

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6417 SENATE LABOR & COMMERCE

821

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

OPERATOR STATISTICS  
 1989

These statistics reflect the gaming activities conducted by licensed operators on behalf of permittees for 1989.

<u>Name of Operator</u>	<u>Gross Receipts</u>	<u>Prizes Awarded</u>	<u>Adjusted Gross Income</u>	<u>Percent of Net Proceeds to AGI</u>	<u>Net Proceeds to Permittees</u>
Edward A. Dilley	\$ 9,521,662.67	\$ 7,730,977.46	\$ 2,150,685.21	15.79%	\$ 339,797.08
Jay H. Hunison	4,574,822.00	3,561,415.00	1,013,407.00	25.41%	257,583.36
Robert Thomas	7,084,200.00	3,854,898.00	3,229,302.00	18.26%	589,732.00
Sue Griffin	16,960,378.00	13,667,221.00	3,292,157.00	24.87%	818,768.00
Shizue Ruebel	243,443.00	200,378.50	43,064.50	37.31%	16,068.24
Dwight McBride	2,631,174.00	2,030,929.00	600,245.00	15.00%	90,038.00
Steve Cooper	424,661.50	319,820.51	104,840.99	9.56%*	10,032.73
Kenneth A. Dole	15,500.00	6,000.00	[9,500.00]	**	[10,602.13]
Joseph Nyquist	5,876,022.50	4,658,152.24	1,217,870.26	15.82%	192,715.56
John Bloomfield	1,761,047.00	1,310,602.00	450,445.00	15.09%	67,987.00
Peter D. Kraemer	4,591,107.50	3,854,670.00	736,437.50	14.02%	103,294.97
Ruth Shannon	677,195.00	527,759.00	149,436.00	15.00%	22,415.00
<b>Totals</b>	<b><u>\$54,361,213.17</u></b>	<b><u>\$41,722,822.71</u></b>	<b><u>\$12,638,390.46</u></b>		<b><u>\$2,497,829.81</u></b>

These figures are based on the unaudited reports filed by operators and differ from the figures compiled from the reports filed by permittees (see page 4); therefore, the gross receipts minus the prizes awarded may not equal the adjusted gross receipts.

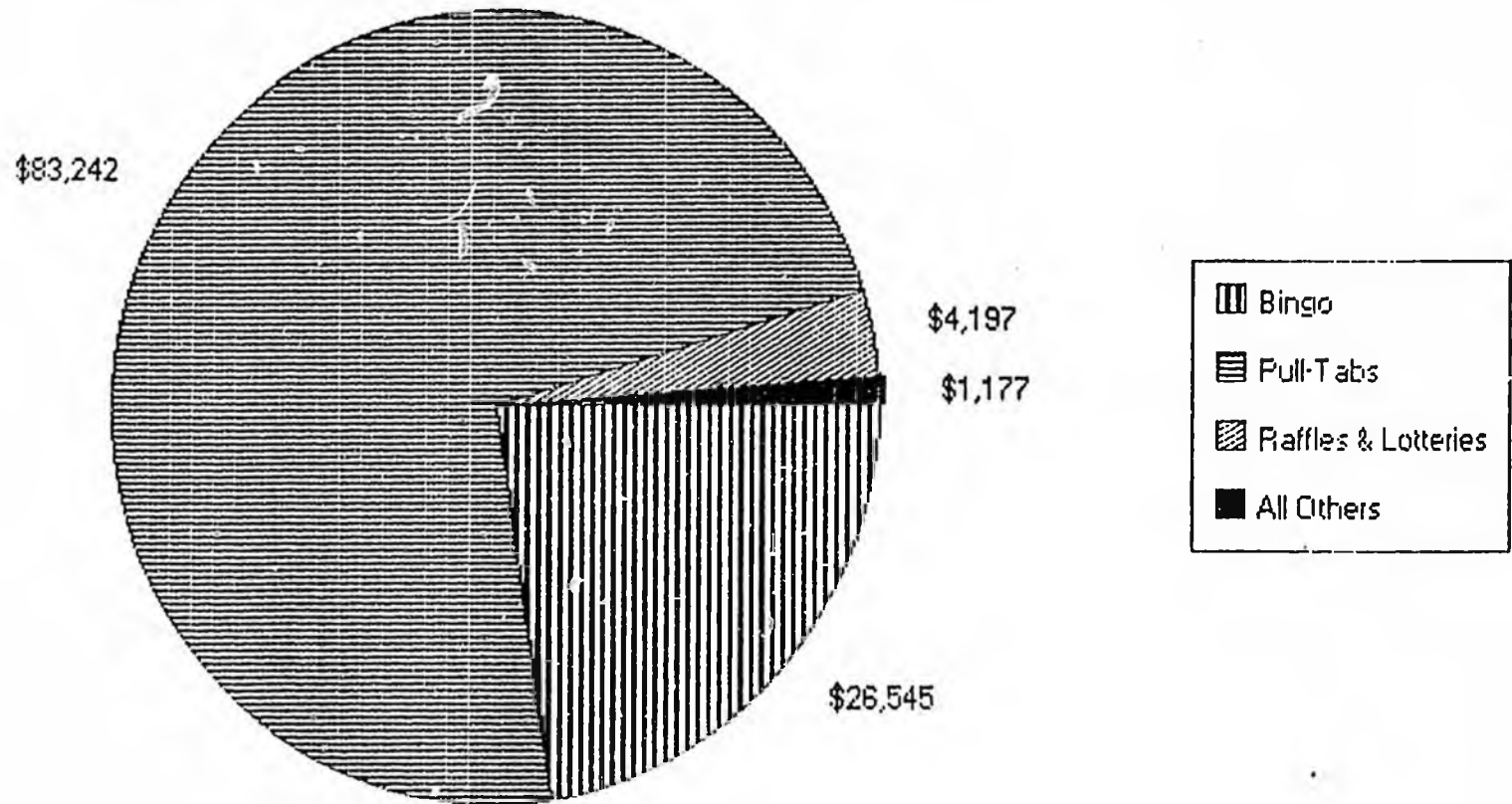
"Net proceeds" are the amounts operators paid to the various permittees on whose behalf the operators conducted gaming activities. The minimum that operators are required to pay the permittees is 15% of the "adjusted gross income." For purposes of determining whether an operator is in compliance with this requirement, one has to review the amount paid to each individual permittee and not the reported total amounts stated above.

The Adjusted Gross Income (AGI) is defined as gross income less prizes awarded, and any state, federal or municipal taxes paid or owed on the income.

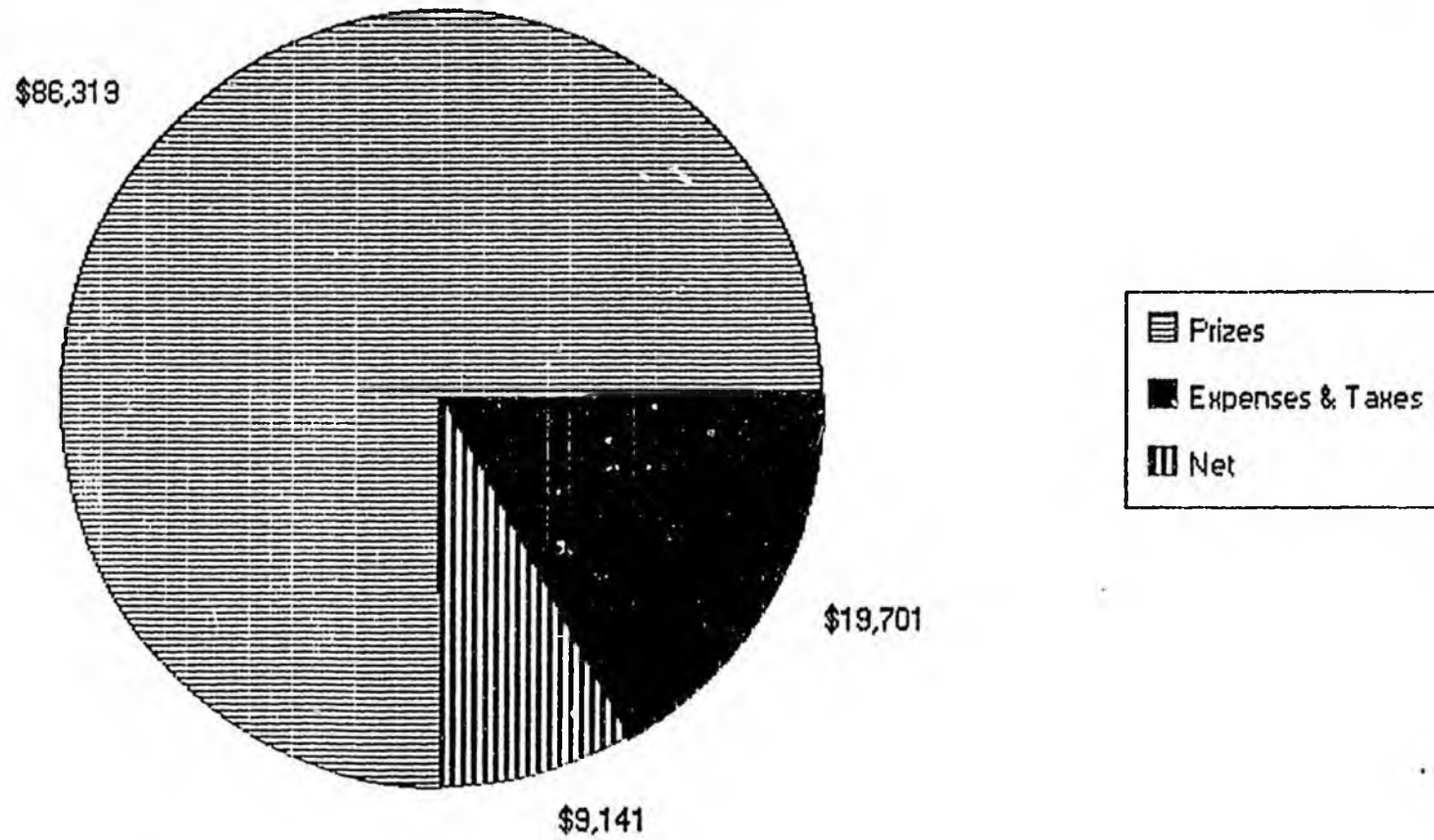
\*Failure to remit at least 15% of AGI resulted in the suspension of this operator's license.

\*\*This operator was in operation for only the last quarter of 1989. If he fails after the first quarter of 1990 to remit 15% of the AGI to his permittees, his license will be suspended.

**1989 Gross Receipts by Gaming Activity**  
**Total \$115,161 Thousands**



**1989 Gross Receipts Distribution**  
**Total \$115,161 Thousands**



PERMITTEE/OPERATOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

CURRENT LAW

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>1/ Operator Gross Profit</u> (limited to 85% of AGI)	<u>382.50</u>	<u>212.50</u>	<u>127.50</u>
<u>2/ NET PROCEEDS TO PERMITTEE</u> (minimum required return)	<u>\$ 67.50</u>	<u>\$ 37.50</u>	<u>\$ 22.50</u>

Footnotes:

- 1/ Current Law - provides the operator must report an adjusted gross of 15% and pay at least 15% of the adjusted gross to the permittee.  
AS 05.15.128(1) and (2)
- 2/ Adjusted Gross Income is defined as the gross income less the prizes awarded and any state, federal and municipal income taxes paid or owed.  
AS 05.15.210(1)

PERMITTEE/VENDOR RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENT RE: VENDOR COMPENSATION

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout.	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>1/ Vendor Compensation</u> (maximum 30% of ideal net) Proposed: Sec. 9, AS 05.15.188(i)	<u>135.00</u>	<u>75.00</u>	<u>45.00</u>
<u>2/ GROSS PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 315.00</u>	<u>\$ 175.00</u>	<u>\$ 105.00</u>

Footnotes:

- 1/ CS-SB-501  
Section 9, AS 05.15.188(i): If a permittee contracts with the vendor, the contract must provide that the permittee will receive no less than 70% of the ideal net.
- 2/ Permittee gross revenue is reduced by the cost of pull-tabs (approximately \$.02 each) and the 3% pull-tab tax (computed on ideal net) to arrive at Permittee Net Proceeds.

Example Utilizes 75% Prize Payout

Gross Proceeds to Permittee	175.00
Cost of Tabs (\$.02 x 1,000)	[20.00]
Tax (3% x \$250.00)	[7.50]
	<u>          </u>
NET PROCEEDS	<u>\$ 147.50</u>

PERMITTEE (40%)/OPERATOR (60%) RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENT RE: OPERATOR MUST PAY 40% OF IDEAL NET TO THE PERMITTEE

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>Operators Gross Profit</u> (limited to 60% of ideal net) Proposed: Sec. 3, AS 05.15.115(b) and Sec. 5, AS 05.15.128(a)	<u>270.00</u>	<u>150.00</u>	<u>90.00</u>
<u>NET PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 180.00</u>	<u>\$ 100.00</u>	<u>\$ 60.00</u>

PERMITTEE (40%) AND OPERATOR/VENDOR (60%) RELATIONSHIP

Pull-Tab Net Proceeds

Comparable Analysis

PROPOSED AMENDMENTS

(For purposes of discussion, the chart below is based on a gross handle of \$1,000.00, i.e., 1,000 pull-tabs sold at \$1.00 each.)

	Prize Payout 55%	Prize Payout 75%	Prize Payout 85%
Gross Receipts	\$1,000.00	\$1,000.00	\$1,000.00
Prize Payout	<u>[550.00]</u>	<u>[750.00]</u>	<u>[850.00]</u>
<u>IDEAL NET</u>	450.00	250.00	150.00
<u>Operators Gross Profit</u> (limited to 60% of ideal net) Proposed: Sec. 3, AS 05.15.115(b)	<u>270.00</u>	<u>150.00</u>	<u>90.00</u>
<u>Vendors Compensation</u>	?	?	?
<u>Operators Adjusted Profit</u>	?	?	?
<u>NET PROCEEDS TO PERMITTEE</u> (as required)	<u>\$ 180.00</u>	<u>\$ 100.00</u>	<u>\$ 60.00</u>

As compared to 3/20/90  
draft

6-2220E  
Gaguine  
3/23/90

Original sponsor(s): Finance Committee

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act licensing and regulating pull-tab vendors;  
7 prohibiting certain conduct by charitable gaming  
8 licensees and permittees and their agents; relating  
9 to charitable gaming awards, contracts between opera-  
10 tors and permittees, and to the enforcement of chari-  
11 table gaming laws; and providing for an effective  
12 date."

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

14 \* Section 1. AS 05.15.060 is amended to read:

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

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

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

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

29 (4) the requiring of detailed, sworn, financial reports of

1 operations from permittees and licensees including detailed statements  
2 of receipts and payments;

3 (5) the investigation of permittees, licensees, registered  
4 vendors, and their employees, including the fingerprinting of those  
5 permittees, licensees, registered vendors, and employees whom the  
6 commissioner considers it advisable to fingerprint;

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

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

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

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

23 (10) the disposition of funds in possession of a permittee,  
24 [OR] a person, municipality, or qualified organization that possesses  
25 an operator's license, or a registered vendor at the time a permit,  
26 [OR] a license, or a vendor registration is surrendered, revoked, or  
27 invalidated;

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

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

3 \* Sec. 2. AS 05.15.070 is amended to read:

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

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

11 (b) The contract between an authorizing permittee and an opera-  
12 tor must include the amount and form of compensation to be paid to the  
13 operator, the term of the contract, the activities to be conducted by  
14 the operator on behalf of the permittee, the location where the activ-  
15 ities are to be conducted, the name and address of the member in  
16 charge, and other provisions the department may require. The contract  
17 must provide that an operator conducting pull-tab games on behalf of a  
18 permittee shall return at least 40 percent of the ideal net to the  
19 permittee.

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

21 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipi-  
22 pality may by ordinance prohibit an operator or a vendor from conduct-  
23 ing activities under this chapter within the municipality.

24 \* Sec. 5. AS 05.15.128(a) is amended to read:

25 (a) The department shall revoke the license of an operator who  
26 does not

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

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

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

9 \* Sec. 6. AS 05.15.170 is repealed and reenacted to read:

10 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
11 VENDOR REGISTRATION. (a) The commission may suspend or revoke a  
12 permit, license, or vendor registration, after giving notice to and an  
13 opportunity to be heard by the permittee, licensee, or vendor, if the  
14 permittee, licensee, or vendor

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

17 (2) breaches a contractual agreement with a permittee,  
18 licensee, or registered vendor;

19 (3) is convicted of a felony, of a crime involving theft or  
20 dishonesty, or of a violation of a municipal, state, or federal gam-  
21 bling law; for the purposes of this paragraph, a permittee, licensee,  
22 or registered vendor that is not a natural person is considered con-  
23 victed if an owner or manager of the permittee, licensee, or vendor is  
24 convicted; or

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

29 (b) If the department revokes a permit, license, or vendor

1 registration under this section, it may prohibit the permittee, li-  
2 censee, or vendor from reapplying for a permit, license, or vendor  
3 registration for a period of up to five years.

4 \* Sec. 7. AS 05.15.180(g) is amended to read:

5 (g) A permittee [MUNICIPALITY OR A QUALIFIED ORGANIZATION] may  
6 award a maximum of \$1,000,000 in prizes each year in activities au-  
7 thorized under this chapter; [HOWEVER, IF A MUNICIPALITY OR A QUALI-  
8 FIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF  
9 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR QUALI-  
10 FIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN PRIZES EACH  
11 YEAR]. In this subsection, "activities authorized under this chapter"  
12 means all activities subject to this chapter other than bingo.

13 \* Sec. 8. AS 05.15.183 is amended by adding a new subsection to read:

14 (e) A distributor may not

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

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

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

19 \* Sec. 9. AS 05.15.187 is amended by adding a new subsection to read:

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

25 \* Sec. 10. AS 05.15 is amended by adding a new section to article 2 to  
26 read:

27 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMIT-  
28 TEES AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator  
29 may contract with a vendor to sell pull-tabs on behalf of the

1 permittee or operator, if the permittee or operator first registers  
2 the vendor with the department by applying for registration on a form  
3 prescribed by the department and by submitting the registration fee of  
4 \$50 for each location at which the vendor will sell pull-tabs. If a  
5 vendor location is within the boundaries of a municipality, the per-  
6 mittee or operator shall, concurrently with applying for registration  
7 with the department, submit a copy of the application form to the  
8 governing body of the municipality.

9 (b) The department shall approve or disapprove an initial vendor  
10 registration request within 10 working days of receipt of the regis-  
11 tration form from a permittee or operator.

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

16 (d) The endorsement issued under (c) of this section is an  
17 extension of the permittee's or operator's privilege under AS 05.15.-  
18 100 to conduct pull-tab sales in this state. A vendor may not sell a  
19 pull-tab series until the permit or license containing the endorsement  
20 for the new vendor location has been posted by the permittee or opera-  
21 tor in the registered vendor establishment. The endorsed permit or  
22 license must be clearly visible to the gaming public.

23 (e) A separate endorsement shall be issued for each vendor  
24 location. The permittee or operator shall inform the department when  
25 a vendor with whom the permittee or operator is contracting changes  
26 the physical location at which pull-tabs are sold, and shall return to  
27 the department the endorsed permit or license of a vendor that is no  
28 longer selling pull-tabs on behalf of the permittee or operator.  
29 Failure to inform the department of a change in vendor location, or to

1 return the endorsed permit or license to the department after a vendor  
2 change, may constitute grounds for the suspension or revocation of a  
3 permittee's permit or an operator's license.

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

9 (g) A permittee or operator that uses a vendor to sell pull-tabs  
10 on its behalf shall enter into a written contract with that vendor.  
11 The department may inspect this contract. If the contract contains  
12 provisions that violate this chapter or the regulations adopted under  
13 it, the department may declare the contract void, and may suspend or  
14 revoke the registration of the vendor and the license of the operator  
15 or the permit of the permittee.

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

20 (i) If a permittee contracts with a vendor under (a) of this  
21 section, the contract must provide that the permittee shall receive no  
22 less than 70 percent of the ideal net.

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

29 (k) A vendor may not enter into a contract with a permittee to

1 sell pull-tabs for compensation if

2 (1) the permittee is a qualified organization, and the  
3 owner or manager of the vendor is a member of the governing body of  
4 the organization, or is the organization's designated member in charge  
5 under AS 05.15.112; or

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

9 \* Sec. 11. AS 05.15.188(g) is repealed and reenacted to read:

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

17 \* Sec. 12. AS 05.15.188 is amended by adding a new subsection to read:

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

25 \* Sec. 13. AS 05.15 is amended by adding a new section to read:

26 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAP-  
27 TER. (a) If the commissioner determines that a person has engaged in  
28 an act or practice in violation of this chapter or a regulation adopt-  
29 ed under this chapter, the commissioner may, after giving reasonable

1 notice to the person and an opportunity for the person to be heard,  
2 issue an order prohibiting the violation by the person. The order  
3 remains in effect until the person has submitted evidence acceptable  
4 to the commissioner showing that the violation has been corrected.

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

16 \* Sec. 14. AS 05.15.200(b) is amended to read:

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

21 \* Sec. 15. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

28 (37) "vendor" means a business whose primary activity is not  
29 regulated by this chapter but that is engaged in the sale of pull-tabs

1 on behalf of a permittee or operator, holds a business license under  
2 AS 43.70, and is

- 3 (A) a retail establishment;
- 4 (B) an eating establishment; or
- 5 (C) an establishment licensed under AS 04.11.

6 \* Sec. 16. Sections 11 and 12 of this Act take effect on the effective  
7 date of an Act establishing a charitable gaming surety fund that is enacted  
8 by the Sixteenth Alaska State Legislature.

9 \* Sec. 17. Except for secs. 11 and 12, this Act takes effect immediate-  
10 ly under AS 01.10.070(c).

Original sponsor(s): Finance Committee

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

1 commissioner considers it advisable to fingerprint;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (e) A distributor may not

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

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

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

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

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

16 \* Sec. 9. AS 05.15 is amended by adding a new section to article 2 to  
17 read:

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

25 (b) The department shall approve or disapprove an initial vendor  
26 registration request within 10 working days of receipt of the regis-  
27 tration form from a permittee or operator.

28 (c) Upon approval of the vendor registration, the department  
29 shall issue an endorsement to the permittee's permit or the operator's

1 license that authorizes the conduct of pull-tab sales at that vendor  
2 location.

3 (d) The endorsement issued under (c) of this section is an  
4 extension of the permittee's or operator's privilege under AS 05.15.-  
5 100 to conduct pull-tab sales in this state. A vendor may not sell a  
6 pull-tab series until the permit or license containing the endorsement  
7 for the new vendor location has been posted by the permittee or op  
8 tor in the registered vendor establishment. The endorsed permit or  
9 license must be clearly visible to the gaming public.

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

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

25 (g) A permittee or operator that uses a vendor to sell pull-tabs  
26 on its behalf shall enter into a written contract with that vendor.  
27 The department may inspect this contract. If the contract contains  
28 provisions that violate this chapter or the regulations adopted under  
29 it, the department may declare the contract void, and may suspend or

1 revoke the registration of the vendor and the license of the operator  
2 or the permit of the permittee.

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

7 (i) A permittee or operator may not compensate a vendor for  
8 selling a series of pull-tabs on the permittee's or operator's behalf  
9 in an amount greater than 30 percent of the ideal net.

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

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

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

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

25 \* Sec. 10. AS 05.15.188(g) is repealed and reenacted to read:

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

1 location. The permittee or operator shall also forward, with each  
2 vendor registration renewal, that vendor's annual payment of the  
3 assessment to the charitable gaming surety fund.

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

5 (m) The vendor registration required by (a) of this section  
6 shall be accompanied by payment of the vendor's assessment to the  
7 charitable gaming surety fund under AS 05.15.230. The assessment  
8 amount shall be set by the department by regulation and may not exceed  
9 \$100. The payment shall be drawn on the checking account of the  
10 vendor and may not be paid by the permittee or operator on the ven-  
11 dor's behalf.

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

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

22 (b) If the public interest requires, the commissioner may issue  
23 an emergency order prohibiting an act or practice in violation of this  
24 chapter or a regulation adopted under this chapter without notice to  
25 or an opportunity to be heard by the person affected by the order.  
26 The commissioner shall immediately serve the person with a copy of the  
27 emergency order. An emergency order expires 60 days after the date it  
28 is issued, if the person affected by the order requests a hearing  
29 within 15 days of receipt of the order. If the person does not

1 request a hearing within 15 days of receipt of the emergency order,  
2 the order becomes permanent. Following a hearing, the commissioner  
3 may rescind, modify, or make permanent the emergency order.

4 \* Sec. 12. AS 05.15.200(b) is amended to read:

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

9 \* Sec. 13. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

20 (A) a retail establishment;

21 (B) an eating establishment; or

22 (C) an establishment licensed under AS 04.11.

23 \* Sec. 14. Sections 10 and 11 of this Act take effect on the effective  
24 date of an Act establishing a charitable gaming surety fund that is enacted  
25 by the Sixteenth Alaska State Legislature.

26 \* Sec. 15. Except for secs. 10 and 11, this Act takes effect immediate-  
27 ly under AS 01.10.070(c).



## KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669  
PHONE (907) 252-4441

DON GILMAN  
MAYOR

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

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

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

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

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

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



March 21, 1990

Dear Senator Eliason:

Thank you for your hearing , March 12, in the Senate Labor and Commerce Committee regarding SB 501.

Lottery Alaska and others in the charitable gaming industry requested the Administration to introduce legislation addressing the long-standing practice of "third-party vendors" selling gaming tickets. They declined, but stated they would not oppose such legislation. We were somewhat surprised when DCED introduced a proposed amendment which not only will require a title change of SB 501, but adds five pages of language. Several of their proposals are very valid; others are unworkable.

Specifically, we would **oppose** language which:

- 1) Requires a \$50 vendor registration fee.  
**Reason:** A \$50 IRS fee is already required (form 11-c). More fees will only eliminate the participation of many small business owners who help charities for very little compensation after their labor costs.
- 2) Establishes a 30% of ideal net cap on vendor compensation.  
**Reason:** Each game creates a different ideal net, resulting in different vendor compensation. This will not eliminate competition for locations, which was DCED's intent. A set percentage of gross sales will mean every vendor makes the same amount for every ticket sold. This is standard in all other states and will eliminate bidding for vendors. If a cap is necessary, the statute should enable the Department to set the cap in regulation.
- 3) Requires up front payment for pull-tabs.  
**Reason:** Normal business dealings are done on a payment basis, typically 30 days following product delivery. We can support a 30 day requirement.

- 4) Requires vendor payment into a surety fund.  
**Reason:** As in #1, this is burdensome to small business. Additionally, there is no surety fund. Addressing it in this bill is inappropriate until such a fund exists, if ever.
  
- 5) Prohibits a member of a charitable organization from selling pull-tabs for compensation.  
**Reason:** These business owners have costs also. They should be allowed to recoup these costs while helping their organization. It's discriminatory to allow some vendors to charge a fee but not others. In small towns, this could eliminate any compensated vendor participation. If their participation helps charities, what's the harm, particularly if compensation is limited by statute?
  
- 6) Gives the department cease and desist authority when violation of the gaming act are "about to occur."  
**Reason:** Too vague.

Finally, we oppose the proposed title change which limits vendor sales to only pull-tabs. Charities that raise funds through raffle ticket sales or dog mushing events, etc. should not be discriminated against because of the nature of their ticket.

Please consider the following amendment to SB 501. I believe it provides language that is fair to both charities and retailers and satisfies DCED concerns.

Section 1. AS 05.15.188 is amended to include a new section to Article 2 to read:

AS 05.15.188 Sales by retail vendors other than permittees or operators.

Retail vendors may sell pull-tabs, tickets and cards that are necessary to conduct activities authorized by AS 05.15.100 (a) if the retail vendor is authorized to make sales by a written contract with a permittee or operator.

a) The contract between each retail vendor and the permittee or operator must include:

- 1) The location(s) where the sales activity is to be conducted.
- 2) The name and address of the individual in charge at each location.
- 3) The type of authorized sales activity to be conducted.
- 4) The term of the contract.
- 5) The amount of compensation to be paid to the retail vendor.

b) Maximum compensation paid to retail vendors by permittees or operators shall be based on gross sales and established by regulation.

c) Payment to permittees or operators on behalf of permittees of the ideal net amount due shall be paid by the retail sales agent within 30 days following the commencement of authorized retail sales activity.

d) Contracts between retail sales agents and permittees or operators must be on file with DCED 10 days prior to commencement of sales activity.

1) The Department may withhold approval of sales activity only if the contract requirements specified in this chapter are not contained in the contract submitted to the Department.

2) The Department has 10 days from receipt of contracts to inform the permittee or operator of non-approval of specific retail sales agent contracts.

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

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

g) A vendor may not purchase a pull-tab series from a licensed distributor. Only a permittee's member-in-charge or an operator may directly supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the permittee or operator.

h) The bond posted by operators as required by AS 05.15.167 shall be available to satisfy any amounts due permittees resulting from fraudulent actions or other non-payment by retail sales agents authorized under this chapter.

i) The operator's license and permit of the qualified organization or a copy hand signed by the operator and member in charge must be conspicuously posted at each retail sales agent location.

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

e) A distributor may not

1) Take an order for the purchase of a pull-tab series from a vendor;

- 2) Sell a pull-tab series to a vendor; or
- 3) Deliver a pull-tab series to a vendor location.

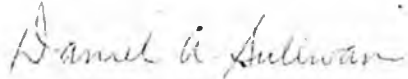
Sec. 3. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

Sincerely,



Daniel A. Sullivan,  
Vice President

DAS/rtc

cc: Senate Labor & Commerce Committee members  
Senator Rick Uehling



# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor & Commerce  
committee name

committee on Senate Bill 501, dated March 21, 1990  
bill/subject

Page 4-5, section 4(G), The fact that a permittee when conducting activities on his own Pull Tabs can generate \$1,000,000.00 prize payout during a year, But if he uses a operator it is reduced to \$500,000.00.

If the sponsor's of this bill think that by limiting the amount of Pull Tab payout (prizes) when using an operator will reduce the overall funds generated by an operator they are wrong the operator will just contract with other Permit Holders to fill out his years business, there for why the difference? Why not make the payout \$1,000,000.00 for either operation?!

Signed: Robert K. Lewis  
Testifier  
Nome Volunteer Fire Department  
Representing (Optional)  
P. O. Box 785, Nome, Alaska 99762  
Address  
443-2439  
Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the Senate Labor and Commerce  
committee name

committee on SB 501 . dated 21 March 1990  
bill/subject

I represent Associated Alaskan Fairs and we strongly support the preservation of the third party vendor network provided for in this bill. We would like to see the permittee receive no less than 50% of ideal in any case.

Signed:

Testifier Marsha M. Melton

Associated Alaskan Fairs

Representing (Optional)

2075 Glenn Highway - Palmer, Alaska 99645

Address

(907) 745-4827

Phone No.



Working for  
Alaska's  
Mental  
Health

## Alaska Mental Health Association

4050 Lake Otis Parkway, Suite 202 • Anchorage, Alaska 99508 • (907) 563-0880

March 12, 1990

Senator Dick Eliason, Chairman  
Senate Labor and Commerce Committee  
P.O. Box V  
Juneau, Ak 99811

Dear Senator Eliason

### Testimony Regarding SB 501

After registering as an observer at today's teleconference, I realized that I should have registered to offer testimony when the controversy arose over section L. as proposed by the Department of Commerce.

First, I am the Gaming Coordinator for Alaska Mental Health Association and responsible for their day-to-day gaming activities with a major convenience store chain and one night club location in downtown Anchorage.

I support SB 501 and a majority of the substitute wording proposed by the Department of Commerce.

As written, the cap on vendor compensation DOES NOTHING TO PROTECT THE NON-PROFIT'S INTEREST. To set the cap too low will cause the vendor not to participate.

You heard testimony of setting vendor compensation on gross as Lottery Alaska does. This does not address the fact that there is a varying range of profit on individual pull-tab games. The Gaming Reform Act set Gaming Tax on the basis of Ideal Net. Compensation to the parties involved should, therefore, be based on a percentage of Ideal Net

Lottery Alaska currently pays vendors only 5% of gross (or 5 cents per \$1.00 ticket) and seeks to cause legislation to limit the rest of the industry. Lottery Alaska takes a giant slice as an "operator", leaving the charity with the statutory minimum.

Senator Eliason, Pg. 2, March 12, 1990

The Gaming Reform Act of 1988 sought to insure charities and non-profits a fair and reasonable return ... and to prevent the very abuse Mr. Sullivan advocated today.

Rather than setting a cap on the vendor, the only FAIR and EQUITABLE method is to require in statute that the permittee (the non-profit or charity) MUST RECEIVE A MINIMUM OF 40% OF IDEAL NET AFTER BOTH THE VENDOR AND OPERATOR ARE COMPENSATED AND GAME COST AND STATE GAMING TAX ARE PAID.

In the current arrangement between Alaska Mental Health and the convenience chain, you heard Ms. Campbell testify that 51% of profit from all games played was retained by the association.

In that arrangement, the vendor is compensated 40% of Ideal Net, with 60% of Ideal Net going to Mental Health. From that, Mental Health pays the cost of the pull-tabs and the state gaming tax.

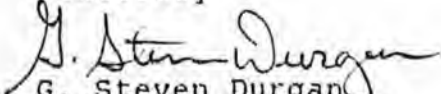
THERE IS NO OPERATOR IN THIS ARRANGEMENT. It is an outstanding example of "Self-Directed Gaming".

Looking at the matter of vendor compensation another way, The convenience store chain was compensated 10.8 cents per \$1.00 ticket. They did substantial promotion including store-front banners, window signs, and promotions with their employees.

By statute, the vendor must maintain daily logs of pull-tab activity, complete a receipt for each payout of \$50.00 or more, and ABSORB ANY LOSSES for pull-tabs entrusted to them. They hired extra accounting people to reconcile the additional paperwork.

Again, the only fair way to address the issue of compensation is to insure the non-profit of its fair share. Any other method invites abuse which the Gaming Reform Act sought to protect.

Sincerely

  
G. Steven Durgan



15 March 1990

Mr. John N. Hansen, Gaming Manager  
Department of Commerce & Economic Development  
Division of Occupational Licensing  
STATE OF ALASKA  
P. O. Box D-LIC  
Juneau, Alaska 99811-0800

Dear John:

Thanks for returning my phone call on 9 March. I appreciated your taking the time to discuss some of the issues facing the Games Advisory Group as well as non-profit organizations around the state.

You informed me via your correspondence of 14 February that I am a sub-committee of one to work on Article 7 - Other Games. You suggested I assemble a list and brief description of games for possible inclusion in the proposed gaming regulations. I have gathered this information from a number of organizations in the state. These games have been played in Alaska for many years, albeit illegally. The list is attached.

I think now is the perfect time to make the needed changes since these activities have now been placed under your jurisdiction. Hopefully this will make your job of regulating somewhat easier.

Should you have any questions in this regard, please don't hesitate to call me.

Sincerely,

Marsha M. Melton  
General Manager  
Member - Games Advisory Group

Enc. (3)

cc: Members of Alaska State House of Representatives  
Members of Alaska State Senate  
Members of Associated Alaskan Fairs  
Members of Games Advisory Group

## GAMES OF SKILL AND CHANCE

**ADD DART:** The targets for the add dart game are poster sized signs covered with numbers inside one inch squares. The player throws three darts at the target accumulating the point value of the number hit. The object is to accumulate the proper number of points required to win.

**BALLOON STORE:** Balloons are hung on a target board in a grid. Players throw darts at the balloons. A player wins by popping the balloon with the dart.

**BASKET BALL:** Basket ball hoops are mounted on the wall of the game. Players shoot baskets to win.

**BAT-N-BALL (SKY BOWLER):** A bat is suspended from the ceiling of the game area so that it hangs over the game counter. A bowling pin or other similar target is stood up directly in line with the bat. The object of the game is to gently swing the bat so that it misses the pin as it passes forward and hits it coming back, knocking the pin over.

**BAZOOKA BALL:** A ping-pong ball is fired from a pneumatic gun at one of a variety of targets--tin cans, bull's eye targets, etc. When a player hits the target he wins the game.

**BEAN BAG TOSS:** A bean bag is thrown at several aluminum cans on a raised platform. To win a player must knock all the cans off the platform with the allotted number of bean bags.

**BOSSY BINGO:** An arena is marked off with squares and a cow walks around the area. Individuals pay for the squares and wherever the cow deposits its "pie" the owner of that square gets half the entry money. The Fair gets the other half. (Very similar to the Rat Race)

**BOTTLE BUST:** Player gets two balls. If he breaks two bottles he wins.

**BUSHEL BASKETS:** Wooden bushel baskets are nailed to an angled back board as a target. The player must toss a softball at the basket. If the ball stays in the basket the player wins. If the ball comes out of the basket the player loses.

**COKE BOTTLE TOSS:** Plastic rings are thrown at a table full of glass bottles packed closely together. A player who rings the top of the coke bottle with the ring wins.

**COKE ROLL:** Players roll softball at two glass bottles. The bottles are set at the end of a small alley with side boards that keep the softball on the alley. A player who knocks both bottles down wins the prize.

**CORK GUNS:** CO2 pistols are used to shoot corks at tin cans placed on shelving at the back of the playing area. Knocking the prescribed number or combination of cans off the shelf wins the game.

**COVER THE LIGHT:** Players drop three plastic discs, covering a larger white, backlit spot. Covering the white spot completely wins the game.

**DARTS:** A dart board and darts are used. Contest of skill is he who gets the most points wins.

**GOBLET GAME:** A table is packed with several different colors of goblets. The goblets are placed so that only small spaces exist between them. Players throw plastic whiffle balls at the different colored goblets. A prize is awarded by the color of the goblet that the ball lands in.

**GUN BALL:** Players shoot plastic baseballs from a spring loaded gun, knocking over plastic cups. Player wins by knocking plastic cups from the stand they are on.

**HOOP SHOOT:** Three basket balls, one hoop with backboard, and one retrieval net is the equipment needed. Player has three chances to throw the ball into the hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receives third-rate prize.

**MILK CAN:** An old fashioned milk can is the target. Players throw softballs trying to land one in the opening at the top of the upright milk can. Winning is accomplished by successfully getting a softball in the milk can.

**ONE BALL (MILK BOTTLES):** Players throw softballs at a pyramid shaped stack of three metal milk bottles. A player wins by knocking the bottles off the platform on which they rest.

**PENNY FALLS (BULL DOZERS):** Players shoot tokens through movable chutes, trying to displace other tokens through a return chute. Returned tokens are replayed. As tokens are maneuvered towards the return chute, small prizes and redemption tokens move with them, eventually falling through the return chute.

**PULL UP:** A regular sized glass bottle is laid on its side on a level square board. A plastic ring that will fit over the neck of the bottle is tied to one end of a string, the other end is tied to a section of dowl. The player uses this fishing pole device to lift the bottle from its side to a standing position. A player must start over if the bottle falls off the board, or if he uses anything other than the fishing pole to stand the bottle up.

**PUNK RACK:** "Punks" or "cats", stuffed targets, stand several inches apart on several rows of shelves. Players throw baseballs at the punks to knock them off the shelf. Three punks off in three throws wins.

**SHOOT OUT THE STAR (SHOOTING GALLERY, MACHINE GUNS):** Players shoot out a small red star using pneumatic, rapid fire BB guns. Successfully cutting out the entire red star with 100 shots constitutes a win.

**SLAP SHOT:** Player shoots puck with hockey stick at goalie. Puck may take any one of several numbered grooves to reach the goalie. Final score and prize are determined by which slot the puck ends up in to reach the goalie.

**SPEED BALL:** The player gets three balls. He throws two of the balls for warm-ups then guesses the speed of the third ball, if he is correct he wins.

**STAR DART GAME:** Players throw darts at rows of printed black and red stars on a target board. One dart in the red on any star wins a prize. Losing darts miss the star or hit in the black of the star.

TIC TAC TOE: This game is similar to the Balloon Score game, except that the player wins by popping three balloons in a row, either up, down, across or diagonally.

TISSUE TOSS: One case of toilet tissue rolls and toilet seats attached at an angle with net in background is the equipment needed. Player has three chances to throw a roll of tissue through the toilet seat hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receive third-rate prize.

WOOD RING TOSS: A wooden hoop is thrown at rows of wooden blocks. Each block has a different prize on it. A player wins by completely ringing one of the wood blocks.

NOTES:

I noted the maximum charge for playing Games of Skill is \$.50. While that might have been acceptable ten or twenty years ago, you can not buy a candy bar at a movie for this fee. I feel this needs to be revised.

Permit holders and games of skill players are tired of only having a short list of legal activities to draw on. The organizations around the state I work with feel it's past time to expand this area.



9 April 1990

Mr. John N. Hansen, Jr. Gaming Manager  
Dept. of Commerce & Economic Development  
Division of Occupational Licensing  
STATE OF ALASKA  
P. O. Box D-Lic  
Juneau, Alaska 99811-0800

Dear John:

As a member of the Gaming Advisory Group, I represent a diverse group of organizations and businesses. In the Fair industry alone, there are over twenty fairs and festivals across our state. Together we entertain thousands of Alaskans and visitors annually.

After numerous telephone conferences, many personal contacts and discussions with other fairs and regulatory agencies in other states, I can come to only one conclusion. The State of Alaska should not be in the business of regulating Games of Skill.

If you feel this is a form of gambling, then obviously there is an age factor to be considered. The types of games that are played at fairs, festivals, school carnivals and community celebrations and result in a non-monetary prize are not and should not be considered gambling. They are a form of entertainment and in addition to providing funds for various community projects, they also provide a place of employment for a significant group of Alaskans.

If you feel these activities should be regulated in some way, then I suggest you set up a review board. This board could meet once a year. In the beginning they would review each game suggested for play and try it themselves to insure the games integrity. In following years, they would only review new games. The Division would periodically check on all games to insure that quality and integrity remain in place.

While our organization has many non profit groups that depend on our event to raise badly needed funds, I do not feel that deleting the "skill" section from the code would adversely affect them. It appears to me that an attempt to regulate this aspect of our gaming laws is an exercise in futility.



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

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

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

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

18 March 1990

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

Subject: Testimony for House Bill 512

Dear Ms. MacLean,

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

Enclosed please find my packet containing this testimony.

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

Very truly yours,

  
James L. Fisk, Jr.

JLF:nk

Enclosures: As stated

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

# **CORRECTION**

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



9 April 1990

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Page 2 - John Hansen, Jr. - Alaska State Fair cont'd

Games of Chance are another story all together. Anytime there is money involved at the beginning AND at the end, it needs to be regulated, i.e. Bingo, Pull Tabs, Ice Classics, Lotteries, Raffles, etc.. Since I am not personally involved with Games of Chance, I do not feel qualified to address this section of the code.

Should you have any questions, please feel free to call me. I will be in Juneau on Wednesday, 11 April and will drop by your office. Perhaps if you are not too busy, we could discuss this briefly.

Sincerely,



Marsha M. Melton  
General Manager  
Member - Games Advisory Group

cc. Larry Mercurieff, Commissioner  
Members of Alaska State House of Representatives  
Members of Alaska State Senate  
Randall Burns, Director  
Associated Alaskan Fairs  
Members of Games Advisory Group



VETERANS OF FOREIGN WARS OF THE U.S.  
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Subject: Testimony for House Bill 512

Dear Ms. MacLean,

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

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Very truly yours,

  
James L. Fisk, Jr.

JLF:nk

Enclosures: As stated

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

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

BY REP. BOUCHER, Boyer

IN THE HOUSE

HOUSE BILL NO. 512

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

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

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

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

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

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

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

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

Problem: Inside information on the pull-tab industry.

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

Problem: Winner pick out.

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

Problem: Lack of Randomization

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I say anyone who has had a conviction for gambling, convicted felon should never be involved in gambling or gaming - not after five years, not after ten years, but never as long as he has that conviction on his file. There is an exception, if one has an SIS then - that's the exception and that's only the exception. Once a "cheater", always a "cheater". Licensing dishonest people means dishonest accountability and dishonest tractability. A license to conduct gaming should be identified as a privilege - not a right. A license may be canceled for any reasonable threat to the integrity of the game: I say that if a license is canceled then it's gone. Once it's gone, it's gone forever.

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

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

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

1. Vendor registration by permittee or operator.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

P.O. BOX D-LIC  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465-2534

### DIVISION OF OCCUPATIONAL LICENSING

January 29, 1990

Dear Advisory Group Member:

Greetings and congratulations on being chosen to participate on the Gaming Advisory Group. As you have been notified by telephone, the first meeting will take place on Friday, February 9, 1990. We will be meeting in Anchorage at the Golden Lion Hotel on the corner of 36th Avenue and the Seward Highway. We have scheduled the meeting to start at 9:00 a.m., have planned a social (no host) lunch together at noon, and will resume the meeting at 1:00 p.m. until 4:00 p.m. or so.

At Commissioner Mercurieff's request, the Advisory Group will be chaired by Occupational Licensing Division Director, Randall Burns. The group will be staffed by gaming program staff. Two additional appointments were recently made by the commissioner so the group now totals fourteen (14) members. In addition to Chairperson Burns, the members selected to participate by the commissioner are listed below:

- |   |   |  |
|---|---|--|
| <p>(3)</p> <p>Present</p> <p>absent</p> <p>absent</p> <p>X</p> <p>X</p> | <p>1. Roger Cunningham ✓</p> <p>2. Jim Fiske ✓</p> <p>3. Lia Gladstone ✓</p> <p>4. Mark Griffin ✓</p> <p>5. Jan Jenitis ✓</p> <p>6. Peter Kraemer ✓</p> <p>7. Dwight McBride ✓</p> <p>8. Marsha Melton ✓</p> <p>9. Joe Nyquist ✓</p> <p>10. Bill O'Brien ✓</p> <p>11. Jim Peot ✓</p> <p>12. Jack Powers ✓</p> <p>13. Karen Sherman ✓</p> <p>14. Pat Vincent ✓</p> | <p>Bill's Distributing of Alaska</p> <p>VFW Post 7056 3 4 5</p> <p>Big Brothers/Big Sisters of Juneau</p> <p>Alaska Bingo Supply</p> <p>Farthest North Girl Scout Council</p> <p>North Star Bingo</p> <p>Alaska Indoor Sports</p> <p>Alaska State Fair Association</p> <p>Pull-tab City</p> <p>Cordova Moose Lodge</p> <p>Whaler Casino and Supply</p> <p>Anchorage Bucks</p> <p>Bering Sea Lions Club</p> <p>Kenai Peninsula Builders 4</p> |
|---|---|--|

A tentative agenda has been set:

1. Call to Order
2. Introductions
3. Update on Legislation and Fall Regulations Project
4. Division's Proposed Gaming Budget
5. Department Goals for Advisory Group

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: REX TALLEY  
 TITLE:  
 ADDRESS: 9221 ARLENE #8  
 CITY: ANCH ZIP: 99515  
 PHONE: 248-9206  
 BILL NO: HJR 84  
 SUBJECT: FEDERAL TAX EXEMPTION FOR CHILD CARE  
 MESSAGE: PLEASE SUPPORT THIS BILL. /MAB

POMID: 03164832  
 DATE: 03/09/90  
 TIME: 16:48:32  
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BOYER	BROWN	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS, C.	DUNCAN
DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINKELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPONEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRE	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JUDY GRIFFIN  
 TITLE:  
 ADDRESS: 4600 SHELBURNE PLACE  
 CITY: ANCH ZIP: 99516  
 PHONE: 345-0900  
 BILL NO: HB 512  
 SUBJECT: CHARITABLE GAMING/SALES AGENTS  
 MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE  
 FUNDRAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR  
 PASSAGE. BIG BROTHERS AND BIG SISTERS OF ANCHORAGE HAS IN THE PAST BENEFITTED  
 FROM FUNDRAISING EFFORTS INVOLVING THE RETAIL COMMUNITY. /MAB

POMID: 03170949  
 DATE: 03/09/90  
 TIME: 17:09:49  
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: RAY KELLEY  
TITLE:

ADDRESS: POB 1175  
CITY: WILLOW  
PHONE: 495-6688

ZIP: 99688

BILL NO: HJR 74

SUBJECT: CONST. AMDT: SUBSISTENCE PREFERENCE

MESSAGE: & HJR 88: THESE TWO RESOLUTIONS SHOW THAT, AGAIN, THE STATE OF ALASKA IS RUNNING SCARED FROM A THREAT OF THE FEDERAL GOVERNMENT. THE CONSTITUTION OF THE STATE OF ALASKA SHOULD NOT BE CHANGED TO SUPPORT TITLE 8 OF ANILCA. THE REVERSE SHOULD BE THE CASE.

POMID: 14150746

DATE: 03/09/90

TIME: 15:07:46

LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON	KERTTULA
MENARD	SZYMANSKI
DAVIDSON	FAHRENKAMP
JACKO	FRANK
FOSTER	HALFORD
NAVARRE	STURGULEWSKI
FURNACE	ZHAROFF
SHARP	RODEY
HUDSON	FAIKS
DAVIS, M.	PEARCE
GOLL	
GRUENBERG	
ELLIS	
MILLER	
MARTIN	

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: PEGGY MCNEES

TITLE: BOARD MEMBER, BIG BROTHERS/BIG SISTERS

ADDRESS: 2607 E. 20TH

CITY: ANCHORAGE

PHONE: 266-1677

ZIP: 99508

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND RAISING. I SUPPORT THE BILLS AND REQUEST YOUR SUPPORT. BIG BROTHERS/BIG SISTERS HAS BENEFITED AND WISHES TO CONTINUE TO BENEFIT FROM THE INVOLVEMENT WITH THE RETAIL COMMUNITY. I SUPPORT HB 512 AND SB 501. /CMR

POMID: 03145209

DATE: 03/09/90

TIME: 14:57:03

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JODY SIMPSON  
TITLE:  
ADDRESS: PO BOX 521113  
CITY: BIG LAKE ZIP: 99652  
PHONE: 892-6371  
BILL NO: SB 59  
SUBJECT: MANDATORY SEATBELTS  
MESSAGE: PLEASE VOTE IN FAVOR OF SB59.

POMID: 14150708  
DATE: 03/09/90  
TIME: 15:07:08  
LIONAME: MAT-SU LIO

COPIES: SENATORS

ADAMS  
BINKLEY  
COGHILL  
DUNCAN  
FAHRENKAMP  
FAIKS  
FISCHER  
FRANK  
HALFORD  
JONES  
KELLY  
KERTTULA  
PEARCE  
POURCHOT  
RODEY  
STURGULEWSKI  
SZYMANSKI  
UEHLING  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: DAVE JONES  
TITLE:  
ADDRESS: 2435 SPRUCEWOOD  
CITY: ANCH ZIP: 99508  
PHONE: 278-3876  
BILL NO: HB 512  
SUBJECT: CHARITABLE GAMING/SALES AGENTS  
MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-  
RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE.  
BIG BROTHERS/BIG SISTERS HAS IN THE PAST BENEFITED FROM FUND RAISING EFFORTS  
INVOLVING THE RETAIL COMMUNITY AND WISHES FOR THESE RELATIONSHIPS TO CONTINUE.  
/MAB

POMID: 03151610  
DATE: 03/09/90  
TIME: 15:16:10  
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: ERIC TASKER

TITLE:

ADDRESS: 7724 ARLENE ST

CITY: ANCH

ZIP: 99532

PHONE: 243-7245

BILL NO:

SUBJECT: BUDGET

MESSAGE: LIKE MOST ALASKANS I WANT STATE GOVERNMENT REDUCED. I SUGGEST A 50% REDUCTION TO START. THIS WOULD LEAVE TWICE AS MUCH STATE GOVERNMENT AS I WANT, NEED, OR AM WILLING TO PAY FOR. -TP

POMID: 03143035

DATE: 03/09/90

TIME: 14:30:35

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BYER	BROWN	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS, C.	DUNCAN
DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINKELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPONEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRÉ	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: KAY SLACK

TITLE:

ADDRESS: PO 2587

CITY: PALMER

ZIP: 99645

PHONE: 745-8526

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-RAISING. I SUPPORT HB512 AND SB501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS-BIG SISTERS HAS IN THE PAST BENEFITTED FROM FUNDRAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE. -TP

POMID: 03143515

DATE: 03/09/90

TIME: 14:35:15

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: IRVIN BROCK

TITLE:

ADDRESS: P.O.BOX 5-337

CITY: FORT RICHARDSON

PHONE: 428-1347

ZIP: 99505

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS/BIG SISTERS HAS IN THE PASS BENEFITED FROM FUND RAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.  
/CMR

POMID: 03121526

DATE: 03/09/90

TIME: 12:15:26

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN  
FOSTER  
PETTYJOHN  
DAVIS, C.  
KUBINA

RODEY  
FAIKS  
KERTTULA  
COGHILL

PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: KATHY SWARTZ

TITLE:

ADDRESS: 4930 SPORTSMAN DRIVE

CITY: ANCHORAGE

PHONE: 248-2102

ZIP: 99502

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY AND CHARITABLE FUND RAISING. I SUPPORT HB 512 AND SB 501 AND URGE YOU TO ENDORSE THEIR PASSAGE. BIG BROTHERS/BIG SISTERS HAS IN THE PAST BENEFITED FROM FUND RAISING EFFORTS INVOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.  
/CHR

POMID: 03123901

DATE: 03/09/90

TIME: 12:39:01

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN  
FOSTER  
PETTYJOHN  
DAVIS, C.  
KUBINA

RODEY  
FAIKS  
KERTTULA  
COGHILL

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: JEANIE HALPIN

TITLE:

ADDRESS: 2005 W47TH

CITY: ANCH

PHONE: 243-6978

ZIP: 99517

BILL NO: HB 512

SUBJECT: CHARITABLE GAMING/SALES AGENTS

MESSAGE: I SUPPORT THE INVOLVEMENT OF THE RETAIL COMMUNITY IN CHARITABLE FUND-  
RAISING. I SUPPORT HB512 AND SB501 AND URGE YOU TO ENDORSE ITS PASSAGE. BIG  
BROTHERS-BIG SISTERS HAS, IN THE PAST, BENEFITTED FROM FUNDRAISING EFFORTS IN-  
VOLVING THE RETAIL COMMUNITY AND WISH FOR THESE RELATIONSHIPS TO CONTINUE.

-TP

POMID: 03115203

DATE: 03/09/90

TIME: 11:52:03

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

MACLEAN	RODEY
FOSTER	FAIKS
PETTYJOHN	KERTTULA
DAVIS, C.	COGHILL
KUBINA	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR ELIASON

NAME: DENNIS HACKENBERGER

TITLE:

ADDRESS: 1515 WOLVERINE STREET

CITY: ANCHORAGE

PHONE: 333-9228

ZIP: 99504

BILL NO: HB 515

SUBJECT: PERS CREDIT: NONCERTIFICATED SCHOOL EMP.

MESSAGE: I AM IN SUPPORT OF HB 515 AND SB 444. /CMR

POMID: 03123623

DATE: 03/09/90

TIME: 12:36:23

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BOYER	BROWN	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS, C.	DUNCAN
DAVIS, M.	DONLEY	FAHRENKAMP
ELLIS	FINDELSTEIN	FAIKS
FOSTER	FURNACE	FISCHER
GOLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPOHEN	KELLY
KUBINA	LARSON	KERTTULA
LEMAN	MACLEAN	PEARCE
MARTIN	MENARD	POURCHOT
MILLER	NAVARRE	RODEY
PETTYJOHN	PHILLIPS	STURGULEWSKI
RIEGER	SHARP	SZYMANSKI
SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

**S B**

**506**

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/23/90

FURTHER:

Date of 5-Day Notice: 3/11/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/15/90

Labor and Commerce Committee considered SB 506

Act exempting certain employment of line haul truck drivers from overtime wage requirements.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

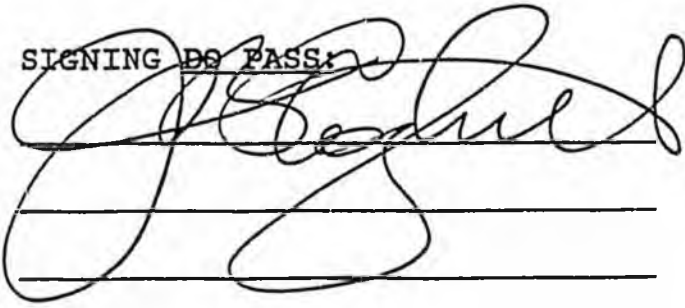
fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s)  
Dept of Labor 3/5/90  
\_\_\_\_\_  
\_\_\_\_\_

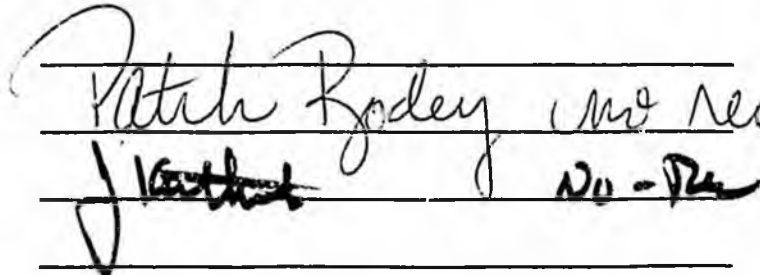
appropriation-no fiscal note

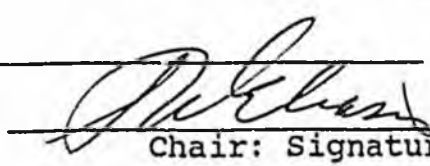
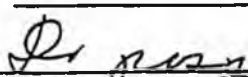
Governor's bill w/fiscal note

SIGNING DO PASS:



OTHER RECOMMENDATIONS:

  
Patricia Rodey no rec  
J. [unclear] no - [unclear]

   
Chair: Signature and Recommendation

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION : SB 506  
PUBLISH DATE : \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: " An Act exempting certain  
employment of line haul truck drivers..."  
Sponsor: Senate Labor & Commerce  
Requestor: Senate Labor & Commerce

Agency Affected: Labor  
BRU: Labor Standards & Safety  
Components: Wage & Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Note: There is no fiscal impact on FY 90.

Prepared by: Tom Stuart, Director *Tom Stuart* Phone: 264-2452  
Division: Labor Standards & Safety Date: 3/5/90  
Approved by Commissioner: Jim Sampson *Jim Sampson* Date: 3/5/90  
Agency: Department of Labor

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

ALASKA STATE SENATE

SENATOR DICK ELIASON  
SITKA  
CHAIRMAN



MEMBERS  
SENATOR JAN FAIKS  
ANCHORAGE

SENATOR PAT RODEY  
ANCHORAGE  
VICE-CHAIRMAN


LABOR AND COMMERCE COMMITTEE

SENATOR JACK COGHILL  
NENANA

SENATOR JALMAR KERTTULA  
PALMER

MEMORANDUM

TO: Senate Labor and Commerce Committee Members

FROM: Senator Dick Eliason, Chair  
Senate Labor and Commerce Committee 

DATE: February 21, 1990

RE: Proposed legislation

Attached is a proposed legislation addressing a problem recently brought to my attention. Please let me know if you have any concerns about this legislation being introduced as a Senate Labor and Commerce Committee bill.

In October, 1988, the Washington State Supreme Court ruled that the State of Washington Minimum Wage Act was not inconsistent with the Federal Motor Carriers Act for the purpose of compliance with the state's overtime pay requirements. Prior to the ruling, motor carriers typically paid a flat rate per mile to the owner/operators of trucks which carry freight over long distances. After the ruling, there was considerable concern by both motor freight companies and owner/operators about problems created by the decision, including possible retroactive payments and the way in which the Department of Labor would draft new regulations.

The Alaska motor carriers followed the events in Washington with interest, as Alaska's overtime wage statutes are very similar to Washington State statutes, and a similar court decision would likely occur here if a suit was filed.

The State of Washington has recently passed legislation to allow the historic practice of flat rate/mile compensation so long as it reasonably approximates payment under the overtime

statute. The legislation was supported by both management and labor in Washington.

This proposed legislation contains the same language as adopted in Washington. This approach will eliminate uncertainty within the motor freight industry in Alaska, and is supported by management, labor, and the Department of Labor. The legislation assures that the intent of the overtime statute will be followed while allowing motor carriers the flexibility of doing so under a method which all carriers are familiar.

## SENATE BILL 506

An Act exempting certain employment of line haul truck drivers from overtime requirements

Senate Bill 506 places in statute the current practice of compensating truck drivers on a flat rate per mile so long as it reasonably approximates payment under the overtime statute. This approach is supported by management, labor, and the Alaska Department of Labor.

SB 506 assures that the intent of the overtime statute will be followed while allowing motor carriers the flexibility of working under a method which all carriers are familiar.

### ADDITIONAL INFORMATION

1. This legislation was introduced because of a recent court decision in the State of Washington. In October, 1988, the Washington State Supreme Court ruled that the State of Washington Minimum Wage Wage should be used to determine overtime pay for truck drivers. Prior to the ruling, motor carriers typically paid a flat rate per mile to the owner/operator of trucks which carry freight over long distances. After the ruling, there was considerable concern by both motor freight companies and owner/operators about problems created by the decision. Since Alaska's overtime wage statutes are very similar to Washington State statutes, and a similar court decision would likely occur here if a suit was filed, the motor carriers requested the introduction of SB 506.

2. The State of Washington has recently passed legislation similar to SB 506 and it appears to be working very smoothly.

3. The changes on pages 1 and 2 are clean-up changes at the discretion of the drafter.

BY THE LABOR & COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting certain employment of line haul  
7 truck drivers from overtime wage requirements."

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

9 \* Section 1. AS 23.10.060 is amended to read:

10 Sec. 23.10.060. PAYMENT FOR OVERTIME. (a) An employer who  
11 employs employees engaged in commerce [,] or other business, or in the  
12 production of goods or materials in the state [ALASKA] may not employ  
13 an employee [NOT ACTING IN A SUPERVISORY CAPACITY, EITHER MALE OR  
14 FEMALE,] for a workweek longer than 40 hours or for more than eight  
15 hours a day. This section does not apply to the employment of a  
16 person acting in a supervisory capacity.

17 (b) If an [, EXCEPT THAT IF THE] employer finds it necessary to  
18 employ an employee in excess of 40 hours a week or eight hours a day,  
19 compensation for the overtime at the rate of one and one-half times  
20 the regular rate of pay shall be paid.

21 (c) This section [, AND THIS PROVISION] is considered included  
22 in all contracts of employment.

23 (d) This section does not apply with respect to

24 (1) an employee employed by an employer employing less than  
25 four employees in the regular course of business, as "regular course  
26 of business" is defined by regulations of the commissioner;

27 (2) [REPEALED

28 (3) REPEALED

29 (4)] an employee employed in handling, packing, storing,

1 pasteurizing, drying, preparing in their raw or natural state, or  
2 canning agricultural or horticultural commodities for market, or in  
3 making cheese or butter or other dairy products;

4 (3) [(5)] an employee of an employer engaged in small  
5 mining operations where not more than 12 employees are employed, if  
6 the employee is employed not in excess of 12 hours a day or 56 hours a  
7 week during a period or periods of not more than 14 workweeks in the  
8 aggregate in a calendar year during the mining season, as the season  
9 is defined by the commissioner;

10 (4) [(6)] REPEALED

11 (7)] an employee engaged in agriculture;

12 (5) [(8)] an employee employed in connection with the  
13 publication of a weekly, semiweekly, or daily newspaper with a circu-  
14 lation of less than 1,000;

15 (6) [(9)] a switchboard operator employed in a public  
16 telephone exchange that [WHICH] has fewer than 750 stations;

17 (7) [(10)] an employee of an employer engaged in the busi-  
18 ness of operating taxicabs;

19 (8) [(11)] an employee in an otherwise exempted employment  
20 or proprietor in a retail or service establishment engaged in handling  
21 telegraphic, telephone, or radio messages for the public under an  
22 agency or contract arrangement with a telegraph or communications  
23 company where the telegraph message or communications revenue of the  
24 agency does not exceed \$500 a month;

25 (9) [(12)] an employee employed as a seaman;

26 (10) [(13)] an employee employed in planting or tending  
27 trees, cruising, or surveying, or bucking, or felling timber, or in  
28 preparing or transporting logs or other forestry products to the mill,  
29 processing plant, railroad, or other transportation terminal, if the

1 number of employees employed by the employer in the forestry or lum-  
2 bering operations does not exceed 12;

3 (11) [(14)] an individual employed as an outside buyer of  
4 poultry, eggs, cream, or milk in their raw or natural state;

5 (12) [(15)] casual employees as may be liberally defined by  
6 regulations of the commissioner;

7 (13) [(16)] an employee of a hospital whose employment in-  
8 cludes the provision of medical services;

9 (14) [(17)] work performed by an employee under a flexible  
10 work hour plan if the plan is included as part of a collective bar-  
11 gaining agreement;

12 (15) [(18)] work performed by an employee under a voluntary  
13 flexible work hour plan if

14 (A) the employee and the employer have signed a writ-  
15 ten agreement and the written agreement has been filed with the  
16 department; and

17 (B) the department has issued a certificate approving  
18 the plan which states the work is for 40 hours a week and not  
19 more than 10 hours a day; for work over 40 hours a week or 10  
20 hours a day under a flexible work hour plan not included as part  
21 of a collective bargaining agreement, compensation at the rate of  
22 one and one-half times the regular rate of pay shall be paid for  
23 the overtime;

24 (16) an individual employed as a line haul truck driver for  
25 a trip that exceeds 100 road miles one way if the compensation system  
26 under which the truck driver is paid includes overtime pay for work in  
27 excess of 40 hours a week or for more than eight hours a day and the  
28 compensation system requires a rate of pay comparable to the rate of  
29 pay required by this section.

**ALASKA TRUCKING ASSOCIATION, INC.**3443 Minnesota Drive • Anchorage, Alaska 99503 • Phone (907) 276-1148 • Fax (907) 274-1946

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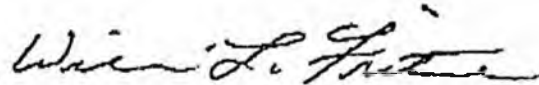
March 14, 1990

TO MEMBERS OF THE ALASKA STATE LEGISLATURE:

Alaska Trucking Association, Inc. would like to speak in support of Senate Bill 506 concerning overtime issues for long haul truck drivers in Alaska.

Historically, payment by the mile to long haul truck drivers has included calculation for overtime work at rates comparable to those paid by hourly calculation for work requiring similar skills and an equivalent level of competence. Any interpretation to the contrary is in error, and would be extremely detrimental to the industry we represent.

Please be assured that the provisions in Senate Bill 506 are supported fully by Alaska Trucking Association, Inc. and the numerous companies and individuals we represent.



William L. Fritsch  
General Manager

WLF:bjs

# Executive Vice President's Report

October 20, 1988 the Washington Supreme Court handed down its decision in the case of Common Carriers, *et al. versus* the State of Washington. The decision stated in effect that there was no conflict between the Federal Motor Carrier Act and the Washington State Minimum Wage Act, and that these two could be enforced simultaneously and without conflict.

This meant the requirement for payment of time and one-half for overtime work in excess of 40 hours per week, which had been established by the Washington State Minimum Wage Act, was now imposed upon those motor carriers engaged in interstate commerce. These carriers had previously been exempted from these state requirements by the Federal Motor Carrier Act. However, since most carriers had already been paying time and one-half or its equivalent, this court decision did not affect them significantly, or at least that was their impression.

At the present time the Department of Labor and Industries is auditing somewhere in excess of 50 individual companies in the state with a eye to enforcing the payment of overtime retroactively up to two years. Their interpretation presently is that unless a labor contract states specifically that the salary involved reflects at least time and one-half for hours worked beyond 40 hours a week, they will be required to compensate an employee for time worked up to two years previously.

Let me stress that the Department has been most cooperative in affording us opportunities to discuss the nature of our business with them and to offer arguments

as to why certain procedures within the industry do presently reflect the payment of overtime. They, however, are charged with the administration of this law and, of course, have no alternative but to proceed with the application of the findings of the court.

Many of our members expressed concern about their practice of paying a flat mileage rate, a flat rate for the haul involved, or a percent of gross for services performed and whether this would be accepted as constituting payment of time and a half for overtime. We therefore introduced a bill which stated that drivers paid on some basis other than straight time with time and a half for overtime would be exempted from the requirements of this law, provided the compensation was "reasonably equivalent" to time and a half as required under the state's Minimum Wage Act.

After several discussions, both the Department of Labor and Industries and the Teamsters supported the legislation, which was enacted and signed into law in April of this year.

We have had several discussions with the Department on the appropriate rules for implementation of this law, and appeared in force at a hearing conducted by Mark McDermott, Assistant Director of Employees, ESAC of the Department of Labor and Industries, who is in charge of drafting the appropriate regulations along with Paul Parker, Rules Officer. A hearing on the proposed rules took place in Olympia on Thursday, August 31, 1989, and the following individuals appeared on behalf of their companies:



*Marty Sangster, Executive Vice President*

Don Frey, Vice President,  
Metro Hauling, Inc.  
Wayne Klenda, General Manager,  
Fedderly Marlon Freight Lines

Don Lemmons, President,  
Interstate Wood Products

Eldon Renfro, President,  
Renfro Trucking

Mac Williams, Director, Industrial  
Relations, Puget Sound Freight Lines

Dan Lavaty, Line Haul Payroll Manager,  
Consolidated Freightways

Steve Hillstead, Puget Sound Group  
Manager, Consolidated Freightways

Marty Sangster, Executive Vice President,  
WTA

We retained legal counsel, Phil Talmadge, who did an excellent job of analysis of the regulations from a legal standpoint.

We had hoped to select a company whose set of circumstances would afford an objective review in court of the issue of retroactive overtime pay, and were awaiting the development of the final rules in order to select the most representative for a court test of retroactivity. This approach to the issue was rendered moot on August 10, 1989 when the Department of Labor and Industries, through the Attorney General's office, served a Summons and Complaint against "PUGET SOUND TRUCK LINES, INC., individually and as representative of the Washington Trucking Association, and as a representative of all employer motor carriers similarly situated subject to RCW 49".

A question of whether a class action can be brought by the State against the defendants is questionable, but nevertheless it brings the matter to a head. President John Bredeson called a meeting of the Legislative Committee on September 7, 1989, at which a lengthy discussion and evaluation of the situation was held. Puget

*(Continued on page 12)*



*Executive Committee Meeting on overtime issue*

**NEW SECTION**

**WAC 296-24-102 SCOPE AND APPLICATION.** Application of this section is limited to retail establishments operating between the hours of 11:00 p.m. and 6:00 a.m. with the exception of restaurants, taverns, or any lodging facility.

**NEW SECTION**

**WAC 296-24-10201 GENERAL REQUIREMENTS.** (1) All employers operating late night retail establishments shall provide crime prevention training to their employees.

(2) Crime prevention training shall be a part of the accident prevention program requirements imposed pursuant to WAC 296-24-040.

(3) The employer shall provide training to ensure that the purpose and function of robbery and violence prevention are understood by employees and that the knowledge and skills required for their safety have been provided. The employer shall:

(a) Provide training and training materials that outline security policies, safety and security procedures, and personal safety and crime avoidance techniques.

(b) Provide formal instruction through a training seminar or training video presentation and upon completion require the employee to sign off on the date, time, and place of training. The training documentation will be placed in the employee's personnel file. The following elements shall be included in the crime prevention training program:

(i) An explanation of the importance of keeping the store clean, neat, and uncluttered thereby making it as unattractive as possible to robbers.

(ii) Provide explanation of the purpose of maintaining an unobstructed view of the cash register from outside the store, provided the cash register is located in a position visible from the street.

(iii) Provide instruction on reasons for operating only minimum number of cash registers at night.

(iv) Keeping the cash register fund to a minimum.

(v) Taking extra precautions after dark, i.e., keep alert, observe lighting and dark corners, spot possible hiding places.

(vi) Violence prevention measures in case of robbery.

(vii) Effective use of posters, signs, and symbols to designate specific hazards to be avoided that failure to recognize may lead to an accidental injury or additional danger to workers.

(viii) Provide a refresher course on crime prevention on or near the employee's anniversary date. Videotape and crime prevention material shall be available for employee's review at their request.

(4) In addition to providing crime prevention training as defined in this section, all employers operating late night retail establishments shall:

(a) Post a conspicuous sign in the window or door which states that there is a safe on the premises and it is not accessible to the employees on the premises and that the cash register contains only the minimal amount of cash needed to conduct business. No employer shall be subject to citation and penalty for having monies in the cash register in excess of the minimal amount needed to conduct business.

(b) All displays, and any other material posted in window(s) or door(s) should be arranged so as to provide a clear and unobstructed view of the cash register; provided the cash register is located in such a position so as to be visible from the street.

(c) Have a drop-safe, limited access safe, or comparable device on the premises.

(d) Operate the outside lights for that portion of the approach and parking area that is necessary to accommodate customers during all light hours the late night retail establishment is open. This may be accomplished through:

(i) Surveillance lighting - to detect and observe pedestrian and vehicular entrances.

(ii) Providing adequate illuminance - adequate illuminance throughout the pedestrian and vehicular entrance areas should be a minimum of one foot candle to comply with ANSI/IES R27-1983.

Purpose: To implement 1989 amendments to RCW 49.46.130.

Statutory Authority for Adoption: RCW 43.22.270, 49.46.130 and chapter 104, Laws of 1989.

Pursuant to notice filed as WSR 89-15-060 on July 19, 1989; and WSR 89-20-040 on October 2, 1989.

Changes Other than Editing from Proposed to Adopted Version: Instead of requiring that the employer and employee agree upon a compensation scheme other than pay on an hourly basis, the permanent rule requires only that the base rate of pay, upon which overtime is calculated, be established in advance of the work performed. The permanent rule clarifies that the department may require an employer to substantiate its use of a compensation scheme other than payment on an hourly basis. The permanent rule also clarifies that the formula contained in rule is recommended, not mandated. The permanent rule increases the flexibility and accountability required of an alternative compensation scheme. A formula should reflect the actual work done over a representative time period within the past two years.

Effective Date of Rule: Thirty-one days after filing.

November 1, 1989

Joseph A. Dear

Director

**NEW SECTION**

**WAC 296-122-011 SPECIAL RECORDKEEPING REQUIREMENTS.** (1) In addition to the records required by WAC 296-122-010, employers who employ individuals as truck or bus drivers subject to the provisions of the Federal Motor Carrier Act shall maintain records indicating the base rate of pay, the overtime rate of pay, the hours worked by each employee for each type of work, and the formulas and projected work hours used to substantiate any deviation from payment on an hourly basis pursuant to WAC 296-122-012. The records shall indicate the period of time for which the base rate of pay and the overtime rate of pay are in effect.

For the purposes of this section and WAC 296-122-012, "base rate of pay" means the amount of compensation paid per hour or per unit of work in a workweek of forty hours or less. A base rate of pay shall be established in advance of the work performed and may be based on hours or work units such as mileage, performance of specified duties, or a specified percentage of the gross proceeds charged for specified work. A base rate of pay shall not be established that will result in compensation at less than the minimum wage prescribed in RCW 49.46.020. "Overtime rate of pay" means the amount of compensation paid for hours worked within the state of Washington in excess of forty hours per week and shall be at least one and one-half times the base rate of pay.

(2) The records required by this section shall be made available by the employer at the request of the department. Any current or past employee may obtain copies of the formula, the base rate of pay, the overtime rate of pay, and that employee's records. Job applicants seeking employment by the employer as truck or bus driver are subject to the provisions of the Federal Motor Carrier

WSR 89-22-120

PERMANENT RULES

DEPARTMENT OF LABOR AND INDUSTRIES

(Filed November 1, 1989, 2:48 p.m.)

Date of Adoption: November 1, 1989.

49.46.090

## Title 49 RCW: Labor Regulations

of this chapter, the director may take an assignment under this chapter or as provided in RCW 49.48.040 of such wage claim in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay the costs and such reasonable attorney's fees as may be allowed by the court. [1959 c 294 § 9.]

**49.46.100 Prohibited acts of employer—Penalty.** (1) Any employer who hinders or delays the director or his authorized representatives in the performance of his duties in the enforcement of this chapter, or refuses to admit the director or his authorized representatives to any place of employment, or fails to make, keep, and preserve any records as required under the provisions of this chapter, or falsifies any such record, or refuses to make any record accessible to the director or his authorized representatives upon demand, or refuses to furnish a sworn statement of such record or any other information required for the proper enforcement of this chapter to the director or his authorized representatives upon demand, or pays or agrees to pay wages at a rate less than the rate applicable under this chapter, or otherwise violates any provision of this chapter or of any regulation issued under this chapter shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

(2) Any employer who discharges or in any other manner discriminates against any employee because such employee has made any complaint to his employer, to the director, or his authorized representatives that he has not been paid wages in accordance with the provisions of this chapter, or that the employer has violated any provision of this chapter, or because such employee has caused to be instituted or is about to cause to be instituted any proceeding under or related to this chapter, or because such employee has testified or is about to testify in any such proceeding shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor. [1959 c 294 § 10.]

**49.46.110 Collective bargaining not impaired.** Nothing in this chapter shall be deemed to interfere with, impede, or in any way diminish the right of employees to bargain collectively with their employers through representatives of their own choosing in order to establish wages or other conditions of work in excess of the applicable minimum under the provisions of this chapter. [1959 c 294 § 11.]

**49.46.120 Chapter establishes minimum standards and is supplementary to other laws—More favorable standards unaffected.** This chapter establishes a minimum standard for wages and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other federal, state, or local law or ordinance, or any rule or regulation issued thereunder. Any standards relating to wages, hours, or other working conditions established by any applicable federal, state, or local law or ordinance, or any rule or regulation issued thereunder, which are more

favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law. [1961 ex.s. c 18 § 4; 1959 c 294 § 12.]

**49.46.130 Minimum rate of compensation for employment in excess of forty hour work week—Exceptions.** (1) No employer shall employ any of his employees for a work week longer than forty hours unless such employee receives compensation for his employment in excess of the hours above specified at a rate not less than one and one-half times the regular rate at which he is employed, except that the provisions of this subsection (1) shall not apply to any person exempted pursuant to RCW 49.46.010(5) as now or hereafter amended and the provision of this subsection shall not apply to employees who request compensating time off in lieu of overtime pay nor to any individual employed as a seaman whether or not the seaman is employed on a vessel other than an American vessel, nor to seasonal employees who are employed at conventions and recreational establishments at agricultural fairs, including those seasonal employees employed by agricultural fairs, within the state provided that the period of employment for any seasonal employee at any or all agricultural fairs does not exceed fourteen working days a year, nor to any individual employed as a motion picture projectionist if that employee is covered by a contract or collective bargaining agreement which regulates hours of work and overtime pay, nor to an individual employed as a truck or bus driver who is subject to the provisions of the Federal Motor Carrier Act (49 U.S.C. Sec. 3101 et seq. and 49 U.S.C. Sec. 10101 et seq.), if the compensation system under which the truck or bus driver is paid includes overtime pay, reasonably equivalent to that required by this subsection, for working longer than forty hours per week.

(2) No public agency shall be deemed to have violated subsection (1) of this section with respect to the employment of any employee in fire protection activities or any employee in law enforcement activities (including security personnel in correctional institutions) if: (a) in a work period of twenty-eight consecutive days the employee receives for tours of duty which in the aggregate exceed two hundred and forty hours; or (b) in the case of such an employee to whom a work period of at least seven but less than twenty-eight days applies, in his work period the employee receives for tours of duty which in the aggregate exceed a number of hours which bears the same ratio to the number of consecutive days in his work period as two hundred forty hours bears to twenty-eight days; compensation at a rate not less than one and one-half times the regular rate at which he is employed; *Provided*, That this section shall not apply to any individual employed (1) on a farm, in the employ of any person, in connection with the cultivation of the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including raising, shearing, feeding, caring for, training, and management

**S B**

**507**



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4978

Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617  
or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

March 10, 1990

## MEMORANDUM

TO: Senator Dick Eliason, Chairman  
Senate Labor and Commerce Committee

FROM: Senator Mike Szymanski *Mike*

RE: Request for Hearing

I wish to request that you schedule SB 507, an Act relating to municipal taxation of alcoholic beverages, at the earliest possible date.

Thank you for your consideration.

*FILE*

A large handwritten signature, possibly "Mike", and a long checkmark drawn across the bottom right of the page.

Senate District E

Mat-Su Borough • So Anchorage • Bar/Indian • Girwood • Ukiak • Cooper Landing • Hope • Seward • Prince William Sound

**S B**

**508**

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/27/90

FURTHER:

Date of 5-Day Notice: 3/29/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/29/90

Labor and Commerce Committee considered SB 508

Act relating to workers' compensation.

and recommended:

- replace with \_\_\_\_\_ CS SB 508 (L+C)  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted forthcoming

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

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

zero fiscal note(s)  
Dept of Admin 4/23/90  
Dept of Labor 4/23/90

- appropriation-no fiscal note
- Governor's bill w/fiscal note

SIGNING DO PASS:

*[Handwritten signatures]*

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten signature]*  
Chair: Signature and Recommendation