

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

3682 HSTA HB 243 - HB 247

558

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u>         | <u>COUNT</u> |
|------------------|------------------|---------------------------|--------------|
| 10               | X205             | SECRETARY I               | 3            |
|                  | X206             | CLERK TYPIST III          | 1            |
|                  | X328             | FINANCE ASSISTANT         | 1            |
|                  | X368             | ASSISTANT OFFICE MANAGER  | 1            |
|                  | X604             | LOAN AWARDS OFFICER       | 1            |
|                  | X606             | LOAN REPAYMENT CLERK      | 1            |
|                  | X850             | DATA CONTROL CLERK        | 1            |
|                  | 0120             | SECRETARY I               | 2            |
|                  | 0560             | ADMIN SUPPORT TECH        | 1            |
|                  | 1145             | LEGAL SECRETARY I         | 1            |
|                  | 1151             | SECRETARY I               | 7            |
|                  | 1187             | ADMINISTRATIVE SP TEC III | 1            |
| *TOTAL 10        |                  |                           | 47           |
| 11               | X099             |                           | 4            |
|                  | X204             | SECRETARY II              | 1            |
|                  | X810             | RECEPTIONIST              | 1            |
|                  | X858             | SWITCHBOARD OPERATOR      | 1            |
|                  | 1152             | SECRETARY II              | 1            |
| *TOTAL 11        |                  |                           | 8            |
| 12               | X032             | ADMINISTRATIVE ASSISTANT  | 3            |
|                  | X037             | EXECUTIVE SECRETARY       | 1            |
|                  | X099             |                           | 13           |
|                  | X348             | LOAN SERVICING OFFICER    | 1            |
|                  | X703             | PERSONNEL ASSISTANT       | 1            |
|                  | X806             | EXECUTIVE SEC I           | 13           |
|                  | X822             | NOTARY CLERK              | 1            |
|                  | X859             | ADMIN SUPPORT SPECIALIST  | 1            |
|                  | X861             | STAFF ANALYST             | 1            |
|                  | 0113             | COURT CLERK III           | 1            |
|                  | 0550             | EXECUTIVE SECRETARY I     | 1            |
|                  | 1155             | EXECUTIVE SECRETARY I     | 2            |
|                  | 1401             | PERSONNEL TECH I          | 1            |
|                  | 1912             | ADMINISTRATIVE ASST I     | 1            |
| *TOTAL 12        |                  |                           | 41           |
| 13               | X074             | ELECTION COORDINATOR      | 1            |
|                  | X099             |                           | 6            |
|                  | X337             | DATA PROCESS OPERATOR     | 1            |
|                  | X859             | ADMIN SUPPORT SPECIALIST  | 2            |
|                  | 4548             | EMPLOY SEC SPEC IA        | 7            |
| *TOTAL 13        |                  |                           | 17           |
| 14               | X032             | ADMINISTRATIVE ASSISTANT  | 7            |
|                  | X099             |                           | 6            |
|                  | X212             | SUPPLY OFFICER            | 1            |
|                  | X352             | BONDING TECHICIAN         | 1            |

| JOB_RANGE | JOB_CLASS  | CLASSTITLE                | COUNT |
|-----------|------------|---------------------------|-------|
| 14        | X424       | OFFICE MANAGER            | 1     |
|           | X702       | ACCOUNTANT                | 1     |
|           | X807       | EXECUTIVE SEC II          | 10    |
|           | X815       | INFORMATION OFFICER       | 1     |
|           | X818       | ACCOUNTING TECHNICIAN     | 1     |
|           | X859       | ADMIN SUPPORT SPECIALIST  | 3     |
|           | 0564       | ADMIN SUPPORT SPECIALIST  | 1     |
|           | 1154       | EXECUTIVE SECRETARY II    | 9     |
|           | 1913       | ADMINISTRATIVE ASST II    | 1     |
|           | *TOTAL 14  |                           | 43    |
| 15        | X099       |                           | 1     |
|           | X361       | RECORDS MANAGER           | 1     |
|           | X366       | GRAPHICS SPECIALIST       | 1     |
|           | X369       | DATA ENTRY CLERK          | 1     |
|           | X820       | EXECUTIVE RESIDENCE CHEF  | 1     |
|           | X851       | SPECIAL PROJECTS COORD    | 1     |
|           | X859       | ADMIN SUPPORT SPECIALIST  | 1     |
| *TOTAL 15 |            | 7                         |       |
| 16        | X025       |                           | 1     |
|           | X032       | ADMINISTRATIVE ASSISTANT  | 5     |
|           | X079       | EXECUTIVE ASSISTANT       | 1     |
|           | X086       | RECORDS ANALYST           | 1     |
|           | X099       |                           | 9     |
|           | X344       | PETROLEUM CARTOGRAPHER    | 1     |
|           | X345       | LOAN DOC SPECIALIST       | 1     |
|           | X348       | LOAN SERVICING OFFICER    | 1     |
|           | X356       | CLERICAL SUPERVISOR       | 1     |
|           | X367       | TASK FORCE CLERK          | 1     |
|           | X702       | ACCOUNTANT                | 3     |
|           | X808       | EXECUTIVE SEC III         | 2     |
|           | X819       | EXECUTIVE RESIDENCE MGR   | 1     |
|           | X834       | PROGRAM BUDGET ANALYST II | 1     |
|           | X861       | STAFF ANALYST             | 8     |
|           | 0552       | EXECUTIVE SECRETARY III   | 1     |
|           | 1156       | EXECUTIVE SECRETARY III   | 2     |
|           | 1793       | RESEARCH ANALYST II       | 2     |
|           | 1914       | ADMINISTRATIVE ASST III   | 2     |
|           | 1984       | SPEC ASST DIV OF PIONEER  | 1     |
| 7142      | ATTORNEY I | 9                         |       |
| *TOTAL 16 |            | 54                        |       |
| 17        | X099       |                           | 4     |
|           | X353       | QUAL. ASSUR PROG CORD     | 1     |
|           | X815       | INFORMATION OFFICER       | 2     |
|           | X861       | STAFF ANALYST             | 3     |
|           | 3614       | INFO OFFICER II           | 1     |
|           | 7110       | ASSOCIATE ATTORNEY I      | 8     |

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u>         | <u>COUNT</u> |
|------------------|------------------|---------------------------|--------------|
| *TOTAL 17        |                  |                           | 19           |
| 18               | X044             | ADMINISTRATIVE OFFICER    | 3            |
|                  | X048             | RESEARCH ANALYST          | 1            |
|                  | X068             | ADMIN COORDINATOR         | 1            |
|                  | X099             |                           | 2            |
|                  | X208             | PERSONNEL OFFICER         | 1            |
|                  | X342             | PROJECT MANAGER           | 1            |
|                  | X362             | PROPERTY ADMINISTRATOR    | 1            |
|                  | X370             | GEN LEDGER ACCOUNTANT     | 1            |
|                  | X405             | LEGAL ASSISTANT           | 1            |
|                  | X428             | COMPTROLLER               | 1            |
|                  | X809             | EXECUTIVE SEC IV          | 1            |
|                  | X861             | STAFF ANALYST             | 2            |
|                  | 0325             | INTAKE OFFICER I          | 4            |
|                  | 1434             | LABOR RELATIONS ANALYST I | 3            |
|                  | 1990             | STAFF ASST AK WOMENS COMM | 1            |
|                  | 4207             | HUMAN RIGHTS FLD REP III  | 6            |
|                  | 4230             | ASSOCIATE COORDINATOR     | 2            |
|                  | 5130             | EXEC SEC BD OF NURSING    | 1            |
| *TOTAL 18        |                  |                           | 33           |
| 19               | X080             | SPECIAL STAFF ASSISTANT   | 3            |
|                  | X082             | LEGISLATIVE STAFF ASST    | 1            |
|                  | X099             |                           | 1            |
|                  | X215             | ACCOUNTANT III            | 1            |
|                  | X331             | FIELD REPRESENTATIVE      | 1            |
|                  | X702             | ACCOUNTANT                | 1            |
|                  | X815             | INFORMATION OFFICER       | 1            |
|                  | X862             | SENIOR ANALYST            | 3            |
|                  | 7111             | ASSOCIATE ATTORNEY II     | 12           |
|                  | 7143             | ATTORNEY II               | 18           |
| *TOTAL 19        |                  |                           | 42           |
| 20               | X044             | ADMINISTRATIVE OFFICER    | 1            |
|                  | X085             | BLOCK GRANT ADMINISTRATOR | 1            |
|                  | X099             |                           | 3            |
|                  | X327             | RECONAISSANCE MANAGER     | 1            |
|                  | X331             | FIELD REPRESENTATIVE      | 1            |
|                  | X357             | PROJECT ACCOUNT MANAGER   | 1            |
|                  | X364             | RIGHT OF WAY SPECIALIST   | 1            |
|                  | X365             | MANAGER/CONTRACT ADMIN    | 2            |
|                  | X825             | DEPUTY DIRECTOR           | 1            |
|                  | X862             | SENIOR ANALYST            | 7            |
|                  | 1435             | LABOR REL ANALYST II      | 4            |
|                  | 1981             | PIONEERS HOME MGR         | 5            |
|                  | 2130             | STATE INVESTMENT OFF I    | 4            |
|                  | 4208             | HUMAN RIGHTS FLD REP IV   | 3            |
|                  | 4678             | PROG COORDINATOR          | 1            |

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u>        | <u>COUNT</u> |
|------------------|------------------|--------------------------|--------------|
| *TOTAL 20        |                  |                          | 36           |
| 21               | X025             |                          | 2            |
|                  | X099             |                          | 5            |
|                  | X336             | PETROLEUM INSPECTOR      | 5            |
|                  | X354             | AQUATIC SUTDIES SPEC     | 1            |
|                  | X358             | PERMITS & LANDS SPEC     | 1            |
|                  | X359             | OPERATOR                 | 3            |
|                  | X710             | PROGRAMMER ANALYST       | 1            |
|                  | X814             | POL & PROG SPECIALIST    | 2            |
|                  | X824             | ELECTION SUPERVISOR      | 2            |
|                  | X836             | PROGRAM BDGT ANALYST IV  | 8            |
|                  | X840             | ECONOMIST III            | 1            |
|                  | X862             | SENIOR ANALYST           | 7            |
|                  | 1917             | SPEC ASST TO THE COMM I  | 8            |
|                  | 4209             | HUMAN RIGHTS FLD REP V   | 1            |
|                  | 4355             | EXEC DIR AK BD PAROLE    | 1            |
| *TOTAL 21        |                  |                          | 48           |
| 22               | X051             | AUDIT MANAGER            | 1            |
|                  | X069             | HEARING OFFICER          | 1            |
|                  | X080             | SPECIAL STAFF ASSISTANT  | 1            |
|                  | X081             | DEPUTY PRESS SECRETARY   | 1            |
|                  | X099             |                          | 2            |
|                  | X342             | PROJECT MANAGER          | 2            |
|                  | X346             | LOAN OFFICER             | 2            |
|                  | X347             | PETROLEUM ENGINEER       | 2            |
|                  | X363             | COST ESTIMATOR           | 1            |
|                  | X372             | PETRO RESEARCH ANALYST   | 1            |
|                  | X836             | PROGRAM BDGT ANALYST IV  | 1            |
|                  | X837             | PROGRAM BDGT ANALYST V   | 1            |
|                  | X840             | ECONOMIST III            | 1            |
|                  | X863             | PRINCIPAL ANALYST        | 5            |
|                  | X864             | MANAGER                  | 2            |
|                  | 1432             | SENIOR NEGOTIATOR        | 2            |
|                  | 1440             | PERSONNEL ANALYST V      | 2            |
|                  | 2131             | STATE INVESTMENT OFF II  | 2            |
|                  | 2246             | DEP DIR TOURISM          | 1            |
|                  | 2327             | EXEC DIR REAL EST COMM   | 1            |
|                  | 4698             | WORKERS COMP REHAB ADMIN | 1            |
|                  | 7144             | ATTORNEY III             | 44           |
| *TOTAL 22        |                  |                          | 77           |
| 23               | X025             |                          | 1            |
|                  | X099             |                          | 6            |
|                  | X211             | SPECIAL ASSISTANT        | 3            |
|                  | X326             | CONSTRUCTION MANAGER     | 2            |
|                  | X342             | PROJECT MANAGER          | 2            |
|                  | X360             | OPERATIONS ENGINEER      | 1            |
|                  | X863             | PRINCIPAL ANALYST        | 2            |

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u>         | <u>COUNT</u> |
|------------------|------------------|---------------------------|--------------|
| 23               | X864             | MANAGER                   | 4            |
|                  | 1495             | DEP DIR PERS LBN REL EEO  | 1            |
|                  | 1876             | DEP DIR LOC GOV ASSISTANC | 2            |
|                  | 1918             | SPEC ASST TO THE COMM II  | 20           |
|                  | 1983             | DEP DIR PIONEERS BENEFITS | 1            |
|                  | 1991             | EXEC DIR AK WOMENS COMM   | 1            |
|                  | 2347             | DEP DIR PUB UTIL COMM     | 1            |
|                  | 3510             | EXECUTIVE DIR COUN ARTS   | 1            |
|                  | 6171             | DEP DIR FISH & GAME       | 1            |
|                  | 7780             | AK POLICE STND CNCL ADMIN | 1            |
|                  | 8400             | DEP DIR ENERGY POWER DEV  | 1            |
| *TOTAL 23        |                  |                           | 51           |
| 24               | X080             | SPECIAL STAFF ASSISTANT   | 10           |
|                  | X099             |                           | 9            |
|                  | X202             | DIR. OF ADMIN. SERVICES   | 1            |
|                  | X323             | DIRECTOR INT PRG BDGT     | 1            |
|                  | X332             | SR PETRO GEOLOGIST        | 2            |
|                  | X333             | SR PETRO RES ENGINEER     | 1            |
|                  | X334             | SR PETRO ENGINEER         | 1            |
|                  | X342             | PROJECT MANAGER           | 2            |
|                  | X349             | DEPUTY DIRECTOR CREDIT    | 1            |
|                  | X350             | DEPUTY DIRECTOR BONDING   | 1            |
|                  | X351             | DEPUTY DIRECTOR FINANCE   | 1            |
|                  | X355             | DIR ALTERNATIVE ANALYSIS  | 1            |
|                  | X812             | PRESS SECRETARY           | 1            |
|                  | X814             | POL & PROG SPECIALIST     | 3            |
|                  | X824             | ELECTION SUPERVISOR       | 2            |
|                  | X825             | DEPUTY DIRECTOR           | 1            |
|                  | X864             | MANAGER                   | 1            |
|                  | 1012             | EXECUTIVE DIRECTOR APOC   | 1            |
|                  | 1230             | TREASURY COMPTROLLER      | 1            |
|                  | 1842             | DATA CENTER MANAGER       | 2            |
|                  | 1900             | DIVISION DIRECTOR         | 5            |
|                  | 1999             | EXEC DIR COUNCIL DVA      | 1            |
|                  | 2132             | STATE INVESTMENT OFF III  | 4            |
|                  | 2358             | EXEC DIR ATC              | 1            |
|                  | 2380             | HEARING EXAMINER          | 3            |
|                  | 3110             | EXECUTIVE SECRETARY PTPC  | 1            |
|                  | 7145             | ATTORNEY IV               | 92           |
| *TOTAL 24        |                  |                           | 150          |
| 25               | X099             |                           | 2            |
|                  | X322             | DIRECTOR ACCT & AUDIT     | 1            |
|                  | X814             | POL & PROG SPECIALIST     | 1            |
|                  | 1269             | REVENUE HEARING EXAMINER  | 4            |
|                  | 2338             | CHF HEARING EXAMINER      | 1            |
|                  | 7146             | ATTORNEY V                | 45           |
| *TOTAL 25        |                  |                           | 54           |

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u>         | <u>COUNT</u> |
|------------------|------------------|---------------------------|--------------|
| 26               | X004             | COMMISSIONER, PUC         | 5            |
|                  | X025             |                           | 1            |
|                  | X079             | ASSOCIATE DIRECTOR        | 4            |
|                  | X087             | EXECUTIVE ASSISTANT       | 1            |
|                  | X099             | DIR PACIFIC RIM RELATIONS | 1            |
|                  | X201             |                           | 6            |
|                  | X324             | EXECUTIVE DIRECTOR        | 1            |
|                  | X823             | ASSOC EXEC DIRECTOR       | 2            |
|                  | 1901             | DIVISION DIRECTOR         | 1            |
|                  | 1943             | DIVISION DIRECTOR         | 101          |
|                  | 2202             | EXECUTIVE DIR AEBC        | 1            |
|                  | 2348             | OFFICE DIRECTOR           | 6            |
|                  | 3509             | EXEC DIR PUB UTIL COMM    | 1            |
|                  | 6560             | EXEC DIR AK HIST COM      | 1            |
|                  | 7147             | COORDINATOR N REG DNR     | 1            |
|                  | 7160             | ATTORNEY VI               | 5            |
|                  |                  | PUB DEFENDER              | 1            |
| *TOTAL 26        |                  |                           | 139          |
| 27               | X099             |                           | 9            |
|                  | X321             | COMMISSIONER D & GCC      | 3            |
|                  | 1980             | ASST COMMISSIONER         | 1            |
|                  | 7150             | CHF PROS & CRIM AFFAIRS   | 1            |
| *TOTAL 27        |                  |                           | 14           |
| 28               | X002             | LIEUTENANT GOVERNOR       | 1            |
|                  | X003             | COMMISSIONER              | 13           |
|                  | X033             | LEGISLATIVE FSCL ANALYST  | 1            |
|                  | X084             | DIR LEGISLATIVE RELATIONS | 1            |
|                  | X099             |                           | 3            |
|                  | X201             | EXECUTIVE DIRECTOR        | 1            |
|                  | X757             | SENIOR ADVISOR            | 1            |
|                  | X816             | DIR STATE/FED RELATIONS   | 1            |
|                  | 1951             | DEPUTY COMMISSIONER       | 21           |
|                  | 7148             | DEP ATTORNEY GENERAL      | 1            |
| *TOTAL 28        |                  |                           | 44           |
| 29               | X078             | CHIEF OF STAFF            | 1            |
|                  | X099             |                           | 1            |
|                  | X201             | EXECUTIVE DIRECTOR        | 1            |
|                  | 5268             | DIR PUBLIC HEALTH         | 1            |
| *TOTAL 29        |                  |                           | 4            |
| 30               | X001             | GOVERNOR                  | 1            |
| *TOTAL 30        |                  |                           | 1            |

| <u>JOB_RANGE</u> | <u>JOB_CLASS</u> | <u>CLASSTITLE</u> | <u>COUNT</u> |
|------------------|------------------|-------------------|--------------|
| TOTAL            |                  |                   | 1146         |



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

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COMMITTEE REPORT

HOUSE

JUDICIARY

(7)

FURTHER: FINANCE

2/27/85

Date: April 7, 1985

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 247

"An Act relating to games of chance and contests of skill; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 247 (S)  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note Sup #1
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

DALEY [Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]  
[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature]  
 CHAIRMAN



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 27, 1985

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of Art. III, Sec. 28, of the Alaska Constitution, I am transmitting a bill relating to the regulation of charitable gaming activities in the State.

I am convinced that there is grave abuse of existing gaming laws, and this bill is intended to address that abuse. It also would make it easier for the vast majority of non-profit groups which sponsor charitable gaming activities to conform to the law and would remove from State regulation those activities which should not be subject to government licensing.

Under existing law, the Department of Revenue must issue a permit before charitable gaming can be conducted. Only certain non-profit groups that have been in existence for five years or more, and municipalities, are eligible for a permit.

In turn, some non-profit groups have hired commercial operators to run their games. Today charitable gaming is a multi-million dollar industry in our State. Non-profit groups have increasingly turned to commercial operators to manage their permits. It is unrealistic to ignore the commercial operator or to attempt to ban their use. Non-profit organizations, composed entirely of volunteers, often have little alternative except to use operators or forego charitable gaming entirely. Furthermore, AS 10.20.011(11) expressly authorizes non-profit corporations to appoint agents. However, as I noted in my vet letter on July 4, 1984, in regard to CSSB 549 (Rls), there is some evidence that a few unscrupulous operators have failed to report the bulk of their receipts to either the charitable organizations for whom they supposedly work or to the State.

In one instance, State investigators reported that as much as \$7 million may have been generated by one operator in 1983, yet the operator reported only \$200,000 in receipts to the State. Other complaints received by the Department of Revenue include allegations that little of the proceeds actually go to charitable purposes, that prizes are not awarded fairly, that credit is extended to some players, that certain prizes are misrepresented and that criminal elements may be entering the commercial gaming area.

Under amendments proposed by this bill, the Department of Revenue would regulate commercial operators and limit their activities. The bill further defines and limits authorized expenses to 25 percent of annual gross receipts and requires that at least 25 percent of net proceeds be dedicated to the charitable or civic purpose for which the activity is conducted.

The bill also provides that a local government must approve by resolution, a permit application for certain activities before a permit may be issued by the department. For other activities, the local government may file a protest, for consideration by the Commissioner.

The bill institutes a number of reporting, payment and accounting requirements. These provisions should help the department to monitor effectively the activities for which permits are issued. Special licensing and reporting requirements are proposed for pull-tab game distributors. Since pull-tabs were legalized in 1982, the number of pull-tabs sold in the State has increased steadily, with more than two million pull-tabs shipped to the State each week, by estimate of department officials who believe that many are being sold illegally.

In an effort to simplify the law for most Alaskans, the bill would remove contests of skill from the coverage of AS 05.15. Because of the wide range of athletic events that are now conducted in this State, the requirement for a permit has become impossible to enforce. Many persons and organizations do not even realize a permit is needed to conduct an event such as a foot race or a golf tournament in which prizes are awarded to the contestants.

To the extent that contest of skill involve what would otherwise be gambling, they will continue to be regulated. For this reason, "dog mushers' contests" are retained in the law. The event itself will not be regulated by the department; only third-party wagering on the results of the dog race will be regulated.

Another significant feature of the bill involves revision of the definition of "qualified organization." This bill changes the five-years-in-existence requirement to three years and adds the requirement that the organization be certified as a domestic corporation under AS 10.20, the Alaska Nonprofit Corporation Act.

The new definition of "qualified organization" also includes political organizations. Under existing law, a political party may conduct any of the activities authorized by AS 05.15, but candidate organizations and political action committees may not. This bill would allow political organizations--that is, candidate organizations and political action committees--to conduct one kind of activity--a raffle. In addition, they would be limited to only three raffles a year and commercial operators would be barred from conducting a raffle on behalf of a political organization. These restrictions should be of assistance to both the Department of Revenue and the Alaska Public Offices Commission in regulating fund-raising activities of political organizations.

Other features of the bill include an increase in the fees currently imposed for permits and an amendment to make it clear that forms filed under AS 05.15 are filed under penalty of perjury.

I encourage members of the public to comment on this legislation. As you may know, when I vetoed CSSB 549 (Rls) last year, I did so reluctantly because although the bill contained many laudable features, there was insufficient opportunity for public participation in the development of the legislation.

Sincerely,



Bill Sheffield  
Governor

Fiscal Note  
HB247  
March 21, 1985

Prepared By: *Ed Smith*  
Division: Public Services

Approved by Commissioner: *Henry D. Studak*  
Agency: Department of Revenue

Phone: 465-2392  
Date: 21 March 1985

Date: 3/22/85

Distribution (by Agency preparing fiscal note):

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

Public Services Division BRU  
Fiscal Note Analysis

ASSUMPTIONS

850 permit holders  
Bill will go into effect July 1, 1985

PROGRAM SUMMARY

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerated growth expected. There is a definite need to provide for some control before gambling reaches a level that would prohibit any control.

This legislation would allow funding for an educational enforcement program. Field investigators would review gaming operations to ensure compliance with existing law. The tax examiners will be used to issue permits and review monthly and annual financial statements to ensure proper use of funds derived from gaming, and to ensure that the state receives the proper fee.

100 PERSONAL SERVICES

|                    |                   |                  |           |
|--------------------|-------------------|------------------|-----------|
| 2 Investigator II  | 3,662 @ 24 months | \$ 87,888        |           |
| 2 Tax Examiner II  | 2,854 @ 24 months | 68,496           |           |
| 1 Clerk Typist III | 2,284 @ 12 months | <u>\$ 27,408</u> |           |
|                    | TOTAL             |                  | \$183,528 |

Five employees are necessary to properly review 850 permit applications and conduct approximately 40 field examinations of financial records per year.

200 TRAVEL

|                             |                 |           |
|-----------------------------|-----------------|-----------|
| Investigative trips         | \$ 26,576       |           |
| Educational trips           | 3,096           |           |
| Investigator training trips | <u>\$ 2,328</u> |           |
|                             | TOTAL           | \$ 32,000 |

Three types of travel are outlined for the investigators. The investigative/audit travel consists of reviewing the operations of games and conducting audits of the financial records of permit holders. Educational trips will be made for the purpose of providing permit holders with the information they need to comply with Alaska statutes and regulations. Training-related travel is needed to provide investigators with current gaming enforcement and education methods.

Fiscal Note HB247  
March 21, 1985

300 CONTRACTUAL

|                         |                 |
|-------------------------|-----------------|
| Pull tab stamp          | \$ 625          |
| Printing cost for forms | 2,000           |
| Communications          | <u>\$ 3,800</u> |

|       |          |
|-------|----------|
| TOTAL | \$ 6,425 |
|-------|----------|

400 SUPPLIES

|                                |                 |
|--------------------------------|-----------------|
| Stationery and office supplies | <u>\$ 1,500</u> |
|--------------------------------|-----------------|

|       |          |
|-------|----------|
| TOTAL | \$ 1,500 |
|-------|----------|

500 EQUIPMENT

|  |                 |
|--|-----------------|
| Office equipment (desks, chairs,<br>calculators and filing cabinets) | <u>\$ 8,865</u> |
|--|-----------------|

The five positions will each require a locking file cabinet in which to store monthly reports and distributor's reports.

|       |          |
|-------|----------|
| TOTAL | \$ 8,865 |
|-------|----------|

|                                 |           |
|---------------------------------|-----------|
| PUBLIC SERVICES OPERATING TOTAL | \$232,318 |
|---------------------------------|-----------|

The following funds would be allocated to Data Processing within the Public Services Division for the operation of the Gaming Enforcement Unit.

300 CONTRACTUAL

|   |                  |
|---|------------------|
| Equipment, rental fees and maintenance fees | <u>\$ 21,000</u> |
|---|------------------|

|                       |           |
|-----------------------|-----------|
| DATA PROCESSING TOTAL | \$ 21,000 |
|-----------------------|-----------|

Three Wang work stations, one printer and one central processing unit are needed for the Gaming Enforcement Unit. One work station will be used in the Anchorage Field Office and two work stations will be used in the Juneau Field Office. The Wang equipment will be used to file financial reports which will be data captured for financial analysis, and will also be used for word processing functions.

|  |                  |
|--|------------------|
| TOTAL PUBLIC SERVICES OPERATING<br>AND DATA PROCESSING | <u>\$253,318</u> |
|--|------------------|

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

REQUEST Page 1 of 3  
 Bill/Resolution No: HB 247  
 Title: An Act Relating to Games of Chance & Skill & Provide for effective date  
 Sponsor: \_\_\_\_\_  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL  
 Agency Affected: Revenue  
 Program Category Affected: Revenue Collection & Management  
 BRU, Program or Subprogram(s) Affected: Public Services Division BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                        | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <b>OPERATING</b>       |       |       |       |       |       |       |
| 100 PERSONAL SERVICES  | -     | 32.8  | 33.7  | 34.2  | 34.7  | 35.2  |
| 200 TRAVEL             | -     | -     | -     | -     | -     | -     |
| 300 CONTRACTUAL        | -     | 2.6   | 3.0   | 3.5   | 4.0   | 4.1   |
| 400 SUPPLIES           | -     | -     | -     | -     | -     | -     |
| 500 EQUIPMENT          | -     | 4.5   | -     | -     | -     | -     |
| 600 LANDS & STRUCTURES | -     | -     | -     | -     | -     | -     |
| 700 GRANTS, CLAIMS     | -     | -     | -     | -     | -     | -     |
| 800 MISCELLANEOUS      | -     | -     | -     | -     | -     | -     |
| <b>TOTAL OPERATING</b> | -     | 39.9  | 36.7  | 37.7  | 38.7  | 39.3  |
| <b>CAPITAL</b>         | -     | -     | -     | -     | -     | -     |
| <b>REVENUE</b>         | -     | 192.4 | 206.2 | 221.6 | 238.5 | 257.1 |

FUNDING: (Thousands of Dollars)

|               |   |      |      |      |      |      |
|---------------|---|------|------|------|------|------|
| GENERAL FUND  | - | 39.9 | 36.7 | 37.7 | 38.7 | 39.3 |
| FEDERAL FUNDS | - | -    | -    | -    | -    | -    |
| OTHER         | - | -    | -    | -    | -    | -    |
| <b>TOTAL</b>  | - | -    | -    | -    | -    | -    |

POSITIONS:

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | - | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

1. License fee: \$50 per non-profit; \$200 per operator; \$100 per distributor
2. 1 1/2% tax
3. Sale of seals for pull tabs

See revenue figures above.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith  
 Division: Public Services

Phone: 465-2392

Date: \_\_\_\_\_

Approved by Commissioner: [Signature]  
 Agency: Revenue

Date: 2/19/85

Distribution (by Agency preparing fiscal note):

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

Public Services Division BRU  
Fiscal Note Analysis

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Gambling in Alaska has grown substantially in recent years with an even more accelerating growth expected. There is a definite need to provide for some control before it reaches a level that would prohibit any control.

The tax examiner requested will be used to handle the increase in paperwork resulting from the change in reporting requirements by the permit holders from yearly to monthly. Also, this tax examiner will handle the new paperwork connected with licensing distributors and issuing pull tab seals.

100 PERSONAL SERVICES

Sections 6 and 8 mandate new monthly and annual reporting requirements. As there are over 700 permittees, a tax examiner will be needed to examine monthly reports and annual reconciliations, review security or bonding documents, perform financial analysis on WANG, issue permits, answer correspondence, follow-up on minor complaints, and assist field investigators as needed.

|   |                 |                 |          |
|---|-----------------|-----------------|----------|
| 1 | Tax Examiner II | 2,733 @ 12 mos. | \$32,796 |
|---|-----------------|-----------------|----------|

|                               |          |
|-------------------------------|----------|
| Total Annual Wages & Benefits | \$32,796 |
|-------------------------------|----------|

300 CONTRACTUAL

Printing costs are for new forms for distributors. Pull tab seals are estimated at \$.25 each and would be recouped by selling them to the distributors.

|                         |                 |
|-------------------------|-----------------|
| Pull Tab Stamp          | \$ 625          |
| Printing cost for forms | \$ <u>2,000</u> |

|                   |          |
|-------------------|----------|
| Total Contractual | \$ 2,635 |
|-------------------|----------|

500 EQUIPMENT

File cabinets will be used to store monthly reports and distributor reports

|  |                 |
|--|-----------------|
| Office equipment (desk, chair, calculator) | \$ 900          |
| File cabinets                              | \$ <u>3,600</u> |

|                 |                 |
|-----------------|-----------------|
| Total Equipment | \$ <u>4,500</u> |
|-----------------|-----------------|

|       |          |
|-------|----------|
| Total | \$39,921 |
|-------|----------|

HB 247  
BILL ANALYSIS  
CHANGES TO AS 05.15

05.15.010  
No Change. The Department of Revenue administers Chapter 15.

Section 1.  
amends

05.150.020 -Raises cost of permit from \$20 to \$50.  
-Raises annual fee from 1% of the net to 1 1/2% of the gross after the value of the awarded prizes is deducted.  
-Adds a \$200 permit for operators and requires them to be bonded for 10% of the estimated gross of the operation.

Section 2.  
New section

05.15.025 -Operator's bond, payable to Dept. of Revenue, is attached to:  
a) payment of the annual 1 1/2% fee  
b) transfer of the net proceeds to the permittee  
-Forfeit of the bond will satisfy:  
a) delinquent fees to the Department  
b) permittees

Section 3.  
repeal/reenact

05.15.030 -Provides for notification to local governments of activities and location.  
-Mandates local government approval by resolution for both initial application and renewal for:  
a) bingo  
b) pull tabs  
c) special draw  
-Local government may protest any activity by resolution and may do so on the grounds of being in the best interests of the public.  
-Mandates 30-day notification to the Department and local government in location of activity is changed.  
-To conduct activity in another jurisdiction, the permittee must file with the department and nearest local government.  
-Allows Commissioner to limit locations of any activity.

05.15.040  
No change. -A municipality can't conduct an activity outside the municipality.  
-A revoked permit is revoked for one year from the date of revocation.

05.15.050  
No change. -A suspended or revoked permit must be surrendered to the department.

Section 4.

Repeal/Reenact

- 05.15.060 -Language clean-up.  
-Adds the authority for the department to develop regulations on bond and security forfeit and on pull tab distribution.

Section 5.

amends

- 05.15.070 -Allows for the examination of books.  
-Repeals payment by permittee for the examination.  
(Rationale for raising cost of permit.)

Section 6.

Repeal/Reenact

- 05.15.080 -Permittee must provide a monthly report for any month in which there was gaming activity.  
-Retains yearly report.  
-Details contents of reports.

Section 7.

New

- 05.15.085 -Provides for monthly and annual reporting by the operator.

05.15.090

- No change. -Department provides annual report to the legislature.

Section 8.

New

- 05.15.095 -Outlines who signs the applications and reports.  
-Makes falsification of information a perjury charge.  
-Provides provision for reporting extension.  
-Makes payment of fees necessary to conduct activity.  
-Provides for interest on delinquent fees.

Section 9.

amends

- 05.15.100 -Eliminates contests of skill from this chapter.  
-Retains permits for Monte Carlo events.  
-Allows political organizations to conduct three raffles per year, but does not allow them to hire an operator.  
-Allows municipalities and qualified organizations to hire operators.

05.15.110  
No change. -Activities are a privilege; not a right.

Section 10.  
amends

05.15.120 -Permit eligibility is provided for as follows:  
1) raffle permit only for political organizations.  
2) general permit for municipalities and qualified organizations.  
3) operator's permit for natural persons operating games for municipalities and qualified organizations.

05.15.130  
No change. -Allows Commissioner to add extra eligibility requirements in the regulations.

05.15.140  
No change. -The Commissioner may require proof of qualifications to be granted a permit.  
-Outlines selected qualifications.

05.15.150  
No change. -Limits use of proceeds to charitable purposes.

Section 11.  
amends

05.15.160 -Adds to limitations on expenses that expenses to conduct activities may not exceed 25% of the annual gross receipts.

Section 12.  
New.

05.15.163 -Net proceeds must equal 25% of the gross receipts.  
05.15.165 a) Limits operators to working for one permittee per day.  
b) Operators must pay permittee by check within 15 days of each activity. The permittee must write a receipt for the payment, and both the permittee and the operator must retain copies.  
c) Permittee must designate an agent to work with the operator.  
d) Mandates operator to refund permittee, with interest, for any unauthorized expenses.  
e) Mandates that name of operator and permittee appear on advertising. Permits are to be posted at place of activity.

05.15.170  
No change. -Suspension of permits.

Section 13.

amends

- 05.15.180 -Language simplification.
- Repeal of 1959 qualifier.

Section 14.

New

- 05.15.185 -Licensing of pull tab distributors.
  - a) \$100 permit
  - b) reporting of sales
- Pull tabs numbered; sets sealed and numbered. Seals purchased from the department.
- Pull tab sales limited to authorized permittees; not to operators.

05.15.190

No change. -Interpretation and Construction.

Section 15.

amends

- 05.15.200 -Adds from revenue enforcement statutes a penalty for non-payment of fees.

Section 16.

amends

- 05.15.210(6) -Defines "dog mushers' contest".

Section 17.

amends

- 05.150.210(12) -Defines "ice classic" and deletes reference to specific ice pools. Also removes qualifier of 1959.

Section 18.

Repealed/Reenacted

- 05.15.210(15) -Redefines "net proceeds" to exclude annual fee, operating expenses enumerated and prizes awarded.

Section 19.

amends

- 05.15.210(18) -Defines "political organization" to include candidate organizations and political action committees.

Section 20.

amends

05.15.210(19)

- Defines "qualified organization" as one with non-profit status or a political party.
- Reduces qualification of years in existence from 5 to 3 years.

Section 21.

amends

05.15.210

- Adds definitions for authorizing permittee, commissioner, department, and operator.

Section 22.

amends

43.05.290(d)

- Includes 05.15 in revenue enforcement statutes to provide for perjury penalty of \$25,000 and/or 3 year imprisonment.

Section 23.

repeals

- 1959 qualifier.
- unsworn falsification (became perjury).
- definitions for:

- charitable organization
- civic or service organization
- contest of skill
- dog mushers' association
- educational organization
- fishing derby association
- fishing derby
- fraternal organization
- labor organization
- police or fire department and company
- religious organization
- veterans organization

These organizations are included under the new definition for qualified organization.

Section 24. -Effective date.

Response to Questions on HB247

1. Question: Why are you requiring local government approval of bingo, pull tabs and special draw games?

Answer: Local governments are in the best position to know the effect of such activity on its citizens, on zoning requirements and on local law enforcement, and we believe that local government is in the best position to monitor these activities. If a community does not want these games within its boundaries, the state should not issue permits for such games, in effect, overruling local desires.

2. Question: Wouldn't this mean that local government could play favorites or politics among applicants for permits?

Answer: We do not believe that local governments will be less fair than the state in reviewing permit applications. If they prove to be, the legislature may take remedial action, but since we do not see that kind of danger, we think local government involvement is important.

3. Question: Why are we reducing years in existence from five years to three years?

Answer: There are many organizations within the State that are fully qualified as non-profits, but lack qualification under the 5-year rule. We feel that 3 years of operation is sufficient indication of stable permanence to protect the public.

4. Question: Why are we redefining political organizations?

Answer: To allow candidates and political action committees who are registered with the Alaska Public Offices Commission to raise monies through raffles. Under current law, only political parties are eligible for a permit. This legislation would allow political parties to continue to receive a full gaming permit, and would allow political "organizations" to receive a raffle permit.

5. Question: Why are we eliminating Contests of Skill?

Answer: The Attorney General's office has ruled that Contests of Skill are not gambling activities. Since they are not considered gambling, there is no criminal penalty attached to operating without a permit. Last year the Department grossed \$1,016 through the sale of these permits. Considering that the activity does not constitute gambling, and that the revenues raised are minimal, it is appropriate to remove these activities from this chapter.

6. Question: Why is the distribution of pull tab games being treated differently?

Answer: It is estimated that the value of pull tab stock entering Alaska each week through the State of Washington is \$49,000. This is about 2 million pull tabs. Only a small fraction of the sales of these pull tabs are being reported. Through control of the sale and distribution the department will be able to appropriately monitor gambling activity.

7. Question: Why are we licensing pull tab distributors?

Answer: Currently, there is no control on pull tab operations in this state. Because of the way pull tabs are played and reported, there is great potential for abuse. In order for the state to monitor gaming operations, we need to know how many pull tabs are entering the state and to whom they are sold. Licensed distributors will purchase seals for pull tab boxes, allowing us to identify legal inventory. Additionally, we will be able to compare distributors' reports of sales to the reports and inventories of the permittees, allowing us to accurately determine sales and revenues.

8. Question: What's the real difference between existing section 160 and your proposed new section?

Answer: Under current law, the permittee is assessed a fee based on net receipts. Even though this section lists authorized expenses, there is actually an incentive to keep expenses high. Under this legislation, the authorized expenses are limited to 25% of the gross receipts.

9. Question: Explain how section 185 would work.

Answer: The pull tab distributor would be required to apply for a \$100 permit from the Department. Receipt of a permit would allow the distributor to purchase Department seals which are to be placed on each pull tab box entering and/or sold in the state. The distributor would be required to report the names of all permittees to whom pull tabs were sold, the serial numbers of the pull tabs sold to those permittees and the numbers of the identifying Department seals. This would provide the Department with a cross check on the premises of each gaming operation.

10. Question: Shouldn't religious organizations organized under AS 10.40 also be included?

Answer: Yes. The omission was an oversight and the bill should be amended accordingly.

11. Question: Why don't you retain the language of existing section 060 which gives a rather exhaustive list of matters from which regulations may be issued?

Answer: We believe that portions of existing section 060 are unenforceable and we believe the new section gives equally broad scope for regulations.

12. Question: What are the penalty provisions for AS 43.05.220(a)?

Answer: When payment of the 1 1/2% fee is late, there is a penalty under this statute of 5% each 30-day period. The penalty cannot exceed 25% in the aggregate.

13. Question: Does this bill address the issue of state costs to ensure compliance?

Answer: Yes. It is our belief, as shown in the fiscal note, that revenues from fees will cover state costs. Currently, the depth of unreported revenues is not known, but we feel our estimate is low.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date 3/21/85

REQUEST

Bill/Resolution No: HB247  
 Title: An Act Relating to Games of  
 Chance & Skill & Providing for an  
 Effective Date  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: General  
 Government  
 BRU, Program or Subprogram(s) Affected:  
Public Services Operating & Public  
 Services Data & Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                        | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <u>OPERATING</u>       |       |       |       |       |       |       |
| 100 PERSONAL SERVICES  | -     | 183.8 | 196.7 | 210.5 | 225.3 | 241.1 |
| 200 TRAVEL             | -     | 32.   | 34.3  | 36.7  | 39.3  | 42.1  |
| 300 CONTRACTUAL        | -     | 27.4  | 29.4  | 31.5  | 33.8  | 36.2  |
| 400 SUPPLIES           | -     | 1.5   | 1.7   | 1.9   | 2.1   | 2.3   |
| 500 EQUIPMENT          | -     | 8.9   | 9.6   | 10.3  | 11.1  | 11.9  |
| 600 LANDS & STRUCTURES | -     | -     | -     | -     | -     | -     |
| 700 GRANTS, CLAIMS     | -     | -     | -     | -     | -     | -     |
| 800 MISCELLANEOUS      | -     | -     | -     | -     | -     | -     |
| <u>TOTAL OPERATING</u> | -     | 253.6 | 271.7 | 290.9 | 311.6 | 333.6 |
| <u>CAPITAL</u>         | -     | -     | -     | -     | -     | -     |
| <u>REVENUE</u>         | -     | 192.4 | 206.2 | 221.6 | 238.5 | 257.1 |

FUNDING: (Thousands of Dollars)

|               |   |      |      |      |      |      |
|---------------|---|------|------|------|------|------|
| GENERAL FUND  | - | 61.2 | 65.5 | 69.3 | 73.1 | 76.5 |
| FEDERAL FUNDS | - | -    | -    | -    | -    | -    |
| OTHER         | - | -    | -    | -    | -    | -    |
| <u>TOTAL</u>  | - | 61.2 | 65.5 | 69.3 | 73.1 | 76.5 |

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

1. License fee: \$50 per non-profit; \$200 per operator; \$100 per distributor
2. 1 1/2% tax
3. Sale of seals for pull tabs

See revenue figures above.

ANALYSIS: Attach a separate page for analysis.

Fiscal Note  
HB247  
March 21, 1985

Prepared By: *Ed Smith*  
Division: Public Services

Approved by Commissioner: *Henry A. Sturdak*  
Agency: Department of Revenue

Phone: 465-2392  
Date: 21 March 1985

Date: 3/22/85

Distribution (by Agency preparing fiscal note):

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

Public Services Division BRU  
Fiscal Note Analysis

ASSUMPTIONS

850 permit holders  
Bill will go into effect July 1, 1985

PROGRAM SUMMARY

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerated growth expected. There is a definite need to provide for some control before gambling reaches a level that would prohibit any control.

This legislation would allow funding for an educational enforcement program. Field investigators would review gaming operations to ensure compliance with existing law. The tax examiners will be used to issue permits and review monthly and annual financial statements to ensure proper use of funds derived from gaming, and to ensure that the state receives the proper fee.

100 PERSONAL SERVICES

|                    |                   |                  |           |
|--------------------|-------------------|------------------|-----------|
| 2 Investigator II  | 3,662 @ 24 months | \$ 87,888        |           |
| 2 Tax Examiner II  | 2,854 @ 24 months | 68,496           |           |
| 1 Clerk Typist III | 2,284 @ 12 months | <u>\$ 27,408</u> |           |
|                    | TOTAL             |                  | \$183,528 |

Five employees are necessary to properly review 850 permit applications and conduct approximately 40 field examinations of financial records per year.

200 TRAVEL

|                             |                 |           |
|-----------------------------|-----------------|-----------|
| Investigative trips         | \$ 26,576       |           |
| Educational trips           | 3,096           |           |
| Investigator training trips | <u>\$ 2,328</u> |           |
|                             | TOTAL           | \$ 32,000 |

Three types of travel are outlined for the investigators. The investigative/audit travel consists of reviewing the operations of games and conducting audits of the financial records of permit holders. Educational trips will be made for the purpose of providing permit holders with the information they need to comply with Alaska statutes and regulations. Training-related travel is needed to provide investigators with current gaming enforcement and education methods.

Fiscal Note HB247  
March 21, 1935

300 CONTRACTUAL

|                         |                 |          |
|-------------------------|-----------------|----------|
| Pull tab stamp          | \$ 625          |          |
| Printing cost for forms | 2,000           |          |
| Communications          | <u>\$ 3,800</u> |          |
| TOTAL                   |                 | \$ 6,425 |

400 SUPPLIES

|                                |                 |          |
|--------------------------------|-----------------|----------|
| Stationery and office supplies | <u>\$ 1,500</u> |          |
| TOTAL                          |                 | \$ 1,500 |

500 EQUIPMENT

|  |                 |  |
|--|-----------------|--|
| Office equipment (desks, chairs,<br>calculators and filing cabinets) | <u>\$ 8,865</u> |  |
|--|-----------------|--|

The five positions will each require a locking file cabinet in which to store monthly reports and distributor's reports.

|       |  |          |
|-------|--|----------|
| TOTAL |  | \$ 8,865 |
|-------|--|----------|

PUBLIC SERVICES OPERATING TOTAL \$232,318

The following funds would be allocated to Data Processing within the Public Services Division for the operation of the Gaming Enforcement Unit.

300 CONTRACTUAL

|  |                  |  |
|--|------------------|--|
| Equipment, rental fees and maintenance<br>fees | <u>\$ 21,000</u> |  |
|--|------------------|--|

|                       |  |           |
|-----------------------|--|-----------|
| DATA PROCESSING TOTAL |  | \$ 21,000 |
|-----------------------|--|-----------|

Three Wang work stations, one printer and one central processing unit are needed for the Gaming Enforcement Unit. One work station will be used in the Anchorage Field Office and two work stations will be used in the Juneau Field Office. The Wang equipment will be used to file financial reports which will be data captured for financial analysis, and will also be used for word processing functions.

|  |  |                  |
|--|--|------------------|
| TOTAL PUBLIC SERVICES OPERATING<br>AND DATA PROCESSING |  | <u>\$253,318</u> |
|--|--|------------------|

|                                      |                                   |                       |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
|--------------------------------------|-----------------------------------|-----------------------|-----------|------------|---|-----------------|-------------------|------|---------|---------|--------|--|--|--|--|--|
| 1.                                   | POSITION TITLE<br>Investigator II |                       |           |            | RANGE/STEP<br>16B   | DEPT. UNIT<br>G | PAGE/LINE         | COY. | APPROV. | DISAPP. |        |  |  |  |  |  |
| 2.                                   | TYPE OF POSITION<br>PFT           | STAFF MONTHS<br>12    | RP NUMBER | PCN NUMBER | BRN PRIORITY  | LOCATION<br>AWA | ELECTION DISTRICT | LEG. |         |         |        |  |  |  |  |  |
| 3.                                   | CONTINUATION LEVEL                |                       |           |            | JUSTIFICATION   |                 |                   |      |         |         |        |  |  |  |  |  |
| 4.                                   | TYPE OF EXPENDITURE               |                       |           |            | <p>This position will be employed to concentrate on field work. The field work will consist of explaining the rules and regulations to 850 permittees and operators, reviewing the operation of games, field examinations of financial records, follow-up on complaints and referrals to local law enforcement.</p> |                 |                   |      |         |         |        |  |  |  |  |  |
|                                      | 1                                 |                       | 2         |            |   |                 |                   |      |         |         | 3      |  |  |  |  |  |
|                                      | PERSONAL SERVICES                 |                       |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 5.                                   | Salary                            |                       | 33,636    |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 6.                                   | Benefits                          |                       | 5,517     |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 7.                                   | Supplemental Benefits             |                       | 2,062     |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 8.                                   | Fixed Benefits                    |                       | 2,730     |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 9.                                   | TOTAL PERSONAL SERVICES           |                       | 01        |            |   |                 |                   |      |         |         | 43,945 |  |  |  |  |  |
| 10.                                  | Travel                            |                       | 02        |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 11.                                  | Contractual                       |                       | 03        |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 12.                                  | Commodities                       |                       | 04        |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 13.                                  | Equipment                         |                       | 05        |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 14.                                  | Other                             |                       |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 15.                                  | TOTAL COST                        |                       |           |            |   |                 |                   |      |         |         | 43,945 |  |  |  |  |  |
|                                      | RECEIPT CODE                      | FUNDING SOURCE        |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 16.                                  |                                   | Federal Receipts 1002 |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 17.                                  |                                   | G.F. Match 1003       |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 18.                                  |                                   | General Funds 1004    |           |            | 43,945  |                 |                   |      |         |         |        |  |  |  |  |  |
| 19.                                  |                                   | I-A Receipts 1005     |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 20.                                  |                                   | Program Receipts 1028 |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| 21.                                  |                                   | Other                 |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |
| FOR B&M USE ONLY<br>KEY NUMBER _____ |                                   |                       |           |            |   |                 |                   |      |         |         |        |  |  |  |  |  |

**REQUEST FOR  
NEW POSITION**

AGENCY Revenue  
PROGRAM Revenue Collection & Management  
BRU Public Services  
COMPONENT Operating

Page 1 of 1  
Revised Date \_\_\_\_\_

**FY 86**

|                  |                                   |                    |           |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
|------------------|-----------------------------------|--------------------|-----------|------------|---|-----------------|--------------------|------|---------|--------|----------------|--|--|--|--|--|
| 1.               | POSITION TITLE<br>Investigator II |                    |           |            | RANGE/STEP<br>16B   | BARG. UNIT<br>G | PAGE/LINE          | COV. | APPROV. | DISAFF |                |  |  |  |  |  |
| 2.               | TYPE OF POSITION<br>PFT           | STAFF MONTHS<br>12 | RP NUMBER | PCN NUMBER | BRU PRIORITY  | LOCATION<br>EBA | ELECTION DISTRICT  | LCG. |         |        |                |  |  |  |  |  |
| 3.               | CONTINUATION LEVEL                |                    |           |            | JUSTIFICATION   |                 |                    |      |         |        |                |  |  |  |  |  |
| 4.               | TYPE OF EXPENDITURE               |                    |           |            | <p>This position will be employed to concentrate on field work. The field work will consist of explaining the rules and regulations to 850 permittees and operators, reviewing the operation of games, field examinations of financial records, follow-up on complaints and referrals to local law enforcement.</p> |                 |                    |      |         |        |                |  |  |  |  |  |
|                  | 1                                 |                    | 2         |            |   |                 |                    |      |         |        | 3              |  |  |  |  |  |
|                  | PERSONAL SERVICES                 |                    |           |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 5.               | Salary                            |                    | 33,636    |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 6.               | Benefits                          |                    | 5,517     |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 7.               | Supplemental Benefits             |                    | 2,062     |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 8.               | Fixed Benefits                    |                    | 2,730     |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 9.               | TOTAL PERSONAL SERVICES           |                    | 01        |            |   |                 |                    |      |         |        | 43,945         |  |  |  |  |  |
| 10.              | Travel                            |                    | 02        |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 11.              | Contractual                       |                    | 03        |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 12.              | Commodities                       |                    | 04        |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 13.              | Equipment                         |                    | 05        |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 14.              | Other                             |                    |           |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| 15.              | TOTAL COST                        |                    |           |            |   |                 |                    |      |         |        | 43,945         |  |  |  |  |  |
|                  | RECEIPT CODE                      |                    |           |            |   |                 |                    |      |         |        | FUNDING SOURCE |  |  |  |  |  |
| 16.              |                                   |                    |           |            | Federal Receipts 1002   |                 |                    |      |         |        |                |  |  |  |  |  |
| 17.              |                                   |                    |           |            | G.F. Match 1003   |                 |                    |      |         |        |                |  |  |  |  |  |
| 18.              |                                   |                    |           |            | 43,945  |                 | General Funds 1004 |      |         |        |                |  |  |  |  |  |
| 19.              |                                   |                    |           |            | I-A Receipts 1005   |                 |                    |      |         |        |                |  |  |  |  |  |
| 20.              |                                   |                    |           |            | Program Receipts 1028   |                 |                    |      |         |        |                |  |  |  |  |  |
| 21.              |                                   |                    |           |            | Other   |                 |                    |      |         |        |                |  |  |  |  |  |
| FOR B&M USE ONLY |                                   |                    |           |            |   |                 |                    |      |         |        |                |  |  |  |  |  |
| KEY NUMBER _____ |                                   |                    |           |            |   |                 |                    |      |         |        |                |  |  |  |  |  |

**REQUEST FOR  
NEW POSITION**

AGENCY Revenue  
PROGRAM Revenue Collection & Management  
BRU Public Services  
COMPONENT Operating

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Revised Date \_\_\_\_\_

**FY 86**

|                  |                                   |                    |           |                   |   |                 |                   |         |         |
|------------------|-----------------------------------|--------------------|-----------|-------------------|---|-----------------|-------------------|---------|---------|
| 1.               | POSITION TITLE<br>Tax Examiner II |                    |           | RANGE/STEP<br>12B | BARG. UNIT<br>G   | PAGE/LINE       | GOV.              | APPROV. | DISAPT. |
| 2.               | TYPE OF POSITION<br>PFT           | STAFF MONTHS<br>24 | RP NUMBER | PCN NUMBER        | BRU PRIORITY  | LOCATION<br>AWA | ELECTION DISTRICT | LEG.    |         |
| 3.               | CONTINUATION LEVEL                |                    |           | ADDITION          | JUSTIFICATION   |                 |                   |         |         |
| 4.               | TYPE OF EXPENDITURE               |                    |           | AMOUNT            | <p>These positions will examine monthly reports and annual reconciliations, review security and/or bonding documents, perform financial analyses using Wang computer equipment, issue 850 permits, answer correspondence, follow-up on minor complaints, and assist field investigators on third party confirmations.</p> |                 |                   |         |         |
|                  | 1                                 | 2                  | 3         |                   |   |                 |                   |         |         |
|                  | PERSONAL SERVICES                 |                    |           |                   |   |                 |                   |         |         |
| 5.               | Salary                            | 51,216             |           |                   |   |                 |                   |         |         |
| 6.               | Benefits                          | 8,400              |           |                   |   |                 |                   |         |         |
| 7.               | Supplemental Benefits             | 3,140              |           |                   |   |                 |                   |         |         |
| 8.               | Fixed Benefits                    | 2,730              |           |                   |   |                 |                   |         |         |
| 9.               | TOTAL PERSONAL SERVICES           | 01                 | 68,486    |                   |   |                 |                   |         |         |
| 10.              | Travel                            | 02                 |           |                   |   |                 |                   |         |         |
| 11.              | Contractual                       | 03                 |           |                   |   |                 |                   |         |         |
| 12.              | Commodities                       | 04                 |           |                   |   |                 |                   |         |         |
| 13.              | Equipment                         | 05                 |           |                   |   |                 |                   |         |         |
| 14.              | Other                             |                    |           |                   |   |                 |                   |         |         |
| 15.              | TOTAL COST                        |                    | 68,486    |                   |   |                 |                   |         |         |
| 16.              | RECEIPT CODE                      | FUNDING SOURCE     |           |                   |   |                 |                   |         |         |
| 17.              |                                   | Federal Receipts   | 1002      |                   |   |                 |                   |         |         |
| 18.              |                                   | C.F. Match         | 1003      |                   |   |                 |                   |         |         |
| 19.              |                                   | General Funds      | 1004      | 68,486            |   |                 |                   |         |         |
| 20.              |                                   | I-A Receipts       | 1005      |                   |   |                 |                   |         |         |
| 21.              |                                   | Program Receipts   | 1021      |                   |   |                 |                   |         |         |
|                  |                                   | Other              |           |                   |   |                 |                   |         |         |
| FOR BSM USE ONLY |                                   |                    |           |                   |   |                 |                   |         |         |
| KEY NUMBER _____ |                                   |                    |           |                   |   |                 |                   |         |         |

**REQUEST FOR  
NEW POSITION**

AGENCY Revenue  
PROGRAM Revenue Collection & Management  
BRU Public Services  
COMPONENT Operating

Page 1 of 1  
Revised Date \_\_\_\_\_

**FY 86**

|                  |                                    |                       |           |            |                  |                 |                   |      |         |         |
|------------------|------------------------------------|-----------------------|-----------|------------|------------------|-----------------|-------------------|------|---------|---------|
| 1.               | POSITION TITLE<br>Clerk Typist III |                       |           |            | RANGE/STEP<br>8B | BARG. UNIT<br>G | PAGE/LINE         | COV. | APPROV. | DISC'T. |
| 2.               | TYPE OF POSITION<br>PFT            | STAFF MONTHS<br>12    | RP NUMBER | PCN NUMBER | BRU PRIORITY     | LOCATION<br>AWA | ELECTION DISTRICT | LEG. |         |         |
| 3.               | CONTINUATION LEVEL                 |                       |           |            | JUSTIFICATION    |                 |                   |      |         |         |
| 4.               | TYPE OF EXPENDITURE                |                       |           | AMOUNT     |                  |                 |                   |      |         |         |
|                  | PERSONAL SERVICES                  |                       |           |            |                  |                 |                   |      |         |         |
| 5.               | Salary                             | 20,136                |           |            |                  |                 |                   |      |         |         |
| 6.               | Benefits                           | 3,303                 |           |            |                  |                 |                   |      |         |         |
| 7.               | Supplemental Benefits              | 1,235                 |           |            |                  |                 |                   |      |         |         |
| 8.               | Fixed Benefits                     | 2,730                 |           |            |                  |                 |                   |      |         |         |
| 9.               | TOTAL PERSONAL SERVICES            | 01                    |           | 27,404     |                  |                 |                   |      |         |         |
| 10.              | Travel                             | 02                    |           |            |                  |                 |                   |      |         |         |
| 11.              | Contractual                        | 03                    |           |            |                  |                 |                   |      |         |         |
| 12.              | Commodities                        | 04                    |           |            |                  |                 |                   |      |         |         |
| 13.              | Equipment                          | 05                    |           |            |                  |                 |                   |      |         |         |
| 14.              | Other                              |                       |           |            |                  |                 |                   |      |         |         |
| 15.              | TOTAL COST                         |                       |           | 27,404     |                  |                 |                   |      |         |         |
|                  | RECEIPT CODE                       | FUNDING SOURCE        |           |            |                  |                 |                   |      |         |         |
| 16.              |                                    | Federal Receipts 1002 |           |            |                  |                 |                   |      |         |         |
| 17.              |                                    | G.F. Match 1003       |           |            |                  |                 |                   |      |         |         |
| 18.              |                                    | General Funds 1004    |           | 27,404     |                  |                 |                   |      |         |         |
| 19.              |                                    | I-A Receipts 1005     |           |            |                  |                 |                   |      |         |         |
| 20.              |                                    | Program Receipts 1028 |           |            |                  |                 |                   |      |         |         |
| 21.              |                                    | Other                 |           |            |                  |                 |                   |      |         |         |
| FOR BSM USE ONLY |                                    |                       |           |            |                  |                 |                   |      |         |         |
| KEY NUMBER _____ |                                    |                       |           |            |                  |                 |                   |      |         |         |

This position will provide clerical support for two Tax Examiners and three Investigators. The duties will include making travel arrangements, typing correspondence and performing other clerical-type functions.

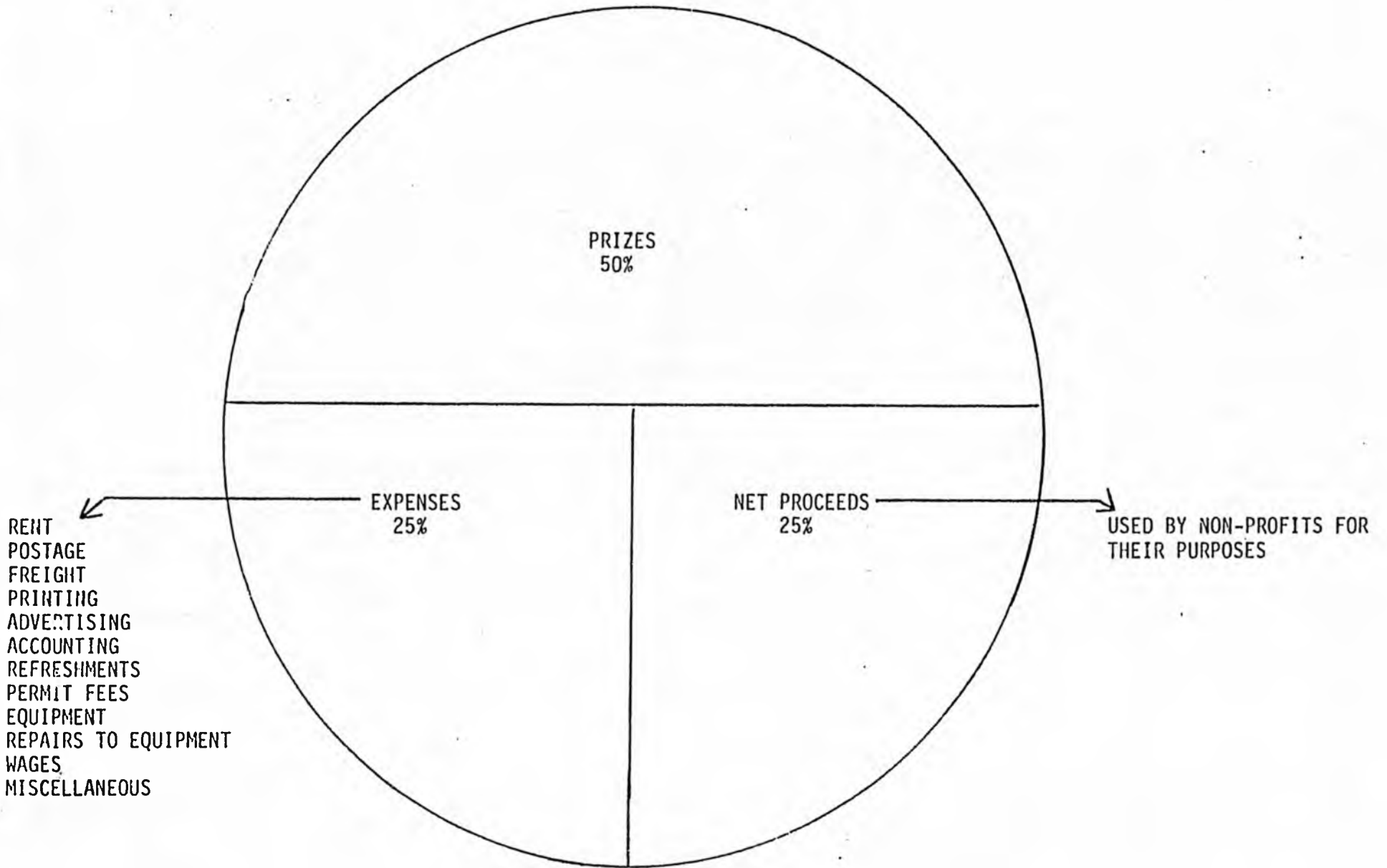
**REQUEST FOR  
NEW POSITION**

AGENCY Revenue  
PROGRAM Revenue Collection & Management  
BRU Public Services  
COMPONENT Operating

Page 1 of 1  
Revised Date \_\_\_\_\_

**FY 86**

GAMES OF CHANCE  
DISPOSITION OF DOLLARS



# STATE OF ALASKA

## DEPARTMENT OF REVENUE

PUBLIC SERVICES DIVISION

2/27/85  
BILL SHEFFIELD, GOVERNOR

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

March 1, 1985

*on the  
desk  
on  
file  
with  
Alert  
etc.*

The Honorable Ben Grussendorf  
Speaker of the House  
Pouch V  
Juneau, Ak. 99811

Dear Mr. Speaker:

The annual report on Games of Chance & Skill, as required by AS 05.15.090 is enclosed. Also enclosed is a supplemental report for 1983 which summarizes all 1983 financial statements received.

A total of 763 Games of Chance and Skill permits and 54 Monte Carlo permits were issued for 1984 with 348 permittees having filed the required annual and interim financial statements. Additionally there are approximately 400 financial statements not yet processed. The Department is requesting financial statements from those who have not reported. A permit for the current year is not issued until after receipt and examination of the prior year financial statement.

Gambling in Alaska has increased substantially in recent years. As with any statutorily governed activity, enforcement and compliance is sometimes difficult to maintain. To better facilitate enforcement and compliance, the Department of Revenue, on September 17, 1984, employed an Investigator, thus forming the Gaming Enforcement Unit. This Unit has the responsibility to ensure that permittees comply with State gambling laws and regulations. The Investigator inspects the premises and activities of permittees to determine compliance with laws and regulations as well as to provide assistance in their interpretation. The policy of the Unit for this year was to effect voluntary compliance by providing the permittee opportunity to comply with statutory authority and to develop bookkeeping and accounting systems that protect both the permittee and the public.

The primary efforts of the Gaming Enforcement Unit have been:

- Prevention of hidden ownerships or interests in gambling permits;
- Effective control of authorized gambling activities through scheduled and unscheduled inspections, investigation, and audit programs;
- Prevention of unauthorized gambling activities;
- Assistance to local law enforcement agencies through mutual assistance and cooperation;
- Assistance to permittees through education and guidance in the interpretation of gambling laws and regulations.

The Gaming Enforcement Unit feels that it has gained knowledge concerning non-profit gambling in the State not previously available. The Unit will continue in its efforts to apply the laws established by the legislature and to ensure adequate protection to the public as well as in-depth support of permittees.

To date, the investigator has made 16 scheduled, 4 unscheduled, and 8 undercover inspections. There is only one investigator assigned to conduct such examinations and visits; consequently, education and enforcement efforts are necessarily limited.

The Unit would like to see a comprehensive educational training program for the permit organizations, bingo hall operators and the law enforcement agencies. This training would eventually reduce the reporting and bookkeeping errors and the illegal operation of gaming activities.

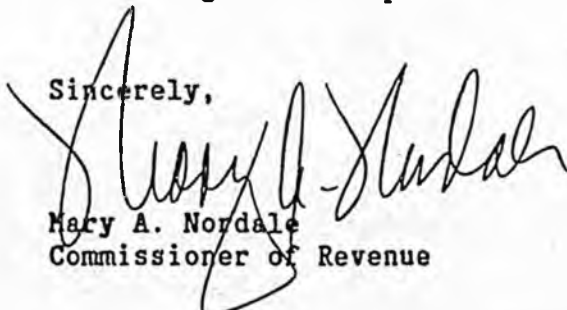
Continued efforts by the Department of Revenue to review permittee organizations and strict adherence to application requirements have substantially increased the number of organizations denied Games of Chance and Skill permits. In 1983 we received 819 applications; 39 were denied. For 1984 we received 856 applications; 93 were denied.

For the 1984 report, we have broken down raffles & lotteries to reflect reported pull-tab activity in the State. Of the 348 financial statements processed to date, 54 permittees reported using pull-tabs. Of these 54, 22 reported giving prizes. An accurate gross receipts total for pull-tabs is not readily available as many organizations include pull-tab receipts in with bingo or raffle receipts and report the prize awards in the same manner. Forms redesign and education in the proper reporting and bookkeeping requirements should resolve this problem.

The current raffle & lottery prize award limit of \$200,000 still creates a problem for several organizations. Pull-tabs currently come under the definition of 15 AAC 105.120, Raffles and Lotteries. Due to the amount of pull-tab receipts generated, many organizations exceeded the raffle prize limitation.

As a result of increasing administrative costs to enforce Games of Chance and Skill as well as more permittees, population growth, and increased public interest in gaming activities, we recommend per AS 05.15.090, that the cost for a permit be raised from \$20.00 to \$50.00 and that the annual fee be raised from 1% of the net proceeds to 1.5% of the gross receipts after the deduction of prizes.

Sincerely,



Mary A. Nordale  
Commissioner of Revenue

MAN:kp

Attachments

M. Gregory Oczkus  
Attorney at Law  
555 W. Northern Lights, Suite 212  
Anchorage, Alaska 99503  
907 • 276-6550

March 13, 1985

State Affairs Committee  
Alaska House of Representatives  
Room 102 Capitol  
Pouch Y  
Juneau, Alaska 99811

RE: HB 247

Dear Legislator:

On behalf of various non-profit organizations who have BINGO permits and persons involved with the BINGO industry in the Municipality of Anchorage, I would like to present these comments regarding House Bill 247. I am enclosing previous correspondence I have had with the State Department of Revenue and the Governor's office concerning the proposed legislation. I am happy to see that there appears to be adequate time to provide public input and information from persons involved in the BINGO industry in the next two months. Hopefully, viable legislation can be developed which places reasonable controls to enable the State to monitor the industry and permit operators to run BINGO games for the permittees.

I would like to present brief comments for your review with respect to specific sections in the proposed bill:

1. Section 05.15.020 (b) (c): If the State should require a bond to guarantee performance of an operator, then a similar bond should be required for other permittees. A bond for ten percent of the estimated gross receipts is excessive. The bill provides for more frequent reporting schedules, so that the monetary risk of noncompliance is substantially reduced. I believe that a flat fee bond based on a prior year's gross receipts would be adequate.

2. Section 05.15.030 (e) (f): These Sections would give authority to limit the locations where a permittee could operate. There must be some expression of legislative

intent in the statute defining the limits of such authority.

3. Section 05.15.060: This Section will permit the Commissioner to adopt regulations to control the industry, with the only limitation being that which the "Commissioner considers necessary."

In the forthcoming public testimony, I believe the facts will indicate that there is a lack of uniformity in the interpretation of the regulations and statutes by the various revenue agents, inconsistencies in applications and occasions of abuse of authority. I believe that there must be some process whereby a permittee or an operator has the right to an administrative hearing concerning decisions by the State Department of Revenue.

I believe an excellent example of past abuse of authority is the Department of Revenue ruling in 1981 that pulltabs were illegal. This ruling was without any legislative resolution or mandate, and controvened a prior Attorney General's Opinion that authorized use of pulltabs. Thus, permittees were restricted from selling pulltabs for over ten months, and the legislature eventually had to become involved.

4. Section 05.15.100: This Section states that the Commissioner of Revenue may issue a permit to a municipality or qualified organization. The word "may" should be omitted and specific criteria should be developed. If a permittee or operator qualifies under the statutes to receive a permit, it should be issued. Specific criteria should be developed addressing who has the right to receive permits and under what conditions. In Subsection (c) the Commissioner should be required to issue a raffle permit to a political organization which qualifies.

5. Section 05.15.160: This entire section at first glance seems appropriate, but it fails to define expenses incurred by an operator who qualifies to manage the games, and permits wage payments to employees. For example, the existing regulations permit the payment of one dollar over

the minimum wage to any employee who works in a BINGO parlor. However, the Department turns a blind eye and permits reasonable payment. If the proposed legislation will allow a permittee to hire an operator to run games on the permittee's behalf, some provision must be made for the permittee and the operator to enter into a reasonable contract for the services. Permittees who hire operators do not advance capital to fund the games, do not rent a BINGO hall, and do not bear the risk of loss. The proposed Sections specifically state that the services cannot be "directly or indirectly involved with the operation of the activity." It is unreasonable to believe that an operator should not be in some way reimbursed for the success of his activities.

6. Section 05.15.163: This proposed limitation will put any operator out of business. Currently the Department of Revenue regulations restrict the amount that may be paid nightly in prizes for BINGO games. The Bill statute proposes to restrict the amount of authorized expenses to 25 percent of the gross. This Section then proposes that not less than 25 percent of the gross be paid to the permittee. What Sections 05.15.160 and 05.15.163 ignore is that the industry pays out between 75 percent and 93 percent of the nightly gross receipts in prizes. The higher the ratio of prizes to gross receipts, the greater the participation. If the legislature requires that 15 percent of all gross receipts must go to the permittee, no money would be left for expenses. This entire Section must be revised. Ideally, the permittee should receive 100 percent of the net proceeds AFTER the payment of prizes and expenses authorized under Section 05.15.160.

7. Section 05.15.165 (b): This Section requires that the permittees be paid within 15 calendar days after the date of an activity. This should be revised to provide that permittees shall be paid when the operator files his monthly report with the Department of Revenue. Subsection (c) should be clarified. Subsection (D) is vague.

8. Section 05.15.185 deals with pulltabs. There should be no real opposition to the Department of Revenue attempting to obtain some degree of control over the distribution of pulltabs within the state and a better idea of the proceeds from pulltabs for annual reporting. However, there is no provision for pulltabs to be distributed directly to an operator, although the operator is responsible for reporting proceeds from pulltabs.

Inserted in Section 05.15.210 should be a definition of gross receipts.

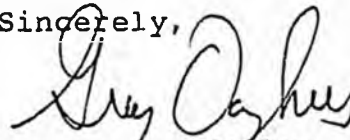
There must be some clarification concerning political organizations. Currently, political organizations are registered to run BINGO, pulltabs and special draw games. These revenues are a source of contributions to candidates. Will it be the intent of the legislature that the Democratic, Republican or Libertarian Parties shall not be eligible for a BINGO permit? At this time, there are a number of organizations that have permits for BINGO games which take their proceeds and donate such to groups registered with APOC. Is it the intent of the legislature that this campaign fund-raising source be eliminated?

My final comment concerns the Governor's submittal letter, wherein it states "...and requires that at least 25 percent of net proceeds be dedicated to the charitable or civic purpose for which the activity is conducted."

I look forward to the opportunity to familiarize the Committee with the history of the industry and some of the current problems.

Thank you for your attention to these comments.

Sincerely,



M. Gregory Oczkus

Enclosures

M. Gregory Ocikus  
Attorney at Law  
555 W. Northern Lights, Suite 212  
Anchorage, Alaska 99503  
907 • 276-6550  
January 9, 1985

*These comments  
Based on comments  
draft of H.B.*

*247*

Mr. Richard F. Gardner  
Investigator  
State of Alaska/Department  
of Revenue  
1111 W. 8th Street, Rm. 108  
Juneau, AK 99801

Re: Proposed Legislation: "An Act Relating to Games  
of Chance and Contests of Skill"

Dear Mr. Gardner:

I have had the opportunity to review the most recent draft of Governor's proposed legislation revising existing statutes regulating bingo, games of chance and contests of skill. I would like to point out some aspects of the bill which would need revision in order to obtain the support of the community.

1. A.S. 05.15.020(b). The amendment provides that a qualified operator may conduct an activity on behalf of a qualified organization if the operator posts a bond equal to ten percent (10%) of the estimated gross receipts from activities to be conducted by the operator in the calendar year.

Operators will object to this section for a number of reasons. First, the statute fails to clearly define gross receipts, i.e., the statute should exclude from gross receipts free games and promotional activities where no cash is received. Second, some bingo establishments had revenues of approximately \$3 million revenues last year which would mean a bond of \$300,000. A bond of \$300,000 is too expensive and excessive. My suggestion would be to require a \$25,000 to \$50,000 fixed bond as a criteria to become a "qualified operator" rather than pegging the bond to gross receipts. A \$50,000 bond would be more than adequate to secure the requirements of the proposed A.S. 05.15.025.

2. A.S. 05.15.025 sets forth the conditions wherein the bonds can be forfeited. The primary purpose of the bond is to secure the payment of a one and one-half percent (1 1/2%) operating fee to the state with the secondary purpose of securing payments to the "authorizing permittee".

A.S. 05.15.165(b) requires the qualified operator to pay proceeds to the authorizing permittee every 15 days. It is unclear when the one and one-half percent (1 1/2%) fee would be paid to the State. To bond for an entire year, at ten percent (10%) of the gross, in order to secure payment

of the one and one-half percent (1 1/2%) as well as the proceeds to the "authorizing permittee" would be expensive and unreasonable when the reports are now made monthly.

The existing reporting period is every 30 days. My suggestion is to continue a 30-day reporting period and attempt to establish a fixed bond which would cover 60 to 90 days of the one and one-half percent (1 1/2%) tax as well as required proceeds to the authorizing permittee.

3. A.S. 05.15.030 would provide for notification to local governments of applications for permits by qualified operators. Section (b) is vague and should be improved by setting forth the conditions wherein a local government could disapprove an application to conduct bingo, pull tabs, or special draw games. I know of no municipal government that has an ordinance identifying specific criteria for approval of these types of games.

Section (f) gives the commissioner discretion to limit locations where bingo activities may be located. Absolute discretion is not reasonable without some statement of intent or criteria by the legislature. This section is too broad without any limiting authority. For example, it appears the commissioner would have absolute authority to limit the number of bingo permits which may be issued in a specific area or limit how many qualified operators may conduct business within a specific area. I believe a clearer statement of legislative intent is required.

4. A.S. 05.15.095 provides for reports and payment of licensing fees. It is not explicit in the statute when the license fee is due. This statute should be clarified to require that the one and one-half percent (1 1/2%) license fee be paid to the State by the qualified operator contemporaneous with the filing of the monthly reports. It would be of interest to the State to make the license fee due monthly. This would be consistent with the argument that the bond need not cover ten percent (10%) of the annual gross proceeds for the whole year.

5. A.S. 05.15.160 and 05.15.163 define and regulate authorized expenses and net proceeds. These statutes directly affect the games by mandating that twenty-five percent (25%) of gross proceeds shall be paid to the "authorizing permittee" and that authorized expenses may be no greater than twenty-five percent (25%) of the gross receipts.

These sections permit the State of Alaska to control the distribution of proceeds. As proposed, the sections will drive the "qualified operator" establishments out of business. The proposed legislation goes too far in attempting to control both the amount of distributions to a permittee and authorized expenses.

The proposed statutes allow an "authorizing permittee" to enter into an agreement with a "qualified operator" to operate bingo on the permittee's behalf. The operator absorbs all risk of loss, pays employees and other expenses of operation, and guarantees payment of prizes nightly regardless of the number of customers. The permittee who bears no risk whatsoever would still receive twenty-five percent (25%) of the gross proceeds.

The new legislation misunderstands the economics of bingo and games of chance. A gambling activity must give a reasonable return to the player or no one will participate. If these proposed legislative changes are enacted, the State would limit 25% of gross proceeds for expenses, require 25% of gross proceeds be paid to the permit holder, impose a 1 1/2% tax, and add the cost of an annual bond on 10% of the gross receipts. In effect, absolute State regulation of between 51 1/2% to 55% (cost of Bond) of the gross sales is imposed on an operator who has no flexibility to conduct the business. People will not play the games when restriction in the law permit only a 48% or less payout. The normal payout for pull tabs is between 15% and 28%, the payoff for dart wheel games is nearly even, and on many nights the operator must payout more in bingo prizes than he sells in cards.

The profit margins are not there to impose these types of legislative restrictions! The 25% net proceeds restriction is patterned after the Rhode Island statutes. Rhode Island does not provide for payment of expenses to employees or use of qualified operators to run the games. Further, my research finds no statute where other states have legislatively controlled both expenses and payments to the permittee.

Simply stated, the proposed statutes controlling the expenses, net proceeds, and fees do not take into consideration the economics of the bingo games, the payout of prizes, the reasonable cost of doing business, or the variations of gross receipts from night to night.

A.S. 05.15.160 and A.S. 05.15.163 must be rewritten in their entirety. The legislature should define "gross proceeds" or "gross receipts" as all monies received through dart wheels, raffles, pool tabs, bingo games, and other games of chance. From these gross proceeds, the State should regulate only what the minimum proceeds paid to an authorized permit holder and the one and one-half percent (1 1/2%) licensing fee. The economics of the market place should then determine the distribution of the balance for expenses and prizes to the players. This method of legislating the payment and expenses would satisfy the State's interest in collecting proceeds from the games as a license fee and the interest in raising funds for charitable organizations.

A best legislative approach would be to regulate the payment to the permit holder on a sliding scale. Qualified operators which grossed less than \$1.5 million per year should pay ten percent (10%) of the proceeds or \$150,000 to the permit holders. Games whose gross proceeds exceeded \$1.5 million per year should pay twelve percent (12%) to the permittees. This is a very reasonable return to the permittee who absorbs no risk and pays no expenses of the operation. The payment is guaranteed by the bond and the operators compete in the market place for enough players to cover the expenses of operation.

One final suggestion is that the payment of the proceeds to the permittees be averaged over the month. For example, most operators utilize four permits and operate 32 games per month. Generally the weekend nights are profitable with Mondays, Tuesdays, and Wednesdays operating at a loss or at best, breaking even. In the interest of equalizing proceeds to the permit holders, the total monthly proceeds should be averaged among the authorizing permittees. In this manner no permittee would receive more favorable treatment by getting assigned the better nights.

6. A.S. 05.15.165 imposes operating restrictions on a qualified operator. Section (a) should be amended to permit the qualified operator to operate eight (8) activities per week. Once or twice a month operators have a second bingo session that runs from 11:30 p.m. to 3:00 a.m. Section (b) requires the qualified operator to pay the authorizing permittee net proceeds every fifteen (15) days. This should be changed to thirty (30) days to be consistent with the existing reporting scheme and the proposed reporting scheme utilizing monthly reports. Subsection (d) should be rewritten in its entirety. Department should eliminate references to expenses under A.S. 05.15.160(a) and A.S. 05.15.160(b). Substituted should be a requirement that payments to permittees be a fixed percentage of the net proceeds based on a sliding scale.

7. A.S. 05.15.200 would assess a penalty for non-timely payment of fees to the State. The statutes should state that the one and one-half percent (1 1/2%) fee will be due with each monthly report.

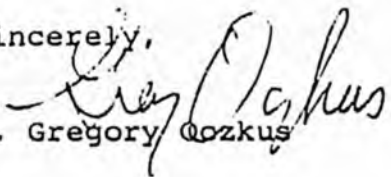
8. A.S. 05.15.210(15) should be eliminated and a definition for "gross proceeds" substituted.

9. A.S. 05.15.290(d) would make it a felony to willfully file false reports to the State. The common practice in other states (see Rhode Island and Washington) is to make the filing of false reports a misdemeanor on the first occasion and a felony on the second occasion. The filing of a false report is already grounds for revocation of the operator's license or the permit.

10. A.S. 05.15.210(18) changes the definition of political organization to include candidates registered with APOC, but A.S. 05.15.100(c) limits the activities of political organizations to raffles. I assume this is an oversight because many political organizations, i.e., Republicans of District 10, have permits to operate all games. Section .100(c) should be modified so organizations can conduct games, but candidates could only conduct raffles.

My clients are encouraged by some of the proposed modifications in the statutes relating to bingo and games of chance. The legislation goes along way to update the statutes and take into consideration bingo as it has evolved in Alaska over the past 25 years. But, it will not be in anybody's interest, either the operators or the permittees, to see bingo legislated out of existence because of lack of understanding of the economic realities. I look forward to working with your department these next several months to develop viable legislation to regulate the industry.

Sincerely,

  
M. Gregory Cozkus

M. Gregory Oczkus  
Attorney at Law  
555 W. Northern Lights, Suite 212  
Anchorage, Alaska 99503  
907 • 276-6550  
December 7, 1984

*These comments  
Based on third  
Draft of  
HB. 247*

Mr. Ray Gillespie  
Office of the Governor  
State Capital Building  
Pouch A  
Juneau, AK 99811

Re: Games of Chance and Bill

Dear Ray:

Thank you for mailing me a copy of the bill which the Governor's Office intends to submit concerning "an act relating to games of chance and contest of skill; and providing for an effective date." I am leaving Anchorage on December 10, 1984 until January 1, 1985. For this reason I am not able to respond at this time in as much detail and with as much analysis as I would like. Upon my return I will be going through the bill in greater detail to send you additional comments.

My clients have several areas of concern. The bonding requirements in the amount of 10 percent of the gross receipts is unreasonable. Second, the requirement of A.S. 05.15.160(c) is impossible.

There are many misunderstandings concerning the game of bingo and the additional games of chance, pool tabs and dart wheel. The Act as proposed is not feasible.

The dart wheel is a game where a bidder places 50¢ in any one of a number of combinations. Most of the combinations are an even payoff. For example, if a bidder bets odd or even on the wheel, the house has no advantage for the State of Alaska to impose a one and one-half percent (1 1/2%) license fee, a 25% payout to the permittee, and the cost of a 10% bond, this game would operate at a loss.

A second popular game is the pool tabs wherein the operator purchases a box of 1,000 pool tabs for approximately \$60. Therein there are prizes of \$1, \$5, \$10, \$50, \$500, or \$1,000. The bidder pays between 50¢ and \$2 depending on which type of pool tab. The return to the house on a box of pool tabs varies between 30% and 15%. Once again, if the costs to operate are increased by the state, then the game is not feasible.

The return on the bingo games depend on the number of persons who play. Normally a house plays between 25 and 28 bingo games an evening. The player purchases a hard card for \$1 per card which makes him eligible to play 23 games with a \$100 prize. In addition, the house sells special cards for special games which have a guaranteed prize. Normally these games are called soft cards. The soft card costs \$3 with the prize being as much as \$1,000. If the operator only sells 200 soft cards, (\$600 in gross receipts) but is still required to give away the \$1,000 prize, the game is operated at a loss.

A great deal of money is spent throughout the State of Alaska on bingo and other games as recreation. It is reasonable for the state to try to get some control over expenses and distribution of the proceeds. But, the legislature and the Governor's Office should be careful that they do not put the various games out of business resulting in a total loss of revenues to the permit holders. If bingo is lost as a revenue source for charitable organizations, then you can reasonably expect these organizations to look to the State of Alaska for financial assistance.

My overall opinion of the bill is that it shows a very limited understanding of the bingo games as they presently exist in Alaska. The bill is inconsistent. In some sections it measures fees, bonding, and payouts based on gross revenues and other sections measure net proceeds from the game. The Act makes no provisions regarding how losses on a certain nights will be allocated between the permit holder and the operator. These are only a few of the problems in the draft.

There appears to be a misconception that operators of bingo establishments are making large profits while very little of the proceeds of the game go to the charitable organizations. I would like to point out that many of the bingo establishments have lost money and have closed down in the Anchorage area.

I anticipate that there will be a strong reaction from the various permit holders and bingo players over the statute. If revision of the statutes results in the games being closed, both organizations and players will be irate. I will be reviewing the proposed changes in greater detail and submit specific comments to each section. I will try to make these comments available to your office by approximately January 15, 1985.

Please enclose this comment with any submittal of the proposed revisions to the legislature.

Thank you for your time and attention.

Sincerely,

*M. Gregory Oczkus*

M. Gregory Oczkus

M. Gregory Oczkus  
Attorney at Law  
555 W. Northern Lights, Suite 212  
Anchorage, Alaska 99503  
907 • 276-6550

April 1, 1985

Representative Katie Hurley,  
Chairman  
State Affairs Committee  
Room 204 Capitol  
Pouch V (MS 3100)  
Juneau, Alaska 99811

RE: HOUSE BILL 247

Dear Representative Hurley:

Time constraints at the statewide tele-conference held on March 26, 1985, limited my comments on HB 247. By this letter, I wish to supplement the record with suggested changes in the Bill which would effectively regulate the BINGO operators and give the State of Alaska, Department of Revenue some method of effectively monitoring prizes, receipts, expenses and proceeds to permittees.

COMMENTS

1. EXISTING: 05.15.010

No change.

2. PROPOSED: 05.15.020

(A) No opposition to amendment; examine whether the legislature desires that in the future, legitimate political organizations can only raise money through raffles.

(B) Amend the bond requirement: "...in an amount equal to 10 percent of the estimated sales, less the value of prizes awarded. Section (B) then becomes consistent with (C).

(C) No opposition to amendment.

3. PROPOSED: 05.15.025

(A) No opposition to amendment.

(B) No opposition to amendment.

PROPOSED: 05.15.030

(A) No opposition to amendment.

(B) No opposition to amendment.

(C) No opposition to amendment.

(D) No opposition to amendment.

(E) No opposition to amendment.

(F) Omit or establish under what guidelines the Commission may limit the locations. If there is no opposition by the political subdivision, what reasonable opposition could the Commission have? There is a danger that the Commission could restrict the number of approved locations based upon population in the area.

One problem in the bush is that permittees compete with political subdivisions or local governments. What safeguards are there against the subdivision refusing to approve a location to gain a competitive advantage?

PROPOSED: 05.15.060

No opposition to an amendment, however, this section should provide for some administrative review of the Commissioner's decisions.

PROPOSED: 05.15.070

No opposition to amendment.

PROPOSED: 05.15.080

(A) No opposition to amendment in general; amend "Gross Receipts" to "Sales of Chances."

(B) Amend "Gross Receipts" to "Sales of Chances."

PROPOSED: 05.15.085

No opposition to amendment in general. Suggested amendments:

(A) "Gross Receipts" to "Sales of Chances"; "Net Proceeds" to "Payment to authorizing permittee."

Add: "An operator may elect to average the authorized expenses and payments to the authorizing permittee over the monthly reporting period so that all authorizing permittees shall receive an equal amount of proceeds based upon a nightly average."

Comment: Over a period of 30 days, an operator conducts 35 sessions for between four and nine permittees. Some nights have better returns than others, i.e., weekends are more profitable than Mondays and Tuesdays. Expenses are usually measured on a monthly basis, i.e., rent and utilities. The authorizing permittees will receive better return if expenses and winnings can be averaged.

(B) "Gross Receipts" to "Sales of Chances."

EXISTING: 05.15.090

No change.

PROPOSED: 05.15.095 (A), (B), (C)

No objection to amendments.

PROPOSED: 05.15.100

(A) Change "may" to "shall"; add "...and who meets the criteria under the statutes and regulations and who has been approved by the political subdivision."

Add pulltabs.

(B) Change "may" to "shall"

(C) Change "may" to "shall"

Comment: Will political organizations be permitted to raise money from BINGO and pulltabs, as opposed to political candidates who can only conduct raffles?

(D) Change "may" to "shall"

EXISTING: 05.15.100

No change.

PROPOSED: 05.15.120

No opposition; however, the legislators must make the policy decision regarding political organizations vs. political candidates. Further, will a qualified organization be permitted to give money to a political group registered with APOC when a portion of their revenues derive from BINGO? Will this lead to abuse, and how will the Department of Revenue control it?

EXISTING: 05.15.130

No change.

EXISTING: 05.15.140

No change.

EXISTING: 05.15.150

Department of Revenue proposed no change. Presently civic and fraternal organizations can qualify to obtain a permit, but spend BINGO proceeds for a legitimate purpose different than that purpose registered on the annual application for permit.

PROPOSED: 05.15.160

(A)(1) Add rent, utilities, wages and reimbursement of the operator for services rendered to the authorizing permittee.

(A)(2) This is existing language, but it is vague and ambiguous. A personal service (accountant/attorney) is reasonably necessary, but does not fall clearly within the definition.

(A)(3) Add "an employee of the operator."

Leave existing language. Any consultant hired on a regular basis is bound to be directly involved with the operation of the business, but existing language prevents tying consultants' compensation to nightly returns. New language permits the consultant take a percentage of the profit.

(B) Completely unworkable because of improper definition of gross receipts. Reasonable expenses must be measured against sales, less prizes awarded. Prizes must be deducted before the policy decisions regarding the percentage of money toward reasonable expenses can be determined.

PROPOSED: 05.15.163

Completely unworkable because of the definition of gross receipts. Most establishments already pay in excess of 75 percent of sales of chances back in prizes. Some establishments pay over 90 percent of each dollar spent back in prizes.

Making Sections 160 and 163 is crucial to the operators. If BINGO is to continue in the state, either utilizing operators or conducted by permittees, the legislature must not let the Department of Revenue structure the payout and expense without recognizing the marketplace.

Suggestion: "The operator and authorizing permittee may negotiate agreements wherein such permittee may hire an operator to conduct BINGO, games of chance, lotteries, and sell pulltabs on the permittee's behalf. The agreement may provide for the assumption of losses by the operator and hiring consultants and employees. The authorizing permittee must receive a minimum of 15 percent of the proceeds after payment of prizes."

The amount guaranteed the permittee is a policy question. More proceeds could be available, except that maximum nightly prizes, price of pulltabs and limitations on bets

in games of skill are regulated by the Department of Revenue. If prizes were increased, then it is reasonable to assume there would be more players and more funds for the permittees.

PROPOSED: 05.15.165

(A) Omit. Limiting the number of games in a 24-hour period will increase overhead. The more times the operator can run a game during the month, the less the fixed costs per session.

(B) Amend 15 days to 30 days. This spreads the risk of a bad night with large losses over a longer period. Also, it is consistent with the monthly reporting requirements.

(C) No objection to amendment.

(D) No objection to amendment.

(E) No objection to amendment.

PROPOSED: 05.15.180

(A) No objection to amendment.

PROPOSED: 05.15.185

(A) No objection if "C" is amended to include operators. Add "...boxes of pulltabs."

(B) This creates an additional cost to affix the label. What will the Department of Revenue charge? This is analagous to a liquor or cigarette stamp and a form of tax.

(C) Add "operator". The operator sells the pulltabs on behalf of the permittee. Now the operator will become accountable.

(D) Does this include the operator or permittee who sells individual pulltabs or only distributors in bulk?

(E) No objection.

(F) Clarify. Does this mean only bulk distributors or sales to customers who are attempting to win prizes?

Suggestion: This entire section will be very expensive to administer if the State affixes a label to every box of pulltabs sold in Alaska. The State's goal is to monitor sales to prevent skimming. Currently, every operator records the numbers of pulltabs sold within his establishment to prevent a player from illegally claiming a prize.

If the Department developed a duplicate invoice, every time a new box of pulltabs is opened, one copy could be posted in the BINGO hall and the other copy immediately mailed to the Department. When the Department does spot audits, they would have a list of what pulltab boxes have been opened for sale. If a pulltab is being sold and its number is not posted, the permittee or operator would be in violation and subject to sanctions.

PROPOSED: 05.15.200

No objection to amendment.

PROPOSED: 05.15.210

(6) No objection to amendment.

(12) No objection to amendment.

(15) No objection to amendment.

(18) This is a policy question. Will political organizations be limited to raffles as a fund-raising method?

PROPOSED: 05.15.210 (19)

Do not amend; existing definition is excellent. The proposed definition eliminates civic clubs, labor organizations and many other qualified groups. Further, there is no provision in the statutes to grandfather existing permits.

I explained this problem in detail at the public hearings.

PROPOSED: 05.15.210

(24) No objection.

(25) No objection.

(26) No objection.

(27) No objection.

PROPOSED: 43.05.290 (d)

No objection.

DO NOT REPEAL 05.15.210 (2), (3), (5), (7), (8), (10), (13), (17), (22) and (23).

These sections define charitable organizations, civic and service organizations, educational organizations, fish derby associations, fraternal organizations, labor organizations, police or fire departments, religious organizations and veterans' organizations. Most of these organizations are not non-profit corporations under AS10.20 with a Certificate of Issuance in effect for three years.

Suggestion: "Gross receipts" should be redefined as "sales of chances less prizes awarded." This is Section 05.05.210(1)

It is important to use a uniform definition to measure fees, bonds, expenses and proceeds to the permittee. The existing definition does not account for the player who keeps reinvesting his winnings to eventually lose at the end of the night. The replayed prizes are a false figure traditionally known as the "false drop."

Sincerely,



M. Gregory Oczkus

# Oakeservices

Central, Alaska 99730

MAR 22 1985

907-520-1893  
907-520-5227

March 19, 1985

Representative Katie Hurley, Chairwoman  
House State Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Representative Hurley:

In a recent issue of the Fairbanks NEWS MINER, I read that there may be a hearing on House Bill 247. Although I have not read this year's bill, I wish to express several concerns, based on the legislation that was proposed last year.

That there is need for control and good reporting from non-profit organizations raising money under Alaska law, I do not deny--and I am sure there may be reasons for deep concern about commercial operators raising large amounts of money for charities through bingo and other games.

I am seriously concerned, however, that increased reporting and publication requirements might mean a real loss of revenue for a number of small non-profit operations who use an annual raffle or lottery for the purposes of raising money to meet their charitable goals. I suggest that present reporting requirements are adequate for such groups. Frequent reporting requirements and other paperwork would probably put small non-profit groups, who depend upon volunteers for their activities and bookwork, right out of business.

My own experience with a local historical society, which raises between \$500-\$1000 a year through a raffle project, is that people are willing to donate through this sort of activity. I also know that any requirements which increase the cost of such an activity would probably cause us to quit holding a raffle, as our support area has a limited population and we probably would not be able to raise enough more to cover increased costs. I would also point out that present requirements of submitting the application to the nearest municipality seem rather far-fetched. At least in rural Alaska, where there are communities not in boroughs and not otherwise organized, it seems strange to submit application through the nearest municipality. For example, we face the choice, shall we submit to Fairbanks? We are not part of that city or that borough. Or Eagle, with whom we have no contact? Or Fort Yukon--again, no common ties. All nearby municipalities are over 100 miles away and have nothing to do with our project. So this can be a concern in isolated, rural areas.

My recommendation is that provisions for raffles and lotteries for over please

**CONSULTANT SERVICES:**

Rural Educational Planning, Curriculum & Instruction  
Alaska History Research & Review

**GENERAL SERVICES:**

Research, Editing & Public Relations  
Mobile Secretarial Service - Notary Public

non-profit organizations run by volunteers and having a budget of under \$50,000 be unchanged. I am deeply concerned that small organizations will suffer from the reported excesses of some of the large bingo operations if they are all lumped together.

Thank you for your consideration.

Sincerely yours,

*Patricia Oakes*

Miss Patricia Oakes

# MEMORANDUM

# State of Alaska

TO: The Honorable Katie Hurley  
Alaska State Representative

DATE: March 29, 1985

FILE NO:

TELEPHONE NO: 465-2392

FROM: Sally Smith *Sally*  
Director of Public Services  
Department of Revenue

SUBJECT: Monthly Reporting of  
Games of Chance  
HB247

Because of the concern expressed over monthly reporting, we have drafted an example (attached) of the form for your review. So the Committee may make a comparison, I have also attached copies of the annual reporting form currently in use. We hope these will be helpful in your deliberations.

Attachments

Amendment to Section 3,

Insert a new, second, sentence in Sec. 05.25.030(a) to read as follows:

The commissioner shall establish procedures for approval of applications for activities proposed to be conducted at locations lying more than five miles from the nearest local government and within the unorganized borough.

DEPARTMENT OF REVENUE

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

PUBLIC SERVICES DIVISION

October 7, 1985

The Honorable Katherine T. Hurley  
Alaska State Representative  
P.O. Box 870157  
Wasilla, AK 99687

Dear Katie:

Several legislators have requested that I provide the legislative membership with a brief status report on the Department of Revenue's seminars respecting HB 247 (charitable gaming). Many of you in the legislature are aware of the problems the state is experiencing with charitable gaming. The current law was written in the early 1960's and has never experienced substantial revisions--only add-ons. As a result, the law has failed to keep pace with the burgeoning growth of the industry and certain flagrant abuses that have occurred.

Gross receipts from charitable gaming in 1983 were reported at \$30 million. Of this amount 18 percent, or \$5,485,676, was available for charitable, educational and political contributions. \$68,501 accrued to the state through the collection of permit fees and a one percent assessment on the reported net proceeds for 1983 gaming activities.

In September of 1984 the department hired its first staff member devoted full-time to charitable gaming efforts. In his brief tenure he conducted limited audits which indicated that unreported gross receipts might total \$50 million. If these figures are accurate, charitable gaming has become an \$80 million industry in Alaska with only 37 1/2% of the revenues being reported. Unreported revenues do not accrue to the non-profit organizations, nor are they subject to taxation by the state.

This administration intends to bring charitable gaming under control, assuring that receipts from activities accrue to the charitable, educational and political efforts intended. Toward this end Governor Sheffield introduced HB 247, a bill which has been scrutinized by, and passed through, House State Affairs and House Judiciary.

Because those who are underreporting receipts wish to see this bill fail, much misinformation and confusion has been circulated. In an attempt to counter this misinformation I invited holders of gaming permits in Fairbanks and Anchorage (where they are most concentrated) to attend a seminar on HB 247. To date I have conducted ten seminars and met with 156 permit holders--57% of the total invited. Total attendance was 181 people.

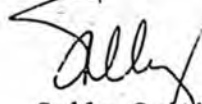
The Honorable Katherine T. Hurley  
October 7, 1985  
Page 2

At each meeting I explained the provisions of HB 247 and the reasoning behind the administration's request. I also explained our need for five staff members to enforce either the existing law or provisions of HB 247. I believe that the meetings were very successful. Many people stayed beyond the meeting time to ask further questions; some expressed frustration that we can't do more to police the current situation. Most were highly supportive of our request to establish enforcement capabilities.

Despite the fact our invitation was to permittees only, each session was also attended by operators. I mention this because, while I am hopeful you will hear comments supportive of HB 247, I am also aware that certain operators have a lot to gain by its failure. For \$50 million these few can afford to apply a lot of pressure. Were these additional dollars to accrue to the charities, the demand on the state's general fund could be reduced. With passage of HB 247 the state would possibly realize an additional \$500,000 in gaming revenues--double the administrative costs of \$250,000.

Legalized gambling is a difficult issue, but one that needs immediate and careful attention to stop the flow of dollars away from the intended purposes. I will be pleased to discuss the issue and the seminars with you further.

Sincerely,



Sally Smith  
Director

Phone (907) 465-2392

SS:cv

## Judge: State singled out bingo operator

By KIM RICH  
Daily News reporter

An Anchorage Superior Court judge chastised prosecutors Friday for singling out a bingo hall operator for criminal misconduct when, the judge said, he was only doing what everybody else in the business had done.

Judge Karl Johnstone made his remarks during the sentencing of Kenneth Brown, 42. Johnstone gave Brown a suspended, one-year sentence, and ordered him to pay a \$5,000 fine. He also ordered Brown out of the bingo business by Feb. 1, and to stay out of it in Alaska for a year.

In October, Brown pleaded no contest to five counts of falsifying state financial documents. Brown admitted to not reporting more than \$800,000 he brought in at a bingo hall he operated for five local charities. Brown said the money went to salaries and was plowed back into the business.

Johnstone said that aside from making the false reports, Brown, "has led what I would consider an admirable life, and has been a significant contributor to society."

"What he did do was operate pull tab games in excess of the limits prescribed by the regulation. I find that others running bingo parlors were doing the same thing," the other agencies were given an opportunity to amend their reports while Mr. Brown was not.

"Pull tabs are cardboard lottery tickets that are required by the charter from 25 cents to

bingo halls sell thousands of them each night. They are "no risk" games that guarantee sellers a profit of from 15 percent to 31 percent of sales. Under the conditions of Brown's sentence, if he follows Johnstone's order and has no similar convictions in the next year, his criminal record will be erased.

Prosecutors had accused Brown of skimming \$810,000 over a 16-month period from the approximately \$7 million — which included money paid out in cash and other prizes — that flowed through the Northern Lights Bingo hall in 1983 and 1984.

Brown was initially charged with felony theft and fraud, but prosecutors dropped those charges in exchange for his plea after 14 days of trial. The trial ended abruptly after representatives from some of the charities involved testified that they had no reason to believe that Brown was doing anything wrong.

Johnstone said Friday that the felony charges were not supported in any way.

"The charities have stood by (Brown) since the charges were filed. During Brown's sentencing hearing, Johnstone read from one of several letters he said he received from the charities. He said all of the letters praised Brown for his honesty and integrity.

The documents Brown submitted to justify were in fact annual reports required by the charter

## Bingo game operator gets suspended prison sentence, fine

Continued from Page C-1

gambling permits.

The Northern Lights Bingo hall is the state's largest, full-time bingo parlor. It operates on state permits issued to the March of Dimes, Barrier Free Alaska, the Association for Retarded Citizens of Anchorage, Spenard Lions Club and McKinley Lions Club.

Bingo permits are issued only to non-profit organizations active in Alaska for five years or more. The permits are good for nine days a

month. Many agencies hand their permits over to operators who put four or more permits together and run a full-time gambling hall.

Brown no longer works for the charities, said Assistant Attorney General Richard Monkman.

Last year Brown turned over a total of \$85,000 to the charities from money brought in at the bingo hall.

He said he paid himself \$112,000 and plowed the rest of the unreported pull-tab proceeds back into the busi-

ness.

At Brown's sentencing Friday, Johnstone said that he was convinced that Brown used the money properly.

"Mr. Brown did not skim money from the charities. He paid a fair salary to those employed, and a fair salary to himself," Johnstone said.

State law restricts wages of bingo hall employees to \$4.85 an hour, an amount Brown and other bingo operators call unrealistic. Brown had earlier said that the \$112,000 he paid himself included \$200-a-night

salary and \$150-a-night return on a personal investment of \$40,000 he made in the bingo hall, according to his defense attorney, Greg Oczkus.

In addition, Brown owns the snack bar concession.

Since charges were brought against Brown, the Department of Revenue has moved to revoke the permits of the charities whose bingo permits Brown used. Monkman said the charities may be allowed to keep their permits only if they tighten their accounting procedures.



Finance Committee  
Oil and Gas Committee

# Alaska State Legislature

House of Representatives

Representative Mike Szymanski

11920 Johns Road  
Anchorage, Alaska 99515  
Phone (907) 349-3373

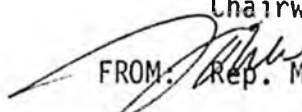
While in Session:  
Pouch V  
State Capitol

Juneau, Alaska 99811  
(907) 465-4978 / 4979

March 22, 1985

MAR 25 1985

TO: Rep. Katie Hurley  
Chairwoman, House State Affairs

FROM:  Rep. Mike Szymanski

RE: HB 247 Games of Chance

One of my constituents who is interested in HB 247 asked me to pass on the enclosed rules and laws for the state of North Dakota regarding Games of Chance to anyone who might be interested. Since this bill is currently before your committee, I thought you might be interested in seeing what other states have done. According to my constituent, whose father has a bingo parlor in North Dakota, the parlor is required to give 57% to the benefitting organization rather than just 25%.

RECEIVED MAR 19 1985

MEMO

To: Representative Szymanski  
From: Nancy Babcock  
Date: 3-15-85

Re: Enclosed materials on games of chance

A constituent from the Bay Shore - Klatt Community Council, Tim Martinson (349-1469 evenings) asked me to send you this material - the laws of North Dakota re Bingo parlors etc. He asks that you pass it on to any legislator involved in this legislation. Apparently his dad has a bingo parlor there, and is required to give a good deal more than 25% to the benefiting organization - I think Tim said 57%.

I've saved a copy of all this -- if there's anyone else you'd like me to send it to, let me know.

**NORTH DAKOTA**

**GAMES OF CHANCE**

*Cities  
57% Trust Fund  
Employees 38% Operating Fund  
rent  
5% State tax*

*Pull tabs  
Blackjack*



**RULES AND LAW**

Chapter 53-06.1 of the North Dakota Century Code  
Effective July 1, 1981

Published by

**ROBERT O. WEFALD**

**ATTORNEY GENERAL**

**BISMARCK**

RULES

GAMES OF CHANCE

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CHAPTER 10-04-01

GENERAL RULES

|                     |                           |
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| Section 10-04-01-06 | Specific Location         |

10-04-01-01. DEFINITIONS.

1. "Equipment" means any device, apparatus or implement usable in the conduct of games of chance, whether or not specifically designed for the purpose, but excluding tables and chairs normally used in the occupancy of a premise.

2. "Facility" is an entire enclosure which is occupied by one specific identifiable legal entity.

3. "Person" -- refer to Section 1-01-28, N.D.C.C.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-17

10-04-01-02. INSPECTION OF RULES. Every eligible organization shall have a copy of the North Dakota Games of Chance Law and Rules readily available for inspection by any individual at each site authorized to conduct games of chance.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-03

10-04-01-03. GAMES OF CHANCE COMMITTEE.

1. Every eligible organization shall establish as an integral part of its organizational structure, a committee which shall consist of no less than three individuals all of whom shall be bona-fide members whose association with the organization is not for purposes of conducting or assisting in games of chance only.

2. The committee shall be the responsible governing board for all phases of gaming activity conducted by the eligible organization including its members, auxiliary components, employees and agents. Gaming activity includes the use of the net proceeds.

3. The minutes of the organization shall annually reflect the name and address and title of each member of this committee.

4. Members of this committee may not conduct games of chance.

5. In order to preserve the integrity of the administration of the games of chance law, the attorney general may determine that the provisions of Section 53-06.1-16, N.D.C.C., are applicable to this committee or any member thereof.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-06  
N.D.C.C. 53-06.1-17

10-04-01-04. AGE LIMITATION. Individuals under the age of 21 may not conduct, assist or play any games of chance being con-

ducted within a facility which has a retail alcoholic beverage licensee therein.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-17

10-04-01-05. EQUIPMENT ACQUISITIONS.

1. Eligible organizations are prohibited from renting or lending gaming equipment to any person (person includes any entity -- refer to Section 1-01-28, N.D.C.C.).

2. Eligible organizations are prohibited from exchanging pull-tabs, punchboards, sports-pools and twenty-one dealing boxes (shoes). All other gaming equipment may be exchanged. A request for approval shall be made to the attorney general at least 10 days prior to the exchange.

3. An eligible organization anticipating the printing, manufacture or construction of any equipment for games of chance shall first notify the attorney general of its intention and shall have the finished product approved by the attorney general before being placed in service.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-14

10-04-01-06. SPECIFIC LOCATION. For the purpose of Section 53-06.1-03(3)(d), N.D.C.C., "specific location" does not include the site of a fair, carnival, exposition, or similar occasion.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-03

CHAPTER 10-04-02  
GAMES OF CHANCE ALLOWED

|                     |                                     |
|---------------------|-------------------------------------|
| Section 10-04-02-01 | Definitions                         |
| Section 10-04-02-02 | Only Those Games as Defined Allowed |
| Section 10-04-02-03 | Bingo                               |
| Section 10-04-02-04 | Raffles                             |
| Section 10-04-02-05 | Pull-tabs and Punchboards           |
| Section 10-04-02-06 | Sports-pools                        |
| Section 10-04-02-07 | Twenty-one                          |
| Section 10-04-02-08 | Games to Display State Stamp        |

10-04-02-01. DEFINITIONS.

1. "Blackjack" -- see Natural Twenty-one.
2. "Deal":
  - (a) In Pull-tabs means each separate serialized package of pull-tabs purchased from a distributor.
  - (b) In Twenty-one means the distributing of the playing cards among the participants.
3. "Dealer" in Twenty-one is the general term for the eligible organization's representative or employee that the payers bet against.
4. "Doubling-Down" in Twenty-one means the act of a player doubling the amount of his original wager on his first two cards. When the player doubles down he can draw only one card.
5. "Flare" is the posted display which sets forth the rules of a particular game of pull-tabs, punchboard or sports-pool and which is associated with a specific deal, punchboard or sports-pool board.

6. "Insurance Bet" in Twenty-one means a wager by a player that a dealer holds a natural twenty-one when he has an ace showing.

7. "Natural Twenty-one" is the highest ranking hand consisting of an ace and a 10 count card.

8. "Shoe" in Twenty-one means a card-dealing box, capable of holding 208 regular playing cards, which is constructed of a transparent material.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-17

10-04-02-02. ONLY THOSE GAMES AS DEFINED ALLOWED. Notwithstanding descriptions of various games of chance, only those defined in these rules shall be permitted to be conducted by eligible organizations.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-07

10-04-02-03. BINGO. "Bingo" means that game of chance in which each participant receives one or more cards each of which is marked off into squares arranged in five vertical rows of five squares each and five horizontal rows of five squares each. Each square is designated by number, letter, or combination of numbers and letters, no two cards being identical. The players cover squares as the operator of such game announces the number, letter, or combination of numbers and letters appearing on an object selected

by chance, either manually or mechanically, from a receptacle in which have been placed objects bearing numbers, letters, or combinations of numbers and letters corresponding to the system used for designating the squares. The winner of each game is the player or players first properly covering a predetermined and announced pattern of squares on a card being used by the player or players. In the event that a sharing of the designated prize is required as a result of multiple winners on the last immediately called number, the following shall govern:

1. In the event that the designated prize consists of cash, the total amount of the prize shall be divided equally between or among the verified winners, provided, however, that the licensee shall have the option of rounding fractional dollars to the next higher dollar.
2. In the event that the designated prize consists of an item of tangible personal property, merchandise or other things other than cash, the bingo licensee shall award, if the designated prize cannot be divided, substitute prizes to each verified winner; provided, however, that the substitute prizes shall, insofar as possible, be of equal value to each other.
3. Notwithstanding the foregoing, a licensee may establish minimum prizes.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-07

10-04-02-04. RAFFLES. "Raffle" means a game of chance in which the prize or prizes, OTHER THAN CASH, are won by one or more of numerous persons buying chances. The winner is determined by drawing a number or numbers from a container holding numbers corresponding to all chances sold. The date of the drawing, the prize or prizes to be awarded, the name of the organization, the name of the licensing or authorizing authority, the license or authorizing resolution number, and the price of the chance shall be clearly printed on the raffle tickets which shall be numbered consecutively.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-07

10-04-02-05. PULL-TABS AND PUNCHBOARDS.

1. A "Pull-tab" is a single-folded or banded ticket or is a card, the face of which is initially covered or otherwise hidden from view to conceal a number, symbol, or set of symbols, some of which numbers or symbols thereon, are winners. A player buys a "pull-tab" from the eligible organization and opens it to determine if the "pull-tab" is a winner. The player with a winning "pull-tab" receives the prize stated on the flare from the eligible organization.

2. A "Punchboard" means a board or device containing a number of holes or receptacles of uniform size in which are placed mechanically and at random serially numbered slips of paper or other substance which may be punched or

drawn from said hole or receptacle. A player upon payment of a consideration, may punch or draw such numbered slips of paper or other substance from such holes or receptacles and obtain the prize stated on the flare if the number drawn corresponds to a winning number.

3. No deal of pull-tabs, and no punchboard, shall be discarded once such deal or punchboard has been offered for sale unless all the highest denomination of winners have been sold.

4. Individual deals of pull-tabs may be commingled in one receptacle subject to all of the following provisions:

(a) The deals are identical as to a particular type of games of chance.

(b) Each deal is identified by its own flare displaying the state identification stamp and manufacturer's serial number.

(c) The flares applicable to each deal are identical as to:

1. Price per ticket;
2. Amount of prizes; and
3. Denominations of prizes.

(d) The receptacle displays the flares for all the deals inserted.

(e) The commingled deals are placed into play and removed from play within one taxable quarter period and the reporting of the results of such games are made in the same quarter period tax returns.

(f) All of the highest denominations of winning prizes for all deals commingled are awarded within the taxable quarter period.

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-07

10-04-02-06. SPORTS-POOLS.

1. "Sports-pools" mean a sheet of paper, cardboard, or similar material on which is printed a square. This is divided equally into one hundred squares consisting of ten rows of squares running both horizontally and vertically. Along the exterior line on the top of the master square, the numerical designations zero, one, two, three, four, five, six, seven, eight and nine are randomly assigned to each of the vertical rows. The same procedure is applied to the left side of the master square for the horizontal rows.

Each of the horizontal and vertical numerical assigns are to be covered by a tape of such design so that once disturbed any other recovering shall be conspicuously noticeable.

The word "sports-pool" is to be conspicuously headed at the top of the device. There shall also be placed conspicuously on the device a designation:

PRICE PER SQUARE \$ \_\_\_\_\_  
AMOUNT OF PAYOFF \$ \_\_\_\_\_

Each of the contestants in the professional sporting event is designated along either the vertical or horizontal rows

of numbers by the operator of the gaming device. All one hundred squares must be sold at a price not to exceed five dollars per square and such price is to be inserted in the appropriate space on the device prior to selling such squares. The purchaser of a square places the purchaser's name in that square. The winner of the pool is determined, at the conclusion of the sporting event, by removing the tapes covering the numbers assigned each row and determining the square at the juncture of the horizontal row and vertical row containing the numbers of the outcome of the sporting event in accordance with the rules posted by the operator of the gaming device.

2. The device so constructed shall be acquired only from licensed distributors.

3. The operator of the sports-pool may determine the method of payout to the participants according to rules posted prior to the start of the sports event associated with the pool so long as the total payout does not exceed two-thirds of the gross proceeds of the pool. (For example, winners of a pool conducted for a particular football game may be determined at the end of each quarter of the game according to the score at that point. The payout each quarter need not be in direct proportion to the total two-thirds payout.)

History: Effective July 1, 1981

General Authority  
N.D.C.C. 53-06.1-17

Law Implemented  
N.D.C.C. 53-06.1-07

10-04-02-07. TWENTY-ONE.

1. "Twenty-one" means a card game played by a maximum of seven players and one dealer. The object of the game is for a player to obtain a higher total card count than the dealer by reaching 21 or as close to 21 as possible without exceeding that count. The cards have the following value:

(a) Aces count either 1 or 11.

(b) Kings, queens, and jacks each have a count of 10.

(c) All other cards are counted at their face value.

2. The following rules, either complementing or in addition to those enumerated by law, SHALL be followed in the playing of Twenty-one.

PLAYING SURFACE:

A layout or diagram which shall permanently and clearly display seven separate and distinct betting spaces and the complete statements:

BLACK JACK PAYS 3 TO 2  
and  
DEALER MUST STAND ON 17 AND MUST DRAW TO 16

NUMBER OF PLAYERS:

1. The eligible organization will never surrender the deal or bank.

2. One to seven active players, each of whom may bet on no more than two hands depending on the betting spaces available. No player may be a member of the dealer's immediate family.

3. No outsiders may wager on a player's hand.

4. No player may wager on another player's hand.

CARDS:

Four standard decks of 52 cards each (two red-backed decks and two blue-backed decks) shuffled together and used as one, a total of 208 cards dealt as a single packet from a card-dealing box called a shoe.

SHUFFLE AND CUT:

The dealer shall shuffle all 208 cards and any player may insert an indicator card to show where the cards are to be cut. The indicator will then go to the bottom of the deck. The dealer will then insert a second indicator approximately 50 cards or thereabouts from the bottom of the deck. He will then place all the cards in the shoe face down. At a minimum, when the indicator card inserted by the dealer makes its appearance and enough cards have been dealt to complete the hand in progress, the deal ends -- and the dealer must begin a new shuffle and again repeat the above-described procedure.

BETTING:

1. The initial wager for each hand is made by placing chips in a betting space provided on the playing surface before the first card is dealt.

2. Each separate wager shall not exceed two dollars in the form of chips. A wager is the amount bet per hand and is exclusive of splitting, doubling-down and insuring. Therefore, each split, double-down or insurance bet is a separate wager limited to a maximum of \$2.00.