

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5849 HOUSE JUDICIARY

233

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Budget Reserve Fund BRU: Treasury
 Sponsor: Finklestein Components: _____
 Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: attach a separate page for analysis. Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB Phone: 465-2350
 Division: Treasury Date: February 22, 1990

Approved by Commissioner: [Signature] Date: 2/22/90
 Agency: Department of Revenue

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



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 16, 1990

To: Representatives Goll and Gruenberg, Co-Chairs
Members, House Judiciary Committee

Re: Constitutional/Statutory Spending Limits

NEA-Alaska opposes any form of constitutional or statutory spending limit. Such a change would be far more than a limit on spending. It would be a limit on government and on your ability to represent your constituency and to act on their behalf and in their interests.

Tough spending decisions are never easy decisions but they must be made by our elected representatives based upon the circumstances which are current. They should not be based upon a formula driven system without regard for unique circumstances and needs.

A constitutional spending limit will have the effect of distorting subsequent spending decisions. Alaska is unique. Our problems, programs, and needs are truly different from other states. They are always dynamic.

It is predictable that they will be changing this session, next year, and in future years. As Legislators, you have a continuing need for maximum flexibility in how you chose to deal with them.

A state spending limit will do nothing more than pass along an increasing financial burden to local government. It will only serve to increase a disparity and inequity which is already glaringly evident.

In our opinion, the Alaskans who were involved in last years' "town meetings" were asking you and the Administration to have the courage to make the tough and responsible decisions on the level of programs and services which reflect our current needs and our current and projected financial resources. Such a process does not require any form of formula driven spending limit.

As Legislators you have the information, the responsibility, and the opportunity to make those spending decisions which are in the best interests of all of us. Please do so.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

MY TURN

Just say 'No' to a constitutional spending limit

By BILL POTTER

The Alaska Legislature is presently considering a constitutional spending limit. I think this is an ill-conceived idea and hope that fellow Alaskans will also oppose such a politically motivated way to avoid making the important decisions elected officials are supposed to make.

When the Founding Fathers gathered in Philadelphia to write our Constitution, the most significant comprehensive political document the world had ever seen or has yet to see, there were many present who did not have much trust in governments or government institutions. Yet in spite of this mistrust and even fear, of government run amok, they wrote a document that placed the ultimate control, the ultimate power, the power of the purse, in the hands of the people's elected representatives.

Without money, government cannot act; with money government can act. Those Founding Fathers placed the power to act, or not to act, in the hands of the people's representatives. And when a like number of another set of Founders met in Fairbanks to draft the Alaska Constitution, they recognized the wisdom of that earlier group which had met in Philadelphia, and acted likewise. They put the ultimate power, the power of the purse, in the hands of elected representatives. And that is as it should be.

A constitutional spending limit is more than a limit on spending; it is a limit on the power of government to act. It is a limit on the power of government to protect the people; it is a limit on the power of the government to serve the people; it is a limit on the power of the government to govern.

I suspect that many people who support a spending limit are concerned about the financial future of this state, and I think that is a just and righteous concern, but as bleak as the financial future of Alaska may be, it is not as bleak or as foreboding

as it has been in times past. Any review of the first eight years of this state government's financial history will show that the financial constraints were far more severe than even the most dire predictions for the future. In spite of the lack of financial resources during those early years, the state legislature, the people's representatives, were able to balance the needs of government with the financial resources available without a constitutional spending cap.

I believe we had many wise people in our legislature during those formative, financially pressing years, but I submit that the current legislature is equally wise and equally able to balance the needs of government with the finances available. I further submit that the people of Alaska will choose an equally wise legislature in the 1990 elections which will be equally able to balance the needs that exist with the finances that will be available, and subsequent elections will result in equally wise and able representatives of the people.

I don't believe it is good government policy or good public policy, for any legislature or any other body to second-guess the intelligence, judgment, or motives of future legislative representatives.

To deny future legislatures the opportunity to use their judgment to address the issues before them with the resources available at that time smacks of, if not arrogance, a profound lack of confidence in those legislators and/or the people who elected them.

I am concerned about the future of public schools because I have devoted my life to education in this state. I am concerned about the future we offer our children, and I am concerned about the economic and social status of the elderly, and I am concerned about those for whom circumstances have cast their lot outside the mainstream of our society. I have concerns for the future and what it is that may be done to restrict the ability of our legislature

to restrict the ability of government to act to deal with the issues and needs that arise within the confines of the resources available.

Notwithstanding what I said about the wisdom and ability of past, present, and future legislatures, I am painfully aware that not all legislators have been, or are likely to be, willing to make the judgments necessary to balance needs with the financial resources available. If there is a constitutional spending limit in place, I am concerned about legislators who will take the low road by saying "I wanted to help, but our hands were tied." "I wanted good schools, but there was a spending limit." "I support you in your desire to deal with alcohol and drug abuse, but there is nothing we can do with the constitutional limits placed on the legislature."

In the interests of good public policy; in the interests of good government, I urge you to resist any constitutional spending limits. I urge Alaskans to insist that elected officials demonstrate the courage to resist the temptation to tie the hands of government's ability to act in the public interest with the resources available.

Bill Potter has taught in Juneau for 25 years and is a member of the Education Commission of the States.

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HR 7

May 3, 1989

RECEIVED

The Honorable Dave Donley
Chair
House Labor and Commerce Committee
P.O. Box V
Juneau, AK 99811

MAY 04 1989

OFFICE OF THE
COMMISSIONER

Dear Representative Donley:

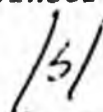
Yesterday afternoon this office met with representatives from the Departments of Commerce and Economic Development and Revenue to discuss which agency should proceed with adoption of new regulations for the Games of Chance and Contests of Skill program.

The result of that meeting was an agreement that the two departments would proceed jointly with the public hearings on the proposed regulations, which will be held the middle of this month in locations around the state. Then, the agency responsible for implementation of the program will move forward with finalization and adoption of the regulations. I feel that this approach gives the Division of Occupational Licensing the valuable time it needs to become familiar with the program before adopting regulations which in the end it will have to administer and enforce. It also allows the division to rely on the expertise of the Department of Revenue during the division's revision after public comments on the proposed regulations.

I am asking that you request the House Judiciary Committee to cancel its hearing on HR 7, scheduled for Thursday afternoon. I feel that the resolution has accomplished its purpose and a hearing would serve only to further fan the flames of controversy. I am sure that any issues regarding the regulations themselves will be thoroughly discussed during the public hearing process.

I appreciate your interest in this program and can assure you that the Department of Commerce and Economic Development stands ready to work with you.

Sincerely,



Robert A. Evans
Deputy Chief of Staff/
Legislative Liaison

cc: Commissioner Merculieff
Commissioner Malone

6-1337D
Lauterbach
5/5/89

Original sponsors: Donley, Boyer,
Brown, et al.

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IN THE HOUSE

CS FOR HOUSE RESOLUTION NO. 7 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - FIRST SESSION

Requesting the Governor to direct the Department of Revenue and the Department of Commerce and Economic Development to include additional public participation during their development of charitable gaming regulations.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS in 1988 the Fifteenth Alaska State Legislature adopted comprehensive legislation governing games of chance and contests of skill in the form of the Alaska Gaming Reform Act; and

WHEREAS the Department of Revenue is currently responsible for adopting regulations implementing the Alaska Gaming Reform Act; and

WHEREAS responsibility for regulating charitable gaming activities in the state will be transferred from the Department of Revenue to the Department of Commerce and Economic Development July 1, 1989; and

WHEREAS the Department of Revenue released draft regulations on April 4, 1989, with the stated intent of implementing the regulations before the transfer of responsibility for regulating charitable gaming activities to the Department of Commerce and Economic Development; and

WHEREAS the Department of Revenue and the Department of Commerce and Economic Development have agreed to jointly conduct public hearings on the proposed regulations and have agreed that the regulations will not be implemented until after the Department of Commerce and Economic Development assumes regulatory responsibility; and

WHEREAS the limited time frame and the extensive and complex nature of

1 the draft regulations will make it difficult for charitable gaming orga-
2 nizations to adequately review and reasonably participate in public hear-
3 ings on the draft regulations; and

4 WHEREAS it may be necessary for the Department of Commerce and Eco-
5 nomic Development to extend the public comment period in order for charita-
6 ble gaming organizations to more fully participate in the review process;
7 and

8 WHEREAS it is anticipated that it will be several months before the
9 draft regulations will be implemented after the public comment period
10 closes; and

11 WHEREAS the primary purposes of the 1988 Act were to encourage char-
12 itable gaming organizations to manage their own gaming permits, to estab-
13 lish strict licensing guidelines and accountability for operators that
14 charitable organizations choose to engage, to establish strict regulation
15 for all charitable gaming activities to provide protection to charitable
16 organizations, and to establish procedures for efficient regulation by the
17 department; and

18 WHEREAS current practices of the Department of Revenue and the draft
19 regulations may not adequately implement the intent of the legislature in
20 adopting the 1988 Act and may not extend the protections to charitable
21 organizations provided for under the Act; and

22 WHEREAS current practice of the Department of Revenue has permitted
23 certain entities to operate charitable gaming activities in a manner not
24 envisioned by the legislature in adopting the 1988 Act; and

25 WHEREAS the state's charitable gaming organizations provide essential
26 services to the state and to communities and are entitled to the full
27 protection of the law and assistance from agencies responsible for their
28 regulation and should, to the fullest extent possible, participate in
29 developing guidelines under which they will be regulated;

1 BE IT RESOLVED that the House of Representatives respectfully requests
2 the Governor to direct the commissioner of commerce and economic develop-
3 ment to hold additional public hearings after the July 1 transfer of re-
4 sponsibility for regulating charitable gaming activities, and to extend
5 the public comment period if necessary to assure reasonable and informed
6 participation by charitable gaming organizations; and be it

7 FURTHER RESOLVED that the Governor direct the commissioner of commerce
8 and economic development to work closely with charitable gaming organiza-
9 tions and members of the public to develop comprehensive regulations that
10 reflect both the letter and intent of the law adopted by the legislature so
11 that charitable organizations are adequately protected and that persons
12 working in charitable gaming activities are adequately regulated.

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TITLE 12. PROFESSIONAL AND
VOCATIONAL REGULATIONS

DRAFT

CHAPTER 34. AUTHORIZED GAMES OF
CHANCE AND SKILL

Article

1. Licensing (12 AAC 34.005 - 12 AAC 34.097)
2. Rules of General Applicability (12 AAC 34.100 - 12 AAC 34.199)
3. Bingo (12 AAC 34.200 - 12 AAC 34.290)
4. Pull-tabs (12 AAC 34.300 - 12 AAC 34.397)
5. Raffles (12 AAC 34.400 - 12 AAC 34.490)
6. Reserved
7. Other Games of Chance and Skill (12 AAC 34.600 - 12 AAC 34.690)
8. Operators (12 AAC 34.700 - 12 AAC 34.795)
9. Appeals and Hearings (12 AAC 34.800 - 12 AAC 34.850)
10. Definitions (12 AAC 34.990)

(d) Applicants shall retain a copy of the application for three years.
(Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.095
AS 05.15.030 AS 05.15.100
AS 05.15.040 AS 05.15.120
AS 05.15.060

12 AAC 34.015. NOTIFICATION BY LOCAL GOVERNMENT. (a) For 15 calendar days after receipt by the department, original or amended permit or license applications are subject to protest by the municipality or local government where the proposed activity or activities are to be conducted. The department may issue a permit or license prior to the 15 day period if it receives proof of approval by the municipality or local government to conduct authorized activities. (Eff. / / , Register)

Authority: AS 05.15.030
AS 05.15.060

12 AAC 34.020. OPERATOR LICENSE APPLICATION PROCEDURE. (a) Applicants for an operator license shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15.

(b) Applicants shall submit with the application security satisfactory to the department in the amount of \$25,000 for each authorizing permittee up to a maximum of \$100,000.

(c) Applicants shall submit with the application proof of liability insurance for each location where gaming activities are to be conducted.

(d) Applicants shall submit two copies of the application to the municipality or local government where gaming activities are to be conducted on behalf of each permittee. If a gaming activity is to be conducted in more than one community, the applicant shall notify each local governing body in writing of the proposed activity to take place. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.100
AS 05.15.060 AS 05.15.122
AS 05.15.095 AS 05.15.165

12 AAC 34.025. PULL-TAB DISTRIBUTOR LICENSE APPLICATION PROCEDURE.

Applicants for a pull-tab distributor license shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.183

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

TITLE 12. PROFESSIONAL AND
VOCATIONAL REGULATIONS

DRAFT

CHAPTER 34. AUTHORIZED GAMES OF
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10. Definitions (12 AAC 34.990)

ARTICLE I. LICENSING

12 AAC 34.005. APPLICATION FORMS. Each application for a permit or license under AS 05.15 shall be submitted to the department on the permit or license application form provided by the department along with any additional information requested on the form. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.060
 AS 05.15.030 AS 05.15.095
 AS 05.15.040 AS 05.15.100

12 AAC 34.007. PERMIT APPLICANTS. A municipality or qualified organization may apply to the department for a permit to conduct activities authorized by AS 05.15. Each chapter or suborganization of a local, state or national organization shall apply, qualify for and receive a permit before conducting activities authorized by AS 05.15 or this chapter. For example, an organization has five chapters in the State. Each chapter shall obtain a permit from the department before they conduct gaming activities under their respective chapter. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.095
 AS 05.15.030 AS 05.15.100
 AS 05.15.040 AS 05.15.130
 AS 05.15.060 AS 05.15.140

12 AAC 34.010. PERMIT APPLICATION PROCEDURE. (a) Applicants for a permit or renewal of a permit shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15.

(b) Applicants shall attach to the permit application

(1) certified true copies of articles of incorporation, or if not incorporated, a copy of the by-laws and copies of national and state charters. Applicants renewing permits need not attach this information, but shall attach any changes to the articles of incorporation, bylaws or charters on file with the department;

(2) a current list of at least 15 Alaskan members of the qualified organization. Municipalities, schools and universities need not attach a membership list;

(3) if applicable, an Internal Revenue Service certificate or letter of tax exemption; and,

(4) proof that the qualified organization has been in existence for three years prior to the date of application. Applicants renewing their permits do not need to submit this proof.

(c) Applicants shall submit two copies of the application to the municipality or local government where gaming activities are to be conducted for its consideration. If a gaming activity is to be conducted in more than one community, the applicant shall notify each local governing body in writing before the proposed activity takes place.

(d) Applicants shall retain a copy of the application for three years.
(Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.095
AS 05.15.030 AS 05.15.100
AS 05.15.040 AS 05.15.120
AS 05.15.060

12 AAC 34.015. NOTIFICATION BY LOCAL GOVERNMENT. (a) or 15 calendar days after receipt by the department, original or amended permit or license applications are subject to protest by the municipality or local government where the proposed activity or activities are to be conducted. The department may issue a permit or license prior to the 15 day period if it receives proof of approval by the municipality or local government to conduct authorized activities. (Eff. / / , Register)

Authority: AS 05.15.030
AS 05.15.060

12 AAC 34.020. OPERATOR LICENSE APPLICATION PROCEDURE. (a) Applicants for an operator license shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15.

(b) Applicants shall submit with the application security satisfactory to the department in the amount of \$25,000 for each authorizing permittee up to a maximum of \$100,000.

(c) Applicants shall submit with the application proof of liability insurance for each location where gaming activities are to be conducted.

(d) Applicants shall submit two copies of the application to the municipality or local government where gaming activities are to be conducted on behalf of each permittee. If a gaming activity is to be conducted in more than one community, the applicant shall notify each local governing body in writing of the proposed activity to take place. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.100
AS 05.15.060 AS 05.15.122
AS 05.15.095 AS 05.15.165

12 AAC 34.025. PULL-TAB DISTRIBUTOR LICENSE APPLICATION PROCEDURE. Applicants for a pull-tab distributor license shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.183

12 AAC 34.030. PULL-TAB MANUFACTURER LICENSE APPLICATION PROCEDURE.

Applicants for a pull-tab manufacturer license shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181

12 AAC 34.035. MONTE CARLO PERMIT APPLICATION PROCEDURE. (a) Before any, qualified organization or municipality may conduct activities involving the use of playing cards, dice or numbers wheels, the permittee shall obtain a permit issued by the department. The qualified organization or municipality shall submit to the department a completed original application along with the appropriate fee as required by AS 05.15 at least 15 calendar days prior to the event commencing.

(b) Applicants which do not hold a current permit issued by the department for gaming activities under AS 05.15 or this chapter must meet the requirements under 12 AAC.34.010(b) before a permit under this section shall be issued by the department.

(c) Applicants shall submit with the application written approval from the law enforcement agency having jurisdiction over the location of the proposed activity. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.095
AS 05.15.040 AS 05.15.100
AS 05.15.060 AS 05.15.180

12 AAC 34.040. AMENDED APPLICATION PROCEDURE. (a) A permittee may amend its application to add, change or delete a gaming activity or location where activities are to be conducted.

(b) Within 10 calendar days of a change of an officer, member in charge or alternate member in charge, or of the mailing address of the permittee or licensee, the permittee or licensee shall submit to the department a letter stating the new name(s) and corresponding information required on the permit application or mailing address.

(c) If the permittee contracts with a licensed operator, the permittee shall notify the department in writing and submit a notarized copy of the contract between the permittee and operator to the department at least 15 calendar days before activities commence.

(d) If a permittee discontinues contracting with an operator, the permittee and licensed operator shall each immediately notify the department in writing of the effective date of the termination of the contract. (Eff. / / , Register)

Authority: AS 05.15.040
AS 05.15.060
AS 05.15.100

12 AAC 34.050. FINGERPRINTING AND BACKGROUND CHECKS. (a) The department may require as a condition precedent to the issuance of any permit or license, fingerprinting and background investigations on any person associated with the applicant, of any person holding an interest in any gaming activity, building or equipment to be used therefore, or of any person participating as an employee in the operation of any gaming activity. Fingerprints as required by the department may be submitted to the identification division of the Federal Bureau of Investigation and the Alaska State Troopers so these agencies may search their records for prior arrests and convictions of the individuals fingerprinted.

(b) The applicant shall give full cooperation to and assist the department in all aspects of its investigation. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.130

12 AAC 34.055. SUPPLEMENTAL INFORMATION. In addition to the application form, the applicant shall submit any supplemental information requested by the department within the time specified by the department. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.095
AS 05.15.030 AS 05.15.100
AS 05.15.040 AS 05.15.130
AS 05.15.060 AS 05.15.140

12 AAC 34.060. PERMIT OR LICENSE ISSUANCE. (a) Upon approval of the application, the department may issue a permit or license for the calendar year. Activities shall not be conducted until a permit or license has been issued. Unless a permit or license is suspended or revoked by the department, the activity or activities authorized under a permit or license shall be conducted exclusively by the respective permittee or licensee during the calendar year.

(b) Upon approval of any amendment, the department may reissue a permit or license to the permittee or licensee reflecting the effects of the amendments. Permittees shall not conduct additional activities until the new permit is received by the permittee. Immediately following receipt of the reissued permit or license by the respective permittee or licensee, the permittee or licensee shall destroy the original permit along with all photocopies of that permit. (Eff. / / , Register)

Authority: AS 05.15.040 AS 05.15.100
AS 05.15.060 AS 05.15.122

12 AAC 34.065. TRANSFER OF PERMIT OR LICENSE. No permittee or licensee shall transfer or allow the use of any permit or license issued by the department to any other party, except when a permittee contracts with a licensed operator to conduct activities. (Eff. / / , Register)

Authority: AS 05.15.040
AS 05.15.060

12 AAC 34.070. DENIAL, SUSPENSION OR REVOCATION OF PERMIT OR LICENSE. (a)

The department may deny, suspend or immediately revoke a permit or license if the applicant, permittee or licensee

- (1) makes a false statement or reports false information in an application for a permit or license;
- (2) wilfully fails or refuses to submit required documentation and/or information with the permit or license application;
- (3) wilfully fails or refuses to remit any fee with an application or report required by the department or submits a bad check for payment of any fee due the department;
- (4) fails to meet the necessary qualifications for the permit or license;
- (5) alters or allows to be altered a permit or license issued by the department;
- (6) allows the use of a permit or license by any other party, except when a permittee contracts with a licensed operator;
- (7) violates, fails or refuses to comply with, or allows any employee to violate any provision of AS 05.15 or this chapter;
- (8) fails to timely file any report or supplemental information required by AS 05.15 or this chapter;
- (9) wilfully makes a false statement or reports any false information in any report required under AS 05.15 or this chapter;
- (10) fails to keep and retain sufficient books or records to substantiate any report required under AS 05.15 or this chapter;
- (11) fails or refuses to provide requested documentation to an authorizing permittee, the department, or authorized representative of the department to substantiate any reports required under AS 05.15 or this chapter;
- (12) pays, incurs or charges unreasonable or exorbitant expenses or fees;
- (13) fails or refuses to remit any amount of pull-tab tax to a licensed pull-tab distributor when pull-tabs are distributed from the licensed pull-tab distributor;
- (14) fails, refuses or is unable to remit any pull-tab tax, interest or penalties when due to the department;
- (15) allows any person to be responsible for the conduct of gaming activities, or an employee to act in a supervisory or managerial capacity who has
 - (A) been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of any municipal, state, or federal gambling law; or
 - (B) a prohibited financial interest in the operation of the activity;

(16) devotes, uses, or allows the use of net proceeds derived from gaming activities for purposes other than that allowed under AS 05.15 or this chapter;

(17) engages in any act, practice, or course of operation as would operate as a fraud, or deceit on any person, or employs any device, scheme, or artifice to defraud any person;

(18) denies the department's representatives access to any site where activities are conducted or who fails to promptly produce for inspection or audit any book, record, or document required by law or regulation or who fails to cooperate in any manner;

(19) wilfully fails or refuses to pay any amount, tax, fee, penalty, or interest to the department or an authorizing permittee upon demand by the department; or,

(20) if the results of the review of financial statements, as required under AS 05.15.165, are unfavorable.

(b) Permittees or operators shall cease all gaming activities upon the effective date of the suspension or revocation. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
AS 05.15.040 AS 05.15.128
AS 05.15.050 AS 05.15.140
AS 05.15.060 AS 05.15.170

12 AAC 34.080. RETURN OF PERMIT OR LICENSE SUSPENDED OR REVOKED. Upon suspension or revocation of any permit or license by the department, the permittee or licensee shall immediately surrender and return the permit or license to the department. If such permit or license is not received by the department by the effective date of the suspension or revocation, an authorized employee of the department may enter any premise where gaming activities are or were being conducted by the permittee or licensee for the purpose of retrieving the permit or license. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
AS 05.15.040 AS 05.15.128
AS 05.15.050 AS 05.15.140
AS 05.15.060 AS 05.15.170

12 AAC 34.085. INELIGIBILITY FOR PERMIT OR LICENSE. Upon revocation of a permit or license based on a violation of AS 05.15 or this chapter, the permittee or licensee to whom the permit or license was issued shall be ineligible to apply for a permit or license under AS 05.15 or this chapter for a period of one year from the effective date of that revocation. The permittee or licensee shall be ineligible for a permit or license even if there is a consolidation, change in name, or change in legal status of the organization or person. (Eff. / / , Register)

Authority: AS 05.15.040
AS 05.15.060

12 AAC 34.090. CHANGE IN NAME. (a) No permittee or licensee shall adopt or make a change in the name as specified on the permit or license without notifying the department in writing at least 30 days prior to the change. For purposes of AS 05.15 and this chapter, each change shall be made subject to the approval of the department.

(b) A change in name shall not affect the status of the organization or person when applying for a permit or license as long as all other aspects of the organization remain substantially the same. (Eff. / / , Register)

Authority: AS 05.15.040 AS 05.15.100
 AS 05.15.060 AS 05.15.122

12 AAC 34.092. CHANGE IN LEGAL STATUS. (a) No permittee or licensee shall adopt or make a change in its legal status without notifying the department in writing at least 30 days prior to the change. For purposes of AS 05.15 and this chapter, each change shall be made subject to the approval of the department.

(b) A change in legal status shall not affect the status of the organization when applying for a permit or license as long as all other aspects of the organization remain substantially the same. (Eff. / / , Register)

Authority: AS 05.15.040 AS 05.15.100
 AS 05.15.060 AS 05.15.122

12 AAC 34.094. CONSOLIDATION OF PERMITTEES. (a) If two or more permittees consolidate to form one organization, each permittee shall notify the department in writing at least 30 days prior to the consolidation. For purposes of AS 05.15 and this chapter, each consolidation shall be made subject to the approval of the department. Upon approval of the consolidation by the department, the department shall revoke each of the original permits and issue one permit to the consolidated organization.

(b) The purpose and structure of the consolidated organization must be consistent with the purpose and structure of each permittee before the department approves the permit application of the consolidated organization. (Eff. / / , Register)

Authority: AS 05.15.040 AS 05.15.100
 AS 05.15.060 AS 05.15.122

12 AAC 34.095. PRORATING OF FEES. Unless otherwise provided by law or regulation, permit or license fees shall not be prorated. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.060
 AS 05.15.040 AS 05.15.122

12 AAC 34.097. REFUNDS OF FEES. The department will not grant refunds of permit or license fees unless the applicant notifies the department in writing within 10 calendar days from receipt of the application by the department that the application is being withdrawn. The department shall not grant refunds of permit or license fees after the permit or license has been issued by the department. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.060
 AS 05.15.040 AS 05.15.122

ARTICLE 2. RULES OF GENERAL APPLICABILITY

12 AAC 34.100. CONDUCT OF ACTIVITIES. (a) All activities for which a permit or license has been issued are subject to compliance with all of the applicable provisions of AS 05.15, policies, rules and regulations adopted by the department, and other applicable laws of the United States, the State of Alaska and political subdivisions of the State of Alaska.

(b) No activity for which a permit or licens. is required under AS 05.15 shall be conducted or performed, or allowed to be conducted, played or performed on any premises unless the appropriate permit or license has been issued by the department. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.095
 AS 05.15.030 AS 05.15.100
 AS 05.15.040 AS 05.15.120
 AS 05.15.060 AS 05.15.122

12 AAC 34.105. DISPLAY OF PERMIT OR LICENSE. The permit or license issued by the department shall be conspicuously displayed at all times upon the premises where the gaming activities are conducted. Only the permit for which activities are being conducted shall be displayed at one time. The permittee or licensee may display a photocopy of the permit or license in lieu of the original permit or license. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.165

12 AAC 34.110. COPY OF RULES ON PREMISES. (a) Each permittee or operator shall conspicuously display the house rules, or rules by which gaming activities are to be conducted, at all times on the premises where the activities are conducted.

(b) Each permittee and operator shall obtain, maintain, and keep current, a copy of the statutes and regulations governing authorized gaming activities which shall be located on the premises at all times where the activities are conducted. The statutes and regulations shall be produced by the permittee or operator and shown to any person on request. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.115. POSTING OF INFORMATION. Each permittee and operator shall conspicuously post a notice showing the addresses and telephone numbers of the department's offices. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.120. ADVERTISEMENTS. Advertisements for gaming activities shall be in compliance with all applicable laws and regulations including federal statutes. No advertisement shall contain

- (1) unwarranted, exaggerated, doubtful, or superlative claims;
- (2) misleading, deceptive or ambiguous statements;
- (3) infringement of another advertiser's rights, whether by plagiarism, copyright or trademark infringement, or otherwise;
- (4) disparagement of competitors, or competitors' goods and services;
- (5) any statement or announcement which is slanderous, obscene, profane, vulgar, repulsive, or offensive;
- (6) any mention by name of other advertised gaming activities or operations; or,
- (7) contests prohibited by law.

(b) All advertisements shall conspicuously display the permit name and number under which gaming activities are to be conducted. If an operator is conducting gaming activities on behalf of authorizing permittees, the advertisement shall also include the operator's name and current license number. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.125. MEMBER IN CHARGE RESTRICTION. (a) The member in charge or alternate member in charge for a permittee may not also be an operator for the same permittee at the same time.

(b) A person designated as member in charge or alternate member in charge must be a natural person. Any change in the member in charge or alternate member in charge must be made in writing to and approved by the department.

(c) The member in charge designated on the permit application must be a bona fide member of the permittee, and have been a member of the permittee for at least a period of six months prior to the date of the permit application. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.112

12 AAC 34.130. PROHIBITED FINANCIAL INTEREST. No permittee, operator, pull-tab distributor, or pull-tab manufacturer shall have a prohibited financial interest, or employ, contract with, or allow a person to participate in activities authorized by AS 05.15 and this chapter who has a prohibited financial interest in the operation of any gaming activities. Prohibited financial interest includes but is not limited to the following:

(1) An employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly, payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(2) A direct relative of an employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(3) A licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies in connection with gaming activities unless the sale is at the normal and usual retail price offered to all other customers;

(4) A direct relative of a licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies for gaming operations unless the sale is at the normal and usual retail price offered to all other customers;

(5) No permittee or operator shall buy, receive or otherwise obtain, nor shall any manufacturer or distributor, or anyone connected therewith, sell or deliver any pull-tab or pull-tabs to any permittee or operator, except on a cash basis. "Cash basis" for this subsection shall mean payment in full, either by cash or by check made payable to the seller, within 30 days of actual distribution of the pull-tabs to the permittee or distributor.

(6) No permittee or operator shall allow any operator, pull-tab distributor or manufacturer or anyone connected therewith, to acquire any interest, including a security interest, in any pull-tabs.

(7) No permittee or operator shall accept a loan of money or anything of value from any manufacturer or distributor, or from anyone connected with any gaming activities. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.140

12 AAC 34.135. INSPECTION OF PREMISES, RECORDS AND DEVICES. (a) All premises used to conduct gaming activities shall be open to inspection at any reasonable time by the department or its authorized representative. At any time during which an authorized gaming activity is being conducted upon such premises, any employee of the department or authorized representative, may enter upon the premises without advance notice to

(1) make a count of all monies on hand or received during the operation of the gaming activity located on the premises, inspect all receipts for income issued by the permittee or operator, and inspect all receipts for prizes which have been awarded by the permittee or operator; and,

(2) inspect any of the other gaming related records of the permittee or operator, employee, or of any member who directly participates in the management, operation or promotion of a gaming activity.

(b) All gaming related books and records shall be made available by the respective licensed operator to authorizing permittees, the department or its authorized representative upon reasonable notification. The records shall include, but are not limited to

- (1) general and subsidiary ledgers;
- (2) bank statements and bank reconciliations;
- (3) savings account records;
- (4) Federal tax returns;
- (5) corporate income tax returns; and,
- (6) Alaska Department of Labor records.
- (7) daily and monthly reports to authorizing permittees
- (8) daily and monthly reports of permittees

(c) All gaming related books and records shall be made available to authorizing permittees or the department at a location in the state where the organization should reasonably be expected to be located. The department may require any and all books and records be made available at any office where the department conducts business. (Eff. / / .
Register)

Authority: AS 05.15.060
AS 05.15.070
AS 05.15.083

12 AAC 34.140. PRIZE LIMITATIONS FOR ACTIVITIES OTHER THAN BINGO. (a) The value of any single door prize may not exceed \$1,000. The total value of door prizes at any one single event shall not exceed \$5,000. The total value of door prizes during any one month shall not exceed \$20,000.

(b) If a permittee contracts with a licensed operator at any time, the total amount which may be awarded under the permit for activities other than bingo shall be a maximum of \$500,000 in a calendar year. If a permittee contracts with a licensed operator and the total amount of prizes awarded under the permit exceeds \$500,000 at the time the contract is executed, the permittee may not award any prizes for the remainder of the calendar year. For example, "Permittee A" has awarded \$600,000 in prizes at the time it contracts with a licensed operator. "Permittee A" may not award any more prizes for the remainder of the calendar year under its permit since the total amount of prizes awarded at the time it contracted with the operator exceeded \$500,000. "Permittee A" may award prizes under its permit for bingo activities, but not to exceed the prize limitations for bingo activities.

(c) If an organization obtains a permit as a result of a consolidation of permittees, the total of the amount of prizes awarded under each consolidating permittee shall be considered the total amount of prizes awarded by the consolidated organization at the time of consolidation.

(d) The amount of prizes awarded under a permit issued to a consolidated organization shall not exceed the prize limitation for one permit as required by AS 05.15.180(g) less the sum of the total amount of prizes awarded under each permit which comprises the consolidated organization at the time of consolidation. For example, "Permittee A" and "Permittee B" consolidated to form one organization and obtained a permit for the consolidated organization by the department. At the time of consolidation "Permittee A" had awarded \$600,000 and "Permittee B" had awarded \$300,000 in prizes under their respective individual permits. The maximum amount which may be awarded under the consolidated organization's permit for the remainder of the calendar year is \$100,000 (\$1,000,000 prize limitation less the total of \$600,000 and \$300,000). If in this example, the consolidated organization were to contract with an operator, no prize awards could be awarded under the consolidated organization's permit since the total awards exceeds \$500,000. The consolidated organization may award prizes under its permit for bingo activities, but not to exceed the prize limitations for bingo activities. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.180

12 AAC 34.145. PRIZE RESTRICTION. (a) Permittees, operators or any person under their control shall not offer or award any beverages containing alcohol, including but not limited to beer, wine or liquor, as a prize or in lieu of a prize for winning at any of the activities authorized by AS 05.15.

(b) No door prize shall be or include any bingo card, pull-tab or raffle ticket. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.150. SEPARATE BANK ACCOUNT. (a) All money collected or received from gaming activities less cash prizes, shall be deposited in a separate bank account in the name of the permittee, or operator if the permittee employs an operator, which shall be kept separate and apart and actually segregated from the permittee's or licensee's general funds or any other funds.

(b) All net proceeds received from a licensed operator with whom the permittee has contracted shall be deposited in a separate bank account in the name of the permittee which shall be kept separate and apart and actually segregated from the permittee's or licensee's general funds or any other funds. If the permittee receives proceeds from a licensed operator and also conducts its own gaming activities, the proceeds and money collected less cash prizes from the gaming activities shall be deposited in the same separate bank account as required under subsection (a) of this section.

(c) Licensed pull-tab distributors shall deposit all money collected or received from distributions of pull-tabs in a separate bank account in the name of the respective licensed pull-tab distributor which shall be kept separate and apart and actually segregated from the licensee's general funds or any other funds.

(d) Except for the account of an operator, all checks drawn on the account required under this section shall require and include two authorized signatures of the permittee. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.155. METHOD OF ACCOUNTING. (a) Permittees and licensees shall maintain and keep adequate, consistent, uniform and verifiable books and records necessary to substantiate the particulars of each report required under AS 05.15 and this chapter. Permittees and licensees shall report to the department using a cash basis of accounting.

(b) All payments of expenses, including those prize awards paid by check, incurred in connection with gaming activities and pull-tab distributions shall be paid by check only drawn on the bank account required under 15 AAC 105.150. No check may be drawn to "cash" or a fictitious payee.

(c) Each gaming activity shall be separately accounted for in the books and records of the permittee or licensee. For example, if pull-tab and bingo activities are conducted under the same permit, receipts and expenses attributable to bingo activities shall be accounted for and reported separately from receipts and expenses attributable to pull-tab activities. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.157. BAD CHECKS. The department shall add \$25 or 1% of the amount remitted to the department, whichever is greater, to each payment for fees, taxes, penalties and/or interest when a check originally submitted to the department is denied by the drawee bank, or when the check is required to be resubmitted for payment for any reason. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.160. AUTHORIZED EXPENSES. (a) Authorized expenses are charges, fees and deductions which are reasonable and necessary to the operation of the activity as stated on the current permit.

- (b) Authorized expenses include, but are not limited to, payment for
- (1) equipment actually purchased for games;
 - (2) printing of raffle tickets;
 - (3) advertising for games;
 - (4) facility and bingo hall rentals, but only if the building is not owned by the permittee, and only for the time actually used for operation of the games.

(5) utilities, repairs and maintenance, and depreciation costs of a building owned by the permittee; however, these costs are allowable only on a pro-rata basis for the actual hours used for the games in accordance with (c) of this section;

(6) repairs for damages to equipment used for gaming activities;

(7) postage, freight or accounting services actually necessary for gaming activities;

(8) employee wages, including the payroll taxes;

(9) pull-tab taxes paid under AS 05.15.184;

(10) purchases of bingo cards, pull-tabs, and related supplies;

(11) janitorial services;

(12) for permittees only, the amount of bad checks as long as collection efforts are pursued to recover the amount of the check; and,

(13) any expense directly pertaining to gaming activities only.

(c) The proration of building expenses shall be computed using a maximum use factor of 14 hours per day. For example, a bingo game is conducted two days a week at five hours per day for a total of 10 hours a week. Since there are 98 use hours in a week (14 use hours per day times seven days per week equals 98 use hours per week), 10.20 percent (10 hours per week divided by 98 hours per week equals 10.20 percent) of the proratable expenses for the week may be included in the authorized expenses. For depreciation purposes, the life of the building must be the guideline life provided in the Internal Revenue Code and the only approved method of depreciation is straight line. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.165
AS 05.15.160 AS 05.15.210

12 AAC 34.162. UNAUTHORIZED EXPENSES. Unauthorized game related expenses are those expenses which do not directly relate to the operation of gaming activities, or expenses which are unreasonable, and as such shall not be deducted as expenses on any annual financial statement or report required under AS 05.15 or this chapter. Unauthorized expenses include, but are not limited to, payment for

(1) expenses on buildings except as provided in (c) of 12 AAC 34.160 on a pro-rata basis;

(2) mortgage or interest payments;

(3) purchase of furniture, fixtures or equipment, except those necessary for the operation of the games and used exclusively for the games;

(4) payments to members as gifts;

(5) travel or per diem expenses outside the state under any circumstances;

(6) organization membership fees to national or international affiliated or unaffiliated organizations;

(7) personal or organizational vehicle expenses;

(8) consultant fees paid to a member or paid for a member's benefit;

(9) legal fees paid to a member for services or paid for a member's benefit;

(10) organizational advertising or notices;

(11) organizational entertainment (picnics, dinners, parties, etc.);

- (12) organizational accounting or other operating expenses except those directly related to gaming activities;
- (13) taxes on real or personal property;
- (14) purchases of alcoholic beverages.
- (15) transportation of players or persons participating in any gaming activities;
- (16) transportation of employees;
- (17) child care or babysitting services; and,
- (18) promotional items given to players or participants during gaming activities. This provision does not prohibit the distribution of qualified promotional products paid for and supplied by distributors and manufacturers. (Efr. / / , Register)

Authority: AS 05.15.060 AS 05.15.165
AS 05.15.160 AS 05.15.210

12 AAC 34.165. LIMIT ON COMPENSATION. Except for an operator as defined by this chapter, compensation paid to any person employed to work at any gaming activity, including but not limited to members and regular employees, shall not be in excess of that which is reasonable under the local prevailing wage scale as determined by the Alaska Department of Labor. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.160

12 AAC 34.170. USE OF NET PROCEEDS. (a) No permittee or licensee shall pay from the net proceeds of gaming activities, any person for services rendered in connection with the activities from which the funds were derived. Permittees shall keep detailed records of all disbursements of net proceeds for a period of three years.

(b) Permittees who dedicate any net proceeds from gaming activities to scholarships shall award the scholarships to Alaskan residents unless the scholarship funds will be utilized in the state.

(c) Charitable projects which an organization may sponsor include educational grants, training assistance or job counseling, food baskets, medical or healthcare assistance, and charitable functions such as dinners for the community where the public is invited. The qualifications to receive the charitable donations must include a requirement that all persons within the community may qualify and receive the assistance. Payments may not be devoted to organizational parties, dinners or benefits, picnics, or social functions limited to members and their families.

(d) Any contribution must be a current irrevocable remittance not contingent upon future occurrences, and specific as to recipient and use. The use must be broad in scope affecting an indefinite number of people, except for recipients of educational scholarships and those individuals as defined as

- (1) persons who are the victims of loss of home or household possessions from disastrous situations such as fire, flood, storm or explosions; or,
- (2) persons suffering from a seriously disabling disease or injury causing severe loss of income or incurring extraordinary medical expense.

(e) Contributions may be made to benefit needy or deserving persons in Alaska which

- (1) enhances their opportunity for religious or educational advancement;
- (2) relieves or protects them from disease, suffering, or constraint;
- (3) assists them in establishing themselves in life as worthy and useful citizens;
- (4) contributes to their physical well-being;
- (5) increases their comprehension of and devotion to the principles upon which this nation was founded and enhancing their loyalty to their governments.

(f) Contributions may be made which initiate, perform or foster worthy public works or enable or further the construction or maintenance of public structures.

(g) Contributions may be made which lessen the burdens of government or which are voluntarily undertaken by an authorized organization to augment or supplement services which are usually rendered by government such as the equipment or maintenance of an authorized volunteer, nonprofit fire company or similar organization furnishing public fire protection or the equipment and maintenance of an authorized volunteer, nonprofit organization furnishing a public ambulance or rescue service.

(h) Net proceeds to be used for convention expenses or seminars for members which are estimated to exceed \$2000 for each event must be approved by the department prior to the proceeds being expended for such purposes. The request for approval shall include

- (1) purpose, topic and schedule of the seminar;
- (2) length of the convention or seminar;
- (3) number of members to attend; and,
- (4) estimated cost.

(i) None of the preceding purposes shall include the construction, acquisition, capital improvement, maintenance, repair or furnishings of any real or personal property, unless a building is to be used directly for the promotion of the permittee, or has been designated as a historical landmark and proceeds are used for renovation which preserves the historical state of the building. The department must receive proof that the building has been designated as a historical landmark prior to the expenditure of any net proceeds. For purposes of this subsection

- (1) a capital improvement is defined as the construction, renovation, remodeling, or repair of a building which tends to enhance its value, beauty, or utility or to adapt it for further purposes; and,
- (2) furnishings are defined as furniture, draperies, or equipment.

(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.150
AS 05.15.210

12 AAC 34.175. DISPOSITION OF FUNDS UPON SUSPENSION OR REVOCATION. (a)

Upon suspension of any permit or operator license, funds may only be expended for payment of previously qualified expenses accrued prior to the suspension, or for dedication of net proceeds as stated on the permittee's application for which the permit was issued. Failure to comply with these requirements may be cause for the department to initiate necessary legal action for compliance.

(b) Upon revocation of any permit or operator license, no funds from gaming activities shall be withdrawn or expended, except for payment of previously qualified expenses accrued prior to the revocation. All remaining funds in the permittee's bank account shall be paid for the dedicated purposes as stated on the permittee's application for which the permit was issued, subject to the department's approval. Failure to comply with these requirements may be cause for the department to initiate necessary legal action for compliance. (Eff. / / , Register)

Authority: AS 05.15.050
AS 05.15.060
as 05.15.128

12 AAC 34.180. INTEREST ON DELINQUENT FEES AND TAXES. Interest on any delinquent fee or tax shall be calculated from the time the respective fee or tax was due the department and shall be calculated in the same manner as under AS 43.05.225. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.095
AS 43.05.225

DRAFT

12 AAC 34.185. REQUEST FOR WAIVER OF PENALTY DUE TO REASONABLE CAUSE. A permittee or licensee may request the department to waive a penalty for reasonable cause. All requests for waiver of a penalty must be made in writing to the department and must state with specificity reasons constituting reasonable cause for the waiver.

(b) Past payment record of taxes, penalties and interest due the department will be considered in determining reasonable cause for waiver of a penalty. A record of prompt payment will be considered in the permittee's or licensee's favor. A poor record, or no record, will weigh against the possibility of waiver. A good-faith grievance of liability by the taxpayer does not affect a favorable payment record.

(c) A request for a waiver under this section will be reviewed on an individual basis and may be granted in whole or in part. The department may grant a total or partial waiver upon review of the good cause statement in the applicant's request.

(d) A waiver or partial waiver is effective only for the calendar year for which it is granted. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.095

12 AAC 34.187. NOTICE OF CIVIL OR CRIMINAL ACTIONS. (a) Each permittee, operator, distributor or manufacturer shall submit a report to the department in writing, of all civil or criminal actions filed by or against the permittee or licensee.

(b) The report required by this section shall consist of a complete copy of the original documents filed and shall be forwarded to the department within 30 days from the date of receipt of the notice of action filed.

(c) The permittee, operator, distributor or manufacturer shall notify the department of the final disposition of the case. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.130

DRAFT

12 AAC 34.190. PULL-TAB DISTRIBUTOR REPORT. (a) The report required by AS 05.15.183(d) must be on a form provided by the department or on a report in the same format as the form under this section and must include for each permittee in Alaska to which pull-tabs were sold or distributed, the

- (1) date distributed;
- (2) manufacturer of the pull-tab;
- (3) game number, name of the game and price per ticket;
- (4) serial number of each series;
- (5) ticket count of each series;
- (6) gross payout of each series;
- (7) ideal net of each series; and,
- (8) any other information the department may require.

(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.183

12 AAC 34.192. MANUFACTURER REPORT. (a) The report required by AS 05.15.181(e) shall be on a form provided by the department or on a report in the same format as the form provided by the department and must include all information requested by the department. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181

12 AAC 34.195. PERMITTEE QUARTERLY REPORT. (a) The quarterly report required by AS 05.15.080(a) must be on a form provided by the department and must include all information requested on the form. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.080

12 AAC 34.197. ANNUAL FINANCIAL STATEMENT. (a) Each permittee shall file an annual financial statement for the preceding year on a form provided by the department by March 15 of the following year. The annual financial statement shall include an accounting of gross receipts, prize awards, detailed expenses and net proceeds by activity. An additional fee of one percent of the net proceeds must be paid to the department along with the financial statement if the gross receipts from all activities were \$20,000 or more.

(b) If a permittee contracted with an operator to conduct all gaming activities, the permittee will report on the annual financial statement the total gross receipts from gaming activities and net proceeds received from the operator. If the permittee conducted gaming activities in addition to employing an operator, the permittee will report the activities conducted by the permittee on the annual financial statement along with the total net proceeds received from the operator. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.080
AS 05.15.130

DRAFT

12 AAC 34.198. EXTENSIONS. (a) Upon written request by one of the officers of the permittee or by the licensee, the department may, in its discretion, grant an extension of time to file a report or return required by AS 05.15 or this chapter.

(b) A request for extension of time for filing a report or return must be filed with the department by the due date of the report or return and must include a complete statement of reasons for the request for an extension. A copy of the approved extension must be filed with the report or return.

(c) An extension of time for filing a report or return does not extend the time for payment of the total amount of fees or taxes due. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.199. RETENTION OF RECORDS. All records and supporting documents pertaining to gaming activities authorized under AS 05.15 must be retained for at least three years following the close of the calendar year. (Eff. / / , Register)

Authority: AS 05.15.060

ARTICLE 3. BINGO

12 AAC 34.200. BINGO PARTICIPATION. (a) No person shall be allowed to participate in a bingo game for free or without first paying the permittee's or licensee's normal and usual charge to participate in any bingo game.

(b) No permittee or operator shall allow any person, whether compensated or not, who works or assists in the operation of any bingo game conducted by the permittee or operator, to play in any bingo game conducted by that permittee or operator.

(c) No worker, volunteer or operator shall participate as a player in any session in which they are a worker, volunteer, or operator. (Eff. / / , Register)

Authority: AS 05.15.060

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12 AAC 34.210. BINGO CARD SALES. (a) Each permittee shall establish an amount to be charged for each bingo card, set of cards or packets of cards prior to the start of sales for that game or session. All bingo cards shall be sold at the established price to all participants. No bingo card shall be given or provided to a participant for free or on credit.

(b) All sales of bingo cards shall take place upon the premises during or immediately preceding the session for which the card is being sold. Permittees or operators shall not allow any player or participant to carry over a chance to participate in another bingo session. For example, if a person purchases 10 cards for one bingo session but only uses seven cards, the person may not use the three remaining cards at any other session.

(c) Bingo cards shall normally be sold and paid for prior to the start of a specified game or specified number of games. Cards may be sold after the start of a game or number of games if the late sale does not allow any player an advantage over any other player.

(d) No permittee or operator shall reserve or allow to be reserved for sale, any bingo card for use by players except braille cards or other cards for use by legally blind or disabled players. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.220. INCOME RECEIPTING REQUIREMENTS. (a) All income from bingo games shall be receipted for by the permittee or operator by utilizing a cash register, ticket or bingo card receipting method as provided under this chapter. All income shall be receipted for at the time the income is received from each individual player. Income includes but is not limited to receipts for an opportunity to participate in bingo activities.

(b) A cash receipt shall be supplied by the permittee or operator to each player. The receipts shall be consecutively numbered tickets, consecutively numbered disposable bingo cards, or cash register receipts. Each individual player must possess a proper receipt for the number of cards being played in order to be awarded the prize for the game.

(c) Permittees or operators shall utilize the same method of income receipting for all income received for a bingo session. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.222. CASH REGISTER RECEIPTING. (a) If a cash register is used for receipting, a consecutively numbered receipt shall be given to the customer. The cash receipts given to the customer shall include at a minimum

- (1) name of the permittee, and operator if applicable, conducting the activity;
- (2) date of sale;
- (3) amount of money paid; and,
- (4) a consecutive customer receipt number.

(b) The cash register must have a consecutive four digit customer receipt number which does not return to zero at the conclusion of any period of use.

(c) The cash register must have sufficient keys to record separately each type of sale and shall provide a total for each type of sale recorded. Further, any cash register used must retain its transaction count between uses whether or not its power source is interrupted.

(d) All cash register receipts for voids, overrings, returns, no sales and any other related receipts must be retained with the daily bingo records. All transactions, customer receipt numbers, and control totals must be recorded on the tape retained in the cash register. The internal tape, showing these transactions and all other information entered in a cash internal control form prescribed and approved by the department, shall be retained with the daily records of the permittee or operator for a period of not less than three years.

(e) If the cash register is used by the permittee or operator for purposes other than recording the receipts from bingo, the internal cash register tapes from the other uses shall also be retained for not less than three years. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.225. TICKET RECEIPTING (a) If tickets are used for receipting, the following conditions must be met:

(1) All tickets on a roll must be preprinted by the manufacturer with a consecutive number prior to purchase;

(2) Each ticket on a roll shall represent the same specific amount of money and the amount of money represented by each ticket shall be clearly preprinted by the manufacturer on the face of the ticket;

(3) Once a roll of tickets has been started, tickets shall be issued consecutively off of that roll; and,

(4) A log shall be maintained, listing the date each roll of tickets is purchased or obtained by the permittee or operator, the color, the dollar value of the tickets, the beginning ticket number, and the number of tickets on that roll. All tickets received shall be entered in the log prior to the permittee or operator beginning the next bingo session. The individual who logs the entry shall initial the log at the time of entry; and

(b) The permittee or operator shall record in its daily records, the color, the value, the lowest numbered ticket and the highest numbered ticket issued as a receipt from each separate roll of tickets used. Tickets issued for each type of sale shall be recorded separately.

(c) Any ticket not issued as a receipt during a session that bears a number falling below the highest numbered ticket issued shall be retained by the permittee or operator as a part of its daily records. (Eff. / / .
Register)

Authority: AS 05.15.060

12 AAC 34.227. BINGO CARD RECEIPTING. (a) Disposable bingo cards may be used as the receipt required by 12 AAC 34.220, provided that

(1) each disposable card or sheet of cards sold represents a specific amount of money which has been paid to the permittee or operator;

(2) each disposable card or sheet of cards from the same series is consecutively issued and sold for the same price as each other disposable card or sheet of cards in the same series. Sets of cards used in player selection games which do not have a unique series number assigned shall be treated as one series. In addition, each different color of cards shall constitute a different series; and,

(3) a log is maintained, listing the date each set of disposable cards is purchased or obtained by the permittee or operator, the series number, the color, the number of cards per sheet, the beginning card or sheet number and the number of cards or sheets per set.

(b) Permittees and operators are prohibited from purchasing or utilizing cards for player selection games which have duplicate card or sheet numbers and are the same color, unless the set of cards has a unique series number assigned. All disposable cards or sheets received shall be entered in the log prior to the permittee or operator beginning the next bingo session. The individual who logs the entry shall initial the log at the time of entry.

(c) Each permittee or operator shall record in its daily records the series number, the color, the value, the beginning card or sheet number and the ending card or sheet number issued as a receipt for each separate set of disposable cards used. Disposable cards issued for each type of sale shall be recorded separately provided that, when more than one card sheet number appears on a sheet of cards issued, the lowest card or sheet number shall be used to determine the beginning number sold and the ending number sold. Each time the numbering of the sheets breaks in the series a separate entry shall be made in the records.

(d) Disposable cards or sheets of cards which were not issued as receipts during a session, that bear a number below the highest numbered card or sheet issued shall be retained by the permittee or operator as a part of its daily records. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.230. DISCLOSURE OF PRIZES AND RULES. (a) Each permittee or operator shall disclose to each participant prior to participating in the bingo activity, all rules by which prizes may be won, costs to participate, and all prizes to be awarded in connection with bingo games.

(b) Each permittee or operator shall conspicuously post or display upon the premises where the activity is conducted, the available prizes, or a list and a complete description of the prizes, together with the rules of the activity, an explanation of how each prize may be won, and the cost to participate in the activity.

(c) When a person is able to pay for an opportunity to participate in a bingo activity after the winner of any one of the prizes offered has been determined, the permittee or operator shall remove each prize won from any display of prizes, and from any list of prizes which have been posted or displayed upon the premises where the activity is conducted, immediately upon determination of the winner of that particular prize.

(d) Any advertisement or published information pertaining to bingo games must disclose the permittee, along with its permit number, for which the games are to be conducted, and the amount of prizes to be awarded for each session. No advertisement shall contain the amounts to be awarded under more than one permit as a combined amount.

(e) Any advertisement or published information pertaining to prizes to be awarded at bingo games must disclose if there are any contingencies which may result in changes to these prizes. In case of inclement weather, natural disaster, or other unforeseen emergency, bingo prizes and game format may be changed, provided a sign with any changes is conspicuously posted so that all participants are aware of any changes prior to paying for the opportunity to play. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.240. BINGO EQUIPMENT.

(a) Bingo equipment includes all equipment which is actually used, or made or sold for the purpose of use, in bingo games for which consideration is charged persons to play and in connection with which prizes are awarded. Unless otherwise specified, the term shall include, but not be limited to machines or other devices from which balls are withdrawn to determine the letters and numbers to be called, the balls themselves, bingo cards, and any other devices commonly used in the direct operation of the game.

(b) Bingo equipment used during the conduct of bingo must include the following requirements:

(1) A device which mixes and allows for random withdrawing of balls to determine the letters and numbers to be called. This device shall be constructed in a manner that

(A) will allow participants full view of the mixing action of the balls; and,

(B) the operation cannot be interrupted to change the random placement of balls at the exit receptacle of the device, except when the device is shut off as allowed by 12 AAC 34.250(16).

(2) A set of seventy-five balls bearing the numbers 1 through 75 and the letters "B", "I", "N", "G", and "O". The 75 balls shall be available for inspection by the players before a bingo session begins to determine that all are present and in operating condition.

(3) Each numbered ball shall be the same in size, weight, shape, balance and other characteristics so that at all times during a bingo operation each object possesses the capacity for equal opportunity of selection.

(c) Flashboards may be utilized to display numbers called. They must be visible to all players and clearly indicate all numbers that have been called. Malfunctions occurring during a bingo session need not be repaired during that session, but must be repaired before use for any other session.

(d) All bingo cards must be preprinted, manufactured cards and have twenty-five spaces, one of which may be a free space, arranged in five even columns headed with the letters "B", "I", "N", "G", and "O" respectively.

(e) Each set of disposable bingo cards must be consecutively numbered from the first card to the last card, or from the first sheet of cards to the last sheet of cards.

(f) Each card or sheet must have printed on its face both its individual card or sheet number, and the series number assigned by the manufacturer to that set of disposable cards. Cards used in player selection games may be exempted from having separate series numbers if

(1) the card or sheet numbering system has at least six digits and the numbering sequence for any set of cards of the same color does not repeat in less than 999,999 numbers; and

(2) the cards or sheet of cards of the same color with duplicate numbers, must not be purchased, maintained, and/or utilized on the bingo premises, prior to completing play of all similarly numbered and colored cards. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.245. LIMIT OF SESSIONS PER MONTH. No permittee or licensed operator shall hold, operate or conduct more than fourteen bingo sessions in any calendar month. No more than 35 games shall be conducted during any one session. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.250. MANNER OF CONDUCTING BINGO. Permittees and operators shall conduct bingo game operations in a manner which includes, but is not limited to the following:

(1) No permittee or operator shall engage in any act, practice, or course of operation as would operate as a fraud or act of deceit to affect the outcome of any bingo game.

(2) Legally blind players may use their personal braille cards when a permittee or operator does not provide such cards. The permittee or operator shall have the right to inspect, and to reject, any personal braille card. A legally blind or disabled person may use a braille card or reserved hard card in place of a disposable card.

(3) Prior to each bingo game, the amount of the prize shall be audibly announced and clearly displayed to the players.

(4) Prior to each bingo game, the particular arrangement of numbers required to be covered in order to win shall be clearly displayed in a model and audibly announced to the players.

(5) No bingo game shall be conducted to include a prize determined other than by the matching of letters and numbers on a bingo card with letters and numbers called by the permittee or operator, in equal competition among all players in a bingo game.

(6) If duplicate hard cards are in play, the permittee or operator shall conspicuously post that fact or notify all players.

(7) No two or more sets of disposable cards can be used at the same time if they have identical series numbers.

(8) No number shall be given free to players in any bingo game other than the center space designated the "free" space.

(9) Immediately following the drawing of each ball in a bingo game, the caller shall display the letter and number on the ball to the participants.

(10) The letter and number on the ball shall be called out prior to the drawing of any other balls.

(11) Once removed, no ball shall be returned to the receptacle until after the conclusion of the game.

(12) After the letter and number is called, the corresponding letter and number on the permittee's or operator's flashboard shall be lit for participant viewing.

(13) Bingo shall be called by the participant immediately after the call of the winning number. If a bingo is overlooked, the subsequent number or numbers shall be declared the winner.

(14) A winner is determined when a specified pattern of called numbers appears on a card.

(15) Immediately upon a player declaring a winning combination of letters and numbers, the winning card shall be verified by a game employee and at least one neutral player. A neutral player is another player who is not a direct relative of the player or does not have a prohibited financial interest with any person responsible for conducting the gaming activity.

(16) Upon a bingo player declaring a winning bingo, the next ball out of the machine shall be removed from the machine prior to shutting the machine off and shall be the next number called in the event the declared winning bingo is not valid.

(17) After a winning bingo is declared valid, the respective prize shall be awarded.

(18) All prizes shall be awarded by the end of the respective session. All merchandise offered as prizes to bingo players shall have been paid in full without lien or interest of others, prior to the merchandise being offered as a prize. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.255. PRIZE PAYOUT LIMITATION. (a) The prize payout for bingo activities under any permit shall not exceed 85% of the gross receipts from bingo activities during any one calendar quarter. Prize payouts shall be separately calculated for each permittee on a calendar quarter basis and shall be calculated based on gross receipts and prizes relating to bingo activities only. For example, for the calendar quarter ending March 31, "Permittee A" has gross receipts of \$20,000 and \$30,000 from bingo and pull-tab activities respectively. During that quarter, "Permittee A" awarded prizes of \$17,200 and \$21,800 from bingo and pull-tab activities respectively. "Permittee A's" prize payout for the quarter for bingo equals 86% (\$17,200 divided by \$20,000) which exceeds the prize payout limitation of 80% even though the prize payout for all activities does not exceed the prize payout limitation (78% or \$39,000 divided by \$50,000).

(b) For purposes of this section, prize payout is defined as the amount of prizes awarded as a percentage of gross receipts of bingo activities by permit.

(c) For purposes of this section, bingo activities do not include the sale of ink refills, daubers, food, beverages or other items not directly connected to the opportunity to play bingo. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.260. BINGO PRIZE RECEIPTING REQUIREMENTS. (a) All prizes awarded during bingo activities shall be receipted for at the time the prize is distributed to each individual winner.

(b) Receipts for prizes shall be consecutively numbered which shall have at least a four digit consecutive number, printed prior to purchase. Each receipt for prizes shall contain the

- (1) name of the permittee, and operator if applicable;
- (2) date;
- (3) game number;
- (4) true name and address of the winner of the prize;
- (5) description of the prize won and the permittee's or operator's cost of that prize; and,
- (6) signature of the prize winner.

(c) Prize receipts bearing a number below the highest number issued shall be voided and retained with the permittee's or operator's daily records.

(d) Each permittee or operator shall be responsible that the prize winner is accurately identified upon the receipt of the prize and require such proof if identification is necessary to establish the winner's identity. Each permittee or operator shall not pay out any prize until the winner has furnished all information required by this subsection.

(e) The original of each prize receipt shall be given to the winner and a duplicate copy shall be retained by the permittee and operator as a part of its records for a period of not less than three years. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.270. BINGO PRIZE LIMITS. (a) In any one game of bingo, no prize award, whether cash or merchandise shall exceed \$1,000. In any one session of bingo, the total value of prizes awarded, whether cash or merchandise shall not exceed \$5,000.

(b) The value of any single door prize may not exceed \$1,000 and the total value of door prizes awarded during any one session of bingo may not exceed \$5,000.

(c) If a permittee contracts with a licensed operator at any time, the total amount which may be awarded under the permit shall be a maximum of \$840,000 in a calendar year. If a permittee contracts with a licensed operator and the total amount of prizes awarded under the permit for bingo activities exceeds \$840,000 at the time the contract is executed, the permittee or operator may not award any prizes for the remainder of the calendar year. For example, "Permittee A" has awarded \$800,000 in prizes for bingo activities at the time it contracts with a licensed operator. "Permittee A" may only award \$40,000 more in prizes for bingo activities for the remainder of the calendar year under its permit.

(d) If an organization obtains a permit as a result of a consolidation of permittees, the total of the amount of prizes awarded under each consolidating permittee shall be considered the total amount of prizes awarded by the consolidated organization at the time of consolidation.

(e) The amount of prizes awarded under a permit issued to a consolidated organization shall not exceed the prize limitation for one permit less the sum of the total amount of prizes awarded under each permit which comprises the consolidated organization at the time of consolidation. For example, "Permittee A" and "Permittee B" consolidated to form one organization and obtained a permit for the consolidated organization by the department. At the time of consolidation "Permittee A" had awarded \$600,000 and "Permittee B" had awarded \$200,000 in prizes for bingo activities under their respective individual permits. The maximum amount which may be awarded for bingo activities under the consolidated organization's permit for the remainder of the calendar year is \$40,000 (\$840,000 prize limitation less the total of \$600,000 and \$200,000). (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.275. NO FREE GAMES AS PRIZES. No free cards, or any opportunity to participate in a bingo game, shall be awarded or given to a person as a prize for, or conditioned upon, winning a bingo game or games. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.280. MORE THAN ONE WINNER. When more than one participant is determined to be the winner on the call of the same number in the same bingo game, the prize award shall be divided equally. The sum of each winner's prize award shall not exceed \$1,000. Each winner shall sign a receipt for the corresponding prize in the same manner as 15 AAC 105.260. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.285. EMPLOYEE IDENTIFICATION TAGS. (a) Each employee of a licensed permittee or operator, including the operator and all managerial or supervisory staff shall wear an identification tag at all times while working on the employer's premises.

(b) The identification tag shall be a minimum of 3" x 2" and shall display the employee's name, the name of the municipality or qualified organization, the operator and the establishment. All information on the identification tag shall be clear and easily visible to the players in the gaming activity.

(c) The tag shall be furnished to the employee by the licensed permittee or operator, who shall be equally responsible with the employee to ensure the identification tag is displayed as required by this section. (Eff. / / , Register)

Authority: AS 05.15.060

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PROFESSIONAL AND
VOCATIONAL REGULATIONS

12 AAC 34.290

12 AAC 34.290

12 AAC 34.290. FREE FOOD AND BEVERAGES PROHIBITED. At no time shall food or beverages be given or provided to any participant or any person on the premises where bingo activities are conducted, for free or for a consideration which is less than the current normal and usual retail price. (Eff. / / , Register)

Authority: AS 05.15.060

ARTICLE 4. PULL-TABS

12 AAC 34.300. PULL-TAB DEFINITION. (a) In AS 05.15.210(27) a "card" means a single folded or banded ticket, set of single folded or banded tickets, or a card, the face of which is initially covered or otherwise hidden from view to conceal a number, symbol or set of symbols, a few of which numbers or symbols have been designated in advance and at random as prize winners, when, for the opportunity to obtain each such folded or banded ticket or card, view the numbers or symbols thereon and possibly obtain a prize winning pull-tab, a person pays some consideration. Pull-tab games include pull-tab cards which confer an additional right to the purchaser to participate in a lottery for additional prizes.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187
AS 05.15.210

12 AAC 34.310. PULL-TAB PARTICIPATION. (a) No person shall be allowed to participate as a player in any series from which that person sold pull-tabs to other players.

(b) No person visibly intoxicated or visibly under the influence of any drug, shall be allowed to purchase, play or sell any pull-tabs. It shall be the responsibility of the person selling the pull-tabs to determine whether a person is allowed to purchase or play pull-tabs.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.320. SALES OF PULL-TABS BY PERMITTEES OR OPERATORS. (a) The charge for each pull-tab ticket shall not exceed \$2. Each pull-tab must be sold for the ticket price as specified by the manufacturer of the series.

(b) No pull-tabs shall be sold on credit or provided for free at any time.

(c) No permittee or operator shall sell or display any pull-tab which may have in any manner been marked, defaced, tampered with or otherwise placed in a condition, or sold in a manner which may deceive the public or which affects the chances of winning or losing upon the taking of any chance thereon. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.330. CONDUCT OF PULL-TAB GAMES.

All pull-tab games shall be conducted as follows:

(1) No pull-tab series shall be placed out for public play unless the cost to the player for each pull-tab is clearly posted.

(2) No permittee or operator shall place any pull-tab series for public play unless the total number of pull-tabs originally in the series is clearly disclosed on the face of the flare advertising the prizes available from that series of pull-tabs. The total number of pull-tabs originally in the series must be placed upon the flare by the manufacturer prior to the series being sold to a distributor.

(3) Once placed out for public play, a pull-tab series flare may not be modified or otherwise changed.

(4) Within twenty-four hours after a winning pull-tab equal to or in excess of fifty dollars has been presented for payment, each permittee or operator shall deface, mark or perforate the winning pull-tab in such a manner that the pull-tab cannot be presented again for payment.

(5) No pull-tab series shall be mixed, combined or switched with another permit.

(6) No person may disclose the status of any pull-tab series from which the person sold pull-tabs. The status of a pull-tab series includes but is not limited to the number of pull-tabs sold out of the series, the number of winners paid and the amount of winnings paid out in the series. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.340. PULL-TAB PRIZE AWARDS.

(a) Pull-tab prizes equal to or in excess of fifty dollars shall be paid in cash or by check only. A pull-tab for which the winning amount is less than \$50 may be traded for other pull-tabs in lieu of receiving payment of the prize in cash or by check.

(b) When any person wins a prize equal to or in excess of fifty dollars, the permittee or operator shall record the winning on a form prescribed by the department and shall disclose the

(1) true name of the corresponding winner;

(2) series number of the pull-tab series from which the prize was won;

(3) month, day and year of the winning;

(4) amount of the prize winning;

(5) printed full name of the winner; and,

(6) full current address of the winner which will include the applicable street, city and state address.

(c) For each pull-tab with winnings of \$50 or more, each permittee or the operator shall be responsible to determine the identity of the winner and require the winner to sign his or her name in ink on the winning pull-tab being presented for payment. The permittee or operator shall not pay out any prize unless and until the winner has fully and accurately furnished to the permittee or operator all information required by this section.

(e) Except as provided in 12 AAC 34.340(a), a winning pull-tab may be traded for other pull-tabs, but must be accounted for in the same manner as a cash sale when preparing financial reports required by the department.

(f) No one under 19 years of age may redeem a winning pull-tab.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.350. ACCOUNTING FOR PULL-TABS. (a) Each permittee or operator shall account for actual sales and prizes paid for each pull-tab series on a daily basis.

(b) All pull-tabs for which prizes have been claimed, shall be retained by the permittee or operator for a period of one year.

(c) Each permittee or operator shall maintain a log of the date each pull-tab series was put into play and the last day of sales for the respective pull-tab series. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.080

12 AAC 34.360. GENERAL PROHIBITIONS AND RULES. (a) No permittee, operator, distributor, manufacturer, or representative thereof, with knowledge or in circumstances that reasonably should be known, shall possess, display, put out for play, sell or otherwise furnish to any person any pull-tab series or pull-tab from any series which

- (1) winning tabs have not been evenly distributed and mixed among all other tabs in the series; or
- (2) the location, or approximate location, of any of the winning tabs can be determined in advance of opening the tabs in any manner or by any device, including but not limited to, any pattern in the manufacture, assembly or packaging of the tabs by the manufacturer, by any markings on the tabs or container, or by the use of a light; or
- (3) does not conform in any other respect to the requirements of the rules as to manufacture, assembly, or packaging of pull-tabs.

(b) No manufacturer or distributor or representative thereof shall use as a sales promotion any statement, demonstration or implication that any certain portion of a series of pull-tabs contains more winners than other portions of the series or that any series of pull-tabs may be sold by the permittee or operator in a particular manner that would give the permittee or operator any advantage in selling more of the pull-tabs before having to pay out winners.

(c) Each pull-tab manufacturer shall assign a series number to each series of pull-tabs manufactured, and place that series number on each pull-tab in that series. A manufacturer may, in addition, assign a color trim to that series and if so, each pull-tab in the series shall also reflect that color trim.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

(e) Except as provided in 12 AAC 34.340(a), a winning pull-tab may be traded for other pull-tabs, but must be accounted for in the same manner as a cash sale when preparing financial reports required by the department.

(f) No one under 19 years of age may redeem a winning pull-tab.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.350. ACCOUNTING FOR PULL-TABS. (a) Each permittee or operator shall account for actual sales and prizes paid for each pull-tab series on a daily basis.

(b) All pull-tabs for which prizes have been claimed, shall be retained by the permittee or operator for a period of one year.

(c) Each permittee or operator shall maintain a log of the date each pull-tab series was put into play and the last day of sales for the respective pull-tab series. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.080

12 AAC 34.360. GENERAL PROHIBITIONS AND RULES. (a) No permittee, operator, distributor, manufacturer, or representative thereof, with knowledge or in circumstances that reasonably should be known, shall possess, display, put out for play, sell or otherwise furnish to any person any pull-tab series or pull-tab from any series which

- (1) winning tabs have not been evenly distributed and mixed among all other tabs in the series; or
- (2) the location, or approximate location, of any of the winning tabs can be determined in advance of opening the tabs in any manner or by any device, including but not limited to, any pattern in the manufacture, assembly or packaging of the tabs by the manufacturer, by any markings on the tabs or container, or by the use of a light; or
- (3) does not conform in any other respect to the requirements of the rules as to manufacture, assembly, or packaging of pull-tabs.

(b) No manufacturer or distributor or representative thereof shall use as a sales promotion any statement, demonstration or implication that any certain portion of a series of pull-tabs contains more winners than other portions of the series or that any series of pull-tabs may be sold by the permittee or operator in a particular manner that would give the permittee or operator any advantage in selling more of the pull-tabs before having to pay out winners.

(c) Each pull-tab manufacturer shall assign a series number to each series of pull-tabs manufactured, and place that series number on each pull-tab in that series. A manufacturer may, in addition, assign a color trim to that series and if so, each pull-tab in the series shall also reflect that color trim.

12 AAC 34.330. CONDUCT OF PULL-TAB GAMES. All pull-tab games shall be conducted as follows:

(1) No pull-tab series shall be placed out for public play unless the cost to the player for each pull-tab is clearly posted.

(2) No permittee or operator shall place any pull-tab series for public play unless the total number of pull-tabs originally in the series is clearly disclosed on the face of the flare advertising the prizes available from that series of pull-tabs. The total number of pull-tabs originally in the series must be placed upon the flare by the manufacturer prior to the series being sold to a distributor.

(3) Once placed out for public play, a pull-tab series flare may not be modified or otherwise changed.

(4) Within twenty-four hours after a winning pull-tab equal to or in excess of fifty dollars has been presented for payment, each permittee or operator shall deface, mark or perforate the winning pull-tab in such a manner that the pull-tab cannot be presented again for payment.

(5) No pull-tab series shall be mixed, combined or switched with another permit.

(6) No person may disclose the status of any pull-tab series from which the person sold pull-tabs. The status of a pull-tab series includes but is not limited to the number of pull-tabs sold out of the series, the number of winners paid and the amount of winnings paid out in the series. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.340. PULL-TAB PRIZE AWARDS. (a) Pull-tab prizes equal to or in excess of fifty dollars shall be paid in cash or by check only. A pull-tab for which the winning amount is less than \$50 may be traded for other pull-tabs in lieu of receiving payment of the prize in cash or by check.

(b) When any person wins a prize equal to or in excess of fifty dollars, the permittee or operator shall record the winning on a form prescribed by the department and shall disclose the

(1) true name of the corresponding winner;

(2) series number of the pull-tab series from which the prize was won;

(3) month, day and year of the winning;

(4) amount of the prize winning;

(5) printed full name of the winner; and,

(6) full current address of the winner which will include the applicable street, city and state address.

(c) For each pull-tab with winnings of \$50 or more, each permittee or the operator shall be responsible to determine the identity of the winner and require the winner to sign his or her name in ink on the winning pull-tab being presented for payment. The permittee or operator shall not pay out any prize unless and until the winner has fully and accurately furnished to the permittee or operator all information required by this section.

(d) No manufacturer, distributor or representative thereof shall sell or furnish to any permittee or operator a series of pull-tabs with the same series number and color code combination as a series which that permittee or operator has previously purchased or obtained upon which play has not been completed.

(e) No permittee or operator shall at any time, obtain, possess, or allow upon any premises, a series of pull-tabs, or portion thereof, with the same series number, or series number of color code combination, as any other series of pull-tabs or portion thereof in his possession or on any premises.

(f) No manufacturer, distributor or representative thereof, shall sell or otherwise make available to any distributor, permittee or operator, any pull-tabs unless it has first determined that such a person has a valid and current license or permit issued by the Department to sell or otherwise distribute such pull-tabs within this state, or to operate such activity.

(g) No permittee or operator shall transfer pull-tabs to another permittee or operator.

(h) No mechanical or electronic device may be used to dispense or sell pull-tabs or select the symbols or numbers used to determine the winners of a pull-tab game. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.185
AS 05.15.187

12 AAC 34.362. MIXING OR COMBINING PULL-TABS. Pull-tabs may be mixed combined with a different series only when 10 percent or less of a series remains unsold. The pull-tabs being mixed or combined with another series under the provisions of this section must be mixed or combined with a series which is the same game and has the same price and prize structure. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.185
AS 05.15.187

12 AAC 34.365. WITHDRAWAL OF PULL-TAB SERIES. (a) A pull-tab series may not be withdrawn from sale unless all pull-tabs in the series are sold except when one of the following conditions exist:

(1) The limitation for prizes to be awarded under a permit has been reached during the calendar year. The pull-tab series must be placed out for sale immediately following the time the permittee is authorized to conduct pull-tab activities for the next calendar year.

(2) The permit under which the pull-tab series is being sold is denied, suspended or revoked. The pull-tab series must be placed out for sale immediately following the time when a permit is issued or the permittee is authorized to resume pull-tab activities.

(3) During the course of operations, an operator temporarily discontinues the use of a permit to allow for rotation of permits as required under 12 AAC 34.740. The pull-tabs must be placed out for sale immediately following the time when use of the permit is resumed by the operator.

(4) A permittee discontinues employment of an operator. All pull-tabs must be inventoried and returned to the respective authorizing permittees immediately following the effective date the permittee discontinues employment with the operator. The pull-tab series must be placed out for sale immediately following the time the permittee begins conducting its own pull-tab activities or immediately following the time when the permittee contracts with another operator to conduct pull-tab activities.

(5) Pull-tabs are lost, stolen, or damaged as a result of a natural disaster such as fire or flood as long as such circumstances are documented in writing and submitted to the department within ten days of the incidence.

(6) A permittee intends to discontinue conducting pull-tab activities altogether. The permittee shall immediately destroy all remaining pull-tabs from series which are in play at the time.

(b) If a pull-tab series is withdrawn, the permittee or operator shall retain all of the remaining pull-tabs along with winning pull-tabs. Pull-tabs may be disposed of only after the department has approved that the pull-tabs may be permanently withdrawn from play. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.180
AS 05.15.187

12 AAC 34.370. PURCHASE OF PULL-TABS BY LICENSED DISTRIBUTORS. All licensed pull-tab distributors shall directly order, purchase, and acquire or otherwise receive pull-tabs from department approved pull-tab manufacturers only. Under no circumstances shall a pull-tab distributor order, purchase, and acquire or otherwise receive pull-tabs from a distributor, person or entity located outside of the state or a manufacturer which has not been approved by NAFTM or the department. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181
AS 05.15.183

12 AAC 34.372. SALES OF PULL-TABS BY LICENSED DISTRIBUTORS. All sales of pull-tab series by licensed pull-tab distributors shall be supported by a written invoice which shall include at a minimum, the

- (1) name and permit number of the permittee purchasing the pull-tabs along with the expiration date of the permit;
- (2) name and license number of the operator, if applicable, purchasing pull-tabs on behalf of a permittee along with the expiration date of the license;
- (3) date of sale
- (4) name, series number and form number of the pull-tab series being sold;
- (5) amount of the charge for each series; and,
- (6) amount of pull-tab tax for each series. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181
AS 05.15.183

12 AAC 34.375. PULL-TAB TAX. (a) All permittees or operators conducting gaming activities on behalf of permittees must pay a pull-tab tax of 3 percent of the ideal net to the pull-tab distributor at the time the pull-tab series are distributed to the permittee or operator. All licensed pull-tab distributors who distribute or sell pull-tabs within the state of Alaska shall collect the pull-tab tax of 3 percent of an amount equal to the ideal net of the pull-tab series. The tax shall be paid, whether actually collected or not, at the time of filing the monthly report required under (c) of this section.

(b) In (a) of this section, "ideal net" means the total amount of receipts that would be received if every individual pull-tab ticket in the series was sold at its face value less the total predetermined prize amounts available to be paid out in the series exclusive of any additional prize for the last pull-tab sold.

(c) The monthly report required under AS 05.15.183(d) by each pull-tab distributor must be on a form provided by the department.
(Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.184
AS 05.15.183 AS 05.15.185

12 AAC 34.380. COMPENSATION FOR SELLING PULL-TABS. No more than 5% of the gross receipts for each pull-tab series shall be paid to any person, persons, entity or combination thereof who provides or sells pull-tabs on behalf of a permittee or operator in a business or establishment where any goods or services are normally sold, or expected to be sold for profit. For example, employees of a restaurant sold a pull-tab series directly on behalf of a permittee and gross receipts from the sales of the series was \$3,000. The permittee shall pay no more than \$150, or 5% of the gross receipts, in total to any one employee, employees, the restaurant or combination thereof.

(b) No payment shall be paid to any person, persons, entity or combination thereof who provides or sells pull-tabs on behalf of a permittee or operator in a business or establishment where any goods or services are normally sold, or expected to be sold for profit unless the complete series is originally put into play and all pull-tabs are continuously sold and the pull-tab series is sold out by that business or establishment. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.187

12 AAC 34.385. PULL-TAB INSPECTIONS. (a) In addition to inspections under 12 AAC 34.135, the department may select any partial or complete pull-tab series, whether held by a permittee or operator, and examine the quality and integrity of the pull-tab series in any manner.

(b) If no violation is discovered, the department shall reimburse the permittee for the cost of the pull-tab series and the series shall become the property of the department.

(c) If any violation is discovered, the series shall become the property of the department and all fees to cover the cost of the pull-tab inspection services may be assessed by the department against the permittee. The cost of the inspection as provided for under this section shall be an expense of the permittee or operator which shall not be charged against any gaming activities. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.070
AS 05.15.170

12 AAC 34.390. PULL-TAB DISTRIBUTION RESTRICTION BY MANUFACTURER.

Pull-tab manufacturers shall only distribute those pull-tabs which itself has designed, constructed, assembled and packaged. A pull-tab manufacturer shall not distribute pull-tabs which it purchased from another pull-tab manufacturer to any person or distributor in Alaska. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181
AS 05.15.185

12 AAC 34.395. STANDARDS FOR CONSTRUCTION OF PULL-TABS. (a) Pull-tabs shall be constructed so that it is impossible to determine the covered or concealed number, symbol, set of symbols, or game protection on the pull-tab by any method or device, including but not limited to, the use of a marking, variance in size, variance in paper fiber, or light.

(b) All pull-tabs must be constructed using at least a two ply paper stock construction.

(c) Each pull-tab manufacturer shall conspicuously print on the face or cover sheet, the series number and the name of the manufacturer or label or trademark identifying the manufacturer.

(d) The cover sheet shall be color coded when individual series numbers are repeated and must show the consumer how to open the pull-tab to determine the winning symbols or numbers. The cover sheet will contain perforated and/or clean-cut openings centered over the symbols or numbers on the back of the face sheet in such a manner as to allow easy opening by the consumer after purchase of the pull-tabs, while at the same time, not permitting pull-tabs to be opened prematurely in normal handling. Perforation should exist on both horizontal lines of the opening with either perforated or clean-cut on the vertical or elliptical line where the tab must be grasped for opening after bending the edge of ticket down.

(e) Pull-tabs must be glued or sealed so that it is impossible to determine the covered or concealed numbers, symbol or set of symbols on the pull-tab until it has been dispensed to and opened by the player.

(f) All pull-tabs within a single pull-tab series must be of the same thickness.

(g) All pull-tabs within a single pull-tab series must be uniform in length or width and not vary by more than 3/64 inch, provided that in no case shall winning pull-tabs be identifiable by visible variation in dimension.

(h) All pull-tabs must be constructed to ensure that, when offered for sale to the public, the pull-tab is virtually opaque and free of security defects wherein winning pull-tabs cannot be determined prior to being opened through the use of high intensity lights or any other method.

(i) Each manufacturer shall establish his own game protection for each pull-tab game or series of games. The game protection shall be a method of identifying winning pull-tabs, after they have been purchased and opened, from nonwinning, altered or forged pull-tabs. The manufacturer may use special numbers, colors, designs, ink or any combination to establish the game protection. Pull-tab manufacturers shall submit to the Department a letter explaining the game protection and shall keep the Department informed of any changes. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181
AS 05.15.185

12 AAC 34.397. PULL-TAB SERIES ASSEMBLY AND PACKAGING. (a) Pull-tab manufacturers shall manufacture, assemble, and package each pull-tab series in such a manner that none of the winning pull-tabs, nor the location or approximate location of any of the winning pull-tabs can be determined, in advance of opening the pull-tabs in any manner or by any device, including but not limited to any pattern in manufacture, assembly, packaging, markings, or by the use of a light.

(b) Winning pull-tabs shall be evenly distributed and mixed among all other pull-tabs in the series. The series shall be assembled and packaged with care so as to eliminate any pattern between series, or portions of series, from which the location or approximate location of any of the winning pull-tabs may be determined.

(c) When the series contains more than one package, box or other container, the entire series of individual pull-tabs shall be mixed in such a manner that no person can determine the position or approximate location of any of the winning pull-tabs or determine whether any one package or portion of a series contains a larger or smaller percentage of winning pull-tabs than the balance of the series. The packages, boxes or other containers shall not be numbered as to distinguish one from the other.

(d) Each series of pull-tabs shall contain a packing slip placed inside the package containing the name of manufacturer, series number, date the series was packaged, and the name or identification of the person who packaged the series; provided, that this information may be printed on the back of the flare or the outside of at least one of the packages, boxes or containers in which the pull-tabs are packed.

(e) Each pull-tab series shall contain on the outside of each box or container, in a manner which can be easily identifiable, the name of manufacturer, series number, name of the pull-tab game. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.181
AS 05.15.185

ARTICLE 5. RAFFLES

12 AAC 34.400. RAFFLE TICKET REQUIREMENT. (a) All tickets for use in any raffle shall be consecutively numbered and have a detachable stub for purposes of the drawing at the conclusion of ticket sales. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.410. DISCLOSURE OF RULES AND PRIZES. (a) All rules by which such prizes may be won, including all costs to a participant, and all prizes available, whether cash or merchandise, shall be disclosed to each participant prior to conducting the raffle drawing. This information shall be printed upon each ticket sold, or shall be otherwise provided in writing to each purchaser at the time of sale.

(b) In addition to the information required in this section, each ticket must include, but not be limited to, date and time of drawing, location of drawing, the cost of the ticket, name of organization conducting the raffle and the current year permit number as issued by the department. If the raffle is being conducted by an operator on behalf of an authorizing permittee, then the operator's name and license number shall also be printed on the ticket.

(c) The detachable stub must contain the permit number, and adequate space for the purchaser to list their name, mailing address and telephone number. If the raffle is being conducted by an operator on behalf of an authorizing permittee, then the operator license number shall also be printed on the detachable stub. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.420. RAFFLE TICKET SALES. (a) All raffle tickets for each raffle drawing must be sold for the same price. No free tickets, or any opportunity to participate in the drawing of any raffle, shall be awarded or given to any person as a prize, or a reward for selling raffle tickets or for purchasing a certain number of raffle tickets.

(b) No person shall be required to obtain more than one ticket or to pay for anything other than the ticket, in order to enter the raffle. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.440. MANNER OF CONDUCTING RAFFLES. All raffles must be conducted as follows:

- (a) Before conducting a drawing in connection with any raffle, each ticket seller shall return to the permittee or operator the detachable stubs of all tickets sold. The permittee or operator shall then place the detachable stub of each ticket sold into a receptacle out of which the winning ticket stubs are to be drawn. Such receptacle shall be designed so that each ticket stub placed in it has an equal opportunity with every other ticket stub to be withdrawn.
- (b) The permit or a copy of the permit as well as the license issued to the operator, if applicable, shall be conspicuously posted and displayed at all times during the occasion when a drawing is being conducted.
- (c) The actual drawing and preparation for the drawing shall be clearly visible to those in attendance.
- (d) Each raffle winner shall be determined and every prize indicated on the ticket shall be awarded at the conclusion of the drawing at the time and place stated.
- (e) Cash prize awards equal to or in excess of fifty dollars shall be receipted for by the permittee or operator. As a condition to receiving the cash prize, the winner shall sign their name and provide any information required on a form prescribed by the department.
- (f) Every reasonable effort shall be made by the permittee or operator to award prizes to the winners. If, after 30 days, any raffle prize is not claimed, ownership of that prize shall revert to the permittee. The permittee or operator shall then conduct a subsequent drawing from the nonwinning raffle tickets to determine another winner or winners.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.130

12 AAC 34.460. CONDITION OF WINNER PRESENT. If a contestant is required to be present at a raffle drawing in order to be eligible for a prize, then this condition must be stated conspicuously on each raffle ticket and on all promotional material concerning the raffle. When the participant is not required to be present at the drawing, the ticket stub or other detachable section of the ticket shall contain the purchaser's name, complete address, and telephone number. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.130

12 AAC 34.480. OWNERSHIP OF PRIZES AWARDED. All personal or real property to be awarded as prizes at a raffle drawing shall be owned by the permittee or operator free of any lien or interests of others prior to the time the respective raffle drawing commences. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.130

12 AAC 34.490. RECORDKEEPING REQUIREMENTS FOR RAFFLES. (a) For each raffle, the permittee or operator shall keep a record of the following:

- (1) Number of tickets printed for each raffle;
- (2) Number of tickets sold for each raffle;
- (3) Number of tickets unsold for each raffle;
- (4) Price charged for each raffle ticket for each raffle;
- (5) Prizes available to be won for each raffle;
- (6) Date and location of each raffle drawing;
- (7) Prizes claimed for each raffle;
- (8) The name, address and telephone number of each prize winner and the prize won; and,
- (9) Disposition of any unclaimed prizes;

(b) Records shall be retained for a period of three years from the date of the raffle drawing (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.130

ARTICLE 6. (Reserved)

ARTICLE 7. OTHER GAMES OF CHANCE AND SKILL

12 AAC 34.600. MONTE CARLO ACTIVITIES DEFINED. (a) Monte Carlo activities for purposes of this chapter involve those activities restricted to the use of playing cards, dice, or numbers wheels whereby cash prizes are not permitted to be awarded.

(b) Cash prizes include, but are not limited to legal tender of the United States of America, any foreign currency or coinage, gold, silver, or other negotiable instruments such as a cashier's check, certified check, money order, stock, bond, negotiable security and gift certificates redeemable for cash or merchandise. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.180

12 AAC 34.610. MONTE CARLO EVENTS RESTRICTION. (a) During one calendar year, Monte Carlo events shall be restricted to no more than three single-day events, or no more than one two-day event and one single-day event, or no more than a three-day event are permitted. A "day" for the purpose of the section, is defined as any consecutive 24-hour period.

(b) For the purposes of computing and applying limitations upon the number of events during a calendar year, a Monte Carlo event which includes any part of December 31 and continues past midnight into the new calendar year, shall be treated as if each hour of the event had been held solely in the calendar year designated upon the permit application submitted to the department. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.180

12 AAC 34.620. MONTE CARLO HOUSE RULES. (a) Prior to conducting a Monte Carlo event, each permittee or operator shall develop a set of house rules which will govern the type, scope and manner of Monte Carlo activities to be conducted.

(b) At a minimum, the house rules shall establish the maximum amount of wagers which may be placed by persons participating in the activities, and a provision that prohibits any persons involved in the management or operation of the Monte Carlo event from being given or awarded, or to receive anything of value.

(c) At all times during the Monte Carlo event, a copy of the rules and Monte Carlo permit shall be posted conspicuously on the premises where the Monte Carlo activities are being conducted. A copy of the Monte Carlo permit shall be made available, upon request, to any representative of the department. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 15.15.180

12 AAC 34.625, CONDUCT OF MONTE CARLO ACTIVITIES. Permittees and operators shall conduct Monte Carlo activities in a manner which includes the following:

(1) No permittee or operator shall permit as a part of Monte Carlo activities, any gambling activity which involves a wagering of money or other items of value by one participant against another participant.

(2) Only money substitutes are allowed for use during actual play. For the purpose of this section "money substitutes" are chips, markers, tokens, or legal facsimilies of actual currency or coinage.

(3) All chips, script or similar items, used as a substitute for money at a Monte Carlo activity shall be issued only during and at the activity itself. No such chips, script, or similar items shall be redeemed by any permittee or operator at any time after the activity is concluded.

(4) In no event shall coin-operated devices, or any other mechanical gambling device activated by insertion of a coin or other object be utilized at or in connection with the conduct of Monte Carlo activities.

(5) Each permittee or operator conducting Monte Carlo activities shall prepare and have available on the premises a list of any person taking part in the management or operation of the activity. Such list shall contain the name, address, telephone number and a description of the type of membership in the organization of each person. The list shall be maintained as part of the permittee's or operator's records of the event and shall be made available to any representative of the department.

(6) Each permittee or operator conducting Monte Carlo activities shall furnish to each person participating in the management or operation of the event an identification tag which at minimum shall contain that person's name and designation with the permittee or operator. The permittee or operator shall be responsible to insure that persons wear this tag at all times when the person is working at the Monte Carlo event. The tag shall be worn so as to be easily seen and read by persons participating in the activity.

(7) No person visibly intoxicated or under the influence of any drug or substance shall be allowed to participate in the operation or management, or participate as a player at any Monte Carlo event. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.180

12 AAC 34.630. MANNER OF CONDUCTING CARD GAMES. (a) The game of "21" (blackjack) shall be played in conformance with the following:

(1) Cards shall be dealt from a dealing shoe. The deal shall begin with the shoe containing four full decks of cards and proceeds until, in the dealer's judgment, the cards should be reshuffled or the cards withdrawn for examination and/or replaced. The shoe shall then be refilled with four decks of cards and the process repeated.

(2) All cards shall be dealt to the players face-up.

(3) Players shall not remove or pick up cards from the table and will not "shuffle" or "cut" the cards.

(4) Only "standard size" playing cards shall be used.

(5) Cards may be shuffled using a device, apparatus, or mechanism. No device, apparatus, mechanism or thing which may give a participant in a card game an advantage over any other participant in that game may be used by any permittee or operator. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.180

12 AAC 34.635. CHANGE IN MONTE CARLO EVENTS. (a) Before a permittee or operator cancels or changes the time, date, and/or location of a Monte Carlo event, the permittee or operator shall:

(1) notify the department in writing and the appropriate law enforcement agency immediately when the Monte Carlo event is determined to be cancelled.

(2) notify the department in writing at least ten calendar days in advance of any change in time, date, or location change, along with proof that the appropriate law enforcement agency was notified of the change.

(b) Along with any written notification required under this section, the permittee or operator shall return the original and any copies of the permit authorizing the Monte Carlo activities. (Eff. / / , Register)

Authority: AS 05.15.020 AS 05.15.050
AS 05.15.030 AS 05.15.060
AS 05.15.040 AS 05.15.180

12 AAC 34.640. ACCOUNTING REQUIREMENTS FOR MONTE CARLO ACTIVITIES. (a)

Permittees and operators conducting Monte Carlo activities shall establish and maintain a central accounting system which provides for, but is not limited to the following items:

(1) Adequate personnel and physical areas to provide for the following minimum separation of duties:

(A) A banker, cashier, or count room to handle the original bankroll, provide chips, script or other similar object to the games, and redeem chips for the prizes.

(B) A runner to transport money, chips and lock boxes between stations of the activity;

(C) Persons who supervise the operation of not more than six gambling stations and who shall supervise the transfer of lock boxes and chips/change trays to the count room;

(D) An area for the counting of money which is segregated from the area in which gambling is conducted. All money received in connection with the Monte Carlo activity shall be brought to this area for counting. Once any such money has been brought to this area, three persons shall be assigned to the count area with a minimum of two in the counting areas at all times.

(2) Verification of the beginning bankroll by at least two persons who shall sign such verification.

(3) Documentation containing signatures for the transfer of money between any two stations of the activity.

(4) All count slips shall be used sequentially. Voided count slips will be signed by two persons and retained with the accounting records.

(5) All unused count slips shall be retained along with all other count slips as part of the accounting records.

(6) All games shall be numbered and provided with lock boxes and money paddles. The money paddle shall remain in the lock box slot whenever it is not in use. The money slot of the lock box shall not exceed three and one-half inches in length and one-half inch in width.

(7) The keys to all lock boxes are to be kept in the count room at all times and the lock boxes are to be opened only in the count room by the count room personnel.

(8) All money and chips shall be transferred to the count room at the end of the day or activity for final tabulation, reconciliation, and verification.

(9) The final tabulation and reconciliation shall be verified by at least three count room personnel who shall sign such verification.

(10) Access to the count room and the bankers and cashier's areas shall be restricted to the person assigned to those functions and to the runner(s) who transport money or chips to or from those stations.

(11) Records shall provide sufficient detail to determine the net receipts of each activity conducted.

(12) Records shall contain a reconciliation of the ending cash on hand to net receipts.

(13) The ending cash on hand shall be deposited intact in the permittee's or operator's separate bank account required under 12 AAC 34.150 within two banking days of the conclusion of the Monte Carlo event, and a validated deposit slip shall be included as part of the records. No expenditure of any kind shall be made from the ending cash prior to deposit. However, this subsection shall not prohibit a permittee or operator from exchanging its ending currency and coin for a check of equal value to reduce the risk and exposure of carrying or storing large amounts of money.

(14) Permittees shall deposit each day's or night's receipts in the bank account required by 12 AAC 34.150. The total daily deposit must reconcile with the permittee's daily accounting of the activities.
(Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.180

12 AAC 34.650. CONTESTS OF SKILL. In AS 05.15.210(7):

(1) "Marksmanship" includes contests of skill based on rifle, pistol and archery matches in which awards are given.

(2) "Races" include any test or races of physical endurance or skill performed by the individual contestants.

(3) "Other athletic events" are physical events which include generally recognized track and field events based on personal physical ability or skill. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.100
AS 05.15.210

12 AAC 34.655. APPLICATION REQUIREMENT. Any application for a permit to conduct contests of skill must be accompanied by proof that such event was conducted in substantially the same manner for gaming purposes prior to January 1, 1959. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.140
AS 05.15.100 AS 05.15.210
AS 05.15.130

12 AAC 34.660. DOG MUSHERS' CONTESTS. (a) Dog mushers' contests shall be limited to the participation of dog team sleds drawn over a specified course laid out by officials of a qualified dog mushers' association, as defined under AS 05.15.210(10).

(b) Prizes will be awarded as provided by rules and regulations established by the permittee or operator for conducting the event.

(c) Junior dog mushing contests and contests of strength may include sleds drawn by one or more dogs.

(d) Cash prize awards equal to or in excess of fifty dollars shall be receipted for by the permittee. As a condition to receiving the cash prize, the winner shall sign their name and provide the information required on a form prescribed by the department. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.140
AS 05.15.100 AS 05.15.210
AS 05.15.130

12 AAC 34.665. FISH DERBIES. (a) Contestants in the fish derby must purchase a ticket and abide by the rules and regulations established by the municipality, qualified organization or operator for the conducting of the derby.

(b) Contestants may win prizes based on the size of fish caught during the derby days;

(c) Each purchaser of a derby entrance ticket may be eligible to participate in a drawing for a door prize from a drawing of all tickets sold for the derby.

(d) Contestants may receive a chance for a door prize for each fish entered in the derby.

(e) Cash prize awards equal to or in excess of fifty dollars shall be receipted for by the permittee. As a condition to receiving the cash prize, the winner shall sign their name and provide the information required on a form prescribed by the department. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.140
AS 05.15.100 AS 05.15.210
AS 05.15.130

12 AAC 34.670. ICE CLASSICS. If the department determines that a conflict exists between the Kenai Rotary Club and the Soldotna Rotary Club in the joint operation and administration of a Kenai River Ice Classic, then the organization whose application is received by the department earliest will receive the permit to conduct the activity, if all other provisions of AS 05.15. and this chapter are satisfied.

(b) Permittees shall immediately notify the department if they are disqualified by another governmental agency from continuing to conduct activity in the state. Upon such disqualification, the department shall suspend the permit to conduct gaming activities and no further activity shall be conducted until approved by the department.

(c) Cash prize awards equal to or in excess of fifty dollars shall be received for by the permittee. As a condition to receiving the cash prize, the winner shall sign their name and provide the information required on a form prescribed by the department. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.140
AS 05.15.100 AS 05.15.210
AS 05.15.130

12 AAC 34.680. SALMON CLASSICS. (a) Employees of the Department of Fish and Game may not participate as a contestant in any salmon classic conducted by the United Fishermen of Alaska.

(b) Each Permittee or operator shall immediately notify the department if they are disqualified by another governmental agency from continuing to conduct activity in the state. Upon such disqualification, the department shall suspend the permit to conduct gaming activities and no further activity shall be conducted.

(c) Cash prize awards equal to or in excess of fifty dollars shall be received for by the permittee. As a condition to receiving the cash prize, the winner shall sign their name and provide the information required on a form prescribed by the department. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.140
AS 05.15.100 AS 05.15.210
AS 05.15.130

12 AAC 34.690. OTHER GAMES AUTHORIZED BY COMMISSIONER. (a) In addition to the authorized games of chance and skill specified in AS 05.15, the following games are authorized by the commissioner. A charge for a single opportunity to participate in the following authorized games may not exceed 50 cents.

(1) Ring-toss: the player tosses rings over a bottle or other similar object;

(2) Penny pitch: the player tosses pennies or other coins into glassware or similar objects; if the coin remains in the dish, the player receives a prize;

(3) Fish pond: the player hooks a weighted fish with a number on it; the prize with a corresponding number on the shelf, is the prize won;

(4) Duck pond: the player selects a floating duck; the numbered prize on the shelf that corresponds with the number on the bottom of the duck is the prize won;

(5) String game: all prizes on the shelf are attached to a string; a player selects a string and wins the article attached to it;

(6) Baseball game: the player must toss a baseball into a numbered object to win a prize;

(7) Dart game: numbered slips of paper are placed on nails holding the various targets with the numbers turned away from the player; the total score made determines the prizes; or a wheel divided and numbered in eight sections is employed; each player places money on a laydown board; the wheel is spun and one person throws a dart to determine the winning number;

(8) Grab bag: all packages are wrapped or in bags; each player pays a fee and makes his own selection; there is a prize in each package;

(9) Bean guess; a person guesses the number of beans in a container and the person with the closest guess wins;

(10) Hamster game: hamster is placed in an enclosure with several numbered exit holes and the winner is determined by the hole in which the hamster enters.

(b) Variations in the games in subsection (a) of this section will not be allowed. (Eff. / / , Register)

Authority: AS 05.15.060

AS 05.15.100

ARTICLE 8. OPERATORS

12 AAC 34.700. OPERATOR LICENSE REQUIREMENT. (a) A person directing or managing gaming activities on behalf of a permittee must obtain an operator license issued by the department. A person will be considered as conducting gaming activities if those activities include managing the day to day operations of a bingo hall or distributing pull-tabs or other gaming devices owned by a permittee to locations where they are to be sold.

(b) The following factors are indicative that a person is conducting activities on behalf of a permittee and that an operator license must be obtained by the person conducting the activities.

(1) The person conducting the gaming activity is not an employee of the permittee. A person will be considered an employee under this section if

(A) wages are paid and taxes are withheld by the permittee for FICA, federal income tax and Alaska employment tax purposes;

(B) the permittee retains and shows evidence of an employer's right to control the gaming activities conducted;

(C) the person's opportunity for profit or loss does not depend upon management skill, but is fixed in time and amount, such as dollars per hour or period; and,

(D) the person is hired for an indefinite time period.

(2) The employees under the direct supervision of the person are not employees of the permittee and not are not paid out of the permittee's controlled funds.

(3) The person conducting the gaming activities has made a substantial investment in property, plant or equipment used on behalf of the permittee's gaming activities.

(4) The permittee has little or no control over when or where gaming activities will be conducted on its behalf. A general agreement between a permittee and the person conducting the gaming activities that the permit will be used for a specified number of days per month is evidence of little control by the permittee.

(5) The permittee does not have a member present at all times that its permit is used for gaming activities.

(6) The handling of receipts and expenses are the primary responsibility of the person directing or managing the gaming activities, and

(A) receipts from gaming activities are first deposited in a bank account over which the permittee has no control; and,

(B) expenses related to conducting the gaming activities are authorized and paid by the person conducting the gaming activities from funds which are not under the direct control of the permittee.

(c) The department may review the operations of gaming activities on an individual basis and make a determination that a person is required to be licensed as an operator under AS 05.15 and this chapter. If a person establishes a sole proprietorship for conducting activities, the operator license will be issued in the name of the person with substantial ownership and management responsibilities and will also denote the business name on the license issued by the department.

(d) Partnerships, joint ventures, cooperatives and corporations shall not conduct gaming activities on behalf of any permittee.

(e) A group of two or more permittees that join together to conduct gaming activities will not be required to obtain an operator license provided the person managing or supervising the gaming activities

(1) is an employee of each permittee as described in (b) of this section on those days that activities are being conducted for the benefit of that permittee;

(2) is directly or indirectly compensated either by a fixed salary or wages and is not compensated based in any way upon the performance or profitability of the gaming activities;

(3) has no other financial interest in the operation of the gaming activities. A prohibited financial interest includes ownership of any property used in the conduct of gaming activities which the person sells or rents to the permittee; and,

(4) the permittee remains actively involved in the day to day gaming activities including management oversight, policy setting and authorization of expenditures.

(f) In this section, indirect compensation includes but is not limited to such items as gifts, a car, food or lodging provided by the permittee to the employee for free or a consideration less than the current and usual retail price. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.115
 AS 05.15.060 AS 05.15.122
 AS 05.15.100 AS 05.15.210

12 AAC 34.710. OPERATOR SECURITY REQUIREMENT. (a) Security satisfactory to the department shall include surety bonds, or original certificates of deposit made in the name of the State of Alaska in trust for the applicant accompanied by a completed assignment of negotiable instrument form provided by the department.

(b) All original security instruments must be submitted to the department, and must be effective for a term of two years from date of application of the operator license and conditioned upon payment of any amount due to the department, including penalties and interest, payment of net proceeds, and any interest due the authorizing permittee.

(c) Terms of certificates of deposits may include maturity dates which mature in less than two years as long as an automatic renewal provision is part of the certificate and the renewal period is not less than three months.

(d) When renewing an operator license, the security posted by the operator with the department for a previous period may be used as security to be posted for the current license period.

(e) The department may require a licensee to change the form of security posted with the department to meet the security requirements approved by the department. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
 AS 05.15.060 AS 05.15.167
 AS 05.15.100 AS 05.15.210

12 AAC 34.715. MINIMUM INSURANCE COVERAGE FOR OPERATORS. (a) Each operator shall obtain liability insurance in the amount of \$100,000 per person and \$300,000 per occurrence for each location where the operator conducts gaming activities on behalf of authorizing permittees.

(b) The insurance required under this section shall be in effect during the period of the current license. Each operator shall notify the department in writing if the insurance expires or is discontinued for any reason. Lack of insurance may be grounds for suspension or revocation of the operator license. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
 AS 05.15.060 AS 05.15.165
 AS 05.15.100 AS 05.15.210

12 AAC 34.720. CONTRACTS WITH PERMITTEES. (a) In addition to the requirements under AS 05.15.115(b), each contract between an operator and an authorizing permittee shall contain at a minimum

- (1) a termination clause of no more than 30 days allowing the permittee to discontinue its employment with the operator;
- (2) detail as to specific services to be performed by the operator;
- (3) a detailed listing of expenses and amounts, if known at the time of the contract, to be charged to the authorizing permittee, including but not limited to rental charges of facilities, rental charges of equipment, utilities, supplies and pull-tabs; and,
- (4) the amount of the operator fee under 12 AAC 34.725.

(b) Each contract required under this section shall be notarized before it is submitted to the department. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.115
 AS 05.15.122

12 AAC 34.725. OPERATOR FEE. The fee paid to a licensed operator by a permittee for use of its permit shall include the fee for personal services of the operator only. All other expenses charged to the permittee for use of its permit shall not be the fee or a part of the fee charged by the operator and must be identified and reported to the permittee in detail on reports to the authorizing permittee and department. For example, an operator cannot include the cost of rental of premises and wages for employees as the fee, or part of the fee charged to the permittee for use of its permit. The rental and wages must be reported individually as such on reports to the authorizing permittee and department. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
 AS 05.15.083 AS 05.15.160
 AS 05.15.087

12 AAC 34.730. DAILY REPORTING REQUIREMENTS FOR OPERATORS. Each operator's daily summary of activity required under AS 05.15.087 must include but is not limited to a daily accounting of

(1) gross receipts, prize awards, and expenses for each gaming activity for each location conducted under the permit issued to the authorizing permittee. For example, if an operator conducts bingo and pull-tab activities during the same day, the daily summary must include a separate accounting of bingo activities and pull-tab activities for the day;

(2) sales and prizes paid for each pull-tab series; and,

(3) the day each pull-tab series was put into play and the last day of sales for the respective series. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.087
 AS 05.15.100

12 AAC 34.735. MONTHLY REPORTS TO PERMITTEE BY OPERATOR. The monthly report required under AS 05.15.087 shall report an accounting of gross receipts, prizes, a detail of expenses, the operator fee, and net proceeds for each gaming activity by location for the respective month. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.100
 AS 05.15.087

(c) Terms of certificates of deposits may include maturity dates which mature in less than two years as long as an automatic renewal provision is part of the certificate and the renewal period is not less than three months.

(d) When renewing an operator license, the security posted by the operator with the department for a previous period may be used as security to be posted for the current license period.

(e) The department may require a licensee to change the form of security posted with the department to meet the security requirements approved by the department. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
 AS 05.15.060 AS 05.15.167
 AS 05.15.100 AS 05.15.210

12 AAC 34.715. MINIMUM INSURANCE COVERAGE FOR OPERATORS. (a) Each operator shall obtain liability insurance in the amount of \$100,000 per person and \$300,000 per occurrence for each location where the operator conducts gaming activities on behalf of authorizing permittees.

(b) The insurance required under this section shall be in effect during the period of the current license. Each operator shall notify the department in writing if the insurance expires or is discontinued for any reason. Lack of insurance may be grounds for suspension or revocation of the operator license. (Eff. / / , Register)

Authority: AS 05.15.030 AS 05.15.122
 AS 05.15.060 AS 05.15.165
 AS 05.15.100 AS 05.15.210

12 AAC 34.720. CONTRACTS WITH PERMITTEES. (a) In addition to the requirements under AS 05.15.115(b), each contract between an operator and an authorizing permittee shall contain at a minimum

- (1) a termination clause of no more than 30 days allowing the permittee to discontinue its employment with the operator;
- (2) detail as to specific services to be performed by the operator;
- (3) a detailed listing of expenses and amounts, if known at the time of the contract, to be charged to the authorizing permittee, including but not limited to rental charges of facilities, rental charges of equipment, utilities, supplies and pull-tabs; and,
- (4) the amount of the operator fee under 12 AAC 34.725.

(b) Each contract required under this section shall be notarized before it is submitted to the department. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.115
 AS 05.15.122

12 AAC 34.740. USE OF PERMITS. If a licensed operator contracts with more than one permittee during the same period, the operator shall rotate the use of the permits so that gaming activities conducted under one permit is equivalent to activities conducted under all other permits during the period. For example, an operator has contracted with five permittees to conduct bingo activities on behalf of the permittees. The operator established a policy that he or she will run ten consecutive sessions under the same permit before using the next permit. The operator shall run ten sessions under the first permit, then ten sessions under the second permit, ten sessions under the third, ten sessions under the fourth, and then ten sessions under the fifth permit before using the first permit again. (Eff. / / , Register)

Authority: AS 05.15.06C
AS 05.15.100

12 AAC 34.745. EXPENSES ON BEHALF OF PERMITTEES. All expenses incurred in connection with gaming activities conducted on behalf of each authorizing permittee shall be charged at the time of the expense and shall be reported in full in any report required to the permittee or department. Expenses include but are not limited to pull-tabs or supplies acquired or purchased, or charges for services performed in connection with gaming operations.

(b) Each operator shall ensure that receipts or supporting documentation exists for each expense charged to an authorizing permittee. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.087
AS 05.15.083 AS 05.15.100

12 AAC 34.750. LOSSES FROM GAMING ACTIVITIES. No operator shall charge, or include on any report to the authorizing permittee or department, any losses from any gaming activities conducted on behalf of the respective authorizing permittee. Losses include but are not limited to bad checks, uncollectible debts, employee theft, overpayment of prize awards, and any difference between the ideal net and the actual net for each pull-tab series. Actual net for this section is the difference between actual receipts and actual prize awards for each pull-tab series. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
AS 05.15.083 AS 05.15.165
AS 05.15.087

12 AAC 34.755. MINIMUM RETURN TO PERMITTEE. (a) All operators are required to pay each permittee for which gaming activities are conducted, a minimum of fifteen percent of adjusted gross income on the total operation of the operator conducted for that permittee for two consecutive calendar quarters within each calendar year. Operators shall separately account for each permittee's total operations when calculating the minimum return for each permittee. For example, an operator conducts gaming activities on behalf of two authorizing permittees, namely "Permittee A" and "Permittee B". The adjusted gross income and amount paid to "Permittee A" was \$10,000 and \$2,000; and to "Permittee B" was \$10,000 and \$1,200, respectively. The percentage of the adjusted gross income returned to "Permittee A" was 20% which exceeded the minimum return; however, the percentage to "Permittee B" was 12% which did not meet the minimum return of 15%. The operator shall not combine the amounts of the two permittees to meet the minimum return which in this example would be 16% and would otherwise meet the 15% requirement.

(b) Operators shall pay each permittee net proceeds from the funds of gaming activities only. Operators shall not supplement with personal or any other funds the amount paid to each permittee even if the return to the permittee is less than the minimum 15% requirement.

(c) The adjusted gross income for each permittee shall be at least 15% of the gross receipts for each permittee for which an operator conducted gaming activities. Operators shall separately account for each permittee's gross receipts and adjusted gross income in the same manner as in subsection (a) of this section. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
 AS 05.15.087 AS 05.15.128

12 AAC 34.760. OPERATOR REPORTS TO DEPARTMENT. (a) The quarterly report required by AS 05.15.083(a) shall be on a form provided by the department and must include at a minimum for each authorizing permittee

- (1) total gross receipts for each activity;
- (2) game prizes awarded for each activity;
- (3) total market value of prizes including donations;
- (4) municipal, state, and federal taxes paid;
- (5) adjusted gross receipts;
- (6) game related expenses in detail;
- (7) total net proceeds; and,
- (8) other information the department may require.

(b) The annual report required by AS 05.15.083(b) shall be on a form provided by the department and must include, for each authorizing permittee on whose behalf games were conducted

- (1) gross receipts for each activity;
- (2) prize awards for each activity;

- (3) expenses in detail for each activity;
 (4) net proceeds for each activity; and,
 (5) other information the department may require. (Eff. / / ,
 Register)

Authority: AS 05.15.060
 AS 05.15.087
 AS 05.15.100

12 AAC 34.765. PROPERTY OF GAMING ITEMS. All purchases of items charged as expenses to an authorizing permittee shall become property of the permittee at the time of the expense. Items charged as expenses include but are not limited to pull-tabs, supplies or any other item purchased in connection with gaming activities. If an operator discontinues conducting gaming activities on behalf of the authorizing permittee, all items under this section shall be returned immediately by the operator to the permittee. (Eff. / / , Register)

Authority: AS 05.15.060
 AS 05.15.100
 AS 05.15.160

12 AAC 34.770. REVIEW OF FINANCIAL RECORDS. (a) The review of financial statements required by AS 05.15.165(e) shall be performed by an independent certified public accountant authorized to practice in Alaska under AS 08.04.

(b) The review shall be performed to determine that no material modifications should be made to the statements in order for them to be in conformity with generally accepted accounting principles through the performance of inquiry and analytical procedures.

(c) The report required by this section must include at a minimum statements that

(1) the review was performed in accordance with standards promulgated by the AICPA;

(2) the review is substantially less in scope than an audit and an opinion on financial statements is not expressed;

(3) all information is the representation of management or owners of the operation; and,

(4) the accountant is not aware of any material modification that should be made, or if aware, a disclosure of departures from generally accepted accounting principles.

(d) Financial statements required for review under this section shall include at a minimum the operator's calendar year income statement and balance sheet for gaming activities, the annual report filed with each authorizing permittee required by AS 05.15.087(c), and the annual statement filed with the department required by AS 05.15.083(b). (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
 AS 05.15.083 AS 05.15.165
 AS 05.15.087

12 AAC 34.790 DEMAND UPON SECURITY. (a) If after demand by the department or an authorizing permittee, an operator refuses to pay any amounts due to the department, including taxes, fees, penalties and interest or refuses to pay net proceeds due an authorizing permittee, the department may make demand on the security posted by the licensed operator under AS 05.15.122.

(b) Any amounts remaining after all taxes, fees, penalties, interest and net proceeds have been paid to the department and authorizing permittees, shall be returned to the operator. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
 AS 05.15.083 AS 05.15.122
 AS 05.15.087 AS 05.15.167

12 AAC 34.795. RELEASE OF SECURITY. (a) Security instruments posted as security for an operator may be considered for release by the department upon denial, suspension, or revocation of a license, written petition by the operator, or if two years has elapsed from the final date the operator conducted gaming activities on behalf of an authorizing permittee.

(b) Before any security instrument is released, the department shall at a minimum require that

(1) all reports due the authorizing permittee and department have been properly filed by the operator;

(2) a complete audit is performed by the department of any operations for the current calendar year and the preceding two calendar years in which the license is effective;

(3) reports on the results of review of financial statements required under AS 05.15.165(e) and this chapter have been received by the department for the current calendar year and the preceding two calendar years in which the license is effective; and,

(4) a written statement is received by the department from each authorizing permittee covered under the security stating that the permittee holds no claims against the operator and is not aware of any improprieties in the conduct of the operator conducting activities on behalf of the authorizing permittee.

(c) Any amounts remaining after all taxes, fees, penalties, interest and net proceeds have been paid to the department and authorizing permittees, shall be returned to the operator. (Eff. / / , Register)

Authority: AS 05.15.060 AS 05.15.100
 AS 05.15.083 AS 05.15.122
 AS 05.15.087 AS 05.15.167

ARTICLE 9. APPEAL PROCEDURES

12 AAC 34.800. REQUEST FOR APPEAL. (a) An applicant, permittee or licensee may request an appeal of any notice of denial, suspension or revocation of a permit or license by the department, or assessment of any taxes, interest or penalties due the department.

(b) A person or entity may request an appeal of any determination made by the department requiring that person or entity to obtain a license or permit.

(c) The request for an appeal must be received by the department within 30 calendar days after the date of the notice or determination letter. The right to a hearing is waived if the notice is not received by the department within the 30 day period. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.128
AS 05.15.170

12 AAC 34.810. NOTICE OF HEARING. The department shall send the appellant a notice of a hearing by certified mail. The commissioner shall appoint a hearing officer to preside over the hearing which shall be conducted according to the requirements of 15 AAC 105.820. (Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.820. CONDUCT OF HEARINGS. All hearings shall be conducted as follows:

(a) All hearings shall be conducted in person or by teleconference. If the applicant, permittee or operator requests for a hearing in person, the hearing shall be held in an office of the department at a location determined by the department, with consideration for the convenience of the applicant, permittee or operator.

(b) All hearings shall be recorded, and if requested by the applicant, permittee or operator, the department may have a transcript prepared at the expense of the applicant, permittee or operator.

(c) At the hearing, the department's representative shall enter into the record the relevant portion of the applicant's, permittee's or operator's file, including an explanation of the facts and law upon which the department relied. The applicant, permittee or operator, shall present any facts or information contrary to or not included in the file entered by the department's representative. Each party may call and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on matters relevant to the issues. Oral evidence will be taken only upon oath or affirmation.

(d) The hearing shall not be conducted according to technical rules relating to evidence and witnesses. Relevant evidence, including hearsay evidence, will be admitted if it is evidence upon which a responsible person is accustomed to rely upon in the conduct of serious affairs. Irrelevant and unduly repetitious evidence shall be excluded.

(e) Upon the hearing officer's motion or at the request of either party, the hearing officer shall, in the officer's discretion, leave the record open until a specified date to receive additional testimony, evidentiary material, or briefs by the parties.

(f) After the record is closed, the hearing officer will issue a written decision containing the hearing officer's findings of fact and conclusions of law. Upon adoption by the commissioner, the written decision of the hearing officer is the final administrative decision of the department for purposes of appeal to the superior court. Judicial review of the final administrative decision may be obtained from the superior court by filing a notice of appeal in accordance with the applicable rules of court governing appeals in civil matters.
(Eff. / / , Register)

Authority: AS 05.15.060

12 AAC 34.850. EXTENSION OF TIME. A request for an extension of time or other matter must be made in writing and received by the department at least 15 calendar days before the date of the hearing. (Eff. / / , Register)

Authority: AS 05.15.060

ARTICLE 10. DEFINITIONS

12 AAC 34.990. DEFINITIONS.

In this chapter, unless otherwise indicated

(1) "calendar quarter" means a three month period ending either March 31, June 30, September 30 or December 31;

(2) "commissioner" means the commissioner of commerce and economic development or his or her designee;

(3) "department" means the Department of Commerce and Economic Development;

(4) "direct relative" means and is limited to, the subject individual's spouse, children and parents;

(5) "distributor's representative" means any natural person who represents a distributor in any of his activities in connection with distributing pull-tabs.

(6) "gaming activities" are defined as those activities authorized under AS 05.15 or this chapter.

(7) "licensee" means a person, municipality or entity that has obtained a current operator or pull-tab distributor license from the department;

(8) "manufacturer's representative" means any natural person who represents a manufacturer in any one of the manufacturer's activities in connection with the sale or furnishing of pull-tabs or supplies used in connection with gaming activities.

(9) "member" means a person who has qualified for and admitted to membership in an organization pursuant to its bylaws, articles of incorporation, rules, or other written statement, and who pays regular monthly, annual, or other periodic dues or is a lifetime member of the organization, or is a staff, or volunteer member of the organization. "Volunteer", or "staff" member means an individual who actively participates in the functions of the organization as prescribed by its bylaws, articles of incorporation, rules, or other written statement. The function of the member shall not be limited to gaming activities only. "Member" does not include social or honorary members.

(10) "municipality" means

(A) a general law municipality that is an unchartered borough or city as defined by AS 29.08.020 and 29.08.030.

(B) a home rule municipality that is an organized borough or city of the first class which has adopted a home rule charter, as defined by AS 29.08.010; or,

(C) a unified local government that is organized under AS 29.68.240 - 29.68.440.

(11) "permittee" means a municipality or qualified organization who has a current and valid permit issued by the department to conduct authorized games of chance and skill provide under AS 05.15 and this chapter.

(12) "pull-tab manufacturer" means a manufacturer who designs, constructs, assembles and packages pull-tabs.

(13) "session" means a single occasion whereby not more than 35 bingo games are played under a single permit.

(14) "substantial interest" in an organization, association or business means

(A) When, with respect to a sole proprietorship, an individual or the individual's direct relative, owns, operates, manages or conducts, directly or indirectly, the organization, association or business, or any part thereof; or when

(B) with respect to a partnership, an individual or individual's direct relative, shares in any of the profits, or potential profits, of the partnership activities; or

(C) with respect to a corporation, an individual or the individual's direct relative, is an officer, or director, of the individual or his marital community is a holder, directly or beneficially, of ten percent or more of any class of stock of the corporation; or

(D) with respect to an organization not covered in (A), (B) or (C) in this subsection, an individual or his or her spouse, is an officer or manages the business affairs, or the individual or his marital community is owner of or otherwise controls ten percent or more of the assets of the organization; or

(E) an individual, or spouse, furnishes ten percent or more of the capital, whether in cash, goods or services, for the operation of any business, association or organization during any calendar year.

(Eff. / / , Register)

Authority: AS 05.15.060

AS 05.15.210

THE POP SHOPPE
1060 ASPEN
FAIRBANKS, ALASKA 99709
451-6865 OR 456-5688

RECEIVED
DEC 21 1989

December 21, 1989

State of Alaska
Senators and Representatives
Box V
Juneau, Alaska 99811

To All Senators and Representatives:

Subject: Charitable Gaming (My Industry):

The State has gone through astronomical growth here in excess of \$300 million in 1989. The state is five years behind the industry in this field. We have no real expertise at state regulatory level. This is a must and needed now. I support regulations and bonding. I do not support Washington rules. This is Alaska.

I also would like to see a small amount of common sense used by regulatory bodies. The reform laws written by legislators can never cover all topics involved in regulations and enforcement of any law.

You and I need to know Commissioners have the tools to enforce and regulate intent.

The State has been at least guilty of selective enforcement, selective bonding requirements, allowing Lottery Alaska to start up a illegal game then changing their mind and trying to stop it.

No consistency in reporting requirements and forms need to comply.

Changing from Department of Revenue to Department of Commerce is no excuse for the lack of enforcement or guidance by the State. Past practices and reporting methods have been totally improperly managed and supervised by State level employees.

Having State employees personal opinions on regulations or the law is in no way proper. These decisions should come from legislators intent or Attorney General opinions on legality of regulations.

I personally have been openly lied to by those in charge.

The State has cost me and others in this industry thousands by lack of control.

As I supported Reform Bill 299 in 1988 I feel the State has only made a total disaster in charitable gaming.

Legislative intent was lost. Personal opinions are in effect now.

The States 3% tax is a large amount. No one in this industry minds supporting our State in this manner, but feel our payments would only be larger if it was not necessary to educate and fight stupidity on State level.

The Department of Commerce should write regulations. They should also encourage business in Alaska, not restrict it.

I personally have been through hearings five times since reform on regulations. To date we have NONE.

How much has this cost the people of Alaska?

How much has the State cost the Non-Profits I work for? In my company it will be over \$200,000 in 1989 alone.

The Department of Commerce needs help now, before this atrocity of justice ends up in court.

The State policies currently cost thousands of loss per day. My industry cannot wait for State employees to find a place to pass the buck again any longer.

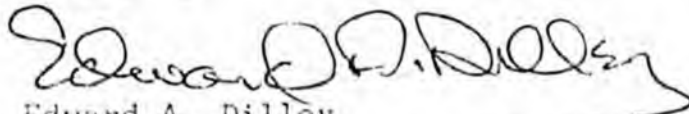
I will support any bill that requires regulations of any law being reviewed by Senate and House before wasting time with hearings. If regulations do not follow your intent, you can kill them.

My company records and accounting practices are always open to any Senator or Representative who wishes to understand Charitable Gaming and how it really works. As a board member of Alaska Charitable Gaming Assn. we offer any assistance needed.

As you return to session shortly, please look in to industry and state needs in this matter. I will support any common sense revisions needed.

Fellow Alaskan for Alaska.

Sincerely,



Edward A. Dilley
The Pop Shoppe
E & A Services
Alotto

THE POP SHOPPE
1060 ASPEN
FAIRBANKS, ALASKA 99709
451-6865 OR 456-5688

State of Alaska
Mr. Steve Cowper, Governor
Juneau, Alaska 99811

Subject: Charitable Gaming

Dear Mr. Cowper:

It is my understanding you will introduce legislation on bonding for gaming. I would like to know the particulars on your bill before introduction. Also give you my opinions on this matter.

I am at present the largest bonded operator in the state with \$250,000 in cash posted as Certificates of Deposit. Let me assure you I find this totally ridiculous and costly. Some State licensed operators have not a dime of bonding. No parity in state enforcement has been used in the past here!

Yes bonding needs to be lowered and written so as it is at least attainable by all.

Along with lowering of cash requirements, a system of qualifications and back ground checks may be just as valuable. A long standing solid citizen is not as likely to risk their reputation in a small state. Business back ground is also an important asset, as record keeping and accountability is an important factor. No system is fool-proof.

As large operators can only run 20 to 40 permits a year, small groups need a market to raise funds also. The third party vendor issue is very important factor to these groups. I support their position in this need, with some type of affordable control and accounting to the state.

The State has been a total adversary to fund raising in past policies.

We have charitable gaming laws in Alaska set forth by our legislators. The State should regulate and supervise this set of laws, not fight the concept.

Mr. Cowper, this is gambling. Lets treat it like it is. We in the industry have made profits for our groups and the State in spite of our constant fight with The Department of Revenue and Department of Commerce.

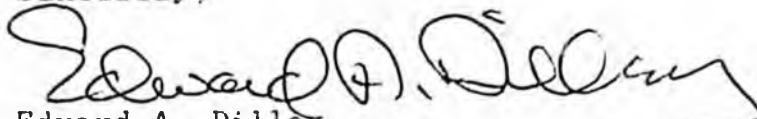
Gaming will generate 300+ million in sales this year alone. The States 3% is not a small number. This should be encouraged to

grow, not stifled in time of need.

Ask your commissioners to regulate and control, but use common sense if possible.

Thanks for your time.

Sincerely,



Edward A. Dilley
Owner-Operator
The Pop Shoppe

Proceeds Paid to Charity 1989

1st Quarter 1989

Ketchikan Youth Football	14,448.05
Douglas Lyons	43,674.18
Festival Fbks. 84	9,096.13
Fbks. Amateur Hockey	18,168.26
	<u>85,386.62</u>

2nd. Quarter

Juneau Youth Football	18,431.35
Southeast Pan Handlers	9,870.40
Ak. Native Sisterhood	9,847.02
Ktkn. Youth Services	18,877.37
North Pole Rotary	1,381.65
Fbks. Youth Soccer	26,187.72
	<u>84,595.51</u>

3rd. Quarter

Alaska Gold Kings	9,327.37
North Pole Rotary	14,919.84
Douglas Indian Assn.	2,771.71
Juneau Shotokan Karate	9,679.29
Sports Unlimited	8,471.68
American Legion #25	4,164.65
Ktkn. Senior Services	14,613.59
Ak. Native Sisterhood	3,173.92
Sons of Norway	9,067.27
Ktkn. Killer Whales	2,828.39
Ak. Native Sisterhood	447.00
	<u>79,464.71</u>

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16

STATE OF ALASKA 1989 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: Bill Version: CS SB 16 (JUD) (a)
 Publish Date: 3/10/89

Revision Date: 3/9/89 Agency Affected: Alaska Court System
 Title: An act defining the crime of conspiracy ... controlled substance ERU: Trial Courts
 Sponsor: Faika, Kelly, Sturgulewski, ... Components:
 Requestor:

EXPENDITURES/REVENUES:		(Thousands of Dollars)					
OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	
Personal Services	
Travel	
Contractual	
Supplies	
Equipment	
Land & Structures	
Grants & Claims	
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	

CAPITAL
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REVENUE
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FUNDING:		(Thousands of Dollars)					
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	
Other	
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

POSITIONS:		(Thousands of Dollars)					
Full-time	
Part-time	
Temporary	

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: *Jan Strandberg* Jan Strandberg, General Counsel Phone: 264-8228
 Division: Alaska Court System Date: 03/10/89

Approved by: *Arthur H. Snowden, Jr.* Arthur H. Snowden, Jr., Administrative Director Date: 03/10/89
 Agency: Alaska Court System

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management & Budget
 - Impacted Agency(ies)
 - Senate Secretary

FISCAL NOTE

REQUEST:

Revision Date: March 6, 1989
 Title: "An Act creating the crime of conspiracy to commit murder."
 Sponsor: Senate Judiciary
 Requestor: Senate Judiciary

Agency Affected: Department of Law
 BRU: Prosecution
 Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pernes, Director
 Division: Administrative Services
 Approved by Commissioner: Douglas B. Bailly, Attorney Gen.
 Agency: Department of Law

Phone: 465-3672
 Date: March 6, 1989
 Date: March 6, 1989

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