

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672**

**7518 SENATE LABOR & COMMERCE**

**15 AAC 105.340. BOND REQUIREMENT FOR SPECIAL PULL-TAB GAMES.** The \$250,000 surety bond required by AS 05.15.187(g) must be submitted for each game conducted on behalf of each permittee.

**15 AAC 105.350. ADDITIONAL PRIZE LIMITATION.**  
*Deleted 6/3/90.*

State of Alaska  
Department of Commerce and  
Economic Development  
Division of Occupational Licensing  
Games of Chance and Skill  
P.O. Box D  
Juneau, Alaska 99811-0800

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\*  
\* DELIVER TO: LIOCROG \*  
\*  
\* ORIGINAL \*  
\* SENT: 03/27/91 TIME: 16:54 \*  
\* FROM: LIOCKOD \*  
\* SUBJECT: DRAFT BILLS SB4 & SB6 \*  
\* PRINT DATE: 03/27/91 TIME: 16:57 \*  
\*  
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ROGER

KODIAK PARTICIPANT JIM FISK WOULD ALSO LIKE THE DRAFT BILLS FOR  
SB 4 & SB 6. HIS ADDRESS IS BOX 2068, KODIAK, AK 99615 AND HIS  
FAX # IS 486-7099.

THANKS  
TINA

ROGER CUNNINGHAM  
POB 874731  
WASILLA AK 99687

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*
* DELIVER TO: LIOCROG
*
* ORIGINAL
* SENT:          03/18/91  TIME: 16:11
* FROM:          LIOCMIL
* SUBJECT:       91-03-080; PL#2; GAMING; 3/18
* PRINT DATE:   03/18/91  TIME: 16:11
*
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SUBJECT LINE TO READ: TC NO., PL FS, SHORT SUBJECT, DATE

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T/C NO:          91-03-080
DATE:           3/18
SPONSOR:        S LABOR AND COMMERCE
SUBJECT:        HB 13 SB 4,6,,162,186
MODERATOR:      JUDY
SITE:           ANCHORAGE

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PARTICIPANT LIST

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TO TESTIFY

NAMES/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. MARY JO THILL/LUCKY STRIKE	BINGO BOX 187	GRDWD 783-3417	SB 6
2. A E MILNER	1835 BOOTLEGGERS COVE	276-1122	SB 162
3. KEVIN BRANSON	3313 COTTONWOOD	272-1571	HB 13

there to  
answer  
questions

4. SANDY SANDERSON/AIRRES	110261 INT'L ARPT	562-2050	SB 186
5.			
6.			

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TO OBSERVE:

NAME/ REPRESENTING	ADDRESS	PHONE	BILL NO.
1. RON ROBINSON/LKY STK	BINGO 115 W NO. LTS.#200		274-6911
2. ROBERT WILSON	1526 BANNISTER		
3. PETER KRAEMER	6821 KITUSA	243-2789	
4. JACK POWERS	1908 W HILLCREST #36	277-7477	
5.			

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BACK UP NUMBER: 561-1199
EMAIL ADDRESS:  LIOCMIL

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*
* DELIVER TO: LIOCROG
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* ORIGINAL
* SENT: 03/18/91 TIME: 15:39
* FROM: LIOCMIL
* SUBJECT: 91-03-080;FL;GAMING;3/18
* PRINT DATE: 03/18/91 TIME: 15:39
*
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SUBJECT LINE TO READ: TC NO., PL FS;SHORT SUBJECT;DATE

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T/C NO: 91-03-080
DATE: 3/18
SPONSOR: S LABOR AND COMMERCE
SUBJECT: HB 13 SB 4,6,,162,186
MODERATOR: JUDY
SITE: ANCHORAGE

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PARTICIPANT LIST

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TO TESTIFY

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NAMES/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. MARY JO THILL/LUCKY STRIKE BINGO			SB 6
2. A E MILNER			SB 162
3. KEVIN BRANSON			HB 13

- 4.
- 5.
- 6.

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TO OBSERVE:

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NAME/ REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

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BACK UP NUMBER: 561-1199
EMAIL ADDRESS: LIOCMIL

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\* ORIGINAL  
 \* SENT: 03/18/91 TIME: 15:16  
 \* FROM: LTCCMAT  
 \* SUBJECT: 080HCRA ACCT 3/18/91  
 \* PRINT DATE: 03/18/91 TIME: 15 17  
 \*  
 \*\*\*\*\*

SUBJECT LINE TO READ: TC NO., PL/FS, SHORT SUBJECT, DATE

T/C NO: 91-03-080  
 DATE: 3/18/91  
 SPONSOR: H CRA  
 SUBJECT: PUB ACCOUNTNT, CHARITABLE GAMING, OTHERS  
 SITE: MAT-SU LIO  
 MODERATOR: CHARLOTTE

PARTICIPANT MSG NUM 1

\*\*\*\*\*  
 TO TESTIFY RE- PUBLIC ACCOUNTANCY  
 1 CHARLES R GRIFFIN POB 670 PALMER 99645 745-3239

HB 13:

2  
 TO TESTIFY RE- ESTABLISH AK GAMING CMSN SB 4:  
 1  
 2  
 TO TESTIFY RE- MULTIPLE PERMITTEE GAMING SB 6:  
 1  
 2  
 TO TESTIFY RE- OFF-TRACK PARIMUTUEL SB 162:  
 1  
 2  
 TO TESTIFY RE- NO FELON GAME PERMITS SB 186:  
 1  
 2

\*\*\*\*\*  
 OBSERVING:  
 1  
 2  
 \*\*\*\*\*

TO TESTIFY: 1  
 UNABLE: 0  
 OBSERVING 0

TOTAL: 0  
 START TIME: 3:30PM END TIME

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\*  
\* DELIVER TO: LIOCBL5  
\*  
\* ORIGINAL  
\* SENT: 03/20/91 TIME: 15:30  
\* FROM: LIOCKOD  
\* SUBJECT: 91-03-100; PL#1; GAMES; 3-20-91  
\* PRINT DATE: 03/20/91 TIME: 15:31  
\*  
\*\*\*\*\*

SUBJECT LINE TO READ: TC NO.; PL/FS; SHORT SUBJECT; DATE

T/C NO: 91-03-100  
DATE: WEDNESDAY, MARCH 20, 1991  
SPONSOR: SENATE LABOR & COMMERCE COMMITTEE  
SUBJECT: HB13, SB4, SB6, SB162; SB186 - GAMING BILLS  
MODERATOR: LORNA STEELMAN  
SITE: KODIAK LIO

PARTICIPANT LIST #1

*Arch - Sandy Larkin*  
*HL 10*

\*\*\*\*\*  
TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. JAMES FISK,		SB 4, SB 6	SB162 SB 106
2.			
3.			
4.			
5.			

\*\*\*\*\*  
OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

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TESTIFIED:

UNABLE:  
OBSERVED:  
TOTAL:

START TIME: 3:35 PM

END TIME:

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 \* DELIVER TO: LIOCROG \*  
 \* ORIGINAL \*  
 \* SENT: 03/18/91 TIME: 15:33 \*  
 \* FROM: LTCCMAT \*  
 \* SUBJECT: 080PL HCRA ACC/CMBL 3/18 \*  
 \* PRINT DATE: 03/18/91 TIME: 15:33 \*  
 \*\*\*\*\*

SUBJECT LINE TO READ: TC NO., PL/FS, SHORT SUBJECT, DATE

T/C NO: 91-03-080  
 DATE: 3/18/91  
 SPONSOR: H CRA  
 SUBJECT: PUB ACCOUNTNT, CHARITABLE GAMING, OTHERS  
 SITE: MAT-SU LIO  
 MODERATOR: CHARLOTTE

PARTICIPANT MSG NUM 1

\*\*\*\*\*  
 TO TESTIFY RE- PUBLIC ACCOUNTANCY HB 13:  
 1 CHARLES R GRIFFIN POB 670 PALMER 99645 745-3239

STATE BOARD OF PUBLIC ACCOUTANCY

TO TESTIFY RE- ESTABLISH AK GAMING CMSN SB 4:  
 1 MINNIE FISHER WASILLA  
 2  
 TO TESTIFY RE- MULTIPLE PERMITTEE GAMING SB 6:  
 1 MINNIE FISHER WASILLA  
 2  
 TO TESTIFY RE- OFF-TRACK PARIMUTUEL SB 162:  
 1  
 2  
 TO TESTIFY RE- NO FELON GAME PERMITS SB 186:  
 1  
 2

\*\*\*\*\*  
 OBSERVING:  
 1  
 2  
 \*\*\*\*\*

TO TESTIFY: 2  
 UNABLE: 0  
 OBSERVING 0

TOTAL: 2  
 START TIME: 3.30 PM END TIME

\* DELIVER TO: LIOCROS

\* ORIGINAL

\* SENT: 03/18/91 TIME: 15:40

\* FROM: LIOCKOD

\* SUBJECT: 91-03-080, PL#1; GAMES; 3-18-91

\* PRINT DATE: 03/18/91 TIME: 15:40

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SUBJECT LINE TO READ: TC NO.; PL/FS; SHORT SUBJECT; DATE

T/C NO: 91-03-080  
 DATE: MONDAY, MARCH 18, 1991  
 SPONSOR: SENATE LABOR & COMMERCE COMMITTEE  
 SUBJECT: HB13, SB4, SB6, SB162, SB186 - GAMING BILLS  
 MODERATOR: LOENA STEELMAN  
 SITE: KODIAK LIO

PARTICIPANT LIST #1

\*\*\*\*\*  
TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. JAMES FISK, SB 4, SB 6, SB 162 SB 186		<del>438 102, 25106</del>	
2.			
3.			
4.			
5.			

\*\*\*\*\*  
OBSERVED

NAME/RERESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

\*\*\*\*\*  
TESTIFIED:

SUBJECT LINE TO READ: TC NO,, PL/FS;SHORT SUBJECT;DATE

T/C NO: 91-03-080  
DATE: 3/18/91  
SPONSOR: H CRA  
SUBJECT: PUB ACCOUNTNT, CHARITABLE GAMING, OTHERS  
SITE: MAT-SU LIO  
MODERATOR: CHARLOTTE

*update*

PARTICIPANT MSG NUM 3

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TO TESTIFY RE- PUBLIC ACCOUNTANCY HB 13:  
1 CHARLES R GRIFFIN POB 670 PALMER 99645 745-3239

STATE BOARD OF PUBLIC ACCOUTANCY

TO TESTIFY RE- ESTABLISH AK GAMING CMSN  
1 MINNIE FISHER WASILLA

~~SB 4:~~

2 ROGER CUNNINGHAM

TO TESTIFY RE- MULTIPLE PERMITTEE GAMING  
1 MINNIE FISHER WASILLA

SB 6:

2

TO TESTIFY RE- OFF-TRACK PARIMUTUEL

SB 162:

1

2

TO TESTIFY RE- NO FELON GAME PERMITS  
1 ROGER CUNNINGHAM

SB 186:

2

\*\*\*\*\*  
OBSERVING:

1

2

\*\*\*\*\*

TO TESTIFY: 3  
UNABLE:  
OBSERVING 0

TOTAL: 3  
START TIME: 3:30 PM END TIME

SB

5

STATE OF ALASKA  
 1992 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO. CSSB3

Revision Date: April 28, 1992

Department Affected: DCED/Alaska Energy Monthly

Title: An Act relating to the Energy Authority Revolving Loan

BRU: \_\_\_\_\_

Fund and powers of the AEA and providing for an effective date.

Component: \_\_\_\_\_

Sponsor: Zharoff

Requestor: Senate Labor and Commerce Committee

COMPONENT SERIAL NO. 

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EXPENDITURE/REVENUE: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

* CAPITAL *Secs 21,22,23	8,000.0	14,000.0	100,000.0	45,000.0
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REVENUE FUND SOURCE:				
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FUNDING: (Thousands of Dollars)

GENERAL FUND				
FEDERAL FUNDS				
OTHER FUND SOURCE:				
Railbelt Inertile Reserve	114,300.0			
Railbelt Energy Fund	2,500.0			
Greely Lake Surplus	11,000.0			
TOTAL	129,100.0			

POSITIONS:

FULL-TIME	0			
PART-TIME	0			
TEMPORARY	0			

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) The CS establishes a revolving fund in AEA similar to the revolving fund for AIDEA and expands the purposes and eligible borrowers from AEA loan programs. Sections 21 and 22 authorize instruction of two railbelt interties at a total cost of \$171 million and Section 23 requires the utilities to pay all construction costs above \$90 million. Appropriation bills 88204 or 88429 would provide the funds to meet the \$90 million.

Prepared By: Charlie Russell *Charlie Russell*

Phone: 561-7877

Division: Alaska Energy Authority

Date: April 28, 1992

Approved By Commissioner: Glenn Olds *Glenn Olds*

**FISCAL NOTE**

**STATE OF ALASKA**  
**1992 LEGISLATIVE SESSION**

**BILL NO.** SB 5

Revision Date: \_\_\_\_\_ Department Affected: DCED/Alaska Energy Authority  
 Title: "An Act relating to the power project revolving loan fund and to the powers of AEA to finance & make loans and sell waste heat"  
 Sponsor: Zharoff Component: \_\_\_\_\_  
 Requestor: Zharoff/Rules Committee COMPONENT SERIAL NO. 

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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**

*Sue White for*  
 Prepared By: Charlie Bussell, Executive Director Phone: 465-3575  
 Division: Alaska Energy Authority Date: 2/27/92  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce and Economic Development Date: 2.28.92



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 00615 (007) 486-5250

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 00811 • (007) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: SENATOR DRUE PEARCE, CHAIR  
LABOR & COMMERCE COMMITTEE

FROM: SENATOR FRED F. ZHAROFF *Fred F. Zharoff*

DATE: FEBRUARY 11, 1992

SUBJ: SB 5 SCHEDULING

I would like to request that SB 5, "An Act Relating to the power project revolving loan fund, and to the powers of the Alaska Energy Authority to finance and make loans from the power project revolving loan fund and to sell waste heat; and providing for an effective date." be scheduled for a hearing before the Labor & Commerce Committee.

The bill has two main components: First it converts the power project fund from a fund supported by the general fund to a revolving loan fund that can be financed by bonds. Secondly, the bill allows the Alaska Energy Authority to sell waste heat directly to retail customers.

This bill has the support of the Alaska Energy Authority and a similar version (SB 238) passed the Senate during the 16th legislature, but died in the House.

Your consideration of this request would be greatly appreciated.

Attachments

## SB 5 SECTIONAL

SECTION 1: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 2: Allows AEA to sell waste heat to retail customers.

SECTION 3: Delineates what the Power Project Revolving Loan Fund consists of.

SECTION 4: Delineates the types of things money borrowed from the Power Project Revolving Loan Fund can be used for and what types of entities can borrow from the fund.

SECTION 5: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 6: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 7: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 8: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 9: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 10: Adds new language to allow the AEA to issue bonds to make or refinance loans under the Power Project Revolving Loan Fund.

SECTION 11: Clarifies language by referring to the Power Project Revolving Loan fund.

SECTION 12: Deletes language that would allow large projects of more than 1.5 megawatts to utilize the Power Project fund or Renewable Resources fund as funding sources for the project.

SECTION 13: Requires a comprehensive report to be submitted to the governor and legislature detailing the finances of the Power Project Revolving Loan fund.

SECTION 14: Adds a new definition of "business enterprise" for purposes of clarifying who can borrow from the Power Project Revolving Loan fund.

SECTION 15: Repeals two sections in statute. 44.83.170(g) requires loan repayments and interest from the power project fund be deposited into the general fund. 44.83.990(9) is the definition of "small scale power production facility."

SECTION 16 Provides for an immediate effective date.

# SENATE AMENDMENT

BY: Senate Labor and Commerce Committee

TO: \_\_\_\_\_ SENATE BILL NO. 5

TO: \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

PAGE 1, LINE 1: Replace "power project revolving loan fund" with the words "energy authority revolving fund"

PAGE 1, LINES 2-3: Delete "to finance and make loans from the power project revolving loan fund to sell waste heat"

PAGE 1, LINE 5 TO END OF BILL: Replace all language with the attached.

(TURN IN ORIGINAL AMENDMENT TO SENATE SECRETARY'S OFFICE.  
THE AMENDMENT WILL BE NUMBERED, COPIED AND DISTRIBUTED.)

**SENATE BILL NO. 5**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY SENATOR ZHAROFF**

**Introduced: 1/21/91**

**Referred: L&C and Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the power project revolving loan fund, and to the powers of the  
2 Alaska Energy Authority to finance and make loans from the power project revolving loan  
3 fund and to sell waste heat; and providing for an effective date."

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

\* Section 1. AS 37.05.146 is amended to read:

Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other state money received by a state agency in connection with the performance of its functions; all program receipts except the following are general fund program receipts:

- (1) federal receipts;
- (2) University of Alaska receipts (AS 14.40.491);
- (3) individual, foundation, or corporation gifts, grants or bequests that by their terms are restricted to a specific purpose;

(4) receipts of the following funds:

(A highway working capital fund  
(AS 44.68.210);

(B correctional industries fund  
(AS 33.32.020);

(C) loan funds;

(D) international airport revenue fund  
(AS 37.15.430);

(E) funds managed by Alaska Aerospace Development Corporation (AS 14.40.821), Alaska State Housing Authority (AS 18.55.020), the Alaska Housing Finance Corporation (AS 18.56.020), the Alaska Railroad

Corporation (AS 42.40.010), the Municipal Bond Bank Authority (AS 44.85.020), [OR] the Alaska Industrial Development and Export Authority (AS 44.88.020), or the Alaska Energy Authority (AS 44.83.020):

- (F) fish and game fund (AS 16.05.100);
- (G) school fund (AS 43.50.140);
- (H) training and building fund (AS 23.20.130);
- (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and former AS 39.37);
- (J) permanent fund (art. IX, sec. 15, Alaska Constitution);
- (K) public school trust fund (AS 37.14.110);
- (L) second injury fund (AS 23.30.040);
- (M) fishermen's fund (AS 23.35.060);
- (N) FICA administration fund (AS 39.30.050);
- (O) mental health trust fund (AS 37.14.031).

\* Section 2. AS 44.83.080 is amended by adding a new section to read:

(17) to charge fees or other forms of remuneration for services or recovery of equity investments or capital costs for projects and activities described in (5), (6), and (8) of this section in accordance with agreements described in (7), (8), (9), (10), and (11) of this section, or in accordance with other agreements pertaining to the projects, covenants, or representations made in bond documents pertaining to the projects or loan programs.

\* Section 3. AS 44.83.090 is amended by adding a new subsection to read:

(c) Notwithstanding the provisions of (a) of this section, the authority may sell waste heat directly to retail consumers.

\* Section 4. AS 44.83 is amended by adding a new section to Article 3 to read:

Sec. 44.83.107. ENERGY AUTHORITY REVOLVING FUND. (a) The energy authority revolving fund is established in the authority. The revolving fund consists of appropriations made to the revolving fund by the legislature, money or other assets transferred to the revolving fund by the authority, unrestricted payments on loans made or purchased by the authority, the income and interest on amounts in the fund and all revenues of the authority not otherwise required to pay the expenses of authority projects. The board of directors may establish operations and self insurance reserve accounts within the revolving fund. Unless otherwise expressly stated, the funds created in this chapter, including the power project fund, are accounts of the revolving fund. The authority may create additional funds or accounts either within the revolving fund or outside the fund. Subject to agreements made with the holders of the authority's bonds or with other persons, the authority may transfer amounts in a fund or account in the revolving fund to another fund or account in the revolving fund. The Authority has the powers and

responsibilities established in AS 37.10.071 with respect to the investment of amounts held in the revolving fund.

(b) The authority may pledge amounts in the revolving fund, or enter into agreements with respect to the fund that it considers necessary to secure its bonds.

(c) Amounts may be expended from the revolving fund by the authority for any purpose authorized by this chapter. However, not more than ten percent of the balance in the fund, determined as of the end of the preceding fiscal year, may be used from the revolving fund for equity investment in projects or programs unless the project or program is expressly authorized by the legislature pursuant to AS 44.83.185 or unless the amount has been appropriated to the fund for a specific purpose.

(d) Amounts in the energy authority revolving fund may be appropriated to the authority for the costs of administering the fund.

\* Section 5. AS 44.83.170 (a) is amended to read:

(a) There is established [AS A SEPARATE FUND] the power project fund. [THAT SHALL BE DISTINCT FROM ANY OTHER MONEY OR FUNDS OF THE AUTHORITY, AND THAT INCLUDES ONLY MONEY APPROPRIATED BY THE LEGISLATURE] The fund consists of:

(1) appropriations to the fund;

(2) the repayment to the fund of principal on loans made from the fund;

(3) payments of interest on loans made from the

fund:

(4) income from investment of money in the fund:

and

(5) the proceeds of bonds issued under AS 44.83.171;

(6) and other money deposited in the fund or provided in a resolution adopted by the board of directors.

\* Section 6. AS 44.83.170 (b) is amended to read:

(b) The authority may make loans from the power project fund

(1) to electric utilities, <sup>gas utilities,</sup> regional electric authorities, municipalities, [CITIES, BOROUGH], regional and village corporations, village councils, and nonprofit marketing cooperatives to pay the costs of

(A) reconnaissance studies, feasibility studies, license and permit applications, preconstruction engineering, and design of power projects;

(B) constructing, acquiring, equipping, modifying, improving, and expanding [SMALL SCALE] power projects [PRODUCTION FACILITIES], conservation facilities, bulk fuel storage facilities, and <sup>electr.</sup> transmission and distribution facilities, including <sup>or gas</sup> energy production, transmission and distribution, and waste energy conservation facilities that depend on fossil fuel, wind power, tidal, geothermal, biomass, hydroelectric, solar or other non-nuclear energy sources;

[AND]

(C) reconnaissance studies, preconstruction engineering, design construction, equipping, modification, and expansion of potable water supply including surface storage and groundwater sources and transmission of water from surface storage to existing distribution systems;

(D) acquisition of bulk fuel reserves or proven reserves of gas, oil, coal, geothermal, or other energy resources; and

(E) consumer end-use improvements to reduce demand for energy:

(2) to a borrower for a power project if

(A) the loan is entered into under a [LEVERAGED LEASE] financing arrangement which the authority considers satisfactory for repayment;

*gas utility*  
(B) the party that will be responsible for the power project is an electric utility, <sup>gas utility</sup> regional electric authority, municipality, [CITY, BOROUGH,] regional or village corporation, village council, municipal school district, regional educational attendance area, regional housing authority, business enterprise, or nonprofit marketing cooperative; and

(C) the borrower seeking the loan demonstrates to the authority that the financing arrangement for the power project will reduce project financing costs below costs of comparable public power projects.

(3) to municipal school districts, regional educational attendance areas, regional housing authorities, and business enterprises to pay the cost of

(A) waste energy conservation facilities:

(B) consumer end-use improvements to reduce demand for energy;

(C) acquisition, construction, or repair of bulk fuel storage facilities and acquisition of fuel reserves;

(D) electric <sup>or gas</sup> distribution facilities for housing developments by regional housing authorities:

(E) power generation facilities if the facilities provide wholesale power or emergency reserve power for a community and if the utility certified to serve that community formally recommends approval of the loan application;

\* Section 7. AS 44.83.179 is repealed and reenacted to read:

AS 44.83.179. REVIEW OF RECONNAISSANCE STUDY BY BOARD OF DIRECTORS. The board of directors shall review reconnaissance studies of proposed projects of the authority and shall make findings and recommendations. The findings and recommendations shall include recommendations on whether to start, terminate, delay, modify, or continue a project and shall consider the costs of such actions. The authority shall maintain a record of decision with respect to reconnaissance studies as part of its formal archives of board actions.

\* Section 8. AS 44.83.181(a) is amended to read:

(a) For projects approved [UNLESS THE RECONNAISSANCE STUDY HAS BEEN DISAPPROVED BY THE OFFICE OF MANAGEMENT AND BUDGET] under AS 44.83.179, the authority shall complete a feasibility study and plan of finance for each proposed project.

\* Section 9. AS 44.83.181(b) is amended to read:

(b) a feasibility study must include

(1) information about the proposed project, including but not limited to estimates of total project construction costs, total project operating costs, the costs of transmission systems, a comparison of the economic costs and benefits affecting project feasibility, [RESERVE POWER REQUIREMENTS, THE TIMING AND AMOUNT OF ANTICIPATED RETURNS FROM THE COMPLETED PROJECT, A BENEFIT-TO-COST RATIO,] and the potential effect of the project on the environment of the area that will be served by the project when completed[, AND THE AVAILABILITY OF ALTERNATIVE GOVERNMENT FINANCING];

(2) a statement of all assumptions that affect the economic feasibility of the project, including but not limited to the discount rate to be used for project evaluation [AND INTEREST RATE OF AMOUNTS OF MONEY TO BE USED FOR THE PROJECT], anticipated fuel prices, [AN ESCALATION RATE, STATE AND LOCAL] anticipated electric loads in the affected project area. [LOAD GROWTH] and estimates of indirect costs and benefits; and

(3) a comparative analysis of all reasonable

alternatives to construction of the proposed project. [; AND  
[(4) INFORMATION BASED ON ENGINEERING AND DESIGN  
WORK THAT MEETS THE REQUIREMENTS FOR SUBMISSION OF A LICENSE  
APPLICATION FOR THE PROJECT TO THE FEDERAL ENERGY REGULATORY  
COMMISSION]

\* Section 10. AS 44.83.181(c) is amended to read:

(c) The plan of finance must include an estimate of the total cost of the project, and a description of the sources of money that will be used to finance the total cost of the project. The finance plan must include an estimate of the operating costs of the project and a description of the source of money that is to be used to pay these costs.

[RECOMMENDATIONS OF THE MOST APPROPRIATE MEANS TO FINANCE A PROJECT, INCLUDING, BUT NOT LIMITED TO,

- (1) THE ISSUANCE OF REVENUE BONDS OF THE AUTHORITY;
- (2) THE ISSUANCE OF
  - (A) GENERAL OBLIGATION BONDS OF THE STATE; OR
  - (B) REVENUE BONDS OF THE AUTHORITY THAT ARE GUARANTEED OR PARTIALLY GUARANTEED BY THE STATE;
- (3) AN APPROPRIATION FROM THE GENERAL FUND
  - (A) TO PAY DEBT SERVICE ON BONDS OR FOR OTHER PROJECT PURPOSES; OR
  - (B) TO REDUCE THE AMOUNT OF DEBT FINANCING FOR THE PROJECT;
- (4) A LOAN FROM THE GENERAL FUND;
- (5) FINANCING ARRANGEMENTS WITH OTHER ENTITIES USED

LEVERAGED LEASES OR OTHER FINANCING METHODS;

(6) ASSISTANCE FROM ANY FEDERAL AGENCY, INCLUDING, BUT NOT LIMITED TO, THE RURAL ELECTRIFICATION ADMINISTRATION;

(7) A LOAN FROM THE POWER PROJECT FUND UNDER AS 44.83.170(A); OR

(8) ANY COMBINATION OF FINANCING ARRANGEMENTS LISTED IN THIS SUBSECTION.]

\* Section 11. AS 44.83.187 (d) is amended to read

(d) The provisions of AS 44.83.177 - 44.83.185 do not apply to

(1) an addition, modification, repair reconstruction, design, acquisition, or construction for the purpose of completing a project;

(2) the construction of an electrical transmission or distribution facility ~~or distribution facility~~ that is estimated to ~~cost~~ <sup>cost</sup> \$10,000,000 or less [THAN \$3,000,000.]; ~~or~~

(3) ~~to construction of an electrical transmission line or distribution facility that requires no state~~ <sup>to construction of an electrical transmission line or distribution facility that requires no state</sup>

\* Section 12. AS 44.83.187 is amended by adding a new section to read:

(e) For the purpose of this section a new project does not include

(1) an addition or modification to an existing project unless the total cost of the addition or modification exceeds \$10,000,000;

(2) repair or reconstruction of a project; or

(3) design, acquisition or construction necessary to complete a project for which bonds have been issued.

\* Section 13. AS 44.83.500(a) is amended to read:

Sec. 44.83.500 Creation of Fund. (a) there is established in the Alaska Energy Authority the power development revolving loan fund [TO CARRY OUT THE PURPOSE OF AS 44.83.500 - 44.83.530. THE FUND MAY BE USED FOR NO OTHER PURPOSE].

\* Section 14. AS 44.83.940 is amended to read:

Sec. 44.83.940. ANNUAL REPORT. Before March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing operations, income and expenditures, including a detailed accounting of the loans and investments made from the income received by the energy authority revolving fund for the preceding 12-month period.

\* Sec. 15. AS 44.83.950 (a) is amended to read:

(a) Notwithstanding any other provision in this chapter, only the operating budget of the authority is subject to provisions of AS 37.07 (Executive Budget Act).

\* Section 16. AS 44.83.990 is amended by adding a new paragraph to read:

(10) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than on a nonprofit basis, that sells or transports electricity or waste heat in compliance with all

applicable federal and state statutes and regulations.

\*Sec. 17. In accordance with AS 44.83.185(c) and contingent upon sec. 19 of this Act, the Alaska Energy Authority is authorized to design and construct a 138 kilovolt electric transmission line between Anchorage and the Kenai Peninsula at a cost of \$89,000,000 in 1992 dollars.

\*Sec. 18. In accordance with AS 44.83.185(c) and contingent upon sec. 19 of this Act, the Alaska Energy Authority is authorized to design and construct a 138 kilovolt electric transmission line between Healy and Fairbanks at a cost of \$82,000,000 in 1992 dollars.

\*Sec. 19. The authorizations made in sec. 17 and sec. 18 of this Act are contingent upon written agreements between the Alaska Energy Authority and participating electric utilities providing that the participating utilities agree to pay

(1) the design and construction costs, that are in excess of \$90,000,000, for the electric transmission lines authorized by this Act; and

(2) the operation and maintenance costs of the electric transmission lines authorized by this Act.

\*Sec. 20. AS 44.83.170(h); 44.83.189; 44.83.060(16)(G); 44.83.361; 44.83.363; 44.83.386; 44.83.388(b); 44.83.390; 44.83.392; 44.83.398(c); 44.83.920; 44.83.990(9) are repealed.

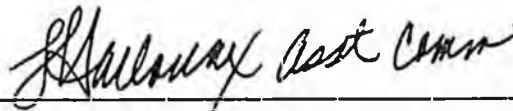
\*Sec. 21. This Act takes effect July 1, 1992.

SB 5: "An Act relating to the power project revolving loan fund, and to the powers of the Alaska Energy Authority to finance and make loans from the power project revolving loan fund and to sell waste heat; and providing for an effective date."

SB 5 establishes as a separate fund the power project revolving loan fund. The fund will consist of (1) appropriations to the fund; (2) repayments to the fund of principal on loans from the fund; (3) payments of interest on loans made from the fund; (4) income from investment of money in the fund; and (5) the proceeds of bonds issued under AS 44.83.171.

With the reduction of direct grants to communities and utilities for electrification purposes, the Authority has come under increasing pressure to provide loan funds to fill their needs. This bill would authorize the recapitalization of this loan fund through the sale of revenue bonds. Previously the loan program has been funded only through appropriations from the General Fund.

The bill is consistent with the corporation's objectives and the mandate of the Alaska Energy Authority. This bill should be enacted.



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

Date: 2.28.92

S B

6

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/6/91

FURTHER: Judiciary

Date of 5-Day Notice: 3-14-91  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: \_\_\_\_\_

L&C Committee considered SSSB 6

Multiple-beneficiary charitable gaming permits, maximum prize awards, and door prizes for charitable gaming; efd.

and recommended:

- replace with \_\_\_\_\_ CS SS SB 6 (L+C)  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

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

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

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

- zero fiscal note(s) CONTRACT - CS / 4-15-91 SB 6 / 2-13-91
- \_\_\_\_\_
- \_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

DeGroot NO REC.  
Rich Halford NO REC  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Chair: Paul Reice - 10 Pass Signature and Recommendation

**FISCAL NOTE**

**STATE OF ALASKA**  
**1991 LEGISLATIVE SESSION**

BILL NO. CSSSSB 6

Revision Date: 4/15/91 Department Affected: Commerce & Economic Dev.  
 Title: An Act relating to charitable gaming; and providing for an effective date BRU: Occupational Licensing  
 Sponsor: Senator Zharoff Component: Administration  
 Requestor: Senate Labor & Commerce Comm. COMPONENT SERIAL NO. 

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	203.0	203.0	203.0	203.0	203.0	203.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	44.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	40.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

CAPITAL						
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REVENUE	10,225.0	10,250.0	10,250.0	10,250.0	10,250.0	10,250.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	301.0	245.0	245.0	245.0	245.0	245.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr. Training Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: 4/15/91  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 4/15/91

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

## FISCAL NOTE ATTACHMENT - CSSSSB 6

### 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.

This bill would authorize the licensing and regulating of pull-tab vendors, the issuance of multiple-beneficiary permits, provide a minimum percentage of ideal net of pull-tabs that is required to be paid to a permittee that contracts with an operator, specifies those individuals excluded from participation with a felony conviction, a crime involving theft or dishonesty, or a violation of a municipal, state or federal gambling law, changes the minimum percentage of adjusted gross receipts that must be paid to a permittee who contracts with an operator, removes the prohibition of an operator receiving compensation based on a percentage, increases the allowable total prize awards that a permittee may award from \$1,000,000 to \$1,500,000, places a fixed price on the amount charged for a bingo card, increases the pull-tab tax collected from 3% of ideal net to 1% of gross receipts, allows for delivery of pull-tabs directly to a vendor location when certain restrictions are met, restricts vendor sales of pull-tabs to a fixed location, provides a licensing fee of \$50 for vendor endorsements, provides a minimum percentage of the ideal net that must be paid to a permittee or operator that contracts with a vendor, allows the department to issued orders prohibiting violations.

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 and 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 work station and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the 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 a licensing examiner and a records and licensing supervisor to oversee the licensing staff. Given the number of permittees, and the number that would use vendor locations, an additional licensing examiner is necessary if the vendor endorsements are to be issued in a timely manner.

The \$301.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$40.0 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 continue to increase as more and more charitable organizations search for other sources of revenue.

In changing the amount and tax base from 3% of ideal net to 1% of gross sales, the pull-tab tax collected will increase dramatically from approximately \$1,600,000 to \$9,900,000 (based on 1989 financial records). With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue based on the 1% net proceeds fee will be generated in addition to \$250,000 generated by the \$50 vendor endorsement fee. We estimate that 5000 such vendor endorsements will be applied for. 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 to help them strive towards voluntary compliance.

FISCAL NOTE ATTACHMENT  
CSSSSB 6

OPERATING EXPENDITURES

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing Supervisor	16	\$50.0	
	Occupational Licensing Examiner I	12	\$40.2	
				\$203.0
<u>Travel:</u>				
	Investigator III		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 10.0
<u>Contractual:</u>				
	Lease Space		\$20.0	
	Printing and Postage		\$24.0	
				\$ 44.0
<u>Supplies</u>				
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Records and Licensing Supervisor		\$ 1.0	
	Occupational Licensing Examiner I		\$ 1.0	
				\$ 4.0
<u>Equipment:</u>				
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Records and Licensing Supervisor		\$10.0	
	Occupational Licensing Examiner I		\$10.0	
				<u>\$ 40.0</u>
	TOTAL COST			<u>\$301.0</u>

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 square feet, this space is inadequate for current needs and, with the increased personnel, new space is a requirement.

The majority of the printing and postage cost is for the vendor endorsement license.

Equipment represents the cost for a workstation and computer.

REQUEST FOR NEW HIRE

POSITION TITLE            Investigator III  
RANGE/STEP                18a  
SERVICE                    Classified  
TYPE 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  
SUPPLIES                    \$ 1.0  
EQUIPMENT                  \$10.0

TOTAL COST                                      \$71.9

FUNDING SOURCE

GENERAL FUND                                    \$71.9

Position duties:

Conduct investigations of permit or license violations and complaints.

Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.

Issue Notices of Violations when appropriate and necessary.

Educate the participants with regard to statutes and regulations.

Assist the participants by providing the correct forms, and answering inquiries.

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 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  
SUPPLIES \$ 1.0  
EQUIPMENT \$10.0

TOTAL COST \$71.9

FUNDING SOURCE

GENERAL FUND \$71.9

Position duties:

Plans, organizes and completes audits of permittees, operators, distributors and vendors.

Provide technical assistance to permittees, operators, distributors and vendors.

Provide information to inquiring persons regarding statutes and regulations.

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, thus reducing the 1% net proceeds fee due the state.



REQUEST FOR NEW HIRE

POSITION TITLE	Occupational Licensing Examiner I
RANGE/STEP	12
SERVICE	Classified
TYPE POSITION	PFT
STAFF MONTHS	12 MONTHS

TYPE OF EXPENDITURE:

PERSONAL SERVICES

SALARY	\$27.8
BENEFITS	\$12.4

TOTAL PERSONAL SERVICES	\$40.2
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SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$51.2
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FUNDING SOURCE

GENERAL FUND	\$51.2
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Position duties:

The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.

Update and maintain computerized licensing and financial records as well as the licensing files.

Provide information and technical assistance to the public and organizations regarding application of statutes and regulations.

Impact to Division/Program if position is NOT filled:

Responsibility for the above listed duties would be shouldered by the current staff.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSSSSB 6

Revision Date: 4/15/91 Department Affected: Commerce & Economic Dev.  
 Title: An Act relating to charitable gaming; and providing for an effective date BRU: Occupational Licensing Administration  
 Sponsor: Senator Zharoff  
 Requestor: Senate Labor & Commerce Comm. 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	203.0	203.0	203.0	203.0	203.0	203.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	44.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	4.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	40.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

CAPITAL						
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REVENUE	1,318.0	1,343.0	1,343.0	1,343.0	1,343.0	1,343.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	301.0	245.0	245.0	245.0	245.0	245.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>301.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: John N. Hansen, Jr. Gaming Program Manager Phone: 465-2581  
 Division: Occupational Licensing Date: 4/15/91  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 4/15/91

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

## FISCAL NOTE ATTACHMENT - C S S S S B 6

### 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.

This bill would authorize the licensing and regulating of pull-tab vendors, the issuance of multiple-beneficiary permits, provide a minimum percentage of ideal net of pull-tabs that is required to be paid to a permittee that contracts with an operator, specifies those individuals excluded from participation with a felony conviction, a crime involving theft or dishonesty, or a violation of a municipal, state or federal gambling law, changes the minimum percentage of adjusted gross receipts that must be paid to a permittee who contracts with an operator, removes the prohibition of an operator receiving compensation based on a percentage, increases the allowable total prize awards that a permittee may award from \$1,000,000 to \$1,500,000, places a fixed price on the amount charged for a bingo card, increases the pull-tab tax collected from 3% of ideal net to 1% of gross receipts, allows for delivery of pull-tabs directly to a vendor location when certain restrictions are met, restricts vendor sales of pull-tabs to a fixed location, provides a licensing fee of \$50 for vendor endorsements, provides a minimum percentage of the ideal net that must be paid to a permittee or operator that contracts with a vendor, allows the department to issued orders prohibiting violations.

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 and 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 work station and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the 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 a licensing examiner and a records and licensing supervisor to oversee the licensing staff. Given the number of permittees, and the number that would use vendor locations, an additional licensing examiner is necessary if the vendor endorsements are to be issued in a timely manner.

The \$301.0 required includes \$10.0 in travel, to fund the cost of widespread travel to various communities throughout the state, as well as \$40.0 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 continue to increase as more and more charitable organizations search for other sources of revenue.

In changing the amount and tax base from 3% of ideal net to 1% of gross sales, the pull-tab tax collected will increase dramatically from approximately \$1,600,000 to \$9,900,000 (based on 1989 financial records). With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue based on the 1% net proceeds fee will be generated in addition to \$250,000 generated by the \$50 vendor endorsement fee. We estimate that 5000 such vendor endorsements will be applied for. 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 to help them strive towards voluntary compliance.

**FISCAL NOTE ATTACHMENT  
C555B 6**

**OPERATING EXPENDITURES**

<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>			
Investigator III	18	\$56.4	
Auditor III	18	\$56.4	
Records and Licensing Supervisor	16	\$50.0	
Occupational Licensing Examiner I	12	\$40.2	
			\$203.0
<u>Travel:</u>			
Investigator III		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 10.0
<u>Contractual:</u>			
Lease Space		\$20.0	
Printing and Postage		\$24.0	
			\$ 44.0
<u>Supplies</u>			
Investigator III		\$ 1.0	
Auditor III		\$ 1.0	
Records and Licensing Supervisor		\$ 1.0	
Occupational Licensing Examiner I		\$ 1.0	
			\$ 4.0
<u>Equipment:</u>			
Investigator III		\$10.0	
Auditor III		\$10.0	
Records and Licensing Supervisor		\$10.0	
Occupational Licensing Examiner I		\$10.0	
			<u>\$ 40.0</u>
<b>TOTAL COST</b>			<b><u>\$301.0</u></b>

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 square feet, this space is inadequate for current needs and, with the increased personnel, new space is a requirement.

The majority of the printing and postage cost is for the vendor endorsement license.

Equipment represents the cost for a workstation and computer.

## REQUEST FOR NEW HIRE

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

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES

SALARY	\$40.5
BENEFITS	\$15.9

TOTAL PERSONAL SERVICES	\$56.4
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TRAVEL	\$ 5.0
SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$71.9
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#### FUNDING SOURCE

GENERAL FUND	\$71.9
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#### Position duties:

Conduct investigations of permit or license violations and complaints.

Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.

Issue Notices of Violations when appropriate and necessary.

Educate the participants with regard to statutes and regulations.

Assist the participants by providing the correct forms, and answering inquiries.

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 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
SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$71.9
------------	--------

#### FUNDING SOURCE

GENERAL FUND	\$71.9
--------------	--------

#### Position duties:

Plans, organizes and completes audits of permittees, operators, distributors and vendors.

Provide technical assistance to permittees, operators, distributors and vendors.

Provide information to inquiring persons regarding statutes and regulations.

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 expense of the state, and the limited funding for travel purposes, many audits could not be done, thus reducing the 1% net proceeds fee due the state.

## REQUEST FOR NEW HIRE

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

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES

SALARY	\$35.5	
BENEFITS	\$14.5	
TOTAL PERSONAL SERVICES		\$50.0
SUPPLIES	\$ 1.0	
EQUIPMENT	\$10.0	
TOTAL COST		\$61.1

#### FUNDING SOURCE

GENERAL FUND	\$61.1
--------------	--------

#### Position duties:

Review the operator and distributor license applications, issue licenses for same as well as review the operator quarterly and annual reports, the pull-tab manufacturer and distributor monthly reports.

Supervise and monitor the licensing of permittees and vendors.

Directs and guides 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.

Provide information and technical assistance to the public and organizations regarding application of statutes, regulations and policies.

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 would be shouldered by the Gaming Program Manager.

## REQUEST FOR NEW HIRE

POSITION TITLE	Occupational Licensing Examiner I
RANGE/STEP	12
SERVICE	Classified
TYPE POSITION	PFT
STAFF MONTHS	12 MONTHS

### TYPE OF EXPENDITURE:

#### PERSONAL SERVICES

SALARY	\$27.8
BENEFITS	\$12.4

TOTAL PERSONAL SERVICES	\$40.2
-------------------------	--------

SUPPLIES	\$ 1.0
EQUIPMENT	\$10.0

TOTAL COST	\$51.2
------------	--------

#### FUNDING SOURCE

GENERAL FUND	\$51.2
--------------	--------

#### Position duties:

The review of permit applications, vendor endorsement applications, quarterly and annual financial statements.

Update and maintain computerized licensing and financial records as well as the licensing files.

Provide information and technical assistance to the public and organizations regarding application of statutes and regulations.

#### Impact to Division/Program if position is NOT filled:

Responsibility for the above listed duties would be shouldered by the current staff.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB-6

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Dev.  
 Title: An Act relating to multiple-beneficiary charitable gaming permits BRU: Occupational Licensing - Gaming  
 Component: XXXXXXXXX and door prizes

Sponsor: Senator Zharoff

Requestor: Labor & Commerce and Judiciary COMPONENT SERIAL NO. 

0	3	5	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 SEE ATTACHED

Prepared By: John Hansen, Gaming Program Manager Phone: 465-2581

Division: Occupational Licensing Date: 2/11/91

Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*

Agency: Department of Commerce & Economic Development Date: 2/11/91

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

**STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BILL ANALYSIS**

DEPARTMENT Commerce & Economic Development - Gaming		BILL NUMBER SB 6	SPONSOR Senator Zharoff	
SHORT TITLE OF BILL An Act relating to multiple-beneficiary charitable gaming permits				
DEPARTMENT POSITION Additional restrictions and a license fee should be established				
PREPARED BY John Hansen	DATE 2/11/91	COMMISSIONER'S SIGNATURE <i>[Signature]</i> Spec Asst II		DATE 2/13/91

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL  None	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT:     NONE     FISCAL NOTE ATTACHED

**BACKGROUND LEGISLATIVE INTENT**

To provide for a "multiple-beneficiary permit" (MBP) to be issued by the department to conduct gaming under AS 05.15. Two to four permittees could apply for the MBP permit.

**ANALYSIS OF BILL PROGRAM EFFECTS**

Under this bill, no restrictions exist on how many permittees may be issued the MBP permit for a single facility in a calendar year. Does not provide for an annual permit fee. Current fees range from \$20.00 to \$100.00 based on gross receipts.

Relaxes the requirements currently set in regulation 12 AAC 34.200(c) on permittees who join together to conduct gaming at a single facility without the use of an operator.

**AMENDMENTS PROPOSED**

1. Establish a license fee: \$250.00 annual for each permittee.
2. Restrict maximum number of permittees to use a single facility in a calendar year by statute.
3. Require each permittee to individually account for its income and expenses. Prizes and Net Proceeds.

SECTIONAL ANALYSIS  
CSS SB 6 RELATING TO CHARITABLE GAMING 4/11/91

Section 1: Adds provisions for third party vendors. Adds language that would allow holders of multi-beneficiary permits to conduct the number of sessions and games per month equal to the number that would be allowed for an individual permittee multiplied by the number of permittees that are holders of the multiple-beneficiary permit.

Section 2: Allows commissioner to examine the books and records of a third party vendor.

Section 3: Allows the commissioner to issue a multiple-beneficiary permit to two to six qualified organizations that apply jointly for the permit. The permit would allow the permittees the ability to conduct games allowed under this section which include bingo and pull tabs.

Section 4: Requires that permittees holding a multiple-beneficiary permit must designate one member in charge.

Section 5: Clarifies that the member in charge of a multiple-beneficiary permit must be a member of or on the board of directors of one of the qualified organizations or an employee of a municipality that may be a holder of a multiple-beneficiary permit.

Section 6: Requires that holders of a multiple-beneficiary permit designate an alternate member in charge.

Section 7: Requires that a permittee must receive at least 30 percent of ideal net for each pull-tab series.

Section 8: Prohibits felons or those convicted of theft or dishonesty or gambling law violations from being an operator or employed as a manager or supervisor for an operator.

Section 9: Prohibits felons or those convicted of theft or dishonesty or gambling law violations from being a licensee or employed as a manager or supervisor for an operator.

Section 10: Requires a reported adjusted gross income of 15% of gross for each type of activity. Requires payment to the permittee at least 15% of adjusted gross income for activities other than pull-tabs and 30% of adjusted gross income for pull-tabs.

Section 11: Requires an applicant for a permit to disclose any felony or theft or dishonesty records for each person responsible for the operation of the activity.

Section 12: Prohibits a felon or person convicted of a crime of theft or dishonesty from being issued a permit.

Section 13: Adds a new section in AS 05.15 that establishes Multiple Beneficiary Permits. Delineates that 2 to 6 qualified organizations or municipalities may join together and apply for a multi-beneficiary permit. This section also requires applicants for multi-beneficiary permits to comply with the same requirements as individual applicants for gaming permits. This section also clarifies that holders of multi-beneficiary permits may not hold any other gaming permits under AS 05.15. This section also delineates the procedure for an entity that is a joint holder of a multi-beneficiary permit to withdraw from the permit and clarifies that the entity that has withdrawn may apply for an individual permit, but its share of prizes awarded while holding the multi-beneficiary permit apply toward awards under its individual permit. This section also requires the holders of multi-beneficiary permits to file reports that comply with the same requirements as the reports of operators.

Section 14: Allows third party vendors to be compensated based on the receipts from the activity being conducted.

Section 15: Makes revocation and suspension provisions also apply to third party vendors.

Section 16: Adds language that restricts door prizes for a multi-beneficiary permit to \$20,000 per month or \$240,000 per year. This is the same restriction as applies to other permittees.

Section 17: Removes language relating to permittees working in conjunction with each other since this would be done under multi-beneficiary permits under this bill.

Section 18: This section increases the prize award level per year for permittees from \$1 million to \$1.5 million. This section also allows the holders of a multi-beneficiary permit to pay out prize awards equal to \$1.5 million multiplied by the number of holders of the multi-beneficiary permit.

Section 19: This section precludes an operator or employee of the operator or a permittee's member in charge from contesting for prizes in that bingo game. It also sets the charge for a single opportunity in a bingo game at \$1.00.

Section 20: Amends AS 05.15.183 to allow for third party vendors.

Section 21: Amends the provisions for Pull-tab Tax to 1% of total sales for all pull-tabs in a series from 3% of gross sales less prizes in a series.

Section 22: Adds a new section that makes provision for third party vendors to receive pull-tab game distribution and requires prepayment under AS 05.15.188(j) and the pull-tab tax required in AS 05.15.184 has been paid.

Section 23: Amends the definition of "permittee" to include municipalities and qualified organizations holding multi-beneficiary permits.

Section 24: Prohibits owner, manager or employee of a permittee or licensee or third party vendor from purchasing pull-tabs in a series included in a game that the permittee, licensee or vendor is conducting. It also requires the permittee, operator or operator to have a signed receipt for any award of \$50 or more. This section also prohibits pull-tab sales from other than a licensed, fixed location.

Section 25: This section adds a second article to AS 05.15 covering the process of registering, licensing, contracting, distributing pull-tab games, fund distribution, prepayment, and prohibiting felons or others convicted of theft, dishonesty or gambling laws as they affect third party vendors.

Section 26: This section provides for a process in the event of violation of this chapter or regulations adopted as a result of this chapter. It also makes provision for the commissioner to issue an emergency order to enforce provisions of this statute of resulting regulations.

Section 27: Amends AS 05.15.200(b) to include licensee and vendor registration under provisions of unsworn falsification.

Section 28: Adds definitions for "ideal net", "permittee", and "vendor".

Section 29: Effective date clause.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

April 15, 1991

**SUBJECT:** CSSSSB 6 (L&C) - work draft

**TO:** Senator Drue Pearce  
Chair, Senate Labor and Commerce Committee  
Attn: Rod Mourant

**FROM:** John B. Gaguine *JBG*  
Legislative Counsel

Enclosed is a draft CSSSSB 6 (L&C), per your memo of April 13. It seems to me that your last proposed change - amending AS 05.15.030(a) to require local governments to protest within 15 days (sec. 2 of the bill) - would pretty much prevent local government from acting at all.

Since AS 05.15.030(a) requires that a protest be made through resolution, it would have to be made through the local assembly or council, and not through the municipal bureaucracy. I simply do not see how a local assembly or council could possibly give adequate notice, hearings, and final action on a protest within 15 days. Unlike the legislature, which meets constantly for 120 days, most local assemblies meet, I believe, every two weeks; I imagine some of the smaller municipalities have assemblies that meet even more infrequently.

Moreover, since under AS 05.15.030(a) a local government can only base a protest based on an applicant's lack of qualifications - rather than the local government's desire to keep certain sorts of charitable gaming activity out of its area - there will be additional time necessary for the investigation to ascertain whether an applicant in fact is qualified. I would imagine, for instance, that if an application for a permit is from an obscure, probably unincorporated organization far from the municipality that is considering a protest, the check on the organization's legitimacy would take more than 15 days in itself.

If I may be of further assistance, please advise.

JBG:pl  
91-257.plm

Enclosure

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

**MEMORANDUM**

March 28, 1991

**SUBJECT:** CSSSSB 6 (L&C)

**TO:** Senator Drue Pearce  
Chair, Senate Labor and Commerce Committee  
Attn: Rod Mourant

**FROM:** John B. Gaguine *JBG*  
Legislative Counsel

Enclosed is a redo of CSSSSB 6 (L&C), incorporating (with some modifications) the provisions of SB 162. I did not incorporate section 1 of SB 162, which amended AS 05.15.060(6). Instead the redo takes the approach of W.O. 7LS0958, and eliminates paragraph (6) altogether. Since AS 05.15.122 and 05.15.140 already require the exclusion of persons with certain convictions, it seemed redundant to me to require DCED to issue regulations to the same effect.

I also modified the language of sections 3 and 5 of SB 162 (now sections 9 and 11 of CSSSSB 6 (L&C)). There is no substantive difference; I just think that the new language is less verbose.

If I may be of further assistance, please advise.

JBG:pl  
91-215.plm

Enclosure

# Alaska State Legislature

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



WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3844

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

## SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel  
Legal Services

FROM: Rod Mourant Legislative Aide  
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 6

John, please prepare a committee substitute for SB 6 (7-LS0013\D) making the following changes:

- 1) Incorporate work draft 7-LS0958\A into SB 6 with the following exceptions: do not include sections 4 through 7 from the work draft.
- 2) Amend section 12 of the work draft to include the same provision for bingo games of chance.
- 3) Add section to amend AS 05.15.184 to 1 percent of gross receipts.
- 4) Add section to limit locations at which licensees, permittees or vendors may carry out their business to site specific licensed locations. The purpose is to eliminate wandering, "street vendor", type of operations

John, the committee would like to hear this new draft on Wednesday, March 27th at 3:30 P.M..

Red

LEGISLATOR'S COPY

If you have any modifications, please contact the assigned staff immediately.

LEGISLATIVE RESEARCH AGENCY  
RESEARCH REQUEST FORM

91.154  
Request #

Senator Drue Pearce  
Requested for (Legislator)

Charitable Gaming

Senator Pearce (4993)  
Staff Phone Number

ASSIGNMENT

02/07/91 Mail  
Date/Time Initials

Carol R. Vandor 02/07/91  
Staff (3991) Date

SUBJECT DESCRIPTION

See attached.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_

PURPOSE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Background Info/Pertinent Files? \_\_\_\_\_

ANTICIPATED COMPLETION DATE: March 1, 1991

# Alaska State Legislature

3111 C Street, Suite 150  
Anchorage, Alaska 99503  
(907) 561-2038



**RECEIVED**

FEB 07 1991

During Session:  
Box V  
Juneau, Alaska 99811

Legislative Research Agency  
(907) 465-4993

**Senator Drue Pearce**  
District G

TO: Gordon S. Harrison, Director  
Legislative Research Agency

FROM: Senator Drue Pearce, Chair  
Senate Labor & Commerce Committee

A handwritten signature in cursive script, appearing to read "Drue Pearce".

Date: February 7, 1991

RE: Charitable Gaming

Under current state and federal law, are there any provisions that restrict participation in gaming; i.e., fines or penalties as a result of misdemeanor violations, conviction on more serious charges, other reasons? If guilty of such violations can an organization/person still be an operator, receive permits or sponsor charitable gaming functions?

DRAFT

fur

TO: Gordon S. Harrison, Director  
Legislative Research Agency

FROM: Senator Drue Pearce, Chair  
Senate Labor & Commerce Committee

Date: February 6, 1991

RE: Charitable Gaming

Under current state and federal law, are there any provisions that restrict participation in gaming; i.e., fines or penalties as a result of misdemeanor violations, conviction on more serious charges, other reasons? If guilty of such violations can an organization/person still be an operator, receive permits or sponsor charitable gaming functions?

Rod.

let's do a research request -

I want to know who is by law not allowed to participate in our gaming - if one has been convicted of what (state + fed) - can you still be an operator or receive permits, etc.

WORK DRAFT

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WORK DRAFT

44 states have simulcast racing.  
No racing commission.

7-0027E  
Gaguine  
8/6/90

Division of gaming would police.  
would allow more than one permit.  
monopoly by contract  
on signals.

1 IN THE SENATE

2

SENATE BILL NO.

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing off-track parimutuel wagering as charitable gaming."

7

8

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

9

\* Section 1. AS 05.15.100(a) is amended to read:

10

(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, off-track parimutuel wagering events, and contests of skill.

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\* Sec. 2. AS 05.15.115(c) is amended to read:

17

(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, off-track parimutuel wagering events, contests of skill, and all activities permitted under AS 05.15.100(b) are each a different type of activity.

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\* Sec. 3. AS 05.15.128(a) is amended to read:

25

(a) The department shall revoke the license of an operator who does not, with regard to income derived from activities other than off-track parimutuel wagering events,

26

27

28

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

29

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1 operation of the operator; or

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

6 \* Sec. 4. AS 05.15.128 is amended by adding a new subsection to read:

7 (c) The department shall revoke the license of an operator who  
8 does not, with regard to income derived from off-track parimutuel  
9 wagering, pay to each authorizing permittee and to the department the  
10 amounts required by AS 05.15.189(a) and (c).

11 \* Sec. 5. AS 05.15.160(a) is amended to read:

12 (a) The only expenses that may be incurred or paid in connection  
13 with the operation of an activity under a permit issued under this  
14 chapter are bona fide expenses reasonably necessary for

15 (1) goods, wares, [AND] merchandise, and, in the case of  
16 off-track parimutuel wagering events, televising rights, necessary for  
17 the operation of the activity;

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

20 (A) an employee of the permittee; or

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

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

25 (a) Except as provided in AS 05.15.100(b), this chapter does not  
26 authorize the use of playing cards, dice, roulette wheels, coin-  
27 operated instruments or machines, or other objects or instruments  
28 used, designed, or intended primarily for gaming or gambling or any  
29 other method or implement not expressly authorized by the

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1 commissioner. Equipment for the processing of parimutuel wagers may  
2 be used in off-track parimutuel wagering events.

3 \* Sec. 7. AS 05.15.180(b) is amended to read:

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

11 \* Sec. 8. AS 05.15.180(f) is amended to read:

12 (f) A person under the age of 19 years may not play a bingo game  
13 and a person under the age of 21 years may not engage in off-track  
14 parimutuel wagering.

15 \* Sec. 9. AS 05.15.180(g) is amended to read:

16 (g) A municipality or a qualified organization may award a  
17 maximum of \$1,000,000 in prizes each year in activities authorized  
18 under this chapter; however, if a municipality or a qualified organi-  
19 zation contracts with an operator to conduct on its behalf activities  
20 authorized under this chapter, the municipality or qualified organiza-  
21 tion may award a maximum of \$500,000 in prizes each year. In this  
22 subsection, "activities authorized under this chapter" means all  
23 activities subject to this chapter other than bingo and off-track  
24 parimutuel wagering events.

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

27 Sec. 05.15.189. OFF-TRACK PARIMUTUEL WAGERING. (a) A permittee  
28 that wishes to conduct off-track parimutuel wagering under its permit  
29 shall enter into a contract with an operator under AS 05.15.115. The

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1 contract must provide that

2 (1) the permittee shall receive at least two percent of the  
3 gross receipts received by the operator under the permittee's permit,  
4 or at least 30 percent of the operator's net profit for the period  
5 that the operator was conducting off-track parimutuel wagering under  
6 the permittee's permit, whichever is greater;

7 (2) the operator shall pay the permittee no later than one  
8 week after the end of the period during which the operator conducted  
9 off-track parimutuel wagering under the permittee's permit; and

10 (3) the contract terminates after four weeks or after the  
11 operator receives \$3,000,000 in gross receipts under the contract,  
12 whichever comes first.

13 (b) An operator conducting off-track parimutuel wagering on  
14 behalf of a permittee shall submit to the department a plan describing  
15 how the operator proposes to select permittees with whom the operator  
16 enters into contracts. The department may disapprove the plan if the  
17 department finds that the plan does not involve a sufficient number of  
18 permittees. The department shall issue regulations concerning the  
19 criteria for permittee selection and the approval or disapproval of  
20 plans submitted under this subsection.

21 (c) An operator conducting off-track parimutuel wagering on  
22 behalf of a permittee shall pay the department two percent of the  
23 gross receipts received by the operator. The operator shall make the  
24 payments at the same time as the operator makes payment to the permit-  
25 tee under (a) of this section.

26 (d) An operator conducting off-track parimutuel wagering shall  
27 pay to holders of winning tickets at least

28 (1) 30 percent of the parimutuel pool of wagers on a single  
29 horse, less breakage; and

WORK DRAFT

WORK DRAFT

WORK DRAFT

1 (2) 75 percent of the parimutuel pool of wagers involving  
2 more than one horse, less breakage.

3 \* Sec. 11. AS 05.15.210 is amended by adding new paragraphs to read:

4 (35) "breakage" means the odd cents by which the amount  
5 payable on each dollar wagered in an off-track parimutuel wagering  
6 event exceeds a multiple of 10 cents;

7 (36) "off-track parimutuel wagering" means a form of wager-  
8 ing on the outcome of horse races involving thoroughbred, standard-  
9 bred, or quarter horses and sanctioned by a state racing authority  
10 that are shown by closed-circuit television at a location different  
11 from the location where the race takes place in which those who wager  
12 personally purchase tickets of various denominations on a horse or  
13 combination of horses and all wagers for each race are pooled and held  
14 by the race televisor for distribution; when the outcome of the race  
15 has been decided, the race televisor distributes a percentage of the  
16 total wagers, according to regulations adopted by the department, to  
17 the holders of tickets on the winning horses or combination of horses.

18 \* Sec. 12. AS 18.65.080 is amended by adding a new subsection to read:

19 (b) The Department of Public Safety shall investigate, including  
20 the processing of fingerprints, and ascertain whether an applicant for  
21 a license issued under AS 05.15.122 who proposes to conduct off-track  
22 parimutuel wagering, and the employees of an operator holding a li-  
23 cense under AS 05.15.122 and conducting off-track parimutuel wagering,  
24 have been charged with

25 (1) a felony; or

26 (2) an offense defined in AS 11.66.200 - 11.66.280, or a  
27 comparable provision of municipal, state, or federal law.  
28  
29

March 28, 1991

Drue -

RE: SB 6

Here is corrected new draft.

Mitch would like us to delete section 7 because it is only 30% and seems to conflict with section (24 pg 9 in 30 & 31.) Also it addresses Bingo.

Also would like us to add "or operator" to pg 9 in 31.

*3RD 4 VARIANTS VS PHASE, OPS + 3002, - CDD 1: AT CITOCQRAH*

I would like to see title amended to state felony exclusion.

WC INTO VC SUBCOMMITTEE  
(HALL FORD IF NO JUD)

February 6, 1991

Drue -

There were two gaming votes taken last session.

The first was HB 323: Menard's Big Lake Ice Classic  
house vote 1/16/90 31-3 (Barnes, Furnace, Leman)  
senate vote 4/7/90 14-3 (Faiks, Kelly, Rodey)

The second was HB 587: Donley (H L&C) Electronic Ad Ban  
house vote 4/30/90 28-6 (M. Davis, Hanley, Leman, Martin,  
Phillips, Swackhammer)  
senate vote 5/8/90 ~~34-6~~ (Duncan, Fischer, Frank, Halford,  
15-5 Jones)

ALL  
SRC DATE =  
900508

HB 587

Drue

Set time for me  
to talk to Eliason  
about.

Plus, pull up  
history of Senate  
action last year  
with votes of  
all of us.

S L & C 1 DP 3 NR

5/7 2ND RDG

AMEND #1 DUNCAN - ACTIVITIES FOR PRISON PRIMITIVES  
UMDRN 05.15.100 HAS CONTRACTED  
05.15.115

FAILED - 10-10

ELIASON NO

#2 COHILL P&I LV 24 DELETE TO PL 2 INSERT  
DEBARIS

ADOPT RULES IF TELECAST OK.

FAILED 8-12 ELIASON NO

January 24, 1992

Drue -

Re: GAMING

Using CSSSSB6(L&C) as the guide, the following sections are need to address the indicated topics.

Felony exclusion:

Sec 10, 11, 12, 15, 16, 17, 20, 25, 33

3rd Party vendors & multibenficiary permits:

Sec 1, 3, 4, 5, 6, 7, 8, 13, 18, 21,22

BINGO pooling (loss leader):

Sec 27, 28, 29, 30, 32

51% of real net to sponsor:

Amend AS 05.15.128 being drafted with John Hansen

Exclude unions & campaigns (political parties?) as sponsors:

Amend 05.15.210 to exclude

A handwritten signature in black ink, appearing to be 'T. Reed', is located in the lower right quadrant of the page.

gaming  
SB 6

ofr Coghill apparently wants to put the entire burden on the non-profits. I sit on the Board of 2 nonprofits - w/ gaming permits. We have neither the manpower or expertise to police our operators. Furthermore, we've been getting a progressively smaller piece of the pie.

Volunteers. A nice idea to sell perhaps. But the liability is too great. The responsibility. We're talking about a \$200 million business.

Gov't out of the middle - I don't want gov't out. We should receive a % - a sin tax if you will - as is the case in every other state.

# **CORRECTION**

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

February 6, 1991

Drue -

There were two gaming votes taker last session.

The first was HB 323: Menard's Big Lake Ice Classic  
house vote 1/16/90 31-3 (Barnes, Furnace, Leman)  
senate vote 4/7/90 14-3 (Faiks, Kelly, Rodey)

The second was HB 587: Donley (H L&C) Elecctronic Ad Ban  
house vote 4/30/90 28-6 (M. Davis, Hanley, Leman, Martin,  
Phillips, Swackhammer)  
senate vote 5/8/90 ~~34-6~~ (Duncan, Fischer, Frank, Halford,  
15-5 Jones)

.. SRC - <sup>ALL</sup> DATE =  
900508  
-HB 587

Reed

Set time for me  
to talk to Elison  
about.

Plus, pull up  
history of Senate  
action last year  
with votes of  
all of us.

SLC 1 DP 3 NR

5/7 2ND RDG

Amend #1 DUNCAN - ACTIVITIES FOR PERSON PERMITTING  
UMDRN 05.15.100 HAS CONTRACTED  
05.15.115

FAILED - 10-10

ELIASON NO

#2 COHILL - P&I LN 24 DELETE TO PL 2 INSERT  
DEBBIS

ADOPT RECS IF TELECAST OK.

FAILED 8-12 ELIASON NO

January 24, 1992

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ALL  
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7005'08  
HB 587

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SLUC 1 DP 3 NR

5/7 2ND RDG

AMEND #1 DUNCAN - ACTIVITYS FOR MASON PERMITTING  
UMDRN 05.15, 100 HAS CONTRACTED  
05.15.115

FAILED - 10-10

ELIASON NO

#2 COHILL - P&I LN 24 DELETE TO PL 2 INSERT  
DERRIN S

ADOPT RECS IF TRUCK NOT OK.

FAILED 8-12 ELIASON NO

3

RIN 2<sup>ND</sup> RDL 12-8

FELIXSON NO

~~RACIND ACTION NOT ADOPTING AMEND #1 10-10~~

5/7 RACIND FAILURE AMEND #1

FAILR 5-11 FELIXSON NO

FULL BILL FAILED 10-10

PERANCE NHY TO YEA

VERLICK YEA TO NHY

January 24, 1992

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# Coghill pitches bill deregulating game operators

ASSOCIATED PRESS

JUNEAU — Lt. Gov. Jack Coghill says he will propose legislation next month that would remove state regulation of those who operate bingo and pull-tab lottery games for charities.

The legislation also would allow anyone, including restaurants and bars, to operate the lucrative games without state review. Only the charities would be regulated.

"Charities will be the ones responsible for their conduct," Coghill said Tuesday. "That way you get government out of the middle of it."

Coghill's plan is supported by game operators. But some involved in charitable fund-raising say the proposal would shift too much responsibility to charities that depend on money from the games.

"We're not interested in spending most of our time in monitoring the games and the overhead," said Lanie Fleischer, executive director of Big Brothers-Big Sisters of Anchorage Inc.



Coghill

Coghill's staff is still drafting the legislation. In a recent memo on his plan, Coghill said charities would be required to keep records of gaming activities and conduct audits if the activity exceeds \$250,000 a year. Failure to comply would cost a charity its gaming permit.

See Gaming, page B4

B4 Wednesday, December 18, 1991

## Gaming

Continued from page B1

Under current law, at least 15 percent of the game proceeds after prizes must go to the charity. A regulatory change proposed by Commerce Commissioner Glenn Olds in July would increase the minimum to 40 percent. Coghill and game operators oppose dedicating that much to charities.

Coghill proposes the charities get a percentage of the take based on the type of game: 25 percent for pull tabs; 15 percent for bingo; 10 percent for raffles and lotteries; and 5 percent for other games.

The charities would handle payment of all expenses and other accounting under Coghill's plan.

The proposal also would remove provisions of the 1988 Gaming Reform Act that required operators to be licensed. And it would allow so-called "third-party vendors" — bars, convenience stores, bowling alleys and other businesses — to return to gaming.

Those vendors were banned from selling pull tabs in January after Attorney General Charles Cole determined state law did not specifically allow them to participate in the business.

Under Coghill's proposed bill, all sellers of pull tabs would be unlicensed and unregulated. "It does not get us into dividing between operators and distributors and third-party vendors," he said.

Ed Dilley, owner of Pop Shoppe Inc. of Fairbanks, said game operators like himself favor Coghill's plan. "I was one of the fathers of that concept," he said.

Industry representatives have said Olds' regulations would have put most gaming operators out of business.

"The perception is we make a ton of money, because we make huge grosses," Dilley said. "But the money goes to rent, to wages — the normal everyday cost of business."

Coghill has refused to sign the Olds regulations since July. Gov. Walter J. Hickel in April gave Coghill the authority to block proposed regulations that do not conform with the administration's philosophy and agenda.

Olds pushed for tougher regulations when an attempt to pass a gaming-reform bill died in a rare filibuster at the close of the last legislative session in May.

Gambling in 1990 generated \$188 million in gross income, and charities received \$14.6 million, or 8 percent, of that total. Five years earlier the industry generated almost \$64 million in gross income and charities received about \$8.7 million, or 14 percent.

## ASSOCIATION FOR NON-PROFIT GAMING

GOOD AFTERNOON. MY NAME IS DRUE PEARCE AND I CHAIR THE SENATE LABOR & COMMERCE COMMITTEE. ALSO ON THE COMMITTEE ARE SENATORS COLLINS, ELIASON, HALFORD AND KERTTULA. I HAVE BEEN ASKED TO SPEAK WITH YOU TODAY ABOUT THE STATUS AND THE FUTURE OF NON-PROFIT GAMING IN ALASKA AND TO EXPLAIN HOW GROUPS SUCH AS YOURS CAN BE MOST EFFECTIVE WHEN DEALING WITH THE LEGISLATURE AND THE GOVERNOR.

LAST SESSION THE SENATE LABOR & COMMERCE COMMITTEE SPENT CONSIDERABLE TIME ON THE ISSUE OF GAMING IN THE STATE AND HOW IT COULD BE BEST REGULATED TO FULFILL ITS ROLE AS AN ADDITIONAL FUNDING SOURCE FOR CHARITABLE AND NON-PROFIT ORGANIZATIONS IN ALASKA. IN FACT, NOT COUNTING MEETINGS AND WORK SESSIONS, THE COMMITTEE DEVOTED FOUR <sup>full</sup> ~~SEVERAL HOUR~~ HEARINGS TO LEGISLATION DEALING WITH GAMING.

SENATE BILL 6<sup>was</sup> SPONSORED BY SENATOR ZHAROFF. <sup>The CS was</sup> ~~was~~ THE RESULT OF MANY HOURS OF DEBATE AND WORK BY THE COMMITTEE. <sup>The bill would</sup> ~~THAT~~ LEGISLATION PROTECTS THE INTEGRITY OF CHARITABLE GAMING BY LIMITING CONVICTED FELON PARTICIPATION AS LICENSEES OR OPERATORS, MANDATES AN APPROPRIATE SHARE OF GAMING PROCEEDS TO THE SPONSORING NON-PROFIT ORGANIZATION, INSURES THE FINANCIAL VIABILITY AND FAIRNESS OF OPERATIONS, AND ALLOW<sup>S</sup> LOCAL GOVERNMENTS TO DECIDE FOR THEMSELVES TO ALLOW OR PROHIBIT GAMING WITHIN THEIR JURISDICTION. THIS LEGISLATION WAS AMENDED IN THE HOUSE OF REPRESENTATIVES AND HAD TO BE RETURNED TO THE SENATE FOR A VOTE. UNFORTUNATELY, THE HOUSE OF REPRESENTATIVES DID NOT VOTE ON THE BILL UNTIL THE LAST NIGHT OF

SESSION AND THE SENATE HAD ALREADY ADJOURNED. THE LEGISLATION WILL BE IN THE SENATE WHEN WE CONVENE IN JANUARY. THE SENATE MUST THEN DECIDE WHETHER OR NOT TO CONCUR WITH THE AMENDMENTS MADE IN THE HOUSE.

IN ADDITION TO THIS LEGISLATION, I WOULD ANTICIPATE THAT THE ADMINISTRATION WILL BE INTRODUCING NEW LEGISLATION DEALING WITH GAMING THIS COMING YEAR. I RECENTLY RECEIVED A COPY OF A DOCUMENT TITLED "LEGISLATIVE SOLUTION REFORM" AND AUTHORED BY THE LT. GOVERNOR.

~~IT IS MY UNDERSTANDING THAT THIS POLICY STATEMENT HAS BEEN ENDORSED BY GOVERNOR NICKEL AND COMMISSIONER OLDS. THE ADMINISTRATION SEEMS TO ENDORSE EFFORTS TO MAINTAIN THE INTEGRITY OF GAMING IN THE STATE AS WELL AS EFFORTS TO HOLD PERMITTEES RESPONSIBLE FOR THEIR OPERATIONS.~~ MY UNDERSTANDING IS THAT THE ADMINISTRATION WILL BE FORWARDING PROPOSED LEGISLATION SOON. PERHAPS JOHN HANSEN CAN ADDRESS THAT TOPIC A LITTLE MORE COMPLETELY WHEN HE SPEAKS.

THE CHARITABLE GAMING STAFF HAS BEEN VERY ACTIVE THIS YEAR CONDUCTING AUDITS OF OPERATIONS IN AN EFFORT TO SEE THAT THE LAW IS FOLLOWED AND THAT PERMITEES RECEIVE THEIR FULL SHARE OF GAMING PROCEEDS. IT IS, AFTER ALL, THE PURPOSE OF GAMING IN THIS STATE TO GENERATE ADDITIONAL REVENUES FOR NON-PROFIT ORGANIZATIONS. THEY CONDUCTED OVER SIXTY AUDITS OF PERMITEES AND OPERATORS AND FOUND MOST ORGANIZATIONS IN COMPLIANCE BUT ALSO FOUND SERIOUS DISCREPANCIES DURING SEVERAL AUDITS. WHILE I REALIZE THAT GAMING IS RELATIVELY NEW TO THE STATE AND THAT THEIR NEEDS TO BE A BIG

*Mr*  
*Coahill*  
*totally deregulated*  
*gambling - on every street corner. Will he*  
*deregulate liquor licenses and legalize prostitution*

*while he's at it?*

EFFORT MADE BY PERMITTEES TO LEARN HOW TO KEEP THE RECORDS REQUIRED BY THE DEPARTMENT OF COMMERCE AND HOW TO COMPLY WITH THE LAW, THESE DISCREPANCIES DO CONCERN ME. IN ORDER FOR GAMING TO BE SUCCESSFUL IN ALASKA, ITS MUST BE PERCEIVED BY THE GENERAL PUBLIC AS HONEST AND IT MUST SERVE A USEFUL PURPOSE.

I HAVE ALSO BEEN ASKED TO EXPLAIN A LITTLE BIT ABOUT HOW INTEREST GROUPS, SUCH AS THIS ONE, INFLUENCE LEGISLATION AND REGULATION DEVELOPMENT. THE EASY ANSWER IS THAT YOU MUST WORK TOGETHER TO DEVELOP A FAIR AND CONSISTENT POSITION ON AN ISSUE AND TO MAKE YOUR DESIRES HEARD. CONTRADICTIONS OR DIFFERING POSITIONS ONLY ADD TO THE CONFUSION IN THE PROCESS AND DO NOTHING TO PROMOTE YOUR CAUSE.

(DRUE - AT THIS POINT MAY BE YOU COULD EXPLAIN HOW A BILL PROGRESSES THROUGH THE LEGISLATURE AND HOW AN INTEREST GROUP BECOMES INVOLVED. SIMILAR TO WHAT YOU SAID TO THE INSURANCE FOLKS. ALSO, ENCOURAGE THEM TO STAY INVOLVED ALL THE WAY THROUGH THE REGULATION DRAFTING AND ADOPTION PROCESS AND TO PROVIDE FEED BACK TO THE LEGISLATURE ON PROBLEMS THAT THEY EXPERIENCE.)

THANKS INVITING ME AND I LOOK FORWARD TO WORKING WITH YOU THIS COMING SESSION.

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