

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7517 SENATE LABOR & COMMERCE

FISCAL NOTE ATTACHMENT  
SB 4

OPERATING EXPENDITURES

<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>			
Executive Director	26	\$ 100.0	
Investigator III	18	\$56.4	
Auditor III	18	\$56.4	
Records and Licensing Supervisor	16	\$50.0	
Secretary I	10	\$36.2	
			\$289.1
<u>Travel:</u>			
Five-Commission Members		\$15.0	
Executive Director		\$ 5.0	
Investigator		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 30.0
<u>Contractual:</u>			
Lease Space			\$ 20.0
Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>			
Executive Director		\$ 1.0	
Investigator III		\$ 1.0	
Auditor III		\$ 1.0	
Licensing Supervisor		\$ 1.0	
Secretary		\$ 1.0	
			\$ 5.0
<u>Equipment:</u>			
Executive Director		\$10.0	
Investigator III		\$10.0	
Auditor III		\$10.0	
Licensing Supervisor		\$10.0	
Secretary I		\$10.0	
			\$ 50.0
TOTAL COST			\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

Equipment represents the cost for a workstation and computer.

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office in 450 sq. ft., this space is inadequate for current needs and, with the increase demand with the commission, new space is a requirement.

REQUEST FOR NEW HIRE

POSITION TITLE: Executive Director  
RANGE/STEP: 26a  
SERVICE: Partially Exempt  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$67.8  
Benefits \$22.3

Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0  
COMMODITIES:\* \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$106.1

FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III  
RANGE/STEP: 18a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5  
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0  
COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- c Occasionally assist the auditor(s) in gathering information/documentation.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III  
RANGE/STEP: 18a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5  
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0  
COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done.

## REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor  
RANGE/STEP: 16a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

Salary: \$35.5  
Benefits \$14.5

Total Personal Services: \$50.0

COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$61.0

#### FUNDING SOURCE:

Funding source is general fund \$61.0

### POSITION DUTIES:

- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by either the Gaming Program Manager or the Executive Director.

REQUEST FOR NEW HIRE

POSITION TITLE: Secretary I  
RANGE/STEP: 10b  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$24.6  
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$47.2

FUNDING SOURCE:

Funding source is general fund \$47.2

POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB 4

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Dev.  
 Title: An Act establishing the Alaska BRU: Occupational Licensing  
Gaming Commission Component: Administration  
 Sponsor: Senator Zharoff  
 Requestor: Senator Zharoff COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	289.1	289.1	289.1	289.1	289.1	289.1
TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	5.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>399.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>

CAPITAL						
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REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND *	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>399.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>	<b>352.1</b>

\*Funding source is General Fund in bill as proposed.

POSITIONS:

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

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: \_\_\_\_\_  
 Approved by Commissioner: Glenn A. Olds *AKC [Signature]* Spec. Asst II  
 Agency: Department of Commerce & Economic Development Date: 2-22-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

## FISCAL NOTE ATTACHMENT - SB 4

### EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees that transferred with the program was five: one Auditor and one Investigator located in Anchorage, one Auditor, one Tax Examiner and one Clerk Typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one Investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill establishes a five-member Alaska Gaming Commission giving it the authority to license, regulate and enforce gaming statutes and regulations.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff, especially in the area of audits and investigations. Presently, the gaming program has only two investigators which is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the growing number of permittees, operators and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of an Executive Director (based on our recommendation in the bill analysis), a Secretary to be utilized for Commission business and during their meeting(s), and a Records and Licensing Supervisor to oversee the licensing staff. We feel if this Commission is to effectively administer this program, they must be provided with the proper staff to do it. Without these positions, there is no reason to consider this legislation. You cannot accomplish the mandate of the law without being able to administer proper enforcement.

The \$399.1 required includes \$30.0 in travel to fund the cost of widespread travel to various communities and for Commission meetings quarterly, as well as \$50.0 to purchase the necessary workstations, computers and software. The required \$5.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily increase as more and more charitable organizations search for other sources of revenue in light of other sources becoming less available.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue will be generated the first year. While the amount of funds generated is considerably less than projected costs, other gaming revenue sources will more than compensate for the difference. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and strive towards voluntary compliance. During FY 91, the Gaming program generated \$1.6 million in revenue.

**FISCAL NOTE ATTACHMENT  
SB 4**

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Auditor III	18	\$56.4	
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Auditor III		\$ 5.0	
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<u>Contractual:</u>			
Lease Space			\$ 20.0
Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>			
Executive Director		\$ 1.0	
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Secretary		\$ 1.0	
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<b>TOTAL COST</b>			<b>\$399.1</b>

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REQUEST FOR NEW HIRE

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Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0  
COMMODITIES:\* \$ 1.0  
EQUIPMENT: \$10.0

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FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

## REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III  
RANGE/STEP: 18a  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

Salary: \$40.5  
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0  
COMMODITIES: \$ 1.0  
EQUIPMENT: \$10.0

Total Cost \$72.4

### FUNDING SOURCE:

Funding source is general fund \$72.4

### POSITION DUTIES:

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SERVICE: Classified  
TYPE OF POSITION: PFT  
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#### PERSONAL SERVICES:

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Benefits \$14.5

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COMMODITIES: \$ 1.0  
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Total Cost \$61.0

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RANGE/STEP: 10b  
SERVICE: Classified  
TYPE OF POSITION: PFT  
STAFF MONTHS: 12 Months

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES:

Salary: \$24.6  
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0  
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Total Cost \$47.2

#### FUNDING SOURCE:

Funding source is general fund \$47.2

### POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

### IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

Rod,

Here are copies of the sectionals and fiscal notes for SB 4 & SB 6. Please note the I have not received a fiscal note for SSSB 6, but I would assume that it would be a "zero" as well.

We were going to submit a hearing request, but some time ago, you told me it was scheduled for a March 18 hearing, so we didn't draft a formal request. If you would like, I could do up a quick one and back date it.

Both of these bills were in the legislature last year. SB 4 was introduced either late in the '89 session or early last year. It was SB 311. SB 6 was introduced last year as SB 484.

I have also copied all the statutes referenced in the bills for Fred's files and would be glad to run another copy if you would like them.

A handwritten signature in black ink, appearing to be 'TJ', with a long horizontal line extending to the right.

SECTIONAL ANALYSIS - Sen. Zharoff  
SB 4-ESTABLISHING THE ALASKA GAMING COMMISSION

SECTION 1: Establishes the Alaska Gaming Commission in AS 05.15 (Games of Chance & Contests of Skill). The commission would consist of 5 members appointed by the governor who must be state residents and must never have been convicted of a felony or an offense relating to gambling. Commission members would serve 4 year staggered terms and may be removed from office by the governor for cause including negligence of duty; incompetence; or misconduct in office. Members would be entitled to per diem and travel expenses. This section also delineates that the commission shall license, regulate and supervise games of chance & contest of skill under AS 05.15; hire staff as necessary; and adopt regulations necessary to implement AS 05.15. This section also allows the commission to issue subpoenas; produce the records of persons licensed to conduct gaming; and appoint hearing officers if any are required by AS 05.15 or regulations adopted under it. This section also clarifies that employees of the commission are partially exempt; that the Attorney General shall enforce the regulations of the commission; that all records of the commission are public; all proceeds of the commission go into the general fund; that the commission is subject to the Administrative Procedures Act; and that the commission is subject to the conflict of interest statutes.

SECTION 2: AS 05.15.010 currently states that the Dept. of Commerce & Economic Development shall administer AS 05.15. Section 2 of this bill replaces that language and states that the Alaska Gaming Commission would administer this chapter.

SECTION 3: Removes the Commissioner of DC&ED from the definitions section of AS 05.15 and replaces it with "commission" since, under this bill, the Alaska Gaming Commission rather than the

Department of Commerce & Economic Development would be administering gaming.

SECTION 4: Makes a technical change to the definition of gambling in the criminal law statutes. The only change to the definition is on page 4, line 3. Subsection C of the bill says, "an activity authorized under AS 05.15." Current law under subsection C says, "an activity authorized by the commissioner of commerce & Economic Development under AS 05.15."

SECTION 5: States that the Department of Public Safety shall determine whether a person appointed by the governor to serve on the commission has been convicted of a felony or a gambling offense.

SECTION 6: Adds a new subsection to include employees of the Alaska Gaming Commission to the list of partially exempt employees.

SECTION 7: Adds a new subsection to include the Alaska Gaming Commission under the Conflict of Interest Statutes.

SECTION 8: Adds a new subsection to include the Alaska Gaming Commission with the entities that must comply with the Administrative Procedures Act.

SECTION 9: Removes the definition of the "department" under AS 05.15 as it would no longer apply if the commission is established and removes the regulation of games of chance & contest of skill from the duties of the Department of Commerce & Economic Development since these would become duties of the commission.

SECTION 10: Requires the governor to make the appointments to the commission within 120 days after the effective date of this bill and requires that the governor set the terms of the initial members as follows: 2 members for 4 years; 1 member for 3 years; 1 member for 2 years; and 1 member for 1 year.

SECTION 11: States that any regulations in place pertaining to games of chance or contests of skill prior to July 1, 1991 and regulations on these matters in effect on the effective date of this bill remain in effect until the commission adopts new regulations. In addition, DC&ED will administer AS 05.15 from the effective date of this bill until the members of the commission are appointed.

SECTION 12: Allows the revisor of statutes and the assistant attorney general assigned to review regulations the latitude to clean up statute and regulation with regard to the administration of AS 05.15 and references to the "department" or "commissioner" should be read as referring to the Alaska Gaming Commission.

SECTION 13: Gives this legislation an effective date of July 1, 1991.

#### SB 4 Changes

- 1) Allows five board members, 1 from each judicial district and 1 at large.
- 2) Amends section 1 pg 2 (2) to prohibit operators from serving on board.
- 3) Amends section 1 pg 2 (3) to prohibit elected officials from serving on board.
- 4) Amends section 1 pg 2 (b) ln 11 limits terms to eight consecutive years.
- 5) Amends section 1 pg 2 (b)(3) ln 30 requires board to meet once a quarter.
- 6) Amends section 1 pg 3 ln 8 to place commission employees in the classified service.
- 7) Adds new section 3 to prohibit a former board member to hold a license or permit for one year.

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Eliason  
Senator Rick Hallford  
Senator Jay Kerttula



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P.O. BOX V  
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(907) 465-3844

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99504  
(907) 561-2018

## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legal Counsel  
Legal Services Division

FROM: Rod Maurant, Legislative Aide *Rod*  
Senate Labor & Commerce Committee

DATE: April 16, 1991

RE: SB 4

John, CSSB 4(L&C), workdraft 7-LS0019\G dated 3/26/91, was passed from the Senate Labor & Commerce Committee with the following changes:

Amend Pg. 2, ln 3 as follows:

(2) holds an operator's license under AS 05.15.122; or holds a distributor's license under AS 05.15.183; or

Delete Pg. 3, ln 2 - 4 and renumber accordingly.

Amend Pg. 3, ln 12 as follows:

Sec. 05.15.370. RECORDS OF THE COMMISSIONER. All records of the commission are public records and subject to public inspection except, ongoing audits and investigations should be kept confidential. Investigative files should remain confidential even when closed, except where documentation is submitted as evidence in a hearing or trial, and only the completed audit should be made available.

Amend Pg. 2, ln 11 as follows:

(b) A member may not serve for more than eight (consecutive) years.

Thank you.

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Eliason  
Senator Rick Halford  
Senator Jay Korttula



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## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel  
Legal Services Division

FROM: Rod Mourant, Legislative Aide  
Senate Labor & Commerce Committee

RE: Senate Bill 4

DATE: March 25, 1991

John, please draft a committee substitute for SB 4 (7-LS0019\A) incorporating the following changes:

- 1) Amend section 1 to designate that there should be one member from each judicial district and one at-large member.
- 2) Amend section 1 to exclude operators from the board.
- 3) Amend section 1 to exclude elected officials from serving on the commission.
- 4) Amend section 1 to limit the term of office to no more than eight years total. *CONSEQUENTLY,*
- 5) Amend section 1 to add a minimum meeting frequency of once a quarter.
- 6) Amend section 1, pg 3, ln 2 to place the employees in the classified service except the executive director of the commission who will be in the partially exempt service.
- 7) Add section to prohibit an individual from being a licensee, permittee or operator for one year following service on the commission.

John, would appreciate a new work draft so that the committee can do work on this Wednesday, March 27th at 3:30 P.M..

**CS FOR SENATE BILL NO. 4 (L&C)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE LABOR AND COMMERCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATOR ? IAROFF, Jones**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Gaming Commission; and providing for an effective date."**

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

3 **\* Section 1. AS 05.15 is amended by adding new sections to read:**

4 **ARTICLE 4. ALASKA GAMING COMMISSION.**

5 **Sec. 05.15.300. ALASKA GAMING COMMISSION. (a) The Alaska Gaming**  
6 **Commission is established in the Department of Commerce and Economic Development. The**  
7 **commission is composed of five members appointed by the governor, subject to confirmation by**  
8 **the legislature.**

9 **(b) Each member of the commission shall at the time of the member's appointment be**  
10 **a resident of the state. One member shall be appointed from each of the four judicial districts**  
11 **of the state, and the fifth member may reside anywhere in the state.**

12 **(c) A person may not serve as a member of the commission if that person**

13 **(1) has been convicted of**

14 **(A) a felony; or**

1 (B) an offense under this chapter, AS 11.66.200 - 11.66.280, or a  
2 comparable provision of municipal, state, or federal law;

3 (2) holds an operator's license under AS 05.15.122; or

4 (3) is an elected official of the state or of a political subdivision of the state.

5 (d) A person may not serve as a member of the commission until the investigation  
6 required under AS 18.65.080(b) is completed.

7 (e) The commission shall elect a chair from its membership.

8 (f) Three members of the commission constitute a quorum for the transaction of business.

9 Sec. 05.15.310. TERM OF OFFICE. (a) Members of the commission serve staggered  
10 terms of four years. A vacancy is filled by appointment for the unexpired term.

11 (b) A member may not serve for more than eight consecutive years.

12 Sec. 05.15.320. REMOVAL AND SUSPENSION OF MEMBERS. (a) The governor  
13 may remove a member for cause, including incompetence, neglect of duty, or misconduct in  
14 office. A member being removed for cause shall be given a copy of the charges and afforded  
15 an opportunity to publicly present a defense in person or by counsel upon not less than 10 days'  
16 notice. If a member is removed for cause, the governor shall file with the lieutenant governor  
17 a complete statement of all charges made against the member and the governor's findings based  
18 on the charges, together with a complete record of the proceedings.

19 (b) The governor may immediately suspend a member for a violation of law or for  
20 misconduct in office pending removal from office under (a) of this section.

21 Sec. 05.15.330. COMPENSATION AND PER DIEM. Members of the commission do  
22 not receive a salary for their service on the commission but are entitled to per diem and travel  
23 expenses authorized for state boards and commissions under AS 39.20.180.

24 Sec. 05.15.340. DUTIES AND POWERS OF THE COMMISSION. (a) The commission  
25 shall

26 (1) license, regulate, and supervise games of chance and contests of skill under  
27 this chapter;

28 (2) hire an executive director and other staff as needed to enforce and administer  
29 this chapter;

30 (3) meet at least once every three months; and

31 (4) adopt regulations necessary to carry out the provisions of this chapter.

- 1 (b) The commission may  
2 (1) issue subpoenas to compel witnesses to appear before it;  
3 (2) compel the production of documents showing the receipts and disbursements  
4 of a person licensed to conduct a gaming enterprise;  
5 (3) appoint a hearing officer to conduct a hearing required by this chapter or by  
6 a regulation adopted under it.

7 Sec. 05.15.350. EMPLOYEES OF THE COMMISSION. The executive director of the  
8 commission is in the partially exempt service under AS 39.25.120. Other employees of the  
9 commission are in the classified service under AS 39.25.100.

10 Sec. 05.15.360. REGULATIONS OF THE COMMISSION. The attorney general shall  
11 enforce the regulations of the commission.

12 Sec. 05.15.370. RECORDS OF THE COMMISSION. All records of the commission are  
13 public records and subject to public inspection.

14 Sec. 05.15.380. PROCEEDS. Fees and other money received by the commission shall  
15 be paid into the general fund.

16 Sec. 05.15.390. ADMINISTRATIVE PROCEDURE ACT. The operations of the  
17 commission are subject to the Administrative Procedure Act (AS 44.62).

18 Sec. 05.15.400. CONFLICT OF INTEREST ACT. The commission is subject to  
19 AS 39.50 (conflict of interest).

20 \* Sec. 2. AS 05.15.010 is repealed and reenacted to read:

21 Sec. 05.15.010. ALASKA GAMING COMMISSION TO ADMINISTER CHAPTER.  
22 The Alaska Gaming Commission shall administer this chapter.

23 \* Sec. 3. AS 05.15.100 is amended by adding a new subsection to read:

24 (d) The commissioner may not issue a permit or license under this chapter to a person  
25 who has, within one year preceding the person's application for a permit or license, been a  
26 member of the Alaska Gaming Commission established under AS 05.15.300.

27 \* Sec. 4. AS 05.15.122 is amended by adding a new subsection to read:

28 (e) A person may not serve as a member in charge if the person has, within the preceding  
29 one year, been a member of the Alaska Gaming Commission established under AS 05.15.300.

30 \* Sec. 5. AS 05.15.210(6) is repealed and reenacted to read:

31 (6) "commission" means the Alaska Gaming Commission;

# **CORRECTION**

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1 \* Sec. 6. AS 11.66.280(2) is amended to read:

2 (2) "gambling" means that a person stakes or risks something of value upon the  
3 outcome of a contest of chance or a future contingent event not under the person's control or  
4 influence, upon an agreement or understanding that person or someone else will receive some-  
5 thing of value in the event of a certain outcome; "gambling" does not include

6 (A) bona fide business transactions valid under the law of contracts for  
7 the purchase or sale at a future date of securities or commodities and agreements to  
8 compensate for loss caused by the happening of chance, including contracts of indemnity  
9 or guaranty and life, health, or accident insurance; [OR]

10 (B) playing an amusement device that

11 (i) confers only an immediate right of replay not  
12 exchangeable for something of value other than the privilege of immediate replay;  
13 and

14 (ii) does not contain a method or device by which the  
15 privilege of immediate replay may be cancelled or revoked; or

16 (C) an activity authorized [BY THE COMMISSIONER OF COMMERCE  
17 AND ECONOMIC DEVELOPMENT] under AS 05.15;

18 \* Sec. 7. AS 18.65.080 is amended by adding a new subsection to read:

19 (b) The Department of Public Safety shall investigate and ascertain whether a person  
20 appointed by the governor to serve as a member of the Alaska Gaming Commission has been  
21 convicted of a crime set out in AS 05.15.300(c).

22 \* Sec. 8. AS 39.25.120(c) is amended by adding a new paragraph to read:

23 (21) the executive director of the Alaska Gaming Commission.

24 \* Sec. 9. AS 39.50.200(b) is amended by adding a new paragraph to read:

25 (52) Alaska Gaming Commission (AS 05.15.300).

26 \* Sec. 10. AS 44.62.330(a) is amended by adding a new paragraph to read:

27 (57) Alaska Gaming Commission (AS 05.15.300).

28 \* Sec. 11. AS 05.15.210(8) and AS 44.33.020(31) are repealed.

29 \* Sec. 12. INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial  
30 appointment of members of the Alaska Gaming Commission within 120 days after the effective date of  
31 this Act. The governor shall set the terms of initial members so that two members serve terms of four

1 years, one member serves a term of three years, one member serves a term of two years, and one  
2 member serves a term of one year.

3 \* Sec. 13. TRANSITION. (a) Regulations relating to games of chance and contests of skill, adopted  
4 by the Department of Revenue or the Department of Commerce and Economic Development under  
5 authority of AS 05.15 before July 1, 1991, and in effect on the effective date of this Act remain in effect  
6 until regulations relating to that function that are adopted by the Alaska Gaming Commission under  
7 AS 05.15 as amended by this Act, take effect. The Alaska Gaming Commission shall administer the  
8 Department of Revenue and the Department of Commerce and Economic Development regulations until  
9 its own take effect.

10 (b) Until the Alaska Gaming Commission is appointed, the Department of Commerce and  
11 Economic Development shall administer games of chance and contests of skill under AS 05.15 and under  
12 the regulations referred to in (a) of this section.

13 \* Sec. 14. IMPLEMENTATION OF LEGISLATION. To be consistent with the changes made by  
14 this legislation, wherever in AS 05.15 and in regulations adopted under those statutes "Department of  
15 Commerce and Economic Development," "department," or "commissioner" is used, they shall be read  
16 as referring to the Alaska Gaming Commission or commission when to do so would implement the  
17 purposes of this Act. Under AS 01.05.031, the revisor of statutes shall implement this section in the  
18 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in the  
19 administrative regulations.

20 \* Sec. 15. This Act takes effect July 1, 1991.

CSSB 4: "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

The department supports moving the Gaming program out of the Division of Occupational Licensing into a separate division within the Department of Commerce and Economic Development. However, if a commission is established, this bill would provide for the necessary authority to implement the Alaska Gaming Commission's duties. Our major concerns have been addressed in the CS version. The remaining sectional concerns are addressed below:

### SECTIONAL CONCERNS

#### 1. Alaska Gaming Commission

AS 05.15.300(c)(2). This subsection would exclude a person holding an operator license from serving on the commission. Of the twenty-one (21) currently licensed operators, seven (7) are also licensed as distributors and another three (3) have spouses who are licensed distributors. If the intent of this subsection is to prevent those persons already in a segment of the gaming industry from serving on the commission, then this subsection should be expanded to include licensed distributors.

#### 2. Duties and Powers of the Commission

AS 05.15.340(b)(2). Only subsection (1) mentions the power of the commission to issue subpoena to compel witnesses to appear before the commission. There remains, however, a questions of what legal action may be taken/needed to ensure production of books, records and other relevant information. Subpoena power should also include subsection (2).

If the subpoena power in AS 05.15.070 is unaffected by this bill, then the proposed AS 05.15.340(b)(2) should be removed as it is redundant.

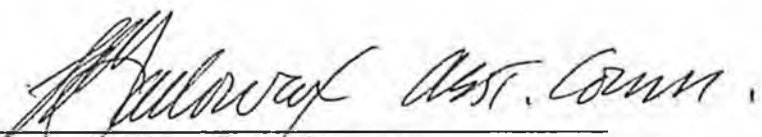
#### 3. Records of the Commission

AS 05.15.370. Ongoing audits and investigations should be kept confidential. Investigative files should remain confidential even when closed, except where documentation is submitted as evidence in a hearing or trial, and only the completed audit should be made available.

4. Proceeds

AS 05.15.380. Beginning with FY 90, the Games of Chance and Skill program is funded by Program Receipts. Because of the growing interest and participation in the gaming industry, to ensure that the program is properly administered and enforced, the funding should remain as Program Receipts. Additionally, should the Alaska Gaming Commission be instituted, readily available funding would help in determining and scheduling much needed workshops, seminars and effective administrations of the Games of Chance and Skill program.

If this bill fails to pass this legislative session, the department will create a separate Division of Gaming which we believe would go a long way in solving many of the administrative problems with this program.

  
\_\_\_\_\_  
Glenn A. Olds, Commissioner

Date: 4-11-91

SB 4: "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

The department supports moving the Gaming program out of the Division of Occupational Licensing into a separate division within the Department of Commerce and Economic Development. We do have several concerns with SB 4 which are addressed below.

## SECTIONAL CONCERNS

### 1. Membership

AS 05.15.300. As proposed, the Commission would be comprised of five members appointed by the Governor and subject to confirmation by the Legislature. It is possible that any one of these appointees may be involved in some capacity in the gaming industry. There is no provision providing for or prohibiting the permittees, operators, or distributors, being appointed to the Commission. This may be of concern and should be addressed accordingly. In addition, to ensure that all judicial districts are represented and to avoid possible domination of one segment of the gaming industry over another and given the number of judicial districts and the number of interested parties, perhaps the number of Commissioners should be raised to seven. Likewise, if changed, the number of members present to constitute a quorum should be raised to five.

### 2. Duties and Powers of the Commission

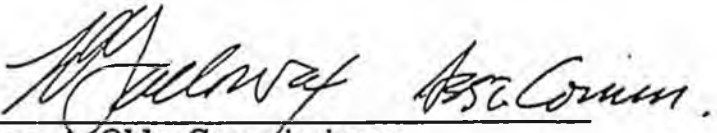
AS 05.15.340(a)(2). The Commission members, under AS 05.15.330, are not paid any salary for their services. It seems appropriate and proper for the Commission to hire an Executive Director (or equivalent) and direct that person to hire the needed staff. If the Commission were directly involved in the hiring, the opportunity or the appearance of influencing and/or attempting to direct the personal management of the staff and its functions may exist. Proper organization needs a solid chain of command. Additionally, the Commission would have to vote on every new hire, from the management level down to the clerical level. This would take an inordinate amount of time and effort, particularly if the membership is geographically distributed and meetings are held only three to five times per year. This would mean that vacant positions could be filled only when the Commission meets. More frequent meetings may be impractical for nonsalaried members who must give up professional time to meet. The gaming industry needs to know that the administration of this program will be consistent and that the staff is knowledgeable.

The Commission should make policy, while the staff implements that policy, administers the program and enforces the statutes and regulations. The Executive Director should manage the day-to-day operation of the Commission staff, subject to review by the Commission. We believe the ABC Board organization is an example that should be more closely followed.

6. Administrative Procedures Act

AS 05.15.390. If the Commission is required to be subject to the Administrative Procedures Act, the program would lose a very important provision currently in statute that provides for immediate suspension of permits or licenses for up to 90 days pending the results of any investigation or hearing. The permittee or licensee does not lose its right to appeal the action or its right to a hearing. Under the APA, the department would be subject to a hearing first to determine if the suspension is warranted. We need the ability to immediately suspend permits and licenses to serve the public interest. The APA, as it is currently written, is much more cumbersome and no more effective, efficient, or protective of rights than our established appeal and hearing procedures. Our procedures are more flexible in meeting our specialized needs.

We believe a Division of Gaming would go a long way in solving many of the administrative problems with this program.

  
Glenn A. Olds, Commissioner

Date: 3-18-91

# *BILL'S distributing of alaska*

RECEIVED MAR 11 1991

March 7, 1991

Senator Fred Zharoff  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Zharoff

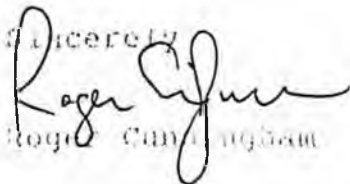
I was pleased to learn that SB-4, for an Alaska Gaming Commission is to be considered again this session.

As you probably have heard, several members of the public spoke in favor of a gaming commission at hearings on HB168 by Rep. Choquette. As well as citizen support, Rep. Robin Taylor supported it, along with John Hansen, Gaming Program Manager, DCED.

Charitable Gaming has grown to the place where a full commission is needed to oversee it. The amount of money changing hands daily dictates that a group of dedicated individuals give gaming their undivided attention.

I support your bill and would offer any help you may need in the way of supporting material or information to insure its passage this session. I would envision the commission structured along the same lines as the Alcoholic Beverage Control Board which includes respected industry representatives.

Please call if I can provide any further input to insure passage of SB-4.

Sincerely,  
  
Roger Campbell

cc: Rep Robin Taylor

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The Commission should make policy, while the staff implements that policy, administers the program and enforces the statutes and regulations. The Executive Director should manage the day-to-day operation of the Commission staff, subject to review by the Commission. We believe the ABC Board organization is an example that should be more closely followed.

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If the subpoena power in AS 05.15.070 is unaffected by this bill, then the proposed AS 05.15.340(b)(2) should be removed as it is redundant.

AS 05.15.340(b)(3). Under this bill, the Commission would directly appoint a hearing officer. We would be subject to the same possible conflicts as we specified earlier with regard to the Duties and Powers of the Commission. The department currently has a system established and working. At the least, there should be a provision for delegation of hearing officer appointment authority to the Commissioner of Commerce and Economic Development.

3. Employees of the Commission

AS 05.15.350. If our recommendations and fiscal note are approved as is, only the Executive Director should be partially exempt. To have the balance of the staff partially exempt, especially the investigators and auditors, would make these personnel and their functions, including potentially sensitive investigations and audits, subject to political tampering and/or influence or at the least the appearance of. Additionally, by making the entire staff partially exempt and politically vulnerable, how would the staff members have any assurance the proper conduct of duty in politically sensitive areas/issued would not result in termination or as even an incentive for promotion? This is not acceptable for any agency in control of gaming regulatory functions and tax collection. The agency must be impartial in its administrative functions. It is recommended that an Executive Director position be partially exempt as AS 39.25.120 defines and the remaining staff be classified employees as AS 39.25.100 defines.

4. Records of the Commission

AS 05.15.370. To have ALL records open to the public is not warranted, especially when investigations and audits are being conducted. Investigative files should remain confidential even when closed, except where documentation is submitted as evidence in a hearing or trial. The public is not served, and undue hardship may occur if unsubstantiated allegations are made and later found to be without merit. In the area of audits, only the completed audit should be available. The program has experienced the fallout of such practices. It is not acceptable.

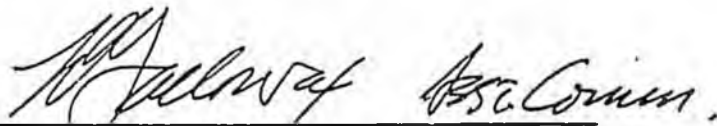
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Date: 3-18-91

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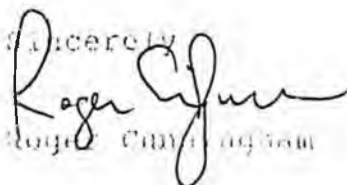
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Sincerely,  
  
Roger Campbell

cc: Rep Robin Taylor

APR 8 1991



Rod

ALASKA RADIO READING SERVICE

1102 West International Airport Road  
Anchorage, AK 99518 • (907) 563 2121 • FAX 562 5951

April 4, 1991

Attached is a copy of a survey that we conducted in 1990 of non-profit organizations concerning convicted felons involvement in charitable gaming.

The results were conclusive that the majority of organizations did not want any type of criminal element involved in charitable gaming. Most states would not allow this criminal element to be involved in gaming of any kind.

We would be happy to supply you with copies of surveys from the non-profits who responded to the questionnaire.

Sincerely,

Sandy Sanderson  
Executive Director

ATTENTION!

ALL NON-PROFIT CORPORATIONS:

The Alaska Information Radio Reading Education Service is a non-profit agency which uses Games of Chance and Skill to raise a portion of our funding. Recently, the Alaska Department of Commerce and Economic Development proposed sweeping changes in the charitable gaming regulations. These changes included eliminating the non-profit corporations right to sell pull tabs in multiple locations. We feel that this will severely impact the funding needed by many Alaskan non-profit corporations.

We at AIRRES are asking the Governor to stop these proposed regulations and let the Legislature decide this issue when they convene in January. If your organization is dependent on Games of Chance and Skill for funding, we urge you to join us in protecting your right to sell pull tabs through retail locations; these have been dubbed by the State as third party vendors. Please contact your legislators through Public Opinion Messages, telephone calls, and hand written letters.

AIRRES is also concerned that there is a strong possibility that the criminal element is infiltrating the operations of Games of Chance and Skill in Alaska. We recommend that you urge the State to prohibit the participation of anyone with a felony conviction in the operation or regulation of Games of Chance and Skill in Alaska.

A good model is in those laws and regulations governing gaming in the State of Nevada. In an effort to preserve our right to gain revenues from the sale of pull tabs through retail locations we are collecting statistics on the number of non-profit corporations which use Games of Chance and Skill to fund their operations. We hope to use this information to convince the legislature that all of us in non-profit corporations depend on this to fund our worthwhile causes through Games of Chance and Skill.

Please fill out the following questionnaire.

Thank you.

QUESTIONNAIRE

1. Name of non-profit organization:

2. Address:

3. Telephone Number:

TOTAL RESPONSES: 85

---

1. Do you hold a Games of Chance and Skill Permit? Yes: 46 : No: 39

2. Are you receiving revenues from same? Yes: 35 Mp: 35 No Answer: 15

3. Do you use an operator to place your permit? Yes: 13 No: 50 No Answer: 22

4. Do you place your own permit? Yes: 31 No: 27 No Answer: 27

5. Do you plan to apply for a Games of Chance and Skill permit in the future?

Yes: 50 No: 22 No Answer: 7 Maybe: 6

6. Are you interested in legislation to keep the criminal element out of gaming in the state of Alaska?

Yes: 74 No: 4 No Answer: 7 Three of these who answered NO, answered no to all questions.

7. Are you interested in legislation to protect your right to sell pull tabs in retail locations?

Yes: 55 No: 21 Maybe: 2 No Answer: 7

We urge you to participate in the process of forming laws and regulations governing Games of Chance and Skill in Alaska so that your programs may continue to exist and expand.

## CONSIDER THIS

With so many pressing causes in the world today, it's easy to believe that you can't make a difference. There's just too much to be done. But the people at AIRRES offer specific volunteer opportunities that will make a world of difference to the blind and print handicapped. What are you doing today to help?

AIRRES is funded in part by the State of Alaska through a grant from the Alaska Public Broadcasting Commission, by donations from individuals and businesses, by tireless, ceaseless fundraising projects (Want to buy a raffle ticket?), and by the unimaginable generosity of volunteers who provide the most important gift--- themselves.



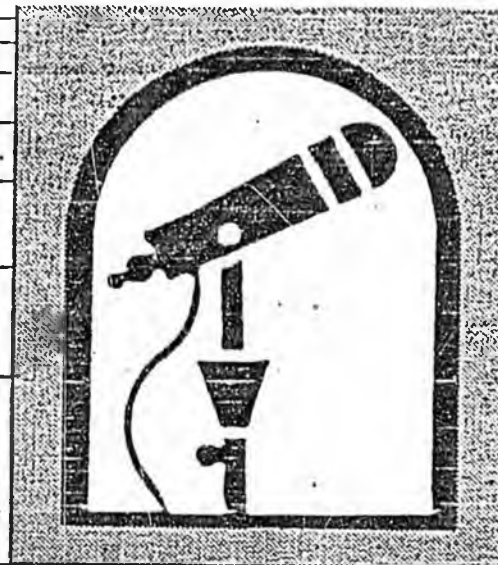
*Go ahead! Give a little of yourself to AIRRES! It could be the most important volunteer opportunity of your life. You really can make a difference in this world.*

*Call or write AIRRES today...*

**AIRRES** ALASKA RADIO  
READING SERVICE

P.O. Box 202545  
Anchorage, Alaska 99520-2545  
258-0000

## GIVE A LITTLE OF YOURSELF TO AIRRES



## AND MAKE A DIFFERENCE IN THIS WORLD

**AIRRES** ALASKA RADIO  
READING SERVICE

for the blind and print handicapped

# 258-0000

Please take a few minutes to find out more...

AIRRES is a unique service in Alaska. It was conceived in 1982 and has broadcast on a subchannel to KSKA 12 hours a day, 5 days a week since 1986.

Three full and three part-time paid staff cooperate with a community service force of 120 volunteers whose principal contribution is reading live or onto tape for broadcast. Their efforts provide up-to-the-minute information and in-depth news for blind and print handicapped Alaskans from Palmer to the Kenai Peninsula. In addition to reading for broadcast, our volunteers also provide other fund raising support. The result is that our volunteers provide some 5,230 hours of their time per year.

Fifteen of AIRRES 110 receivers are in nursing homes, senior centers, hospitals and other institutions. Plus, AIRRES is telecasting, in audio only, on the school district channel #43 of cable television. This gives AIRRES a listening audience of upwards of 1,000 blind and print handicapped Alaskans.

In the last year AIRRES has made significant improvements in programming and the quality of sound fidelity of its broadcast. AIRRES now is able to boast of some 120 hours of volunteer read newspapers and periodicals delivered to our listeners without the difficult distraction of "crosstalk" that plagues so many of the radio reading services across the nation.

In May of 1990 AIRRES made a giant progress leap to 24 hours a day, seven days a week with the access of a national satellite radio reading service, The In-Touch Network, used in addition to the current program schedule.

AIRRES' ultimate goal, shining at the end of the tunnel, is to provide AIRRES' full scope of information and special programming to the far flung areas of "Bush" Alaska.

# **CORRECTION**

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## CONSIDER THIS

With so many pressing causes in the world today, it's easy to believe that you can't make a difference. There's just too much to be done. But the people at AIRRES offer specific volunteer opportunities that will make a world of difference to the blind and print handicapped. What are you doing today to help?

AIRRES is funded in part by the State of Alaska through a grant from the Alaska Public Broadcasting Commission, by donations from individuals and businesses, by tireless, ceaseless fundraising projects (Want to buy a raffle ticket?), and by the unimaginable generosity of volunteers who provide the most important gift--- themselves.



*Go ahead! Give a little of yourself to AIRRES! It could be the most important volunteer opportunity of your life. You really can make a difference in this world.*

*Call or write AIRRES today...*

**AIRRES** ALASKA RADIO  
READING SERVICE

P.O. Box 202545  
Anchorage, Alaska 99520-2545  
258-0000

## GIVE A LITTLE OF YOURSELF TO AIRRES



## AND MAKE A DIFFERENCE IN THIS WORLD

**AIRRES** ALASKA RADIO  
READING SERVICE

for the blind and print handicapped

# 258-0000

Please take a few minutes to find out more...

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## What Is AIRRES ?

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AIRRES is the one and only radio reading service in Alaska for blind and print handicapped, including those individuals with a muscular or neurological disease that makes it impossible to hold or read conventional printed materials. Every weekday for 12 hours a day, 8:30 a.m. to 8:30 p.m., AIRRES provides readings of daily and regional newspapers, novels, biographies and articles of special interest as a supplement to the Library of Congress Talking Book Program. Listeners aren't left out of society because they are print handicapped. They hear everything --- from front page news to freebie ads, from grocery store specials, to letters to the editor on important topics. In short, AIRRES delivers the printed word to an audience who couldn't receive it otherwise.

AIRRES radio reading service is free. Special radio receivers on loan from AIRRES are found in nursing homes, senior centers, hospitals, and other institutions. Close to 100 receivers may also be found in the private households of eligible listeners from Palmer to Kenai. AIRRES also broadcasts, in audio only, on Channel 43 of the school district cable television.

The operation of AIRRES is conducted by a small staff with the assistance of over 100 volunteers. The service of AIRRES volunteers is a gift, pure and simple. It is one of the most rewarding types of volunteer work in Alaska. Volunteers help to bring the full scope of information available to the rest of the world to the print handicapped.

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## You Can Volunteer Four Ways

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**Reading** - You can help AIRRES by reading live on the air or tape your readings in advance by appointment. The AIRRES staff is there to help find a subject area and a time that works best for you. Several volunteers have even developed their own radio shows for AIRRES' listeners. Creativity welcomed here!

**Transportation** - Transportation is always needed. You can help by transporting blind or print handicapped listeners to meetings and gatherings or delivering radio receivers to people who have signed up to become part of the AIRRES audience. Don't be surprised if you make new friends when you volunteer for AIRRES.

**Computer Projects** - What would a late 20th century office be without computer projects? AIRRES can always use help with word processing projects and other office duties that use general support skills. Know how to coax a photocopier into good performance? Have a pleasant telephone voice? A few hours per week at AIRRES could make an important difference in the smooth running of a busy office.

**Fundraising Projects** - Fundraising never ends at AIRRES, but neither do the high spirits and commitment of its volunteers and audience members! Help AIRRES produce its annual show - it's an important source of income. Raffles keep AIRRES volunteers busy, too, and provide needed dollars.

AIRRES is a unique service in Alaska. It was conceived in 1982 and has broadcast on a subchannel to KSKA 12 hours a day, 5 days a week since 1986.

Three full and three part-time paid staff cooperate with a community service force of 120 volunteers whose principal contribution is reading live or onto tape for broadcast. Their efforts provide up-to-the-minute information and in-depth news for blind and print handicapped Alaskans from Palmer to the Kenai Peninsula. In addition to reading for broadcast, our volunteers also provide other fund raising support. The result is that our volunteers provide some 5,230 hours of their time per year.

Fifteen of AIRRES 110 receivers are in nursing homes, senior centers, hospitals and other institutions. Plus, AIRRES is telecasting, in audio only, on the school district channel #43 of cable television. This gives AIRRES a listening audience of upwards of 1,000 blind and print handicapped Alaskans.

In the last year AIRRES has made significant improvements in programming and the quality of sound fidelity of its broadcast. AIRRES now is able to boast of some 120 hours of volunteer read newspapers and periodicals delivered to our listeners without the difficult distraction of "crosstalk" that plagues so many of the radio reading services across the nation.

In May of 1990 AIRRES made a giant progress leap to 24 hours a day, seven days a week with the access of a national satellite radio reading service, The In-Touch Network, used in addition to the current program schedule.

AIRRES' ultimate goal, shining at the end of the tunnel, is to provide AIRRES' full scope of information and special programming to the far flung areas of "Bush" Alaska.

A.I.R.R.E.S.  
BOARD OF DIRECTORS

President: Don Lutz

Secretary/Treasurer: Mary Jennings

Richard Gardenhire

Rachel Gottstein

Susan Roberts

Senator Rick Uehling

# CONGRATULATIONS

**BP Exploration Company and the Anchorage Association for Volunteer Administration recognize the following winners of the 1989 awards for excellence in community service through volunteer effort.**

## \$500 CASH AWARDS

Anchorage Center for Families Parent Aide Program  
Anchorage Literacy Project  
F.I.S.H. Fellowship in Serving Humanity  
Girdwood Beautification Project  
Hope/Sunrise Community Library  
Lupus Foundation of America, AK Chapter, Inc.

Our Lady of Compassion Auxillary  
Spinal Cord Society  
STAR Direct Service Volunteers  
STAR Educational Service Volunteers  
The Salvation Army - Anchorage  
Z Clubs of Anchorage

## \$200 CASH AWARDS

Abused Women's Aid in Crisis, Inc.  
AARRS  
Alaska Women's Cultural Center, Inc.  
Anchorage Center for Families Intermisson  
Caregiver Program  
Kid's Head Start

Kiwanis Club of Anchorage  
Ladies Auxillary to VFW Post 981, So. Anchorage  
176th Resource Management Squadron  
Community Projects Committee  
Special Needs Daycare Center  
Victims for Justice

## HONORABLE MENTION

Alaska Pro Bono Program  
Anchorage Beginning Experience Team  
Anchorage Nordic Ski Patrol  
Blood Bank of Alaska's  
Volunteer Blood Donors  
Compeer Program  
Covenant House

Delta Society/PAC School Program  
Disabled American Veterans -  
Veterans Crisis Center  
Fort Richardson Officers' Wives' Club  
Our Lady of Compassion Care Center  
Rehabilitation Volunteers  
Saint Francis House Outreach  
U.S. Coast Guard Auxillary,  
Anchorage Flotilla 02-02

**These awards and the Ninth Annual Volunteer Service Awards Breakfast were made possible through a grant from BP Exploration Company. The AAVA wishes to thank BP Exploration for their generous support and continuing community involvement.**



**BP EXPLORATION**

A.I.R.R.E.S.  
Annotated Schedule  
For April, 1991

- 8:30 Sign On - Read Daily Schedule
- 8:32 Business Breakfast - Forbes, The AK Journal of Commerce, The Shopping Cart, AK Business Monthly, Business Week, The Kiplinger WA Letters
- 9:00 The Anchorage Daily News
- 11:00 Read Daily Schedule
- 11:02 Viewpoints - U.S. News & World Report, Time, The Senior Voice, The Christian Science Monitor, Newsweek
- 11:30 The Lunchtime Hystery

The J. Alfred Prufrock Murders - Corrine Holt Sawyer

Detective mystery set in a Southern California seaside retirement community. "Sweetie", a former librarian, who has been blackmailing some of the residents, meets a violent death. Four of her friends and fellow residents set out to solve the crime in spite of protests from the detective in charge.

(April 5 - April 12)

Death of An Outsider - H.C. Beaton

Hating change, police constable Hamish Macbeth glumly boards a bus for the Scottish town of Cnothan where he is to relieve Sergeant MacGregor. His first complainant is the Englishman, William Mainwaring -- his neighbors are practicing witchcraft. Sandy Carmichael, the town drunk, discovers Mainwaring's body in a lobster tank -- and, before long, Sandy himself is dead.

(April 15 - April 18)

## Death Trick - Roderic Jettries

When Inspector Alvarez agrees to investigate the murder of solicitor Pablo Roig, he confronts a roster of suspects among the lawyer's enemies. The splendid array of characters who are under suspicion includes both British expatriates and native Mallorquins. A good dose of local color is mixed in with this tale of corruption.  
(April 19 - April 24)

## Murder In The Oval Office - Elliott Roosevelt

The first lady's detective skills go to work in solving the mystery of Alabama congressman Colmer's death. The body is found in the Oval Office behind closed doors, suggesting suicide, but Mrs. Roosevelt is not at all convinced. While a long list of suspects is dutifully tracked down, a large cast of real-life characters in the 1930s White House is exposed.  
(April 25 - May 1)

1:00 Read Daily Schedule

1:02 Afternoons - The Shopping Cart, Modern Maturity, ACB Reports, Alaska Magazine, New Choices, Lear's, BVA Bulletin, The Braille Forum

1:30 The Magazine Rack - The Atlantic  
(March 29 - April 9)  
Analog  
(April 16 - April 24)

Ebony  
(April 10 - April 15)  
True West  
(April 25 - April 30)

2:30 The Anchorage Times

4:30 The Dinnertime Special - Anchorage Bulletin Board, Spotlights & Freebies, The Shopping Cart, Regional Newspapers, Arts About Town

5:00 AIRRES In The Evening - Choice Magazine Listening, Wild West Magazine, Nostalgia Magazine, The Saturday Evening Post, Issues and Interviews, Vanity Fair, The Utne Reader

6:30 Newspaper Recap

8:30 Switch To In-Touch Network



# Touchstone

Volume #3

Number IV

## Gala Grand Opening

The AIRRES Gala Grand Opening and Membership Meeting was a "barn burner! Around 130 bon vivants came through our doors to be treated to Pepsi, party snacks, good fellowship and other spirits.

Among our distinguished visitors were:

Pioneer volunteers: Ruth Briggs, who was on AIRRES' very first broadcast; Ruth Marshall, who taped grocery ads for playback on a phone answering machine before we were even on the air (Ruth still reads the paper twice a week); Rosemary Porter, friend and advisor since before AIRRES' inception; and Bev and Joe Carlson, without whom we would have a great difficulty getting our books done.

Guests of special distinction: Dr. Larry Wiget; Bonita Carroll; special volunteer Maxine Strid; Terry Jackson; Penny Goldstein and her very grown up children Amira and Simon; Audrey Keely and Mary Whitmore of the Travel Academy; Julia Tucker, owner of the Chelsea Inn; Phil Mann, local contractor; and our friendly banker, Brad Stern.

Guest/Providers deserving of our Very Special THANKS: Food Chairman, Judy Hagler; Jan Sands and Shirley Smith of Pepsi/the Skinner Foundation; Pete and Georgia Woodson, for their delicious shrimp platters; O'Shea's House of Spirits, who sent their best to keep the party lively; and Bart Bogan for providing a delightful obligato of classical guitar.

## We Need Readers!

AIRRES needs more readers to help us with our newspapers and periodicals. It has been rather difficult to find newspaper readers who can commit to reading on weekdays from 2:30 to 4:30 pm. However, it has also been a near thing more than once for us to provide a full day's worth of magazines for our eager listeners.

Sometime shortly after the first of the year we plan to be open two (maybe more) Saturdays per month for our volunteer's convenience.

Call us here at the studio (563-2121) and let us know your thoughts.

## Jingle Bell Jamboree

(Christmas With The Little People)

Special guests, "The Little People" variety acts, musical acts and a special appearance by old "Ho! Ho! Ho!" himself will highlight the Rabbit Creek Lion's "Jingle Bell Jamboree". For a great evening of FAMILY entertainment, come to the East High Auditorium at 4:00 pm on Sunday, December 16. Treat your family and yourself to good time and benefit AIRRES with your contribution. (A portion of the proceeds go to us.) See you there!

## AIRRES Has Radios to Go!

See following page for details

## Goals And Objectives

During our move to our new studios at the beginning of the summer we were digging around in the AIRRES' Archives and found a listing of some of AIRRES' goals and objectives for the final months of 1985 and the beginning of 1986.

Goal: To broadcast 4 hours of service, 5 days a week by 11/30/85.

Objectives: A. Purchase and install broadcast equipment in studio by 9/1/85. B. Recruit and train 20 volunteers in basic radio broadcast skills. C. Produce a 4 hour "pilot" broadcast day. D. Begin regular broadcasting by 11/30/85. E. Provide direct services to 200 blind and print handicapped individuals by January 1, 1986.

As you can see, we (pardon our button busting...) have definitely exceeded our own early expectations. We've definitely come a long way and none of it would have been possible without YOU. Congratulations and keep up the good work!

## AIRRES' New Murals

Have you seen the new murals in our office? These almost larger-than-life, panoramic, renderings of the magnificent Alaskan landscape were done by local artist Pat Donathan. If you've not seen them, do stop by.

"Radios To Go" (from front page.)

AIRRES has several receivers available. If you know someone who fits the need than please have them get in touch at:

1102 W. International Airport Rd.

(907) 563-2121 or FAX 562-5951

## A Special Thank You

Like a huge wooden aircraft carrier in a bottle AIRRES' new conference table sails our conference room floor. The bases of this edifice, as well as the matching side table and new shield wall for the bathroom, were built by our very energetic, though nominally retired, volunteer Wilfred Lamoureux. We can't thank Wilfred enough,...but we'll try. **Thanks Wilfred.**

## Gift Giving Dilemma?

You want to give those relatives way down there in the "Lower 48" something truly unique that can also put them in touch with your Alaskan experience. (Even pleasant misery loves company.)

We have the cure for your problem!

Tapes of original adventure stories written by Pat Donathan, a "doer who has done".

"Cry of the Blue Wolf" - \$10.00

"Chill of Darkness" (2 tapes) - \$14.00

"Ice Fog Annie & Glu" - \$10.00

Stop in at AIRRES for all the details.



Merry Christmas

&

Happy New Year!





RADIO READING SERVICE FOR THE PRINT HANDICAPPED:

A new grantee joined the APBC ranks in FY'88 - the Anchorage-based Alaska Information Radio Reading and Education Services (AIRRES). Its mission is to provide a closed-circuit radio information service for the blind and for others who are unable to read printed material. At the present time, AIRRES service is carried as a subcarrier on Anchorage public radio station KSKA-FM. The service is available to listeners who are equipped with special receivers at locations in and around the Anchorage bowl, Kenai-Soldotna, and part of the Mat-Su Valley. At present, all programming and information originates in the AIRRES Anchorage studio, and is limited to a few hours per day.

STATEWIDE RADIO READING SERVICE - STATEMENT OF NEED:

There is a demonstrated need for a radio reading service in other Alaskan communities. AIRRES would also like to expand its hours of operation by connecting to a New York-based reading service which is available via satellite. This project would provide funding for satellite receiving equipment and interconnection for the Anchorage AIRRES studio. This would enable AIRRES to provide a continuous service of information for print handicapped listeners.

PROJECT DESCRIPTION:

In addition to expanding the hours of operation, this project would provide funding for distribution of the AIRRES service to additional Alaska communities. During FY'88, the Division of Telecommunications made arrangements with Alascom to carry the AIRRES service as a subcarrier on the RATNET state television satellite transponder. This will make statewide distribution of the service possible when funding becomes available for local distribution. This project will provide funding for local distribution of the AIRRES service in the communities of Fairbanks, Haines, Juneau, Ketchikan, Kodiak, Petersburg, Seward, Sitka, and Wrangell.

IDENTIFICATION OF ALTERNATIVES CONSIDERED:

One alternative would be to establish radio reading and information services in several additional communities, in addition to the one already established in Anchorage. This alternative would probably be more costly, and would not provide the level of service to the users that this proposal would. -Statewide distribution via satellite appears to be a cost-effective method of delivery for this type of service. Another alternative is to not do the project at all. This would save money, but would not meet the stated needs of blind and print-handicapped citizens for a radio information service.

DOCUMENTATION OF ESTIMATED CAPITAL COSTS:

Cost estimates were computed by the APBC engineer with data supplied by equipment manufacturers and the common carrier.

FY 92

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ADDITIONAL  
EXPLANATION  
FORM

AGENCY Department of Administration

BRU Alaska Public Broadcasting Commission

COMPONENT APBC

Page 2 of 3  
Revised Date: \_\_\_\_\_

AIRRES (continued)

Anchorage	10.9
Fairbanks	5.1
Haines	7.5
Juneau	9.1
Ketchikan	9.1
Kodiak	7.5
Petersburg	5.1
Seward	5.1
Sitka	7.5
Wrangell	<u>5.1</u>
Total:	72.0

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ADDITIONAL  
EXPLANATION  
FORM

AGENCY Department of Administration

BRU Alaska Public Broadcasting Commission

COMPONENT APBC

FY 92

Page 3 of 3  
Revised Date: \_\_\_\_\_

## AIRRES. BUDGET

## ALASKA INFORMATION RADIO READING EDUCATION SERVICE

## 1991 BUDGET OUTLINE

## EXPENDITURES

SALARIES (5.5 FTE)	\$90,000
Benefits	8,000
UTILITIES	
Telephone	5,500
Electric	1,000
Gas	1,000
MORTGAGE PAYMENT	10,000
INSURANCE	5,000
OFFICE SUPPLIES	1,500
Printing	1,000
Postage	500
STUDIO MATERIALS	4,000
Raw Tape	1,000
EQUIPMENT	
New	10,000
Maintenance	2,000
KSKA TRANSMIT FEE	3,500
WORKSHOPS	1,000
TRAVEL	2,000
MISC	3,000
TOTAL	<u>150,000</u>

## INCOME

ALASKA PUBLIC BROADCASTING GRANT	65,000
CHARITY BOWL	10,000
SHOWS - RAFFLES - FOOD SALES	5,000
PULL TABS	10,000
MISC FUNDRAISERS - GRANTS - DONATIONS	20,000
TOTAL	<u>150,000</u>



*DP 25F - TELIC CONF*  
**Disabled American Veterans**

**Department of Alaska**

4040 MI View Dr.  
Anchorage, Ak 99508

**Joseph W. Murdy**  
Legislative Affairs Officer

Veteran's Crisis Center  
(907) 276-2848  
TOLL FREE:  
1-800-478-2848

Headquarter's (907) 276-2844  
24 Hr. Hotline (907) 276-2846  
FAX: (907) 258-9828  
Hm. (907) 345-2113

*Statutes and Regulations*

**Games of  
Chance and Skill**

June 1990

**ALASKA**

**DEPARTMENT OF COMMERCE  
AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING**

## TABLE OF CONTENTS

	Page
1. Games of Chance and Contests of Skill Statutes (AS 05.15).....	1
2. Games of Chance and Skill Regulations (Commerce 12 AAC 34).....	19
3. Authorized Games of Chance and Skill Regulations (Revenue 15 AAC 105)...	26

**Chapter 15. Games of Chance and Contests of Skill.****Article**

1. Administration (§§ 05.15.010—05.15.095)
2. Licenses and Permits (§§ 05.15.100—05.15.187)
3. General Provisions (§§ 05.15.190—05.15.995)

**Article 1. Administration.****Section**

10. Department of Commerce and Economic Development to administer chapter
20. Annual permit and fees
25. Money deposited in general fund
30. Required notices by applicant, permittee, or licensee
50. Surrender of permit upon suspension or revocation
60. Regulations
70. Examination of books and records
80. Reports and fees required of municipalities and qualified organizations
83. Reports to department by operators
87. Reports to permittee and payment of net proceeds
90. Reports to the legislature
95. General provisions relating to the filing of applications and reports and payment of fees

**Sec. 05.15.010. Department of Commerce and Economic Development to administer chapter.** The Department of Commerce and Economic Development shall administer this chapter. (E.O. 74 1989)

**Sec. 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. The annual permit fee is

(1) \$20 for an applicant that did not hold a permit during the preceding year;

(2) \$20 for an applicant that had gross receipts of less than \$20,000 from activities conducted under this chapter during the preceding year;

(3) \$50 for an applicant that had gross receipts of \$20,000 or more but not exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

(4) \$100 for an applicant that had gross receipts exceeding \$100,000 from activities conducted under this chapter during the preceding year.

(b) An additional fee of one percent of the net proceeds received during the preceding year from the activities authorized under the permit shall be paid to the department annually by the municipality or qualified organization authorized to conduct activities under this chapter, if the gross receipts for the activities were \$20,000 or more.

**Sec. 05.15.025. Money deposited in general fund.** Money received by the department under this chapter shall be deposited in the general fund. The commissioner of administration shall separately account for the money deposited in the general fund under this section. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out enforcement of this chapter.

**Sec. 05.15.030. Required notices by applicant, permittee, or licensee.** (a) At the time of filing an application for a permit or license under this chapter the applicant shall notify the city or borough nearest to the location of the proposed activity of the application. A local government unit may protest the conduct of the activity in its jurisdiction by resolution stating the reasons for the protest filed with the department; protests are limited to the lack of qualifications prescribed by this chapter. This resolution is only a recommendation by the local government that may be considered by the commissioner in determining whether to issue or refuse to issue a permit or license.

(b) In addition to the requirements of (a) of this section, an applicant for a permit to conduct an activity under AS 05.15.100(b) shall notify the law enforcement agency having jurisdiction over the location of the proposed activity. The commissioner may not issue a permit for the proposed activity unless the application is accompanied by the written approval of the law enforcement agency having jurisdiction.

(c) If a permittee or licensee changes the location of an activity in the jurisdiction for which a permit has been issued, the permittee shall notify the department and the local government within 10 days after moving to the new location.

**Sec. 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. A municipality that has been issued a permit under this chapter may not conduct any activity authorized by the permit outside of the geographic boundaries of the municipality. If a permit is revoked, the permittee is not eligible for another permit until the expiration of one year from the date of revocation. A permit expires at the end of the period for which it is issued. A permit is not transferable.

**Sec. 05.15.050. Surrender of permit upon suspension or revocation.** When a permit is suspended or revoked, the permittee shall surrender the permit to the department on or before the effective date of the suspension or revocation. A permit is not valid beyond the effective date of the suspension or revocation, whether surrendered or not.

**Sec. 05.15.060. Regulations.** The department shall adopt regulations under the Administrative Procedure Act (AS 44.62) necessary to carry out this chapter covering, but not limited to,

(1) the issuance, renewal, and revocation of permits and licenses;

(2) a method of ascertaining net proceeds, the determination of items of expense that may be incurred or paid and the limitation of the amount of the items of expense to prevent the proceeds from the activity permitted from being diverted to noncharitable, noneducational, nonreligious, or profit-making organizations, individuals or groups;

(3) the immediate revocation of permits and licenses authorized under this chapter if this chapter or regulations adopted under it are violated;

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

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

(6) exclusion from participation as a permittee, licensee, or employee of a permittee or licensee of a person convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law;

(7) the method and manner of conducting authorized activities and awarding of prizes or awards, and the equipment that may be used;

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

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

(10) the disposition of funds in possession of a permittee or a person, municipality, or qualified organization that possesses an operator's license at the time a permit or a license is surrendered, revoked, or invalidated;

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

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

**Sec. 05.15.070. Examination of books and records.** The commissioner may examine or have examined the books and records of a permittee, an operator, or a person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may issue subpoenas for the attendance of witnesses and the production of books, records, and other documents.

**Sec. 05.15.080. Reports and fees required of municipalities and qualified organizations.** (a) A municipality or a qualified organization issued a permit under this chapter shall file a report with the department by the 45th day following each calendar quarter in which the permittee had gross receipts of \$50,000 or more from activities authorized under this chapter. The report must include the type of activity conducted, the date and location of the activity, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds, and other information the department may require. However, if the only activity conducted by a municipality or qualified organization during a calendar quarter is a raffle or lottery, then the municipality or qualified organization is not required to file a report under this subsection until the raffle or lottery is completed.

(b) A municipality or a qualified organization issued a permit under this chapter shall file an annual report with the department by March 15 of the year following the year in which activities were conducted, accompanied by the payment of the additional fee, as may be required under AS 05.15.020(b). The report must list the types of activities conducted, and, for each activity, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds.

**Sec. 05.15.083. Reports to department by operators.** (a) An operator shall file a report with the department by the last business day of the month following each calendar quarter in which an activity was conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted during the quarter, the date and location of each activity, the type of activity conducted, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds paid, and other information the department may require: a completed Internal Revenue Service Form 941; and a copy of the operator's employer contributions and wage reports submitted to the Department of Labor for the quarter. However, if the only activity conducted by an operator during the calendar quarter is a raffle or a lottery, then the operator is not required to file a report under this subsection until the raffle or lottery is completed.

(b) An operator shall file an annual report with the department no later than February 28 of the year following the year in which activities were conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted, the types of activities conducted, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds paid to each authorizing permittee. The annual report shall also include a completed Internal Revenue Service Form W-2 for each person employed by the operator during the preceding year.

**Sec. 05.15.087. Reports to permittee and payment of net proceeds.** (a) An operator shall file a monthly report with each authorizing permittee for which the operator has conducted an activity during the preceding month. The report must include a daily summary of activity conducted under the permit issued to the authorizing permittee and an accounting of gross receipts, expenses, and net proceeds for the month. A check in the amount of the net proceeds due to the authorizing permittee for the month must accompany the report. The operator shall file the report by the 15th day after the end of the month covered by the report.

(b) An operator shall file a quarterly report with each authorizing permittee for which the operator has conducted an activity during the preceding calendar quarter. The report must contain quarterly summaries and year-to-date totals of the information provided under (a) of this section. The operator shall file the report by the last day of the month following the end of the calendar quarter.

(c) An operator shall file an annual report with each authorizing permittee for which the operator has conducted an activity during the preceding calendar year. The report must contain an annual summary of the information provided under (a) of this section. The operator shall file this report by February 28 of the year following the year in which the activities were conducted.

(d) An operator shall provide original invoice documents and deposit slips upon the request of an authorizing permittee for whom the operator has conducted activities.

**Sec.05.15.090. Reports to legislature.** Before April 15 of each year the commissioner shall submit a detailed report containing a summary of all reports required of permittees and operators. The attorney general and the commissioner of public safety shall, within 10 days after the convening of the legislature each year, submit a jointly prepared, detailed report outlining the effect, if any, of the operation of this chapter on the legal and law enforcement activities of the state.

**Sec. 05.15.095. General provisions relating to the filing of applications and reports and payment of fees.** (a) The applications and reports to the department required by this chapter shall be signed under penalty of unsworn falsification by the following person, as applicable:

- (1) the member in charge for the qualified organization;
- (2) a person authorized to sign on behalf of the municipality;
- (3) the operator or the operator's agent;
- (4) the licensed pull-tab distributor or the distributor's agent; or
- (5) the licensed pull-tab manufacturer or the manufacturer's agent.

(b) A permittee or operator may not conduct an activity under this chapter during a period in which a report or fee is delinquent.

(c) A delinquent fee bears interest at the rate set by AS 43.05.225.

(d) A permittee or licensee under this chapter shall pay a penalty of one percent of the unpaid balance, as determined by the department, of a fee due under this chapter for each 30-day period or part of a 30-day period that the fee is delinquent. The department may waive the penalty if the failure to pay the fee on time is due to a reasonable cause, as defined by regulation adopted by the department. The amount of the penalty may not exceed 25 percent of the unpaid fee.

## Article 2. Licenses and Permits.

### Section

100. Issuance of permits and licenses
110. Authorized activities a privilege
112. Member in charge
115. Contracts between permittees and operators
120. Eligibility of permit
122. Operator's license
124. Municipal regulation of operators
128. Revocation of operator's license
130. Commissioner may impose additional requirements for eligibility
140. Proof necessary to qualify for permit
150. Limitation on use of proceeds
160. Authorized expenses
165. Operators
167. Operator's bond
170. Suspension of permit
180. Limitations on authorized activity
181. Pull-tab manufacturer's license
183. Pull-tab distributor's license
184. Pull-tab tax
185. Distribution of pull-tab games
187. Operation of pull-tab games

**Sec. 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 also may 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. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(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 a qualified organization. The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization.

**Sec. 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.

**Sec. 05.15.112. Member in charge.** (a) Each municipality or qualified organization that receives a permit under this chapter shall designate a member in charge.

(b) The member in charge is responsible for preparation, maintenance, and transmittal of all records and reports required of the permittee. The member in charge shall be a member of the qualified organization or the board of directors of the qualified organization or an employee of the municipality.

(c) The member in charge shall monitor the operator's performance under and compliance with contracts for the conduct of activities on behalf of the authorizing permittee.

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge.

**Sec. 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.

(b) The contract between an authorizing permittee and an operator must include the amount and form of compensation to be paid

to the operator, the term of the contract, the activities to be conducted by the operator on behalf of the permittee, the location where the activities are to be conducted, the name and address of the member in charge, and other provisions the department may require.

(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, contests of skills, and all activities permitted under AS 05.15.100(b) are each a different type of activity.

(d) A permittee shall submit to the department a copy of each contract with an operator with whom the permittee contracts to conduct activities subject to this chapter. The permittee shall submit to the department a copy of the contract or subsequent amendment of the contract by certified mail at least 15 days before activities are conducted under the contract or amended contract.

**Sec. 05.15.120. Eligibility for permit.** An applicant shall be a municipality or qualified organization to be eligible for a permit.

**Sec. 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.

(b) The department may issue an operator's license to a natural person, municipality, or qualified organization that

- (1) applies on the form provided by the department;
- (2) pays the annual fee of \$500;
- (3) discloses the identity of persons employed by the applicant in a managerial or supervisory capacity;
- (4) submits proof of liability insurance satisfactory to the department; and
- (5) posts a bond or security satisfactory to the department in the amount of \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

(c) The department may not issue an operator's license to an applicant if the applicant or a person employed by the applicant in a managerial or supervisory capacity, has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

(d) A licensee may not employ a person in a managerial or supervisory capacity if the person has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

**Sec. 05.15.124. Municipal regulation of operators.** A municipality may by ordinance prohibit an operator from conducting activities under this chapter within the municipality.

**Sec. 05.15.128. Revocation of operator's license.** (a) The department shall revoke the license of an operator who does not

(1) report an adjusted gross income of at least 15 percent of gross income for two consecutive quarters based on the total operation of the operator; or

(2) pay to each authorizing permittee for two consecutive quarters at least 15 percent of the adjusted gross income, as determined under (1) of this subsection, received from activities conducted on behalf of the authorizing permittee.

(b) A person, municipality, or qualified organization whose operator's license has been revoked under this section may appeal the revocation if the person, municipality, or qualified organization submits to and pays for a complete audit of the operator's financial records by the department. The results of the audit are conclusive.

**Sec. 05.15.130. Commissioner may impose additional requirements for eligibility.** The commissioner may supplement the definitions of qualified organizations and activities by regulations adopted under this chapter adding to the definitions additional requirements which the commissioner considers necessary for the best interest of the public or for the proper administration of this chapter.

**Sec. 05.15.140. Proof necessary to qualify for permit.** (a) The commissioner may not issue or renew a permit except upon satisfactory proof that the applicant is a municipality or qualified organization, the activity may be permitted under this chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon request of the commissioner, the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

(b) In an application for a permit, a municipality or qualified organization shall disclose the name and address of each person responsible for the operation of the activity and whether any person named

(1) has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law; or

(2) has a prohibited financial interest, as defined in regulations adopted by the commissioner, in the operation of the activity.

(c) The commissioner may not issue a permit for an activity operated by a person who has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law.

(d) Application forms for permits shall contain a notice that a false statement in the application is punishable by law.

**Sec. 05.15.150. Limitation on use of proceeds.** (a) The authority to conduct the activity authorized by this chapter is contingent upon the dedication of the net proceeds of the raffles or contests to the awarding of prizes to contestants or participants and to political, educational, civic, public, charitable, patriotic or religious uses in the state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means uses benefiting persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by assisting them in establishing themselves in life or by providing for the promotion of the welfare and well-being of the membership of the organization within their own community, or through aiding candidates for public office or groups which support candidates for public office, or by erecting or maintaining public buildings or works, or lessening the burden on government but does not include the erection, acquisition, improvement, maintenance, or repair of real, personal or mixed property unless it is used exclusively for one or more of the uses stated.

(b) The net proceeds derived from the activity must be devoted within one year to one or more of the uses stated in (a) of this section. A municipality or qualified organization desiring to hold the net proceeds for a period longer than one year must apply to the commissioner for special permission and upon good cause shown the commissioner may grant the request.

**Sec. 05.15.160. Authorized expenses.** (a) The only expenses that may be incurred or paid in connection with the operation of an activity under a permit issued under this chapter are bona fide expenses reasonably necessary for

(1) goods, wares, and merchandise necessary for the operation of the activity;

(2) personal services involved with the operation of the activity, including those performed by

(A) an employee of the permittee; or

(B) an operator hired by the permittee to conduct the activity if the compensation is not related to the receipts from the activity.

(b) Municipalities, qualified organizations, and operators may pay their employees a reasonable amount in wages or other compensation for personal services rendered by their employees while the employees are engaged in activities subject to this chapter. A reasonable amount of compensation is an amount approximating the amount ordinarily paid by similar businesses for similar work performed under similar circumstances.

**Sec. 05.15.165. Operators.** (a) An operator shall pay net proceeds to the authorizing permittee by check.

(b) If the department finds that an operator has incurred expenses that are not authorized under AS 05.15.160, the department shall order the operator to refund to the authorizing permittee the amount of the unauthorized expenses. The operator shall pay the authorizing permittee interest on the amount ordered to be paid at the rate of 1.5 percent a month for each month or fraction of a month between the date of the activity and the date the refund is made.

(c) The operator shall post in a public place on the premises where the activities are conducted the operator's license and a copy of the permit of each authorizing permittee with whom the operator has a contract to conduct activities at the location.

(d) An operator shall obtain liability insurance covering each location where the licensee conducts an activity subject to this chapter. The operator shall provide upon request proof of insurance for each location to the department. The operator and the insurer shall inform the department of changes in the coverage of the insurance or of cancellation of the insurance. Cancellation of the insurance immediately suspends the rights of the operator to conduct activities under this chapter at the location covered by the insurance until subsequent insurance is obtained.

(e) An operator shall have its financial records reviewed annually by a certified public accountant. The operator shall submit the results of the review to the department by February 28 of the year following the year for which the review is conducted.

(f) An operator may not

(1) charge losses resulting from bad checks or uncollectable debts against the net proceeds due to the authorizing permittee;

(2) extend credit to players;

(3) employ house players;

(4) allow the operator's employees to play a game conducted by the operator at the location where the employee works for the operator.

**Sec. 05.15.167. Operator's bond.** (a) The bond or security filed under AS 05.15.122(b) must be made payable to the department and must be conditioned upon payment of the amounts due to the department and payment of net proceeds due to the authorizing permittee. If the operator fails to make the required payments, the operator forfeits the bond or security to the department.

(b) The amount forfeited under (a) of this section shall be first used to satisfy delinquent fees, interest, and penalty due the department under this chapter. If the bond or security is not exhausted by payment of delinquent fees, interest, and penalties, the department may use the remaining amount to pay net proceeds due an

authorizing permittee. The total amount available for payment of net proceeds shall be prorated among the permittees to whom proceeds are due from that operator.

(c) The operator and the surety shall inform the department if the bond is cancelled or the security is impaired.

**Sec. 05.15.170. Suspension of permit.** The commissioner may suspend a permit pending investigation or hearing. The suspension is effective upon the giving of notice to the permittee. The notice may be given by the delivery or handing of written notice to the permittee or a person conducting an activity under the permittee's permit or the mailing of notice to the permittee at the address shown on the permit. A permit may be suspended under this section for a period of 90 days or until the end of a hearing or other proceeding begun during suspension. The authority of the commissioner to suspend a permit is not subject to the Administrative Procedure Act (AS 44.62).

**Sec. 05.15.180. Limitations on authorized activity.** (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed, or intended primarily for gaming or gambling or any other method or implement not expressly authorized by the commissioner.

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics, goose classics, mercury classics, salmon classics, and other activities authorized under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959.

(c) The operation of activities licensed under AS 05.15.100(b) is limited as follows:

- (1) cash prizes may not be awarded;
- (2) only money substitutes such as chips or scrip may be used by a player in the activity;
- (3) the money substitutes may be exchanged only for prizes other than money and may not be otherwise exchanged or sold; and

(4) additional limitations may be established by the commissioner under adopted regulations.

(d) The total value of door prizes offered or awarded under authority of a permit issued to a municipality or qualified organization under this chapter may not exceed \$20,000 a month or \$240,000 a year.

(e) The total value of all door prizes offered or awarded at a single facility or bingo hall or parlor by an operator on behalf of authorizing permittees or by a permittee in conjunction with other permittees may not exceed \$20,000 a month or \$240,000 a year.

(f) A person under the age of 19 years may not play a bingo game.

(g) A municipality or a qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter; however, if a municipality or a qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year. In this subsection "activities authorized under this chapter" means all activities subject to this chapter other than bingo.

**Sec. 05.15.181. Pull-tab manufacturer's license** (a) A person may not manufacture pull-tabs in the state unless the person has received a pull-tab manufacturer's license issued by the department.

(b) The department may issue a pull-tab manufacturer's license to a person who pays an annual fee of \$500.

(c) Each series of pull-tabs manufactured 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.

(d) A pull-tab manufacturer may distribute pull-tabs only to a licensed pull-tab distributor unless the pull-tab manufacturer is also a license pull-tab distributor.

(e) Each pull-tab manufacturer shall report to the department by the last business day of the month on each series of pull-tabs distributed during the preceding month, including the serial number of each series distributed and the name of the distributor to whom the series was distributed.

**Sec. 05.15.183. Pull-tab distributor's license.** (a) A person may not distribute pull-tab games unless the person has received a pull-tab distributor's license issued by the department.

(b) The department may issue a pull-tab distributor's license to a person who pays an annual fee of \$1,000.

(c) Pull-tabs may be distributed only 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.

(d) A pull-tab distributor shall report to the department by the last business day of each month on each pull-tab series distributed in the preceding month. The report must include the name of the permittee to whom each series of pull-tabs is distributed and the serial number of each series.

**Sec. 05.15.184. Pull-tab tax.** A pull-tab distributor shall collect a tax of three percent of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. The pull-tab distributor shall pay to the department the tax collected in the preceding month at the time that the report under AS 05.15.183(d) is filed with the department.

**Sec. 05.15.185. Distribution of pull-tab games.** 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 Manufacturers or other serial number label approved by the department and may be distributed only to a municipality or a qualified organization that has obtained a permit issued under this chapter or to an operator on behalf of an authorizing permittee.

**Sec. 05.15.187. Operation of pull-tab games.** (a) A municipality or qualified organization may operate pull-tab games. Pull-tabs shall be obtained from a licensed distributor.

(b) A pull-tab series may not be sold at more than one location during the same day.

(c) Pull-tabs from different series may not be mixed or combined, unless 10 percent or less of a series remains unsold, in which case, the remaining pull-tabs may be combined with a different series having an identical price and prize structure.

(d) A pull-tab series may not be withdrawn from sale until all pull-tabs in the series are sold, except that a pull-tab series may be withdrawn from sale if a manufacturing defect exists in the series and the department is notified of the defect and of the withdrawal from sale within a period established by regulation by the department.

(e) Pull-tabs may not be sold to a person under the age of 19 years. A person under the age of 19 years may not purchase a pull-tab.

(f) Each municipality or qualified organization that had gross receipts exceeding \$100,000 during the preceding year from activities conducted under this chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall maintain records for two years of each prize of \$50 or more, the first day and last day that each series was distributed, the serial number of each series, and the distributor from whom each series was purchased.

(g) Notwithstanding other provisions of this chapter, a pull-tab game that confers an additional right upon all or some of the purchasers of a pull-tab series to participate in a lottery for additional prizes may not be conducted in the state unless a surety bond in the amount of \$250,000 conditioned upon payment of all prizes and awards when due is submitted to the department by the operator or authorizing permittee and approved by the attorney general.

### Article 3. General Provisions

#### Section

- 190. Interpretation and construction
- 200. Penalties
- 210. Definitions
- 995. Short title

**Sec. 05.15.190. Interpretation and construction.** If any provision of this chapter, or regulation adopted under this chapter, is determined to be unlawful, then all permits issued in connection with the licensed activity to which the unlawful provision or regulation related are cancelled.

**Sec. 05.15.200. Penalties.** (a) A person who knowingly violates or aids or solicits a person to violate this chapter is guilty of a violation for the first offense and a class B misdemeanor for the second and each subsequent offense.

(b) A person, who, with the intent to mislead a public servant in the performance of the public servant's duty, submits a false statement in an application for a permit under this chapter, is guilty of unsworn falsification.

**Sec. 05.15.210. Definitions.** In this chapter

(1) "adjusted gross income" means gross income less prizes awarded and state, federal, and municipal taxes paid or owed on the income;

(2) "authorizing permittee" means a municipality or qualified organization that authorizes an operator to conduct an activity subject to this chapter on its behalf;

(3) "bingo" means a game of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers when objects similarly numbered are drawn from a receptacle, and the game being won by the person who first covers a previously designated arrangement of numbers on the card;

(4) "charitable organization" means an organization, not for pecuniary profit, that is operated for the relief of poverty, distress, or other condition of public concern in the state;

(5) "civic or service organization" means any branch or lodge or chapter of a national or state organization that is a civic or service organization, not for pecuniary profit, and authorized by its written constitution, charter, or articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose in the state;

(6) "commissioner" means the commissioner of commerce and economic development;

(7) "contest of skill" means a contest or game in which prizes are awarded for the demonstration of human skills in marksmanship, races, and other athletic events;

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

(9) "distribute" means sell, distribute, furnish or supply;

(10) "dog mushers' association" means a civic, service, or charitable organization in the state, not for pecuniary profit, formed

exclusively to promote interest in the breeding and training of dog teams for work or recreational and racing purposes, but does not include an organization formed or operated for gaming or gambling purposes;

(11) "dog mushers' contest" means a contest in which prizes are awarded for the correct guess of the racing time of a dog team or of team position in the race, including prizes to the race contestants;

(12) "educational organization" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction;

(13) "fishing-derby association" means a civic, service, or charitable organization in the state, not for pecuniary profit, whose primary purpose is to promote interest in fishing for recreational purposes, but does not include an organization formed or operated for gaming or gambling purposes;

(14) "fish derby" means a contest in which prizes are awarded for catching fish;

(15) "fraternal organization" means a civic, service, or charitable organization in the state, except a college and high school fraternity, not for pecuniary profit, that is a branch or lodge or chapter, of a national or state organization and exists for the common business, brotherhood, or other interest of its members;

(16) "goose classic" means a game of chance where a prize of money is awarded for the closest guess of the time of the arrival of the first goose in spring to Creamer's Field in Fairbanks or to the Kenai River Flats near Kenai and is limited to the goose classics operated and administered by the Fairbanks Montessori Association and by the Kenai Chamber of Commerce;

(17) "gross receipts" means receipts from the sale of shares, tickets or rights connected with participation in any activity permitted under this chapter or the right to participate, including admission, fee or charge, sale of equipment or supplies, and all other miscellaneous receipts;

(18) "ice classic" means a game of chance where a prize of money is awarded for the closest guess of the time the ice moves in a body of water or watercourse in the state and is limited to the Nenana and Chena Ice Pools in the same manner as they were conducted in 1959 and previous years, a Kuskokwim Ice Classic to be operated and administered by Bethel Social Services, Inc., a Kenai River Ice Classic to be operated and administered by the Kenai and Soldotna Rotary Clubs jointly or by either the Kenai Rotary Club or the Soldotna Rotary Club, and a Yukon River Ice Classic to be operated and administered by the City of Fort Yukon;

(19) "labor organization" means an organization, not for pecuniary profit, constituted wholly or partly to bargain collectively or deal with employers, including the state and its political subdivisions, concerning grievances, terms, or conditions of employment or other mutual aid or protection in connection with employees;

(20) "mercury classic" means a game of chance where a prize of money is awarded for the closest guess of the time the temperature reaches a certain degree and is limited to the mercury classic operated and administered by the Greater Fairbanks Chamber of Commerce;

(21) "municipality" means a political subdivision of the state that is a home rule or general law city or borough or a unified municipality;

(22) "net proceeds" means the gross receipts from an authorized activity less the fee described in AS 05.15.020(b), the expenses authorized by AS 05.15.160, and the prizes awarded at the activity;

(23) "numbers wheel" means any electronic, mechanical, or other device with numbers or other figures that are selected randomly and used in a game of chance in which the outcome is determined by the number or figure selected by the device; not including games in which a hamster or other animal is placed in an enclosure with several numbered exit holes and the winner is determined by which hole the hamster or other animal exits, or slot machines or other devices that operate by insertion of a coin or other object that may entitle the person operating the machine to receive a prize by strict dependence on the element of chance;

(24) "operator" means a natural person who, or a municipality or qualified organization that, has obtained a license to conduct an activity subject to this chapter on behalf of a permittee;

(25) "police or fire department and company" means a civic, service, or charitable organization in the state, not for pecuniary profit, consisting of members of a police department or fire company established by the state or a political subdivision of the state;

(26) "political organization" means an organization or club organized under or formally affiliated with a political party as defined in AS 15.60.010;

(27) "pull-tab game" means a game of chance where a card, the face of which is covered to conceal a number, symbol, or set of symbols, is purchased by the participant and where a prize is awarded for a card containing certain numbers or symbols designated in advance and at random;

(28) "qualified organization" means a bona fide civic or service organization or a bona fide religious, charitable, fraternal, labor, political, or educational organization, police or fire department and company, dog mushers' association, outboard motor association, or fishing derby or nonprofit trade association in the state, that operates without profits to its members and that has been in existence continually for a period of three years immediately before applying for a license; the organization may be a firm, corporation, company, association, or partnership;

(29) "raffle and lottery" means the selling of rights to participate and the awarding of prizes in a game of chance conducted by the drawing for prizes by lot;

(30) "rain classic" means a game of chance in that a prize is awarded for the closest guess of the amount of precipitation which is recorded at a certain location during a certain length of time;

(31) "religious organization" means an organization, church, body of communicants, or group, not for pecuniary profit, gathered in common membership for mutual support and edification in piety, worship, and religious observances, or a society, not for pecuniary profit, of individuals united for religious purposes at a definite place and that is recognized as a religious organization under the federal income tax laws and the selective service law;

(32) "salmon classic" means a game of chance, to be operated and administered by the United Fisherman of Alaska, in which a prize of money is awarded for the closest guess of the total number of salmon harvested commercially statewide, as determined by the Department of Fish and Game, during a certain period of time;

(33) "series" means a unit of pull-tabs with the same serial number;

(34) "veterans organization" means a civic, service, or charitable organization in the state, or a branch or lodge or chapter of a national or state organization in the state, not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or forces of the United States.

**Sec. 05.15.995. Short title.** This chapter may be cited as the Alaska Gaming Reform Act.

**TRANSITION.** Regulations relating to games of chance and contests of skill, adopted by the Department of Revenue under authority of AS 05.15 before the effective date of this Order, remain in effect until regulations relating to that function are adopted by the Department of Commerce and Economic Development under AS 05.15 as amended by this Order, and take effect. The Department of Commerce and Economic Development shall administer those Department of Revenue regulations until its own take effect. (Executive Order 74, Section 8, 1989)

**CHAPTER 34.  
GAMES OF CHANCE AND SKILL****Article**

1. Operators (12 AAC 34.200)
2. Pull-tab Manufacturing and Distribution (12 AAC 34.300 — 12 AAC 34.390)
3. Pull-tab Games (12 AAC 34.400)
4. Bingo Games (12 AAC 34.500)
5. General Provisions (12 AAC 34.900 — 12 AAC 34.990)

**ARTICLE 1.  
OPERATORS.****Section****200. Operator license required**

**12 AAC 34.200. OPERATOR LICENSE REQUIRED.** (a) Except as provided in (c) of this section, the department will consider a person to be independently conducting gaming activities and, therefore, required to hold an operator's license under AS 05.15.122, if any one of the following conditions is present:

(1) the person conducting the gaming activity

(A) is not an employee of the permittee, as defined in (b) of this section;

(B) directly supervises a person who is not an employee of the permittee, as defined in (b) of this section, or who is paid out of money over which the permittee does not have sole control;

(C) has made an investment of any kind, including property or equipment used on behalf of the permittee's gaming activity;

(D) is responsible for the tendering of receipts from gaming activity that are first deposited into a bank account over which the permittee does not have sole control;

(E) is responsible for accounting for game-related expenses;

or

(F) authorizes and pays game-related expenses from money that is not under the control of the permittee; or

(2) the permittee

(A) has minimal or no control over when or where gaming activity is conducted on its behalf; or

(B) does not have a member present at all times when gaming activity is being conducted under its permit.

(b) In this section, a person is considered an employee of a permittee, and not required to hold an operator's license, if

(1) that person's wages are paid, taxes are withheld, or contributions are made by the permittee for the purposes of FICA, federal income tax, state unemployment insurance, or workers' compensation;

(2) the wages, salary, or any indirect compensation or gift received by that person has no direct relationship to the income or profit of a specific gaming activity; and

(3) except as described in (2) of this subsection, that person has no other financial interest, including ownership, of any property sold, leased, or rented to the permittee, involved in the operation of the gaming activity being conducted.

(c) A group of not more than four permittees may join together to conduct gaming activities at a single facility on their own behalf without the use of an operator only if

(1) each permittee is actively involved in the day to day gaming activities being conducted, including management oversight, policy setting, and authorization of expenditures;

(2) the person managing or supervising the gaming activity is the primary member in charge or is an employee of the permittee, as defined in (b) of this section, on those days that gaming activities are being conducted for the benefit of that permittee;

(3) each permittee individually accounts for its own expenses and receipts associated with gaming activity conducted under its own permit;

(4) the door prize limitations of AS 05.15.180(e) are not exceeded by that single facility; and

(5) each permittee reports an adjusted gross income of at least 15 percent of gross income for two consecutive quarters based on the total operation of the permittee.

(d) The department will, in its discretion, review the conduct and management of gaming activities on an individual basis and make a determination, in accordance with this section, as to whether a person is required to be licensed as an operator under AS 05.15.

## ARTICLE 2. PULL-TAB MANUFACTURING AND DISTRIBUTION.

### Section

- 300. Standards for construction of pull-tabs
- 310. Pull-tab series assembly and packaging
- 320. State identification stamps
- 330. Manufacturer distribution
- 340. Manufacturer's monthly report
- 350. Pull-tab distributor license application requirements

- 360. Distributor's monthly report
- 370. Distribution of pull-tabs by a licensed distributor
- 380. Pull-tab tax

**12 AAC 34.300. STANDARDS FOR CONSTRUCTION OF PULL-TABS.** (a) Unless approved under (d) of this section, a pull-tab must

(1) be constructed so that it is impossible to identify whether it is a winning or losing pull-tab, either by revealing the numbers or symbols or by the size and shape of the pull-tab, until it has been played by the purchaser;

(2) be constructed using at least a two-ply paper stock construction so that it is virtually opaque;

(3) have conspicuously printed on the face or cover the series number and the name of the manufacturer;

(4) show the consumer how to open the pull-tab to determine the winning symbols or numbers.

(b) Pull-tabs within a pull-tab series must be

(1) of the same length, width, and thickness, not varying by more than  $3/64$  of an inch at any dimension;

(2) color coded if individual series numbers are repeated.

(c) A manufacturer shall establish its own method of game protection that allows the manufacturer and the department to determine, after the pull-tab has been played, the difference between an authentic winning pull-tab and a nonwinning, altered, or forged pull-tab. The manufacturer shall submit to the department a letter explaining the method of game protection used and shall inform the department of any changes in its method of game protection.

(d) The department will, in its discretion, approve or disapprove all pull-tab designs or construction techniques.

**12 AAC 34.310. PULL-TAB SERIES ASSEMBLY AND PACKAGING.** (a) A pull-tab manufacturer shall manufacture, assemble, and package a pull-tab series so that a winning pull-tab, or the approximate location of a winning pull-tab, cannot be determined in advance of actually opening the pull-tab.

(b) Winning pull-tabs must be distributed randomly among all other pull-tabs in the series.

(c) Each pull-tab series must be packaged and clearly marked on the outside with the name of the manufacturer, the pull-tab series number, and the name of the pull-tab game enclosed.

(d) When a pull-tab series is packaged in more than one container, the entire series of individual pull-tabs must be thoroughly mixed and distributed evenly among the containers so that the location or approximate location of a winning pull-tab or concentration of winning pull-tabs cannot be determined.

**12 AAC 34.320. STATE IDENTIFICATION STAMPS.** (a) The department will issue each authorized pull-tab manufacturer a set of state identification stamps imprinted with the same unique state identification number or combination of letters and numbers, to be used for identifying and tracking the sale and distribution of a series of pull-tabs present in the state.

(b) Beginning October 1, 1990, a pull-tab series may not be distributed to a distributor unless the manufacturer has

(1) affixed a state identification stamp onto the face of the flare card accompanying that series of pull-tabs;

(2) included with the pull-tab series, the remaining state identification stamps from the set, for use by the distributor, operator, or permittee in accordance with other provisions of this chapter; and

(3) recorded the state identification number in accordance with 12 AAC 34.330(c) and 12 AAC 34.340.

(c) When a pull-tab series distributed after September 30, 1990, is out for play, the accompanying flare card containing the state identification stamp must be displayed so that it is clearly visible to the purchaser. The flare card must be displayed at all times while that series is being played and must be removed when that series has been played out or removed from play for any reason.

**12 AAC 34.330. MANUFACTURER DISTRIBUTION.** (a) A pull-tab manufacturer may distribute only those pull-tabs that it designed, constructed, assembled, and packaged. A manufacturer may not distribute pull-tabs in Alaska that were purchased from another pull-tab manufacturer.

(b) Beginning October 1, 1990, a pull-tab series may not be distributed in Alaska unless the manufacturer has met the state identification stamp requirements of 12 AAC 34.320.

(c) Beginning October 1, 1990, a packing slip that shows the following must be affixed to the outside of a shipment of pull-tabs:

(1) name of the manufacturer;

(2) series number;

(3) date the series was packaged;

(4) name or identification of the person who packaged the shipment; and

(5) state identification number.

**12 AAC 34.340. MANUFACTURER'S MONTHLY REPORT.** Beginning October 1, 1990, the monthly report required under AS 05.15.181(e) must be submitted in a form approved by the department and must identify the following information for each pull-tab series shipped since the last required report:

- (1) name and game number of the game;
- (2) series number;
- (3) state identification number;
- (4) name of the distributor to whom the series was sold

**12 AAC 34.350. PULL-TAB DISTRIBUTOR LICENSE APPLICATION REQUIREMENTS.** An applicant for a pull-tab distributor license under AS 05.15.183 shall submit to the department

- (1) a completed application on forms provided by the department;
- (2) the fees required by AS 05.15.183(b); and
- (3) all other information or documentation requested by the department at the time of application.

**12 AAC 34.350. DISTRIBUTOR'S MONTHLY REPORT.** (a) Beginning January 1, 1991, the monthly report required by AS 05.15.183(d), must include the following information for each pull-tab series distributed since the last required report:

- (1) name and number of the game;
- (2) series number;
- (3) state identification number;
- (4) date distributed;
- (5) manufacturer;
- (6) price per pull-tab;
- (7) pull-tab count;
- (8) gross prize payout;
- (9) ideal net;
- (10) name of the permittee or operator to whom the pull-tab series was distributed; and
- (11) any other information the department requires.

(b) A distributor shall remit with the monthly report the pull-tab tax required under AS 05.15.184 and 12 AAC 34.380 for each pull-tab series listed in the monthly report.

**12 AAC 34.370. DISTRIBUTION OF PULL-TABS BY A LICENSED DISTRIBUTOR.** (a) Beginning January 1, 1991, each pull-tab series distributed by a licensed distributor must be documented by a written invoice delivered to the permittee or operator. The invoice must identify:

- (1) name and number of the game;
- (2) series number;
- (3) state identification number;
- (4) date of the distribution;
- (5) name and permit number of the permittee who purchased the pull-tabs;

- (6) name and license number of the operator, if applicable;
- (7) dollar amount charged for that series; and
- (8) amount of pull-tab tax charged to the purchaser.

(b) The state identification stamps provided by the manufacturer for a pull-tab series must be included in the distributor's shipment of that pull-tab series to the operator or permittee for the operator or permittee's use in meeting other recordkeeping requirements of this chapter.

**12 AAC 34.380. PULL-TAB TAX.** A permittee, or operator conducting gaming activities on behalf of the permittee, shall pay to the distributor a pull-tab tax of three percent of the ideal net of the pull-tab series. Payment of the pull-tab tax is due to the distributor at the time the pull-tab series is distributed to the permittee or operator. The pull-tab tax must be paid to the department by the distributor, whether actually collected or not, at the time of filing the monthly report required under AS 05.15.183(d) and 12 AAC 34.360.

### ARTICLE 3. PULL-TAB GAMES.

#### Section

#### 400. Limitation on pull-tab sales

**12 AAC 34.400. LIMITATION 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 the prize structure for that game is spread across more than one pull-tab series within that game.

### ARTICLE 4. BINGO GAMES.

#### Section

#### 500. Bingo sessions

**12 AAC 34.500. BINGO SESSIONS.** (a) A permittee who

conducts bingo games on its own behalf without the services of an operator may hold up to 14 bingo sessions per month. A permittee who uses an operator to conduct bingo games on its behalf is limited to 11 sessions per month.

(b) A bingo card or sheet may not be sold at a discount, provided free, or sold on credit to a participant in any bingo session.

**ARTICLE 5.  
GENERAL PROVISIONS.**

**Section**

**900. Prize award limitations**

**990. Definitions**

**12 AAC 34.900. PRIZE AWARD LIMITATIONS.** (a) In accordance with AS 05.15.180, 12 AAC 34.500, and 15 AAC 105.110(6), a permittee conducting authorized games on its own behalf is limited to the following prize award limitations each calendar year:

(1) bingo, \$840,000; and

(2) the aggregate of all other authorized gaming activities, \$1,000,000.

(b) An operator conducting authorized games on behalf of a permittee is limited to the following prize award limitations per permittee each calendar year:

(1) bingo, \$660,000; and

(2) the aggregate of all other authorized gaming activities, \$500,000.

**12 AAC 34.990. DEFINITIONS.** In this chapter

(1) "ideal net" means the total amount of receipts that would be received if every individual pull-tab ticket in a series were sold at its face value, less the total predetermined prizes available to be paid out in the series;

(2) "permittee" means a municipality or qualified organization who has a current and valid permit issued by the department to conduct authorized games of chance and skill provided for under AS 05.15;

(3) "pull-tab" means a card or a single folded or banded ticket, the face of which is covered to conceal a number, symbol, or set of numbers and symbols; a person who has purchased a pull-tab compares the numbers, symbols, or combinations of numbers and symbols revealed with the numbers, symbols, or combinations of numbers and symbols that have been designated in advance and that are shown on the flare card as prize winners.

**CHAPTER 105.  
AUTHORIZED GAMES OF CHANCE AND SKILL.**

**Section.**

- 10. Qualified organization
- 15. Municipality
- 20. Civic or service organization
- 95. Outboard motor association
- 105. Nonprofit trade association
- 110. Bingo
- 120. Raffles and lotteries
- 125. Pull-tab games
- 135. Monte Carlo activities
- 140. Dog Musers' contests
- 150. Fish derbies
- 160. Contests of skill
- 170. Issuance of permits
- 180. Renewal of permits
- 190. Suspension, revocation, or denial of permits and licenses; hearings
- 195. Conduct of hearings
- 210. Member in charge of activities
- 220. Net proceeds
- 230. Annual financial statement; additional fee
- 235. Permittee reports to the department
- 240. Method of accounting
- 250. Maintenance of records
- 260. Disposition of funds
- 270. Display of permit
- 280. Use of dedicated net proceeds
- 290. Expenses
- 300. Violation — ineligibility
- 310. Operator reports to the department
- 320. Operator license and bond
- 325. Minimum return to permittee
- 330. Pull-tab distributor's license; distribution restriction
- 335. Pull-tab tax
- 340. Bond requirement for special pull-tab games
- 350. Additional prize limitation

**15 AAC 105.010. QUALIFIED ORGANIZATION.** (a) A "qualified organization" as defined by AS 05.15.210(28) must have at least 25 members to be eligible for a permit under AS 05.15 and this chapter.

(b) In AS 05.15.210(28), "qualified organization that operates without profits to its members" means that no part of the net earnings of the organization inures to the benefit of any private shareholder or individual.

(c) A certificate or letter of tax exemption issued by the Internal Revenue Service is evidence that the organization qualifies under (b) of this section. This certificate or letter may be submitted along with an application for a permit under 15 AAC 105.170 or with an application for the renewal of a permit under 15 AAC 105.180, unless it has been previously submitted to the department.

**15 AAC 105.015. MUNICIPALITY.** "Municipality" means

(1) a general law municipality that is an uncharted borough or city, as defined by AS 29.08.020 and 29.08.030;

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

(3) a unified local government that is organized under AS 29.68.240—29.68.440.

**15 AAC 105.020. CIVIC OR SERVICE ORGANIZATION.** A "civic or service organization" as defined by AS 05.15.210(5) must be operated primarily for the purpose of bringing about civic betterment and social improvement to be eligible for a permit under AS 05.15 and this chapter.

**15 AAC 105.095. OUTBOARD MOTOR ASSOCIATION.** "Outboard motor association" means a nonprofit association organized primarily to promote power-boat racing and the use of power boats.

**15 AAC 105.105. NONPROFIT TRADE ASSOCIATION.** "nonprofit trade association" means a nonprofit association of merchants, craftsmen, or business firms in a particular trade or industry organized for the promotion of the common interests of that trade or industry.

**15 AAC 105.110. BINGO.** "Bingo" is defined as a game of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers when objects similarly numbered are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card.

(1) No single session or series of bingo games, both regular and special, shall exceed 35 games in number.

(2) Not more than \$1 shall be charged by any permittee for admission to any place where bingo games are being held. This fee shall entitle a person to one card, allowing him to participate without additional charge in at least five regular games to be played on that occasion. No charge in excess of 50 cents may be made for a single opportunity to participate in any game other than the five games covered by the admission fee.

(3) No bingo cards for regular games shall be selected by other than the player who is to use the cards. Each player must select his own card or cards for regular games from the deck, group or series of cards and shall be entitled to select any card in the deck, group or series of cards that has not already been selected by another player. Cards may not be reserved for players.

(4) When a caller has started vocally to announce a call, he shall complete the call of that number. After the caller has started vocally to announce a call, if any person shall have gone bingo based upon the previous number called, such person shall share the designated prize with any other person or persons who may have gone bingo on the completed call.

(5) Deleted. 6/3/90

(6) A single prize awarded in bingo may not exceed \$1,000 and the total prizes awarded during any one bingo session may not exceed \$5,000. Prize amounts shall be stated before the beginning of each game and prizes shall be awarded as stated. Game tickets may not be considered as, nor included in, a cash prize. For example, if a person wins a \$45 jackpot, that person must receive and sign for \$45 in cash. The prize may not be divided into \$30 cash and \$15 in game tickets.

(7) No merchandise prize awarded in any bingo game may be converted into cash by the permittee organization.

(8) Repealed 10/1/88

(9) When any merchandise is awarded in a bingo game, its value, for the purpose of the law governing bingo, shall be its current value or retail price.

(10) Equipment, prizes and supplies for bingo shall not be purchased or sold at prices in excess of the current value or retail price.

(11) Rental and/or lease fees of bingo equipment and premises shall be reasonable.

(12) Alcoholic beverages: No game of bingo shall be held, operated or conducted under any permit, in any room, enclosure or outdoor area where alcoholic beverages are sold, served or consumed during the progress of the bingo game.

**15 AAC 105.120. RAFFLES AND LOTTERIES.** (a) In a special-draw raffle, the winner is determined by means other than drawing from a container. A charge for a single opportunity to participate in a special-draw raffle may not exceed 50 cents.

(b) All raffle or lottery tickets and stubs shall be serially numbered consecutively, and the permit number as shown on the permit issued by the commissioner of revenue shall be imprinted on each ticket and stub. All raffle and lottery tickets sold on behalf of a qualified organization by a licensed operator must be imprinted with both the license number issued to the operator or the permit number issued to the qualified organization.

(c) Any and all tickets issued in any raffle or lottery must be accounted for to the permittee organization at the conclusion of each raffle or lottery.

**15 AAC 105.125. PULL-TAB GAMES.** (a) A "pull-tab" is a paper device or card that

(1) is purchased by the participant in a "pull-tab game" as defined in AS 05.15.210(27); or

(2) confers an additional right to the purchaser to participate in a lottery for additional prizes.

(b) The charge for a pull-tab may not exceed \$2.

(c) No permittee may sell a pull-tab that was in any manner marked, defaced, tampered with, or otherwise placed in a condition that would deceive the public or that affects the chances of winning or losing.

(d) Pull-tab prizes equal to or in excess of \$50 shall be paid in cash or check only, not with additional pull-tabs, raffle or lottery tickets, bingo cards, or with any similar gaming materials. All pull-tab prizes equal to or in excess of \$50 and the names of the corresponding winners shall be recorded on a form approved by the department at the time they are paid. Notwithstanding 15 AAC 105.240, the awarding of pull-tab prizes of less than \$50 need not be contingent upon the recipient executing a receipt for the prize if pull-tabs are accounted for as provided in (i) of this section.

(e) A player must be at least 19 years of age to participate in pull-tab games.

(f) A pull-tab game conducted under a particular permit may not be switched to or mixed with a pull-tab game conducted under another permit.

(g) Mechanical or electronic devices may not be used to dispense or sell pull-tabs or select the symbols or numbers used to determine the winners of a pull-tab game.

(h) Except as provided in (d) of this section, a winning pull-tab may be traded for other pull-tabs, but must be accounted for in the same manner as a cash sale when preparing financial reports required by the department.

(i) Instead of accounting for individual pull-tab sales and payment of winnings, permittees or operators may account for pull-tab activities by each series, using the "ideal gross" as gross receipts, and prizes specified by the pull-tab manufacturer as the amount of prizes awarded on reports required by the department. "Ideal gross" is the total amount of receipts that would be received if every individual pull-tab ticket in the series was sold at face value.

**15 AAC 105.135. MONTE CARLO ACTIVITIES.** (a) A municipality or qualified organization may apply for a permit involving the use of playing cards, dice, or numbers wheels. During one calendar year no more than three single-day activities, or no more than one

two-day activity and one single-day activity, or no more than a three-day activity are permitted. A "day," for the purpose of this section, is defined as any consecutive 24-hour period.

(b) Cash prizes may not be awarded for games involving the use of playing cards, dice, or numbers wheels. Cash prizes include but are not limited to the legal tender of the United States of America, any foreign currency or coinage, gold, silver, or other negotiable instruments such as a cashier's check, certified check, money order, stock, bond, or negotiable security.

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

**15 AAC 105.140. DOG MUSHERS' CONTESTS.** "Dog mushers' contests" are defined as games of chance wherein prizes are awarded for the correct guess of the racing time of a dog team or of team position in the race, including prizes to the race contestants.

(1) Dog mushers' contests shall be limited to the participation of dog-team sleds drawn over a specified course laid out by officials of a qualified dog mushers' organization, as defined under this Act.

(2) Prizes will be awarded as provided by rules and regulations established by the permittee organization for the conduct of the event.

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

**15 AAC 105.150. FISH DERBIES.** "Fish derbies" are defined as contests in which prizes are awarded for catching fish.

(1) Contestants in the fish derby must purchase a ticket and abide by the rules and regulations established by the permittee organization for conducting of the event.

(2) Contestants may win prizes in any one of the following ways:

(A) based on the size of the fish caught during the derby days;

(B) all fish entered are eligible for door prizes;

(C) Each purchaser of a derby entrance ticket is eligible to participate in a drawing for a door prize.

**15 AAC 105.160. CONTESTS OF SKILL.** "Contests of skill" are defined as contests or games in which prizes are awarded for the demonstration of human skills in marksmanship, races, and other athletic events. Marksmanship includes contests of skill based on rifle, pistol, and archery matches in which awards are given. Races include any test or races of physical endurance or skill performed by the individual contestants. Other athletic events are physical events which include generally recognized field and track events based on personal physical ability or skill. Any application

for a permit to conduct contests of skill must be accompanied by proof that such event was conducted in substantially the same manner for gaming purposes prior to January 1, 1959.

**15 AAC 105.170. ISSUANCE OF PERMITS.** (a) An applicant for a permit shall submit an original application on a form prescribed by the department. Unless the applicant is a municipality, two copies of the application must be submitted to the nearest city or borough for its consideration. An applicant shall also retain a copy of the application. The application filed with the department must be accompanied by the appropriate permit fee as required by AS 05.15.020, and unless the applicant is a municipality, by certified, true copies of articles of incorporation or, if not incorporated, bylaws and copies of national and state charters, a current list of at least 25 Alaskan members of the organization and, if applicable, and an Internal Revenue Service certificate or letter of tax exemption. The application must contain the following in the appropriate places on the form:

- (1) name of the organization;
  - (2) mailing address;
  - (3) name, title, and daytime telephone number of organization officers;
  - (4) type of organization;
  - (5) types of games to be conducted;
  - (6) name, title, and daytime phone number of the organization member designated to conduct the specified activity;
  - (7) the specific purposes for which the entire net proceeds are to be devoted and in what manner;
  - (8) estimated yearly gross receipts;
  - (9) the information required by AS 05.15.140(b) concerning persons responsible for conducting activities; and
  - (10) other information required by the department on the form.
- (b) Repealed 10/1/88.

(c) For 15 days after receipt by the Department of Revenue, an application is subject to protest by the city or borough nearest to the location of the proposed activity, as specified in AS 05.15.030. Upon approval of the application by the department, a permit will be issued for that calendar year. Activities may not be conducted until an annual permit has been issued. The activity or activities authorized under the permit may be conducted during the calendar year, unless the permit is suspended or revoked by the department. Refunds of permit fees will not be granted.

**15 AAC 105.180. RENEWAL OF PERMITS.** (a) A permit may be renewed by filing an application on the prescribed form with the department.

(b) Certified copies of the articles of incorporation or the bylaws, copies of any national and state charters, and a list of Alaskan members need not accompany the application for renewal unless amendments to these documents have been made during the preceding year.

(c) Repealed 10/1/88.

**15 AAC 105.190. SUSPENSION, REVOCATION, OR DENIAL OF PERMITS AND LICENSE; HEARINGS.** (a) The following are grounds for the immediate suspension, revocation, or denial of a permit or license:

(1) a false statement made in an application for a permit or license or in a report required under AS 05.15 or this chapter;

(2) failure to keep sufficient books or records to substantiate year-end reports to the department;

(3) failure to timely file a report required by AS 05.15 or this chapter;

(4) the conviction of a permittee or an officer or employee of a permittee of a felony or a crime involving moral turpitude, or a violation of a municipal, state, or federal gambling law;

(5) knowing violation by a permittee or officer or employee of a permittee of a provision of AS 05.15 or this chapter;

(6) failure to devote net proceeds in accordance with AS 05.15 or this chapter;

(7) paying or incurring unreasonable or exorbitant expenses or fees by the permittee or licensee;

(8) allowing the use of a permit by another organization;

(9) failure to remit any amount of pull-tab tax to a licensed pull-tab distributor when pull-tabs are acquired or purchased.

(b) The department will notify the permittee or permit applicant by certified mail of any action to suspend, revoke, or deny a permit. The notice will include a statement of the grounds for the suspension, revocation, or denial, and the legal authority for the action.

(c) A hearing will be held, upon written request by the permittee or permit applicant, to determine the validity of the department's action. The request for a hearing must be served upon the department within 15 days after the permittee or permit applicant receives notice from the department of the action to suspend, revoke, or deny a permit. The right to a hearing is waived if the request is not received by the department within the 15-day period.

(d) The commissioner will appoint a hearing office to preside over the hearing. Notice of the hearing will be sent to the permittee or permit applicant by certified mail. The hearing will be conducted according to the requirements of 15 AAC 105.195.

**15 AAC 105.195. CONDUCT OF HEARINGS.** (a) A hearing may be conducted in person or by teleconference. If an in-person hearing is requested by the permittee or permit applicant, the hearing will be held in an office of the department at a location

determined by the department, with consideration for the convenience of the permittee or permit applicant. The hearing will be recorded, and, if requested by the permittee or permit applicant, the department will have a transcript prepared at the expense of the permittee or permit applicant.

(b) A request for an extension of time or other matter must be made in writing at least 15 days before the date of the hearing.

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

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

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

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

#### **15 AAC 105.210. MEMBER IN CHARGE OF ACTIVITIES.**

An organization applying for a permit shall designate on the original application a bona fide and active member to be responsible for the conduct of the activities on each occasion of holding a game of chance and skill.

**15 AAC 105.220. NET PROCEEDS.** (a) "Net proceeds" means the gross receipts from an authorized activity, less the fee described in AS 05.15.020(b), cost of prizes and authorized expenses as defined in (b) of this section.

(b) Authorized expenses are charges, fees and deductions which are reasonable and necessary to the operation of the activity as stated on the permit. Authorized expenses include payment for

- (1) equipment actually purchased for games;
- (2) printing of tickets or cards;

- (3) advertising for games;
- (4) non alcoholic refreshments for games;
- (5) hall rentals, but only if the building is not owned by the permittee and only for the time actually used for operation of the games;
- (6) utility, repair and maintenance, and depreciation costs of a building owned by the permittee; these costs are allowable on a prorated basis for the actual hours used for the games in accordance with (c) of this section;
- (7) repairs for damages to equipment used for the games;
- (8) repealed 10/1/88;
- (9) postage, freight or accounting actually necessary for the games;
- (10) miscellaneous expenses directly pertaining to games only.

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

(d) Unauthorized expenses are those not directly related to the operation of the games and they cannot be deducted. Unauthorized expenses include, but are not limited to, payment for

- (1) expenses on buildings except as provided in (b) of this section on a pro-rata basis;
- (2) mortgage or interest payments;
- (3) purchase of furniture, fixtures or equipment, except those necessary for the operation of the games and used exclusively for the games;
- (4) payments to members as gifts, excluding authorized prizes;
- (5) travel or per diem expenses outside the state under any circumstances;
- (6) organization membership fees to national or international, affiliated or unaffiliated, organizations;
- (7) personal or organizational vehicle expenses;
- (8) consultant fees paid to a member or paid for a member's benefit;
- (9) legal fees paid to a member for services or paid for a member's benefit;
- (10) organizational advertising or notices;
- (11) organizational entertainment (picnics, dinners, parties, etc.);
- (12) organizational accounting or other operating expenses except those directly related to the operation of the games;

(13) taxes on real or personal property and taxes based on net income;

(14) purchase of alcoholic beverages.

**15 AAC 105.230. ANNUAL FINANCIAL STATEMENT; ADDITIONAL FEE.** A statement accounting for all money generated from authorized games of chance and skill for the year must be filed by March 15 following the end of the calendar year. The permittee shall also file with the financial statement a copy of the required Internal Revenue Service form for every person who receives prizes, awards or winnings during the calendar year. The additional fee required by AS 05.15.020(b) shall be submitted to the department with the financial statement.

**15 AAC 105.235. PERMITTEE REPORTS TO THE DEPARTMENT.** The quarterly and annual reports required from permittees to the department by AS 05.15.080 shall be on forms provided by the department.

**15 AAC 105.240. METHOD OF ACCOUNTING.** A permittee shall maintain and keep books and records necessary to substantiate the particulars of each annual financial statement. All money collected or received from games of chance and skill activity shall be deposited in a separate bank account. Where cash prizes are awarded, the recipient of the award shall sign a receipt indicating that the cash award was received, and, the awarding of the cash award shall be contingent upon the recipient executing the receipt. All expenses of activities shall be paid by check only, and the check may not be drawn to "cash" or a fictitious payee. Each check drawn on the bank account required under this section must bear two authorized signatures of the organization.

**15 AAC 105.250. MAINTENANCE OF RECORDS.** All records and supporting documents pertaining to activities permitted under AS 05.15 must be maintained for at least three years following the close of the calendar year.

**15 AAC 105.260. DISPOSITION OF FUNDS.** (a) Upon suspension of any permit, no funds will be withdrawn from the special bank account except for previously qualified expenses accrued prior to the suspension, or for disposition to their dedicated purposes as prescribed on their application for permit.

(b) Upon revocation or invalidation of a permit, the legitimate expense previously accrued by the permittee may be paid and all remaining funds must be paid over to the dedicated purposes as stated in the permittee's application. Failure to comply with these requirements shall be cause for the Commissioner of Revenue to initiate necessary legal action for compliance.

**15 AAC 105.270. DISPLAY OF PERMIT.** Each permit issued for the conduct of any activity shall be displayed conspicuously at the place where the activity is conducted.

**15 AAC 105.280. USE OF DEDICATED NET PROCEEDS.** (a) The dedicated net proceeds given to a qualified organization may not be used to pay any person for services rendered in connection with the activities from which the funds were derived. Detailed records of all disbursements must be kept with the other accounting records for a period of three years.

(b) In AS 05.15.150(a), disbursements "for the promotion of the welfare and well-being of the membership" means that a member may receive assistance in the form of various charitable donations which have been approved by the organization's board of directors. Charitable projects which an organization may sponsor include educational grants, training assistance or job counseling, food baskets, medical or health-care assistance, charitable functions and dinners for the community, etc. The qualifications to receive the charitable donations must include a requirement that all members of the organization within the community may qualify and receive the assistance. These payments may not be devoted to organizational parties, dinners or benefits, picnics, or social functions limited to members and their families.

(c) Permittees may not erect, buy or lease buildings or land for their organization with the net proceeds unless these buildings are

(1) used exclusively for educational, civic, public, or religious purposes (such as hospitals, churches, schools, government buildings, or community centers); or

(2) turned over to an appropriate nonprofit organization which qualifies as a tax-exempt organization under the Internal Revenue Code, Section 501(C)(3), or to local, state or federal government.

**15 AAC 105.290. EXPENSES.** Only ordinary, necessary and reasonable expenses may be incurred for the conducting of any activities under this Act.

**15 AAC 105.300. VIOLATION — INELIGIBILITY.** A revocation of a permit based on a violation of AS 05.15 or this chapter makes the person, association, corporation, or other organization ineligible to apply for a permit for a period of one year from the date of that revocation.

**15 AAC 105.310. OPERATOR REPORTS TO THE DEPARTMENT.** The quarterly and annual reports required from operators to the department by AS 05.15.083 shall be on forms provided by the department.

**15 AAC 105.320. OPERATOR LICENSE AND BOND.** (a) An applicant for an operator license shall submit an original application on a form prescribed by the department. Except when the applicant is a municipality, two copies of the application must be submitted to the nearest city or borough for its consideration. An applicant shall also retain a copy of the application. The application filed with the department must be accompanied by the license fee required by AS 05.15.122. Refunds of license fees will not be granted.

(b) All operators must post a bond or security satisfactory to the department as required by AS 05.15.122(b). The bond or security filed must be effective for a term of two years from the issuance of the operator license and must be conditioned upon payment of amounts due to the department, including penalties and interest, and payment of net proceeds, including any interest due to the authorizing permittee. In this subsection, "security satisfactory to the department" includes certificates of deposit made in trust for the State of Alaska accompanied by a completed assignment of negotiable instrument form provided by the department.

**15 AAC 105.325. MINIMUM RETURN TO PERMITTEE.** An operator's failure to pay the permittee the minimum return required by AS 05.15.128 is grounds for immediate suspension or revocation of an operator's license.

**15 AAC 105.330. PULL-TAB DISTRIBUTOR'S LICENSE; DISTRIBUTION RESTRICTION.** *Deleted 6/3/90.*

**15 AAC 105.335. PULL-TAB TAX.** (a) All permittees or operators acting on behalf of a permittee or permittees must pay a pull-tab tax of three percent of the ideal net to the pull-tab distributor at the time the pull-tab series are distributed to the permittee or operator. All pull-tab distributors who distribute or sell pull-tabs within the State of Alaska shall collect the pull-tab tax of 3 percent of an amount equal to the ideal net of the pull-tab series. The tax shall be paid at the time of filing the monthly report required under (c) of this section.

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

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