

**ALASKA**  
**7056**

**LEGISLATURE**  
**HOUSE**

**COMMITTEE**  
**& LABOR**  
**COMMERCE**

**FILES**  
**1991-1992**

**8672**

230

January 16, 1991

In accordance with this regulation, permittees or operators wishing to conduct gaming activities in a retail location other than its customary place of business will need to submit the following information:

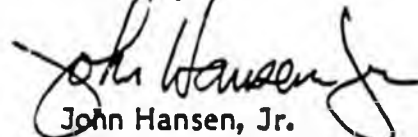
- a. Business name of location.
- b. Street address and phone number.
- c. Type of gaming activity.
- d. Name of employees or members conducting the activity at each location.
- e. Copies of signed lease agreement for each location.

Any open pull-tab games removed from sale as a result of the AG's opinion may be returned to play by the permittee or operator under the above scenarios.

Telefax copies of this information or applications will not be accepted.

If you have any questions, please feel free to contact this office.

Sincerely,



John Hansen, Jr.  
Gaming Program Manager

JH/11s0009s1  
011591a

# EMERGENCY REGULATION

## NOTICE OF ADOPTION OF AN EMERGENCY REGULATION BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT GAMES OF CHANCE AND SKILL

### LOCATION AND CONDUCT OF GAMING ACTIVITIES

As require by AS 44.62.250, notice is given that, under authority vested by AS 05.15.060, the Department of Commerce and Economic Development, on January 14, 1991, adopted as an emergency regulation, 12 AAC 34.910, LOCATION AND CONDUCT OF CERTAIN GAMING ACTIVITIES, which allows permittees and operators to conduct certain gaming activities at a place other than its own customary place of business (e.g., a permittee may sell pull-tabs from the premises of a private business). This emergency regulation

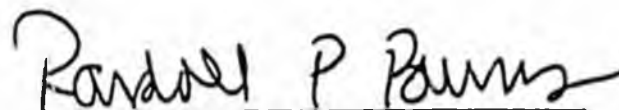
- (1) limits the amount a permittee or operator may pay for space leased from a business establishment;
- (2) requires a written lease between the permittee/operator and the business establishment;
- (3) limits the sale of pull-tabs at locations where bingo is also being played;
- (4) requires that pull-tab sales be conducted in a distinct area within the business establishment and that receipts from gaming activity be accounted for separately;
- (5) establishes strict requirements on who may and may not conduct gaming activity at a business establishment and limits the compensation they may receive;
- (6) defines "employee."

This emergency regulation took effect on January 15, 1991.

Notice is also given that the Department of Commerce and Economic Development intends to make this regulation permanent under AS 44.62.260. Any person interested may make comments relevant to this emergency regulation by submitting them in writing to Kevin Henderson, Regulations Specialist, Division of Occupational Licensing, P.O. Box D, Juneau, AK 99801, so that they are received no later than MONDAY, APRIL 1, 1991.

A copy of this emergency regulation and the department's Finding of Emergency may be obtained by writing to the address indicated above.

This action is not expected to require an increased appropriation.

  
Randall P. Burns, Director  
Division of Occupational Licensing

DATE:

January 16, 1991

## FINDING OF EMERGENCY

The Department of Commerce and Economic Development (the Department) finds that an emergency exists and that the emergency adoption of the attached regulation is necessary for the immediate preservation of the public's peace, health, safety, or general welfare. The facts constituting the emergency are as follows:

On October 24, 1990, the Attorney General issued an opinion stating that only permitted qualified organizations, permitted municipalities, and licensed operators are authorized to conduct charitable gaming under AS 05.15. Therefore, the sale of pull-tabs by so-called third-party vendors is not authorized under the existing charitable gaming statutes. See 1990 Inf. Att'y Gen. Op. (663-90-0399; October 24).

Third-party vendor sales of pull-tabs had been occurring before the issuance of the opinion, and continued after its issuance under permits issued for calendar year 1990 to permittees for third-party vendor locations. The administration under Governor Steve Cowper deferred taking action on the issue in favor of letting the new administration (scheduled to take over state government on December 3, 1990) decide how to deal with the third-party vendor issue.

In the meantime, all charitable gaming permits, including those issued for third-party locations, were scheduled to expire on December 31, 1990. On December 21, 1990, the Attorney General advised the acting Commissioner of the Department of Commerce and Economic Development that the department could not authorize anyone to conduct charitable gaming activities other than a permittee or licensee. Thus, the department was not authorized to renew and has not renewed any permits issued for charitable gaming activities conducted by third-party vendors.

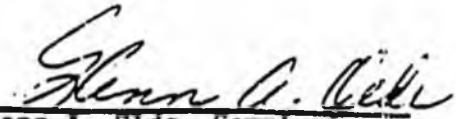
As the department attempts to both assist the winding down of unauthorized activities and determine which of literally hundreds of renewal permit applications may properly be issued, it has become apparent that immediate regulatory guidance is necessary in order to clearly describe those charitable gaming activities that are permissible and to allow the department to timely issue charitable gaming permits to those organizations entitled to permits. In addition, emergency regulatory action is necessary to halt a potentially devastating loss of income to permittees.

ADOPTION ORDER

Therefore, under the authority of AS 05.15.060, the regulation is adopted by the Department of Commerce and Economic Development as an emergency regulation to take effect immediately upon filing by the lieutenant governor, as provided for in AS 44.62.180(3).

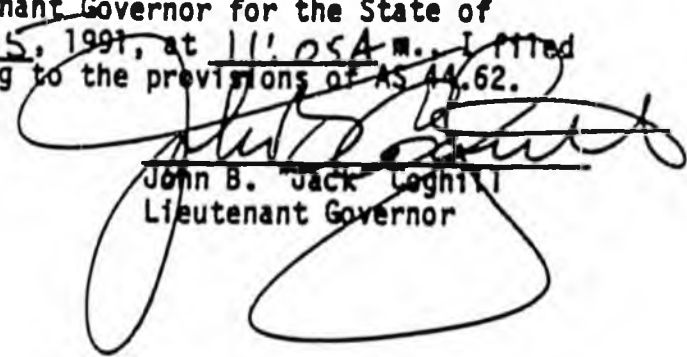
This action is not expected to require an increased appropriation.

DATE: 1/14/91  
Juneau, Alaska

  
Glenn A. Olds, Commissioner  
Department of Commerce and  
Economic Development

FILING CERTIFICATION

I, John B. "Jack" Coghill, Lieutenant Governor for the State of Alaska, certify that on January 15, 1991, at 11:05A M., I filed the attached regulations according to the provisions of AS 44.62.

  
John B. "Jack" Coghill  
Lieutenant Governor

Effective: January 15, 1991.  
Register: 117, April 1991.

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.910. LOCATION AND CONDUCT OF CERTAIN GAMING ACTIVITIES. (a) A permittee or an operator may lease space at a place other than its customary place of business in order to conduct gaming activities. The lease must be in writing. The rent paid by a permittee or an operator for the space actually used to conduct the gaming activities may not exceed the average cost per square foot of comparable space. The permittee or the operator may pay no other compensation to the lessor for the use of that location.

(b) The department will issue a separate permit for each location at which gaming activities are to be conducted under (a) of this section. A permit must be posted at a location before gaming activities are conducted by a permittee or an operator. The application for a permit under this section must include a copy of the lease and a list of the operator's employees or the permittee's members or employees who will conduct the gaming activities for the permittee or the operator.

(c) When pull-tabs are sold under (a) of this section at a location at which bingo games are also conducted, the pull-tabs may be sold only during the time bingo games are conducted and only in accordance with the other provisions of this section.

(d) All pull-tab sales conducted under (a) of this section must be conducted in an identifiably distinct area of the location.

(e) All gaming receipts from sales conducted under (a) of this section must be kept separate at all times from other business receipts at the location.

(f) Only an employee or member of a permittee may conduct gaming activities under (a) of this section for a permittee. Only the employee of an operator may conduct gaming activities under (a) of this section for an operator. An employee of the lessor of a location under (a) of this section may not conduct gaming activities for a permittee or an operator. In addition, the employee or member of a permittee or the employee of an operator

(1) must be present at all times when gaming activities are being conducted;

(2) is the only person at the location who may conduct gaming activities; and

(3) may only be paid a wage that does not exceed \$10.00 per hour.

(g) In addition to the requirements of AS 05.15.187(e), a person under the age of 19 may not sell pull-tabs.

(h) An operator conducting gaming activities under (a) of this section who is the owner of the location at which the gaming activities are conducted must also comply with the provisions of this section.

(i) In (f) of this section, the term "employee" has the meaning in 12 AAC 34.200(b). (Eff. / / , Register )

Authority: AS 05.15.060

**THE FOLLOWING PAGES MAY  
NOT FILM LEGIBLY BECAUSE OF  
THE POOR QUALITY OF THE ORIGINAL**

# **PROPOSED REGULATIONS**

## **Department of Commerce and Economic Development**

### **GAMES OF CHANCE AND SKILL**

Notice is given that the Department of Commerce and Economic Development, under authority vested by AS 05.15.060, AS 05.15.130, and Chapter 33, SLA 1990, proposes to adopt regulation in Title 12 of the Alaska Administrative Code dealing with gaming on the airwaves, operator licensing and security, limitations on pull-tab sales, selling pull-tabs, withdrawal of a pull-tab series, other games of chance and skill authorized by the commissioner, limits on authorized expenses, revocation of a permit or license, prohibited financial interest, contests of skill definitions, and deletion of old regulations, all of which serve to implement, interpret, or make specific AS 05.15.060, AS 05.15.130, and Chapter 33, SLA 1990, as follows:

1. 12 AAC 34.100, CONDUCT OF GAMING ON THE AIRWAVES, is a new section that addresses who may and may not conduct and advertise gaming activity via the broadcast media; the department is seeking comments on this issue as requested by the 1991 Legislature in accordance with House Bill 587 (Ch. 33, SLA 1990);
2. 12 AAC 34.210, OPERATOR APPLICATION REQUIREMENTS, is a new section that identifies the application and bonding/ security requirements for an operator license that are satisfactory to the department, including security in the form of lienable real property (replaces 15 AAC 105.320);
3. 12 AAC 34.400, LIMITATIONS ON PULL-TAB SALES, is amended by adding a new provision that limits the dollar amount of a pull-tab game prize;
4. 12 AAC 34.410, PULL-TAB PARTICIPATION, is a new section that prohibits certain individuals from selling pull-tabs;
5. 12 AAC 34.420, WITHDRAWAL OF A PULL-TAB SERIES, is a new section that identifies the circumstances under which a pull-tab series may be withdrawn from play before it has been completely played out and identifies how withdrawn pull-tabs are to be accounted for, returned to play, or destroyed;
6. 12 AAC 34.600, OTHER GAMES AUTHORIZED BY THE COMMISSIONER, identifies and places limitations on specific special draw raffle games that are authorized by the commissioner;
7. 12 AAC 34.700, MAXIMUM ALLOWABLE DEDUCTIONS FOR AUTHORIZED EXPENSES, is a new section that sets a limit on the total amount of expenses that may be deducted from a permittee's pull-tab activity and sets a limit on the amount of advertising expenses that may be deducted from all gaming activity of a permittee;
8. 12 AAC 34.800, DENIAL, SUSPENSION OR REVOCATION OF A PERMIT OR LICENSE, is a new section that identifies for what reasons the department may deny an application or take disciplinary action against a permittee or licensee and provides for the process of appealing a disciplinary action (replaces 15 AAC 105.190(a));
9. 12 AAC 34.810, PROHIBITED FINANCIAL INTEREST, is a new section that clarifies when a prohibited financial interest exists among permittees, operators, distributors and manufacturers;

10. 12 AAC 34.900, CONTEST OF SKILL DEFINITIONS, is a new section that defines marksmanship, races, and other athletic events;
11. 12 AAC 34.900, DEFINITIONS, is amended by adding a number of new definitions; and
12. The following regulations will be deleted: 15 AAC 105.160, 15 AAC 105.190(a), 15 AAC 105.320, 15 AAC 105.325, and 15 AAC 105.335.

Notice is also given that oral or written comments can be made during one of the following public hearings:

**TELECONFERENCE: MONDAY, JANUARY 7, 1991**  
9:00 a.m. to 12:00 p.m.

at the following Legislative Information Office teleconference network sites.

BARROW, Court Building  
 BETHEL, 301 Willow Street  
 JUNEAU, Butrovich Room, C205, Capitol Building  
 KENAI/SOLDOTNA, 34832 Kalifornsky Beach Road  
 KODIAK, Kodiak Plaza Building, 112 Mill Bay Road  
 KOTZEBUE, Eskimo Building, 333 Front Street  
 NOME, State Building, 2nd Floor, Front Street

**ANCHORAGE: TUESDAY, JANUARY 8, 1991**  
10:00 a.m. to 1:00 p.m.  
Egan Civic and Convention Center  
Space 2, 555 W. 5th Avenue

**FAIRBANKS: WEDNESDAY, JANUARY 9, 1991**  
10:00 a.m. to 1:00 p.m.  
Noel Wien Library,  
Auditorium  
1215 Cowles Street

All hearings will continue only as long as there are participants.


Notice is also given that any person interested in making written comments or suggestions relevant to these proposals for commission and department consideration may do so by mailing those comments to Kevin Henderson, Regulations Specialist, Division of Occupational Licensing, P.O. Box D, Juneau AK 99811, so that they are received no later than WEDNESDAY, JANUARY 9, 1991.

Copies of the proposed regulations may be obtained by writing to the above address or by telephoning (907) 465-2537.

This action is not expected to require an increased appropriation.

The Department of Commerce and Economic Development, after the deadline stated above, will either adopt these or other proposals dealing with the same subject, without further notice, or decide to take no action on them.

Date: 11/16/90

  
 Randall P. Burns, Director  
 Division of Occupational Licensing

PROPOSED REGULATIONS  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING

GAMES OF CHANCE AND SKILL

(Words underlined indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted. New sections do not use underlining or bracketing.)

(Publisher: Please renumber the existing articles to read:

Article 1, Operators, to ARTICLE 2, OPERATORS;  
Article 2, Pull-tab Manufacturing and Distribution, to  
ARTICLE 3, PULL-TAB MANUFACTURING AND DISTRIBUTION;  
Article 3, Pull-tab Games, to ARTICLE 4, PULL-TAB GAMES;  
Article 4, Bingo Games, to ARTICLE 5, BINGO GAMES; and  
Article 5, General Provisions, to ARTICLE 9, GENERAL  
PROVISIONS)

12 AAC 34 is amended by adding a new article to read:

ARTICLE 1.  
PERMITS AND PERMITTEES

12 AAC 34.100. CONDUCT OF GAMING ON THE AIRWAVES. (a) A game of chance and skill authorized under AS 05.15.100(a) may be conducted on the airwaves only by a permittee and only if the permittee

(1) is a not-for-profit organization exempt from federal taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code); and

(2) has not contracted with an operator for the conduct of the game being played on the airwaves.

(b) Only a permittee qualified under (a) of this section, to conduct gaming activity on the airwaves, may advertise its gaming activity on the airwaves. (Eff. / / , Register )

Authority: Sec. 2, ch. 33, SLA 1990

AS 05.15.060

AS 05.15.130

AS 05.15.180

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.210. OPERATOR APPLICATION REQUIREMENTS. (a) An applicant for an operator license shall submit

(1) an original application on a form provided by the department;

(2) the nonrefundable license fee required by AS 05.15.122;

(3) the bond or security satisfactory to the department as required by AS 05.15.122(b)(5).

(b) In AS 05.15.122(b)(5) and in this section, a "bond or security satisfactory to the department" means that the bond or security

(1) meets the requirements of AS 05.15.167;

(2) will be in effect for a term of two years from the date the operator license is issued; and

(3) if a certificate of deposit, is in the name of the State of Alaska in trust for the applicant and accompanied by a completed assignment of negotiable instrument form provided by the department.

(c) The department will, in its discretion, accept lienable real property located in Alaska as security required for an operator license.

(d) Except when the applicant is a municipality, two copies of the application must be submitted to the city or borough nearest the proposed gaming activity for consideration by the local government unit. An applicant shall also retain a copy of the application. (Eff. / / , Register )

Authority: AS 05.15.060

AS 05.15.122

12 AAC 34.400 is amended to read:

12 AAC 34.400. LIMITATIONS ON PULL-TAB SALES. (a) In accordance with AS 05.15.187, a pull-tab may be sold only if

- (1) all pull-tabs in the series being played have the same series number;
- (2) the entire pull-tab series is available for play at only one location;
- (3) a pull tab series contains the entire prize structure for that series.

(b) A pull-tab game may not be sold in this state if

- (1) the prize structure for that game is spread across more than one pull-tab series within that game; or
- (2) a single prize in that pull-tab game exceeds \$500. (Eff. 6/3/90, Register 116; am / / , Register )

Authority: AS 05.15.160  
AS 05.15.130  
AS 05.15.187  
AS 05.15.210

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.410. PULL-TAB PARTICIPATION. (a) A person may not participate as a player in any pull-tab series from which that person sold a pull-tab to another player.

(b) In addition to the requirements of AS 05.15.187(e), a person under the age of 19 years may not sell pull-tabs. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.187

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.420. WITHDRAWAL OF PULL-TAB SERIES. (a) Except as provided in (b) of this section, a pull-tab series opened for play may not be withdrawn from play unless all pull-tabs in that series are sold.

(b) A pull-tab series opened for play may be withdrawn from play only for the following reasons and under the following conditions:

- (1) the permittee's prize award limitation, as identified in 12 AAC 34.900, has been reached for the calendar year; when the permittee is authorized to conduct pull-tab activities for the next calendar year, play of the withdrawn pull-tab series must be resumed immediately;
- (2) the permit under which the pull-tab series is being played has been suspended or revoked; when the permit is reissued or the suspension is lifted, play of the withdrawn pull-tab series must be resumed immediately;
- (3) an operator temporarily discontinues the use of a permit to allow for the rotating use of another permit; when the operator resumes use of the permit, the withdrawn pull-tab series must be returned to play immediately;
- (4) a permittee discontinues employment of an operator; immediately following the date on which the permittee discontinues employment with the operator the pull-tab series must be inventoried and returned to the authorizing permittee; when the permittee, or the permittee's new operator, resumes pull-tab activities the withdrawn pull-tab series must be returned to play immediately;
- (5) pull-tabs are lost, stolen, or damaged as a result of a natural disaster, including fire or flood, as long as such circumstances are documented in writing and submitted to the department within ten days of the incident;
- (6) a permittee discontinues conducting all pull-tab activities; all pull-tabs open for play still in the

possession of the permittee shall be withdrawn and destroyed immediately after the department has approved their destruction;

(7) the permit under which the pull-tab series is being sold is not renewed by the permittee or the permit renewal is denied by the department; all pull-tabs open for play still in the possession of the permittee shall be withdrawn and destroyed immediately after the department has approved their destruction.

(c) When a pull-tab series opened for play is withdrawn, the permittee or operator shall retain all remaining unplayed pull-tabs and all winning pull-tabs that have already been played. Pull-tabs may be destroyed only after the department has approved their permanent withdrawal from play.  
(Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.180  
AS 05.15.187

12 AAC 34 is amended by adding a new article to read:

ARTICLE 6.  
RAFFLES, MONTE CARLO, AND OTHER GAMES

12 AAC 34.600. OTHER GAMES AUTHORIZED BY COMMISSIONER.

(a) The following special draw raffles are authorized by the commissioner under AS 05.15.130:

(1) ring-toss, where the player tosses rings over a bottle or other similar object;

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

(3) fish pond, where the player hooks a weighted fish with a number on it and that number corresponds to the number of a prize on display;

(4) duck pond, where the player selects a floating duck and the number on the bottom of the duck corresponds with the number of a prize on display;

(5) string game, where a player selects a string and wins the prize attached to it;

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

(7) dart game, where

(A) numbered slips of paper are placed on nails holding the various targets with the numbers turned away from the player and the total score made determines the prizes; or

(B) a wheel divided and numbered in eight sections is spun and one person throws a dart to determine the number that corresponds to the number on a laydown board on which each player has placed money;

(8) grab bag, where each player pays a fee for the right to select a wrapped or bagged package containing a prize;

(9) bean guess, where a person guesses the number of beans in a container and the person with the closest guess wins a prize;

(10) hamster game, where a hamster is placed in an enclosure with several numbered exit holes and the winner is determined by the hole in which the hamster exits.

(b) The commissioner will, in the commissioner's discretion, authorize other special draw raffles or variations on the special draw raffles authorized in (a) of this section.

(c) A charge for a single opportunity to participate in a special draw raffle authorized under this section may not exceed \$1.00.

(d) In this section, "special draw raffle" means a raffle where the winner is selected by any means other than a drawing from a container. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.100  
AS 05.15.130  
AS 05.15.180

**ARTICLE 7.  
ACCOUNTING AND RECORDKEEPING**

**12 AAC 34.700. MAXIMUM ALLOWABLE DEDUCTIONS FOR AUTHORIZED EXPENSES.** (a) The total amount of authorized expenses that may be deducted for advertising, under 15 AAC 105.120(b)(3), may not exceed five percent (5%) of the adjusted gross income for that gaming activity.

(b) The total amount of authorized expenses that may be deducted from all pull-tab activity by a permittee may not exceed 40 percent (40%) of the adjusted gross income from that pull-tab activity. (Eff. / / , Register )

Authority: AS 05.15.060

12 AAC 34 is amended by adding a new article to read:

**ARTICLE 8.  
SUSPENSION AND REVOCATION OF LICENSE OR PERMIT.**

**12 AAC 34.800. DENIAL, SUSPENSION OR REVOCATION OF A PERMIT OR LICENSE.** (a) The department will, in its discretion, deny, suspend or revoke a permit or license if the applicant, permittee, or licensee

(1) makes a false statement or reports false information on an application for a permit or license or on a report required under AS 05.15, 15 AAC 105, or this chapter;

(2) fails to provide the information, documentation or fees required as a part of the application or reporting process;

(3) fails to meet the necessary qualifications for a permit or license;

(4) fails to pay a tax, fee, penalty, or interest payment due to the department or an authorizing permittee;

(5) alters or allows to be altered a permit or license issued by the department;

(6) allows the use of a permit or license by other person, except when a permittee contracts with a licensed operator;

(7) violates, or allows an employee to violate, any provision of AS 05.15, 15 AAC 105, or this chapter;

(8) fails to timely file a report or supplemental information required by AS 05.15, 15 AAC 105, or this chapter;

(9) fails to keep and retain sufficient books or records to substantiate a report required under AS 05.15, 15 AAC 105, or this chapter;

(10) fails to provide any information or documentation requested by an authorizing permittee, the department, or the department's representative necessary to substantiate a report required under AS 05.15, 15 AAC 105, or this chapter;

(11) pays, incurs or charges unreasonable or exorbitant expenses or fees;

(12) fails to remit the pull-tab tax to the pull-tab distributor when the pull-tabs are distributed;

(13) fails to pay the permittee the minimum return required by AS 05.15.120;

(14) is found to have a prohibited financial interest in a gaming activity;

(15) allows an employee or any other person to be responsible for the conduct of gaming activities who has

(A) within the preceding five years, been convicted of, in prison for, or on parole for a felony;

(B) been convicted of a crime involving theft or dishonesty or of a violation of any municipal, state, or federal gambling law; or

(C) a prohibited financial interest in the operation of the activity;

(16) uses, or allows the use of, net proceeds derived from gaming activities for purposes other than that allowed under AS 05.15, 15 AAC 105, or this chapter;

(17) deceives or defrauds any person;

(18) fails to cooperate with the department's representatives by

(A) denying access to a site where gaming activities are being conducted; or

(B) failing to promptly produce for inspection or audit a book, record, or document required by law or regulation;

(19) receives an unfavorable review of financial statements under AS 05.15.165; or

(20) uses someone other than a licensed operator or employee, as defined in 12 AAC 34.200(b), to conduct gaming activity on their behalf.

(b) A permit or license will be summarily suspended for 30 days if the permittee or licensee receives three violation notices within any 12 month period.

(c) A person who has had a permit or license suspended or revoked, or an applicant who has been denied a permit or license, may request a hearing under 15 AAC 105.190(b)-(d) and 15 AAC 105.195 to determine the validity of the department's action. (Eff. / / , Register )

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

12 AAC 34.810. PROHIBITED FINANCIAL INTEREST. (a) A permittee or licensee may not have a prohibited financial interest, or employ, contract with, or allow a person to participate in activities authorized by AS 05.15 who has a prohibited financial interest in any gaming activity.

(b) In addition to other prohibited financial interests the department may find, a permittee, licensee, or person participating in gaming activity has a prohibited financial interest when that permittee, licensee, person, or a direct relative of a permittee, licensee or person

(1) participates in the operation of a gaming activity while also receiving compensation for the use of equipment or facilities used to conduct that gaming activity, unless licensed as an operator;

(2) conducts gaming activity while at the same time selling bingo equipment, pull-tabs, tickets or supplies in connection with that gaming activity at a price that is higher than the normal retail price offered to all other customers.

(c) An operator has a prohibited financial interest in a gaming activity when the operator, or the operator's direct relative,

(1) is licensed in this state as a pull-tab distributor or pull-tab manufacturer;

(2) is an officer, director, or manager of a corporation, business, or organization that is licensed in this state as a pull-tab distributor or pull-tab manufacturer; or

(3) owns or controls more than 10 percent of the assets or stock of a corporation, business, or organization that is licensed in this state as a pull-tab distributor or pull-tab manufacturer.

(d) A permittee or operator may not purchase and a manufacturer or distributor may not sell or deliver a pull-tab series or game to a permittee or operator, unless payment is made in full, either by cash or by check made payable to the seller, within 30 days of the actual delivery of the pull-tab series or game to the permittee or distributor.

(e) A permittee or operator may not allow anyone to acquire any interest, including a security interest, in a pull-tab series or game.

(f) A permittee or operator may not accept a loan of money, or anything else of value, from a manufacturer, distributor, or anyone connected with gaming activity. (Eff. / . Register )

12 AAC 34 is amended by adding a new section to read:

12 AAC 34.980. CONTESTS OF SKILL DEFINITIONS. In  
AS 05.15.210(7)

- (1) "marksmanship" includes contests of skill based on rifle, pistol or archery matches in which awards are given;
- (2) "races" includes any test or race of physical endurance or skill performed by the individual contestants;
- (3) "other athletic events" are physical events which include generally recognized track and field events based on personal physical ability or skill. (Eff. / / , Register )

Authority: AS 05.15.060  
AS 05.15.100  
AS 05.15.210

12 AAC 34.990 (DEFINITIONS) is amended by adding new sections to read:

- (4) "direct relative" means a person's spouse, children, parent, or other regular member of that person's household;
- (5) "licensee" means a person, municipality or entity that has obtained a current license as an operator, pull-tab distributor, or pull-tab manufacturer from the department;  
(Eff. 6/3/90, Register 114; am / / , Register )

Authority: AS 05.15.060  
AS 05.15.130  
AS 05.15.210

(EDITOR'S NOTE: The Department of Law is requested to delete the following regulations:

- 15 AAC 105.160. CONTESTS OF SKILL. Deleted / / .  
15 AAC 105.320. OPERATOR LICENSE AND BOND.  
Deleted / / .  
15 AAC 105.325. MINIMUM RETURN TO PERMITTEE.  
Deleted / / .  
15 AAC 105.335. PULL-TAB TAX. Deleted / / .  
15 AAC 105.190(a) is deleted  
(a) Deleted / / .  
(Eff. 9/7/60, Register 2; am 11/6/76, Register 60; am 9/17/86, Register 99; am 10/1/88, Register 107; am 1/21/89, Register 109; am / / , Register )

Authority: AS 05.15.060  
AS 05.15.083  
AS 05.15.087  
AS 05.15.122  
AS 05.15.140  
AS 05.15.170

# MEMORANDUM

State of Alaska  
Department of Law

TO: Honorable Jane Angvik  
Commissioner  
Department of Commerce  
and Economic Development

DATE: October 24, 1990  
FILE NO. 663-90-0399  
TEL NO. 465-3600  
SUBJECT Charitable gaming and  
third-party vendors

FROM

  
Gary I. Amendola  
Assistant Attorney General

You have asked whether the Department of Commerce and Economic Development (the department) has the authority to adopt regulations to allow a so-called third-party vendor to engage in charitable gaming activities either for a permitted municipality or a permitted qualified organization directly, or for a licensed operator acting on behalf of a permitted municipality or a permitted qualified organization. In our opinion, the department does not have that authority.

Under the Alaska Gaming Reform Act, AS 05.15, only a municipality or a qualified organization can obtain a permit to conduct certain charitable gaming activities. AS 05.15.100(a) and (b). In addition, under AS 05.15.100(c), a municipality, a qualified organization, or a natural person may obtain an operator's license in order to conduct charitable gaming activities on behalf of a permitted municipality or qualified organization. In the past few years, permittees (municipalities and qualified organizations) and licensed operators have contracted with various businesses (primarily bars, liquor stores, and convenience stores) to sell pull-tabs for the permittees or for the operators on behalf of permittees. These businesses are commonly referred to as third-party vendors. 1/

In 1988, the legislature enacted the Alaska Gaming Reform Act (the Act). As the name implies, the Act was intended to reform and modernize Alaska's gaming laws. Probably the three most important goals of the Act were (1) to deal with pull-tab games in a comprehensive way; (2) to establish a permit system for municipalities and qualified organizations that want to engage in charitable gaming; and (3) to set up a licensing and regulatory scheme for operators (i.e., those persons specifically authorized by statute to conduct charitable gaming activities on behalf of permitted municipalities and qualified organizations).

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1/ Third-party vendors have proliferated. There are literally hundreds of locations throughout the State.

Honorable Jane Angvik  
Commissioner  
663-90-0399

October 24, 1990  
Page 2

The legislative history of the Act is nearly silent as it relates to the role of third-party vendors in charitable gaming in Alaska. However, the legislative history does indicate a desire that the activities allowed under AS 05.15 would be limited and closely regulated, and neither purpose seems to be fulfilled by the use of third-party vendors. Likewise, applicable principles of statutory construction generally provide that statutes authorizing gambling activities are to be strictly construed, thus limiting the rights and powers that are given thereunder. 38 Am. Jur. 2d Gambling § 18 (1968); West Indies, Inc. v. First National Bank, 214 P.2d 144 (Nev. 1950); Converse v. The Lottery Commission, 783 P.2d 1116, 1118 (Wash 1989). See also 2A Singer, Sutherland Statutory Construction, Sec. 47.23 (4th ed. 1986) (Where a statute creates and regulates, and prescribes the mode and names the parties granted right to invoke its provisions, that mode must be followed and none other, and such parties only may act). 2/

There is no express authorization under AS 05.15 for third-party vendors to engage in charitable gaming activities unless they are a permitted municipality, permitted qualified organization, or licensed operator. In addition, nothing in AS 05.15 authorizes the department, expressly or by implication, to license the activities in which third-party vendors now engage. 3/ In light of the legislative history and under the principles of statutory construction identified above, no authority for the activities of the third-party vendors presently exists.

The Act authorizes only permitted municipalities, permitted qualified organizations, or licensed operators on their behalf to conduct certain charitable gaming activities during certain times:

AS 05.15.020. ANNUAL PERMIT AND FEES. (a)  
A municipality or qualified organization may conduct an activity permitted under this chapter, if the municipality or qualified organization pays the appropriate permit fee and receives an annual permit issued by the department . . . .

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2/ We also find support for this construction of the Act because conducting charitable gaming activities is "a privilege and do(es) not confer a right upon any person to conduct the activities." AS 05.15.110.

3/ Even though the department has broad authority under AS 05.15.060 to regulate charitable gaming for the best interests of the public, that regulatory authority may not be exercised in excess of other statutory limitations of authority.

AS 05.15.040. ISSUANCE AND EFFECT AND TERM OF PERMIT. After the fee is paid, a permit issued, and during the effective period of the permit, the municipality or qualified organization may conduct the activity specified in the permit . . . .

AS 05.15.100. ISSUANCE OF PERMITS AND LICENSES. (a) The commissioner may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, and contests of skill.

b) The commissioner may also issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and numbers wheels . . . .

(c) The commissioner may issue an operator's license to a natural person to conduct an activity permitted under this chapter on behalf of a municipality or qualified organization . . . .

AS 05.15.110. AUTHORIZED ACTIVITIES A PRIVILEGE. The activities specified in AS 05.15.100 may be permitted as a privilege and do not confer a right upon any person to conduct the activities.

AS 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a) A municipality or qualified organization holding a permit to conduct an activity under this chapter may enter into a contract with an operator licensed under this chapter to conduct on behalf of the municipality or qualified organization those activities permitted under the authority of the permit.

AS 05.15.122. OPERATOR'S LICENSE. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter on behalf of a municipality or qualified organization unless the person, municipality, or qualified organization has received an operator's license issued by the department.

Honorable Jane Angvik  
Commissioner  
663-90-0399

October 24, 1990  
Page 4

In particular, AS 05.15.122(a) appears to operate as an express prohibition against the use of unlicensed third-party vendors. In addition, all of these quoted provisions seem at odds with the notion that vendors who are neither municipalities or qualified organizations, nor licensed operators could conduct the gaming activities that are regulated under AS 05.15. 4/

In short, it is our opinion that under the present laws dealing with charitable gaming, third-party vendors cannot be authorized to engage in charitable gaming activities. If you have any questions, please let us know.

GIA:prn

cc: Representative Dave Donley

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4/ We also note that under AS 05.15.124, a municipality may prohibit "an operator from conducting activities under this chapter within the municipality." Yet, if third-party vendors may legally operate, the municipality might not have the authority to prohibit their activities. Such a result would be inconsistent with the concept of local option with respect to such activities.



April 3, 1991

Representative David Finkelstein  
Labor and Commerce Committee

Catherine Reardon  
Charitable Gaming Sub-Committee

RE: House Bill 168

I am the Controller for the Easter Seal Society of Alaska. Prior to December 31, 1990 we relied the proceeds from the sale of pull tabs to provide services to disabled people that had no where else to turn. When third party vendors were eliminated as an option in selling pull tabs, the loss of proceeds put us in a very difficult financial situation. We have had to eliminate 2 positions and reduce our services.

It has come to my attention that House Bill 168 is still in your committee. This bill deals with regulations concerning the sale of pull tabs. I am asking for your help in moving this bill out of the committee and on to the floor for it to be voted on. We need your immediate help in this. Once this bill is passed we will be able to continue at past service levels and hopefully help even more Alaskans with disabilities.

Thank you.

*Laura Sullivan*

Laura Sullivan  
Controller

las

3719 Arctic Boulevard  
Anchorage, Alaska 99503  
907-561-7325 FAX: 582-7325

**Ernst & Young**

---

April 3, 1991

Representative David Finklestein  
Labor and Commerce CommitteeDean W. Nelson  
Director of AuditSuite 601  
301 W. Northern Lights Blvd  
Anchorage, Alaska 99503  
Telephone: (907) 279-1411

RE: HOUSE BILL 168

PULL-TAB OPERATOR REGULATIONS AMENDMENT

*David*  
Dear Representative Finklestein:

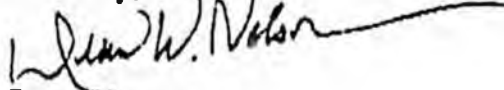
I am a volunteer and Board Member for the Easter Seal Society of Alaska (ESSA) assisting this organization in its goals to help and give people with disabilities the "Power To Overcome". Since ESSA is a nonprofit society, we depend on revenues primarily from its fund-raising activities, like pull-tabs. Governor Hickel's decision to curtail all third party vendor pull-tab relations on January 1, 1991 placed this voluntary health agency in a very difficult financial situation to meet its commitments.

We understand the House Bill 168 dealing with amendments to the pull-tab operator regulations is still in your sub-committee. ESSA strongly urges your support to move this bill onto the legislative floor for a vote and passage into law in favor of third party vendor relations again. This law then will enable us to restart our pull-tab fund-raising efforts which goes toward providing programs for people with disabilities.

Your immediate attention and consideration on this matter will be greatly appreciated by all those concerned.

Thank you.

Sincerely,

Dean W. Nelson  
PartnerRepresentative David Finklestein  
Labor and Commerce Committee  
c/o Catherine Reardon Fax # 465-2444  
Charitable Gaming Sub-Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

## Coalition for Non-profit Gaming

COMMENTS BEFORE THE HOUSE LABOR AND COMMERCE COMMITTEE  
HB168  
3/5/91 VIA TELECONFERENCE

### Sec. 1

No change

### Sec. 2

(5) CNG questions the value of requiring background checks and fingerprinting of ALL EMPLOYEES at every level. Perhaps this should be modified to include only managerial and supervisory personnel.

(6) CNG regards this as overly stringent. We suggest that the phrase "within the preceding five years" be moved to the end of the sentence.

(9) CNG believes in sound record-keeping practices. However, the requirement that all receipts be deposited in a bank is not always possible in rural Alaskan communities that lack a local bank branch. Further, we doubt that requiring this of vendors serves a practical purpose, as, elsewhere in the bill, all moneys due the permittee have been paid by the vendor on delivery of the game.

CNG therefore recommends that this sentence be terminated after the word "record" on line 2, and the remainder be struck.

### Sec. 3

No specific recommendations

### Sec. 4

No specific recommendations

### Sec. 5

CNG recognizes a grammatical error contrary to the intent: By using the singular words "operator" and "vendor", a municipality could in fact, prohibit one operator or vendor while allowing others. As well, since some municipalities are in fact, permittees themselves, they could selectively limit competition.

CNG therefore recommends that the words "operator" and "vendor" on line 23 be changed to the plural form and that the word "an" be stricken. This would keep local control, while preventing selective discrimination.

**Sec. 6**

CNG believes that a typo exists on line 27. We are not aware of a "commission". This phrase should read: (a) "The commissioner may suspend..."

**Sec. 7**

No specific recommendations

**Sec. 8**

CNG's steering committee voted unanimously to support the changes proposed by Roger Cunningham in his written testimony so long as they do not jeopardize the passage of the basic third-party bill.

**Sec. 9**

CNG's steering committee voted unanimously to support the changes proposed by Roger Cunningham in his written testimony so long as they do not jeopardize the passage of the basic third-party bill.

**Sec. 10**

(subsection (c) CNG believes that distributors perform a valuable service by delivering pull-tabs. Therefore, item (3) should be struck OR AMENDED to add "without specific, written authorization by the permittee or operator".

**Sec. 11**

(Subsection (b) CNG recognizes the wisdom and intent of this section. However, many permittees self-police by sending a person in a managerial capacity to purchase pull-tab(s) on an irregular basis, thereby AUDITING the serial number(s) being sold by the vendor. We point this out as informational, but will concede the point if it the committee's will.

**Sec. 12**

Before beginning the specific comments on AS 05.15.188, which is in fact the most operative section to this bill, CNG is somewhat concerned that while this section specifically allows vendors to contract with permittees, THERE IS NO WORDING WHICH SPECIFICALLY ALLOWS THE VENDOR'S EMPLOYEES TO SELL THE PULL-TABS ONCE THEY ARE PLACED AT THE VENDOR'S LOCATION. Are we to ASSUME that this point is ASSUMED? Recent Attorney

General's opinions cause us a certain anxiety on this point.

(Subsection (a) CNG believes that the \$50 fee detailed on line 18 has not been justified on the basis of processing costs by the Department of Commerce. We urge that the committee ask for such cost justification before putting a firm amount into statute. CNG further believes that the cost of vendor endorsements is adequately compensated for by the 3% Gaming Tax currently levied.

(Subsection (a) CNG believes that no purpose would be served by the requirement on lines 19-21 that the local municipality be so advised. This places a large paperwork burden on municipalities for which there has been no testimony in support.

(Subsection (b) CNG believes that the department can and should process vendor applications in 15 days or less, not 30 days as written. (Item (b), lines 21 and 22)

(Subsection (e) CNG believes that the vendor should be made responsible for changes in HIS location. Can this wording be modified to require the vendor to first notify the permittee or operator, who will in turn, notify the department?

(Subsection (f) Once again, there has been no justification of the \$50 fee for vendor endorsements.

Subsection (h) CNG urges that section (h) be struck in its entirety OR that the wording be modified to include the permittee's or operator's designee (distributor) to deliver to a vendor.

(Subsection (i) CNG realizes that the matter of percentage is a sensitive one. By unanimous vote of the steering committee, 35% compensation to vendors was endorsed. We offer this as a consensus of more than 70 members from all facets of the gaming community.

(Subsection (j) CNG would be more comfortable if this section specifi-

cally allowed for a percentage split between the vendor and the permittee/operator.

(Subsection (k) CNG believes, absent any compelling arguments for its inclusion, that this provision works a hardship on small, rural communities where most community leaders wear several hats. CNG urges that it be struck.

CNG believes that an error-of-omission occurred in the drafting of HB168. In current statute, Sec. 05.15.160. Authorized Expenses, lists the various expenses allowed to be incurred or paid. CNG BELIEVES THAT THE WORDS "Compensation Paid to Vendors" should be included as a new subsection in AS 05.15.160.

### SUMMARY

#### of Written Testimony offered by Roger Cunningham 3/1/91

Allows  
Distr-Distr ← 1. IN SUPPORT OF CHANGE TO AS 05.15.185 as proposed in HB168, Sec. 9:  
Sales

2. REQUEST FOR CHANGE IN HB168, Sec. 8

makes Such  
Sales  
Tax Exempt

{ \*Sec 8. AS 05.15.184 Pull-tab Tax:  
Strike the words: "or another distributor" on line 23.

3. REQUEST FOR CHANGE IN HB168, Sec. 10

Allows Distas To  
Deliver

\*Sec 10. AS 05.15.183(e) Pull-tab distributor's license:  
Strike the words: "(3) deliver a pull-tab series to a vendor  
location." on line 8.

4. REQUEST FOR CHANGE TO HB168, Sec 10

I hereby request that section AS 05.15.183(b) be amended as  
follows:

(b)(THE DEPARTMENT MAY ISSUE A PULL-TAB DISTRIBUTORS LICENSE TO A PERSON  
WHO PAYS AN ANNUAL FEE OF \$1,000.) (b) The department may issue a  
pull-tab distributor's license to a natural person that:

Tightens Requirements  
to enforce  
Current Requirement  
that Pull tabs  
be distributed in  
State.

- (1) resides in the State of Alaska;
- (2) holds a valid Alaska Business License;
- (3) maintains a place of business in compliance with all ap-  
plicable local zoning ordinances;
- (4) holds a managerial or ownership position in the proprie-  
torship, partnership, or corporation of the distributor;
- (5) if the distributor does business as a corporation, shows  
proof of proper registration with the Department Commerce  
and Economic Development, Division of Corporations;
- (6) Applies on the form provided by the department;
- (7) pays an annual fee of \$1000.

Assures that  
ALL Records of  
Sales are  
maintained  
in-State.

Prevents out-of-  
State Audits

New Text Underlined, (DELETED TEXT BRACKETED)

SUMMARY, PAGE 2

5. REQUEST FOR CHANGE TO HB168, Sec. 10

I hereby request that section AS 05.15.183(c) be amended as follows:

(c) Pull-tabs may be distributed from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state. Distribution from a location within this state is deemed to have occurred when:

Further  
Prevents  
"ghost  
Sales"

(1) a permittee, operator, or another distributor places an order with a pull-tab distributor within the state;

(2) Payment for such order is tendered to the pull-tab distributor within the state;

(3) All books and sales records of the pull-tab distributor are maintained at a location within the state.

6. REQUEST FOR CHANGE TO HB168, Sec. 9

I hereby request that section AS 05.15.185 be amended BY ADDING A NEW SUBSECTION as follows:

Allows  
Methakathla  
Sales a  
Const Guard

(b) Notwithstanding the provisions of subsection (a) above, pull-tabs may be distributed to another federal or state jurisdiction so long as all other provisions of this chapter are met.

New Text Underlined. (DELETED TEXT BRACKETED)

## Vendor Compensation

One of the provisions in HB168 that will come under consideration as it goes through the hearing process is the delicate balance over the 'split' between vendor and permittee.

This summary is compiled from statistical data presented in the February, 1991 issue of *Gaming and Wagering Business*, a trade Magazine provided to state lottery officials, horse racetrack officials, and management of legal casinos in Nevada and New Jersey. Statistics about Alaska Pull-tab games were supplied by TabTrak<sup>(c)</sup>, a Wesilla firm that provides gaming accounting services to permittees.

22 states pay vendors a BASE RATE of 5% (5 cents commission on each \$1 ticket). 2 other states pay 5.5% and 4 states pay 6% base rate.

In addition to BASE RATE, states generally offer various incentive bonuses which can nearly double the base:

1. California State Lottery offers vendors incentives for display of promotional material, in-store and co-op advertising allowances.
2. New Hampshire pays incentive bonuses to the SELLER of the WINNING ticket. Bonuses range from \$15 for a \$500 winner of an instant game to \$30,000 prize for selling the winning ticket in the \$million Megabucks lottery.
3. In Maryland and D.C., vendors are paid 4% for sales, plus an ADDITIONAL 3% for redeeming winning tickets.
4. Western Canada Lotteries pay vendors 5% for "on-line" lottery tickets and 10% for "off-line" instant tickets.

BASE RATES are for "on-line" games. "On-Line" means that state lotteries supply the vendor with computerized terminals which dispense the tickets. These terminals eliminate most security concerns and accomplish most of the daily accounting. These 2 items comprise most of the LABOR-INTENSIVE handling required to retail pull-tabs.

NONE OF THE STATE-RUN games are as labor-intensive as the retail sale of conventional pull-tabs.

As currently understood, vendors in Alaska are, (and will continue to be) responsible to the permittee or operator for:

1. OVERALL SECURITY of the game. The vendor IS RESPONSIBLE for any losses due to pilferage or theft. The permittee is

guaranteed 100% of what's due by statute and the contract required between permittee and vendor.

2. PRODUCTION OF RECEIPTS to winners of \$50.00 or greater. On-line terminals eliminate this paperwork.

3. DAILY SUMMARY of gaming activity. This includes sales; play-backs, in the case the customer trades a winning ticket for more pull-tabs; and payments to winners.

4. PAYMENT OF ALL PRIZES. Please note in Item 3 of the first section that Maryland and D.C. pay an additional 3% for vendors who perform this function. Pull-tabs are "instant win" games and the Alaska Vendor is responsible for ALL payments and for maintaining a bank (of his own funds) to accomplish this.

CNG asked the data-processing firm, TabTrak, to compare Alaska Pull-tab games in its database with the national statistics for lotteries. Based on nearly 10,000 games in its files, here's how pull-tabs compare:

Average Ideal Net for Alaska Pull-Tab Games:		\$646.70
Average Ticket Count of Alaska Games:		2,896.5
<b>Vendor Compensation: % of Ideal Net vs: Per Ticket</b>		
<b>% of Ideal Net</b>	<b>\$ Amount</b>	<b>Per Ticket</b>
25%	161.68	.0558
30%	194.01	.0669
35%	226.34	.0781
40%	258.68	.0903
45%	291.01	.1004
50%	323.35	.1116

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The comparison of vendor compensation as a % of ideal net to the amount on a "per ticket" basis clearly indicates that vendor compensation in the range of 35 - 45% of ideal net is in line with compensation paid to retailers of state lottery tickets. This level of compensation to vendors is further justified when the additional level of handling for pull-tabs is taken into account.

When responsibility for paying all winners falls on the vendor as well, compensation to the higher end of the scale is justified.

# C N G

## *Coalition for Non Profit Gaming*

December 30, 1990

Representative Davis Finkelstein  
3111 C Street, STE 465  
Anchorage, AK 99503

Dear Representative Davis Finkelstein:

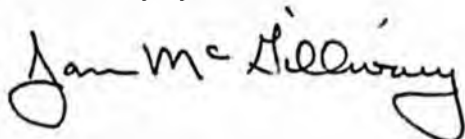
As you know the non-profits in Alaska who benefit from charitable gaming are in direct jeopardy from the Attorney General's decision to cease pull-tab games that engage a third party vendor at midnight December 31, 1990. Essentially, this means that much needed human services may have to close their doors.

The Coalition for Non-Profit Gaming represents a varied group of non-profits who wish to engage the legislative process in solving the problems of regulating charitable gaming. We are preparing to seek a restraining order allowing us the opportunity to work with the legislature if the Attorney General does not change his decision. Your support and assistance is sought in helping the non-profits in Alaska transition smoothly and democratically into a fair and equitable solution.

Please call should you have questions or comments regarding the third party vendor issue. Your attendance at CNG meetings is also encouraged and your office will be kept informed of CNG's activities.

Thanking you in advance for your time and consideration. I remain,

Sincerely yours;



Jan McGillivary, Acting Chair

10073721500 10073721500  
p3  
: *BILL'S distributing of alaska*

March 1, 1991

Rep. David Finkelstein, Chairman  
House Labor and Commerce Committee  
Alaska State Legislature  
P.O. Box Y  
Juneau, Ak 99811

Dear Chairman Finkelstein

Thank you for the opportunity to speak in support of HB168 at today's teleconference.

By way of introduction, I began Bill's Distributing before the Gaming Reform Act of 1988 became effective. My business has grown because of a strong committment to my customers who are self-directed permitees. If they have a reasonable, stable operating environment in which to conduct legal gaming activity, my business will be healthy.

Before listing the specific changes to make HB168 truly effective, I wish to state clearly that NONE OF THE REQUESTED CHANGES REDUCE THE EFFECTIVENESS OF THE 3RD PARTY VENDOR ISSUE which HB168 seeks to legitimize. The changes simply cure some gray areas which continue to plague legitimate distributors. The changes, while being targeted at the distributor level, indirectly benefit the permittee. The licensed distributor too, must have a stable environment in which to conduct business.

### TESTIMONY regarding HB168

**COMMENTS IN SUPPORT OF CHANGE TO  
AS 05.15.185 proposed in HB168:**

#### RATIONALE:

HB168 amends AS 05.15.185 by adding the following wording "or to a distributor licensed under this chapter". The effect is to allow one licensed distributor to purchase from another licensed distributor, as op-

**P.O. BOX 874731 WASILLA, AK 99687 (907)373-1500 or 1-800-478-4263  
"You're Best Source for Pull-Tabs and Bingo Supplies"**

to Distributor sales, changes to AS 05.15.184 NEGATES THE VERY BENEFIT by making such sales taxable.

By striking "or another distributor" from AS 05.15.184 in HB168, and RE-  
TAINING THE NEW WORDING IN AS 05.15.185,

these sales become non-taxable AS THEY SHOULD BE.

**RATIONALE:**

1. This DOES NOT change the amount of gaming tax ultimately collected by the state. It merely forestalls the tax until the pull-tabs are sold to a permittee or operator.

2. Purchases from a pull-tab manufacturer are non-taxable. Neither should pull-tab purchases between licensed distributors be taxed. THESE ARE WHOLESALE TRANSACTIONS and are provided for as "exempt" in other states where a sales tax is imposed.

3. The current reporting regulations make adequate provision for "exempt" sales on Schedule A., "Distributor Report of Pull-Tab Sales". The Department of Commerce processes no more paperwork.

4. By making such sales taxable, the distributor is faced with a substantial paperwork burden of determining which pull-tabs in inventory have tax paid and which have not.

5. By making such sales taxable, the legislature is giving an OUT-OF-STATE manufacturer a competitive edge over an IN-STATE distributor. This competitive advantage amounts to an average \$25 per series of pull-tabs. EXAMPLE: An Alaska distributor has the choice of ordering 50 cases of #928 Cherry Bells from the factory or from another local distributor. The ADVANTAGE of ordering from the manufacturer is \$3,117.00 if these sales are made taxable.

6. Finally, The Alaska Distributor pays a substantial (\$1,000) annual fee. In exchange for that license fee, he

# **CORRECTION**

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

03  
HAK 5 31 CON 17110 TAB: Pak Voice 373 1500 19073731500 P.02

# *BILL'S distributing of alaska*

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March 1, 1991

Rep. David Finkelstein, Chairman  
House Labor and Commerce Committee  
Alaska State Legislature  
P.O. Box Y  
Juneau, Ak 99811

Dear Chairman Finkelstein

Thank you for the opportunity to speak in support of HB168 at today's teleconference.

By way of introduction, I began Bill's Distributing before the Gaming Reform Act of 1988 became effective. My business has grown because of a strong commitment to my customers who are self-directed permittees. If they have a reasonable, stable operating environment in which to conduct legal gaming activity, my business will be healthy.

Before listing the specific changes to make HB168 truly effective, I wish to state clearly that NONE OF THE REQUESTED CHANGES REDUCE THE EFFECTIVENESS OF THE 3RD PARTY VENDOR ISSUE which HB168 seeks to legitimize. The changes simply cure some gray areas which continue to plague legitimate distributors. The changes, while being targeted at the distributor level, indirectly benefit the permittee. The licensed distributor too, must have a stable environment in which to conduct business.

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### **RATIONALE:**

HB168 amends AS 05.15.185 by adding the following wording "or to a distributor licensed under this chapter". The effect is to allow one licensed distributor to purchase from another licensed distributor, as op-

**P.O. BOX 874731 WASILLA, AK 99687 (907)373-1500 or 1-800-478-4203  
"You're Best Source for Pull-Tabs and Bingo Supplies"**

posed to purchasing solely from manufacturers. This practice has existed since before the Gaming Reform Act of 1988. It has NEVER been suspect of any abuse by distributors in the eyes of the department.

An Assistant Attorney General's opinion stopped the practice in mid 1990 on the basis that current law requires pull-tabs to be sold only to permittees or operators. The law simply did not foresee the necessity for allowing the practice.

The practice of Distributor to Distributor sales is of particular value to PERMITEES for the following reasons:

1. Prevents larger distributors from establishing a monopoly, thereby controlling prices of popular games. ALL Alaska Distributors have access to ALL products from ALL authorized (NAFTM) manufacturers. This in turn, allows PERMITEES to use distributor of choice, rather than creating a system of "exclusive games".

2. Since ALL distributors have access to ALL legal products, price competition will favor the PERMITEE. Likewise, the selection of games available to a PERMITEE is greater.

3. Permittees too, compete in the marketplace. If a distributor must purchase only from distant manufacturers, the delay in obtaining needed games is easily 30 days. If however, distributor-to-distributor sales are allowed, the needed game can be obtained for the permittee the same day.

**REQUEST FOR CHANGE IN HB168**

\*Sec 8. AS 05.15.184 Pull-tab Tax:

Strike the words: "or another distributor" on line 23.

While the proposed change to AS 05.15.185 would legitimize Distributor

to Distributor sales, changes to AS 05.15.184 NEGATES THE VERY BENEFIT by making such sales taxable.

By striking "or another distributor" from AS 05.15.184 in HB168, and RE-TAINING THE NEW WORDING IN AS 05.15.185,

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**RATIONALE:**

1. This DOES NOT change the amount of gaming tax ultimately collected by the state. It merely forestalls the tax until the pull-tabs are sold to a permittee or operator.
2. Purchases from a pull-tab manufacturer are non-taxable. Neither should pull-tab purchases between licensed distributors be taxed. THESE ARE WHOLESALE TRANSACTIONS and are provided for as "exempt" in other states where a sales tax is imposed.
3. The current reporting regulations make adequate provision for "exempt" sales on Schedule A., "Distributor Report of Pull-Tab Sales". The Department of Commerce processes no more paperwork.
4. By making such sales taxable, the distributor is faced with a substantial paperwork burden of determining which pull-tabs in inventory have tax paid and which have not.
5. By making such sales taxable, the legislature is giving an OUT-OF-STATE manufacturer a competitive edge over an IN-STATE distributor. This competitive advantage amounts to an average \$25 per series of pull-tabs. EXAMPLE: An Alaska distributor has the choice of ordering 50 cases of #928 Cherry Bells from the factory or from another local distributor. The ADVANTAGE of ordering from the manufacturer is \$3,117.00 if these sales are made taxable.
6. Finally, The Alaska Distributor pays a substantial (\$1,000) annual fee. In exchange for that license fee, he

should be accorded tax exempt status until the end-user sale...to the permittee or operator. AGAIN, THIS IS NOT A QUESTION OF HOW MUCH TAX THE STATE WILL COLLECT, ONLY WHEN THEY WILL GET IT.

**REQUEST FOR CHANGE IN HB188**

**\*Sec 10. AS 05.15.189(a) Pull-tab distributor's license:  
Strike the words: "(3) deliver a pull-tab series to a vendor location." on line 8.**

**RATIONALE:**

**Benefit to PERMITEES:**

1. As written, this proposed change would require a permittee to warehouse and personally deliver each and every pull-tab game. Most permittees simply lack the space and manpower to accomplish this. Pull-Tabs are heavy. Permittees generally operate from an office environment and incidently, dress accordingly. To require that they physically handle pull-tabs is unrealistic.

2. In addition to being ill-equipped for this considerable task, most permittees are clasified as "clerical" under Workers' Compensation insurance. The rate is much greater if warehousing and cargo handling are included. As well, auto insurance skyrockets if DELIVERY USE is made of a private vehicle.

2. A licensed distributor SHOULD be allowed to deliver games to the selling location UNDER THE SPECIFIC DIRECTION OF the permittee's Member-in-Charge. Distributors currently deliver free-of-charge, thereby saving the permittee valuable time, effort and money.

3. Rather than this cumbersome provision in statute, direct

the department to write a regulation ALLOWING the distributor to do his job UNDER SPECIFIC GUIDELINES.

4. I support inclusion of items 1 and 2 which prohibit a distributor from taking an order from, or selling to a vendor. This is adequate control. THERE HAS NEVER BEEN DOCUMENTED ABUSE which could have been prevented by including provision (3).

**REQUEST FOR CHANGE TO HB168**

I hereby request that section AS 05.15.183(b) be amended as follows:

(b)(THE DEPARTMENT MAY ISSUE A PULL-TAB DISTRIBUTORS LICENSE TO A PERSON WHO PAYS AN ANNUAL FEE OF \$1,000.) (b) The department may issue a pull-tab distributor's license to a natural person that:

- (1) resides in the State of Alaska;
- (2) holds a valid Alaska Business License;
- (3) maintains a place of business in compliance with all applicable local zoning ordinances;
- (4) holds a managerial or ownership position in the proprietorship, partnership, or corporation of the distributor;
- (5) if the distributor does business as a corporation, shows proof of proper registration with the Department Commerce and Economic Development, Division of Corporations;
- (6) Applies on the form provided by the department;
- (7) pays an annual fee of \$1000.

New Text Underlined (DELETED TEXT BRACKETED)

**RATIONALE:**

These new requirements for a distributor brings this section in line with the requirements for an operator license by requiring that a distributor be a natural person residing in Alaska. ANYTHING LESS THAN

THESE PROVISIONS will allow certain out-of-state distributors to continue to "ghost" in the state. There is a strong likelihood that the department would have to travel out-of-state to conduct audits if the current distributor requirements are not revised by the legislature.

**REQUEST FOR CHANGE TO HB 188**

**I hereby request that section AS 05.15.183(c) be amended as follows:**

(c) Pull-tabs may be distributed from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state. Distribution from a location within this state is deemed to have occurred when:

(1) a permittee, operator, or another distributor places an order with a pull-tab distributor within the state;

(2) Payment for such order is tendered to the pull-tab distributor within the state;

(3) All books and sales records of the pull-tab distributor are maintained at a location within the state.

**RATIONALE:**

Again, these simple additional provisions further define what constitutes "distribution in the state". EVERY LEGITIMATE IN-STATE DISTRIBUTOR CURRENTLY MEETS THESE TESTS.

**REQUEST FOR CHANGE TO HB 188**

**I hereby request that section AS 05.15.185 be amended BY ADDING A NEW SUBSECTION as follows:**

(b) Notwithstanding the provisions of subsection (a) above, pull-tabs may be distributed to another federal or state jurisdiction so long as all other provisions of this chapter are met.

RATIONALE:

Currently, sales to the Metlakatla Indian Reservation are covered in the reporting requirements by regulation. HOWEVER, there is no provision in statute for sales to them.

By adding this provision (b), such sales would be legitimate by both statute and regulation.

IF THIS PROVISION IS NOT INCLUDED, Metlakatla Indians would be forced to buy out of state, and the state loses all accounting of pull-tabs they purchase. Metlakatla is Alaska's only federally recognized Indian Reservation and as such, falls under the Federal Indian Gaming Reform Act. Tax on sales there are exempt by federal law.

Federal law allows gaming on Indian Reservations. Alaska acknowledges the tax exempt status, while failing to acknowledge that an Alaska distributor has the right under federal law to sell there.

Alaska Distributors should be allowed to continue to benefit from these sales.

I realize that this testimony is likely to raise as many questions as it answers. While most of the testimony you have heard concerns the 3rd party issue, It must be pointed out that OTHER LEGITIMATE CONCERNS can easily be accomodated in HB168 for the betterment of the entire gaming community.

I am available for your questions. You may use the TOLL-FREE number at the bottom of the page.

Sincerely

Roger N. Cunningham



*Alaska Cabaret, Hotel,  
Restaurant & Retailers Association*

*P. O. Box 104839 • Anchorage, Alaska 99510  
401 K Street • (907) 272-8133 • Fax: (907) 277-8640*

## 1991 POSITION PAPER ON REGULATION OF CHARITABLE GAMING

Public hearings on the subject of charitable gaming regulation were held several times in 1990 by the Department of Commerce and Economic Development and by the House Labor and Commerce Committee. Overwhelmingly, testimony demonstrated that non-profit and charitable organizations depend on income from charitable gaming as a major source of funds and favored continuation of the third party vendor system as it had evolved.

CHARR would favor legislation that maintains the ability of non-profit organizations to raise funds through gaming activities with the use of a third party vendor system. However, we recognize that the issue of third party vendors is not specifically addressed in the current statutes and feel that this is an appropriate issue for legislation to address. We recognize that the ultimate responsibility for the lawful conduct of gaming activities rests with the holder of the permit, but perhaps legislation could be drafted to define the relationship between the permittee and the third party vendor, specifying a minimum rate of return to the permittee and mandating that all transactions be carried out by check so that a clear audit trail to and from the mandated special gaming account will be maintained.

CHARR believes that there is a legitimate public interest to be safeguarded in proper regulation and oversight of charitable gaming activities, and we commend the efforts of the Department of Commerce and Economic Development in the attempt to do so. It is vital that the third party vendor system be maintained and formally addressed through legislation.

TELECOPY COVER SHEET

Kenai Peninsula Builders Association

P.O. Box 1753 Kenai, Alaska 99611 (907) 776-5719

Fax - (907) 776-8925

TO: House Labor & Commerce CommitteeATTENTION: Rep. David Finkbeiner FAX: 465-2864FROM: Kenai Peninsula Builders AssociationINSTRUCTIONS: Written Testimony HB 168 (3-5-91)Please deliver to the House Labor & Commerce  
Committee - Thanks you - Pat VincentDATE: March 5, 1991NUMBER OF PAGES (not including cover sheet): 2TRANSMITTED BY: Pat Vincent, Executive Officer

1 of 2

March 4, 1991

Representative David Finklestein, Chairman  
House Labor and Commerce Committee  
Alaska State Legislature  
P.O. Box Y  
Juneau, Alaska 99811

RE: Kenai Peninsula Builders Association written support of HB168

Dear Chairman Finklestein:

Thank you for holding the teleconference on March 1, 1991.

The Kenai Peninsula Builders Association, a non-profit trade organization involved in gaming since 1907, would like to take this opportunity to offer written comment on HB168, which will resolve the Third Party Vendor issue and allow non-profit organizations to again generate revenue through vendor sales. We recognize the immediate need to legalize vendor sales and we support HB168. We respectfully submit the following comments on this legislation for your consideration.

Sec. 7. AS 05.15.18 (g)

It is the opinion of the Kenai Peninsula Builders Association that this section should not be amended. Allowing qualified organizations to award a maximum of \$1,000,000 in prizes, and retaining the limit of \$500,000 in prizes awarded to those permittees who choose to contract with an operator encourages self-directed gaming sales and benefits the organizations who do not wish to contract with an operator. We feel that a distinction should remain between self-directed and operator-conducted gaming.

Sec. 10. AS 05.15.187 (a) (3)

Our association supports items (1) and (2), which would not allow a distributor to take orders from or sell pull-tabs to a vendor. Because of abuse in this area, we agree that the non-profit should have complete responsibility for placing pull-tab orders. However, we do not feel that it will benefit the permittee to restrict pull-tab deliveries to the vendor location and ask that item (3) be stricken. To require the permittee to warehouse and deliver heavy cases of pull-tabs seems unreasonable.

In addition, the Kenai Peninsula Builders Association continues to offer strong support for a Gaming Commission. A Commission seems to be the only way to address the complex issues associated with non-profit gaming. The multi-million dollar gaming industry must be closely regulated and the penalties for those who fail to comply with the law must be severe. We are extremely concerned with the Department of Commerce's inability to enforce existing gaming regulations due to understaffing. More investigators and auditors are needed immediately to ensure state-wide compliance. Appropriation must be increased. Infractions continue and complaints about noncompliance go unanswered because the Division does not have enough investigators.

*2 of 2*

Page Two  
March 4, 1991  
Chairman Finklestein

Any input your Committee can give on this matter will be greatly appreciated by the majority of non-profits who willingly comply with the regulations. The few who choose to ignore or disobey the law undermine the public's perception of non-profit gaming and create a financial hardship for those of us who are legitimately competing for gaming dollars. It may be a waste of time to continue to write regulations which can not be enforced.

In closing, the Kenai Peninsula Builders Association would like to encourage the Committee to support a mandated educational requirement. We support earmarking revenue from the 3% state tax to fund educational programs for permittees, operators, distributors, and vendors. We respectfully suggest the educational component be held state-wide at least twice a year, and attendance of at least one educational program be a mandatory requirement for permit, licence, or endorsement renewal.

Your Committee's attention to our comments and suggestions will be appreciated.

Sincerely,



Patricia A. Vincent  
Executive Officer

cc: Glen Olds, Commissioner, Department of Commerce & Economic Development  
John Hansen, Gaming Manager, Division of Occupational Licensing  
Steve Burnett, President, Alaska State Home Builders Association

**THE FOLLOWING PAGES  
WERE TREATED AS A UNIT  
IN THE ORIGINAL FILE**

# **CORRECTION**

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

**THE FOLLOWING PAGES  
WERE TREATED AS A UNIT  
IN THE ORIGINAL FILE**

DT: Feb. 25, 1991

TO: John Hansen, Gaming Manager  
Div. of Occupational Licensing  
Dept. of Commerce & Economic Dev.

FR: Robert Thomas, Pres.  
Lottery Alaska, Inc.

RE: State Lottery Legislation

Inclosed please find a draft copy of a bill which could authorize a state lottery and serve as a vehicle to solve some of the problems currently inherent in the charitable gaming arena in Alaska. I have provided Representative Choquett with a copy of this draft, at his request. He has indicated some interest in possible sponsorship of such legislation.

As we have discussed previously, Lottery Alaska would support such legislation as long as certain elements were contained. Those elements are:

1. Enabling legislation would contain some mechanism for the majority of revenue generated to be made available to service providing charities within the state;
2. Intent language and appropriate provisions be included for the day-to-day operation of a state sanctioned lottery to be provided by a private contractor.

Advantages to the public and charitable agencies of such legislation are obvious and, for the most part, nondebatable. Some of these advantages are:

1. The public, through its participation in similar gaming activities, has demonstrated a strong interest in gaming but currently is only able to participate in those forms of gaming which are the least secure and most outdated. The only method of gaming which provides adequate security and accountability is that which has central control. Twenty-five years of state controlled lotteries in the "lower 48" provides ample examples of successfully administered lotteries with strong oversight, central control, and maximum protection for the consumer.
2. State sanctioned lotteries outside of Alaska generate revenues up to ten fold the levels of revenue currently being generated through similar activities in Alaska.
3. The suggested legislation would not change the customary charitable gaming industry in Alaska and would not negatively affect those service providers or the entities receiving revenue from them. States which implemented lotteries where charitable gaming similar to Alaska's had been present have witnessed an increase in their level of charitable gaming.

page 2.  
2/22/91  
J. Hansen

4. The suggested legislation would allow for a product mix (variety of lottery games) that would appeal to a total cross-section of the consumer base. One example; as a state sanctioned lottery, the Alaska Lottery could join multi-state lotto games offering multi-million dollar prizes. These games appeal to the broadest cross-section of consumers while generating revenue on a prorata share of participation. State lotteries differ from the current scenario of gaming in Alaska which depends on a small sector of the public spending relatively large amounts of discretionary income on gaming, rather than a large percentage of the population participating at a low expenditure level.

I would be more than happy to discuss this concept further. If you have questions, please call.

cc: Rep. Choquett

incl.

IN THE HOUSE

BY

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

A BILL

\*Sec. 1. FINDINGS AND PURPOSE. (a) The legislature finds that

(1) non-profit health and human service agencies enhance the quality of life in the state by providing programs of assistance for those citizens with special needs beyond that being served by the current health and human service programs funded by the state;

(2) non-profit health and human service agencies provide programs of assistance in virtually all communities of the state;

(3) actual and projected reduced funding assistance by state government has and will continue to decrease both the level of service and the number of individuals receiving services from non-profit health and human service agencies;

(4) actual and projected reduced funding assistance by state government will continue to cause a reduction of the number of non-profit health and human service agencies in the state;

(5) the amount of revenue generated by a state lottery may be sufficient to maintain present levels of operation of the current health and human service agencies and help to perpetuate their unique and invaluable contributions to the quality of life in the state;

(6) the legislature will best serve the public interest by establishing a state lottery, the proceeds of which shall be deposited in a special account within the general fund to be appropriated by the legislature to fund first the necessary operations of non-profit health and human service agencies on a "need" basis and then other state programs as the proceeds allow.

(b) The purposes of this Act are to

(1) ensure the continued existence and operation of a health and human service agency network by creating a special account within the general fund known as the lottery grants account;

(2) establish the Alaska State Lottery Commission within the Department of Administration, to administer, promote, and conduct a state lottery, the proceeds of which shall be deposited in the lottery grants account of the general fund for appropriation by the legislature to fund grants to Alaska non-profit health and human service agencies and for other purposes as determined by the legislature.

\*Sec 2. AS 05 is amended by adding a new chapter to read:

CHAPTER 18. STATE LOTTERY.

ARTICLE 1. ADMINISTRATION.

Sec. 05.18.0101. CREATION OF ALASKA STATE LOTTERY COMMISSION. The Alaska State Lottery Commission is established for the purpose of generating revenue for the support of non-profit health and human service providers in the State of Alaska, and for other expenses of the state. The Commission is an instrumentality of the state within the Department of Administration.

Sec. 05.18.020. POWERS OF THE COMMISSION. (a) The powers of the Commission are vested in the Board of Commissioners. The Commission consists of the commissioner of administration and four members appointed by the governor and subject to conformation by the legislature under AS 39.05.080. One member appointed to the Commission shall have at least three years of experience in the administration of physical and mental health related human service programs in the state; one member appointed to the Commission shall have at least three years of involvement in statutory and regulatory enforcement of charitable gaming, lotteries, or gambling enterprises; and two members appointed to the Commission shall be public members. Appointed members of the Commission shall qualify under AS 39.05.100. No more than three of the five

members may be members of the same political party. The governor shall designate an appointed member to serve as chair of the Commission.

(b) Appointed members serve staggered terms of four years, and may be reappointed. A vacancy on the Commission does not impair the authority of the Commission to exercise the powers and perform the duties of the Commission.

(c) The governor may remove a member of the Commission. A removal by the governor shall be in writing and shall state the reason for the removal. A member who is removed by the governor may not participate in Commission business and may not be counted for purposes of establishing a quorum after the person receives written notice of removal.

(d) An appointed member of the Commission is entitled to compensation at a rate of \$150 for each day the member is engaged in the actual performance of duties as a member of the Commission. The Commission may provide by regulation for compensation for partial days during which an appointed member is engaged in actual performance of duties as a member of the Commission.

(e) In addition to compensation under (d) of this section, an appointed member of the Commission is entitled to per diem and travel expenses authorized for members of boards and commissions under AS 39.20.180.

Sec. 05.18.030. MEETINGS. (a) The Commission shall meet at least quarterly at the call of the chair, at the request of a majority of the members, or at a regularly scheduled time set by the Commission.

(b) An action of the Commission is not binding unless taken at a meeting where three or more of the members are present and vote in favor of the action.

Sec. 05.18.040. DUTIES AND POWERS OF THE COMMISSION. (a) The Commission is responsible for the management of the lottery but shall contract with a service provider for day to day operation of the lottery.

(b) The Commission shall determine procedures for awarding the contract for operation of the day-to-day conduct of the lottery and provide for preferential consideration of Alaskan owned vendors.

(c) The Commission may condition the exercise of a power or duty delegated to the Contractor.

(d) In managing the lottery the Commission shall

(1) be responsible for the management of the financial and legal obligations of the lottery;

(2) generally manage the lottery on a self-sustaining basis for the purpose of revenue generation;

(3) determine policy direction for the operation and administration of the lottery;

(4) report to the governor and the legislature each quarter on the total lottery revenue, prize disbursement, and other expenses for the preceding quarter;

(5) report to the governor and the legislature each year, including a full and complete statement of lottery revenue, prize disbursement, and other expenses, and recommendations for changes in this chapter;

(6) report to the governor and the legislature as frequently as the Commission determines necessary on the reaction of state residents to the lottery, and on matters that require changes in the law to prevent violations or evasions of this chapter or to correct undesirable conditions in connection with the operation or administration of the lottery;

(7) monitor the operation of the lottery throughout the state; and

(8) study and investigate the operation and administration of the lottery laws of other states and federal laws that affect the lottery.

(b) The Commission may do all things necessary and appropriate to exercise the Commission's duties and powers under this chapter.

Sec. 05.18.050. REGULATIONS. (a) The Commission shall adopt regulations under the Administrative Procedure Act (AS 44.62) to establish

- (1) the type of lottery to be conducted;
- (2) the price of lottery products;
- (3) the numbers and sizes of the prizes for the winning lottery products;
- (4) the manner of selecting the winning products;
- (5) the frequency of the drawings or selections of winning lottery products;
- (6) the type and number of locations where lottery products may be sold;
- (7) the method to be used in selling lottery products;
- (8) the manner of payment of prizes to the holders of the winning lottery products;
- (9) the procedures for contracting with persons to be agents;
- (10) the manner and maximum amount of compensation to be paid agents;
- (11) the prizes that an agent or an employee of the agent can award; and
- (12) other matters necessary or desirable to carry out this chapter, to operate the lottery efficiently and economically, and to make the purchase of lottery products and the distribution of prizes convenient.

(b) The Commission shall adopt regulations under the Administrative Act (AS 44.\_\_\_\_\_) to establish

- (1) the qualifications to be met by nonprofit health and human service agencies for consideration of funding from the lottery grants program;
- (2) the procedures for nonprofit health and human agencies to apply for consideration for funding from the lottery grants account.

Sec. 05.18.070. DUTIES OF CONTRACTOR. (a) The Contractor shall

- (1) conduct the operation and day to day administration of the lottery;
- (2) contract with agents to sell lottery products;
- (3) meet at least quarterly with the Commission on the operation and administration of the lottery;
- (4) make available for inspection by the Commission, upon request, all books, records, files, and other information and documents of the Contractor;
- (5) advise the Commission and make recommendations to improve the operation and administration of the lottery;
- (6) suspend or revoke a contract issued under this chapter for a violation of this chapter or the regulations adopted under this chapter;
- (7) subject to the approval of the Commission, enter into contracts for the operation and administration of the lottery, except that agent contracts are not subject to the approval of the Commission; and
- (8) provide each month to the Commission a full and complete statement of the lottery revenue, prize disbursements, and other expenses for the preceding month.

(b) The Contractor may not employ a person who has been convicted, including conviction based on a guilty plea or plea of no contest, of a felony or other crime if the felony or other crime is substantially related to the qualifications, functions, or other duties of the employee.

Sec. 05.18.080. SUBPOENAS. (a) The Commission may subpoena witnesses and documents in a matter subject to the jurisdiction of the Commission. The Commission may administer oaths and affirmations to persons whose testimony is required.

(b) If a person fails to obey a subpoena, or if a person refuses to answer a relevant question or to submit a document when ordered to do so by the Commission, the

Commission may apply to the superior court for an order directing the person to comply with the subpoena or the order. The court may order the person to comply.

## ARTICLE 2. LOTTERY RETAIL SALES AGENTS.

Sec. 05.18.100. LOTTERY RETAIL SALES AGENTS. (a) The Contractor may contract with persons on behalf of the Commission to be lottery retail sales agents.

(b) A lottery retail sales agent may

- (1) sell lottery products;
- (2) award prizes as allowed under regulations of the Commission; and
- (3) hire employees to perform the services under (1) and (2) of this subsection.

(c) An agent shall supervise each employee of the agent in the employee's performance of services under (b) (1) and (2) of this section.

## Sec. 05.18.110. QUALIFICATIONS FOR SALES AGENT CONTRACTS.

(a) A person who wishes to contract with the Contractor to be a sales agent shall apply on a form provided by the Commission. The Contractor may charge the applicant a fee to cover the costs of processing the application and checking the background of the applicant.

(b) Before contracting with an applicant to be an agent, the Contractor shall consider

- (1) the financial responsibility and security of the applicant and the applicant's business or activity;
- (2) the accessibility of the applicant's place of business or activity to the public;
- (3) the ability of the applicant to promote the retail sale of lottery products;
- (4) the sufficiency of existing agent contracts to serve the public convenience;
- (5) the volume of expected sales; and

(6) other factors the Contractor determines are relevant.

(c) The Contractor may not contract with an applicant to be an agent if the applicant

(1) is an individual who is not a resident of the state or is not a corporation, partnership, or association licensed to conduct business in the state;

(2) would be engaged in business exclusively as an agent;

(3) is an individual under the age of 18; or

(4) has been convicted of a felony that is substantially related to the functions or duties of an agent or gambling misdemeanor, including a conviction based on a guilty plea or plea of no contest.

Sec. 05.18.120. DURATION OF SALES AGENT CONTRACTS. The Contractor may contract with an agent for a term of not more than two years. subject to AS 05.18.110, the Contractor may renew the contract for successive terms of not more than two years.

Sec. 05.18.130. REVOCATION OR SUSPENSION OF SALES AGENT CONTRACTS. (a) The Contractor may suspend or cancel the contract of an agent who violates 05.18.320.

(b) The Contractor may suspend or cancel the contract of an agent who violates a regulation adopted under this chapter or a provision of this chapter other than AS 05.18.320.

Sec. 05.18.140. COMPENSATION OF SALES AGENTS. (a) The Contractor shall establish the levels of compensation for agents. The contractor may establish bonus or incentive awards.

(b) When establishing the compensation for sales agents, the Contractor shall consider

(1) the time and the cost of overhead necessary to make the lottery products available at convenient times and for sufficient hours to accommodate the public;

(2) the time necessary for an agent to keep adequate records of the sales of lottery products and to prepare the deposits and reports required under AS 05.18.150;

(3) other criteria the Commission considers relevant.

Sec. 05.16.150. DEPOSIT OF RECEIPTS AND REPORTS. (a) The Contractor shall deposit to the credit of the state in a bank designated by the commissioner of administration all net due proceeds from the sale of lottery products;

(b) The Commission shall determine the schedule for deposits of net due proceeds by the Contractor.

(c) Every month the Contractor shall file with the Department of Administration summary reports of the receipts and transactions in the sale of lottery products.

### ARTICLE 3. PRIZES.

Sec. 05.18.200. ASSIGNMENT OF PRIZES. A person may not assign a right to a prize under this chapter. A prize may be paid to a person other than the prize winner under a court order or to the estate of a deceased prize winner or to the Department of Administration for deposit in the general fund to satisfy a judgment in favor of the state against the prize winner. The state is discharged of all further liability when a prize has been paid under this section.

Sec. 05.18.210. PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS. (a) If a person entitled to a prize is under the age of 18 years, and if the prize is \$5,000 or less, the Commission may deliver the prize to an adult member of the minor's family, or to a guardian of the minor, in the form of a check or draft payable to the order of the minor. If the prize is more than \$5,000, the Commission may deliver the prize by depositing the amount of the prize in a bank to the credit of an adult member of the minor's family, or a guardian of the minor, as custodian for the minor. The person named as custodian shall have the same duties and powers as a person designated as a custodian under AS 45.60.

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

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

Sec. 05.18.220. UNCLAIMED PRIZE MONEY. The Commission shall retain unclaimed prize money for the person entitled to it for one year after the prize is awarded. The prize may not be claimed after one year from its award. If the winner does not claim the prize money within the year, the Commission shall transfer the money and accrued interest to the lottery grants account.

#### ARTICLE 4. MISCELLANEOUS PROVISIONS.

Sec. 05.18.300. LOTTERY GRANTS ACCOUNT AND APPROPRIATIONS. There is created in the general fund the lottery grants account. The account consists of the proceeds received from the sale of lottery products and all other money credited or transferred to the account. The commissioner of administration shall separately account for money deposited in the account. The annual estimated balance in the account shall first be used by the legislature to make appropriations to the lottery grants account to carry out the purposes of this chapter. That portion of the annual estimated balance in the account that is not necessary for the support of the health and human service agencies lottery grants account may be appropriated to other purposes as the legislature considers appropriate.

Sec. 05.18.310. AUDIT. The Commission shall have an audit of the books and accounts of the contractor performed at least once each year by certified public accountants. The Commission may have special audits performed at any time on its own motion. The Commission shall file a copy of each audit with the commissioner of administration and the legislature.

Sec. 05.18.320. PROHIBITED ACTS. (a) A person may not

- (1) act as an agent or sell a lottery product unless the person has a contract with the Commission to be an agent, or is an employee of an agent and sells lottery products or awards lottery prizes under the supervision of the agent;

(2) sell a lottery product at a price greater than that fixed by the Contractor;

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

(4) knowingly present a counterfeit or altered lottery product for payment or transfer a counterfeit or altered lottery product to another person to present for payment;

(5) with intent to defraud, falsely make, alter, forge, utter, pass, or counterfeit a lottery product; or

(6) impersonate a lottery representative.

(b) An agent, a member of the Commission, or an officer or employee of the Contractor may not purchase a lottery product or receive a lottery prize.

(c) An agent may not willfully withhold funds owed to the Contractor.

(d) This section does not prohibit a person from giving a lottery product to another person of any age.

Sec. 05.18.330. ASSIGNMENT OF CONTRACTS. A person who enters into a contract under this chapter may not assign the contract without the approval of the Commission.

Sec. 05.18.340. PENALTY. A person who violates AS 05.18.150, 05.18.160, 05.18.200, 05.18.320, or 05.18.330 is guilty of a class C felony.

Sec. 05.18.980. APPLICABILITY OF OTHER LAWS. Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the Commission:

(1) AS 05.15;

(2) state procurement laws, including AS 36.30, except as specifically provided in that chapter.

Sec. 05.18.990. DEFINITIONS. In this chapter, unless the context requires otherwise.

(1) "agent" means a person who has contracted with the commission to be a lottery retail sales agent under this chapter;

(2) "agent contract" means a contract under AS 08.18.100 between the commission and an agent;

(3) "Commission" means the Alaska State Lottery Commission;

(4) "Contractor" means the vendor under contract with the Commission to conduct day-to-day operations of the lottery;

(5) "lottery" means the lottery established and operated under this chapter;

(6) "lottery product" means a ticket, receipt, card, or other item, except a lottery prize, received by a person from an agent or an employee of an agent as evidence of participation in the lottery;

(7) "operation and administration" includes accounting, sales, promotion, enforcement, and security;

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

\*Sec. 3. AS 36.30.015(e) is amended to read:

(LANGUAGE NECESSARY FROM EXECUTIVE ORDER #50, SHOULD BE SIMILAR TO THAT WHICH ESTABLISHES THE ALASKA PUBLIC BROADCASTING COMMISSION)

\*Sec. 4. AS 36.30.050(c) is amended to read:

(c) The lists may be used by the chief procurement officer or an agency when issuing invitations to bid or requests for proposals under this chapter. The lists may be

used by the Alaska Legislative Council, the court system, the Alaska State Lottery Commission, the Alaska State Building Authority, and the Alaska Railroad Corporation.

\*Sec. 5. AS 36.30.990(1) is amended to read:

(1) "agency" means a department, institution, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of the state government, except for the University of Alaska, the Alaska State Building Authority, the Alaska State Lottery Commission, and the Alaska Railroad Corporation; it does not include a regional Native housing authority created under AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

\*Sec. 6. AS 39.25.110(11) is amended by adding a new subparagraph to read:

Alaska State Lottery Commission;

\*Sec. 7. AS 39.50.200(b) is amended by adding a new paragraph to read:

Alaska State Lottery Commission (AS 05.18).

\*Sec. 8. Sections 1, 2, 6, and 7 of this Act take effect July 1, 1987.

\*Sec. 9. Sections 3 - 5 of this Act take effect on the effective date of sec. 2, ch. 106, SLA 1986.

**THE PRECEDING PAGES  
WERE TREATED AS A UNIT  
IN THE ORIGINAL FILE**

Charitable Gaming Bill Suggested by Mr. Jim Fisk

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA: (Kodiak 486-7088)

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

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

(b) A permittee or operator that contracts with an agent to sell pull-tabs on the permittee's or operator's behalf shall first register the agent with the department on a form prescribed by the department. The annual agent registration fee is \$100 (one hundred dollars).

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

(d) The endorsement issues under (c) of this section is an extension of the permittee's or operator's privilege under AS 05.15.100 to conduct pull-tab series until a permit or license containing the endorsement for the agent location has been posted by the permittee or operator in the registered agent establishment. The endorsed permit or license must be clearly visible to the gaming public.

(e) A separate endorsement shall be issued for each agent location. It is the responsibility of the registered agent to inform the permittee or operator if it changes ownership, physical location or mailing address of a selling location., it is the responsibility of the permittee or operator to inform the department of such location change and to request that the department issue a corrected endorsement.

(f) The agent shall surrender its endorsed permit or license to the permittee or operator when it discontinues the sale of pull-tabs on behalf of that permittee or operator. The permittee or operator shall return to the department the endorsed permit or license.

(g) Failure to comply with sections (e) or (f) above after an agent change may be grounds for suspension of a permittee's permit, operator's license, or agent's endorsement.

(h) A permittee or operator that uses an agent to sell pull-tabs on its behalf shall enter into a written contract with that agent. The contract as well as an subsequent revision(s) thereto are subject to review by the department. If the contract or revision(s) contain agreements counter to the provisions of this chapter, or the regulations adopted under it, the department may declare the contract void. An agent may contract with more than one permittee and/or operator simultaneously so long as all other provisions of this chapter are met.

(i) An agent may not purchase nor make payment for a pull-tab series from any source. Only a permittee's member-in-charge, alternate-member-in-charge or an operator may purchase pull-tabs from a licensed distributor.

→ (j) A permittee shall receive no less than 40% (forty percent) of ideal net from an agent or operator for pull-tab sales. All pull-tab game related expenses shall be paid by the agent or operator from the balance of their 60% (sixty percent).

→ (k) An agent shall pay to the permittee or operator an amount equal to the ideal net, less the compensation paid the agent, upon delivery of a pull-tab series to the agent's location. The amount required to be paid by the agent under this subsection must be deposited directly into the gaming checking account of the permittee or operator.

→ (l) An agent that fails to meet its contractual agreements with a permittee or operator, fails to comply with the requirements of this chapter or a regulation adopted under it, or the agent or agent's owner or manager that is convicted <sup>Felony</sup> ~~of~~ <sub>NOR</sub> forgery, fraud, theft, or a crime of dishonesty related to the activities governed by this chapter, shall be prohibited [REDACTED] from any further involvement in any activity authorized by or conducted under AS 05.15.

(m) An agent, its manager(s) nor its employee(s) may not purchase a pull-tab from any series sold at that agent location. A person who knowingly violates this subsection is guilty of a class B misdemeanor.

(n) An owner or manager of a registered agent may not also serve as a permittee's member-in-charge or alternate-member-in-charge. An owner or manager of a registered agent may not also hold a managerial or ownership position with a licensed operator.

\*Section 2. AS 05.15 is amended by REPEALING section AS 05.15.183 of Sec. 2. and adding the following section in its place.

Sec. AS 05.183. GAMING DISTRIBUTOR'S LICENSE. (a) A person may not distribute pull-tab games, bingo paper, or other supplies or equipment used or consumed in the conduct of activities authorized by this chapter unless that person has received a gaming distributor's license issued by the department.

(b) The department may issue a gaming distributor's license to a natural person that

- (1) resides in the State of Alaska;
- (2) holds a valid Alaska Business License;
- (3) maintains a place of business in compliance with all applicable local zoning ordinances;
- (4) holds a [REDACTED] ownership position in the proprietorship, partnership, or corporation of the distributor;
- (5) if the distributor does business as a corporation, shows proof of proper registration with the Department of Commerce and Economic Development, Division of Banking, Securities and Corporations;
- (6) applies on the form provided by the department;
- (7) pays an annual fee of \$1,000.

(c) Pull-tabs, bingo paper, or other supplies or equipment used or consumed in the conduct of activities authorized by this chapter may be distributed only from a location within the state. A person may not distribute pull-tabs, bingo paper, or other supplies

or equipment used or consumed in the conduct of activities authorized by this chapter directly to another person from a location outside this state.

(d) Distribution from a location within the state is deemed to have occurred when:

(1) a purchase order as required under AS 08.15.187 is issued by a permittee or operator to a gaming distributor within the state;

(2) payment for such order is tendered to the gaming distributor within the state;

(3) all books and sales records of the gaming distributor are maintained at a location within the state;

(4) the distributor maintains a manual, mechanical, or electronic system to instantly recall each series of pull-tabs by serial number; each invoice by invoice number and/or customer name for any sale occurring within the previous 24 months.

Sec. 3. AS 05.15 is amended by adding a new section to Article 2.

Sec. AS 05.15.186. SALES BETWEEN LICENSED DISTRIBUTORS. (a) Pull-tabs may be sold from one licensed distributor to another licensed distributor. Distributors shall pay the tax at the first time of sale as required under AS 05.15.184(b).

\*Sec. 4. AS 05.15 is amended by adding new wording to AS 05.15.185 of Article 2 as follows:

Sec. 05.15.185 DISTRIBUTION OF [PULL-TAB GAMES] GAMING

SUPPLIES AND EQUIPMENT. (a) Each series of pull-tabs distributed in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department and may be distributed only to a municipality or qualified organization that has obtained a permit issued under this chapter or to an operator on behalf of an authorizing permittee.

(b) Notwithstanding the provisions of this subsection, pull-tabs, bingo paper, and other supplies and equipment used or consumed in the conduct of an activity under this chapter, may be distributed to any other federal, state, or national jurisdiction so long as all other provisions of this chapter are met.

(c) Permittees and operators are required to provide the licensed gaming distributor with a written, serial numbered purchase order for each order placed. A complete purchase order file shall be maintained by the permittee or operator.

(d) Licensed distributors are required to list the purchase order number on each invoice and maintain a complete file of purchase orders received from permittee or operators under (c) of this subsection.

\*Section 4. AS 05.15.210 is amended by adding new subsections 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 awarded for that series;

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

(37) "agent" 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 as is

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

\*Section 5. AS 05.15 is amended by adding a new phrase to AS 05.15.160(2) of Article 2 to read:

(C) Compensation paid to a registered agent.

\*Section 7. AS 05.15 is revised by changing the wording in subsection (4) of AS 05.15.095 as follows:

(4) the licensed [PULL-TAB DISTRIBUTOR] gaming distributor or the distributor's agent; or

\*Section 8.

→ An operator licensed under this chapter shall pay a fee of 5% (five percent) of its net income based on the annual report filed under AS 05.15.083(b).

\*Section 9. AS 05.15.200 is amended to include:

(c) CIVIL FINES. Any violation of this chapter will result in a notice of violation being issued and a civil fine assessed by an authorized employee of the department. The fine amounts are as follows:

1st violation notice \$100

2nd violation notice \$250

3rd violation notice \$500.

These notices are for the same offense.

February 25, 1991

David Finkelstein  
House of Representatives

Dear Sir,

This letter is in regards to the current situation in the pull-tab industry. I am an assistant bookkeeper for DAV 1,2, and 3. At this time, we are on a very tenuous schedule, not knowing, from day to day if we will have a job. I also took a salary cut because there is just not any income coming in.

With the regulations the way they currently stand many of our customers are pulling out, therefore we are in a gloomy situation. Please resolve either through, legislation or new emergency regulations allowing, bartenders or their employees to sell pull-tabs.

I am not the only one in this predicament, I have several co-workers in the same boat, and we would be grateful if this situation could be resolved as soon as possible.

Respectfully,

A handwritten signature in cursive script that reads "George Pollitt". The signature is written in dark ink and is positioned below the "Respectfully," salutation.

George Pollitt

cc John Hansen  
Gary Amendola  
Mike Szymanski  
Doug Blankenship

February 25, 1991

David Finkelstein  
House of Representatives

RE: Pull-Tab Industry

Dear Sir,

I am an employee for DAV Chapters 1,2, and 3. At the current time, I am under a great deal of stress, not knowing, when I come in the next morning if my job will be there for me.

With the regulations the way they stand, we have lost, or we are loosing our third party vendors.

Please resolve this, either through legislation or new emergency regulations allowing, bartenders or their employees to sell pull-tabs.

Please help me and many others to keep our jobs.

Respectfully,



Carol Corven

cc John Hansen  
Mike Szymanski  
Gary Amendola



# Alaska State Legislature

3/1/91

House Labor & Commerce  
Committee

Please enter into the record my testimony to the Valley Marine Corps League  
committee name

committee on Charitable Gaming dated \_\_\_\_\_  
bill/subject

All establishments who participate should have a chart saying how many of the top ~~winners~~ winners are still left.

Accounts should be counted daily ~~so~~ as this chart could be published.

Signed: Charles B. Gatterberg

Testifier  
Commandant Valley Marine Corps League

Representing (Optional)  
P.O. Box 872894

Address  
Wasilla, AK 99687

Phone No.  
376-7615



If possible, please address \_\_\_\_\_ before 5 p.m.

# Alaska State Legislature

Please enter into the record my testimony to the H L + C committee name

committee on \_\_\_\_\_, dated 3-1-91  
bill/subject

Can a local business sell pull-tabs for us, WACO? They do NOT charge us any thing for this community service. Can this continue in this way? The owners and employes are all members of our Willow Area Community Org. so there are no membership fees and the members consist of our whole community.

Signed: Henry Lee Carter / Vice Chair of the Willow Area Community Organization  
Testifier

Representing (Optional)  
P.O. Box 1027  
Address  
Willow Ave 99688  
Phone No. 495-6633



# Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce Committee  
 committee name  
 committee on House Bill # 168, dated 1 MAR 91  
 bill/subject

- if we sub-contract out our permits we can only receive 1/2 million of action.
- if we don't sub-contract our permits then we can receive 1 million of action.
- Senior Centers do not have the ability to run a program that would allow any great benefit to off set out in funding.
- I know other non-profits have the same problems with the fuel-tax. We don't have the volume to make it worth while.
- \* Sec 7 instead of 500,000 it should read 1,000,000 for organization that contracts with an operator on its behalf.

Signed: Noel C Mattson  
 Testifier

Chingwill Senior Center / Vice Pres of AOAP  
 Representing (Optional)

HC 78 Box 2870, Chingwill AK 99567  
 Address

(907) 688-2677  
 Phone No.

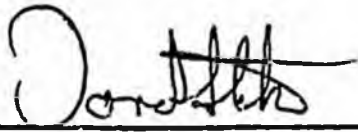


# Alaska State Legislature

Please enter into the record my testimony to the LABOR & COMMERCE  
 committee name  
 committee on H.B. 168 , dated 7-25-91  
 bill/subject

THE BILL CURRENTLY BEFORE THIS COMMITTEE  
 WILL ACT TO RATIFY THE ACTIONS OF THE  
 MAJORITY OF THE CHARITABLE ORGANIZATIONS IN  
 THE STATE. I AM THE PRESIDENT OF THE BIG  
 LAKE LIONS CLUB. MOST OF OUR CHARITABLE  
 PROJECTS HAVE BEEN FUNDED BY INCOME  
 GENERATED BY VENDOR SALES OF PULL TABS.  
 WE ARE GREATLY IN FAVOR OF THE PASSAGE  
 OF THIS BILL TO ALLOW US TO CONTINUE  
 TO SERVE THE COMMUNITY.

THANK YOU.

Signed:  DANA STOKER  
 Testifier

BIG LAKE LIONS CLUB AND AMERICAN LEGION POST 35

Representing (Optional)

500 N. MAIN ST # B WASILLA 99687

Address

373-6101

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Labor & Comm. ce  
 committee name  
 committee on Charitable Gaming, dated March 1, 1991  
 bill/subject

RE: SECTION 1. AS 05, 15, 150 - USE OF PROCEEDS.

DUE TO THE WORDING OF THIS SECTION, NON-PROFIT GROUPS ARE NOT ALLOWED TO CONTRIBUTE PULL-TAB FUNDS TOWARD NOME - PROVIDENYA TRAVEL. WE ARE IN THE MIDDLE OF A GROWING CULTURAL EXCHANGE PROGRAM, WITH ARTISTS, MUSICIANS AND DANCERS GOING BACK AND FORTH. WE HAVE CONTRIBUTED IN THE PAST, AND RECEIVED NOTICES OF VIOLATION. WE HAD OVERLOOKED THIS REG. UNINTENTIONALLY.

THIS TYPE OF CULTURAL EXCHANGE GREATLY BENEFITS THE STATE, AND THE PEOPLE OF THIS COMMUNITY. ALL PROVIDENYA - NOME TRAVEL IS HANDLED BY A LOCAL AIRLINE, BERING AIR. THIS IS TRUE WHETHER TRAVEL ORIGINATES IN PROVIDENYA OR NOME.

WE WOULD LIKE A REGULATORY CHANGE PERMITTING NON-PROFIT GROUPS TO CONTRIBUTE TO SOVIET - ALASKA TRAVEL, EITHER A BLANKET REG. OR ONE FOR SPECIFIC INSTANCES, WITH APPROVAL OF THE COMMISSIONER.

Signed: AL R. BEASLEY  
 Testifier

NOME ARTS COUNCIL (President) *also, in behalf of other Nome Non Profit orgs.*  
 Representing (Optional)

Box 1957 Nome AK  
 Address *LIONS club  
 Nome ROTARY  
 Nome Eskimos*

443-2534  
 Phone No.