

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5611 HOUSE COMMUNITY & REGIONAL AFFAIRS

development of a separate recycling industry. Boroughs have been pushing for deregulation of the industry, and had hoped that APUC authority over refuse collection contractors would have been allowed to "sunset" when the opportunity recently arose. "Sunsetting" APUC authority over the collection contractors would have allowed boroughs to encourage new collection contractors to enter the industry in their jurisdictions, as they saw fit.

APUC regulation also affects the recycling side of the industry. Solid waste collection contractors generally favor state regulation as opposed to no regulation or regulation by the boroughs. In return for continued regulation, the collection contractors have offered to "subsidize" recycling by committing to spend a certain amount of their revenues on recycling services. They argue that because recycling is so expensive to provide in Alaska, it must be included in the overall garbage collection service and, as such, reflected in the garbage collection rates. Or, in their terms, garbage collection would "subsidize" recycling.

For reasons discussed in the next section, the current prospects of large volume recycling in Alaska are limited. However, to the extent that recycling may be considered a part of the overall solid waste management picture in the long-term, the collection contractors' proposed arrangement raises the issue of how and by whom is recycling best accomplished: should recycling be provided by collection contractors; by the development of a separate industry; or, as a local government program? The question of how to encourage recycling and who should provide this service is as much a question of solid waste management as it is of regulation.

The second issue raised by this changing environment concerns disposal rates. In the past, the major costs associated with solid waste management were the costs of moving waste from one place to another. Hence, these costs became the regulatory focus. In the future, the cost of environmental compliance is likely to mean that disposal costs will make up an ever increasing portion of the overall cost of garbage service. In addition to raising day to day operating costs, Subtitle D requires the owner/operators of landfills to estimate the costs associated with closing and maintaining the landfill for a period of 30 years. Then, they must assure through some financial instrument the wherewithal to meet those cost obligations.

Assuming that some additional private disposal operations are started in Alaska, to whom will it fall to insure that firms are charging enough to cover these future closure costs? Or to insure that disposal companies are not over-charging collection contractors - and hence the public - on the pretext of meeting the financial criteria? For those

communities served by private disposal operations, there will be no regulation as to how, and when, those costs are passed on to the customer. This will be a particular problem wherever both the hauling and the disposal operations are found under one corporate roof. [Municipally-owned landfills must also comply with these financial assurance requirements - and thus, local governments will also face this question of how, and when, will these costs be passed on to the customer.] One municipal reviewer noted that his community is studying whether the complexity of solid waste regulations may be moving beyond the capability of the private sector to address.

Economic Reality of Alaska Recycling

Generically, the economics of profit-oriented recycling are a function of the market value of the recycled material, less the cost of diverting the material from the solid waste stream and transporting it to market. A community's interest in recycling is somewhat different, for the "value" of recycling lies in its ability to help a community avoid disposal costs or preserve landfill capacity, as well as to conserve natural resources and protect the environment.

Few commodities in Alaska can be recycled profitably. In addition, it appears that few Alaska communities are facing a disposal capacity "crunch" severe enough for them to have to subsidize recycling to reduce disposal volumes and thus preserve capacity. Aluminum cans and scrap metals are currently worth the cost of collecting (and, in some cases, buying) and shipping south. For other commodities with declining market values, the cost of transportation overwhelms the market value of the product. (It is expected that, by this fall, some grades of paper will have no value in the Seattle market and, thus, will not even contribute to covering their own transportation costs.)

Recycling is often seen as the "right thing to do." However, the economics of recycling in Alaska make recycling driven exclusively by the profit motive on resale of the recyclable possible for only a limited portion of the waste stream. The fact that many communities do not currently have any sort of tipping fee at the landfill means that individuals do not feel any financial incentive to recycle. "Avoided" costs of disposal are not an incentive in communities which have landfills with long remaining lives. Some sources noted the generalized "usefulness" of mandatory recycling or curbside recycling in the cities. However, unless there are markets or subsidies for these products, such efforts merely segregate the wastes for a time, leaving them in storage indefinitely or forcing them to take a circuitous route to the same eventual disposal destination - the landfill or incinerator. Nonetheless, many communities support a growing public interest

in recycling because they recognize the importance of changing people's attitudes about the amount of waste they generate, and see a commitment to recycling as a sound step in the process of transforming Alaska's waste management practices.

Special Wastes

Municipal solid waste includes, by definition, HHW and conditionally-exempt small quantity generator (CESQG) wastes; these wastes include old paint, various household chemicals, waste oil, etc. In Alaska, the disposal of these wastes poses a serious problem for many communities. Climate and terrain may result in the production of more of these wastes - dusty roads may lead to more oil changes, freezing conditions may render poorly stored paints unusable, etc. And to the extent that inadequate solid waste management may create long-term environmental and public health concerns, poor handling of waste oils and household chemicals may result in more immediate problems. In addition, the collection and handling of segregated HHW is very expensive, since Alaska also does not have a permitted disposal site for hazardous wastes in the state. All wastes must be shipped to facilities in Washington and Oregon. The issue raised by these special wastes is whether the problems they cause should be addressed separately from the overall solid waste issue, or whether solutions are best found within the context of upgrading MSW management practices overall.

ADEC has sponsored HHW clean-up days for various communities. In addition, Anchorage has developed a program of receiving household and CESQG wastes on a regular basis at its transfer station and at its landfill. These wastes are carefully segregated, temporarily stored, and sent south for treatment or disposal. The program is funded by customer payments, through the landfill fee and through the water utility. The issue for many Alaska communities is the extent to which they can afford to adopt the Anchorage model.

Planning Vacuum

As has been noted many times, one of the major effects of tightening environmental regulation of disposal facilities is that the fixed costs of operating the facilities go up. As fixed costs go up, disposal facilities may need to draw from a larger population base to generate the revenues for improvements or to keep garbage rates at a level which people may be willing to pay. Because so many Alaska communities lie in the UOB, there is a governmental vacuum to foster these regional planning efforts in solid waste.

This vacuum is particularly noticeable as communities in both Southeast and Southwest Alaska seek to comply with MARPOL.

To the extent that regional solutions might be feasible from a cost point of view in the UOB - notably along the road system in the Copper River valley, in Southeast Alaska, or parts of Southwest Alaska, there is no planning authority to work with the communities to develop a facility or to help them respond to private sector proposals for solid waste facilities. For example, is it sufficient for facilities to be sited solely in accordance with ADEC standards or should there be additional constraints or input from the local residents? If local input or oversight is desired, how can this be achieved in the absence of a local/regional planning or regulatory body?

In Southeast Alaska, elements of the private sector have indicated a desire to fashion a regional solid waste solution for smaller communities. What is not clear is how these efforts might enhance, foreclose or conflict with other options undertaken by the boroughs. As the landfills in these communities may be expected to comply with Subtitle D criteria (when promulgated) and incinerators may be expected to comply with the growing range of regulations on burning MSW and subsequent ash disposal, some sort of overall planning - and accountability - may need to be in place before the initiation of long-term projects. The Southeast Conference is beginning to explore this possibility. Planning in Southeast Alaska is also complicated by the fact that various communities are achieving different standards of environmental compliance, due in part to different disposal technologies and differing abilities to finance improved solid waste facilities. Complicating planning is the lack of a statewide forum to bring together people facing solid waste problems, to exchange information about what "works" under Alaska conditions.

Interview List for the Alaska Profile

Christine Benson	Alaska Center for the Environment	Anchorage
Kay Brown	Alaska State Representative	Anchorage
Scott Burgess	Alaska Municipal League	Juneau
McKie Campbell	Assemblyman	Juneau
Sky Carver	Peninsula Sanitation	Soldotna
Steve Co: p	Alaska Indian Health Service	Anchorage
Bettye Fahrenkamp	Alaska State Senator	Fairbanks
Bob Higgins	Ketchikan Pulp	Ketchikan
Larry Kimball	Alaska Federation of Natives	Anchorage
Susan Knowles	APUC	Anchorage
Audrey Lee	AK Litter Prevention & Recycling	Anchorage
John Levy	SW Alaska Municipal Conference	Anchorage
Chris Mello	North Slope Borough	Barrow
Curt Menard	Alaska State Representative	Wasilla
Eric Meyers	Leg. Asst. to Rep. Kay Brown	Anchorage
Jack Pierson	Acting City Manager, Ketchikan	Ketchikan
Pat Redmond	Anchorage League of Women Voters	Anchorage
Kevin Ritchie	City Manager	Juneau
Jim Sweeney	Anchorage Solid Waste	Anchorage
Shorty Tongard	Channel Sanitation	Juneau
Tom Turner	Anchorage Recycling Center	Anchorage
David Wigglesworth	Alaska Health Project	Anchorage

House Demos push recycling bills

By LARRY PERSILY
The Associated Press

JUNEAU — House Democrats introduced a package of bills Wednesday to promote recycling and safe disposal of Alaska's trash.

"We need to change society's behavior regarding garbage," said Rep. Kay Brown, D-Anchorage, one of the bills' sponsors.

The sponsors said problems stemming from Alaska's growing pile of garbage are not limited to any one area of the state.

"Fairbanks is facing the most immediate crisis in terms of landfill shortage," Brown said.

Many rural communities lack approved dumps and residents are forced to use illegal sites, said Rep. Fran Ulmer, D-Juneau.

The state Department of Environmental Conservation says it could cost more than \$100 million to correct all of the illegal and unsafe dumps around the state, Brown said.

"Alaska doesn't have a choice," Ulmer said.

Mandatory recycling doesn't make sense for Alaska because of the state's immense size and diversity, Ulmer said.

Instead, the focus of the

Trio of lawmakers gets funky about garbage

The Associated Press

JUNEAU — Three lawmakers got down, got funky and got news coverage Wednesday when they performed a rap song to promote legislation they introduced in the state House of Representatives.

Word that the trio would sing a song written by Rep. Kay Brown of Anchorage attracted nearly every reporter and camera crew in the Capitol where news conferences on routine bill introductions often are ignored.

The legislation they promoted is called the Waste Reduction, Recycling and Planning Act — the WRRAP Act for short. Proving that they were inexperienced

rap singers, Brown and fellow Democratic Reps. Fran Ulmer of Juneau and David Finkelstein of Anchorage sat at a table to perform the song. Singing a cappella, they kept a beat by rapping their hands on the table.

The song, which tells of the need for more recycling, included the following verses:

Garbage running over, landfills shutting down
Where to put the garbage from villages and towns?
Reduce it, reuse it, recycle it again.
Garbage is a resource, so let us now begin.

bills includes promotion of recycling efforts, public education on the hazards of waste disposal, and loans for garbage dumps, she said.

Each of the four bills have up to a dozen House Democrats as co-sponsors.

One of the bills calls for the state to provide grants to schools for recycling programs. The measure does not provide any money for grants, but Ulmer and Brown said they hope lawmakers will agree to fund the grants if the incentive

program in House Bill 479 is adopted.

A second bill would provide planning and technical-aid grants to communities for recycling, garbage disposal and pollution control. House Bill 478 does not include an appropriation and the co-sponsors said a cost estimate would be developed later.

House Bill 481 would require the state to start buying recycled paper, with a goal of 25 percent recycled paper by 1994, said Rep.

David Finkelstein, D-Anchorage. The measure also would give preference to recycled products in state contract bids.

House Bill 480 would expand the Alaska Clean Water Fund to allow loans for landfill improvements and other waste-disposal programs.

The fund is comprised of state and federal money and would offer low-interest loans to communities, said Rep. Mark Boyer, D-Fairbanks.

TESTIMONY OF MONICA RITTER AND
DEBBIE TILLINGHAST IN SUPPORT OF
HB 478, 479, 480 and 481.

We support the entire package of bills known as the WRRAP Acts. However, with respect to HB 481, we are concerned that until increased demand reduces the cost of recycled products, a 10% bidder preference clause will be insufficient. Instead of a flat percentage reduction in bid amount, we suggest that, if a bidder proposes to use recycled products, the increased cost of using those products be separately identified, and those costs be subtracted from the bid. The Department of Administration would write regulations assuring that the costs attributable to recycled products were reasonable. In that way, the state would account for the actual cost of recycling, and would put recyclers on an even playing field with bidders making wasteful use of new products.

We also feel that HB 479 warrants particular support because of its potential impact on youth. We want our children to think of recycling as a natural fact of life. At Harborview Elementary School, where we both work, the students are learning that used aluminium and paper are not trash. This fall, North Tongass Salvage installed a collection bin at the school, and began picking up our aluminium weekly. Income from this goes to our playground

equipment fund. Our office paper waste is delivered to the Lions Club collection center. But we have no collection center for plastics, glass or steel. Our students will not realize the value of discarded bottles and plastics if we are constantly tossing away these articles at school and home.

We don't need a lot of money. We do need a commitment of space from the school district for our recycling center and a collection agent for all recyclable items. Passage of these bills would help us reach that goal.

Monica C. Ritter 2/15/90
Monica Ritter

Debbie Tillinghast 2/15/90
Debbie Tillinghast



Alaska State Legislature

House of Representatives Community & Regional Affairs

HOUSE COMMUNITY AND REGIONAL AFFAIRS LETTER OF INTENT FOR CSHB 478 (C&RA)

It is the intent of the legislature that the passage of CSHB 478 (C&RA) will not change the status of the program enacted under AS46.07.010 (Village Safe Water Act) in that providing safe water and hygienic sewage disposal for all Alaskans is a primary concern of the Department of Environmental Conservation (DEC).

It is also the intent that funds needed to implement grants under CSHB 478 (C&RA) will be separate from funds used by the DEC for Village Safe Water and the Alaska Clean Water Fund.

It is also the intent of the legislature that the priority of solid and hazardous waste management practices as established in Sec. 46.06.021 of this bill will not supersede a communities' efforts to obtain safe water and hygienic sewage disposal.

Rep. Eileen P. MacLean

Date 2.21.90

Rep. Eileen P. MacLean, Chair
House Community and Regional Affairs Committee

HB

479

(5)
Date Referred: February 7, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 2/20/90

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 479

HOUSE BILL NO. 479 SCHOOL RECYCLING AWARDS PROGRAM

"An Act establishing an awards program to recognize waste reduction and recycling efforts in school districts; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with _____ [] the same title
- have attached amendment(s) [] a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

- fiscal impact DEC [] fiscal note(s) _____
- zero fiscal note _____ [] zero fiscal note(s) _____
- zero with analysis _____ [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING: (Check approp. column)

Do Not Pass No Rec Amend

SIGNING DO PASS	SIGNING	Do Not Pass	No Rec	Amend
<u>Eugene A. Kubina</u> KUBINA	<u>Cheri Davis</u> C. DAVIS	X		
<u>Eileen P. Maclean</u> MACLEAN				
<u>Richard J. Foster</u> FOSTER				

Eileen P. Maclean
Chairman's Signature

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: HB 479

PUBLISH DATE: 2/7/90

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act establishing an awards program
to recognize waste reduction and recycling efforts ...
 Sponsor: Rep. Brown
 Requestor: House Community & Regional Affairs

Agency Affected: Environ. Conservation
 BRU: Environmental Quality
 Components: Environmental Quality
Projects

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	40.0	40.0	40.0	40.0	40.0	40.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	40.0	40.0	40.0	40.0	40.0	40.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	40.0	40.0	40.0	40.0	40.0	40.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	40.0	40.0	40.0	40.0	40.0	40.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Jeff Mach
 Division: Environmental Quality

Phone: 465-2671
 Date: 2/15/90

Approved by Commissioner: AD/41
 Agency: Environmental Conservation

Date: 2/15

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

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 14, 1990

POSITION PAPER

RE: House Bill 479

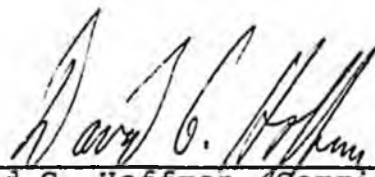
SPONSOR: Representative Kay Brown

Effects of the Bill

HB 479 establishes an awards program to recognize waste reduction and recycling efforts in school districts. The Department of Environmental Conservation (DEC) is charged with establishing a program for rewarding school districts that reduce or recycle solid waste. The rewards are not plan or study-oriented, but are for actual efforts to reduce and recycle waste generated from school operations. This has the desirable effect of teaching children about recycling while providing them with "hands-on" projects to implement their knowledge.

Comments

The success of this program will depend, to a large degree, on how well promoted it is, and on a well-coordinated effort between the Departments of Environmental Conservation and Education, with the role and duties of each department clearly identified.



David G. Hoffman, Commissioner

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Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Representative Eileen MacLean, Chair
Community and Regional Affairs Committee

FROM: Representativ *Ch Brown*

DATE: February 15, 1990 *Ch*

SUBj: HB 479 - School District Recycling Recognition Awards

Thank you scheduling HB 479, legislation that would establish an awards program to recognize waste reduction and recycling efforts by Alaska school districts.

Under HB 479, the Department of Environmental Conservation would, in consultation with the Commissioner of Education, develop an awards program to recognize waste reduction and recycling efforts in the state's schools grades kindergarten through high school.

As part of the program, DEC would develop guidelines for school waste reduction and recycling programs and provide technical assistance upon request concerning opportunities to reduce and recycle waste generated in administrative offices, classrooms, laboratories, cafeterias, and maintenance operations. In evaluating school waste reduction and recycling programs, DEC may group schools according to geographic location, student population, distance to recyclable markets, or other appropriate criteria. Subject to available funding, the HB 479 calls for annual recognition awards (a maximum of \$10,000) to be made to school districts to recognize exemplary waste reduction and recycling efforts.

In trying to develop a comprehensive program to encourage greater waste reduction and recycling it is clear that Alaska's youth will play a key role in the success or failure of this effort. The school awards program that would be established by HB 479 offers an effective, low-cost means of providing both an appropriate incentive as well as practical experience to young Alaskans regarding waste reduction and recycling.

Your consideration of this legislation is appreciated.

H B

4 8 0

HOUSE COMMITTEE REPORT

(5)

Date Referred: February 7, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/6/90

FINANCE

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 480

HOUSE BILL NO. 480

LOANS FOR SOLID WASTE MANAGEMENT

"An Act authorizing loans for solid waste management projects from the clean water fund."

RECOMMENDATIONS:

- [] be replaced with CSHB 480 the same title
[] a new title
- [] have attached amendment(s)
- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- zero fiscal note (DEC)
- [] zero with analysis _____

- [] fiscal note(s) _____
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Cheri Davis
Richard J. DeJ
James P. Kukwa
Eileen P. Machean

	Do Not Pass	No Rec	Amend

Eileen P. Machean
Chairman's Signature

6-1942E
Bradley
3/5/90

Original sponsor(s): REP. BOYER, Brown, Ulmer, Finkelstein, Ellis,
Koponen, M.Davis, Kubina, Goll, Menard, Jacko

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 480 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing loans for solid waste management
7 projects from the clean water fund."

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

9 * Section 1. AS 46.03.032(d) is amended to read:

10 (d) Except as otherwise limited by federal law, the Alaska clean
11 water fund may be used for [THE FOLLOWING:]

12 (1) buying or refinancing treatment works and solid waste
13 management debt obligations of municipalities;

14 (2) planning, designing, building, constructing, and reha-
15 bilitating facilities associated with solid waste management and
16 public sewage collection, treatment, and discharge facilities;

17 (3) constructing, equipping, modifying, improving, and
18 expanding solid waste management and public water supply, treatment,
19 and distribution systems;

20 (4) guaranteeing or purchasing insurance for public agency
21 obligations related to solid waste management and treatment works
22 construction.

23 * Sec. 2. AS 46.03.032(j) is amended to read:

24 (j) A loan made by the department must be made according to the
25 standards, criteria, and procedures established by regulations under
26 this section. In making a loan from the Alaska clean water fund for a
27 solid waste management facility, the department shall give priority to
28 a project that will alleviate severe health or environmental concerns
29 in the community or region proposing the facility. In addition, the

1 department may consider

2 (1) the extent of local or regional support for the pro-
3 posed facility; and

4 (2) the extent to which the applicant can demonstrate that
5 the full range of solid waste management options has been reasonably
6 considered and that the proposed facility is consistent with the
7 promotion of the solid and hazardous waste management practices in the
8 following order of priority:

9 (A) waste source reduction;

10 (B) recycling of waste;

11 (C) waste treatment; and

12 (D) waste disposal.

13 * Sec. 3. AS 46.03.032 is amended by adding a new subsection to read:

14 (o) In this section, "solid waste management facility" includes
15 capital improvements and equipment used for the purpose of solid and
16 hazardous waste source reduction, recycling, treatment, or disposal.

**STATE OF ALASKA
1990 LEGISLATIVE SESSION**

BILL VERSION : HB 480
PUBLISH DATE : 2/7/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act authorizing loans for
solid waste management
Sponsor: Representative Boyer
Requestor: H. Community & Regional Affairs

Agency Affected: Environ Conservation
BRU: Facility Construction &
Operation
Components: Facility
Construction & Operation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The department does not require any additional operating revenues to administer this program. To make the loan program possible will require capitalization by the Legislature. The department has currently identified approximately \$20 million in community solid waste needs.

Prepared by: Gary Hayden
Division: Facility Construction & Operation

Phone: 465-2610
Date: 2/15/90

Approved by Commissioner: *A. D. Kyle*
Agency: Department of Environmental Conservation

Date: 2/15/90

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

H B

5 0 7

HOUSE COMMITTEE REPORT

(5)

Date Referred: February 9, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 3/13/90

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 507

HOUSE BILL NO. 507

APPROP: CEMETERY REHABILITAT'N/DEVELOPMENT

"An Act making a special appropriation for payment as grants for development, rehabilitation, relocation, or expansion of cemeteries and certain related access facilities; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 507 (C&RA) the same title
 a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass No Rec Amend

Eileen P. Macken

	Do Not Pass	No Rec	Amend
<u>Chris Davis</u>		<input checked="" type="checkbox"/>	

Eileen P. Macken
Chairman's Signature



CITY OF HAINES, ALASKA

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March 8, 1990

Peter Goll, Representative
Pouch V
Juneau, Ak 99811

Re: HB 507 Cemetery Funding

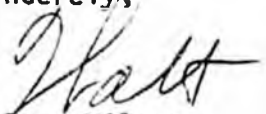
Dear Peter:

House Bill 507 will give much needed financial support to expanding, upgrading, and rehabilitating existing cemeteries. Mayor Frank Wallace and the city council have discussed the proposed house bill and they agree that it is a good idea.

The Haines Sawmill Road Cemetery serves the whole area of Haines, the surrounding borough, and Klukwan. It needs to be enlarged, and clearly defined access roads need to be installed. Also, a survey is necessary to be able to identify established plots, roads, and markers. Winter access through deep snow presents the problem of knowing where to drive the heavy equipment necessary in the burial process. I submit that a survey and access roads would be a viable solution to these problems.

Peter, this is a valid area for funding and you are encouraged to support it.

Sincerely,


Walter Wilcox
City Administrator
CITY OF HAINES

WW/KSG

MEMORANDUM
 MEMORANDUM
 MEMORANDUM
 MEMORANDUM

State of Alaska
 State of Alaska
 State of Alaska
 State of Alaska

To: Representative Grussendorf
 Room 204, Capitol
 Juneau, Alaska 99811

Date: February 7, 1990

File no:

Telephone no: 907-747-3213

From: Julia A. Smith
 Administrator, Sitka Pioneers' Home
 Administration
 Division of Pioneers' Benefits

Subject: Pioneers' Home Cemetery

This is the information we have in our files concerning your request about upgrading the Pioneers' Home Cemetery.

The plan was to make the Pioneers' Home Cemetery into more of a monument to all Alaskan Pioneers' buried there. Approximately 1650 past residents graves would be surveyed, plotted so that the old head stones could then be removed and the grounds maintained more like a park at less expense. A rock/concrete type monument was planned that would hold plaques with all the names on it. To alleviate concern by family who wished to visit a grave sight it was invisioned that numbered metal stakes would be driven level with the ground surface at a corner of each eight graves. This way family could place flowers, etc. The plan included leveling the sight, reseeding, installing a fence and lighting to protect against vandalism. Several years ago we were asked to prepare a cost estimate for this project for Senator Eliason to present to the Legislature. The budget we estimated was \$347.4 for capital plus approximately \$7.3 for annual operational budget to keep it up. Since then, we found that we had overestimated by approximately \$170.0 since at the time we thought the soil was so depleted with extensive use of defoilants it would have to be completely replaced. Not so, as the soil tests fine after two years of rain perking thru it. The remainder of the estimated cost is approximately the same less \$170.0 or \$177.4. To complicate matters somewhat only \$25,000.00 was appropriated for the project. The money was to be a pass thru to the City of Sitka.

All these figures are from an estimate done in 1988 by Gary Sheridan, then Manager of the Sitka Home. The project is as valid today as then, but the figures may not be. I suggest that you contact Barbara Bathony, Director of Pioneers' Benefits and Elmer Sorenson, Buildings Management Specialist, Pioneers' Benefits for their input.

Tanana Chiefs Conference, Inc.

TANANA REGIONAL OFFICE
P.O. BOX 126
TOK, ALASKA 99780
(907) 883-5181

February 2, 1990

Representative Dick Shultz
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

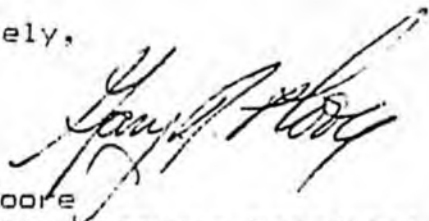
Dear Representative Shultz:

Please find the enclosed Capital Improvement Project request and supporting documents from the village of Tanacross.

Because of the utmost importance and urgency of this project, Tanacross is requesting that their proposal be given serious consideration and be included in the budget during this legislative season.

If you have any questions, please do not hesitate to give me a call.

Sincerely,



Gary Moore
Community Resource Coordinator

GM/cdw

cc: Senator Jack Coghill
Commissioner DCRA
Ted Charles
Ed Rutledge
Tanacross Village Council

Circle, Alaska

March 12, 1990

Representative Mike Davis,

Representative Goll

Box

Juneau, Alaska

Dear Representatives,

The Circle Civic Community Association is interested in securing funds through H.B. 507 in order to help preserve the Historical Graveyards in our area. These Graveyards date back to the 1800's when Circle was a "jumping off place" to the Klondike Gold Rush.

Last summer, restoration was begun. Repairs to the many graves, as well as brush cutting and the building of fences around approximately 40 of the 200 graves was completed through Revenue Sharing Funds.

We are requesting \$ 7000.00 to complete this project during the summer of 1990. This money will be used as following :

1. Brush Cutting Supplies (axes, chain saw files, gas etc.)
\$ 300.00
2. Purchase of Materials for Fencing \$1200.00
3. Labor (local) \$3500.00
4. Road Improvements \$2000.00

(gravel to be hauled to site)

Thank you for your help in this matter.

Sincerely,

Jeanne M. Boyle
Jeanne M. Boyle, President

Circle Civic Community Association

Box 25

Circle, Alaska 99733

CITY OF HYDABURG
Box 49
Hydaburg, AK 99922
(907) 285-3761

March 12, 1990

State of Alaska
House of Representatives
Honorable Representative Goll
Box V
Juneau, AK 99811

RECEIVED

Dear Representative Goll:

Re: Cemetery Rehabilitation Bill.

We are in support of this bill and are glad for your consideration. Hydaburg's cemetery is in very poor shape and has gotten little maintenance since the site was first used nearly eighty years ago. Thank you for allowing us the opportunity to comment on this bill.

Sincerely,



Bruce A. Cook, Sr.
Mayor

Angoon. AK. 99820

Box 121

Jan. 29, 1990

Representative Peter Gall:

Box V.

Juneau. AK. 99811.

Dear Mr Gall:

lot of times Robert James and I talked about getting a seaside cemetery, we even mention it to our Town Council to take action on it. but we never hear of any action.

Just talking among the Golden Age Club, we really need a new cemetery since our present cemetery is really crowded, and can't find another place since its on top of a cliff.

Its really hard to find a place to dig, some places its only $1\frac{1}{2}$ to 2 feet Grounds.

as a Golden age club we are asking for your help. the state to give us sea side cemetery some where by the ferry terminal. where there is a road.

we would like to hear from you on our request.

Sincerely,

Paul James, Sr.

Golden age Club.

Secretary.

TANACROSS VILLAGE COUNCIL
RESOLUTION NO. 90-06

WHEREAS, Tanacross Village Council is the legal governing body of the village of Tanacross, Alaska; and

WHEREAS, The Tanacross Village Council is in need of improving the following which would cost:

Projects	Amount
1. Cemetery Relocation	\$47,306.00
2.	
3.	
4.	
5.	
6.	
7.	
8.	

and,

WHEREAS, the Tanacross Village Council is lacking financial resources necessary to provide those certain capital improvements, and

WHEREAS, it would be in the best interest of the citizens of the community of Tanacross, Alaska to acquire the above referenced improvements.

THEREFORE BE IT RESOLVED, that the Capital Improvement list attached is hereby adopted and approved as the officially recognized Capital Improvement goal of the village of Tanacross, Alaska.

BE IT FURTHER RESOLVED, that the Tanacross Village Council submit a request to the State Legislature for possible funding of these Capital Improvement needs.

C E R T I F I C A T I O N

I hereby certify that the above resolutions was duly passed by the Village Council this 2nd day of February, 1990 and that a quorum was present.

President

Jerry Elmer

CITY of HOONAH

P.O. Box 360
Hoonah, Alaska 99829
(907) 945-3663

RECEIVED

March 8, 1990

Representative Peter Goll
Room 122, Capitol
P.O. Box V
Juneau, Alaska 99811

Dear Representative Goll:

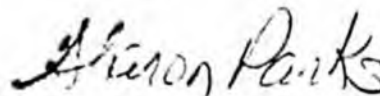
This letter is in support of HB No. 507 for the construction of cemeteries.

There has been a definite need in our community for a new cemetery for some time now. Communities such as ours have set aside lands to fill those needs but have been unable to develop them due to a lack of funding. Small communities such as ours have difficulty setting aside those monies, meeting more immediate needs.

It is with respect and gratitude that we support your bill and hope that it is met with favor before committee. We also support it's final passage.

Thank you.

Sincerely,



Sharon Parks
Administrator

6-2142E
Utermohle
3/12/90

Funding Information: General Fund \$2,111,706
Other Funds -0-
\$2,111,706

Original sponsor(s): REP. GOLL, Menard, Foster

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 507 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for payment as
7 grants for development, rehabilitation, relocation,
8 restoration, or expansion of cemeteries and certain
9 ed access facilities; and providing for an
10 effective date."

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

12 * Section 1. The sum of \$2,052,400 is appropriated from the general
13 fund to the Department of Administration for payment as grants under
14 AS 37.05.315 to the following municipalities for the purposes and in the
15 amounts stated:

16 (1) City of Angoon - rehabilitation and expansion of
17 Danger Point cemetery and rehabilitation of the Danger Point
18 cemetery access road \$170,000

19 (2) City of Haines - rehabilitation and expansion of
20 the Haines cemetery 250,000

21 (3) City of Hoonah - development and rehabilitation of
22 the Hoonah cemetery 150,000

23 (4) City of Kasaan - rehabilitation and expansion of
24 the Kasaan cemetery 150,000

25 (5) City of Klawock - rehabilitation and expansion of
26 the Klawock cemetery 100,000

27 (6) City of Thorne Bay - development of a cemetery 175,000

28 (7) City of Craig - rehabilitation of the Craig
29 cemetery 150,000

1	(8) City of Yakutat - rehabilitation of the Yakutat	
2	cemetery and rehabilitation of access to the Yakutat cemetery	150,000
3	(9) City of Metlakatla - rehabilitation of the	
4	Metlakatla cemetery	175,000
5	(10) City of Skagway - rehabilitation of the Skagway	
6	cemetery	50,000
7	(11) City of Kake - rehabilitation and expansion of the	
8	Grave Island cemetery and rehabilitation of access to the Grave	
9	Island cemetery	200,000
10	(12) Matanuska-Susitna Borough - development of a	
11	cemetery at Trapper Creek	10,000
12	(13) City and Borough of Sitka - rehabilitation of	
13	the Pioneers' Home cemetery	177,400
14	(14) City of Hydaburg - rehabilitation of the	
15	Hydaburg cemetery	75,000
16	(15) City of Nome - cemetery restoration project	70,000

17 * Sec. 2. The sum of \$59,306 is appropriated from the general fund to
 18 the Department of Community and Regional Affairs for payment as grants
 19 under AS 37.05.316 to the following organizations for the purposes and in
 20 the amounts stated:

21	(1) Tanacross Village Council - relocation of the	
22	Tanacross cemetery	\$47,306
23	(2) Circle Village Council - rehabilitation of the	
24	Circle cemetery	7,000
25	(3) Chilkat IRA Council - development of a cemetery at	
26	Klukwan	5,000

27 * Sec. 3. The appropriations made by sec. 2 of this Act are for capital
 28 projects and are subject to AS 37.25.020.

29 * Sec. 4. This Act takes effect July 1, 1990.

H B

5 1 2

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 9, 1990

FURTHER REFERRALS:
LABOR & COMMERCE

Date of Committee Action:

3/29/90

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 512

HOUSE BILL NO. 512

"An Act relating to the retail sale of pull-tabs, tickets, and cards for charitable gaming activities."

RECOMMENDATIONS:

- [] be replaced with CS HB 512 (C'ERA) the same title
[] have attached amendment(s) a new title
 do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Date/Dept)

- fiscal impact Commerce Econ Dev. [] fiscal note(s) _____
[] zero fiscal note _____ [] zero fiscal note(s) _____
[] zero with analysis _____ [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Eileen P. Mahan
Richard Jones "NO"

	Do Not Pass	No Rec	Amend

_____ on Amend's 3+4+6			
<u>Cheri Davis</u>	X		X

Eileen P. Mahan
Chairman's Signature

Original sponsor(s): REP. BOUCHER, Boyer, Shultz, Sawacki

1 IN THE HOUSE

BY THE CIRA COMMITTEE

2 CS FOR HOUSE BILL NO. 512 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to charitable gaming; and providing
7 for an effective date."

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

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

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

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

15 (2) a method of ascertaining net proceeds, the determina-
16 tion of items of expense that may be incurred or paid, and the limita-
17 tion of the amount of the items of expense to prevent the proceeds
18 from the activity permitted from being diverted to noncharitable,
19 noneducational, nonreligious, or profit-making organizations, individ-
20 uals, or groups;

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

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

27 (5) the investigation of permittees, licensees, registered
28 vendors, and their employees, including the fingerprinting of those
29 permittees, licensees, registered vendors, and employees whom the

1 commissioner considers it advisable to fingerprint;

2 (6) exclusion from participation as a permittee, licensee,
3 registered vendor, or employee of a permittee [OR] licensee, or regis-
4 tered vendor, of a person convicted of, in prison for, or on parole
5 for a felony within the preceding five years, or convicted of a crime
6 involving theft or dishonesty or of a violation of a municipal, state,
7 or federal gambling law;

8 (7) the method and manner of conducting authorized activ-
9 ities and awarding of prizes or awards, and the equipment that may be
10 used;

11 (8) the number of activities that may be held, operated, or
12 conducted under a permit during a specified period; however, the
13 department may not allow more than 14 bingo sessions a month and 35
14 bingo games a session to be conducted under a permit;

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

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

23 (11) restrictions on the participation by employees of the
24 Department of Fish and Game in salmon classics;

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

27 * Sec. 2. AS 05.15.070 is amended to read:

28 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commis-
29 sioner may examine or have examined the books and records of a

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

5 * Sec. 3. AS 05.15.115(b) is amended to read:

6 (b) The contract between an authorizing permittee and an opera-
7 tor must include the amount and form of compensation to be paid to the
8 operator, the term of the contract, the activities to be conducted by
9 the operator on behalf of the permittee, the location where the activ-
10 ities are to be conducted, the name and address of the member in
11 charge, and other provisions the department may require. The contract
12 must provide that an operator conducting a pull-tab game on behalf of
13 a permittee shall return no less than 40 percent of the ideal net to
14 the permittee.

15 * Sec. 4. AS 05.15.128(a) is amended to read:

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

18 (1) report an adjusted gross income of at least 15 percent
19 of gross income for two consecutive quarters based on the total opera-
20 tion of the operator; [OR]

21 (2) pay to each authorizing permittee for two consecutive
22 quarters at least 15 percent of the adjusted gross income, as de-
23 termined under (1) of this subsection, received from activities other
24 than pull-tab games conducted on behalf of the authorizing permittee;
25 or

26 (3) pay to each authorizing permittee for two consecutive
27 quarters at least 40 percent of the ideal net received from pull-tab
28 games conducted on behalf of the authorizing permittee.

29 * Sec. 5. AS 05.15.170 is repealed and reenacted to read:

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

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

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

10 (3) is convicted of a felony, or a crime involving theft or
11 dishonesty, or of a violation of a municipal, state, or federal gam-
12 bling law; for the purposes of this paragraph, a permittee, licensee,
13 or registered vendor that is not a natural person is considered con-
14 victed if an owner or manager of the permittee, licensee, or vendor is
15 convicted; or

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

20 (b) If the department revokes a permit, license, or vendor
21 registration under this section, it may prohibit the permittee, li-
22 censee, or vendor from reapplying for a permit, license, or vendor
23 registration for a period of up to five years.

24 * Sec. 6. AS 05.15.180(g) is amended to read:

25 (g) A permittee (MUNICIPALITY OR A QUALIFIED ORGANIZATION) may
26 award a maximum of \$1,000,000 in prizes each year in activities au-
27 thorized under this chapter f; HOWEVER, IF A MUNICIPALITY OR A QUALI-
28 FIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF
29 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR

1 QUALIFIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH
2 YEAR]. In this subsection, "activities authorized under this chapter"
3 means all activities subject to this chapter other than bingo.

4 * Sec. 7. AS 05.15.183 is amended by adding a new subsection to read:

5 (a) A distributor may not

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

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

9 (3) deliver a pull-tab series to a vendor location; or

10 (4) hold a permit or an operator's license under this
11 chapter.

12 * Sec. 8. AS 05.15.187 is amended by adding a new subsection to read:

13 (h) An owner, manager, or employee of a person holding a permit
14 or license under this chapter, or registered under this chapter as a
15 vendor, may not purchase a pull-tab from any pull-tab series manu-
16 factured, distributed, or sold by the permittee, licensee, or regis-
17 tered vendor. In this subsection, "employee" includes a person work-
18 ing without compensation.

19 * Sec. 9. AS 05.15 is amended by adding new sections to article 2 to
20 read:

21 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-
22 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator
23 may contract with a vendor to sell pull-tabs on behalf of the permit-
24 tee or operator, if the permittee or operator first registers the
25 vendor with the department by applying for registration on a form pre-
26 scribed by the department and by submitting the registration fee of
27 \$50 for each location at which the vendor will sell pull-tabs.

28 (b) The department shall approve or disapprove an initial vendor
29 registration request within 10 working days of receipt of the

1 registration form from a permittee or operator.

2 (c) Upon approval of the vendor registration, the department
3 shall issue an endorsement to the permittee's permit or the operator's
4 license that authorizes the conduct of pull-tab sales at that vendor
5 location.

6 (d) The endorsement issued under (c) of this section is an
7 extension of the permittee's or operator's privilege under AS 05.15.-
8 100 to conduct pull-tab sales in this state. A vendor may not sell a
9 pull-tab series until the permit or license containing the endorsement
10 for the new vendor location has been posted by the permittee or opera-
11 tor in the registered vendor establishment. The endorsed permit or
12 license must be clearly visible to the gaming public.

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

23 (f) At the time that a permittee or operator annually renews its
24 permit or license, it shall also renew the registration of all loca-
25 tions where a vendor is selling pull-tabs on the permittee's or opera-
26 tor's behalf and shall pay a registration fee of \$50 for each vendor
27 location.

28 (g) A permittee or operator that uses a vendor to sell pull-tabs
29 on its behalf shall enter into a written contract with that vendor.

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

6 (h) A person, other than a permittee's member-in-charge or an
7 operator, may not directly supply a pull-tab series to a registered
8 vendor for sale by that vendor on behalf of the permittee or operator.
9 A vendor may not acquire a series from a licensed distributor.

10 (i) A permittee or operator may not compensate a vendor for
11 selling a series of pull-tabs on the permittee's or operator's behalf
12 in an amount greater than 25 percent of the ideal net.

13 (j) An amount equal to the ideal net less the compensation paid
14 to the vendor shall be paid by the vendor within 30 days of the date
15 that the member in charge or operator delivers a pull-tab series to
16 the vendor for sale. The amount required to be paid by the vendor
17 under this subsection must be paid by check and shall be deposited by
18 the permittee or operator directly into its gaming checking account.

19 (k) A vendor may not enter into a contract with a permittee to
20 sell pull-tabs for compensation if

21 (1) the permittee is a qualified organization, and the
22 owner or manager of the vendor is a member of the governing body of
23 the organization, or is the organization's designated member in charge
24 under AS 05.15.112; or

25 (2) the permittee is a municipality, and the owner or
26 manager of the vendor is an elected official of the municipality or is
27 employed by the municipality in a managerial position.

28 Sec. 05.15.189. CAR TICKETS PROHIBITED. Car tickets may not be
29 manufactured, distributed, or sold in the state. "Car ticket" means a

1 pull-tab measuring less than two and one-fourth inches by one and
2 one-fourth inches.

3 * Sec. 10. AS 05.15.193(g) is repealed and reenacted to read:

4 (g) At the time that a permittee or operator annually renews its
5 permit or license, it shall also renew the registration of all loca-
6 tions where a vendor is selling pull-tabs on the permittee's or opera-
7 tor's behalf and shall pay a registration fee of \$50 for each vendor
8 location. The permittee or operator shall also forward, with each
9 vendor registration renewal, that vendor's annual payment of the
10 assessment to the charitable gaming surety fund.

11 * Sec. 11. AS 05.15.188 is amended by adding a new subsection to read:

12 (a) The vendor registration required by (a) of this section
13 shall be accompanied by payment of the vendor's assessment to the
14 charitable gaming surety fund under AS 05.15.230. The assessment
15 amount shall be set by the department by regulation and may not exceed
16 \$100. The payment shall be drawn on the checking account of the
17 vendor and may not be paid by the permittee or operator on the ven-
18 dor's behalf.

19 * Sec. 12. AS 05.15 is amended by adding a new section to read:

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

29 (b) If the public interest requires, the commissioner may issue

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

11 * Sec. 13. AS 05.15.200(b) is amended to read:

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

16 * Sec. 14. AS 05.15.210 is amended by adding new paragraphs to read:

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

21 (36) "permittee" means a municipality or a qualified orga-
22 nization that holds a valid permit under AS 05.15.100;

23 (37) "vendor" means a business whose primary activity is not
24 regulated by this chapter but that is engaged in the sale of pull-tabs
25 on behalf of a permittee or operator, holds a business license under
26 AS 43.70, and is

27 (A) a retail establishment;

28 (B) an eating establishment; or

29 (C) an establishment licensed under AS 04.11.

1 * Sec. 15. Sections 10 and 11 of this Act take effect on the effective
2 date of an Act establishing a charitable gaming surety fund that is enacted
3 by the Sixteenth Alaska State Legislature.

4 * Sec. 16. Except for secs. 10 and 11, this Act takes effect immediate-
5 ly under AS 01.10.070(c).
6
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FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to the retail sale of pull-tabs, tickets, and cards.
 Sponsor: Rep. Boucher
 Requestor: House C&RA

Agency Affected: Commerce & Econ. Dev.
 BRU: Occupational Licensing
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	50.3	50.3	50.3	50.3	50.3	50.3
TRAVEL	8.0	8.0	8.0	8.0	8.0	8.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	9.9					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	72.2	62.3	62.3	62.3	62.3	62.3
CAPITAL	0	0	0	0	0	0
REVENUE	100.0	100.0	100.0	100.0	100.0	100.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	72.2	62.3	62.3	62.3	62.3	62.3
TOTAL	72.2	62.3	62.3	62.3	62.3	62.3

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: 3/29/90
 Approved by Commissioner: Larry Mercutieff, Commissioner Date: 3/29/90
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

* Funding Source is General Fund/Program Receipts

CONTINUATION OF FISCAL NOTE ANALYSIS
HB 512 (C&RA)

The bill authorizes a person other than a permittee or operator to sell the pull-tabs necessary to conduct a charitable gaming activity under AS 05.15.100 provided the vendor is registered with the department and complies with the provisions of the bill.

Charitable gaming activity in Alaska is a rapidly growing industry and the enforcement of the Gaming Reform Act of 1988 is becoming more difficult in light of increased gaming activity. Presently, the number of gaming investigators (just two) is inadequate to support statewide enforcement of the gaming program and gaming enforcement is therefore not as timely and as efficient as necessary to fully protect the playing public or the permitted charitable organizations.

The recognition of vendors in HB 512, as well as our ability under HB 512 to take enforcement action in the face of vendor noncompliance, will increase the investigatory burden. (Until now, the division has taken complaints regarding vendor actions but has had no authority to take action to correct or otherwise enforce compliance.) We are therefore submitting a fiscal note requesting funding for an additional investigator.

The new vendor registration will affect a significant number of businesses and charitable organizations throughout the state. We have seen unlawful activity within the gaming industry. The investigator position requested by this fiscal note will greatly assist the division in beefing-up its current gaming enforcement and will promote compliance with gaming laws in the state.

The \$72.2 required includes \$8.0 in travel, to fund the cost of widespread travel to various communities, and a one-time equipment charge of \$9.9.

With a vendor registration fee of \$50, we estimate that regulation of vendors will bring in approximately \$100.0 in program receipts (\$50 x 2,000 vendors).

1.	POSITION TITLE INVESTIGATOR III				RANGE/STEP 18A	BARG. UNIT (GGU)	PAGE/LINE	GOV.	APPROV.	DISAPP
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION:					
4.	TYPE OF EXPENDITURE									
	1	2	3							
	PERSONAL SERVICES									
5.	Salary		37.3							
6.	Benefits		13.0							
7.	Supplemental Benefits									
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES	01	50.3							
10.	Travel	02	8.0							
11.	Contractual	03	3.0							
12.	Commodities	04	1.0							
13.	Equipment	05	9.9							
14.	Other									
15.	TOTAL COST		72.2							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028		72.2						
21.		Other								
FOR B&M USE ONLY										
KEY NUMBER										

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REQUEST FOR
NEW POSITION
LGJOBS/SB501FN

AGENCY Commerce and Economic Development
 BRU Occupational Licensing
 COMPONENT Investigations

Page 3 of 3
 Revised Date _____

FY 01



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

POSITION PAPER
SB 501
RELATING TO CHARITABLE GAMING
Presented by Marla Huss

The Kenai Peninsula Borough would like to submit the following comments related to SB 501, relating to charitable gaming. While the Department of Commerce and Economic Development has addressed many of our concerns regarding regulation of vendors in gaming sales compatible with the regulations pertaining to operators, there are two points which have not been addressed that we request be considered in drafting a committee substitute.

1. Neither the original version of the bill, nor draft 6-2220E which is being considered by the committee, allows municipalities to regulate or ban vendors as the current statutes allow for operators.

AS 5.15.124 currently allows municipalities to regulate or prohibit operators within the municipality. The legislation before you does not permit a municipality to exercise that local option against vendors, and thus against the further commercialization and proliferation of gaming sales, which is the purpose for the current "local option" statute. Legislation passed without this local option could pose an equal protection problem for the state and/or a municipality, who may have exercised the local option for a ban on operators.

The Kenai Peninsula Borough requests that language be added allowing this local option for vendors.

2. There is no notice requirement to local municipalities in either the bill or draft CS. Currently, under AS 5.15.030, a permittee and an operator are required to give notice to the municipality that they are applying for a license from the state. The borough requests that notice be given to a municipality at the time a permittee contracts with a vendor. Notice requirements are necessary to enforce local codes and regulations.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the retail sale of pull-tabs, tickets, and cards
Sponsor: Reps. Boucher and Bover
Requestor: House C&RA

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary) The bill authorizes a person other than a permittee or operator to sell the pull-tabs, tickets, and cards necessary to conduct a charitable gaming activity under AS 05.15.100 provided the person is authorized by a written contract with the permittee or operator. The bill requires the department to be notified within five days of commencement of sales by a person other than a permittee or operator. (CONTINUED)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
Division: Occupational Licensing Date: 2/27/90

Approved by Commissioner: Larry Merculieff Date: 2/27/90
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS - HB 512

Current resources for the gaming program are inadequate to fully regulate charitable gaming in the state. There are over 1,000 gaming permittees, operators, and distributors authorized to conduct gaming activities in an industry which generates millions of dollars each year.

If the gaming program is to regulate gaming activities by persons other than a permittee or operator (conceivably another 2,000 individuals) and beef up its enforcement over current gaming activities, additional staff resources are definitely needed. In the Division of Occupational Licensing's original FY 91 budget request and its budget amendments, the division has requested funding for a total of six positions, only four of which are new (the other two are taken from permanent part-time to permanent full-time). The positions include: two PFT Investigators, one PPT Licensing Examiner, one PPT Clerk Typist, one PPT Data Processing Clerk, and one PFT Attorney. The zero fiscal note attached to HB 512 assumes authorization of the division's budget request.

TESTIMONY OF REPRESENTATIVE H.A. 'RED' BOUCHER ON HB 512

House Bill 512 was introduced at the request of several individuals involved in gaming activities. The intent of this legislation is to start the process of addressing the third party vendor issue and open up the channels to debate the pros and cons regarding charitable gaming in Alaska.

Charities and non-profit corporations have been selling pull-tabs through retail stores since the gaming act was passed three years ago. The statute does not prohibit retail sales, in other words the law does not detail conditions under which pull tabs can be sold by third party vendors.

The area of vendor sales must certainly be addressed and I am in agreement with the need to take a close and careful look at tightening up regulations regarding third party vendor sales. The result of debate over this legislation will hopefully allow charitable organizations to sustain themselves, particularly with the current down turn in other revenue sources.

Thank you for your time.

**Testimony Before The
Community and Regional Affairs Committee
Alaska House of Representatives
Sixteenth Legislature - Second Session**

February 27, 1990

Representative Eileen MacLean, Chair and Members:

Subject: Testimony concerning HB-512

I'm Roger Cunningham, a Licensed Pull-Tab Distributor from Wasilla, and President of the Coalition for Non-Profit Gaming. I am here today on their behalf to offer full and complete support for HB-512.

COALITION FOR NON-PROFIT GAMING

Formation, Purpose, Make-up:

The Coalition for Non-profit Gaming was formed in the fall of 1989 when the Department of Commerce announced in a 7-page letter that it had determined that the sale of pull-tabs by merchants had not been contemplated in the Gaming Reform Act of 1988. I will offer testimony in a few minutes as to how the Department of Commerce reached its faulty conclusion.

Merchants who sell pull-tabs in cooperation with a non-profit or charity have become known as "3rd Party Vendors." The Coalition's sole purpose is to PROTECT the "3rd Party Vendor" relationship, an extremely valuable and vital fundraising method for non-profit groups.

The Coalition is composed of members from each segment of the gaming community:

Permitees:

The Charities and Non-profit groups who hold Games of Skill and Chance Permits issued by the Department of Commerce and Economic Development.

- Vendor:** Merchants who have entered into agreements to sell pull-tabs on behalf of non-profits/charities.
- Distributors:** Businesses licensed by the state to sell the paper product "pull-tabs." Licensed Distributors sell only to holders of a valid Gaming Permit.
- Operators:** Individuals licensed by the state to "manage" or conduct gaming on behalf of a permittee, remitting net proceeds monthly.

Three-quarters of the membership is made up of permittees. The balance is composed of the three other segments of the gaming community.

In order to assure that the interests of the permittees are foremost in the work of the Coalition, the Executive Board is composed of 3 permittees, 1 vendor, 1 distributor, and 1 operator.

From this diverse group, with many seemingly conflicting interests and points of view, there is one major point on which we all agree:

For the continued financial well-being of non-profits and charities across the State of Alaska, the 3rd-party vendor relationship must be recognized in statute and allowed to continue. This is the only purpose of HB-512

By November, 1989, the Coalition for Non-profit Gaming had adopted By-Laws, elected officers and produced Position Paper #1 which I have attached to this testimony.

Background of the Gaming Reform Act

House Bill 293, which became the Alaska Gaming Reform Act of 1988, was an effort by the legislature to REFORM statutes enacted in 1984. The primary focus of the REFORM ACT was to PROTECT the interests of NON-PROFITS AND CHARITIES from abuses that were occurring primarily in the bingo industry and by operators. Bonding and licensing of operators was the primary feature of the Gaming Reform Act.

The 3rd Party Vendor issue was not addressed at that time because THEN as now, 3RD PARTY VENDOR relationships were not a major source of abuse which often left the non-profits and charities with little profit to show for their effort. In other words, in a properly conducted 3rd party relationship, the non-profit/charity gets its rightful share of the profits derived from the sale of pull-tabs at the merchants' location.

Interpretation by the Department of Commerce

In a 7-page letter dated September 27, 1988, Commissioner Mer-culleff took aim on the "3rd Party Vendor" stating that "The Gaming Reform Act of 1988 did not contemplate or authorize a pull-tab 'vendor' class."

At face value, this is only a partial truth based on the reasoning in the preceding paragraphs. Recent history shows plainly that legislators and regulators alike, acknowledged the existence of "3rd Party Vendors" before the reform act was made law. Further, the Department of Revenue acknowledged their existence when the issue of "vendor compensation" was the subject of proposed regulation by the Department of Revenue months later.

Point 1: The Nenana Ice Classic IS specifically mentioned in statute, along with other similar fundraising activities:

The Nenana Ice Classic is:

- A state-wide fundraising activity,
- Conducted by members, without the services of an operator,
- Utilizes 3RD PARTY VENDORS who are compensated.

Point 2: In proposed regulations issued by the Department of Revenue on April 4, 1989:

- 12 AAC 34.380 attempted to establish a

limit on the compensation allowable to 3RD PARTY VENDORS. Specifically mentioned by example were "employees of a restaurant (who) sold a pull-tab series on behalf of a permittee".

Within 2 months of the transfer of Games of Skill and Chance to the Department of Commerce, the commissioner, acting without the benefit of any broad-based community input, nor gaming experience of any long-standing, proposed the OUTRIGHT BAN ON 3RD PARTY VENDORS by emergency regulations.

Permittees from across the state rallied to protest the commissioner's lack of understanding. This miscarriage was successfully blocked by Lt. Governor McAlpine who concluded that no emergency existed.

Public hearings grudgingly scheduled for December, 1988.

Quoting from the text of Mr. Merculieff's prepared remarks to the Anchorage Chamber of Commerce on November 27th, he said:

" . . . and no matter what, the Department is going to get clobbered. We knew that going in. When the Department of Revenue (earlier) attempted to provide order where chaos existed, they got clobbered . . . "

The Department of Revenue, before handing over control of gaming to Commerce, produced 64 pages of regulations without ever getting to the meat of the subject. They were dismayed by the nearly hostile reaction they received when public hearings were held in May.

I submit to you that the reason the Department of Commerce (and the Department of Revenue, earlier) GOT CLOBBERED . . . is the simple fact that THEY FAILED TO LISTEN TO PERMITEES whose interest, after all, was supposed to be protected by the Gaming Reform Act . . . not regulated into oblivion by misguided regulation.

In the hearings held in December by Commerce, witness after witness testified that the 3RD PARTY VENDOR relationship is the backbone of charitable fundraising in Alaska. Many witnesses drew a comparison of the net result of placing their permit with a commercial bingo

operator vs: the net result they have experienced with 3rd party vendors.

The Director of the Division of Occupational Licensing, Randall Burns, has said publicly that support for the 3rd party vendor relationship was "OVERWHELMING". He and the commissioner have specifically asked that the legislature address this question and HB-512 is the Coalition's response.

House Bill 512

HB-512 is a one-page bill, direct and to-the-point. It says simply that pull-tabs may be sold on behalf of a permittee by others so long as a contract or written agreement exists between the parties. The bill has no other meaning and no hidden agenda.

I urge that the House Community and Regional Affairs Committee act favorably to give charities and non-profits full legal status to conduct fundraising with "3rd Party Vendors", an arrangement that has existed for the mutual benefit of all participants since before the enactment of the Gaming Reform Act of 1988.

Legal status for "3rd Party Vendors" is not without precedent. In 32 of the 33 states which now conduct state lotteries, "3rd Party Vendors" are utilized to provide tickets to the buying public. They are commonly referred to as "RETAILERS".

I have attached a two-page summary produced in January, 1990 by the Public Gaming Research Institute which lists the states conducting lotteries, the number of RETAILERS engaged, and the sales commission paid by the various states. There are currently 147,738 retailers in 32 states.

Sales of Charitable Gaming products by RETAILERS, pull-tabs, in this instance, is a legitimate, legal fundraising method in 32 other states today. There is not one solid reason why Alaska should not fully legitimize this activity for the mutual benefit of non-profits, charities, retailers, and the public who have shown a strong desire to participate.

For clarification or additional information:

Roger Cunningham

Bill's Distributing of Alaska

P.O. Box 874731

Wasilla, Ak 99687

373-1500 or Toll-Free 1-800 478-4263

CNG

Coalition
for
Non-profit
Gaming

Position Paper # 1

The Coalition for Non-profit Gaming, CNG, after careful deliberation by its Steering Committee, and ratification by its general membership, takes the following position(s) on issues concerning future direction of gaming regulation and legislation:

1. That an *Agent* license class be created by the legislature which establishes accountability between the *Agent* and the Operator or Permittee with whom the *Agent* conducts pull-tab activities.
2. That each *Agent* be required to register with the state each location (physical address) where pull-tab activities are conducted.
3. That Operators and/or Permittees be required to complete an *Agent Registration* form provided by the Department of Commerce and Economic Development on behalf of each agent location.
4. That, in addition to the annual registration, each entity, i.e: Sole Proprietor, Partnership, Joint Venture, or Corporation, acting as an *Agent*, shall post into a *Surety Fund* established by the state, \$100 annually *until the fund is fully established.*

page 2. Position Paper #1

5. That the amount of the *surety fund* deposited by each Agent shall be adjusted annually based on the prior year's history of claims against the fund.

6. That AS 05.15.122 (b) (5), bonding remain in effect in its current form, as a requirement for an Operator's license.

7. That self-directed Permittees *who do not engage an operator* shall not be required to bond against their own losses.

8. That *Agents* of Operators shall be supplied pull-tabs by their Operator who, in turn, purchases from a Licensed Distributor.

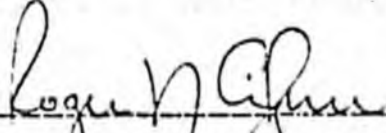
9. That *Agents* of a Permittee shall be supplied pull-tabs by the Permittee's Member-in-Charge who, in turn, purchases from a Licensed Distributor.

10. That a ceiling limit be established for agent compensation.

11. That neither Operators nor Permittees be limited as to the number of *Agents* with whom they conduct pull-tab activity.

12. That current statutes adequately limit each permittee's annual activity (AS 05.15.180 (g)) and therefore, no further limit should be placed on the number of *Agents* engaged by a permittee (nor on an operator on behalf of a permittee).

I certify that the foregoing represents the consensus of CNG members who met on November 8, 1989 to amend and ratify this position paper.



Roger Cunningham
Interim Chairman

LOTTERY UPDATE
PUBLIC GAMING INTERNATIONAL

THE U.S. RETAIL CONNECTION

STATE	SALES DISTRICTS & OFFICES	# FIELD SALES REPS	METHOD OF TICKET DISTRIB.	TOTAL # RETAILERS	TOTAL # ON-LINE RETAILERS
ARIZONA	3 DISTRICTS 1 MAIN OFFICE 1 SATELLITE	20 (+ 3 RELIEF REPS)	FIELD REPS	2,279	1,760
CALIFORNIA	12 DISTRICTS 4 REGIONAL OFFICES 2 REG. HDQTS.	205 DSRA	COURIER	20,000	8,350
COLORADO	4 DISTRICTS 4 REGIONAL OFF.	28 DSRA	FIELD REPS	2,719	1,463
CONNECTICUT	32 SALES DISTRICTS 8 REGIONS 1 MAIN OFFICE	40	FIELD REPS	3,600	2,400
DELAWARE	4 DISTRICTS 1 MAIN OFFICE	4	COURIER	491	263
D.C.	8 WARDEN 1 MAIN OFFICE	8	2 DISTRICT CENTERS	558	527
FLORIDA	3 REGIONS 13 DISTRICTS	3 REG. MGRS. 13 DISTRICT MANAGERS + 202 SALES REPS	SALES REPS	14,775	7,500
IDAHO*	1 MAIN OFFICE	9 REPS 1 KEY ACCT. REP	UPS	1,388	300-450
ILLINOIS	2 DISTRICT 2 MAIN OFFICES 5 REGIONAL OFF.	65 (+ 15 COORDINATORS) 5 REG. MGRS.	SALES REPS (COURIER IN 1 COUNTY)	9,500	4,800
INDIANA*	8 REGIONAL OFFICES	81 SALES REPS	SALES REPS	7,000	0**
IOWA	5 SALES REGIONS	37	SALES REPS	3,800	1,100
KANSAS	4 REGIONAL OFFICES & HEADQUARTERS 30 ROUTES	30 FIELD REPS	SALES REPS	2,400	820
KENTUCKY	4 REGIONS 7 OFFICES	32 SALES REPS 7 SECTIONAL MGRS. 2 REG. MGRS. 1 STATE MGR.	COURIER	3,700	1,305
MAINE	11 TERRITORIES 1 MAIN OFFICE	13 (INCLUDES TELEMKTG STAFF)	FIELD REPS	1,600	915
MARYLAND	3 DISTRICTS 1 MAIN OFFICE	18 REPS + 3 MANAGERS	COURIER	2,114	1,737
MASSACHUSETTS	5 DISTRICTS 1 MAIN OFFICE 3 REGIONAL OFF.	50 REPS + 5 MANAGERS	COURIER + FIELD REPS	6,100	5,406
MICHIGAN	1 MAIN OFF. 7 REGIONAL OFF. 8 REGIONS	60 DISTRICT MANAGERS	COURIER	8,700	3,800
MINNESOTA	6 REGIONS 6 OFFICES	N/A	COURIER	N/A	N/A
MISSOURI	4 DISTRICTS 1 HEADQUARTERS 3 REGIONAL OFF.	43 SALES REPS + 8 TELEMKTG. REPS	SALES REPS	4,100	1,430
MONTANA	2 REGIONS 1 LOTTERY OFFICE	2 REPS	TELEMKTG. & FIELD REPS	850	250
NEW HAMPSHIRE	14 SALES AREAS 1 MAIN OFFICE 2 SATELLITE OFF.	15 REPS	FIELD REPS	1,300	750
NEW JERSEY	6 DISTRICTS	30 REPS + 6 MANAGERS	COURIER	5,000	5,000
OHIO	3 REGIONAL OFFICES 30 DISTRICTS	30 SALES REPS	SALES REPS	8,000	4,815

*On-line to begin in Calif 2/90; On-line to begin in Indiana 5/90

LOTTERY UPDATE

PUBLIC GAMING INTERNATIONAL

THE U.S. RETAIL CONNECTION (cont.)

STATE	SALES DISTRICTS & OFFICES	# FIELD SALES REPS	METHOD OF TICKET DISTRIB.	TOTAL # RETAILERS	TOTAL # ON-LINE RETAILERS
OREGON	1 MAIN OFFICE	29 REPS + 4 REGIONAL MGRS.	COURIER	3,600	1,574
PENNSYLVANIA	6 AREAS 6 OFFICES	60 MKTG REPS	COURIER	8,761	3,438
RHODE ISLAND	MAIN OFFICE	3 REPS	FIELD REPS	1,088	325
SOUTH DAKOTA	3 REGIONS 4 OFFICES	13 FIELD REPS	FIELD REPS	1,152	0
VERMONT	6 DISTRICTS 1 MAIN OFFICE	6 REPS	FIELD REPS	700	250
VIRGINIA	7 REG. OFFICES	54 REPS	COURIER	5,400	1,500
WASHINGTON	8 DISTRICTS 6 REGIONAL OFFICES	8 REG. MGRS. 34 SALES REPS (+ 1 HALF-TIME)	FIELD REPS	3,400	973
WEST VIRGINIA	1 DISTRICT 1 MAIN OFFICE	10 FIELD REPS.	COURIER	1,604	848
WISCONSIN	5 DISTRICTS 5 OFFICES	47 SALES REPS 4 SALES MGRS.	FIELD REPS	5,000	1,450

U.S. LOTTERY RETAIL AGENTS

STATE	POPULATION (In millions)	TOTAL # AGENTS	# ON-LINE TERMINALS	SALES COMMISSION BASE*
ARIZONA	3.2	2,289	1,760	6%
CALIFORNIA	27.0	20,000	8,350	5% CAT/4% PAT/6% Instant
COLORADO	3.3	2,719	1,463	5.5%
CONNECTICUT	3.2	3,800	2,400	5%
DELAWARE	0.6	496	265	5%
D.C.	0.6	558	549	6% instant/4% on-line
FLORIDA	11.7	11,775	7,500	5%
IDAHO	1.0	1,386	—	5%
ILLINOIS	11.6	9,500	4,800	5%
INDIANA	5.5	7,000	0**	5%
IOWA	2.9	3,800	1,100	5%
KANSAS	2.5	2,400	920	5%
KENTUCKY	3.7	3,700	1,305	5%
MAINE	1.2	1,500	915	3% instant/5% on-line
MARYLAND	4.5	2,114	1,737	4%
MASSACHUSETTS	5.8	6,100	5,406	5%+ bonuses
MICHIGAN	9.1	8,700	3,800	6%
MINNESOTA	4.3	N/A	N/A	5%
MISSOURI	5.1	4,100	1,430	5%
MONTANA	.8	850	250	5%+ bonuses
NEW HAMPSHIRE	1.0	1,300	800	5%
NEW JERSEY	7.6	5,000	5,000	5%
NEW YORK	17.8	9,766	6,010	6%
OHIO	10.8	8,000	4,815	5.5%
OREGON	2.7	3,600	1,574	5% (3% PAT)
PENNSYLVANIA	11.9	8,761	3,438	5%
RHODE ISLAND	.975	1,088	325	5% instant/8% on-line
SOUTH DAKOTA	.7	1,152	0	5%+ bonuses
VERMONT	0.5	780	250	5%
VIRGINIA	5.3	5,400	1,600	5%
WASHINGTON	4.6	3,400	973	5%
WEST VIRGINIA	1.9	1,504	846	5%
WISCONSIN	4.7	5,000	1,450	5%

General Notes

* Does not include incentive programs or cashing fees

** On-line to begin 5/90



Alaska State Legislature

Please enter into the record my testimony to the House Committee on Community and Regional Affairs on HB 512 regarding Charitable Gaming/Sales agents for the teleconference of February 27, 1990.

I represent The Big Lake Lions Club, I am currently the vice president of that club. I also am the Judge Advocate for Post 35 of the American Legion and the American Legion Department of Alaska.

Lions Clubs are dedicated to service to the community. Many of our projects are to help those that do not have the ability to help themselves. There are only two ways that the Lions Clubs obtain financing for their various activities. donations are given to the Lions or a fund raiser is held.

In this economy, donations are few and far between. The permit to conduct gaming operations is just about the sole source of revenue in our community.

Last year the Department of Commerce came close to putting regulations in effect that would have totally shut down the income for the Lions club in Big Lake. Those regulations would have stopped us from using a "third party" or agent to sell pull tabs. We currently have an agreement with three local bars to sell our pull tabs for the benefit of the community. Our club pays the bars a space rent for the use of their establishment for the sale of our pull tabs.

Most of our Lion members operate businesses but, few, if any, operate the kind of business that would allow us to sell pull tabs directly.

I urge you on behalf of the thirty five members of the Big Lake Lions Club, the community of Big Lake and the more than four hundred members of Post 35 of the American Legion to pass legislation allowing the use of third party sales points or agents to sell our pull tabs so that we can continue to provide service and charitable activities to our community.

DANA R. STOKER
Suite 100, Land Company Bldg.
701 East Parks Highway
Wasilla, Alaska 99687
Telephone: (907) 373-6101

A handwritten signature in black ink, appearing to read "Dana R. Stoker".



Alaska State Legislature

Please enter into the record my testimony to the H-C-P-A
 committee name
 committee on HB 512, dated 2/27/90
 bill/subject

to: Chairman Foster
 fr: Matt Holmes, KFSK-FM, Petersburg
 re: clarification in testimony.

I do not recall who questioned me about the compensation paid to our third party vendor, but I feel a clarification is necessary ~~since~~ since the questioner (Rep. Kubine?) may have assumed that we pay 40% of the adjusted gross profit. I stated that we collect ~~an~~ appx. 60% of the adjusted gross profit. However, I neglected to point out that we pay appx. 15% of the A.G.P. in expenses. We then pay appx. 25% to our third party vendor. Therefore, our third party vendor is not paid 40%, but 25%.
 Thank you for this opportunity to correct my testimony.

Signed: Matt Holmes
 Testifier
KFSK-FM public radio
 Representing (Optional)
Box 149, Petersburg
 Address
772-3808
 Phone No.

(1)



VETERANS OF FOREIGN WARS OF THE U.S.
ROBERT L. SPENCER POST NO. 7056
P.O. Box 404
Kodiak, Alaska 99615

James L. Fisk, Jr.
Senior Vice Commander
POW-MIA Chairman
Gaming Advisory Group for the
State of Alaska

Post Office Box 2068
Kodiak, Alaska 99615
Phone: (907) 486-3959

Post 7056
House Committee Chairman
(charged with all pull tab responsibilities)

18 March 1990

Ms. Eileen Panigeo MacLean, Chair
Community & Regional Affairs Committee
Room 124
Capitol Building
Juneau, Alaska 99811

Subject: Testimony for House Bill 512

Dear Ms. MacLean,

After my most recent conversation with your Administrative Assistant, Renee, I advised her my wife is out of town and that I would attempt to complete my written test and oral response to the teleconference held on 9 March 1990.

Enclosed please find my packet containing this testimony.

I would appreciate it if you would assure that each legislative representative receives a copy of this written testimony.

Very truly yours,

James L. Fisk, Jr.
JLF:nk

Enclosures: As stated

cc: Representative Dave Donley, Labor and Commerce Committee
Senator Richard I. "Dick" Eliason, Labor and Commerce Committee

Reintroduced as testimony on 3/9/90
To: Eileen Panigeo MacLean, Chair
Referred: C&RA, and Labor & Commerce
Attention: Dave Donley, Chairman

BY REP. BOUCHER, Boyer

IN THE HOUSE

HOUSE BILL NO. 512

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the retail sale of pull-tabs, tickets, and cards for charitable gaming activities."

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

*Section 1. AS 05.15 is amended by adding a new section to article 2 to read:

Sec. 05.15.188. SALES BY PERSONS OTHER THAN PERMITTEES.
A person other than a permittee may sell pull-tabs, tickets, and cards that are necessary to conduct activities authorized by AS 05.15.100(a) if the person is authorized to make sales by a written contract with a permittee or operator. The permittee shall notify the department within five days of the commencement of sales by a person under this section.

We are requesting that the following testimony be introduced as a possible amendment to House Bill 512.

My name is James L. Fisk, Jr. My address is: P.O. Box 2068, Kodiak, Alaska 99615. My phone number is: (907) 4863959. May I introduce myself and who I represent, and what the ultimate goals are to achieve a solid and sound HB 512. Madam Chair McLean and Chairman of other committees who may receive this testimony. This testimony is given on March 10, 1990 in Kodiak, Alaska.

Let me proceed with what I think as an individual representing the Kodiak Lions Club, the Rodeo State Fair Association, the Bayside Fire Department, the Veterans of Foreign Wars, the Veterans of Foreign Wars Auxiliary, the Baranoff Products and Kodiak Little League. Believe me when I say I represent those organizations as I am either a Charter Member or have served in the capacity of President or a Board Member. When I say that I represent the above organizations, I feel a deep internal commitment knowing that I have, and will continue to represent the welfare of those organizations and the other organizations throughout the State of Alaska to the utmost of my ability.

Let me start with a letter of what I think as what are the real issues for the Games of Chance and Skill administered by the Department of Commerce. When one associates with a new idea, of creating a dream - that dream has already been used in other states or other countries. They have experienced and suffered through the hardships. Don't let Alaska suffer those same hardships. Let's put together a foundation, a commission that will be responsive and face the true issues of the gaming industry in Alaska. Let's clean it up and not wait like Nevada did. It took them 27 years to get the criminal element out of the gaming industry in Nevada.

We need a Gaming Commission in 1990. The job of a commission to see that funds gained from gaming activities go into the pockets mandated by the legislature. The gambling must be honest and the public is protected. All activities must be controlled and kept within the boundaries of good public policy. The heart of the gaming industry in Alaska must be to protect the public from being misled by those who operate the games. The commission must define rules and regulations to accomplish the following:

What are some of the problems? What are some of the solutions?

Problem: Inside information on the pull-tab industry.

Solution: Mark off the winners on the flare card. It is done in Washington. It cuts the odds for the permittees, the vendors, and the operators, but if that is what it takes to clean up Alaska - I say do it.

Problem: Winner pick out.

Solution: Manufacturing standards - those standards should be the highest NAFTM can deliver.

Problem: Lack of Randomization

Solution: Random testing. Protect the operators from cheating as initiated by the public.

Problem: Counterfeiting. Alaska has experienced a small though serious problem with counterfeiting, for it is out there. Don't ignore it.

Solution: Develop a secondary winner protection code such as a Trade Products Win Code. It is proven and it is successful. It take's 99% out of cheating, but nothing is 100% unless you ban the games of chance and skill in Alaska completely.

Insure the receipt of mandated income by the charity. Very important, insure the receipt of mandated income by the charity. Not 15% of the adjusted gross, but a minimum of 40% of the ideal net or gross profit. The remaining 60% will be state tax, pull-tab cost, and vendor share.

Problem: Mismanagement. In every organization there is going to be a little mismanagement. We could write laws from now to the end of the century, there is going to be some mismanagement.

Solution: An accounting system that insures appropriate profit to the charity and regulates audits by regulatory staff. If you need the people, tax the industry. Remember, audit by regulatory staff. That is important.

You could write a whole book, but if you have a stacked deck and you don't regulate it, you don't audit it, and you don't observe it, because you say you don't have the staff - forget it, it's over. You may as well say we will do the same as Nevada - let them infiltrate and then figure out how to get them out.

Mechanisms used to accomplish these goals include but are not limited to the following:

1. A clear concise criteria for construction of games. NAFTM approved manufacturers only with no exceptions.

2. A technical description and definition of the game. Break open games, pull-tabs, punch boards, lottery tickets, bingo cards, etc. A good definition of what they are and then a standard for each of those games. We are trained to write a standard to deal with the overall games. Let's deal with every game and every item. There is a difference between a \$1.00 bill, a \$20.00 bill, and a \$100.00 bill - there is a difference in every games.

I am enclosing the standards for break open tickets as an example. I am enclosing catalogues, I am enclosing the break open profit line and what to look for, I am enclosing pull-tabs (rippies-whatever you want to call them). Each game is different, each card is different, each flare card is different. All devices used in gaming should have an individual set of standards including opacity, randomization, and winner protection, etc.

Don't allow a manufacturer to write the rules if he doesn't belong to NAFTM. Allow the state to sit down with all NAFTM manufacturers and work as a team. Regulations should be drawn that provide a paper trail throughout the entire gaming process.

A process, such as Tabtrak, should give you instant control without a 30 to 60 day delay. This process should be developed by an Alaskan and workable by an Alaskan. This process should develop a paper trail for the entire gaming process including but not limited to the manufacturers, distributors, operators, permittees, and vendor locations. This paper trail follows from the manufacturers doorstep to the distributors door step, then on to the operator, permittee, or vendor identifying the date shipped, the cost, game description including color, game, and count, and serial number, as well as cost and tax to the operator and permittee. Tickets sold and prizes paid, identity of winners, and number of unsold tickets would be able to be immediately identified in a paper trail developed by Tabtrak.

Take a serious look at Tabtrak before permitting the State to develop a system when there is already a system successfully being used in the marketplace. I didn't believe in it because I felt I had the best computer program in the State - tractability and accountability from the date of invoice until the completion of the game to the quarterly to the annual reports, and to the membership of the permittees organization. Tabtrak will give the State investigators in the field, finger-tip control from a pay phone 24 hours a day at no cost to the State of Alaska. Let's give it a shot.

Licensing requirements should include, but not be limited to, licensing the charities, the distributors and their representatives, the operators and their representatives, the vendors and their representatives, and most of all the manufacturers and their representatives. This is where it starts, careful thought should be given to the criteria of who gets a license. If you license dishonest people you will have a regulatory problem from day one.

I say anyone who has had a conviction for gambling, convicted felon should never be involved in gambling or gaming - no after five years, not after ten years, but never as long as he has that conviction on his file. There is an exception, if one has an SIS then - that's the exception and that's only the exception. Once a "cheater", always a "cheater". Licensing dishonest people means dishonest accountability and dishonest tractability. A license to conduct gaming should be identified as a privilege - not a right. A license may be canceled for any reasonable threat to the integrity of the game. I say that if a license is canceled then it's gone. Once it's gone, it's gone forever.

If there is an infraction for not filing paperwork in timely response, that is a misdemeanor, it is not a threat to the integrity of the game. Finally, regulate the prize levels and cost of play to a \$500.00 prize limit on pull-tabs. Consider the level of security in break open tickets. There are tickets that are poorly manufactured and tickets which are premium of the stock. All tickets need to meet a certain standard. The security of the break open game must be the greatest integrity we can give the public consumers that play to know their money and their chances are under tight scrutiny.

There needs to be enough money to provide enforcement. The State must provide enforcement that is adequate in size - not 4 or 5 covering this State. If we need to tax 5% or 6% on the ideal net, let's do it, but let's get some effectiveness in the field. Let's stop this putting a handle on auditors and investigators. Let them do their job. They are protecting the constituents in the State of Alaska - the people who are putting their trust in the legislature. That is my opening statement.

Let me go to the State's position paper. Page three: The departments proposals include:

1. Vendor registration by permittee or operator.

Take the operator out of this position paper wherever it appears. The permittees, the vendors, the distributors, the manufacturers are one segment. The operators are a business entity. Every operator is doing it to make a profit. They would not crank up the pull-tab parlor or a bingo parlor with several thousand dollars invested if they weren't going to make a big return - more than what the vendor and the permittee is going to get. You are talking big scale

gambling. Let's divide them out, let's keep the operator as operators and keep them out of the bars and restaurants and grocery stores. Put those operators in a separate entity as a business enterprise.

The lottery is going to challenge that - they will not be able to go into 7-11 stores or grocery stores. There are three municipalities in the State of Alaska that ban operators - Kodiak, Kenai Peninsula, and Sitka. These communities are sending a clear message to the legislature that says, leave the charity's home town development for generating revenue as a revenue source with charity's who want to get involved - not operators. If Lottery Alaska wants to play in these establishments, let them license each establishment for lottery, let them foot the requirements, and let them pay the insurance. They are a business entity making big bucks otherwise they wouldn't be in business. That's a separate issue. If the State wants to run a lottery - let them do it, but let's divide the operators from the permittees and vendors.

2. Issuance of an endorsement to a permittee's or operator's license that authorizes a vendor to sell pull-tabs on behalf of the permittee or operator.

Remember we are striking the operator. We are asking for an endorsement to be able to license the vendor. We agree with a \$50 or \$100 dollar licensing fee (whatever the case may be). There should be no more than one vendor license and one permittee license per establishment. If that establishment wants another permittee, allow them to give notice to the present permittee they have in force that they would like to switch. Don't hang 15 permittee licenses on the wall. You begin to lose accountability, tractability, who's game is being played, and how it is being played. Close it off.

3. a cap of 30% of ideal net on the amount that a vendor can charge a permittee or operator to compensate the vendor for selling pull-tabs on their behalf;

Strike out the operator for they are regulated on a percentage of 15% of the adjusted gross income. My organizations and advisory board members say - make it a 50/50 split of the ideal net with the charity paying the tabs and the tax. A standard price per tabs and the tax will not change.

The unscrupulous individual is going to charge \$200.00 for the tabs instead of \$75.00 so the charity gets less and less. Adopt a 50/50 split with a reasonable price for tabs and tax.

4. the requirement that the vendor pay the agreed upon amount of profit to the permittee or operator at the time of delivery of a pulltab series to the vendor for sale.

We have a large state - the largest - and it is very remote so it is therefore difficult sending a case of pull-tabs to Pilot Point. They are going to have only one or two games which they will have return the profits and tax on. We are striking the operator and let's strike the tabs and tax and profit. Let's require every permittee to issue a signed purchase order stating, the number of games, the cost of the games, and the tax. This purchase order must be signed by the distributor and the vendor, and must note the date and time of delivery. The permittee will then have 30 days to pay the distributor for the tabs and tax. If he does not pay in 30 days, then the distributor has the right to notify the commission that the permittee has failed to pay, and the commission will write the permittee allowing him 10 days to correct the problem (or maybe 40 days) but that is a paper trail that is accountable.

5. payment into the charitable gaming surety fund by a registered vendor;

You have got a contract so forget it - you don't need a surety sitting in an account some place. The operators have \$100,000.00 - let's leave it - let's let the operators be operators. The distributors, the permittees and the vendors will take care of their homework with their standardized agreement.

6. the requirement that a vendor and permittee or operator enter into a written contract;

This has been addressed. We need a standard state approved contract.

7. the provision that only a permittee or operator may supply pull-tabs to a vendor

Forget about operators. Permittees have already given a purchase order to authorize the vendor to receive pull-tabs on his behalf. If the paper trail is not there, this is an infraction of the reasonable integrity to the playing of the game, and you are not playing by the rules.

8. a provision prohibiting an employee of a vendor from purchasing a pull-tab from any series sold by the vendor;

If an employee working for a vendor selling pull-tabs has not sold a pull-tab from that game then he should be entitled to buy it. If he has sold pull-tabs from that series then he should not play one single pull-tab.

9. a prohibition that the owner or manager of a vendor who is also a member of permittee organization or a municipal officer may not enter into a contract to sell pull-tabs on behalf of that organization or municipality for compensation;

If you are a distributor - you are a distributor only. If you are a vendor - you are a vendor only. If you are a permittee - you are a permittee only. If you are in a small community we have to make allowances for this. If you are a vendor selling and a member of the Russian Orthodox Church in one of these small communities, and are using the Russian Orthodox Church permit in your your establishment, the collective effort of everybody in the community is required. In an instance such as this, I feel an allowance should be made.

10. provisions to clarify that a distributor may not deal directly with a vendor; and

We have already discussed that by providing a paper trail to account for the integrity of the game.

11. provision giving the department cease and desist authority when violations of gaming act have occurred or are about to occur. This is difficult. Let the investigators determine the seriousness of the violation or potential violation.

In conclusion, strike operators and allow permittees to handle the sale of pull-tabs in their areas.

Enclosures: Section 1. AS 05.15 (Senate and House Versions)
* (Green highlights shall be deleted from current text)
**(Blue highlights are references only)
Description of Break Open Games
Trade Products Catalog
Capital Games Catalog
Pull-tab Scales Flyer
Sample Transmittal Form
Pull-tab/Win Code Samples (Three Sample Sheets)
Sample of Winning Pull-tab ticket
Pull-tab Prize Receipt
Pull-tab Receipt Log
Sample of Distributor Game Detail
Sample of Manufacturer Game Detail (Five Sample Sheets)

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

* Section 1. AS 05.15 is amended by adding a new section to article 2 to read:

Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES AND OPERATORS; VENDOR REGISTRATION, ENDORSEMENT. (a) A permittee or operator may contract with a vendor to sell pull-tabs on behalf of a permittee or operator.

(b) A permittee or operator that contracts with a vendor to sell pull-tabs on the permittee's or operator's behalf shall first register the vendor with the department on a form prescribed by the department. The annual vendor registration fee is \$50.

(c) The department shall act upon an initial vendor registration within 10 working days of receipt of the registration form from a permittee or operator.

(d) Upon approval of the vendor registration, the department will issue an endorsement to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at that vendor location.

(e) The endorsement issued under (d) of this section is an extension of the permittee's or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may not sell a pull-tab series until the permit or license containing the endorsement for the new vendor location has been posted by the permittee or operator in the registered vendor establishment. The endorsed permit or license must be clearly visible to the gaming public.

(f) A separate endorsement shall be issued for each vendor location. It is the responsibility of the permittee or operator to inform the department when it changes a vendor location. A permittee

operator must return to the department the endorsed permit or license of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to inform the department of a change in vendor location, or to return the endorsed permit or license to the department after a vendor change, may constitute grounds for the suspension of a permittee's permit or an operator's license.

(g) The vendor registration required by (b) of this section must be accompanied by a ^{25⁰⁰} contribution from the ^{Permittee} vendor to the charitable gaming surety fund established in AS 05.15.220. The contribution must be drawn on the checking account of the ^{Permittee or} vendor and may not be paid by the permittee or operator on the vendor's behalf.

(h) At the time a permittee or operator annually renews its permit or license, the registration of all locations where a vendor is selling pull-tabs on the permittee's or operator's behalf must also be renewed. In addition, in accordance with AS 05.15.230, the permittee or operator shall forward, with each ^{Permittee or} vendor registration renewal, that ^{Permittee} vendor's annual contribution to the charitable gaming surety fund.

(i) The permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter into a written contract with that vendor. The contract ^{Forms are supplied} is subject to review by the department. If the contract contains agreements counter to the provisions of this chapter or the regulations adopted under it, the department may declare the contract void.

(j) A vendor may not purchase a pull-tab series from a licensed distributor. Only a permittee's member-in-charge ^{or alternate (one alternate only)} or an operator may directly supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the permittee or operator ^{only after the following}

- Conditions are met
- A. Signed Transmittal
 - B. Date & Time of Transmittal or P. Order
 - C. Cost of goods, taxes, See # Game No #, Vendor Fee
 - D. Location? Signed by Receiver of Goods

50% (k) A permittee or operator may not compensate a vendor more than 30% of the ideal net to sell pull-tabs on the permittee's or operator's behalf.

(l) An amount equal to ^{45% gross profit on} the ideal net less the compensation paid to the vendor ^{permitter. then funds} must be paid by the vendor at the time ^{well as} the member-in-charge ^{or alternate (one only)} or operator delivers a pull-tab series to the vendor for sale. ^(See tablet) The amount required to be paid by the vendor under this subsection must be paid by check and must be deposited by the permittee or operator directly into its gaming checking account.

(m) A vendor that fails to meet its contractual agreement with a permittee or operator, fails to comply with a requirement of this chapter or a regulation adopted under it, or the vendor or vendor owner or manager that is convicted of forgery, fraud, theft, or a crime of dishonesty related to the activities governed by this chapter, shall be prohibited for a period of five years from any further involvement in any activity authorized by or conducted under AS 05.15.

(n) An employee of a registered vendor may not purchase a pull-tab from any pull-tab series ^{that they have sold from} sold by that vendor. A person who knowingly violates this subsection is guilty of a class B misdemeanor.

(o) When the owner or manager of a registered vendor is also a ^{relative of a} member ^{in charge or alternate} of a qualified organization issued a permit under this chapter, then the vendor may not enter into a contract with that qualified organization to sell pull-tabs for compensation. When an owner or manager of a registered vendor is also an elected municipal officer or holds a managerial position with a municipality, then the vendor may not enter into a contract with that municipality to sell pull-tabs for compensation.

* Sec. 2. AS 05.15.183 is amended by adding a new subsection to read:

(e) A distributor may not

(1) take an order for the purchase of a pull-tab series ^{Drop Shipment to Permittee of State for a Permittee by Vendor for the} ~~from~~

~~operator:~~

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

(3) deliver a pull-tab series to a vendor location. ^{unless all requirements are met in Sec 05-15-183 (5)}

*Sec. 3. AS 05.15.210 is amended by adding new paragraphs to read:

(35) "ideal net" means an amount equal to the total amount of receipts that would be received if every individual pull-tab ticket in a series were sold at face value, less the prizes to be awarded for that series; ~~shall not exceed~~ ^{30% 58%}

(36) "permittee" means either a municipality or qualified organization;

(37) "vendor" means a business whose primary activity is not regulated by AS 05.15 but which is engaged in the sale of pull-tabs on behalf of a permittee ~~of operator~~ and holds a business license under AS 43.70 and is

- (i) a retail establishment;
- (ii) an eating establishment; or
- (iii) an establishment licensed under AS 04.11.

Regulation is
Primary Activity meaning
US sales not to
exceed 20% of entire
gross sales of establishment

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

Sec. 05.15.195. CEASE AND DESIST ORDER. (a) If the commissioner of commerce and economic development determines that a person has engaged in or is about to engage in an act or practice in violation of a provision of this chapter or a regulation adopted under it, the commissioner may issue a cease and desist order prohibiting further action by the person. The cease and desist order remains in effect

until the person has submitted evidence acceptable to the commissioner showing that the violation has been corrected.

(b) A person affected by an order issued under (a) of this section may seek equitable relief preventing the commissioner of commerce and economic development from enforcing the order.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POSTAGE WILL BE PAID BY ADDRESSEE
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA
605 EAST BROADWAY
ANCHORAGE, ALASKA 99501

MEMORANDUM

March 17, 1990

SUBJECT: Draft CSSB 501 (L&C) - Pull-tab vendors

TO: Senator Dick Eliason
Attn: Sheila Peterson

FROM: John B. Gaguine *J.B.G.*
Legislative Counsel

Enclosed is a draft CSSB 501 (L&C), the bill relating to pull-tab vendors. As you can see, it is somewhat more encompassing than the recommendations of the Division of Occupational Licensing. I amended several sections relating to permits and licenses to include references to vendor registrations. I also broadened two provisions that in the division's draft related only to vendors, and made them applicable to all persons covered by the chapter. Thus in the draft bill there is an amendment to AS 05.15.170 to cover permit, license and registration suspension and revocation, and there is a new subsection to AS 05.15.087 that prohibits employees of a licensee, permittee or registered vendor to buy pull-tabs in a series that the licensee, permittee or vendor deals with.

If I may be of further assistance, please advise.

JBG:p1
WKP3/048

Enclosure

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 501 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to charitable gaming; and providing
7 for an effective date."

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

9 * Section 1. AS 05.15.030(a) is amended to read:

10 (a) At the time of filing an application for a permit, [OR]
11 license, or vendor registration under this chapter the applicant shall
12 notify the city or borough that has jurisdiction over [NEAREST TO] the
13 location of the proposed activity of the application. A local govern-
14 ment unit may protest the conduct of the activity in its jurisdiction
15 by resolution stating the reasons for the protest filed with the
16 department; protests are limited to the lack of qualifications pre-
17 scribed by this chapter. This resolution is only a recommendation by
18 the local government that may be considered by the commissioner in
19 determining whether to issue or refuse to issue a permit, [OR] li-
20 cense, or vendor registration.

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

22 Sec. 05.15.060. REGULATIONS. The department shall adopt regula-
23 tions under the Administrative Procedure Act (AS 44.62) necessary to
24 carry out this chapter covering, but not limited to,

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

27 (2) a method of ascertaining net proceeds, the determina-
28 tion of items of expense that may be incurred or paid, and the limita-
29 tion of the amount of the items of expense to prevent the proceeds

1 from the activity permitted from being diverted to noncharitable,
2 noneducational, nonreligious, or profit-making organizations, individ-
3 uals, or groups;

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

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

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

14 (6) exclusion from participation as a permittee, licensee,
15 registered vendor, or employee of a permittee [OR] licensee, or regis-
16 tered vendor, of a person convicted of, in prison for, or on parole
17 for a felony within the preceding five years, or convicted of a crime
18 involving theft or dishonesty or of a violation of a municipal, state,
19 or federal gambling law;

20 (7) the method and manner of conducting authorized activ-
21 ities and awarding of prizes or awards, and the equipment that may be
22 used;

23 (8) the number of activities that may be held, operated, or
24 conducted under a permit during a specified period; however, the
25 department may not allow more than 14 bingo sessions a month and 35
26 bingo games a session to be conducted under a permit;

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

1 (10) the disposition of funds in possession of a permittee,
2 [OR] a person, municipality, or qualified organization that possesses
3 an operator's license, or a registered vendor at the time a permit,
4 [OR] a license, or a vendor registration is surrendered, revoked, or
5 invalidated;

6 (11) restrictions on the participation by employees of the
7 Department of Fish and Game in salmon classics;

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

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

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

17 * Sec. 4. AS 05.15.115(b) is amended to read:

18 (b) The contract between an authorizing permittee and an opera-
19 tor must include the amount and form of compensation to be paid to the
20 operator, the term of the contract, the activities to be conducted by
21 the operator on behalf of the permittee, the location where the activ-
22 ities are to be conducted, the name and address of the member in
23 charge, and other provisions the department may require. The contract
24 must provide that an operator conducting pull-tab games on behalf of a
25 permittee shall return no less than 40 percent of the ideal net to the
26 permittee.

27 * Sec. 5. AS 05.15.170 is repealed and reenacted to read:

28 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
29 VENDOR REGISTRATION. (a) The commission may suspend or revoke a

1 permit, license, or vendor registration, after giving notice to and an
2 opportunity to be heard by the permittee, licensee, or vendor, if the
3 permittee, licensee, or vendor

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

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

8 (3) is convicted of a felony, of a crime involving theft or
9 dishonesty, or of a violation of a municipal, state, or federal gam-
10 bling law; for the purposes of this paragraph, a permittee, licensee,
11 or registered vendor that is not a natural person is considered con-
12 victed if an owner or manager of the permittee, licensee, or vendor is
13 convicted; or

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

18 (b) If the department revokes a permit, license, or vendor
19 registration under this section, it may prohibit the permittee, li-
20 censee, or vendor from reapplying for a permit, license, or vendor
21 registration for a period of up to five years.

22 * Sec. 6. AS 05.15.180(g) is amended to read:

23 (g) A permittee [MUNICIPALITY OR A QUALIFIED ORGANIZATION] may
24 award a maximum of \$1,000,000 in prizes each year in activities au-
25 thorized under this chapter; [HOWEVER, IF A MUNICIPALITY OR A QUALI-
26 FIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF
27 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR QUALI-
28 FIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH
29 YEAR]. In this subsection, "activities authorized under this chapter"

1 means all activities subject to this chapter other than bingo.

2 * Sec. 7. AS 05.15.183 is amended by adding a new subsection to read:

3 (e) A distributor may not

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

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

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

8 * Sec. 8. AS 05.15.187 is amended by adding a new subsection to read:

9 (h) An owner, manager, or employee of a person holding a permit
10 or license under this chapter, or registered under this chapter as a
11 vendor, may not purchase a pull-tab from any pull-tab series manu-
12 factured, distributed, or sold by the permittee, licensee, or regis-
13 tered vendor.

14 * Sec. 9. AS 05.15 is amended by adding a new section to article 2 to
15 read:

16 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-
17 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator
18 may contract with a vendor to sell pull-tabs on behalf of the permit-
19 tee or operator, if the permittee or operator first registers the
20 vendor with the department by applying for registration on a form pre-
21 scribed by the department and by submitting the registration fee of
22 \$50 for each location at which the vendor will sell pull-tabs.

23 (b) The department shall approve or disapprove an initial vendor
24 registration request within 10 working days of receipt of the regis-
25 tration form from a permittee or operator. If the department has not
26 disapproved the registration request in that time, the request is
27 automatically approved.

28 (c) The department shall refuse to register a prospective vendor
29 if the prospective vendor, the prospective vendor's owner, or a person