

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7519 SENATE LABOR & COMMERCE

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.

Steve

~~Steve~~ ^{Alpine}

adopted statutory framework
regs tried to establish more statutes.

Existing structure - only needs

- 3rd party vendors
- no other changes

- Charities will put their permit where they get the most.

* Original SBB is all that's needed.
Step back + let it work.

Who wants to risk bond if the rules are going to change. -

Care needs ~~to~~ to be calm.

Sandy Sanderson

- blind reading organization

- 1) article is scary for non-profits
- 2) operators can hire lobbyist - charitable organizations can.
- 3) some charities won't get out + do the work - why are we worried about them? Industry is too competitive.

Pull-tab tax. - already pays - now, local communities are taking a cut.

X 3rd party vendors closing cost the state -
due to no pull-tabs.

Cut down industry
revenues.

of talks - % return - bras that there
isn't enough.

Politics is perception -

"Comparable worth."

Terry - I have a problem as a capitalist."

Alaska State Legislature

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



WHILE IN JUNEAU
P.O. BOX V
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3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel
Legal Services Division

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

DATE: April 16, 1991

RE: SB 6

John, the Senate Labor & Commerce Committee passed out CS Sponsor
Substitute Senate Bill 6 (L&C), work draft 7-LS0013\G dated
~~4/11/91~~
4/15/91, with the following changes:

Add a new section:

Sec ___ AS 05.15.124 is amended to read:

Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A
municipality may by ordinance prohibit an operator or a vendor
from conducting activities under this chapter within the
municipality.

Amend sections 10, 11, 13 (if needed) and all other relevant
sections to apply the lifetime employment prohibition pertaining
to felony and theft, dishonesty and gambling law violations to
all gaming employees and distributors, including but not limited
to supervisors and managers.

Add a new section:

Sec ___ AS 05.15.183 is amended to conceptually include all of
the prohibitions that apply in section 10.

Amend the title to include the felony prohibition in the
title.

John, I'd like to receive the bill in time to be read across to
the next committee of referral on Wednesday, April 17th.

Thanks.

Rod

Alaska State Legislature

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



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SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legal Counsel
Legal Services Division

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

RE: SB 6

DATE: April 13, 1991

A handwritten signature in cursive script that reads "Rod".

John, please make the following changes to CSSSSB 6 (L&C) work draft 7-LS0013\G dated 4/11/91:

1) Change the title of the bill to protect the inclusion of the felony provisions and multi-beneficiary provisions of the legislation.

2) Insert a definition of "managerial or supervisory capacity" to mean that the employee:

- a. is responsible for gaming receipts;
- b. has the authority to hire employees or to dismiss or otherwise discipline them;
- c. prepares financial reports required under this chapter;
- d. is responsible for keeping the accounts for activities under this chapter; or
- e. is responsible for conducting activities under this chapter, including the arranging for locations at which those activities will occur.

3) Pg 9 ln 15 change from 15 days to 30 days.

4) Insert a new section recognizing a pull-tab ticket dispensing machine and in 05.15.060 insert section allowing the commissioner to adopt regulations governing the devices and their use.

5) Amend 05.15.020 to establish a license fee of \$100 for each permittee included in a multi-beneficiary arrangement.

6) Amend section 13 (a) ln 7-9 to include "in a calendar year". Insert where appropriate.

7) Amend section 10 pg 4 ln 20 to delete "30% of adjusted gross income" and insert "40% of ideal net".

8) Amend section 25 pg 10 ln 13 to delete "65%" and insert "70%".

9) Add a new section 05.15.030 that requires local government action within fifteen days to approve or disapprove an application for a permit, operator or vendor license within their jurisdiction.

John, the committee plans on holding a hearing and probably moving this bill on Monday, April 15th.



TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: C + G Fax: 5630881

Attn: _____ Phone: _____

Transmitted by: ROD MOURANT Date: 4-2-91

Re: CS SS SB 6 (LVC) DRAFT

Comments: PER MIKE SZYMANSKI

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: C & G Fax: 376-0253

Attn: ROGER CUNNINGHAM Phone: _____

Transmitted by: ROD MOURANT Date: 4-2-91

Re: CS SS SB 6 (L+C) DRAFT

Comments: PER MIKE SZYMANSKI

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: ALASKA Fax: 265-8983

Attn: MICHAEL WILLIAMS Phone: 265-8544

Transmitted by: ROD MOURANT Date: 4-8-91

Re: PROPOSAL CS SB 6

Comments: THIS IS OMNIBUS GAMING BILL.

I EXPECT FURTHER CHANGES AT

FRIDAY'S MARTINE. (3:30 P.M.)

Rod

Number of Pages: 12 Including Cover Sheet.





TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

VOICE (907) 465-4993 FAX (907) 463-5352

To: SENATOR PEARCE Fax: 561-4194

Attn: DRUE Phone: 561-2038

Transmitted by: ROD MOURANT Date: 12/17/91

Re: GAMMA TACK.

Comments: _____

Number of Pages: 5 Including Cover Sheet.



REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN
SEAT A

3111 "C" STREET, SUITE 450
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NORTHIWOOD • ROMIG • ROOSEVELT PARK • SPENARD • THOMPSON • TURNAGAIN • WINDEMERE • WOODLAND PARK



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JUDICIARY COMMITTEE

VICE CHAIRMAN

REGULATION REVIEW COMMITTEE

MEMBER

RULES COMMITTEE

LABOR AND COMMERCE COMMITTEE

April 4, 1991

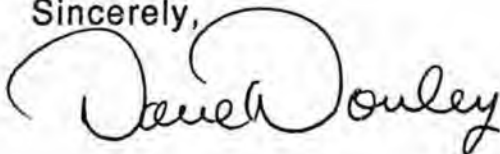
Dear Colleagues:

For the past three years I have spent a great deal of time listening to and working with the various groups interested in charitable gaming. During that process I have formulated some principles that guide my thinking as to how we should handle charitable gaming in Alaska.

I drafted these principles and their supporting arguments for the House Labor and Commerce hearing on charitable gaming. Since many of you have asked me about this issue, I am enclosing a copy of the material I prepared for House Labor and Commerce for your review.

Last year in the House Labor and Commerce Committee we compiled a history of charitable gaming in Alaska with background information on the issues that have developed around gaming. If you would like a copy of this history please call Becky Bear in my office (3892) and we'll provide you a copy.

Sincerely,



Representative Dave Donley

DD/bb

attach: Principles of Charitable Gaming

JUNEAU OFFICE

(During Legislative Session January through May)

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3892 (FAX) 463-5661



REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN
SEAT A

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CHAIRMAN
JUDICIARY COMMITTEE

VICE CHAIRMAN
REGULATION REVIEW COMMITTEE

MEMBER
RULES COMMITTEE
LABOR AND COMMERCE COMMITTEE

Principles for Charitable Gaming

1. Maximum return to the charities

When the original statutes were written which allowed charitable gaming, gaming was allowed so that charities could raise funds. There is absolutely no indication that at any time the legislature set out to establish a "gaming industry" in the Alaska economy. As recently as the 1990 primary, the voters of Alaska rejected an initiative that would have legalized casino gambling and a wide range of other gaming activities.

It is clear that since gaming was legalized for the purpose of charitable fund raising, maximum return should go to the charities.

2. Gambling should not be made glamorous

As has been clearly demonstrated in states that have state lotteries, high payouts and heavy advertising induce people who would not normally gamble to gamble and induce those who do gamble to spend more. At no point has the legislature or the people of the state of Alaska indicated that they are interested in encouraging gambling. As the state regulates gaming, it should avoid encouraging gambling.

3. Charitable gaming activity should be conducted for the benefit of the greatest number of charities


Since the purpose of charitable gaming is to ensure that non-profit organizations have a funding base, it is in the best interests of the state to encourage equitable distribution of gaming related income. It would not be good public policy to allow a small number of charities or operators acting on behalf of a group of charities to monopolize this funding source.

DD/bb

JUNEAU OFFICE

(During Legislative Session January through May)



P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3892 (FAX) 463-5661 •  77C

State of Alaska

Committees

CO-CHAIR, HOUSE JUDICIARY
VICE-CHAIR, HOUSE LABOR AND COMMERCE
HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES



P.O. BOX V
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Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

DATE: March 18, 1991
TO: Rep. Max Gruenberg
FROM: Michael Plunkett
RE: Alaskan-Canadian Highway
medallion working copy

" An act relating to a medallion commemorating the 50th anniversary of the United States Military building of the Alaskan-Canadian Highway."

(a) ALASKA-CANADIAN HIGHWAY COMMEMORATIVE MEDALLION. The Alaskan Department of Military and Veterans Affairs shall contract or otherwise arrange to enter into an agreement with the Yukon Territory of Canada for the minting and sale of medallions commemorating the 50th anniversary of the United States military building of the Alaska-Canada Highway.

(b) The commemorative medallions shall be minted only from .999 fine gold and silver from Alaska and the Yukon Territory and in weights determined by the Alaskan commissioner of administration and the Yukon Territorial Government.

(c) One side of the medallion under this section shall be to commemorate the participation of the United States Military in the building of the Highway and shall be designed by an Alaskan artist. The other side shall be to commemorate the participation of the Yukon Territory in building the Highway and shall be designed by a Yukon artist. The design shall be determined in a contest conducted by each government under the supervision of the Department of Military and Veterans Affairs and in accordance with Yukon law. Payment for the winning Alaskan design may not exceed \$1000.

(d) The medallions shall be available for sale as souvenirs in accordance with Alaskan and Yukon laws. All royalties from the sale of medallions shall be split equally between Alaska and the Yukon Territory. The amount of the royalty shall be determined by the Adjutant General of the Department of Military and Veterans Affairs and Yukon Territorial government.

(e) No later than January 20, the contractor shall submit to the legislature a report on the production and sale of medallions under this section.

FEB 22 1991

Pouch V
Juneau, Alaska 99811

Alaska State Legislature
House of Representatives

Phone:
(907) 465-4454



Labor and Commerce Committee

TO: All Legislators
FROM: Rep. David Finkelstein
DATE: February 22, 1991
SUBJECT: Charitable gaming hearing in Anchorage

The House Labor and Commerce Committee will hold a public hearing on charitable gaming in Anchorage on Friday, March 1.

The purpose of the committee meeting is to listen to concerns about the current charitable gaming laws and regulations, as well as ideas for change. The meeting will take place from 3:00 pm to 6:00 pm in the Anchorage Legislative Information Office at 3111 "C" St.

The meeting will be teleconferenced to room 17 of the capitol. You are invited to participate at either the Anchorage or Juneau site.

Rod should listen —
I know it will
be boring

I MISSED

ADOPTED
#1

BY SEN ELLISON

Add a section to read as follows:

Sec ____ AS 05.15.124 is amended to read:

Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may by ordinance prohibit an operator or a vendor from conducting activities under this chapter within the municipality.

SB 6

DEFINITIONS

(36) "managerial or supervisory capacity" means that the employee

- (A) is responsible for gaming receipts;
- (B) has the authority to hire employees or to dismiss or otherwise discipline them;
- (C) prepares financial reports required under this chapter;
- (D) is responsible for keeping the accounts for activities under this chapter; or
- (E) is responsible for conducting activities under this chapter, including the arranging for locations at which those activities will occur.

the contract, the activities to be conducted on behalf of the permittee, the location where the activity is conducted, the name and address of the permittee, and other provisions the department may require.

contract with more than one operator at the same time or type of activity. For the purposes of this chapter, bingo, pull-tab games, ice cream socials, classics, mercury classics, salmon derby, fish derbies, contests of skills, and AS 05.15.100(b) are each a different type of activity.

submit to the department a copy of each contract with whom the permittee contracts to conduct an activity under this chapter. The permittee shall submit to the department a copy of the contract or subsequent amended contract or amended contract.

eligibility for permit. An applicant shall be eligible for a permit if the applicant is a natural person or a qualified organization to be eligible for a permit.

operator's license. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter unless the person, municipality, or qualified organization has received an operator's license from the department.

operator's license. (a) A person, municipality, or qualified organization may not conduct an activity subject to this chapter unless the person, municipality, or qualified organization has received an operator's license from the department. The license shall be issued to a natural person or a qualified organization that meets the following requirements: (1) the applicant has paid a fee of \$500; (2) the applicant has sufficient persons employed by the applicant to conduct the activity; (3) the applicant has liability insurance satisfactory to the department.

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

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

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

New Section for SB 4

FOR EACH ACTIVITY

*3. 2014 (2) 319
4 dice 30 20
FOR PULL TABS*

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

Sec. 05.15.128. Revocation of operator's license. (a) The department shall revoke the license of an operator who does not (1) report an adjusted gross income of at least 15 percent of gross income for two consecutive quarters based on the total operation of the operator; or

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

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

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

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

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

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

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

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

*05 15 210 (3)
SINGLE OPPORTUNITY TO PARTICIPATE IN A
AA BINGO DRAW SHALL
LATE FOR ONE DOLLAR.
BR*

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/17/91
 Referred: Judiciary, Finance

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming
 2 permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, and
 3 gambling violations from participating in charitable gaming activities as permittees, licensees,
 4 or vendors, or as employees or independent contractors of permittees, licensees, or vendors;
 5 and providing for an effective date."

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

7 * Section 1. AS 05.15.020(a) is amended to read:

8 (a) A municipality or qualified organization may conduct an activity permitted under this
 9 chapter [,] if the municipality or qualified organization pays the appropriate permit fee and
 10 receives an annual permit issued by the department. The annual permit fee is

11 (1) \$20 for an applicant that did not hold a permit during the preceding year;

12 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from

13 activities conducted under this chapter during the preceding year;

1 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not
2 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

3 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from
4 activities conducted under this chapter during the preceding year or that is one of the applicants
5 for a multiple-beneficiary permit under AS 05.15.100(d).

6 * ~~Sec. 2.~~ AS 05.15.030(a) is amended to read:

7 (a) At the time of filing an application for a permit or license under this chapter the
8 applicant shall notify the city or borough nearest to the location of the proposed activity of the
9 application. A local government unit may protest the conduct of the activity in its jurisdiction
10 by resolution stating the reasons for the protest filed with the department; protests are limited to
11 the lack of qualifications prescribed by this chapter. This resolution is only a recommendation
12 by the local government that may be considered by the commissioner in determining whether to
13 issue or refuse to issue a permit or license. The commissioner may not consider a resolution
14 under this subsection if it is not adopted within 15 days of the date that the city or borough
15 receives notice of the application.

16 * Sec. 3. AS 05.15.060 is amended to read:

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

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

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

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

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

31 (5) the investigation of permittees, licensees, registered vendors, and their

1 employees, including the fingerprinting of those permittees, licensees, registered vendors, and
2 employees whom the commissioner considers it advisable to fingerprint;

3 *No* → (6) the licensing and regulation of pull-tab ticket dispensing machines
4 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
5 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
6 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
7 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
8 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
9 GAMBLING LAW];

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

12 (8) the number of activities that may be held, operated, or conducted under a
13 permit during a specified period; however, the department may not allow more than 14 bingo
14 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
15 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
16 number of sessions and games a month equal to the number allowed an individual permittee
17 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

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

28 * Sec. 4. AS 05.15.070 is amended to read:

29 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
30 examine or have examined the books and records of a permittee, an operator, a registered
31 vendor, or a person licensed to manufacture or to distribute pull-tab games in the state. The

1 commissioner may issue subpoenas for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 5. AS 05.15.100 is amended by adding a new subsection to read:

4 (d) The commissioner may issue a multiple-beneficiary permit to two to six
5 municipalities or qualified organizations or to a combination of two to six municipalities and
6 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
7 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
8 restrictions set out in (b) of this section.

9 * Sec. 6. AS 05.15.112(a) is amended to read:

10 (a) Each municipality or qualified organization that receives a permit under this chapter
11 shall designate a member in charge. Municipalities and qualified organizations that hold a
12 multiple-beneficiary permit shall jointly designate one member in charge.

13 * Sec. 7. AS 05.15.112(b) is amended to read:

14 (b) The member in charge is responsible for preparation, maintenance, and transmittal
15 of all records and reports required of the permittee. The member in charge shall be a member
16 of the qualified organization or the board of directors of the qualified organization or an
17 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
18 charge shall be a member of one of the qualified organizations or the board of directors of
19 one of the qualified organizations or an employee of one of the municipalities.

20 * Sec. 8. AS 05.15.112(d) is amended to read:

21 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
22 permit, shall designate alternate members in charge who are responsible for the duties of the
23 member in charge in the absence of the member in charge.

24 * ~~Sec. 9.~~ AS 05.15.115 is amended by adding a new subsection to read:

25 (e) A contract between a permittee and an operator under this section for the conduct of
26 pull-tab games shall provide that the permittee must receive at least 40 percent of the ideal net
27 for each pull-tab series sold by the operator under the contract.

28 * Sec. 10. AS 05.15.122(b) is amended to read:

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

31 (1) applies on the form provided by the department;

- 1 (2) pays the annual fee of \$500;
- 2 (3) discloses the identity of persons employed by the applicant in any [A
- 3 MANAGERIAL OR SUPERVISORY] capacity;
- 4 (4) submits proof of liability insurance satisfactory to the department; and
- 5 (5) posts a bond or security satisfactory to the department in the amount of
- 6 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

7 * Sec. 11. AS 05.15.122(c) is amended to read:

8 (c) The department may not issue an operator's license to an applicant if the applicant

9 or a person employed by the applicant in any capacity [A MANAGERIAL OR SUPERVISORY

10 CAPACITY,] has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,

11 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or

12 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law.

13 * Sec. 12. AS 05.15.122(d) is amended to read:

14 (d) A licensee may not employ a person in any [A MANAGERIAL OR

15 SUPERVISORY] capacity if the person has been convicted of a crime described in (c) of this

16 section [, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING

17 FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR

18 OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

19 * Sec. 13. AS 05.15.124 is amended to read:

20 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may

21 by ordinance prohibit an operator or a vendor from conducting activities under this chapter

22 within the municipality.

23 * ~~Sec. 14.~~ AS 05.15.128(a) is amended to read:

- 24 NO (a) The department shall revoke the license of an operator who does not
- 25 (1) report an adjusted gross income of at least 15 percent of gross income for two
- 26 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL
- 27 OPERATION OF] the operator; or
- 28 (2) pay to each authorizing permittee for two consecutive quarters
- 29 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED
- 30 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of
- 31 the authorizing permittee other than pull-tab games; and

1 (B) at least 40 percent of the ideal net received from pull-tab games
2 conducted on behalf of the authorizing permittee.

3 * Sec. 15. AS 05.15.140(b) is amended to read:

4 (b) In an application for a permit, a municipality or qualified organization shall disclose
5 the name and address of each person responsible for the operation of the activity, including a
6 member, an employee, and an independent contractor, and whether any person named

7 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
8 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
9 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

12 * Sec. 16. AS 05.15.140(c) is amended to read:

13 (c) The commissioner may not issue a permit for an activity operated by a person who
14 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
15 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
16 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
17 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

18 * Sec. 17. AS 05.15.140 is amended by adding a new subsection to read:

19 (e) A permittee may not give any responsibility for an activity under this chapter to a
20 member, employee, or independent contractor who has been convicted of a crime described in
21 (b)(1) of this section.

22 * Sec. 18. AS 05.15 is amended by adding a new section to read:

23 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
24 or qualified organizations, or a combination of two to six municipalities and qualified
25 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
26 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
27 applicant is a municipality or qualified organization, the activity may be permitted under this
28 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
29 request of the commissioner, the joint applicants shall prove conclusively each of these
30 requirements before a permit may be issued or renewed.

31 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and

1 applications for them.

2 (c) A municipality or qualified organization that is among the holders of a multiple-
3 beneficiary permit may not hold another permit under this chapter.

4 (d) A municipality or qualified organization that is among the holders of a multiple-
5 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
6 to the department and to the other holders of the permit. The effective date of the withdrawal
7 is 30 days after the department receives written notice of intent. A municipality or qualified
8 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
9 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary
10 permit and the prizes it awards under its own permit are subject to the maximums established in
11 AS 05.15.180(g).

12 ADD
13 5 TO D
14 SUSPENSION (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
15 department that comply with the reporting requirements imposed on operators under
16 AS 05.15.083.

15 * ~~Sec. 19.~~ AS 05.15.160(a) is amended to read:

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

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

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

22 (A) an employee of the permittee; or

23 (B) an operator hired by the permittee to conduct the activity [IF THE

24 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

25 * Sec. 20. AS 05.15.170 is repealed and reenacted to read:

26 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
27 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,
28 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
29 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

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

3 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
4 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
5 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
6 manager of the permittee, licensee, or vendor is convicted; or

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

10 (b) If the department revokes a license or vendor registration under this section, it may
11 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
12 of not more than five years. If the department revokes a permit under this section, it may
13 prohibit the permittee from reapplying for a permit for a period of not more than one year.

14 * Sec. 21 AS 05.15.180(d) is amended to read:

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

18 * Sec. 22 AS 05.15.180(e) is amended to read:

19 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
20 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
21 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
22 a year.

23 * Sec. 23 AS 05.15.180(g) is amended to read:

24 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
25 [\$1,000,000] in prizes each calendar year in activities authorized under this chapter; however,
26 if a municipality or a qualified organization contracts with an operator to conduct on its behalf
27 activities authorized under this chapter, the municipality or qualified organization may award a
28 maximum of \$500,000 in prizes each calendar year. The holders of a multiple-beneficiary
29 permit under AS 05.15.100(d) may award a maximum in prizes each calendar year of
30 \$1,500,000 times the number of holders of the permit for activities authorized under this
31 chapter. In this subsection "activities authorized under this chapter" means all activities subject

1 to this chapter other than bingo.

2 * ~~Sec. 24.~~ AS 05.15.180 is amended by adding new subsections to read:

3 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
4 owner, manager or employee of the operator, may not contest for the prizes awarded in that
5 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
6 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

7 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
8 \$1.

9 * Sec. 25. AS 05.15.183 is amended by adding new subsections to read:

10 (e) A distributor may not

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

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

13 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

14 (f) The department may not issue a license under this section to an applicant if the
15 applicant or a person employed by the applicant has been convicted of a felony, a crime
16 involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law. A
17 licensee under this section may not employ in any capacity, or enter into a contract for personal
18 services with, a person who has been convicted of a crime described in this subsection.

19 * ~~Sec. 26.~~ AS 05.15.184 is amended to read:

20 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
21 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
22 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
23 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
24 department the tax collected in the preceding month at the time that the report under
25 AS 05.15.183(d) is filed with the department.

26 * Sec. 27. AS 05.15.185 is amended to read:

27 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
28 distributed in the state must be sealed and have a serial number label issued by the National
29 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
30 department and may be distributed only to

31 (1) a municipality or a qualified organization that has obtained a permit issued

1 under this chapter;

2 (2) [OR TO] an operator on behalf of an authorizing permittee; or

3 (3) a vendor registered under this chapter when

4 (A) a permittee or operator has received payment from the vendor in
5 the amount and form set out in AS 05.15.188(i), and the permittee or operator has
6 authorized the distributor to distribute the series to the vendor; and

7 (B) the permittee or operator has paid to the distributor the pull-tab
8 tax under AS 05.15.184.

9 * Sec. 28. AS 05.15.187(f) is amended to read:

10 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
11 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
12 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
13 maintain records for two years of each prize of \$50 or more, the first day and last day that each
14 series was distributed, the serial number of each series, and the distributor from whom each series
15 was purchased. In this section "permittee" includes municipalities and qualified
16 organizations that jointly hold a multiple-beneficiary permit.

17 * Sec. 29. AS 05.15.187 is amended by adding new subsections to read:

18 (h) An owner, manager, or employee of a person holding a permit or license under this
19 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from a pull-tab
20 series manufactured, distributed, or sold by the permittee, licensee, or registered vendor.

21 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
22 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
23 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
24 entitling the person to the prize may be signed as the receipt.

25 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
26 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
27 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present
28 at the sale location.

29 (k) A permittee, operator, or registered vendor may sell pull-tabs through a pull-tab ticket
30 dispensing machine.

31 * Sec. 30. AS 05.15 is amended by adding a new section to article 2 to read:

1 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
2 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
3 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
4 first registers the vendor with the department by applying for registration on a form prescribed
5 by the department and by submitting the registration fee of \$50 for each location at which the
6 vendor will sell pull-tabs.

7 (b) The department shall approve or disapprove an initial vendor registration request
8 within 30 working days of receipt of the registration form from a permittee or operator.

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

12 (d) The endorsement issued under (c) of this section is an extension of the permittee's
13 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
14 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
15 new vendor location has been posted by the permittee or operator in the registered vendor
16 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

25 (f) At the time that a permittee or operator annually renews its permit or license, it shall
26 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
27 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

1 vendor and the license of the operator or the permit of the permittee.

2 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-
3 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
4 by that vendor on behalf of the permittee or operator.

5 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
6 contract must provide that the permittee or operator shall receive no less than 70 percent of the
7 ideal net.

8 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
9 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
10 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
11 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
12 directly into the gaming checking account of the permittee or operator.

13 (k) All money paid to a registered vendor under this section by a permittee or operator
14 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
15 identified.

16 (l) The department may not issue a vendor registration for a person who has been
17 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
18 or federal gambling law, or who employs in any capacity involving gaming activity a person who
19 has been convicted of a crime described in this subsection.

20 (m) A registered vendor may not employ a person in any capacity involving gaming
21 activity if the person has been convicted of a crime described in (l) of this section.

22 * ~~Sec. 31.~~ AS 05.15 is amended by adding a new section to read:

23 ~~Sec. 05.15.195.~~ ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)
24 If the commissioner determines that a person has engaged in an act or practice in violation of this
25 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
26 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
27 violation by the person. The order remains in effect until the person has submitted evidence
28 acceptable to the commissioner showing that the violation has been corrected.

29 (b) If the public interest requires, the commissioner may issue an emergency order
30 prohibiting an act or practice in violation of this chapter or a regulation adopted under this
31 chapter without notice to or an opportunity to be heard by the person affected by the order. The

1 commissioner shall immediately serve the person with a copy of the emergency order. An
2 emergency order expires 60 days after the date it is issued, if the person affected by the order
3 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing
4 within 15 days of receipt of the emergency order, the order becomes permanent. Following a
5 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

6 (c) A party aggrieved by an order under this section may appeal to the superior court.

7 * Sec. 32. AS 05.15.200(b) is amended to read:

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

11 * Sec. 33. AS 05.15.210 is amended by adding new paragraphs to read:

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

15 (36) "permittee" means a municipality or a qualified organization that holds a
16 valid permit under AS 05.15.100;

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

20 (A) a retail establishment;

21 (B) an eating establishment; or

22 (C) an establishment licensed under AS 04.11.

23 * Sec. 34. This Act takes effect immediately under AS 01.10.070(c).

ADD MANAGERIAL & SOLID CHARACTY
IN S 507

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Gaguine
4/16/91

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming
2 permits; prohibiting persons convicted of felonies, crimes of theft or dishonesty, and
3 gambling violations from participating in charitable gaming activities as permittees, licensees,
4 or vendors, or as employees or independent contractors of permittees, licensees, or vendors;
5 and providing for an effective date."

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

7 * **Section 1.** AS 05.15.020(a) is amended to read:

8 (a) A municipality or qualified organization may conduct an activity permitted under this
9 chapter [,] if the municipality or qualified organization pays the appropriate permit fee and
10 receives an annual permit issued by the department. The annual permit fee is

11 (1) \$20 for an applicant that did not hold a permit during the preceding year;

12 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
13 activities conducted under this chapter during the preceding year.

1 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not
2 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

3 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from
4 activities conducted under this chapter during the preceding year or that is one of the applicants
5 for a multiple-beneficiary permit under AS 05.15.100(d).

6 * Sec. 2. AS 05.15.030(a) is amended to read:

7 (a) At the time of filing an application for a permit or license under this chapter the
8 applicant shall notify the city or borough nearest to the location of the proposed activity of the
9 application. A local government unit may protest the conduct of the activity in its jurisdiction
10 by resolution stating the reasons for the protest filed with the department; protests are limited to
11 the lack of qualifications prescribed by this chapter. This resolution is only a recommendation
12 by the local government that may be considered by the commissioner in determining whether to
13 issue or refuse to issue a permit or license. The commissioner may not consider a resolution
14 under this subsection if it is not adopted within 15 days of the date that the city or borough
15 receives notice of the application.

16 * Sec. 3. AS 05.15.060 is amended to read:

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

20 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor
21 registrations:

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

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

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

31 (5) the investigation of permittees, licensees, registered vendors, and their

1 employees, including the fingerprinting of those permittees, licensees, registered vendors, and
2 employees whom the commissioner considers it advisable to fingerprint;

3 (6) the licensing and regulation of pull-tab ticket dispensing machines
4 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
5 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
6 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE
7 PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR
8 DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL
9 GAMBLING LAW];

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

12 (8) the number of activities that may be held, operated, or conducted under a
13 permit during a specified period; however, the department may not allow more than 14 bingo
14 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
15 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
16 number of sessions and games a month equal to the number allowed an individual permittee
17 per month multiplied by the number of holders of the multiple-beneficiary permit;

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

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

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

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

28 * Sec. 4. AS 05.15.070 is amended to read:

29 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may
30 examine or have examined the books and records of a permittee, an operator, a registered
31 vendor, or a person licensed to manufacture or to distribute pull-tab games in the state. The

1 commissioner may issue subpoenas for the attendance of witnesses and the production of books,
2 records, and other documents.

3 * Sec. 5. AS 05.15.100 is amended by adding a new subsection to read:

4 (d) The commissioner may issue a multiple-beneficiary permit to two to six
5 municipalities or qualified organizations or to a combination of two to six municipalities and
6 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
7 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
8 restrictions set out in (b) of this section.

9 * Sec. 6. AS 05.15.112(a) is amended to read:

10 (a) Each municipality or qualified organization that receives a permit under this chapter
11 shall designate a member in charge. Municipalities and qualified organizations that hold a
12 multiple-beneficiary permit shall jointly designate one member in charge.

13 * Sec. 7. AS 05.15.112(b) is amended to read:

14 (b) The member in charge is responsible for preparation, maintenance, and transmittal
15 of all records and reports required of the permittee. The member in charge shall be a member
16 of the qualified organization or the board of directors of the qualified organization or an
17 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
18 charge shall be a member of one of the qualified organizations or the board of directors of
19 one of the qualified organizations or an employee of one of the municipalities.

20 * Sec. 8. AS 05.15.112(d) is amended to read:

21 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
22 permit, shall designate alternate members in charge who are responsible for the duties of the
23 member in charge in the absence of the member in charge.

24 * Sec. 9. AS 05.15.115 is amended by adding a new subsection to read:

25 (e) A contract between a permittee and an operator under this section for the conduct of
26 pull-tab games shall provide that the permittee must receive at least 40 percent of the ideal net
27 for each pull-tab series sold by the operator under the contract.

28 * Sec. 10. AS 05.15.122(b) is amended to read:

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

31 (1) applies on the form provided by the department;

- 1 (2) pays the annual fee of \$500;
- 2 (3) discloses the identity of persons employed by the applicant in any [A
- 3 MANAGERIAL OR SUPERVISORY] capacity;
- 4 (4) submits proof of liability insurance satisfactory to the department; and
- 5 (5) posts a bond or security satisfactory to the department in the amount of
- 6 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

7 * Sec. 11. AS 05.15.122(c) is amended to read:

8 (c) The department may not issue an operator's license to an applicant if the applicant

9 or a person employed by the applicant in any capacity [A MANAGERIAL OR SUPERVISORY

10 CAPACITY,] has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,

11 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or

12 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law.

13 * Sec. 12. AS 05.15.122(d) is amended to read:

14 (d) A licensee may not employ a person in any [A MANAGERIAL OR

15 SUPERVISORY] capacity if the person has been convicted of a crime described in (c) of this

16 section [, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING

17 FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR

18 OF A VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

19 * Sec. 13. AS 05.15.124 is amended to read:

20 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may

21 by ordinance prohibit an operator or a vendor from conducting activities under this chapter

22 within the municipality.

23 * Sec. 14. AS 05.15.128(a) is amended to read:

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

25 (1) report an adjusted gross income of at least 15 percent of gross income for two

26 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL

27 OPERATION OF] the operator; or

28 (2) pay to each authorizing permittee for two consecutive quarters

29 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED

30 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of

31 the authorizing permittee other than pull-tab games; and

1 (B) at least 40 percent of the ideal net received from pull-tab games
2 conducted on behalf of the authorizing permittee.

3 * Sec. 15. AS 05.15.140(b) is amended to read:

4 (b) In an application for a permit, a municipality or qualified organization shall disclose
5 the name and address of each person responsible for the operation of the activity, including a
6 member, an employee, and an independent contractor, and whether any person named

7 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
8 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
9 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

12 * Sec. 16. AS 05.15.140(c) is amended to read:

13 (c) The commissioner may not issue a permit for an activity operated by a person who
14 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
15 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
16 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
17 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

18 * Sec. 17. AS 05.15.140 is amended by adding a new subsection to read:

19 (e) A permittee may not give any responsibility for an activity under this chapter to a
20 member, employee, or independent contractor who has been convicted of a crime described in
21 (b)(1) of this section.

22 * Sec. 18. AS 05.15 is amended by adding a new section to read:

23 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
24 or qualified organizations, or a combination of two to six municipalities and qualified
25 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
26 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
27 applicant is a municipality or qualified organization, the activity may be permitted under this
28 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
29 request of the commissioner, the joint applicants shall prove conclusively each of these
30 requirements before a permit may be issued or renewed.

31 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and

1 applications for them.

2 (c) A municipality or qualified organization that is among the holders of a multiple-
3 beneficiary permit may not hold another permit under this chapter.

4 (d) A municipality or qualified organization that is among the holders of a multiple-
5 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
6 to the department and to the other holders of the permit. The effective date of the withdrawal
7 is 30 days after the department receives written notice of intent. A municipality or qualified
8 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
9 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary
10 permit and the prizes it awards under its own permit are subject to the maximums established in
11 AS 05.15.180(g).

12 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
13 department that comply with the reporting requirements imposed on operators under
14 AS 05.15.083.

15 * Sec. 19. AS 05.15.160(a) is amended to read:

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

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

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

22 (A) an employee of the permittee; or

23 (B) an operator hired by the permittee to conduct the activity [IF THE
24 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

25 * Sec. 20. AS 05.15.170 is repealed and reenacted to read:

26 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
27 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,
28 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
29 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

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

3 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
4 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
5 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
6 manager of the permittee, licensee, or vendor is convicted; or

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

10 (b) If the department revokes a license or vendor registration under this section, it may
11 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
12 of not more than five years. If the department revokes a permit under this section, it may
13 prohibit the permittee from reapplying for a permit for a period of not more than one year.

14 * Sec. 21. AS 05.15.180(d) is amended to read:

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

18 * Sec. 22. AS 05.15.180(e) is amended to read:

19 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
20 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
21 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
22 a year.

23 * Sec. 23. AS 05.15.180(g) is amended to read:

24 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
25 [\$1,000,000] in prizes each calendar year in activities authorized under this chapter; however,
26 if a municipality or a qualified organization contracts with an operator to conduct on its behalf
27 activities authorized under this chapter, the municipality or qualified organization may award a
28 maximum of \$500,000 in prizes each calendar year. The holders of a multiple-beneficiary
29 permit under AS 05.15.100(d) may award a maximum in prizes each calendar year of
30 \$1,500,000 times the number of holders of the permit for activities authorized under this
31 chapter. In this subsection "activities authorized under this chapter" means all activities subject

1 to this chapter other than bingo.

2 * Sec. 24. AS 05.15.180 is amended by adding new subsections to read:

3 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
4 owner, manager or employee of the operator, may not contest for the prizes awarded in that
5 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
6 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

7 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
8 \$1.

9 * Sec. 25. AS 05.15.183 is amended by adding new subsections to read:

10 (e) A distributor may not

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

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

13 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

14 (f) The department may not issue a license under this section to an applicant if the
15 applicant or a person employed by the applicant has been convicted of a felony, a crime
16 involving theft or dishonesty, or a violation of a municipal, state, or federal gambling law. A
17 licensee under this section may not employ in any capacity, or enter into a contract for personal
18 services with, a person who has been convicted of a crime described in this subsection.

19 * Sec. 26. AS 05.15.184 is amended to read:

20 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
21 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
22 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
23 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
24 department the tax collected in the preceding month at the time that the report under
25 AS 05.15.183(d) is filed with the department.

26 * Sec. 27. AS 05.15.185 is amended to read:

27 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
28 distributed in the state must be sealed and have a serial number label issued by the National
29 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
30 department and may be distributed only to

31 (1) a municipality or a qualified organization that has obtained a permit issued

1 under this chapter;

2 (2) (OR TO) an operator on behalf of an authorizing permittee; or

3 (3) a vendor registered under this chapter when

4 (A) a permittee or operator has received payment from the vendor in
5 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
6 authorized the distributor to distribute the series to the vendor; and

7 (B) the permittee or operator has paid to the distributor the pull-tab
8 tax under AS 05.15.184.

9 * Sec. 28. AS 05.15.187(f) is amended to read:

10 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
11 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
12 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
13 maintain records for two years of each prize of \$50 or more, the first day and last day that each
14 series was distributed, the serial number of each series, and the distributor from whom each series
15 was purchased. In this section "permittee" includes municipalities and qualified
16 organizations that jointly hold a multiple-beneficiary permit.

17 * Sec. 29. AS 05.15.187 is amended by adding new subsections to read:

18 (h) An owner, manager, or employee of a person holding a permit or license under this
19 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from a pull-tab
20 series manufactured, distributed, or sold by the permittee, licensee, or registered vendor.

21 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
22 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
23 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
24 entitling the person to the prize may be signed as the receipt.

25 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
26 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
27 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present
28 at the sale location.

29 (k) A permittee, operator, or registered vendor may sell pull-tabs through a pull-tab ticket
30 dispensing machine.

31 * Sec. 30. AS 05.15 is amended by adding a new section to article 2 to read:

1 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
2 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
3 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
4 first registers the vendor with the department by applying for registration on a form prescribed
5 by the department and by submitting the registration fee of \$50 for each location at which the
6 vendor will sell pull-tabs.

7 (b) The department shall approve or disapprove an initial vendor registration request
8 within 30 working days of receipt of the registration form from a permittee or operator.

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

12 (d) The endorsement issued under (c) of this section is an extension of the permittee's
13 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
14 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
15 new vendor location has been posted by the permittee or operator in the registered vendor
16 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

25 (f) At the time that a permittee or operator annually renews its permit or license, it shall
26 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
27 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

1 vendor and the license of the operator or the permit of the permittee.

2 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-
3 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
4 by that vendor on behalf of the permittee or operator.

5 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
6 contract must provide that the permittee or operator shall receive no less than 70 percent of the
7 ideal net.

8 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
9 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
10 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
11 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
12 directly into the gaming checking account of the permittee or operator.

13 (k) All money paid to a registered vendor under this section by a permittee or operator
14 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
15 identified.

16 (l) The department may not issue a vendor registration for a person who has been
17 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
18 or federal gambling law, or who employs in any capacity ^{INVOLVING GAMING ACTIVITY} a person who has been convicted of
19 a crime described in this subsection.

20 (m) A registered vendor may not employ a person in any capacity ^{INVOLVING GAMING ACTIVITY} if the person has been
21 convicted of a crime described in (l) of this section.

22 * Sec. 31. AS 05.15 is amended by adding a new section to read:

23 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)
24 If the commissioner determines that a person has engaged in an act or practice in violation of this
25 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
26 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
27 violation by the person. The order remains in effect until the person has submitted evidence
28 acceptable to the commissioner showing that the violation has been corrected.

29 (b) If the public interest requires, the commissioner may issue an emergency order
30 prohibiting an act or practice in violation of this chapter or a regulation adopted under this
31 chapter without notice to or an opportunity to be heard by the person affected by the order. The

1 commissioner shall immediately serve the person with a copy of the emergency order. An
2 emergency order expires 60 days after the date it is issued, if the person affected by the order
3 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing
4 within 15 days of receipt of the emergency order, the order becomes permanent. Following a
5 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

6 (c) A party aggrieved by an order under this section may appeal to the superior court.

7 * Sec. 32. AS 05.15.200(b) is amended to read:

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

11 * Sec. 33. AS 05.15.210 is amended by adding new paragraphs to read:

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

15 (36) "permittee" means a municipality or a qualified organization that holds a
16 valid permit under AS 05.15.100;

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

20 (A) a retail establishment;

21 (B) an eating establishment; or

22 (C) an establishment licensed under AS 04.11.

23 * Sec. 34. This Act takes effect immediately under AS 01.10.070(c).

7-LS0013G

Gaguine

4/15/91

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; providing for multiple-beneficiary charitable gaming
2 permits; and providing for an effective date."

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

4 * Section 1. AS 05.15.020(a) is amended to read:

5 (a) A municipality or qualified organization may conduct an activity permitted under this
6 chapter [,] if the municipality or qualified organization pays the appropriate permit fee and
7 receives an annual permit issued by the department. The annual permit fee is

8 (1) \$20 for an applicant that did not hold a permit during the preceding year;

9 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
10 activities conducted under this chapter during the preceding year;

11 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not
12 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

13 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from
14 activities conducted under this chapter during the preceding year or that is one of the applicants

1 for a multiple-beneficiary permit under AS 05.15.100(d).

2 * Sec. 2. AS 05.15.030(a) is amended to read:

3 (a) At the time of filing an application for a permit or license under this chapter the
4 applicant shall notify the city or borough nearest to the location of the proposed activity of the
5 application. A local government unit may protest the conduct of the activity in its jurisdiction
6 by resolution stating the reasons for the protest filed with the department; protests are limited to
7 the lack of qualifications prescribed by this chapter. This resolution is only a recommendation
8 by the local government that may be considered by the commissioner in determining whether to
9 issue or refuse to issue a permit or license. The commissioner may not consider a resolution
10 under this subsection if it is not adopted within 15 days of the date that the city or borough
11 receives notice of the application.

12 * Sec. 3. AS 05.15.060 is amended to read:

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

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

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

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

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

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

30 (6) the licensing and regulation of pull-tab ticket dispensing machines
31 authorized by AS 05.15.187(k) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,

1 municipalities or qualified organizations or to a combination of two to six municipalities and
 2 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
 3 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
 4 restrictions set out in (b) of this section.

5 * Sec. 6. AS 05.15.112(a) is amended to read:

6 (a) Each municipality or qualified organization that receives a permit under this chapter
 7 shall designate a member in charge. Municipalities and qualified organizations that hold a
 8 multiple-beneficiary permit shall jointly designate one member in charge.

9 * Sec. 7. AS 05.15.112(b) is amended to read:

10 (b) The member in charge is responsible for preparation, maintenance, and transmittal
 11 of all records and reports required of the permittee. The member in charge shall be a member
 12 of the qualified organization or the board of directors of the qualified organization or an
 13 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
 14 charge shall be a member of one of the qualified organizations or the board of directors of
 15 one of the qualified organizations or an employee of one of the municipalities.

16 * Sec. 8. AS 05.15.112(d) is amended to read:

17 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
 18 permit, shall designate alternate members in charge who are responsible for the duties of the
 19 member in charge in the absence of the member in charge.

20 * Sec. 9. AS 05.15.115 is amended by adding a new subsection to read:

21 (e) A contract between a permittee and an operator under this section for the conduct of
 22 pull-tab games shall provide that the permittee must receive at least 40 percent of the ideal net
 23 for each pull-tab series sold by the operator under the contract.

24 * Sec. 10. AS 05.15.122(c) is amended to read:

25 (c) The department may not issue an operator's license to an applicant if the applicant
 26 or a person employed by the applicant [in a managerial or supervisory capacity] has been
 27 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE
 28 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or
 29 [OF] a violation of a municipal, state, or federal gambling law.

30 * Sec. 11. AS 05.15.122(d) is amended to read:

31 (d) A licensee may not employ a person [in a managerial or supervisory capacity] if the

1 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR
2 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED
3 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
4 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

5 * Sec. 12. AS 05.15.128(a) is amended to read:

6 (a) The department shall revoke the license of an operator who does not
7 (1) report an adjusted gross income of at least 15 percent of gross income for two
8 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL
9 OPERATION OF] the operator; or

10 (2) pay to each authorizing permittee for two consecutive quarters

11 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED
12 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of
13 the authorizing permittee other than pull-tab games; and

14 (B) at least 40 percent of the ideal net received from pull-tab games
15 conducted on behalf of the authorizing permittee.

16 * Sec. 13. AS 05.15.140(b) is amended to read:

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

20 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
21 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
22 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

25 * Sec. 14. AS 05.15.140(c) is amended to read:

26 (c) The commissioner may not issue a permit for an activity operated by a person who
27 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
28 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
29 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
30 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

31 * Sec. 15. AS 05.15 is amended by adding a new section to read:

1 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
 2 or qualified organizations, or a combination of two to six municipalities and qualified
 3 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
 4 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
 5 applicant is a municipality or qualified organization, the activity may be permitted under this
 6 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
 7 request of the commissioner, the joint applicants shall prove conclusively each of these
 8 requirements before a permit may be issued or renewed.

9 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and
 10 applications for them.

11 (c) A municipality or qualified organization that is among the holders of a multiple-
 12 beneficiary permit may not hold another permit under this chapter.

13 (d) A municipality or qualified organization that is among the holders of a multiple-
 14 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
 15 to the department and to the other holders of the permit. The effective date of the withdrawal
 16 is 30 days after the department receives written notice of intent. A municipality or qualified
 17 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
 18 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary
 19 permit and the prizes it awards under its own permit are subject to the maximums established in
 20 AS 05.15.180(g).

21 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
 22 department that comply with the reporting requirements imposed on operators under
 23 AS 05.15.083.

24 * Sec. 16. AS 05.15.160(a) is amended to read:

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

- 28 (1) goods, wares, and merchandise necessary for the operation of the activity;
- 29 (2) personal services involved with the operation of the activity, including those
- 30 performed by

31 (A) an employee of the permittee; or

1 (B) an operator hired by the permittee to conduct the activity [IF THE
2 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

3 * Sec. 17. AS 05.15.170 is repealed and reenacted to read:

4 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
5 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,
6 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
7 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

10 (2) breaches a contractual agreement with a permittee, licensee, or registered
11 vendor;

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

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

19 (b) If the department revokes a license or vendor registration under this section, it may
20 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
21 of not more than five years. If the department revokes a permit under this section, it may
22 prohibit the permittee from reapplying for a permit for a period of not more than one year.

23 * Sec. 18. AS 05.15.180(d) is amended to read:

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

27 * Sec. 19. AS 05.15.180(e) is amended to read:

28 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
29 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
30 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
31 a year.

1 * Sec. 20. AS 05.15.180(g) is amended to read:

2 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
3 [\$1,000,000] in prizes each calendar year in activities authorized under this chapter; however,
4 if a municipality or a qualified organization contracts with an operator to conduct on its behalf
5 activities authorized under this chapter, the municipality or qualified organization may award a
6 maximum of \$500,000 in prizes each calendar year. The holders of a multiple-beneficiary
7 permit under AS 05.15.100(d) may award a maximum in prizes each calendar year of
8 \$1,500,000 times the number of holders of the permit for activities authorized under this
9 chapter. In this subsection "activities authorized under this chapter" means all activities subject
10 to this chapter other than bingo.

11 * Sec. 21. AS 05.15.180 is amended by adding new subsections to read:

12 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
13 owner, manager or employee of the operator, may not contest for the prizes awarded in that
14 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
15 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

16 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
17 \$1.

18 * Sec. 22. AS 05.15.183 is amended by adding a new subsection to read:

19 (e) A distributor may not

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

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

22 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

23 * Sec. 23. AS 05.15.184 is amended to read:

24 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
25 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
26 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
27 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
28 department the tax collected in the preceding month at the time that the report under
29 AS 05.15.183(d) is filed with the department.

30 * Sec. 24. AS 05.15.185 is amended to read:

31 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs

1 distributed in the state must be sealed and have a serial number label issued by the National
 2 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
 3 department and may be distributed only to

4 (1) a municipality or a qualified organization that has obtained a permit issued
 5 under this chapter;

6 (2) [OR TO] an operator on behalf of an authorizing permittee; or

7 (3) a vendor registered under this chapter when

8 (A) a permittee or operator has received payment from the vendor in
 9 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
 10 authorized the distributor to distribute the series to the vendor; and

11 (B) the permittee or operator has paid to the distributor the pull-tab
 12 tax under AS 05.15.184.

13 * Sec. 25. AS 05.15.187(f) is amended 1:

14 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
 15 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
 16 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
 17 maintain records for two years of each prize of \$50 or more, the first day and last day that each
 18 series was distributed, the serial number of each series, and the distributor from whom each series
 19 was purchased. In this section "permittee" includes municipalities and qualified
 20 organizations that jointly hold a multiple-beneficiary permit.

21 * Sec. 26. AS 05.15.187 is amended by adding new subsections to read:

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

25 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
 26 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
 27 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
 28 entitling the person to the prize may be signed as the receipt.

29 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
 30 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
 31 Full-tab sales may be made only when the person purchasing the pull-tab is physically present

1 at the sale location.

2 (k) A permittee, operator, or registered vendor may sell pull-tabs through a pull-tab ticket
3 dispensing machine.

4 * Sec. 27. AS 05.15 is amended by adding a new section to article 2 to read:

5 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
6 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
7 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
8 first registers the vendor with the department by applying for registration on a form prescribed
9 by the department and by submitting the registration fee of \$50 for each location at which the
10 vendor will sell pull-tabs.

11 (b) The department shall approve or disapprove an initial vendor registration request
12 within 30 working days of receipt of the registration form from a permittee or operator.

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

16 (d) The endorsement issued under (c) of this section is an extension of the permittee's
17 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
18 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
19 new vendor location has been posted by the permittee or operator in the registered vendor
20 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

29 (f) At the time that a permittee or operator annually renews its permit or license, it shall
30 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
31 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

6 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-
7 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
8 by that vendor on behalf of the permittee or operator.

9 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
10 contract must provide that the permittee or operator shall receive no less than 70 percent of the
11 ideal net.

12 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
13 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
14 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
15 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
16 directly into the gaming checking account of the permittee or operator.

17 (k) All money paid to a registered vendor under this section by a permittee or operator
18 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
19 identified.

20 (l) The department may not issue a vendor registration for a person who has been
21 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
22 or federal gambling law, or who employs in a managerial or supervisory capacity a person who
23 has been convicted of a crime described in this subsection.

24 (m) A registered vendor may not employ a person in a managerial or supervisory
25 capacity if the person has been convicted of a crime described in (l) of this section.

26 * Sec. 28. AS 05.15 is amended by adding a new section to read:

27 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)
28 If the commissioner determines that a person has engaged in an act or practice in violation of this
29 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
30 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
31 violation by the person. The order remains in effect until the person has submitted evidence

1 acceptable to the commissioner showing that the violation has been corrected.

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

10 (c) A party aggrieved by an order under this section may appeal to the superior court.

11 * Sec. 29. AS 05.15.200(b) is amended to read:

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

15 * Sec. 30. AS 05.15.210 is amended by adding new paragraphs to read:

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

19 (36) "managerial or supervisory capacity" means that the employee

20 (A) is responsible for gaming receipts;

21 (B) has the authority to hire employees or to dismiss or otherwise
22 discipline them;

23 (C) prepares financial reports required under this chapter;

24 (D) is responsible for keeping the accounts for activities under this
25 chapter; or

26 (E) is responsible for conducting activities under this chapter, including
27 the arranging for locations at which those activities will occur.

28 (37) "permittee" means a municipality or a qualified organization that holds a
29 valid permit under AS 05.15.100;

30 (38) "vendor" means a business whose primary activity is not regulated by this
31 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a

- 1 business license under AS 43.70, and is
- 2 (A) a retail establishment;
- 3 (B) an eating establishment; or
- 4 (C) an establishment licensed under AS 04.11.
- 5 * Sec. 31. This Act takes effect immediately under AS 01.10.070(c).

7-LS0013G ✓
Gaguine
4/11/91

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; and providing for an effective date."

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

3 * Section 1. AS 05.15.060 is amended to read:

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

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

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

13 (3) the immediate revocation of permits, [AND] licenses, and vendor
14 registrations authorized under this chapter if this chapter or regulations adopted under it are

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

14 (7) [(8)] the number of activities that may be held, operated, or conducted under
15 a permit during a specified period; however, the department may not allow more than 14 bingo
16 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
17 a multiple-beneficiary permit under AS 05.15.160(d) may hold, operate, or conduct the
18 number of sessions and games a month equal to the number allowed an individual permittee
19 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,
23 municipality, or qualified organization that possesses an operator's license, or a registered
24 vendor at the time a permit, [OR] a license, or a vendor registration is surrendered, revoked,
25 or invalidated;

26 (10) [(11)] restrictions on the participation by employees of the Department of
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this
29 chapter or protect the best interest of the public.

30 * Sec. 2. AS 05.15.070 is amended to read:

31 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may

1 or a person employed by the applicant, in a managerial or supervisory capacity, has been
2 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE
3 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or
4 [OF] a violation of a municipal, state, or federal gambling law.

5 * Sec. 9. AS 05.15.122(d) is amended to read:

6 (d) A licensee may not employ a person in a managerial or supervisory capacity if the
7 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR
8 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED
9 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
10 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

11 * Sec. 10. AS 05.15.128(a) is amended to read:

12 (a) The department shall revoke the license of an operator who does not
13 (1) report an adjusted gross income of at least 15 percent of gross income for two
14 consecutive quarters for each type of activity conducted by [BASED ON THE TOTAL
15 OPERATION OF] the operator; or
16 (2) pay to each authorizing permittee for two consecutive quarters
17 (A) at least 15 percent of the adjusted gross income [, AS DETERMINED
18 UNDER (1) OF THIS SUBSECTION,] received from activities conducted on behalf of
19 the authorizing permittee other than pull-tab games; and
20 (B) at least 30 percent of the adjusted gross income received from
21 pull-tab games conducted on behalf of the authorizing permittee.

22 * Sec. 11. AS 05.15.140(b) is amended to read:

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

26 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
27 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
28 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

31 * Sec. 12. AS 05.15.140(c) is amended to read:

1 (c) The commissioner may not issue a permit for an activity operated by a person who
2 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
3 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
4 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
5 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

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

7 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
8 or qualified organizations, or a combination of two to six municipalities and qualified
9 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
10 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
11 applicant is a municipality or qualified organization, the activity may be permitted under this
12 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
13 request of the commissioner, the joint applicants shall prove conclusively each of these
14 requirements before a permit may be issued or renewed.

15 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and
16 applications for them.

17 (c) A municipality or qualified organization that is among the holders of a multiple-
18 beneficiary permit may not hold another permit under this chapter.

19 (d) A municipality or qualified organization that is among the holders of a multiple-
20 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
21 to the department and to the other holders of the permit. The effective date of the withdrawal
22 is 30 days after the department receives written notice of intent. A municipality or qualified
23 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
24 AS 05.15.100(a), but its share of the prizes awarded under the multiple-beneficiary permit and
25 the prizes it awards under its own permit are subject to the maximums established in
26 AS 05.15.180(g).

27 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
28 department that comply with the reporting requirements imposed on operators under
29 AS 05.15.083.

30 * **Sec. 14.** AS 05.15.160(a) is amended to read:

31 (a) The only expenses that may be incurred or paid in connection with the operation of

1 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
2 for

- 3 (1) goods, wares, and merchandise necessary for the operation of the activity;
4 (2) personal services involved with the operation of the activity, including those
5 performed by

6 (A) an employee of the permittee; or

7 (B) an operator hired by the permittee to conduct the activity [IF THE
8 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

9 * Sec. 15. AS 05.15.170 is repealed and reenacted to read:

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

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

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

18 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
19 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
20 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
21 manager of the permittee, licensee, or vendor is convicted; or

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

25 (b) If the department revokes a license or vendor registration under this section, it may
26 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
27 of not more than five years. If the department revokes a permit under this section, it may
28 prohibit the permittee from reapplying for a permit for a period of not more than one year.

29 * Sec. 16. AS 05.15.180(d) is amended to read:

30 (d) The total value of door prizes offered or awarded under authority of a permit issued
31 to a municipality or qualified organization under this chapter or under authority of a multiple-

1 beneficiary permit may not exceed \$20,000 a month or \$240,000 a year.

2 * Sec. 17. AS 05.15.180(e) is amended to read:

3 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
4 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
5 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
6 a year.

7 * Sec. 17. AS 05.15.180(g) is amended to read:

8 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
9 [\$1,000,000] in prizes each year in activities authorized under this chapter; however, if a
10 municipality or a qualified organization contracts with an operator to conduct on its behalf
11 activities authorized under this chapter, the municipality or qualified organization may award a
12 maximum of \$500,000 in prizes each year. The holders of a multiple-beneficiary permit
13 under AS 05.15.100(d) may award a maximum in prizes each year of \$1,500,000 times the
14 number of holders of the permit for activities authorized under this chapter. In this
15 subsection "activities authorized under this chapter" means all activities subject to this chapter
16 other than bingo.

17 * Sec. 19. AS 05.15.180 is amended by adding new subsections to read:

18 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
19 owner, manager or employee of the operator, may not contest for the prizes awarded in that
20 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
21 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

22 (i) Each bingo card, or other single opportunity to participate in a bingo game, shall cost
23 \$1.

24 * Sec. 20. AS 05.15.183 is amended by adding a new subsection to read:

25 (e) A distributor may not

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

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

28 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

29 * Sec. 21. AS 05.15.184 is amended to read:

30 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
31 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs

1 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
2 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
3 department the tax collected in the preceding month at the time that the report under
4 AS 05.15.183(d) is filed with the department.

5 * Sec. 22. AS 05.15.185 is amended to read:

6 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
7 distributed in the state must be sealed and have a serial number label issued by the National
8 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
9 department and may be distributed only to

10 (1) a municipality or a qualified organization that has obtained a permit issued
11 under this chapter;

12 (2) [OR TO] an operator on behalf of an authorizing permittee; or

13 (3) a vendor registered under this chapter when

14 (A) a permittee or operator has received payment from the vendor in
15 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
16 authorized the distributor to distribute the series to the vendor; and

17 (B) the permittee or operator has paid to the distributor the pull-tab
18 tax under AS 05.15.184.

19 * Sec. 23. AS 05.15.187(f) is amended to read:

20 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
21 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
22 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
23 maintain records for two years of each prize of \$50 or more, the first day and last day that each
24 series was distributed, the serial number of each series, and the distributor from whom each series
25 was purchased. In this section "permittee" includes municipalities and qualified
26 organizations that jointly hold a multiple-beneficiary permit.

27 * Sec. 24. AS 05.15.187 is amended by adding new subsections to read:

28 (h) An owner, manager, or employee of a person holding a permit or license under this
29 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from a pull-tab
30 series manufactured, distributed, or sold by the permittee, licensee, or registered vendor.

31 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more

1 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
2 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
3 entitling the person to the prize may be signed as the receipt.

4 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
5 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
6 Pull-tab sales may be made in person only.

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

8 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
9 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
10 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
11 first registers the vendor with the department by applying for registration on a form prescribed
12 by the department and by submitting the registration fee of \$50 for each location at which the
13 vendor will sell pull-tabs.

14 (b) The department shall approve or disapprove an initial vendor registration request
15 within 15 working days of receipt of the registration form from a permittee or operator.

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

19 (d) The endorsement issued under (c) of this section is an extension of the permittee's
20 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
21 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
22 new vendor location has been posted by the permittee or operator in the registered vendor
23 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

1 (f) At the time that a permittee or operator annually renews its permit or license, it shall
2 also renew the registration of all locations where a vendor is selling pull-tabs on the permittee's
3 or operator's behalf and shall pay a registration fee of \$50 for each vendor location.

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

9 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-
10 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
11 by that vendor on behalf of the permittee or operator.

12 (i) If a permittee or operator contracts with a vendor under (a) of this section, the
13 contract must provide that the permittee or operator shall receive no less than 65 percent of the
14 ideal net.

15 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
16 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
17 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
18 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
19 directly into the gaming checking account of the permittee or operator.

20 (k) All money paid to a registered vendor under this section by a permittee or operator
21 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
22 identified.

23 (l) The department may not issue a vendor registration for a person who has been
24 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
25 or federal gambling law, or who employs in a managerial or supervisory capacity a person who
26 has been convicted of a crime described in this subsection.

27 (m) A registered vendor may not employ a person in a managerial or supervisory
28 capacity if the person has been convicted of a crime described in (l) of this section.

29 * Sec. 26. AS 05.15 is amended by adding a new section to read:

30 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)

31 If the commissioner determines that a person has engaged in an act or practice in violation of this

1 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
 2 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
 3 violation by the person. The order remains in effect until the person has submitted evidence
 4 acceptable to the commissioner showing that the violation has been corrected.

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

13 (c) A party aggrieved by an order under this section may appeal to the superior court.

14 * Sec. 27. AS 05.15.200(b) is amended to read:

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

18 * Sec. 28. AS 05.15.210 is amended by adding new paragraphs to read:

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

22 (36) "permittee" means a municipality or a qualified organization that holds a
 23 valid permit under AS 05.15.100;

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

27 (A) a retail establishment;

28 (B) an eating establishment; or

29 (C) an establishment licensed under AS 04.11.

30 * Sec. 29. This Act takes effect immediately under AS 01.10.070(c).

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; and providing for an effective date."

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

3 * Section 1. AS 05.15.060 is amended to read:

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

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

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

13 (3) the immediate revocation of permits, [AND] licenses, and vendor
14 registrations authorized under this chapter if this chapter or regulations adopted under it are

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

14 (7) [(8)] the number of activities that may be held, operated, or conducted under
15 a permit during a specified period; however, the department may not allow more than 14 bingo
16 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
17 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
18 number of sessions and games a month equal to the number allowed an individual permittee
19 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,
23 municipality, or qualified organization that possesses an operator's license, or a registered
24 vendor at the time a permit, [OR] a license, or a vendor registration is surrendered, revoked,
25 or invalidated;

26 (10) [(11)] restrictions on the participation by employees of the Department of
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this
29 chapter or protect the best interest of the public.

30 * Sec. 2. AS 05.15.070 is amended to read:

31 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may

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

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

6 (d) The commissioner may issue a multiple-beneficiary permit to two to six
7 municipalities or qualified organizations or to a combination of two to six municipalities and
8 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
9 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
10 restrictions set out in (b) of this section.

11 * Sec. 4. AS 05.15.112(a) is amended to read:

12 (a) Each municipality or qualified organization that receives a permit under this chapter
13 shall designate a member in charge. Municipalities and qualified organizations that hold a
14 multiple-beneficiary permit shall jointly designate one member in charge.

15 * Sec. 5. AS 05.15.112(b) is amended to read:

16 (b) The member in charge is responsible for preparation, maintenance, and transmittal
17 of all records and reports required of the permittee. The member in charge shall be a member
18 of the qualified organization or the board of directors of the qualified organization or an
19 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
20 charge shall be a member of one of the qualified organizations or the board of directors of
21 one of the qualified organizations or an employee of one of the municipalities.

22 * Sec. 6. AS 05.15.112(d) is amended to read:

23 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
24 permit, shall designate alternate members in charge who are responsible for the duties of the
25 member in charge in the absence of the member in charge.

26 * Sec. 7. AS 05.15.115 is amended by adding a new subsection to read:

27 (e) A contract between a permittee and an operator under this section for the conduct of
28 pull-tab games shall provide that the permittee must receive at least 30 percent of the ideal net
29 for each pull-tab series sold by the operator under the contract.

30 * Sec. 8. AS 05.15.122(c) is amended to read:

31 (c) The department may not issue an operator's license to an applicant if the applicant

1 or a person employed by the applicant, in a managerial or supervisory capacity, has been
2 convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony, [WITHIN THE
3 PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or dishonesty, or
4 [OF] a violation of a municipal, state, or federal gambling law.

5 * Sec. 9. AS 05.15.122(d) is amended to read:

6 (d) A licensee may not employ a person in a managerial or supervisory capacity if the
7 person has been convicted of a crime described in (c) of this section [, IN PRISON FOR, OR
8 ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED
9 OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
10 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

11 * Sec. 10. AS 05.15.140(b) is amended to read:

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

15 (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a felony,
16 [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving theft or
17 dishonesty, or [OF] a violation of a municipal, state, or federal gambling law; or

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

20 * Sec. 11. AS 05.15.140(c) is amended to read:

21 (c) The commissioner may not issue a permit for an activity operated by a person who
22 has been convicted of a crime described in (b)(1) of this section [, IN PRISON FOR, OR ON
23 PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF
24 A CRIME INVOLVING THEFT OR DISHONESTY OR OF A VIOLATION OF A
25 MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW].

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

27 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
28 or qualified organizations, or a combination of two to six municipalities and qualified
29 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
30 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
31 applicant is a municipality or qualified organization, the activity may be permitted under this

1 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
2 request of the commissioner, the joint applicants shall prove conclusively each of these
3 requirements before a permit may be issued or renewed.

4 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and
5 applications for them.

6 (c) A municipality or qualified organization that is among the holders of a multiple-
7 beneficiary permit may not hold another permit under this chapter.

8 (d) A municipality or qualified organization that is among the holders of a multiple-
9 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
10 to the department and to the other holders of the permit. The effective date of the withdrawal
11 is 30 days after the department receives written notice of intent. A municipality or qualified
12 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
13 AS 05.15.100(a), but its share of the prizes awarded under the multiple-beneficiary permit and
14 the prizes it awards under its own permit are subject to the maximums established in
15 AS 05.15.180(g).

16 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
17 department that comply with the reporting requirements imposed on operators under
18 AS 05.15.083.

19 * Sec. 13. AS 05.15.100(a) is amended to read:

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

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

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

26 (A) an employee of the permittee; or

27 (B) an operator hired by the permittee to conduct the activity [IF THE
28 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

29 * Sec. 14. AS 05.15.170 is repealed and reenacted to read:

30 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
31 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,

1 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
2 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

5 (2) breaches a contractual agreement with a permittee, licensee, or registered
6 vendor;

7 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
8 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
9 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
10 manager of the permittee, licensee, or vendor is convicted; or

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

14 (b) If the department revokes a license or vendor registration under this section, it may
15 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
16 of not more than five years. If the department revokes a permit under this section, it may
17 prohibit the permittee from reapplying for a permit for a period of not more than one year.

18 * Sec. 15. AS 05.15.180(d) is amended to read:

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

22 * Sec. 16. AS 05.15.180(e) is amended to read:

23 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
24 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
25 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
26 a year.

27 * Sec. 17. AS 05.15.180(g) is amended to read:

28 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
29 [\$1,000,000] in prizes each year in activities authorized under this chapter; however, if a
30 municipality or a qualified organization contracts with an operator to conduct on its behalf
31 activities authorized under this chapter, the municipality or qualified organization may award a

1 maximum of \$500,000 in prizes each year. The holders of a multiple-beneficiary permit
 2 under AS 05.15.100(d) may award a maximum in prizes each year of \$1,500,000 times the
 3 number of holders of the permit for activities authorized under this chapter. In this
 4 subsection "activities authorized under this chapter" means all activities subject to this chapter
 5 other than bingo.

6 * Sec. 18. AS 05.15.180 is amended by adding a new subsection to read:

7 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
 8 owner, manager or employee of the operator, may not contest for the prizes awarded in that
 9 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
 10 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

11 * Sec. 19. AS 05.15.183 is amended by adding a new subsection to read:

12 (e) A distributor may not
 13 (1) take an order for the purchase of a pull-tab series from a vendor;
 14 (2) sell a pull-tab series to a vendor; or
 15 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

16 * Sec. 20. AS 05.15.184 is amended to read:

17 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
 18 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
 19 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
 20 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
 21 department the tax collected in the preceding month at the time that the report under
 22 AS 05.15.183(d) is filed with the department.

23 * Sec. 21. AS 05.15.185 is amended to read:

24 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
 25 distributed in the state must be sealed and have a serial number label issued by the National
 26 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
 27 department and may be distributed only to

28 (1) a municipality or a qualified organization that has obtained a permit issued
 29 under this chapter;
 30 (2) [OR TO] an operator on behalf of an authorizing permittee; or
 31 (3) a vendor registered under this chapter when

1 (A) a permittee or operator has received payment from the vendor in
2 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
3 authorized the distributor to distribute the series to the vendor; and

4 (B) the permittee or operator has paid to the distributor the pull-tab
5 tax under AS 05.15.184.

6 * Sec. 22. AS 05.15.187(f) is amended to read:

7 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
8 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
9 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
10 maintain records for two years of each prize of \$50 or more, the first day and last day that each
11 series was distributed, the serial number of each series, and the distributor from whom each series
12 was purchased. In this section "permittee" includes municipalities and qualified
13 organizations that jointly hold a multiple-beneficiary permit.

14 * Sec. 23. AS 05.15.187 is amended by adding new subsections to read:

15 (h) An owner, manager, or employee of a person holding a permit or license under this
16 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from a pull-tab
17 series manufactured, distributed, or sold by the permittee, licensee, or registered vendor.

18 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
19 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
20 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
21 entitling the person to the prize may be signed as the receipt.

22 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
23 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
24 Pull-tab sales may be made in person only.

25 * Sec. 24. AS 05.15 is amended by adding a new section to article 2 to read:

26 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
27 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract
28 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
29 first registers the vendor with the department by applying for registration on a form prescribed
30 by the department and by submitting the registration fee of \$50 for each location at which the
31 vendor will sell pull-tabs.

1 (b) The department shall approve or disapprove an initial vendor registration request
2 within 15 working days of receipt of the registration form from a permittee or operator.

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

6 (d) The endorsement issued under (c) of this section is an extension of the permittee's
7 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
8 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
9 new vendor location has been posted by the permittee or operator in the registered vendor
10 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

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

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

27 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-
28 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
29 by that vendor on behalf of the permittee or operator.

30 (i) If a ^{OR OPERATOR} permittee ^{OR OPERATOR} contracts with a vendor under (a) of this section, the contract must
31 provide that the permittee shall receive no less than 65 percent of the ideal net.

1 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
2 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
3 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
4 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
5 directly into the gaming checking account of the permittee or operator.

6 (k) All money paid to a registered vendor under this section by a permittee or operator
7 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
8 identified.

9 (l) The department may not issue a vendor registration for a person who has been
10 convicted of a felony, a crime involving theft or dishonesty, or a violation of a municipal, state,
11 or federal gambling law, or who employs in a managerial or supervisory capacity a person who
12 has been convicted of a crime described in this subsection.

13 (m) A registered vendor may not employ a person in a managerial or supervisory
14 capacity if the person has been convicted of a crime described in (l) of this section.

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

16 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)
17 If the commissioner determines that a person has engaged in an act or practice in violation of this
18 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
19 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
20 violation by the person. The order remains in effect until the person has submitted evidence
21 acceptable to the commissioner showing that the violation has been corrected.

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

30 (c) A party aggrieved by an order under this section may appeal to the superior court.

31 * Sec. 26. AS 05.15.200(b) is amended to read:

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

4 * Sec. 27. AS 05.15.210 is amended by adding new paragraphs to read:

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

8 (36) "permittee" means a municipality or a qualified organization that holds a
9 valid permit under AS 05.15.100;

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

13 (A) a retail establishment;

14 (B) an eating establishment; or

15 (C) an establishment licensed under AS 04.11.

16 * Sec. 28. This Act takes effect immediately under AS 01.10.070(c).

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; and providing for an effective date."

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

3 * Section 1. AS 05.15.060 is amended to read:

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

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

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

13 (3) the immediate revocation of permits, [AND] licenses, and vendor
14 registrations authorized under this chapter if this chapter or regulations adopted under it are

1 violated;

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

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

7 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
8 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
9 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
10 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
11 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

14 (7) [(8)] the number of activities that may be held, operated, or conducted under
15 a permit during a specified period; however, the department may not allow more than 14 bingo
16 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
17 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
18 number of sessions and games a month equal to the number allowed an individual permittee
19 multiplied by the number of holders of the multiple-beneficiary permit;

20 (8) [(9)] a method of accounting for receipts and disbursements by operators,
21 including the keeping of records and requirements for the deposit of all receipts in a bank;

22 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,
23 municipality, or qualified organization that possesses an operator's license, or a registered
24 vendor at the time a permit, [OR] a license, or a vendor registration is surrendered, revoked,
25 or invalidated;

26 (10) [(11)] restrictions on the participation by employees of the Department of
27 Fish and Game in salmon classics;

28 (11) [(12)] other matters the commissioner considers necessary to carry out this
29 chapter or protect the best interest of the public.

30 * Sec. 2. AS 05.15.070 is amended to read:

31 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may

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

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

6 (d) The commissioner may issue a multiple-beneficiary permit to two to six
7 municipalities or qualified organizations or to a combination of two to six municipalities and
8 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
9 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
10 restrictions set out in (b) of this section.

11 * Sec. 4. AS 05.15.112(a) is amended to read:

12 (a) Each municipality or qualified organization that receives a permit under this chapter
13 shall designate a member in charge. Municipalities and qualified organizations that hold a
14 multiple-beneficiary permit shall jointly designate one member in charge.

15 * Sec. 5. AS 05.15.112(b) is amended to read:

16 (b) The member in charge is responsible for preparation, maintenance, and transmittal
17 of all records and reports required of the permittee. The member in charge shall be a member
18 of the qualified organization or the board of directors of the qualified organization or an
19 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
20 charge shall be a member of one of the qualified organizations or the board of directors of
21 one of the qualified organizations or an employee of one of the municipalities.

22 * Sec. 6. AS 05.15.112(d) is amended to read:

23 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
24 permit, shall designate alternate members in charge who are responsible for the duties of the
25 member in charge in the absence of the member in charge.

26 * Sec. 7. AS 05.15.115 is amended by adding a new subsection to read:

27 (e) A contract between a permittee and an operator under this section for the conduct of
28 pull-tab games shall provide that the permittee must receive at least 30 percent of the ideal net
29 for each pull-tab series sold by the operator under the contract.

30 * Sec. 8. AS 05.15 is amended by adding a new section to read:

31 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities

1 or qualified organizations, or a combination of two to six municipalities and qualified
2 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
3 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
4 applicant is a municipality or qualified organization, the activity may be permitted under this
5 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
6 request of the commissioner, the joint applicants shall prove conclusively each of these
7 requirements before a permit may be issued or renewed.

8 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and
9 applications for them.

10 (c) A municipality or qualified organization that is among the holders of a multiple-
11 beneficiary permit may not hold another permit under this chapter.

12 (d) A municipality or qualified organization that is among the holders of a multiple-
13 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
14 to the department and to the other holders of the permit. The effective date of the withdrawal
15 is 30 days after the department receives written notice of intent. A municipality or qualified
16 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
17 AS 05.15.100(a), but its share of the prizes awarded under the multiple-beneficiary permit and
18 the prizes it awards under its own permit are subject to the maximums established in
19 AS 05.15.180(g).

20 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
21 department that comply with the reporting requirements imposed on operators under
22 AS 05.15.083.

23 * Sec. 9. AS 05.15.160(a) is amended to read:

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

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

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

30 (A) an employee of the permittee; or

31 (B) an operator hired by the permittee to conduct the activity [IF THE

1 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

2 * Sec. 10. AS 05.15.170 is repealed and reenacted to read:

3 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
4 VENDOR REGISTRATION. (a) The department may suspend, for a period of up to one year,
5 or revoke a permit, license, or vendor registration, after giving notice to and an opportunity to
6 be heard by the permittee, licensee, or vendor, if the permittee, licensee, or vendor

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

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

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

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

18 (b) If the department revokes a license or vendor registration under this section, it may
19 prohibit the licensee or vendor from reapplying for a license or vendor registration for a period
20 of not more than five years. If the department revokes a permit under this section, it may
21 prohibit the permittee from reapplying for a permit for a period of not more than one year.

22 * Sec. 11. AS 05.15.180(d) is amended to read:

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

26 * Sec. 12. AS 05.15.180(e) is amended to read:

27 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
28 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
29 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$20,000 a month or \$240,000
30 a year.

31 * Sec. 13. AS 05.15.180(g) is amended to read:

1 (g) A municipality or a qualified organization may award a maximum of \$1,500,000
2 ~~[\$1,000,000]~~ in prizes each year in activities authorized under this chapter; however, if a
3 municipality or a qualified organization contracts with an operator to conduct on its behalf
4 activities authorized under this chapter, the municipality or qualified organization may award a
5 maximum of \$500,000 in prizes each year. The holders of a multiple-beneficiary permit
6 under AS 05.15.100(d) may award a maximum in prizes each year of \$1,500,000 times the
7 number of holders of the permit for activities authorized under this chapter. In this
8 subsection "activities authorized under this chapter" means all activities subject to this chapter
9 other than bingo.

10 * Sec. 14. AS 05.15.180 is amended by adding a new subsection to read:

11 (h) If a bingo game under this chapter is conducted by an operator, the operator, or an
12 owner, manager or employee of the operator, may not contest for the prizes awarded in that
13 bingo game. If a bingo game is conducted by a permittee, the permittee's member in charge, or
14 an alternate member in charge, may not contest for the prizes awarded in that bingo game.

15 * Sec. 15. AS 05.15.183 is amended by adding a new subsection to read:

16 (e) A distributor may not

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

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

19 (3) deliver a pull-tab series to a vendor, except as authorized by AS 05.15.185.

20 * Sec. 16. AS 05.15.184 is amended to read:

21 Sec. 05.15.184. PULL-TAB TAX. A pull-tab distributor shall collect on each series of
22 pull-tabs distributed a tax of one [THREE] percent of the total sales price of all the pull-tabs
23 in the series [AN AMOUNT EQUAL TO THE GROSS RECEIPTS LESS PRIZES AWARDED
24 ON EACH SERIES OF PULL-TABS DISTRIBUTED]. The pull-tab distributor shall pay to the
25 department the tax collected in the preceding month at the time that the report under
26 AS 05.15.183(d) is filed with the department.

27 * Sec. 17. AS 05.15.185 is amended to read:

28 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs
29 distributed in the state must be sealed and have a serial number label issued by the National
30 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
31 department and may be distributed only to

1 (1) a municipality or a qualified organization that has obtained a permit issued
2 under this chapter;

3 (2) [OR TO] an operator on behalf of an authorizing permittee; or

4 (3) a vendor registered under this chapter when

5 (A) a permittee or operator has received payment from the vendor in
6 the amount and form set out in AS 05.15.188(i), and the permittee or operator has
7 authorized the distributor to distribute the series to the vendor; and

8 (B) the permittee or operator has paid to the distributor the pull-tab
9 tax under AS 05.15.184.

10 * Sec. 18. AS 05.15.187(f) is amended to read:

11 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
12 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
13 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
14 maintain records for two years of each prize of \$50 or more, the first day and last day that each
15 series was distributed, the serial number of each series, and the distributor from whom each series
16 was purchased. In this section "permittee" includes municipalities and qualified
17 organizations that jointly hold a multiple-beneficiary permit.

18 * Sec. 19. AS 05.15.187 is amended by adding new subsections to read:

19 (h) An owner, manager, or employee of a person holding a permit or license under this
20 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from a pull-tab
21 series manufactured, distributed, or sold by the permittee, licensee, or registered vendor.

22 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
23 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
24 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card
25 entitling the person to the prize may be signed as the receipt.

26 (j) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
27 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
28 Pull-tab sales may be made in person only.

29 * Sec. 20. AS 05.15 is amended by adding a new section to article 2 to read:

30 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
31 AND OPERATORS; VENDOR REGISTRATION. (a) A permittee or operator may contract

1 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
2 first registers the vendor with the department by applying for registration on a form prescribed
3 by the department and by submitting the registration fee of \$50 for each location at which the
4 vendor will sell pull-tabs.

5 (b) The department shall approve or disapprove an initial vendor registration request
6 within 15 working days of receipt of the registration form from a permittee or operator.

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

10 (d) The endorsement issued under (c) of this section is an extension of the permittee's
11 or operator's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A vendor may
12 not sell a pull-tab series until a copy of the permit or license containing the endorsement for the
13 new vendor location has been posted by the permittee or operator in the registered vendor
14 establishment. The endorsed permit or license must be clearly visible to the gaming public.

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

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

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

31 (h) Except as provided in AS 05.15.185, a person, other than a permittee's member-in-

1 charge or an operator, may not directly supply a pull-tab series to a registered vendor for sale
2 by that vendor on behalf of the permittee or operator.

3 (i) If a permittee contracts with a vendor under (a) of this section, the contract must
4 provide that the permittee shall receive no less than 65 percent of the ideal net.

5 (j) Except as provided in AS 05.15.185(3)(A), an amount equal to the ideal net less the
6 compensation owed to the vendor shall be paid by the vendor to the member in charge, operator,
7 or distributor upon delivery of a pull-tab series to the vendor for sale. The amount required to
8 be paid by the vendor shall be paid by check or, if paid by other means, shall be deposited
9 directly into the gaming checking account of the permittee or operator.

10 (k) All money paid to a registered vendor under this section by a permittee or operator
11 shall be paid by check only, and the check may not be drawn in a manner that the payee is not
12 identified.

13 (l) The department may not issue a vendor registration for a person who would be
14 ineligible for issuance of an operator's license because of AS 05.15.122(c), or who employs in
15 a managerial or supervisory capacity a person who would be ineligible for issuance of an
16 operator's license because of AS 05.15.122(c).

17 (m) A registered vendor may not employ a person in a managerial or supervisory
18 capacity if the person would be ineligible for issuance of an operator's license because of
19 AS 05.15.122(c).

20 * Sec. 21. AS 05.15 is amended by adding a new section to read:

21 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)
22 If the commissioner determines that a person has engaged in an act or practice in violation of this
23 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable
24 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the
25 violation by the person. The order remains in effect until the person has submitted evidence
26 acceptable to the commissioner showing that the violation has been corrected.

27 (b) If the public interest requires, the commissioner may issue an emergency order
28 prohibiting an act or practice in violation of this chapter or a regulation adopted under this
29 chapter without notice to or an opportunity to be heard by the person affected by the order. The
30 commissioner shall immediately serve the person with a copy of the emergency order. An
31 emergency order expires 60 days after the date it is issued, if the person affected by the order

1 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing
2 within 15 days of receipt of the emergency order, the order becomes permanent. Following a
3 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

4 (c) A party aggrieved by an order under this section may appeal to the superior court.

5 * Sec. 22. AS 05.15.200(b) is amended to read:

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

9 * Sec. 23. AS 05.15.210 is amended by adding new paragraphs to read:

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

13 (36) "permittee" means a municipality or a qualified organization that holds a
14 valid permit under AS 05.15.100;

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

18 (A) a retail establishment;

19 (B) an eating establishment; or

20 (C) an establishment licensed under AS 04.11.

21 * Sec. 24. This Act takes effect immediately under AS 01.10.070(c).