one conference table and one typewriter with a stand. Expenditures for these items will impact FY87 only.

Office equipment and furniture	\$ <u>48,907</u>
Total Equipment	\$ 48,907

Sub-total State Lottery Operating and Capital \$11,605,120

DATA AND WORD PROCESSING BRU

The following funding would be allocated to data and word processing within the Department of Revenue for the operation of the lottery division.

300 CONTRACTUAL

Funds are requested for Wang archiving work stations and a printer. The vendor reports, marketing information and other information and statistics would be data-captured for analysis and reporting to the commission.

Equipment Lease and Maintenance	\$	48,512
Programs		25,000
Program Maintenance		<u>7,000</u>
Total Contractual	\$	80,512

400 SUPPLIES

The funds listed here would be used to purchase miscellaneous software and printer paper.

Miscellaneous Supplies	\$	<u>7,000</u>
Total Supplies	\$	7,000

500 EQUIPMENT

These funds would be used to purchase central processing unit equipment, including one disk drive, a tape drive, a 5574 band printer and air and power conditioners.

Disk and tape drives	\$	70,000
5574 printer		12,500
Air and power conditioners		<u>8,500</u>
Total Equipment	\$	91,000

Subtotal Data and Word Processing \$178,512

TOTAL OPERATING AND DATA AND WORD PROCESSING \$11,783,632

Position Title Director			No. of Positions 1	Range/Step 26B	Barg. Unit X	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg. .....	.....	.....
Type of Expenditure			Justification					
		Amount	<p>The director will administer the activities of the lottery division and supervise its daily operation, attend monthly commission meetings and act as their secretary. The director will act on advice and recommendations from the commission and will, in turn, advise the commission of division activities and provide statistical reports, information on the progress of the lottery as a revenue-generating enterprise and information on activities in other states. The director will hold press conferences to keep the public informed.</p>					
1	2	3						
Salary	\$64,620	.....					
Benefits	17,189	.....					
Premium Pay	-	.....					
Other	-	.....					
Total Personal Services	.....	81,809						
Travel		16,000						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		98,809						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		98,809					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For M&B Use Only Key Number _____								

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Position Title Secretary I			No. of Positions 1	Range/Step 108	Barg. Unit G	Gov. .	Approval .	Disapp. .
Time Status PFT	Staff Months 12	RP Number	Location AHA	Election District		Leg. .	.	.

Type of Expenditure	Amount
1	2
Salary	\$22,716
Benefits	7,846
Premium Pay	-
Other	-
Total Personal Services	30,562
Travel	-
Contractual	-
Commodities	-
Equipment	-
Other	-
Total Cost	30,562

Justification

The secretary will provide clerical and administrative support to the division. Duties will include typing, filing, making travel arrangements, processing personnel documents, acting as receptionist, and responding to general public inquiries.

Receipt Code	Funding Source	Amount
	Federal Receipts 1002	
	G.F. Match 1003	
	General Funds 1004	30,562
	I-A Receipts 1005	
	Progr. Receipts 1028	
	CIP Receipts 1061	
	Other	

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Position Title Investigator IV			No. of Positions 1	Range/Step 208	Barg. Unit S	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AHA	Election District		Leg.		
Type of Expenditure			Justification					
Amount			<p>The investigator IV will manage the enforcement section and supervise its daily operation to ensure problems are resolved in a timely fashion and the enforcement effort is on-going. This person will set priorities for investigations and will analyze the effectiveness of the effort to provide recommendations for change to the director.</p>					
1	2	3						
Salary	\$45,312							
Benefits	13,081							
Premium Pay	-							
Other	-							
Total Personal Services		58,393						
Travel		10,160						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		68,553						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		68,533					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Investigator III			No. of Positions 2	Range/Step 18B	Barg. Unit G	Gov. .	Approval .	Disapp. .
Time Status PFT	Staff Months 24	RP Number	Location AWA	Election District	Leg. .	.	.	.
Type of Expenditure			Justification					
Amount			The investigator III's will concentrate their effort on field investigations of lottery vendors and the internal security of the lottery. This will entail background, criminal and business investigations to ensure the integrity of the lottery and the confidence of the public.					
1	2	3						
Salary	\$77,400	.						
Benefits	22,898	.						
Premium Pay	-	.						
Other	-	.						
Total Personal Services	.	100,298						
Travel		24,400						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		124,698						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		124,698					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Investigator II			No. of Positions 1	Range/Step 16B	Barg. Unit G	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg. .....	.....	.....
Type of Expenditure			Justification					
		Amount	<p>The investigator II will concentrate his/her effort on field investigations of lottery vendors and the internal security of the lottery. This will entail background, criminal and business investigations to ensure the integrity of the lottery and the confidence of the public.</p>					
1	2	3						
Salary	\$33,636	.....					
Benefits	10,308	.....					
Premium Pay	-	.....					
Other	-	.....					
Total Personal Services		43,944						
Travel		12,200						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		56,144						
Receipt Code			Funding Source					
			Federal Receipts 1002					
			G.F. Match 1003					
			General Funds 1004 56,144					
			I-A Receipts 1005					
			Program Receipts 1028					
			CIP Receipts 1061					
			Other					
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Position Title Clerk Typist III			No. of Positions 3	Range/Step BB	Barg. Unit G	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 36	RP Number	Location AWA	Election District		Leg.		

Type of Expenditure	1	2	Amount	3
Salary		\$60,408		
Benefits		21,798		
Premium Pay		-		
Other		-		
Total Personal Services				82,206
Travel				-
Contractual				-
Commodities				-
Equipment				-
Other				-
Total Cost				82,206

Justification

These positions will provide clerical support for the enforcement, marketing and operations sections. Duties will include typing, filing and other clerical-related functions.

Receipt Code	Funding Source	Amount
	Federal Receipts 1002	
	G.F. Match 1003	
	General Funds 1004	82,206
	I-A Receipts 1005	
	Program Receipts 102B	
	CIP Receipts 1061	
	Other	

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Position Title Economist III			No. of Positions 1	Range/Step 21B	Barg. Unit S	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg.		
Type of Expenditure			Justification					
1		2	3					
Salary		\$48,456	The economist III will manage and supervise the marketing section. The economist will act as a liaison with other lottery states to obtain information to enhance the state lottery and will oversee an ongoing analysis of the impact of the lottery on the state and the communities. The economist will advise the division of economic trends and make suggestions for improvements.					
Benefits		13,790						
Premium Pay		-						
Other		-						
Total Personal Services		62,246						
Travel		5,000						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		67,246						
Receipt Code		Funding Source						
		Federal Receipts 1002						
		G.F. Match 1003						
		General Funds 1004		67,246				
		I-A Receipts 1005						
		Program Receipts 1028						
		CIP Receipts 1061						
		Other						
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Position Title Publication Specialist III			No. of Positions 1	Range/Step 19B	Barg. Unit G	Gov. .	Approval .	Disapp. .
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg. .	.	.
Type of Expenditure			Justification					
		Amount	The publication specialist III will write brochures and informational booklets, design posters and prepare the media campaign to promote the lottery. Skills in graphic design will be required.					
1	2	3						
Salary	\$41,412	.						
Benefits	12,060	.						
Premium Pay	-	.						
Other	-	.						
Total Personal Services		53,472						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		53,472						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		53,472					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Research Analyst II			No. of Positions 1	Range/Step 16B	Barg. Unit G	Gov. 1	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg.		
Type of Expenditure			Justification					
		Amount	<p>The research analyst II will conduct surveys and compile statistics for the marketing section. This information will also be used for public information and required reports and publications. These surveys will profile the players and provide the basis for developing new games.</p>					
1	2	3						
Salary	\$33,636							
Benefits	10,308							
Premium Pay	-							
Other	-							
Total Personal Services		43,944						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		43,944						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		43,944					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Accounting Supervisor III			No. of Positions 1	Range/Step 18B	Barg. Unit S	Gov. .	Approval .	Disapp. .
Time Status PFI	Staff Months 12	RP Number	Location AHA	Election District		Lég. .	.	.
Type of Expenditure			Justification					
		Amount	<p>The accounting supervisor III will manage the operations section and supervise its daily activities. The accounting supervisor III will be responsible for training the staff and seeing that statistics of sales activities are generated and reported to the marketing section. Recommendations for policy changes, as the circumstances warrant, are made to the director.</p>					
1	2	3						
Salary	\$39,600	.						
Benefits	11,795	.						
Premium Pay		.						
Other		.						
Total Personal Services		\$51,395						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		51,395						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		51,395					
	I-A Receipts 1005							
	Program Receipts 1028							
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Position Title Accounting Technician III			No. of Positions 1	Range/Step 16B	Barg. Unit G	Gov. .	Approval .	Disapp. .
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Leg. .	.	.
Type of Expenditure			Justification					
		Amount	<p>The accounting technician III will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.</p>					
1	2	3						
Salary	\$33,636	.						
Benefits	10,308	.						
Premium Pay	-	.						
Other	-	.						
Total Personal Services		\$43,944						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		43,944						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		43,944					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Accounting Technician II			No. of Positions 2	Range/Step 14B	Barg. Unit G	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 24	RP Number	Location AWA	Election District		Leg.		
Type of Expenditure			Justification					
		Amount	<p>The accounting technician II's will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.</p>					
1	2	3						
Salary	\$58,368							
Benefits	18,610							
Premium Pay	-							
Other	-							
Total Personal Services		76,978						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		76,978						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		76,978					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For M&B Use Only								
No. number								

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Position Title Accounting Clerk III			No of Positions 1	Range/Step 10B	Barg. Unit G	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA		Election District	Leg.		
Type of Expenditure			Justification					
		Amount	<p>The accounting clerk III will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.</p>					
1	2	3						
Salary	\$22,716							
Benefits	7,847							
Premium Pay								
Other								
Total Personal Services		30,563						
Travel		-						
Contractual		-						
Commodities		-						
Equipment		-						
Other		-						
Total Cost		30,563						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G.F. Match 1003							
	General Funds 1004		30,563					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
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Position Title Accounting Clerk II			No. of Positions 1	Range/Step 9B	Barg. Unit G	Gov.	Approval	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location AWA	Election District		Lég. .....	.....	.....

Justification

The accounting clerk II will be responsible for the accounting functions involved in running the lottery, i.e., payment of vendors, collection and accounting of sales, reconciling bank receipts to tickets sold, payment of prizes, account maintenance, and other duties as assigned.

Type of Expenditure		Amount
1	2	3
Salary	\$21,420	.....
Benefits	7,555	
Premium Pay		
Other		
Total Personal Services		28,975
Travel		-
Contractual		-
Commodities		-
Equipment		-
Other		-
Total Cost		28,975

Receipt Code	Funding Source	Amount
	Federal Receipts 1002	
	G.F. Match 1003	
	General Funds 1004	28,975
	I-A Receipts 1005	
	Program Receipts 1028	
	CIP Receipts 1061	
	Other	

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Position Title Clerk III			No. of Positions 1	Range/Step BB	Barg. Unit G	Gov.	Approval	Disapp.	
Time Status PFT	Staff Months 12	RP Number	Location AHA	Election District		Lég.	
Type of Expenditure			Justification:						
		Amount	The clerk III will be responsible for assisting the accounting staff as assigned in handling forms, filing and maintaining the file system.						
1	2	3							
Salary	\$20,136	.....						
Benefits	7,266	.....						
Premium Pay		.....						
Other		.....						
Total Personal Services		27,402							
Travel		-							
Contractual		-							
Commodities		-							
Equipment		-							
Other		-							
Total Cost		27,402							
Receipt Code	Funding Source								
	Federal Receipts	1002							
	G.F. Match	1003							
	General Funds	1004							27,402
	I-A Receipts	1005							
	Program Receipts	1028							
	CIP Receipts	1061							
	Other								
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Mike Navarre letter bill 2-3-86
House Labor & Commerce Committee
Box V
Juneau, Alaska 99811

The people listed below wish to
go on record in support of
HB 338 establishing a state
lottery:

Sunny Radebaugh, Box 1987,	Seward, AK
Eusebid A. Franco, Box 1783	" "
Dorothy Borton, Box 1871	" "
Jeff A. Borton, Box 1871	" "
Martin Grossman, Box 1707	" "
Edna Rumley, Star Route	" "
Clarence Pollard, Star Route	" "
Jane Swain, Box 550	" "

- continued -

Richard Swain, Box 550, Seward, AK 99669

Laura B. Smith, Box 1162 " " "

Mari Lee J. Champion, Box 1278 " " "

Richard W. Hibbetts, Box 1081 " " "

Mark D. Smith, Box 508 " " "

Theresa M. Bales, Box 508 " " "

Esther Ronne
Seward Teleconference
Moderator

DEPARTMENT OF REVENUE

1111 West 8th Street Room 108
Juneau, Alaska 99801

PUBLIC SERVICES DIVISION

January 30, 1986

HB 338

The Honorable Mike Navarre
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Navarre:

As I testified before your committee on Wednesday, January 22, the Department of Revenue does not feel there is adequate lottery information specific to the demographics of Alaska to present a bankable opinion on an Alaska lottery.

We believe that the two-tier approach discussed with Representative Thompson last year provides the most responsible entry into the lottery world. In that approach an appointed commission would oversee three full-time staff members in the Department of Revenue. They would evaluate the successes of other states and take a hard look at how their experiences might relate to the unique extremes of Alaska. We also recommend the contractual services of an economist who knows Alaska.

Although I'll not restate my full testimony in this letter, what follows is a list of basic issues needing Alaska specifics. This list is not intended to be all-inclusive.

- the effect of a state lottery on charitable gaming
- the possible transfer of monies from rural areas to urban areas of the state
- the transfer of monies to the state which might otherwise be spent in local areas
- the probability of tourist play
- the cost/benefit of instant games versus on-line
- security of games with wide geographic distribution
- enforcement of games with wide geographic distribution
- retailer "servicing" in rural areas
- maximum use of computer technology (coupling of programs?)
- higher cost of doing business in Alaska
- effect of distance from other states

It is our feeling that these issues need to be addressed before legislation appropriate to Alaska can be written.

To your request that I respond to HB 338, I offer the following comments.

General

The Alaska Constitution provides for no dedication of funds. As such, the lottery office would be subject to annual legislative appropriation. This could very possibly jeopardize the credibility of the lottery should its budget be too limited--even for worthy reasons.

We recommend that the board be given more express policy authority and that the executive director clearly be answerable to the board. The executive director would then recommend policy with board approval.

Enforcement provisions are absent from this legislation. It is our belief that enforcement should be a function of the lottery office rather than the State Troopers. The Troopers will have expected priorities above the lottery, but the lottery must, at all times, hold the confidence of the players through proper security and enforcement provisions.

With so many determinations for policy to be made by the director and the board, a fiscal note is nearly impossible to guess. A lottery will need to be capitalized, but the games to be introduced will have bearing on whether the capitalization should be \$2 million or \$12 million.

Most states require that the odds of any given game be advertised. We recommend that such a requirement be included in law.

A provision for lottery security and for verification of winners is advisable.

Section Comments

020 Lines of authority and responsibility should be firmly established in the board. For example, even though this section vests the powers of the corporation in the board, section 040(3) provides that the board "advise and make recommendations to the director."

050(2) apportionment of lottery proceeds should be flexible. Annual goals should be set, but individual games will, by virtue of sales volumes, have a varied apportionment of costs and prizes.

(3) insert some parameters for licensing contractors and retailers. Require by law that they have no history of criminal activity, and provide the board with regulatory authority to add additional qualifications.

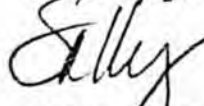
- 060 Again, we recommend ultimate policy determination be held by the board. This should include the ability to set salaries apart from the state salary structure. Direction to conduct background checks is also recommended.
- 070(3) Contracting with qualified retailers is preferable to licensing. Contracts can be written to cover unique circumstances and will provide greater protection to the lottery.
- 080 There are many types of lotteries. We suggest that all responsibilities of this section be submitted by the director as recommendations for approval by the board.
- 100 Again, we recommend contracting over licensing. No contract should be entered into with any businesses whose principals have a criminal record.
- 110 In the absence of licensing, a filing fee should be charged sufficient to cover the costs of the background checks and processing. This would run about \$200.
- 120 Revocation provisions could be specific to each contract.
- 130 The board, after recommendation by the director, should establish the policies for retailer commissions, incentive awards, et. al.
- 140(a) Payment of the retailer's compensation should be a provision in the negotiated contract to provide the greatest protection to the lottery.
- (b) Reporting should also be part of the contract negotiations. Parameters for compensation and reporting along with all other provisions of this section should be set by the board allowing for more flexible contract negotiations by the executive director and the retailer.
- 210 A provision allowing payment by annuity is advised.
- 220 We recommend that unclaimed prize money be held for six months rather than one year. As this section is written, there is likely a constitutional problem with rolling these monies back into prizes.
- 300(b) Although we agree that retailers should be precluded from purchasing tickets and winning resulting prizes, there may be a problem with the wording of this section which also precludes them from winning prizes which may be part of their sales incentives.

The Honorable Mike Navarre
January 30, 1986
Page 4

Once again, Mr. Chairman, I strongly recommend that this issue be given full-time, professional attention before we enter the lottery arena. We do not border other, more populous states. We do not have a rural road system. We have fewer people per square mile than any other state in the Union. In short, there are too many comparisons which do not compare. A lottery is a gamble no matter the level of expertise, but by fully understanding our odds, we can better decide if we can afford to play. Appointment of a commission and staff to review Alaska-specific questions will provide a safeguard to adopting legislation which may or may not enhance state revenues.

Should you or members of your committee have questions, I shall be pleased to do my best to respond.

Sincerely,



Sally Smith
Director

cc: The Honorable Dave Thompson
Alaska State Representative

SS:cv
86-29

M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Staff

Date: April 11, 1985

Subject: Overview, HB 338

On April 11, 1985, the House Labor and Commerce Committee met in Room 102 Capitol Building to discuss HB 338, establishing a state lottery.

Various bills have been up before the legislature over the years dealing with games of skill and chance, but this is the first legislation introduced dealing with a statewide lottery; hence, a whole new section is being added to the statute. There is no companion legislation in the Senate.

The sponsor conceives of this legislation as an additional means of raising revenue for the state of Alaska, and has been modeled after the lottery statutes in New Jersey. However, there are a lot of issues that need to be looked at in this bill, and if it is to be successful, it may need substantial re-working.

The Legislative Counsel on this bill, Theresa Bannister, has raised a potential policy problem which deals with 05.18.240(e), which excludes people involved in the lottery administration from participating; and whether it should be extended to other persons as well (in California, the legislature is excluded, for example).

The Department of Revenue has a considerable number of objections to the bill in its present form, and Commissioner Nordale will be expressing those in a position statement to the committee.

Conceptually, a state lottery is worthy of consideration, but there are many problems with this bill that need to be resolved. Among the issues the Committee may wish to consider are:

1) Accountability. This is a very large program for it to be totally run by just 5 Commissioners with no checks and balances set up on their authority--a vote of 3 Commissioners could have a tremendous impact.

2) There is no provision in the bill for the Commissioner or Director to be one of the Commission members, which could get into administrative conflicts, with a Director caught in the middle between the Commission and the Departmental Commissioner.

3) the only requirements for Commission membership deal with political party affiliation; but for a new Commission of this complexity and size, other qualifications need to be considered. (In California, the 5 Commission members have to include an accountant and a person with at least 5 years of law enforcement experience).

4) We can't just model this legislation after what is done in another state. For example, the Fiscal Note is so huge because the only way we can create equitable access to tickets is to have a computer terminal (with on-going upkeep) in every village and city in Alaska; otherwise we are asking for a huge problem with bootleg tickets just as we have had with booze;

5) We need to consider the problems of enforcement: currently the Dept. does not even enforce gaming laws in this state, so with the amount of money involved, they would have to create enforcement positions--otherwise, for example, there are no provisions to enforce vendors even turning in their receipts;

6) administrative guidelines in this bill are minimal; the bill needs a lot more work before it is acceptable;

7) with games of chance, non-profit organizations are the beneficiary; with this bill, the state is; but no direction is supplied as to what the revenues may be used for once they are generated;

8) there is no clear reason as to why instant game lottery's are excluded from this bill (page 2, line 26).

9) In California, the administrative costs to run this program run up to 16% of the total program; however, in Alaska, with a huge computerized network required as the only solution to equal access, this may run much higher, raising the question of whether it is even worth it; and judging from the California experience (see the article in your file) it will generate a whole separate bureaucracy just to run the program.

10) this bill lumps together planning and implementation, which in normal procedures where something new is being established, is done in phases, so we don't end up buying a pig in a poke;

11) the Department had very little time to generate a realistic fiscal note on this issue; the creation of a whole new division is a complex and costly process that should not be gone about quickly or rapidly. On the other hand, the fiscal note may not give an accurate estimation of the revenues generated; but if it does, then this program is clearly not cost effective as presented in the present bill. It also appears that the one-time capitol costs to install the equipment and data lines of \$7,400,000 as presented in the fiscal note appear to be added in for every fiscal year after FY86, which doesn't appear to be logical.

INTRODUCTION OF BILLS (House)(cont'd)

Vehicle
Registration
(six-month)

HOUSE BILL NO. 337, by Rep. Shultz. Would allow passenger vehicles or motor homes not used for hire, or pick-up trucks or vans not exceeding 6,000 pounds unladen weight and not used for hire to be registered for a six-month period, instead of the yearly registration normally required. Passenger vehicle or motor homes would pay \$15 for six months, and pick-ups or vans not exceeding 6,000 pounds would pay \$17.50 for six months. Does not provide for effective date (takes effect 90 days after Governor signs bill).

Introduced March 29 and referred to State Affairs, Transportation, Finance.

State Lottery
(establishing)

HOUSE BILL NO. 338, by Rep. Thompson. Would set up a state lottery commission within the Dept. of Revenue. The commission would be made up of five members appointed by the Governor. No more than three members could be from the same political party. The commission would, after full and thorough study, establish and operate a state lottery. They would also monitor the operation of the lottery and study and investigate laws pertaining to it.

The commission would be allowed to determine the type of lottery to be conducted, except that they could not use an instant game. They could determine by regulation the price of tickets or shares in the lottery, the number and sizes of prizes, and the manner of selecting winning tickets and payment of prizes. They would also determine the apportionment of the total revenues. The commission would be required to report monthly to the Governor and Legislature on total revenues, prize disbursement and expenses.

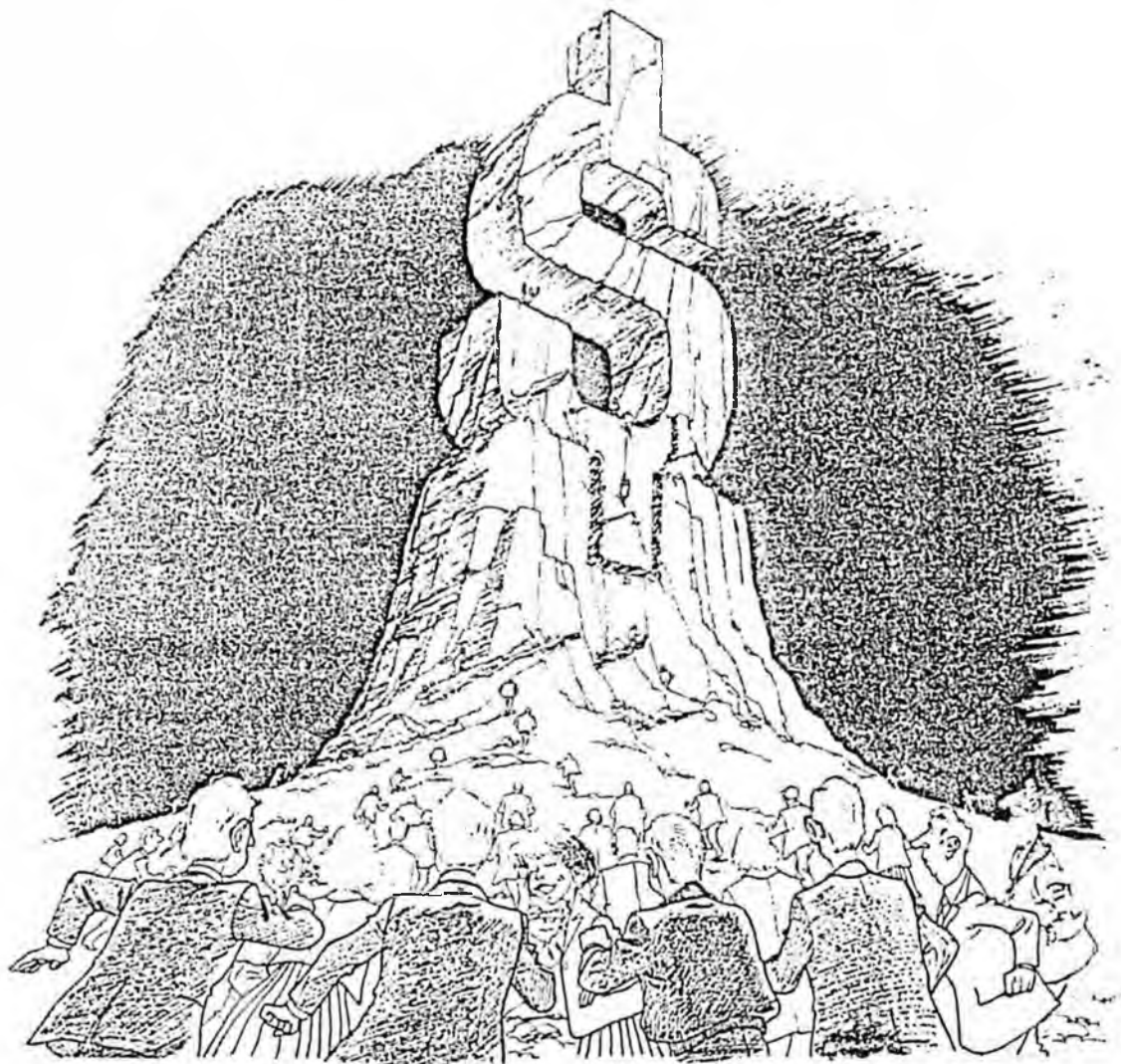
Would set up a Division of State Lottery. Outlines duties of the Director, and ticket sale agents. Prohibits assignment of prizes. If a person under the age of 18 wins a prize, only \$5,000 in cash may be given to an adult member of the minor's family. The remainder must go in a bank account to the credit of an adult member of the minor's family. Does not provide an effective date (takes effect 90 days after Governor signs bill).

Introduced March 29 and referred to Labor & Commerce, Judiciary, Finance.

Oil & Gas
Property Tax
Credit Limits

HOUSE BILL NO. 339, by Rep. Marrou. Amends AS 43.56.010 (Oil and Gas Exploration, Production & Pipeline Transportation Property Taxes) by adding a new subsection to read: "(e) If a municipality levies in a tax year more than \$175,000,000 under AS 29.53.045 [Municipal Government. Tax on Oil & Gas Production & Pipeline Property] to pay or secure the principal and interest on bonds, the taxpayer's credit or refund under (d) of this section is limited to the percentage of the total taxes levied and collected by the municipality in the tax year for the same purpose that were paid by the taxpayer in the tax year under AS 29.53.045 to pay or secure the principal and interest on bonds, times \$175,000,000." Provides Act takes effect July 1, 1985.

SETTING UP THE CALIFORNIA LOTTERY



Some will strike it rich before the first ticket is sold

By STEVE WIEGAND

California's lottery has yet to lay its first golden egg, but swarms of people in and out of the state are already whetting their appetites for omelettes. The salivating swarms include educators, vendors of lottery products, advertising agencies and retailers with eyes toward selling lottery tickets. Some are already making money. These include the public-relations firms and lobbyists who have been hired to help assure that their clients receive the most generous shares.

Those who weren't too distracted by the presidential race last fall will recall that California voters approved the

Steve Wiegand is a Capitol reporter for the San Francisco Chronicle.

lottery — the state's newest try at taxes-without-pain — by a handy margin. As a result, California is no longer the only state in the 20th Century whose voters rejected a lottery.

That occurred in 1964 following revelations that the ballot measure was drawn so that only its sponsor could bid for the contract to run the lottery. Despite similar allegations this time, voters apparently decided there was enough in a lottery to go around.

That may be a considerable understatement. "I don't think a lot of people out here (in California) appreciate just how big this is going to be," says Daniel Bower, president of Scientific Games, Incorporated, the company that financed the successful lottery initiative drive. "We're talking very big money here."

Estimates of just how big vary according to the estimator's philosophical and economic bent.

Governor George Deukmejian, who opposed the lottery

and who probably wouldn't be broken-hearted if the lottery were less than an overwhelming success, has calculated that first-year sales will reach about \$900 million. Lottery product companies, with more experience at these estimates than Denkmejian and more reason to lean toward cockeyed optimism, say the first year's sales could reach a staggering \$2 billion. And William Hamm, the Legislature's independent analyst who isn't known for leaning too far either way, puts the figure at about \$1.25 billion.

That amounts to about \$50 worth of wagering for every man, woman and child in the state. Since no one under 18 can play the lottery, adults will have to pick up the slack.

How big is it?

However you slice it, it comes up big money. How big? Using Hamm's estimate, consider that the lottery will:

- produce more revenue than the combined gross national products of the countries of Chad, Laos and the Solomon Islands;
- be larger than the total budgets of six states;
- amount to more money than the gross revenues received by the top three companies operating in California in 1983; and
- perhaps equal the value of Assembly Speaker Willie Brown's entire wardrobe.

"In terms of net revenues, California's lottery will become one of the nation's top 50 corporations," says Owen Hickey, director of the Colorado lottery, "with all the attending economic ripples."

The most conspicuous ripple, and the one the public is most interested in, is the prize money. Half of the lottery's total revenues will go to prizes, which is a long way from saying that half of the lottery tickets will be winners. Instead, a bunch of lottery players will make contributions, to million-dollar payoffs for a select few (for an alternative, see box).

Another portion — 31 percent — will go to schools, from kindergartens to the University of California. Hamm estimates the schools' share from the first full year of operation at \$500 million. Of that, \$100 million would go to elementary and high schools, an amount equal to 4.2 percent of the total they will receive from state government during the current fiscal year. The rest would be divided

between the state college and university systems, the community colleges and the University of California.

Although not a dime has been gambled so far, educators from state schools chief Bill Hong to local high school department heads are already speculating, squabbling and all but spending. Hong and other officials are debating whether to feed the money into their accounting system in a way that might generate additional state funds. At a local high school, teachers in the music department are at odds over whether to spend the money for new instruments or books.

Overhead

The rest of the money? The rest — up to 16 percent, or an estimated \$200 million — is designated for what is euphemistically described as "administrative overhead." A significant slice of that will go to the companies chosen to supply the state with tickets, computer systems and lottery know-how.

Scientific Games, which spent more than \$2 million on California's lottery initiative campaign, spent another \$250,000 to enact a similar measure in Oregon and recently won a ticket-supply contract there, reportedly worth \$5 million. Since California is 10 times bigger than Oregon, it stands to reason that California's contracts will be worth considerably more than pocket change.

Although Scientific Games is considered the front-runner in landing the first California contract, other firms in the still-young-but-already-cutthroat lottery industry have served notice they will be here armed to the teeth with their own proposals. "We expect to be a factor," says Bill Turner of Electro-Sport, an Orange County-based company and one of the few lottery firms with California roots. "There's too much money at stake not to try for part of it."

(Some rivals contend that Scientific Games put language in the initiative — concerning vendor disclosure statements — to favor itself in the bidding. Scientific Games' officials deny the charge and say that this is sour grapes from companies that were not willing to gamble by putting money into the initiative campaign.)

Other firms that have expressed more-than-passing interest in lottery contracts include Illinois-based Response

LOW JACKPOTS, THOUSANDS OF WINNERS

By ALEX KLINE

With revenues from the pending lottery projected at more than \$1 billion a year, the state of California has the opportunity to devise a unique awards system. By limiting jackpots to \$10,000 each, over 100,000 people could annually win a significant amount of money. As current lotteries go, the odds of striking it rich are 10 or 20 million to one, and for the tiny few lucky enough to win, the silver cloud is often accompanied by broken marriages and friendships and by stable lives suddenly gone haywire.

But if jackpots are kept at around \$10,000, the winners are more likely to put money into something realistic, like a down-payment on a house, seed money for a business or a college fund. But they're not likely to quit their jobs or alienate their friends and family.

Alex Kline is a freelance writer and an editor with the Center for Innovative Diplomacy in Palo Alto.

If projected lottery revenues are correct, there could be over 100,000 such winners each year. In ten years over one million people would have won a \$10,000 jackpot. Put another way, the probability of winning the lottery would be closer to one in 10 or 20 thousand than one in 10 or 20 million. That's akin to the difference between the odds of being struck twice by lightning and the odds of having your tax return audited.

Such a lottery would also put large chunks of unanticipated, discretionary money in the hands of many consumers who could then spend for new cars, boats, vacations, parties or the like, thus "stimulating the economy." Or winners might put their money to less-materialistic uses such as better food, education for their children or into a retirement fund. In either case, a significant amount of money would circulate at the lower end of the economy rather than being tied up in large chunks at the top.

Graphics, a division of Moore Business Forms; Weberoff Games, a New Jersey-based subsidiary of Beatrice Foods; Control Data Corporation of Bloomington, Minnesota; American Totalisator Company, a division of General Instrument Corporation; Reno-based IGT Corporation; Atlantic, based in Rhode Island; and Games Management, a division of the British-based Vernons Organization.

To further their cause, several lottery firms have already hired public-relations agencies and lobbyists to represent them in Sacramento. Scientific Games has hired Woodward-McDowell, the PR firm that ran the successful lottery initiative. The company has also retained Sacramento lobbyist Nick Konovaloff. Games Management, not to be outdone, has hired Sacramento lobbyist Bernard Teitelbaum and the Los Angeles-based public-relations firm of Cerrell Associates.

Other profiteers

Lottery companies aren't the only ones that stand to profit when Californians play the numbers. Telephone companies will doubtless profit handsomely from providing "secured" telephone lines for the lottery system's computers. (The lines are designed to prevent brilliantly sophisticated criminal syndicates, or precocious high school sophomores, from tapping into the winning numbers before the rest of us find out what they are.)

Advertising agencies will also fiercely compete to design the jingles and flashy billboards that will inundate, respectively, the airwaves and roadsides, urging Californians to invest their sporting dollars in the lottery. And then there are the ticket agents, retail establishments and civic and charitable groups lucky enough to be chosen to sell lottery tickets.

Lottery experts say that the rule of thumb for determining the number of ticket outlets needed in a state is to provide one for every 1200 people. In California, that would mean a whopping 20,000 ticket outlets.

Under terms of the lottery initiative, ticket agents can be paid up to five percent of the gross for the tickets they sell, plus incentive bonuses. That can amount to thousands of dollars a month for having been clean enough to pass a security check and doing a little bookkeeping.

For a mom-and-pop store, that's not bad dough. Chain outfits, perhaps more blasé about such sums, must compete for lottery agent contracts also since they have to

Advertisement

ensure that they offer all the services their competitors do.

"If one store in an area is selling tickets," said Scientific Games' Bower, "they all want to. The competition can get fierce."

It already shows signs of that in California. The liquor lobby has argued that ticket outlets should be located in bars and stores that sell liquor, since the employees of those establishments would already be trained to enforce age-restriction laws — such as the lottery's 18-and-over rule. Non-profit groups and civic organizations are arguing that they should have first priority. And large retail chains contend that the tickets should be sold in the places that attract the most people on a daily basis.

Despite its rather unusual status as the only government agency that is expected to make money, the lottery will also have a few things in common with other agencies — namely an army of bureaucrats. Lottery experts from other states estimate California's lottery payroll could easily reach 1000 by the end of the year, with people needed to deliver tickets, act as agents to help — and monitor — ticket sellers, man the computer system and do all those other things bureaucrats find to do. Just how many will be bonafide state employees and how many will be private sector workers under contract is unclear.

"It's something we haven't focused on yet," says Keith Hearn, a spokesman for the California State Employees Association. "But we will. Generally, if it's to fill a job that regular state employees are already doing in other agencies, the jobs should go to state workers and not outside contractors."

Something for everyone

It would seem, then, that the lottery has something for nearly everyone. Even the Legislature — the one group that was specifically singled out for exclusion by the initiative's authors — is getting into the act.

"We wanted to make it as complete as possible so that there would not be a lot of room for tinkering with it," said Dick Woodward, one of the team that pushed the lottery initiative through. "So we specifically designed it to discourage the Legislature from trying to make changes."

Lottery proponents say they are most concerned that the Legislature will attempt to dictate how the schools' share of the lottery revenues should be spent, or cut other state aid to schools in proportion to the amount they get

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THE LOTTERY COMMISSION

The lottery is to be run entirely by a five-member commission composed of gubernatorial appointees. The initiative required their appointment by December 7th, but Deukmejian, stressing the need for caution and care, did not make his announcement until January 29th. At an early February news conference, the appointees said that they, too, would not rush ahead and would proceed cautiously toward the next step — hiring an executive director. Obviously, the Commission will not make the initiative's March 21st deadline for having tickets ready for sale. Not to worry, though; the initiative carried no penalties for failure.

Commissioners serve for five years but since the terms must be staggered, the governor nominated three for less than full terms. Also, the initiative required that one commissioner, be an accountant and another have at least five years of law-enforcement experience. Commissioners, who require Senate confirmation, receive \$100 per day and are compensated for necessary expenses.

Howard E. Varner, 59 Chairman

Chairman of the board and former president of Host International, a national restaurant chain and Santa Monica-based subsidiary of Marriott Corporation. Holds a degree in banking and finance from the University of Illinois. A Republican from Pacific Palisades, his term runs for two years.

William J. Johnston, 58 Vice Chairman

Superintendent of the Los Angeles Unified School District, 1972-81. Director of public affairs for Southern California Gas Company, 1981-84. Holds a doctorate in education from UCLA. One of two commissioners who voted against the lottery initiative (Proposition 37) last November. A Republican from Los Angeles, his term runs for five years.



JOHNSTON WEBSTER
VARNER MONTGOMERY PRICE

Laverta Montgomery, 48

City manager of Compton, 1982-present. Former director of the Compton Redevelopment Agency and former Compton city controller. A Republican, she was appointed to a five-year term.

John M. Price, 65

District attorney for Sacramento County, 1959-79, he fills the law-enforcement requirement. Holds degrees from University of California, Berkeley, and from Boalt School of Law. Now living in Mendocino County, he is a Democrat whose term runs four years.

Kennard Webster, 64

A former partner in Deloitte, Haskins & Sells — one of the nation's largest accounting firms — Webster fills the mandate for an accountant. He is the second commissioner who voted against Proposition 37 last November. A Democrat from Palm Springs, he was appointed to a three-year term.

from the lottery.

To avoid that, the initiative contains language that expresses the voters' "intent" that lottery revenues are in addition to — not in place of — other school aid, and that the money is to go to the schools with no strings attached.

But the intent of initiative drafters — or voters — has never been much of a stumbling block for a determined Legislature.

A dozen bills are already pending in the Legislature to change the lottery, including measures that would:

- require elementary and high school districts to use lottery funds to reduce class size and require community colleges to spend their share on remedial programs (AB75, Hughes);
- give preference to nonprofit corporations in the selection of ticket agents (AB66, Agnos);
- raise the minimum age for buying lottery tickets from 18 to 21 (SB1, Dills);
- make it a misdemeanor to knowingly sell lottery tickets to youths under the age of 18. The initiative did not include any criminal penalty for this (AB7, Alatorre); and,
- require that lottery revenues be used to build new

schools and senior-citizens centers, and increase the size of the lottery commission from five to 13 by adding some local officials and appointees of the Assembly speaker and state Senate president pro tempore (ACAL, Bano).

Legislators defend their voracious interest in the lottery by contending that this initiative, like most others, has fatal flaws that only seasoned lawmakers can correct.

"Everybody who draws up an initiative always tries to keep the Legislature out because they are afraid the Legislature may correct any imbalances or inequities," said Assemblyman Art Agnos, a San Francisco Democrat. "But we have every right to fine tune it without disturbing the fundamental thrust, and that is that the people want a lottery."

Unfortunately for Agnos and his colleagues, the governor seems unwilling to go along. When asked recently about some of the legislative proposals he said he saw no need for any significant changes. "I think we should give great deference to the vote of the people," he said.

And so, it seems, we shall have a lottery much as voters approved it: a system for gathering small contributions from millions of people for the benefit of a relative few. ♣

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
BUREAU ALASKA 99811
907 565 1860

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

October 2, 1985

SUBJECT: Alaska State Lottery Commission (SSHB 338)
TO: Representative Dave Thompson
FROM: Teresa B. Cramer *TBC*
Legislative Counsel

I have prepared a draft Sponsor Substitute for HB 338. There are several provisions that you may wish to change.

Sec. 05.18.020(a) vests the powers of the corporation in the board. Later, in Sec. 05.18.040, the board is directed to delegate certain powers to the executive director. The director's powers and responsibilities are set out in Sections 05.18.060-05.18.080.

Sec. 05.18.040(a) gives the board responsibility for the management of the corporation's financial and legal obligations and directs the board to manage the corporation on a self-sustaining basis. ~~It might be more appropriate to direct the corporation to generate revenues.~~

Sec. 05.18.050(2) directs the board to ~~apportion revenues among prizes and costs.~~ Later, in Sec. 05.18.220, concerning unclaimed prize money, the board is directed to retain a portion of ~~unclaimed prizes for future prizes.~~

These provisions raise constitutional problems. Article IX, section 7, of the state constitution states

The proceeds of any state tax or license ~~shall not be dedicated to any special purpose,~~ except as provided in section 15 of this article (the Permanent Fund) or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

The state supreme court has interpreted "~~proceeds of any tax or license~~" to include the sources of any public revenues. State v. Alex, 646 P.2d 203 (Alaska 1982) Therefore, the proceeds from the sale of lottery tickets fall within the prohibition. To avoid the problem, ~~the legislature could appropriate a portion of the revenue to be raised by the sale of lottery tickets to the corporation for prize money and either provide a lapse date two years after the appropriation, permitting the corporation to add unclaimed prize money to future prizes, or could lapse the money after one year and be asked to reappropriate that sum for future prizes in the next budget.~~

Sec. 05.18.060 sets out the employment policies for the corporation.

Sec. 05.18.110 provides that a lottery sales agent license is valid for one year. You may wish to change the prohibition against charging fees for licensing or license renewal. You may also wish to consider whether a person with several retail outlets should be required to license each outlet or whether one license will cover all listed sales locations. The draft does not now require public display of the license. The director could, under 05.18.080(8), adopt regulations addressing these issues.

Sec. 05.18.140 contains new subsections permitting the director to impose a service charge for dishonored checks and electronic transfers, interest and service charges on overdue debts, and imposing a lien on the property of an agent who owes the corporation money. These are drawn from the Model Act.

Sec. 05.18.220 raises the constitutional questions concerning dedication of funds discussed under Sec. 05.18.050.

Sec. 05.18.300, providing for annual and special audits, is new. Authority to require audits is vested in the board rather than the executive director. The board is required to file copies with the legislature and with the commissioner of revenue. You may wish to require filing with the ~~governor~~ instead of the commissioner.

Sec. 05.18.310, prohibiting certain acts, has been expanded based on the Model Act. Subsection (b) prohibits any

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contractor of the corporation from purchasing a ticket or share or receiving a lottery prize.

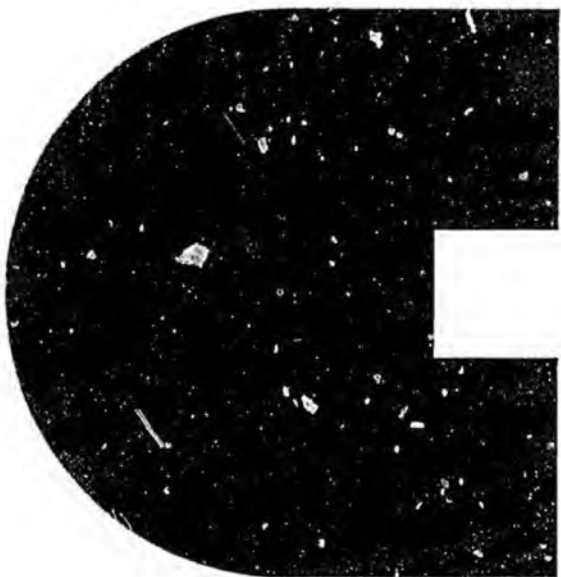
Section 2 amends AS 39.25.110 which lists positions in the exempt service.

If I may be of further assistance, please advise.

TBC:mkr
M1:022

DRC

DITTMAN RESEARCH CORPORATION
OF ALASKA



MARKET • PUBLIC • POLITICAL
OPINION RESEARCH

METHODOLOGY

During the period of November 1 through November 12, 1985, 502 residents of 51 Alaskan communities were personally contacted by telephone by professional interviewing employees of the Dittman Research Corporation. The views and opinions of the Alaskan residents were recorded on a strictly confidential basis.

Research Design - A random sample was featured which provided that all residents of the communities included had essentially the same chance of being interviewed.

Sample Selection - The Anchorage sample was selected through a computer-generated random digit dialing program. This is particularly important in Anchorage due to a 40% rate of unpublished and unlisted numbers.

The sample in other communities state-wide was randomly selected from current telephone subscribers listed in the most recent directory for each community. In these communities, the percentage of non-listed numbers does not exceed 10%.