

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7521 SENATE LABOR & COMMERCE

4. Permittees may conduct this activity by using the services of qualified individuals as provided for in regulation; eliminate the term "operator" because current statutes place licensing requirements on operator; This will help simplify the statutes and make it clear that the responsibility lies with the organization.
5. Permittees to pay for all expenses, all income and expenses paid out of the organization's gaming account; adequate records must be kept to substantiate a semi-annual audit or annual audit based on the amount of activity performed. If the activity exceeds \$250,000 an audit must be performed by a CPA. This eliminates the need for increased bureaucracy by placing the requirement of adequate records upon the organization.
6. Compensation will be no more than 15% of adjusted gross income for contracted services used to conduct gaming; Instead of current system where operators pay a percentage to permittees; will emphasize that the responsibility lies with the permittee
7. A certain % of adjusted gross income will be used by the organization as "net proceeds" for contributions and charitable purposes; the stated percentage will be calculated to ensure the largest possible return for the charity and calculated according to the type of activity;

This will be based on the type of gaming activity the organization is conducting:

pulltabs.....	25%
bingo.....	15%
raffles and lotteries...	10%
derbies, classics, mushing events, and contests of skill.....	05%

The philosophy behind charitable gaming is to raise funds for "charity", the organizations should be required to provide a minimum percentage towards their cause, but encouraged to maximize the percentage of net proceeds that will be provided for charitable purposes.

8. Provide a reasonable licensing system for the permittees to contract with retail outlets, distributors, and manufacturers.
9. Keep the policy in statutes, the technical aspects of licensing should be provided for in regulation.



Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

MAR 14 1991

Senator Drue Pearce
Alaska State Legislature
3111 C Street, Suite 150
Anchorage Alaska
USA
99503

Dear Senator Pearce:

I refer to your letter of March 5 to Mr. Patrick Michael, Clerk of the Yukon Legislative Assembly.

Unfortunately due to other pressing commitments, I will be unable to attend the Yukon-Alaska Legislative Assembly exchange.

I would however, like to briefly comment on your two specific issues of gaming and tourism.

One of our most significant tourism attractions in my constituency of Dawson is the Diamond Tooth Gerties Gambling Casino featuring blackjack, roulette and wheels of fortune.

With regard to your specific questions, I offer the following:

1. Who regulates gaming in the Yukon?

Gaming is controlled under our Yukon Lotteries Licensing Act administered by our Department of Justice, Consumer Services Branch.

Licenses are reviewed and approved by an independent 3 member licensing Board.

A copy of the Act and Regulations are attached.

2. Do we have charitable gaming and is there a split requirement between the permit holder and the agent?

Yes and no. Licenses are issued only to charitable organizations. There are no agents operating gaming halls and therefore, no split requirement.



3. Are there any restrictions on licensing operators with criminal records?

No. As licenses are issued only to charitable organizations, this restriction does not apply.

4. What restrictions are there on advertising and media use?

The only requirement is that all ads must include the license number.

It is unfortunate that I will be unable to attend the informal lunch to discuss the cooperative tourism marketing efforts taking place with the Yukon. We are currently involved in two key cooperative marketing efforts with Alaska.

The Tourism North Agreement was signed by Alaska, B.C. and the Yukon in May of 1989. This is a long term coop marketing agreement aimed to increase the number of people travelling through northern B.C. and the Yukon to Alaska and to improve the tourism opportunities for highway visitation in the region. The annual base budget is \$200,000 per jurisdiction.

The joint Alaska/Yukon Agreement: A coop marketing program between Alaska's and Yukon's Tourism Departments and Tourism Industry Associations (AVA, TIAY) and aimed at the Canadian market. The annual budget is \$200,000 per jurisdiction and is utilized in a joint advertising campaign.

I trust this information will be helpful in your deliberations.

Sincerely,



Art Webster
Minister of Tourism



TELECOPY COVER SHEET

SENATOR DRUE PEARCE'S OFFICE

Office Phone (907) 465-4993 FAX (907) 463-5352

TO: Pat Michael Fax: (403)-667-3035
Phone: (403)-667-5498

ATTN: _____

TRANSMITTED BY: Senator Drue Pearce

DATE: March 7, 1991

RE: Yukon Territory - Alaska Legislative Exchange

COMMENTS: _____

NUMBER OF PAGES: 3 (INCLUDING cover sheet)

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Alaska State Legislature

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



During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465 4993

Senator Drue Pearce
District G

March 5, 1991

Pat Michael
Clerk of the Yukon Legislative Assembly
Box 2703
Whitehorse, Yukon Y1A2C6

Dear Mr. Michael:

I am looking forward to the Yukon Territory-Alaska legislative exchange. As Chair of the Senate Labor and Commerce Committee, there are two specific issues, gaming and tourism, which require a considerable amount of Labor and Commerce Committee time and energy. We could benefit from your experience in dealing with these issues.

In order to gather this knowledge, it would be especially helpful if representatives from your delegation could testify about gaming regulation in the Yukon before our committee. The Labor and Commerce Committee will meet on March 18 at 3:30pm in the Beltz Room of the State Capitol Building.

I am interested in any information you could supply concerning gaming practices in the Yukon Territory. The following questions are specific concerns you may be able to address:

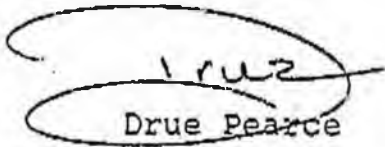
- 1) Who regulates gaming in the Yukon? *- Justice Department involved*
- 2) Do you have charitable gaming? If so, are there any percentage of gross or net proceeds split requirements between the permit holder and the agent conducting the event? *10%*
- 3) Are there any restrictions on licensing operators or permit holders with a criminal record? *N/A*
- 4) What are the restrictions on advertising and media use? *no restrictions*

→ Sun. late pm
→ return possible
~~late 18~~
late 18

We are also planning an informal lunch meeting to discuss tourism and the cooperative tourism marketing efforts taking place with the Yukon in coordination with our Division of Tourism and the Alaska Tourism Marketing Council. The brown bag lunch will be open to all of the members in your delegation and all interested Alaskan legislators.

We are very excited about your visit and hope to gain new information from your perspective. Please contact Rod Mourant of my office by Fax at (907) 463-5352 or telephone at (907) 465-4993, to confirm the above mentioned engagements. I look forward to hearing from you soon.

Sincerely,



Drue Pearce

DP:mrs

cc: The Honorable Tony Penikett

YUKON TERRITORY
C A N A D A

Whitehorse, Yukon

ORDER-IN-COUNCIL 1988/48

LOTTERY LICENSING ACT

Pursuant to section 11 of the Lottery Licensing Act the Commissioner in Executive Council is pleased hereby to make the following order:

1. This Order amends the Lotteries and Games of Chance Regulations.
2. The following subsections are substituted for subsections 5(2), (3) and (4) of the Regulations:

"(2) Raffles: The fee for a raffle shall be determined by multiplying the number of tickets by the cost of a ticket so as to determine the licensed ticket sales value which shall be rounded off to the nearest dollar. The fee shall be as follows -


<u>Licensed ticket sale value</u>	<u>Fee</u>
\$ 1,000 or less	\$ 10
1,001 to \$ 5,000	\$ 25
5,001 to 10,000	\$ 50
10,001 to 15,000	\$ 75
15,001 to 20,000	\$100
20,001 to 25,000	\$125
25,001 to 30,000	\$150
30,001 to 35,000	\$175
35,001 to 40,000	\$200
40,001 to 45,000	\$225
more than 45,000	\$250

Example: If your licence is to sell 1,000 tickets at a price of one dollar each, your fee is \$10 because 1,000 tickets X \$1 per ticket = \$1,000 licensed ticket sales value.

But if your licence is to sell 1,000 tickets at a price of \$10 each, your fee is \$50 because 1,000 tickets X \$10 per ticket = \$10,000 licensed ticket sales value.

- (3) Bingos: The fee for a bingo is \$10 for each day the bingo is licensed to run.
- (4) Casinos: The fee for a licence to run games of chance - a casino licence - is \$5 for each gaming table for each day the casino is licensed to run.
3. In section 10 of the Regulations, the expression "\$5,000" is substituted for the expression "\$1,000".
4. The following subsection is added to section 4 of Schedule A of the Regulations immediately after subsection (4):
- "(4.1) There is no need to comply with subsection (4) if
- (a) all ticket sales are made in the same room and the draw of winning tickets is held in that room within 7 hours of when ticket sales start,
 - (b) the ticket is in two parts each of which bears the same number, one part to be retained by the purchaser and the other part to be entered by the purchaser in the draw, and
 - (c) each prize is awarded to the person who presents the ticket-part that bears the same number as the ticket-part that is drawn for that prize."
5. The following subsection is substituted for subsection 5(2) of the Regulations:
- "(2) Of the balance left after subtracting from the revenue from the bingo the amount the bingo operator paid for prizes, at least 25% must be spent on charitable or religious purposes as set out in the licence".
6. If the lottery is run after this order comes into force, then it is the fee established by section 2 of this order that is to be paid for that lottery, even if the licence was applied for or issued before the coming into force of this order.

DATED at Whitehorse, in the Yukon Territory this 28th day of
March, A.D. 1988.


Commissioner of the Yukon

Yukon Territory

Canada

ORDER-IN-COUNCIL 1987/180

LOTTERY LICENSING ACT

Pursuant to the section 11 of the Lottery Licensing Act, the Commission in Executive Council orders as follows:

1. The annexed Lotteries and Games of Chance Regulations respecting the licensing of lottery schemes are hereby made and established, effective December 31, 1987.
2. The annexed Diamond Tooth Gerties Regulations respecting the licensing of lottery schemes managed and conducted by the Klondike Visitors Association are hereby made and established, effective December 31, 1987.
3. The Lottery and Games of Chance Regulations, established by Order-In-Council 1984/61 are hereby revoked, effective December 31, 1987.
4. The Diamond Tooth Gerties Regulations established by Order-In-Council 1983/92 are hereby revoked, effective December 31, 1987.

DATED at Whitehorse, in the Yukon Territory, this 2nd day of *October* A.D., 1987.

H. K. Lam
Administrator of Yukon

LOTTERY LICENSING ACT

LOTTERIES AND GAMES OF CHANCE REGULATIONS

Licence is required

1. Any person who runs a lottery without a licence commits an offence.

Who can get a licence

— *(Paragraph 2(1)(c) added by
O.I.C. 1988/203)*

2. (1) General rule: A licence to run a lottery can only be issued to
 - (a) a religious organization, or
 - (b) a charitable organization that is in good standing under the Societies Act.
 - (c) a charitable organization incorporated under the laws of Canada, and operating in the Yukon.
- (2) Exception: If the lottery is a raffle that will have a revenue of less than \$1,000 then the licence can be issued to any religious or charitable organization.

Who issues licences

3. Only the Yukon Lottery Licensing Board can issue a licence to run a lottery.

How to apply for a licence

4. (1) An application for a licence must be made on the forms supplied by the Board.
- (2) The applicant must give the information the Board asks for.

Licence fees

5. (1) A licence cannot be issued until the fee for it has been paid to the Board.

(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48)

(2) Raffles: The fee for a raffle shall be determined by multiplying the number of tickets by the cost of a ticket so as to determine the licensed ticket sales value which shall be rounded off to the nearest dollar. The fee shall be as follows -

<u>Licensed ticket sale value</u>	<u>Fee</u>
\$ 1,000 or less	\$ 10
1,001 to \$ 5,000	\$ 25
5,001 to 10,000	\$ 50
10,001 to 15,000	\$ 75
15,001 to 20,000	\$100
20,001 to 25,000	\$125
25,001 to 30,000	\$150
30,001 to 35,000	\$175
35,001 to 40,000	\$200
40,001 to 45,000	\$225
more than 45,000	\$250

Example: If your licence is to sell 1,000 tickets at a price of one dollar each, your fee is \$10 because 1,000 tickets X \$1 per ticket = \$1,000 licensed ticket sales value.

But if your licence is to sell 1,000 tickets at a price of \$10 each, your fee is \$50 because 1,000 tickets X \$10 per ticket = \$10,000 licensed ticket sales value.

- (3) Bingos: The fee for a bingo is \$10 for each day the bingo is licensed to run.
- (4) Casinos: The fee for a licence to run games of chance - a casino licence - is \$5 for each gaming table or each day the casino is licensed to run.

(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48)

*(Subsections 5(2), (3) and (4) repealed and replaced by O.I.C. 1988/48 -
See page 1a)*

Limitation on length of bingos and casinos

6. (1) Bingos: No organization can be given a licence to run a bingo for more than 104 days in a year.
- (2) Casinos: No organization can be given a licence to run a casino for more than three days in a row.

Terms of licences

7. (1) Raffles: A licence to run a raffle is subject to all the terms set out in Schedule A to these regulations.
- (2) Bingos: A licence to run a bingo is subject to all the terms set out in Schedule B to these regulations.
- (3) Casinos: A licence to run a casino is subject to all the terms set out in Schedule C to these regulations.

Changes in a lottery after licence issued

8. (1) Once the licence has been issued the lottery can be changed only with the written consent of the Board.
- (2) The draw date for the lottery cannot be changed after the lottery tickets have been put on sale.

Awarding prizes

9. All prizes described in the licence must be awarded, even if the revenue from the lottery is not enough to pay for the prizes.

Guarantee for prizes

10. If the value of the prizes exceeds \$5,000 a licence cannot be issued until the Board is satisfied that the award of the prizes is guaranteed, for example by cash deposit with someone in trust, guaranteed credit from a bank, or guarantees from financially responsible people that they will pay the prize or supply the prize when asked to do so.

(Section 10 amended by O.I.C. 1988/48)

Pyramiding of prizes is prohibited

11. (1) The prizes for each game must be awarded to the winners of that game.
- (2) People cannot be required to win another game before receiving the prize for a game they have already won.

Payment of proceeds of lottery

12. The proceeds from a lottery must be spent on purposes set out in the licence.

Compensation for managing a lottery

13. No one shall be hired or paid to run a lottery licenced under these regulations or to sell tickets for the lottery, but this does not prevent a licence holder from having the lottery run or tickets sold by employees whose principal duties consist of other work for the licence holder.

Records of lotteries

14. All financial documents, unsold tickets, ticket stubs, receipts, and all other records in connection with the lottery must be retained within the Yukon for at least one year after the expiration of the licence and must be made available for inspection by the Board.

Reports to the Board

15. (1) Every licence holder must give the Board a report on the conduct of the lottery.
- (2) The report must be given on the form supplied by the Board and must include the information the Board asks for.

Inspection of lotteries

16. (1) The Board may designate members of the public service of the Government of Yukon and others to act as inspectors of lotteries.
- (2) Inspectors may inspect all records and equipment for the running of a lottery so as to determine whether the terms of the licence have been complied with.
- (3) If an inspector asks for the records, the licence holder shall produce them and let the inspector examine them and make copies of them.
- (4) If an inspector asks to see the equipment, the licence holder shall either produce the equipment or let the inspector have access to wherever the equipment is and let the inspector examine and operate it.
- (5) An inspector who believes on reasonable grounds that the lottery is not being run in compliance with these regulations and the terms of the licence may
 - (a) suspend the licence, or
 - (b) order that the offending game be stopped pending any further action by the Board. The suspension or order must be complied with but the licence holder may appeal the inspector's decision to the Board.
- (6) The Board may require the licence holder to pay the cost of an inspection and refuse to issue any new licences to the licence holder until the cost is paid.

Suspension and cancellation of licences

17. It is the responsibility of every licence holder to see to it that these regulations and the terms of the licence are complied with; if they are not complied with the Board may
- (a) suspend the licence until there is compliance, or
 - (b) cancel the licence,
- and if the lottery has already been run when the failure to comply happens, the Board may refuse to issue any new licences until there is compliance or until the failure is corrected as well as it can be.

Reimbursement of participants

18. If the lottery is not being run in compliance with these regulations or the terms of the licence, the Board may, at any time before the prizes have been awarded, order that the purchase price of a chance in the lottery be refunded.

Exemption

19. These regulations do not apply to licences issued to the Klondike Visitors Association to run lottery schemes at Centennial Hall (also known as Diamond Tooth Gerties) in Dawson City.

Definition

20. In these regulations "lottery" has the same meaning as "lottery scheme" has in the Lottery Licensing Act.

LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE A

Terms of Raffle Licences

Awarding prizes

1. (1) Prizes must be awarded in the following order:
 - (a) the most valuable prize must be awarded first and it is won by the ticket that is drawn first,
 - (b) the second most valuable prize must be awarded second and it is won by the ticket that is drawn second,
 - (c) and so on, according to the rule that the more valuable prizes must be awarded before the less valuable and the tickets for the more valuable prizes must be drawn before the tickets for the less valuable.

Disclosure of licence

2. (1) A copy of the licence must be produced for examination by anyone who asks to see it and who has bought a ticket or is being asked to buy a ticket.
 - (2) All advertisements of the raffle must state the licence number.

Control of the raffle

3. Responsibility for control of the raffle remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the raffle.

Tickets

4. (1) A sample of each type of ticket must be given to the Board within 14 days after the day the licence is issued.
 - (2) Only the number and price of tickets specified in the licence may be printed.

- (3) Tickets must be numbered consecutively.
- (4) Tickets must be in two parts - the stub to be retained by the licence holder, and the part to be given to the purchaser. The stub must have
 - (a) the ticket number,
 - (b) the licence number, and
 - (c) space labelled for the name, address, and telephone number of the purchaser.

The part to be given to the purchaser must state

- (d) the name and address of the licence holder,
 - (e) when and where the draws will be made,
 - (f) the kind and value of prizes,
 - (h) the number of tickets printed,
 - (i) the ticket price,
 - (j) the ticket number,
 - (k) the licence number.
- (5) Unsold tickets must not be given away nor bought by the licence holder.
 - (6) Tickets must not be sold or advertised outside Yukon, but may be sold to non-residents who are visiting Yukon.
 - (7) There must be a record of all ticket sellers and the serial numbers of all tickets handed over to each one.
 - (8) The number of tickets sold must be recorded and all money from their sale must be accounted for.

- (4.1) There is no need to comply with subsection (4) if
 - (a) all ticket sales are made in the same room and the draw of winning tickets is held in that room within 7 hours of when ticket sales start,
 - (b) the ticket is in two parts each of which bears the same number, one part to be retained by the purchaser and the other part to be entered by the purchaser in the draw, and
 - (c) each prize is awarded to the person who presents the ticket-part that bears the same number as the ticket-part that is drawn for that prize.

(Subsection 4.1 added to section 4 of Schedule A by O.I.C. 1988/48)

Sports lotteries - Pool Board

5. (1) If a lottery board is established in relation to a sports event or a series of sports events, the board must state
 - (a) name and address of the licence holder,
 - (b) the sports event and its date, or the series and its dates,
 - (c) the prizes,
 - (d) the scores and times,
 - (e) the number of squares printed,
 - (f) the price per square,
 - (g) the licence number.
- (2) The score or time must not be disclosed until the purchaser has bought the square.

Expenses and proceeds

6. (1) Only the expenses necessary for running a raffle can be deducted from the revenue of the raffle.
- (2) The proceeds remaining after deducting allowable expenses must be spent on the purposes set out in the licence.

Records and financial reports

7. (1) The report on the running of the raffle must be submitted as follows:
 - (a) if the licence is for a single raffle, within 30 days of the expiration of the licence,
 - (b) if the licence is for several raffles, interim reports within 30 days of the expiration of each three month period, and a final report within 30 days of the expiration of the licence,
 - (c) at intervals of six months until the proceeds of the raffle have been spent on purposes set out in the licence,
 - (d) whenever the Board requests a report while conducting an investigation.
- (2) There must be a record of tickets and serial numbers to show the distribution of tickets and the return of ticket stubs and of money or unsold tickets by ticket sellers. This record must contain enough information to account for all tickets and cash.

Total ticket value over \$5,000 - additional conditions

8. (1) This section applies only to raffles having a total ticket value over \$5,000.
- (2) Revenue from the raffle must be deposited in the bank account mentioned in the application for the licence.
- (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
- (4) Proceeds from the raffle must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same shares as the proceeds.

LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE B

Terms of Bingo Licences

House rules

1. (1) House rules must be established and a copy must be on display where players can examine them when a bingo is being run and a copy must be produced for examination by anyone who asks to see them and has bought or wants to buy a bingo card.
- (2) The house rules must describe how the bingo will be run. For example, they must describe how the games will be called, how the calls will be recorded, how errors in calling will be dealt with, how disputes about calls or winning cards will be resolved, how prizes will be awarded.

Disclosure of licence

2. (1) A copy of the licence must be on display where players can examine it when a bingo is being run and it must be produced for examination by anyone who asks to see it and has bought or wants to buy a ticket.
- (2) All advertisements of the bingo must state the licence number.

Control of the bingo

3. (1) Responsibility for control of the bingo remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the bingo.
- (2) People who help run the bingo shall not play in the bingo or have anyone else play on their behalf.
- (3) Liquor must not be sold to the players and its consumption by the players must not be allowed while the games are being played.

Sales of cards and tickets

4. (1) Cards and tickets must be exchanged for cash at the time of sale. Payment by cheque, cashing cheques for the purchaser, or extending credit to the purchaser is prohibited.
- (2) Cards and tickets must not be sold outside Yukon.

Expenses and proceeds

5. (1) Only the expenses necessary for running the bingo can be deducted from the revenue of the bingo.
- (2) Of the balance left after subtracting from the revenue from the bingo the amount the bingo operator paid for prizes, at least 25% must be spent on charitable or religious purposes as set out in the licence".

(Subsection 5(2) repealed and replaced by O.I.C. 1988/48)

Records and financial reports

6. (1) The report on the running of the bingo must be submitted as follows:
 - (a) if the licence is for a single bingo, within 30 days of the expiration of the licence,
 - (b) if the licence is for several bingos, interim reports within 30 days of the expiration of each three month period, and a final report within 30 days of the expiration of the licence,
 - (c) at intervals of six months until the proceeds of the bingo have been spent on purposes set out in the licence,
 - (d) whenever the Board requests a report while conducting an investigation.
- (2) The record of the sale of bingo cards and tickets must contain enough information to account for all cards sold and all cash.

Bingos with revenue over \$5,000 per year

7. (1) This section applies only when the licence allows the revenue from bingos to exceed \$5,000 in a year.
 - (2) Revenue from the bingos must be deposited in the bank account mentioned in the application for the licence.
 - (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
 - (4) Proceeds from the bingos must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same share as the proceeds.
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LOTTERIES AND GAMES OF CHANCE REGULATIONS

SCHEDULE C

Terms of Casino Licences

Disclosure of licence

1. (1) A copy of the licence must be on display where players can examine it when games are being played and it must be produced for examination by anyone who asks to see it and has played or wants to play a game.
- (2) All advertisements of the casino games must state the licence number.

House rules for blackjack

2. (1) House rules for blackjack must be established and a copy must be on display where players can examine them when blackjack is being played and a copy must be produced for examination by anyone who asks to see them and has played or wants to play a game.
- (2) The house rules must describe how the blackjack games will be played, the betting limits, and the pay off odds.
- (3) Blackjack games must be played with the cards face up.

Admission to place where games played

3. There must not be any charge for admission to the place where the casino games are played.

Control of games

4. (1) Responsibility for control of the games remains with the licence holder regardless of what arrangements the licence holder makes with other people to help run the games.

- (2) People who help run the games shall not play the games they help run or have anyone else play on their behalf, but when they are not helping they may play any game other than the one they just finished helping with.
- (3) Games players must be kept out of the pit area.
- (4) People under 19 years of age must not be allowed to play any games.

Game bank

5. A bank must be maintained in the place where the games are played, but in a separate room that only the casino manager and cashiers are allowed to enter.

Games' transactions

6. (1) The betting limits stated on the licence must not be exceeded.
- (2) Playing tokens or chips must be exchanged for cash at the time of sale to a games player.
Payment by cheque, cashing cheques for the purchaser, or extending credit to the purchaser is prohibited.
- (3) There must be a bank at which games players may acquire and cash in playing tokens or chips. The licensee may also provide a cashier's booth for the same purpose.
- (4) All betting must be by use of playing tokens or chips and all winners must be paid by tokens or chips that they can cash in at the bank.
- (5) The banker must supply each game operator with enough playing tokens or chips for the conduct of the game. The game operators must get and cash in the tokens or chips at the bank and they must sign a receipt for the tokens or chips that the banker dispenses to them.
- (6) A record must be kept of the playing tokens or chips
 - (a) supplied to game operators,
 - (b) returned by the game operators to the bank, and
 - (c) cashed in at the bank by players.

- (7) At the end of each game the game operator must account for all the playing tokens or chips at the table or game and must return them to the bank.

Expenses

7. (1) Only the expenses necessary for running the games may be deducted from the revenue of the games.
- (2) The rental for equipment and the place where the games are run must be a fixed amount rather than a percentage of revenue from the games.

Records and financial reports

8. The report on the running of the games must be submitted within 30 days of the final day of the licenced games. The report must include the cashier's daily record for each day of gaming.

Gaming revenue over \$5,000

9. (1) This section applies only when the Board includes in the licence a statement requiring compliance with this section, but the Board may include that statement only when it expects the revenue from the licenced games to be over \$5,000.
- (2) Revenue from the games must be deposited in a bank account mentioned in the application for the licence.
- (3) All payments charged to the revenue must be made by cheque drawn on the bank account the revenue is deposited in.
- (4) Proceeds from the games must be kept in the bank account until they are spent on the purposes set out in the licence and all interest accrued in the account becomes part of the proceeds and must be paid out in the same shares as the proceeds.

LOTTERY LICENCING ACT

DIAMOND TOOTH GERTIES REGULATIONS

Interpretation

1. "board" means the Yukon Lottery Licensing Board.

Application

2. These Regulations apply only in respect of licences to the Klondike Visitors Association for the management and conduct of a lottery scheme at Centennial Hall, Dawson City, known as "Diamond Tooth Gerties".

Licence

3. The board may, upon application to the board in an approved form, issue a licence to the Klondike Visitors Association to conduct and manage a lottery scheme, the proceeds from which will be used for a charitable or religious object or purpose, subject to such terms and conditions as the board may deem necessary for the protection of the public.

Inspectors

4. (1) The board may designate and appoint persons who are members of the Public Service of the Yukon as inspectors.
- (2) A person appointed as an inspector shall have the power and authority of an auditor as set out in these Regulations and shall be authorized to inspect all premises or places where a lottery scheme licenced by the board is being conducted, for the purpose of reporting to the board.

Audits and inspections

5. (1) Audits and inspections may require an audit of the lottery records and accounts of the organization to whom a licence has been granted.
- (2) An audit or inspection under subsection (1) may be with respect to a licence that
- (a) is presently in good standing,
 - (b) has expired, or
 - (c) has been suspended.
- (3) The organization that has received a licence shall, on being advised by the board of the requirement for an audit, at all reasonable times, provide to the person or persons conducting the audit the unrestricted right of access to all books, documents and records relating to the lottery scheme as may be required for the audit.
- (4) The organization shall permit the person or persons conducting the audit to remove any documents or books or any item related to the lottery scheme for the purposes of the audit.
- (5) Where an inspector or auditor identifies himself to the licensee for the purpose of conducting an inspection or audit the licensee shall
- (a) allow the inspector or auditor ready access to all parts of the premises or building where the lottery scheme is being effected,
 - (b) make available all documents or equipment for examination by the inspector or auditor, and
 - (c) at the direction of an inspector or auditor discontinue any procedure, practice or activity which the inspector or auditor reasonably believes is in contravention of the Act, the Regulations, or the terms and conditions of the licence.

Cost of audits

6. (1) Where an audit has been done pursuant to the provisions of section 5 the organization shall, at the discretion of the board, be responsible for all fees and charges related to the audit.

- (2) Where an audit is conducted by a person who is a member of the Public Service of the Yukon, there shall be no fees or charges for the audit.

Prizes

7. It is a condition of any licence that all prizes as described in the licence shall be awarded whether or not the revenue from the lottery scheme is sufficient to meet the obligation.

Reimbursement

8. Where the board is of the opinion that a lottery is being conducted in contravention of the Act or the Regulations, the board may, at any time prior to the distribution of prizes in the lottery scheme, order the organization that was granted the licence to cancel the lottery scheme and to pay each of the participants of the chance purchased in the lottery scheme an amount not to exceed the actual cost to the participants of the chance purchased.

Payments of proceeds

9. The net receipts from a lottery scheme shall be paid to the objects set out in the licence issued under section 3.

Compensation

10. Except as authorized by the board, no person or organization shall be compensated, either directly or indirectly, for conducting, managing or assisting in the management of a lottery scheme under these regulations.

Change in executive

11. Any change in the executive of the Klondike Visitors Association shall be immediately reported to the board.

Financial statements

12. (1) It is a condition of a licence issued under these regulations that the licensee shall within 30 days after the expiration of the lottery licence, submit a financial statement to the board.
- (2) Noncompliance with subsection (1) will disqualify an applicant, at the discretion of the board, from receiving a second or subsequent lottery licence.

Fees

13. The attached schedule of fees, annexed hereto as Schedule A, is hereby made and established.

Rules of Blackjack

14. The rules of blackjack, annexed hereto as Schedule B, are hereby made and established.

Accounting procedures

15. The accounting procedures, annexed hereto as Schedule C, are hereby made and established.

Form

16. The following forms are hereby made and established for use in accordance with these regulations:

Form A - Credit Slip
Form B - Final Table Account Card
Form C - Revenue Sheet
Form D - Financial Report of Lottery Scheme

YUKON TERRITORY
LOTTERIES SCHEMES

The following fees are payable within thirty days after the expiration of the licence.

The fee for "CASINO GAMES" is \$5.00 per table per day.

Please make cheque or money order payable to The Yukon Consolidated Revenue Fund.

YUKON TERRITORY
RULES OF BLACKJACK

- a. Object of game - draw to 21 or closest to 21 without exceeding 21. If total is higher than dealer, bettor wins; if total is the same as the dealer this is a stand-off; if total is lower than dealer, bettor loses.
- b. Card count - face cards count 10, aces count 1 or 11; others count face value.
- c. Blackjack - any ace with a picture card or a ten is an automatic winner, except when dealer also has a Blackjack in which case it is a stand-off. Blackjack pays 3 to 2.
- d. Dealer will play against all players at the same time (ie. not individually).
- e. All pay-offs except Blackjack are on even money basis.
- f. All bets down before first card dealt.
- g. Split bets - if player's first two cards are a pair, the player has the choice of splitting them into two hands and betting the same bet on each hand.
- h. Dealer must draw on 16 or under, stand on hard 17 and over and must hit a soft 17. A soft 17 is any combination of cards totalling 17 when the ace is counted as 11.
- i. All cards must be dealt face up.

ACCOUNTING PROCEDURES

Cashier's Cage:

A revenue Sheet shall be kept by the Cashier's cage in duplicate. The sheet shall indicate the following, by column:

- a. Type of game - e.g. Black Jack, Roulette, etc.
- b. The table number (This number will also identify the Cash Box number, locked to the table).
- c. The Bank (The amount of money or chips on the table when the game opens for business).
- d. Fills, credit, final, drop, net win, loss, total and percentage. See Example attached.

Fills:

All fills shall be made up in the cash cage, by the cashier, with the fill slip (see example) being made up in triplicate. The fill slip shall reflect the date, time of day, the game, the game number, the amount or denomination of chips or cash. The fill slip shall bear the signature of the cashier, the signature of the security man or runner who receives the fill from the cashier and delivers it to the table. At the table, the fill will be counted by the dealer and witnessed by the floorman who will initial the slip as to accuracy. Fill slips will bear serial numbers. The original of the fill slip will be delivered to the table along with the duplicate, the triplicate will remain at the cash cage.

The original, after being signed, will be placed in the locked box at the table on which the fill was placed. Duplicate will be returned by the security man or runner to the cash cage, placed in a separate file covering the particular game. All fills will be recorded on a revenue sheet at the time they leave the cashier's cage. Triplicate copy will be kept in the main control ledger.

Credits:

Credits will be handled similarly, that is to say the dealer shall count out the money in the presence of the floorman who will make out a credit slip showing the date, time, game and number, denominations and total amount of chips or cash, initial the credit

slip along with the floorman who will then turn the credit slip and chips/cash over to the security man or runner who will initial the original and return to the cashier's cage with the duplicate and triplicate of the credit slip. The original credit slip will be placed in the box at the table by the dealer, after the dealer's, the floorman's, and the security man's initials have been placed on the credit slip.

On arrival at the cashier's cage, the credit will be counted and certified by the cashier who will sign the duplicate and triplicate as to accuracy. The cashier will immediately enter the credit on the revenue sheet. Duplicate credit slips will be kept in the same file as fill slips covering money/chip transactions for the particular table. Triplicate will be kept in main control ledger. All credit slips will be serial numbers.

Final Count Slips:

At the end of the shift or day's play, the floorman in charge of the table games will do a final count of money/chips remaining in each tray. As he makes the count, he will make out a final count slip which will indicate the date, shift, the game and number, the denomination of chips with cash in the tray and total. The slip will be witnessed as to accuracy by the dealer and the duplicate of the slip placed on the tray. The original will be returned to the cash cage. The final count slip shall be serial numbered

At closing of the day's play or at the end of the shift as the case may be, the cashier will enter the amounts indicated by the final count slips in the final column of the revenue sheet. In the case of ending the day's play, the trays and final slips in the trays will be returned by the security man or runner to the cashier's cage where they will remain locked up overnight. In the case of a shift change during a day's play, the final count will be entered on a new revenue sheet, under the same game number and the column identified as 'Bank'. The same procedure outlined will be continued in the case of a shift change; the box will be removed from the table and replaced with an empty box. Cash boxes will be delivered immediately to the cashier's cage or counting room where they will be unlocked and the cash counted in the presence of no less than three officers of the licensee. Each box will be identified by the game number. The amount of cash taken from the box will be recorded on the revenue sheet in the 'Drop' column.

After all cash boxes have been counted and fill and credit slips removed from the boxes, slips will be checked against the copies held by the cashier, calculations will be made to determine the 'Net'. The 'Net' is determined as follows:

BANK plus FILLS minus CREDITS equals X

X minus FINAL equals NET

DROP minus NET equals WIN or LOSS

Wins shall be entered in the 'Total' Column in black or blue ink, losses shall be entered in red ink, in the 'Total' column.

Winning percentages can be calculated by dividing the 'Win' into the 'Drop'.

Final profit/loss figures and percentages can be usually calculated from the Revenue Sheet.

At the end of each day or shift, the originals, duplicates of fills, credit along with the original Final Count slips will be attached to the original Revenue Sheet and retained as a permanent record. The triplicates of the fill and credit slips and the duplicate of the Final Count slips will be attached to the copy of the Revenue Sheet to be submitted to the Executive Council Member with a financial statement.

During the period of the year when the licensee is not operating the lottery scheme all chips retained by the licensee shall be stored by a chartered bank only to be released to two authorized officers of the licensee.

CREDIT SLIP

NO

Date

Game No	Shift	Amount	

CREDIT FOR:

Boss _____ Cashier _____

Final Table Count Card No.

Date _____

Shift _____

Game _____

\$10	
\$ 5	
\$ 1	
Silver	
Final	\$10
	\$ 5
	\$ 1
	Silver
	TOTAL

Fill Slip

No.

Date

	Game No	Shift	Amount
"21"			
Roulette			
Wheels			
Chips			
Silver			

Boss _____ Box _____

Cashier _____ Time _____

This report to be completed by two principal officers of the organization.

FORM D

FINANCIAL REPORT OF GAMES OF CHANCE
conducted by

(complete name and address of organization)

for Games of Chance conducted _____, as authorized by licence issued by The Executive Council Member,
on _____ (date of licence)

<u>GAME</u>	<u>NO.</u>	<u>BANK</u>	<u>FILLS</u>	<u>CREDITS</u>	<u>FINAL</u>	<u>NET</u>	<u>DROP</u>	<u>WIN</u>	<u>LOSS</u>
-------------	------------	-------------	--------------	----------------	--------------	------------	-------------	------------	-------------

(For explanation of above terms, please refer to the attached Accounting Procedures Guide.)

Total Net Profit _____

Expenses:

Advertising _____

Printing _____

Rental of Equipment _____

Other (specify) _____

TOTAL EXPENSES _____

NET PROCEEDS _____

The receipts derived from the Games of Chance were maintained in _____

(Name and address of Bank or Trust Company)

The net proceeds in the sum of _____ were donated to _____

(name and address of organization)

on _____ and received by _____

(name and capacity of person to whom proceeds were forwarded)

I have examined the records and accounts of _____
(name of organization)

with respect to the above described Games of Chance, and the information contained herein is correct to the best of my knowledge and belief.

Signed	_____	_____
Print Name	_____	_____
Title	_____	_____
Address	_____	_____
Telephone No	_____	_____
Date	_____	_____

This report must be forwarded to Consumer & Corporate Affairs,
Box 2703, Whitehorse, Yukon Territory, Y1A 2C6, within thirty days
after the Games of Chance.



MAR 1 1991

Rod

*Alaska Cabaret, Hotel,
Restaurant & Retailers Association*

*P.O. Box 104839 Anchorage, Alaska 99510
401 K Street • (907) 272-8133 • Fax: (907) 272-8040*

February 27, 1991

Senator Druce Pearce
P.O. Box V
Juneau, AK 99811

Dear Senator Pearce,

Thank you so much for taking time from your busy schedule to talk with me on the pull tab issue. I appreciated the opportunity to present CHARR's position and to discuss other matters of mutual interest. Subsequently, I have discussed our position on hotel mini-bars with Tally of your staff and restated my offer of assistance with this legislation.

Please extend my thanks to your staff for their hospitality when I visited your office. Meg was very gracious in helping me arrange the appointment.

You have my best wishes for a productive session and my thanks for your assistance.

Sincerely,

Carol Wilson

Carol Wilson
Executive Director

Enc.

ARBA
Anchorage
Restaurant &
Beverage
Association

CHARR
Alaska Cabaret
Hotel Restaurant
& Retailers
Association

*not members
of coalition
of charitable
gaming (yet)*

CAROL WILSON

401 K Street, P.O. Box 104839, Anchorage, Alaska 99510
(907) 272-8133



*Alaska Cabaret, Hotel,
Restaurant & Retailers Association*

*P.O. Box 103839 • Anchorage, Alaska 99510
401 K Street • (907) 272-8133 • Fax: (907) 277-8640*

1991 POSITION PAPER ON REGULATION OF CHARITABLE GAMING

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

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

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

LAW OFFICES OF
GROH, EGGERS & PRICE
2550 DENALI STREET, 17TH FLOOR
ANCHORAGE, ALASKA 99503

CLIFFORD J. GROH, SR.
KENNETH P. EGGERS, P. C.
MICHAEL W. PRICE
LANCE E. GIDDUMB
SALLY KUCKO
ROBERT T. PRICE
DENNIS G. FENERTY
DAVID A. DEVINE, P. C.
REBECCA S. COPELAND
RICK L. OWEN
DOUGLAS A. CARSON
SHAWN J. HOLLIDAY
BRYAN S. MERRELL
OF COUNSEL
MITCHELL D. GRAVO, P. C.

TELEPHONE
(907) 272-6474
TELECOPIER
(907) 272-4517

MEMORANDUM

No letter needed.

TO: Senator Drue Pearce
FROM: Mitchell D. Gravo
RE: Requested Letter To and Meeting With Commissioner Merkuliop on Behalf of the Alaska Charitable Gaming Association
DATE: January 24, 1990

INTRODUCTION

The members of the Alaska Charitable Gaming Association (ACGA) need your immediate assistance. This memorandum will summarize a problem the members of ACGA have with a proposed regulation that the Department of Commerce may soon promulgate that adversely affects each member of ACGA. And the memorandum will provide you with the necessary background to write a letter in support of ACGA's position on this problem and meet with the Commissioner if you choose to do so after reading the memorandum.

THE REGULATION

The Department of Commerce may soon promulgate a regulation that will require virtually every individual or organization in the state involved in charitable gaming to become an operator and comply with the strict operator rules outlined in the Alaska Charitable Gaming Reform Act. ACGA is strongly in favor of this regulation. All the members of ACGA have an operator's license and cash bonds of between \$25,000 and \$100,000 posted with the State. The Department is considering drafting this regulation so that certain charitable gaming operations - those that are conducted by more than one permittee solely for more than one permittee, for example Lucky Strike Bingo in Anchorage - will not have to obtain an operator's license. This will create significant problems for ACGA members's for the reasons outlined below. ACGA strongly oppcses this exception and solicits your support in opposing this exception.

PROBLEMS WITH THE EXCEPTION

This exception will be exploited by the unscrupulous in the charitable gaming industry. The exception will allow the unscrupulous in the charitable gaming industry to circumvent the obvious public policy element of the Alaska Charitable Gaming Reform Act requiring those conducting gaming activities on behalf of permittees to obtain an operator's license and be accountable to the State for their activities.

The exception will also create substantial inequities between those that are required to obtain an operator's license and those that will be allowed to take advantage of the exception.

An operator must report its activities to the State quarterly. A nonoperator never has to report to the State. An operator therefore has substantially more accounting overhead than a nonoperator.

An operator must post a \$25,000 to \$100,000 cash bond with the State. This insures substantial protection for the charities for which that operator is conducting gaming activities. A nonoperator does not have to post any bond with the State. Charities are totally unprotected in a nonoperator situation. And a nonoperator can use its excess cash to lowball the marketplace in an attempt to drive its operator competition out of business.

An operator must limit the prizes it awards to \$500,000 per permittee per year. A nonoperator's limit is double \$500,000 or \$1,000,000 per permittee per year. This is a substantial administrative advantage for nonoperators because it allows them to operate with half the permits that an operator operates with doing the same amount of gross business.

An operator must return 15% of its net income to its charities. A nonoperator is not subject to this requirement. Operators that do not meet this requirement will lose their operator's license. Nonoperators do not have a license to lose. Charities are guaranteed a minimum 15% return with an operator. Charities are guaranteed nothing with a nonoperator.

Because an operator must return 15% of its net income to its charities, it must make a profit. A nonoperator does not have to return any minimum to its charities and therefore does not have to make a profit. This is the most significant and inequitable difference between an operator and a nonoperator because it allows the nonoperator to lowball the marketplace with its prices and eventually drive the operators out of business when the operators match the price decreases of the nonoperator and therefore fail to make a minimum profit and return the minimum 15% of net income to their charities.

This is not speculation. It is happening in Anchorage today. Nonoperator Lucky Strike Bingo has been lowballing the price of bingo in Anchorage for several months. All the other operators in Anchorage have had to follow Lucky Strike's pricing in order to keep their market share. Boniface Lingo recently closed its doors; it was the first casualty of this inequitable price war.

REQUESTED ACTION

ACGA believes the above reasons provide a compelling case for requiring that all individuals and organizations conducting charitable gaming activities on behalf of more than one permittee without exception be required to obtain an operators license. This will level the playing field and make the regulations apply equitably to everyone.

This issue is critically important to ACGA. Promulgation of this regulation by the Department is imminent. If you find the above reasons compelling, please assist ACGA in the following manner. First, ask for a meeting with Commissioner Merkuli of and request no exceptions to the operator regulation that the Department is about to promulgate. Second, follow up that meeting with a letter making the same request.

Thank you for your consideration of this issue. I hope you will be able to help ACGA. If you do decide to help, please act immediately because time is of the essence on this issue.

NOV 10 1989

LAW OFFICES OF
GROH, EGGERS & PRICE
2550 DENALI STREET, 17TH FLOOR
ANCHORAGE, ALASKA 99503

TELEPHONE
(907) 272-6474
TELECOPIER
(907) 272-4517

CLIFFORD J. GROH, SR.
KENNETH P. EGGERS, P. C.
MICHAEL W. PRICE
LANCE E. GIDCUMB
SALLY KUCKO
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SHELLEY K. CHAFFIN
BRYAN S. MERRELL
OF COUNSEL
MITCHELL D. GRAVO, P. C.

MEMORANDUM

TO: Senator Drue Pearce
FROM: Mitchell D. Gravo *M.D.G.*
DATE: November 6, 1989
SUBJECT: Briefing for Meeting with Alaska Charitable Gaming Association

This is a confidential memorandum.

A pull-tab works in the following manner: For every dollar of pull-tabs sold, a certain amount of that dollar of gross sales is paid out in prizes, for example, seventy five cents. The twenty five cents left over is referred to as the ideal net. The charities' share of the proceeds, the operators share of the proceeds, the state tax, and expenses are all paid out of the ideal net. Pull-tabs are nothing more than paper slot machines. Each game has a different ideal net, just like each slot machine has a different pay off. Before you begin selling a game, you know exactly how much your ideal net will be when the entire game is sold. Charities must be paid 15% of the amount left over after prizes and expenses are paid, or 15% of the adjusted gross income:

GROSS INCOME
-PAYOUTS
IDEAL NET
-EXPENSES
ADJUSTED GROSS INCOME

The first item I want to bring to your attention is that you were a strong supporter of the "Charitable Gaming Reform Act" during the 1988 legislative session. When the bill was in the House, you supported it, and when it went to the House floor you voted for the bill.

The association has supported you in the past. The goal for this meeting is to make the association members comfortable enough with your understanding and support for the industry to follow my recommendation regarding you and raise \$2,500 for you before the end of the year.

The members of the Alaska Charitable Gaming Association represent the major players in charitable gaming within the state with the exception of the fake lottery. The fake lottery has chosen not to join the association. The members of the association account for more than half of the total charitable gaming activities in the state.

The members of the association fall into four distinct categories; 1) members who run bingo halls which include pull-tab games within the halls, 2) members who run stand alone pull-tab stores without bingo, 3) members who run pull-tab games without bingo not out of their own stores but out of vendor stores like your local bar or mom and pop grocery store, 4) members who wholesale bingo and pull-tab supplies to the above three categories and directly to charities.

These categories are important because certain issues in the industry only affect certain categories; and so certain members only care about certain issues.

Mark Griffin, Northern Lights Bingo and Alaska Bingo Supply, is in categories 1 and 4. Pete Kramer, North Star Bingo and PEC Company, is in categories 1 and 4. Ed Dilly, The Poppe Shop, is in categories 2 and 4. Jim Harman, Rippee World, is in category 2. Jay Hunison, Bingo Sams, is in category 3 and 4. John Blomfield, John Blomfield Companies, and Terry Stallman, T & S Enterprises, are in category 3.

All members of the association have posted cash bonds with the state of between \$25,000 and \$250,000. (AS 05.15.122 (5))

The following summarizes the current state of the industry:

The Alaska Charitable Gaming Reform Act passed the Legislature in 1988. This was a comprehensive reform of the charitable gaming industry in the state. As a result of this legislation, stand alone pull-tab stores sprang into existence, the fake lottery sprang into existence, and the volume of business done in the industry doubled.

The legislation called for promulgation of comprehensive regulations. No regulations have been promulgated. (AS 05.15.060)

The Department of Revenue transferred the charitable gaming program to the Department of Commerce on July 1, 1989. The Department of Commerce reviewed the program for a few months and attempted to promulgate emergency regulations during October. The Association supported the emergency regulations with the exception of the Department's position that vendors are illegal.

The Lieutenant Governor refused to sign the emergency regulations as required by law. The Governor refused to force the issue. The Department of Commerce retreated from promulgating the emergency regulations and is now promulgating the regulations through the regular process and expects to have most of them promulgated by the beginning of the session.

Members of the industry are unable to secure surety bonds required by the legislation; they consequently must post cash bonds if they wish to comply with the law. (AS 05.15.122 (5))

A clear definition of "operator" does not exist. (AS 05.15.210 (24))

A clear definition of "vendor" does not exist. The Department of Commerce' current position is that the use of vendors is illegal.

A clear definition of "series" does not exist. (AS 05.15.187 (b)-(g))

The law is currently being enforced in an arbitrary, capricious and unequal manner. For example, the Department of Commerce is forcing all the members of our association who are bingo hall operators to run their halls under the umbrella of an "operators" permit while allowing bingo halls like Lucky Strike Bingo and Frontier Bingo to operate without operator permits. My members have to post \$100,000 cash bonds and file extensive monthly reports while their competitors across town do not have to meet these requirements. This obviously places members of our association at a competitive disadvantage.

Another example of capricious enforcement of the law is the fake lottery. One member of our association was playing a game similar to the fake lottery. The Department of Commerce forced him to stop the game. Another member of the association has a letter on file with the department requesting permission to run a game exactly like the fake lottery; this letter has been on file with the department since July. The department refuses to answer the letter.

These are just two examples where the Department of Commerce applies the law in an arbitrary, capricious and unequal manner.

The following summarizes the "vendor" issue:

Some charities are not able to work with bingo halls and stand alone pull-tab stores; these charities are forced to work with operators or nonoperators who have networks of vendors who will sell small amounts of pull-tabs each day incidental to the main product in their stores. The biggest example of a vendor operation is the fake lottery; they have a network of vendors that exceeds 200. They are only the biggest example. Several operations on a smaller scale exist in the state. Most of the bars that sell pull-tabs in the state are vendor operations.

The Department of Commerce's current position is that vendors are not provided for in the law and therefore are illegal, and that pull-tabs can only be sold by full-time employees of either an operator or a permittee. This position would put a substantial portion of the industry out of business.

Based on the law and the regulations as they currently exist, this is a correct position.

The association supports legislation or regulations that would establish a licensing scheme for vendors similar to the licensing scheme that exists in the real estate industry for the relationship between a real estate broker and a real estate agent. Vendors could not exist unless they were licensed and had a contractual relationship with an operator.

This would achieve the department's goal--accountability for vendors, and the industry's goal--legality for vendors.

The following summarizes the "adjusted gross profit" issue:

All operators must return at least 15% of the adjusted gross income to their charities. This applies to all operators regardless of how they organize their businesses. (AS 05.15.128)

Some operators have substantially more overhead and capital investment than other operators. For example, operators that run bingo halls have substantially more overhead and capital investment than those operators that use vendors or those operators that have stand alone pull-tab stores.

There may be an effort to have those operators that have substantially less overhead and capital investment than the bingo hall operators return a greater portion of their adjusted gross income to their charities than the bingo hall operators.

The rationale for this effort will be that these different types of operations were not envisioned when the law was passed, and that if they were then they would have had a different adjusted gross income requirement than the bingo halls because their capital investment is substantially less than that of a bingo hall.

The association opposes any effort to differentiate the type of return required of operators based on their capital investment and their overhead. We believe it is unfair to penalize a business because it is operating efficiently.

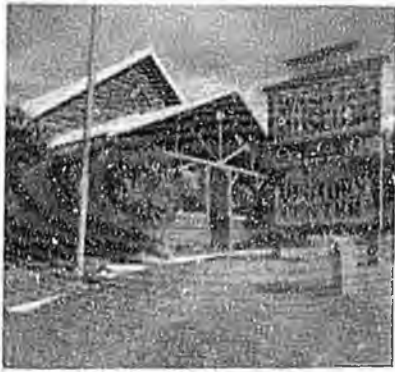
There is enough unequal treatment in the industry already; we don't need another instance of unequal treatment.

The association supports the following positions:

- 1) Regulations promulgated as soon as possible that clarify the definition of "operator", and "series."
- 2) Uniform enforcement of the regulations and law.
- 3) Legislation or regulations that will legalize vendors.
- 4) A stable adjusted gross income policy.

Wasilla-Knik-Willow Creek

JAN 16 1991



Historical Society

323 Main Street
Wasilla, Alaska 99687
376-2005

Preserving Yesterday's
Culture for Tomorrow



Senator Drue Pearce
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Pearce:

The Attorney General's decision to curtail Pull-Tabs on December 31, or at any time, is ill-advised because a great many worthwhile small non-profit organizations in the state depend heavily on that source of income. This is especially true of small museums and other historical enterprises inasmuch as history is at the bottom of the list for federal, state and municipal grants/appropriations. Bake sales and sporadic fund drives cannot do the job, no matter how much volunteer help is available. History does not repeat itself, and much that we are trying now to preserve may be irrevocably lost.

I desperately urge you to allow the Pull-Tab operations to continue, encouraged and unabated, even if it means amending present laws or passing new legislation enabling third-party vendors to proliferate.

Respectfully yours,

V. Louise Kellogg

V. Louise Kellogg, President
Wasilla-Knik-Willow Creek
Historical Society, Operators of
the Dorothy Page Wasilla Museum and
the Knik Museum

LC
Rod - ask v. l.

JAN 3 1990

THE POP SHOPPE
1060 ASPEN
FAIRBANKS, ALASKA 99709
451-6865 OR 456-5688

December 21, 1989

State of Alaska
Senators and Representatives
Box V
Juneau, Alaska 99811

To All Senators and Representatives:

Subject: Charitable Gaming (My Industry):

The State has gone through astronomical growth here in excess of \$300 million in 1989. The state is five years behind the industry in this field. We have no real expertise at state regulatory level. This is a must and needed now. I support regulations and bonding. I do not support Washington rules. This is Alaska.

I also would like to see a small amount of common sense used by regulatory bodies. The reform laws written by legislators can never cover all topics involved in regulations and enforcement of any law.

You and I need to know Commissioners have the tools to enforce and regulate intent.

The State has been at least guilty of selective enforcement, selective bonding requirements, allowing Lottery Alaska to start up a illegal game then changing their mind and trying to stop it.

No consistency in reporting requirements and forms need to comply.

Changing from Department of Revenue to Department of Commerce is no excuse for the lack of enforcement or guidance by the State. Past practices and reporting methods have been totally improperly managed and supervised by State level employees.

Having State employees personal opinions on regulations or the law is in no way proper. These decisions should come from legislators intent or Attorney General opinions on legality of regulations.

I personally have been openly lied to by those in charge.

The State has cost me and others in this industry thousands by lack of control.

As I supported Reform Bill 299 in 1988 I feel the State has only made a total disaster in charitable gaming.

Legislative intent was lost. Personal opinions are in effect now.

The States 3% tax is a large amount. No one in this industry minds supporting our State in this manner, but feel our payments would only be larger if it was not necessary to educate and fight stupidity on State level.

The Department of Commerce should write regulations. They should also encourage business in Alaska, not ~~restrict~~ it.

I personally have been through hearings five times since reform on regulations. To date we have NONE.

How much has this cost the people of Alaska?

How much has the State cost the Non-Profits I work for? In my company it will be over \$200,000 in 1989 alone.

The Department of Commerce needs help now, before this atrocity of justice ends up in court.

The State policies currently cost thousands of loss per day. My industry cannot wait for State employees to find a place to pass the buck again any longer.

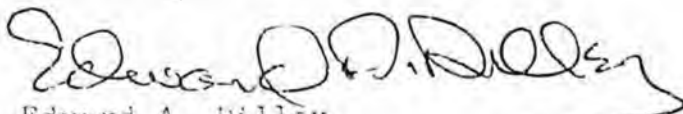
I will support any bill that requires regulations of any law being reviewed by Senate and House before wasting time with hearings. If regulations do not follow your intent, you can kill them.

My company records and accounting practices are always open to any Senator or Representative who wishes to understand Charitable Gaming and how it really works. As a board member of Alaska Charitable Gaming Assn. we offer any assistance needed.

As you return to session shortly, please look in to industry and state needs in this matter. I will support any common sense revisions needed.

Fellow Alaskan for Alaska.

Sincerely,



Edward A. Dilley
The Pop Shoppe
E & A Services
Alotta

THE POP SHOPPE
1060 ASPEN
FAIRBANKS, ALASKA 99709
451-6865 OR 456-5688

State of Alaska
Mr. Steve Cowper, Governor
Juneau, Alaska 99811

Subject: Charitable Gaming

Dear Mr. Cowper:

It is my understanding you will introduce legislation on bonding for gaming. I would like to know the particulars on your bill before introduction. Also give you my opinions on this matter.

I am at present the largest bonded operator in the state with \$250,000 in cash posted as Certificates of Deposit. Let me assure you I find this totally ridiculous and costly. Some State licensed operators have not a dime of bonding. No parity in state enforcement has been used in the past here!

Yes bonding needs to be lowered and written so as it is at least attainable by all.

Along with lowering of cash requirements, a system of qualifications and back ground checks may be just as valuable. A long standing solid citizen is not as likely to risk their reputation in a small state. Business back ground is also an important asset, as record keeping and accountability is an important factor. No system is fool-proof.

As large operators can only run 20 to 40 permits a year, small groups need a market to raise funds also. The third party vendor issue is very important factor to these groups. I support their position in this need, with some type of affordable control and accounting to the state.

The State has been a total adversary to fund raising in past policies.

We have charitable gaming laws in Alaska set forth by our legislators. The State should regulate and supervise this set of laws. not fight the concept.

Mr. Cowper, this is gambling. Lets treat it like it is. We in the industry have made profits for our groups and the State in spite of our constant fight with The Department of Revenue and Department of Commerce.

Gaming will generate 300+ million in sales this year alone. The States 3% is not a small number. This should be encouraged to


Page 2
Charitable Gaming

grow, not stifled in time of need.

Ask your commissioners to regulate and control, but use common sense if possible.

Thanks for your time.

Sincerely,



Edward A. Dilley
Owner-Operator
The Pop Shoppe

Proceeds Paid to Charity 1989

1st Quarter 1989

Ketchikan Youth Football	14,448.05
Douglas Lyons	43,674.18
Festival Fbks. 84	9,096.13
Fbks. Amateur Hockey	18,168.26
	<u>85,386.62</u>

2nd. Quarter

Juneau Youth Football	18,431.35
Southeast Pan Handlers	9,870.40
Ak. Native Sisterhood	9,847.02
Ktkn. Youth Services	18,877.37
North Pole Rotary	1,381.65
Fbks. Youth Soccer	26,187.72
	<u>84,595.51</u>

3rd. Quarter

Alaska Gold Kings	9,327.37
North Pole Rotary	14,919.84
Douglas Indian Assn.	2,771.71
Juneau Shotokan Karate	9,679.29
Sports Unlimited	8,471.68
American Legion #25	4,164.65
Ktkn. Senior Services	14,613.59
Ak. Native Sisterhood	3,173.92
Sons of Norway	9,067.27
Ktkn. Killer Whales	2,828.39
Ak. Native Sisterhood	447.00
	<u>79,464.71</u>

JAN 3 1990

ALASKA CENTRAL BASEBALL LEAGUE, INC.

BOX 1332

KENAI, ALASKA 99611

ANCHORAGE GLACIER PILOTS

Lou Sinnett, Gen Mgr
Box 100895
Anchorage, AK 99510
(907) 274-3627
(907) 561-0121

MAT SU MINERS

Stan Zaborac, Gen Mgr
Box 1633
Palmer, AK 99645
(907) 745-4901

PENINSULA OILERS

Coral Seymour, Gen Mgr
Box 5008
Kenai, Alaska 99611
(907) 283-7133
(907) 283-4271

Wayne Dunworth, President, Box 1332, Kenai, Alaska 99611 (907) 283-7551
(Fax 283-3299)

Jack Slama, Executive Director, 5132 East 42nd, Anchorage, AK 99508
(907) 269-4101 (Fax 338-1341)

Drue Pearce
4150 West 88th Ave
Anchorage, Alaska 99502

Dear Senator Pearce,

We are writing to you asking that you do not take lightly the changing of gambling laws and in particular the pull tabs regulations that are presently proposed by the Department of Commerce.

As you well know the gaming laws started with the Dept of Commerce then was changed to the Dept of Revenue and now back again with the Department of Commerce. These changes in departments have made it difficult to make decent, pliable and equitable laws in that no one really has had the gaming regulations as a priority in their respective departments, only as a secondary duty and one which no one to date really knows much about. Each department has made or tried to make emergency regulations and change the law with too little study and before hearings were held.

Most recently the Department of Commerce has appointed an advisory gaming committee which we feel should be appointed by the legislature to do a study with legislators to come up with a viable set of regulations taken from several states with experience. The State could not suffer much if this study was not completed within this session.

We, the Alaska Central Baseball League, Inc. particularly object to not allowing a third party vendor of pull tabs, ie bars, restaurants, etc as this is where a large portion of our financing comes from. No third party vendors (Alaska business persons) allowed to sell pull tabs, but making laws and regulations that make it easier and more profitable for "Operators" simply does not seem in the best interest of the Alaskan people and the non profit organizations these laws were originally made to apply to.

It would seem that some of the new laws were expressly made to order for the operators and perhaps the department felt they would be easier to police than the non profit organizations.

We would urge you to contact us so that we might meet with you in a workshop in Anchorage to discuss this matter at length and would urge you to contact the hundreds of permittees (non-profits) to see how these changes would affect their programs before allowing the changes to be made.

Right now with the economy, there probably would be at least four less amateur baseball clubs in Alaska if these laws were changed as now proposed.

In no way are we trying to put down the department or imply that they are not capable of running the gaming laws and regulations. we simply feel that it is in the best interests of the people of Alaska to have the legislature make these laws AFTER a full and complete study and hearings are held to assure that the best laws and regulations are passed and put into effect. To hurry these laws without studies and hearings can only result in future problems.

Yours for GOOD, SOUND, GAMING LAWS,



Wayne Dunworth, President
For the Board of Directors
Alaska Central Baseball League, Inc.

JAN 16 1991

Don Brandon
Executive Director

Red



January 9, 1991

Sen. Drue Pearce
P. O. Box V
Juneau, AK 99811

Dear Sen. Pearce,

Last year the legislature did nothing to resolve questions regarding charitable gaming in Alaska. Because of legislative inactivity and unwillingness to work together for the good of charities involved in gaming, charities are being penalized by the Attorney General. Charities are being restricted from fund raisers through third-party vendors creating budget shortfalls and staff reduction, which ultimately means service provided by charities are being restricted due to lack of revenue.

Please make a matter of first priority a piece of legislation which directly addresses third-party vendors and give the Department of Commerce opportunity to write regulations regarding this activity.

Sincerely,

Don Brandon

Don Brandon
Executive Director

3719 Arctic Boulevard
Anchorage, Alaska 99503
(907) 561-7325 FAX: 562-7325



ANCHORAGE BUCS BOOSTER CLUB - PIRATES DEN

P.O. Box 24-1105
Anchorage, Alaska 99524-1105
(907) 277-2827

January 9, 1991

The Honorable Drue Pearce
3111 C Street, Suite 535
Anchorage, AK 99503

Dear Senator Pearce:

Due to recent implementation of the Attorney General's ruling reference Pull Tab sales through third party vendors, the income needed to carry out our programs has effectively stopped.

We are a self-directed permittee, licensed under charitable gaming and therefore do not employ the services of an operator.

We urge that you implement, as quickly as possible, legislation to enable the continued employment of third party vendors for pull tab sales. Without swift action on the part of the legislature, we anticipate that our non-profit organization will cease to exist within the next 90 days.

As our elected representative, we look to your leadership in solving this urgent matter.

Respectfully,

Member of the Board



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Member of the Board



JAN 17 1991

ANCHORAGE BUCS BASEBALL CLUB

Members, Alaska Baseball League

Zed

January 9, 1991

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3111 C Street, Suite 535
Anchorage, AK 99503

Dear Senator Pearce:

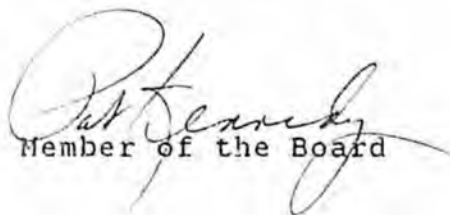
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Respectfully,

Dennis Mattering

Member of the Board



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Members, Alaska Baseball League

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As our elected representative, we look to your leadership in solving this urgent matter.

Respectfully,

Member of the Board

Anchorage Amateur Radio Club, Inc.
 Gaming Committee
 1910 Rosemary Street
 Anchorage, Alaska 99508

21 December 1990

Senator Drue Pearce
 3111 C Street, Suite 535
 Anchorage, Alaska 99503

Dear Senator Pearce,


Our Club is deeply concerned about the proposed regulations from the Department of Commerce and Economic Development concerning pull tabs.

12 AAC 34.700 would have a serious impact on our income from gaming. We have been doing business with an independent operator for several years. We believe Mr. Pete Kramer has served us well. We have found no discrepancy in his accounting procedures or business ethics. We have received our fair share of the funds in a timely and business like manner. We do not have the facilities or personnel to conduct these activities, and oversee their operation as Mr. Kramer has done. As an independent business man, he is certainly entitled to receive a fair profit as compensation for his immense investment of time and personal assets. He has also complied with the State's stringent bonding requirements.

In closing, We are completely pleased with the present and past operation. We feel that the proposed regulations are unnecessarily restrictive and primarily designed to drive the Operator out of the picture. This should not be! If such is to happen, our Club would not be able to continue its philanthropic activities. We must urge you to use your power and authority to bring about a revision to these regulations which will be mutually beneficial to all concerned.

Believe new A.G. stopped
 pull tabs —
 check w/ Commerce on
 status
 what will happen
 to Radio Club?
 Is anyone working
 on a bill?

Respectfully,


 Fred S. Wegmer
 Treasurer (Gaming)

December 18, 1990

Dear Senator Pearce:

As you know the next legislative session is rapidly approaching. This will be a vital time for Kachemak Bay State Park. Your vote of whether to appropriate \$20 million to maintain the park with its present boundaries, or to allow clear-cut logging to proceed, will obviously have a great impact on the park's future.

I am very concerned about this issue. If the heart of the park were to be logged (Konkor Timber Company is currently obtaining the permits) it would be a continual eyesore and sad reminder for years to come. However this issue is not merely over aesthetics. Fisherpeople have a vital interest in the continued productivity of the bay. There are environmental concerns. Future revenues for the state are at stake.

The long term effects of logging are difficult to predict accurately, but it seems certain that resulting erosion, the possibility of bark smothering clam and mussel beds important to the chain of life in this rich ecosystem, and the effect on land-based wildlife, will not be insignificant.

This is not just a regional issue. Not only does the lower Kenai Peninsula depend greatly on tourism as an economic mainstay but also the entire state profits from it. When one considers the dollars that come into the state from Denali Park, which ultimately benefit all Alaskans, then one ought not to ignore the role and further potential of Kachemak Bay State Park.

A great many visitors come to Alaska each year for the express purpose of enjoying the bounty of Kachemak Bay and its surroundings. It is a unique and beautiful experience! Clear-cut logging would surely diminish the number of tourists and tarnish the experience for those who choose to visit or live in the area. Nowhere on earth does there exist a park of the magnificence of that surrounding Kachemak Bay, one so rich in life and one so readily accessible.

I am presently in my last year at the University of Anchorage, and when in May I return to the lower Kenai, I hope it is with the same fondness and cheer I have always felt for the Kachemak area. To think that it could be otherwise hurts deeply.

Please, please allocate the funds to maintain the integrity of Kachemak Bay State Park. It will pay us all back many times over and in many ways for years to come.

Thank you,

Steve Hughes

Steve Hughes

6710 E. 10th Ave.

Anchorage, Ak. 99504

*Thank for
letter. say we
look forward to
seeing Hinkel Admuy
plan on the
issue.*



Alaska State Legislature

Please enter into the record my testimony to the

S & C

committee name

non-profit
committee on

Gaming Legislation

, dated

3/20/91

bill/subject

My comment today is that State Government is curtailing and eliminating most Social programs and at the same time when Non-Profit organizations try to pick ^{UP} the ^{SLACK} slack the State says NO, by implementing rules and regulations that tie the hands of these organizations.

Our Legislatures need to make regulations that are adequate to follow, adequate to enforce and allow the state to share in the revenues as they now do for PULL TABS.

License Video Machines to be used as gaming devices. Insure Policies are in effect to prevent possible abuses and allow Permit holders to accomplish their goals in support of Community State and Nation. For example I know the organizations in our area support, Youth baseball, such as little league and American Legion Youth baseball, families in need of emergency assistance, Youth Ice Hockey (team sponsors and purchase of ice time for youth), Youth basketball and football, needy food baskets, not only at Thanksgiving and Christmas, but anytime a family is in need. Immediate emergency assistance to burn out victims and the list goes on and on.

These organizations need your support if they are to continue to accomplish the above goals.

Thank you for your time.

in name

Johnson Johnson

Signed. _____

Testifier

Representing (Optional)

POB 874011

Wasilla 99687

Address

376-8875

Phone No.

FEB 28 1991

Zod

February 25, 1991

Drue Pearce
Senator,
State of Alaska Legislature

RE: Pull-Tab Industry

Dear Senator Pearce,

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

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

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

Please help me and many others to keep our jobs.

Respectfully,



Carol Corven

cc John Hansen
Mike Szymanski
Gary Amendola

February 25, 1991

Drue Pearce
Senator,
State of Alaska Legislature

Dear Senator Pearce,

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

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

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

Respectfully,



George Pollitt

cc John Hansen
Gary Amendola
Mike Szymanski
Doug Blankenship



TELECOPY COVER SHEET

Kodiak Legislative Information Office

Office - (907) 486-8118 Fax - (907) 486-5284

Call

TO: Barbara Lynn - T/c 91-03-100

ATTN: S Labor & Commerce Committee FAX: _____ PHONE: _____

FROM: Mr. Jim Fisk PHONE: _____

INSTRUCTIONS: Please give to Chairman
Mr. Fisk will be speaking about
this in his testimony

SENT: Date 3-20-91 Time _____

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup _____

NUMBER OF PAGES: 2 (NOT counting cover sheet)

TRANSMITTED BY: LJ

'89 proposal by Gaming Advisory Group
to Commerce - not adopted.

Register

1989

PROFESSIONAL AND
VOCATIONAL REGULATIONS

12 AAC 34.130

12 AAC 34.135

12 AAC 34.130. PROHIBITED FINANCIAL INTEREST. No permittee, operator, pull-tab distributor, or pull-tab manufacturer shall have a prohibited financial interest, or employ, contract with, or allow a person to participate in activities authorized by AS 05.15 and this chapter who has a prohibited financial interest in the operation of any gaming activities. Prohibited financial interest includes but is not limited to the following:

(1) An employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly, payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(2) A direct relative of an employee, contractor or person who participates in the operation of gaming activities, other than a licensed operator, who receives either directly or indirectly payments for rental or leasing of premises or equipment used in the operation of gaming activities.

(3) A licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies in connection with gaming activities unless the sale is at the normal and usual retail price offered to all other customers;

(4) A direct relative of a licensee or person who sells, offers for sale or provides bingo equipment, pull-tabs, tickets or supplies for gaming operations unless the sale is at the normal and usual retail price offered to all other customers;

(5) No permittee or operator shall buy, receive or otherwise obtain, nor shall any manufacturer or distributor, or anyone connected therewith, sell or deliver any pull-tab or pull-tabs to any permittee or operator, except on a cash basis. "Cash basis" for this subsection shall mean payment in full, either by cash or by check made payable to the seller, within 30 days of actual distribution of the pull-tabs to the permittee or distributor.

(6) No permittee or operator shall allow any operator, pull-tab distributor or manufacturer or anyone connected therewith, to acquire any interest, including a security interest, in any pull-tabs.

(7) No permittee or operator shall accept a loan of money or anything of value from any manufacturer or distributor, or from anyone connected with any gaming activities. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.140

12 AAC 34.135. INSPECTION OF PREMISES, RECORDS AND DEVICES. (a) All premises used to conduct gaming activities shall be open to inspection at any reasonable time by the department or its authorized representative. At any time during which an authorized gaming activity is being conducted upon such premises, any employee of the department or authorized representative, may enter upon the premises without advance notice to

(1) make a count of all monies on hand or received during the operation of the gaming activity located on the premises, inspect all receipts for income issued by the permittee or operator, and inspect all receipts for prizes which have been awarded by the permittee or operator; and,

Register

1989

PROFESSIONAL AND
VOCATIONAL REGULATIONS

12 AAC 34.135

12 AAC 34.140

(2) inspect any of the other gaming related records of the permittee or operator, employee, or of any member who directly participates in the management, operation or promotion of a gaming activity.

(b) All gaming related books and records shall be made available by the respective licensed operator to authorizing permittees, the department or its authorized representative upon reasonable notification. The records shall include, but are not limited to

- (1) general and subsidiary ledgers;
- (2) bank statements and bank reconciliations;
- (3) savings account records;
- (4) federal tax returns;
- (5) corporate income tax returns; and,
- (6) Alaska Department of Labor records.
- (7) daily and monthly reports to authorizing permittees
- (8) daily and monthly reports of permittees

(c) All gaming related books and records shall be made available to authorizing permittees or the department at a location in the state where the organization should reasonably be expected to be located. The department may require any and all books and records be made available at any office where the department conducts business. (Eff. / / , Register)

Authority: AS 05.15.060
AS 05.15.070
AS 05.15.083

12 AAC 34.140. PRIZE LIMITATIONS FOR ACTIVITIES OTHER THAN BINGO. (a) The value of any single door prize may not exceed \$1,000. The total value of door prizes at any one single event shall not exceed \$5,000. The total value of door prizes during any one month shall not exceed \$20,000.

(b) If a permittee contracts with a licensed operator at any time, the total amount which may be awarded under the permit for activities other than bingo shall be a maximum of \$500,000 in a calendar year. If a permittee contracts with a licensed operator and the total amount of prizes awarded under the permit exceeds \$500,000 at the time the contract is executed, the permittee may not award any prizes for the remainder of the calendar year. For example, "Permittee A" has awarded \$600,000 in prizes at the time it contracts with a licensed operator. "Permittee A" may not award any more prizes for the remainder of the calendar year under its permit since the total amount of prizes awarded at the time it contracted with the operator exceeded \$500,000. "Permittee A" may award prizes under its permit for bingo activities, but not to exceed the prize limitations for bingo activities.

(c) If an organization obtains a permit as a result of a consolidation of permittees, the total of the amount of prizes awarded under each consolidating permittee shall be considered the total amount of prizes awarded by the consolidated organization at the time of consolidation.

GAMES OF CHANCE AND CONTESTS OF SKILL

Chapter 15. Bingo, Raffles and Ice Pools.

Article

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

Article 1. Administration.

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

Sec. 05.15.010. Department of Revenue to administer chapter. The Department of Revenue shall administer this chapter. (§ 3 ch 27 SLA 1960)

Sec. 05.15.020. Annual permit and fees. (a) A municipality or qualified organization may conduct an activity permitted under this chapter, if the municipality or qualified organization pays the appropriate permit fee and receives an annual permit issued by the department. The annual permit fee is

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

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

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

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

(b) An additional fee of one percent of the net proceeds received during the preceding year from the activities authorized under the permit shall be paid to the department annually by the municipality or qualified organization authorized to conduct activities under this chapter, if the gross receipts for the activities were \$20,000 or more. (§ 3 ch 27 SLA 1960; am § 1 ch 182 SLA 1976; am § 1 ch 99 SLA 1988)

Sec. 05.15.025. Money deposited in general fund. Money received by the department under this chapter shall be deposited in the general fund. The commissioner of administration shall separately account for the money deposited in the general fund under this section. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out enforcement of this chapter. (§ 2 ch 99 SLA 1988)

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

only a recommendation by the local government that may be considered by the commissioner in determining whether to issue or refuse to issue a permit or license.

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

(c) If a permittee or licensee changes the location of an activity in the jurisdiction for which a permit has been issued, the permittee shall notify the department and the local government within 10 days after moving to the new location. (§ 3 ch 27 SLA 1960; am § 2 ch 94 SLA 1980; am § 1 ch 59 SLA 1983; am §§ 3,4 ch 99 SLA 1988)

Sec. 05.15.040. Issuance and effect and term of permit. After the fee is paid, a permit issued, and during the effective period of the permit, the municipality or qualified organization may conduct the activity specified in the permit. A municipality that has been issued a permit under this chapter may not conduct any activity authorized by the permit outside of the geographic boundaries of the municipality. If a permit is revoked, the permittee is not eligible for another permit until the expiration of one year from the date of revocation. A permit expires at the end of the period for which it is issued. A permit is not transferable. (§ 3 ch 27 SLA 1960; am § 1 ch 27 SLA 1982)

Sec. 05.15.050. Surrender of permit upon suspension or revocation. When a permit is suspended or revoked, the permittee shall surrender the permit to the department on or before the effective date of the suspension or revocation. A permit is not valid beyond the effective date of the suspension or revocation, whether surrendered or not. (§ 3 ch 27 SLA 1960)

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

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

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

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

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

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

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

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

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

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

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

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

(12) other matters the commissioner considers necessary to carry out this chapter or protect the best interest of the public. (§ 4 ch 27 SLA 1960; am § 1 ch 94 SLA 1986; am § 5 ch 99 SLA 1988)

Sec. 05.15.070. Examination of books and records. The commissioner may examine or have examined the books and records of a permittee, an operator, or a person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may issue subpoenas for the attendance of witnesses and the production of books, records, and other documents. (§ 6 ch 27 SLA 1960; am § 6 ch 99 SLA 1988)

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

(b) A municipality or a qualified organization issued a permit under this chapter shall file an annual report with the department by March 15 of the year following the year in which activities were conducted, accompanied by the payment of the additional fee, as may be required under AS 05.15.020(b). The report must list the types of activities conducted, and, for each activity, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds. (§ 6 ch 27 SLA 1960; am § 2 ch 182 SLA 1976; am § 7 ch 99 SLA 1988)

Sec. 05.15.083. Reports to department by operators. (a) An operator shall file a report with the department by the last business day of the month following each calendar quarter in which an activity was conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted during the quarter, the date and location of each activity, the type of activity conducted, the amount of gross receipts, the amount of authorized expenses, the value of prizes awarded, the amount of net proceeds paid, and other information the department may require; a completed Internal Revenue

Service Form 941; and a copy of the operator's employer contributions and wage reports submitted to the Department of Labor for the quarter. However, if the only activity conducted by an operator during the calendar quarter is a raffle or lottery, then the operator is not required to file a report under this subsection until the raffle or lottery is completed.

(b) An operator shall file an annual report with the department, no later than February 28 of the year following the year in which activities were conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted, the types of activities conducted, the total amount of gross receipts, the total amount of authorized expenses, the total value of prizes awarded, and the total amount of net proceeds paid to each authorizing permittee. The annual report shall also include a completed Internal Revenue Service Form W-2 for each person employed by the operator during the preceding year. (§ 8 ch 99 SLA 1988)

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

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

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

(d) An operator shall provide original invoice documents and deposit slips upon the request of an authorizing permittee for whom the operator has conducted activities. (§ 8 ch 99 SLA 1988)

Sec. 05.15.090. Reports to the legislature. Before April 15 of each year the commissioner shall submit a detailed report containing a summary of all reports required of permittees and operators. The attorney general and the commissioner of public safety shall, within 10 days after the convening of the legislature each year, submit a jointly prepared, detailed report outlining the effect, if any, of the operation of this chapter on the legal and law enforcement activities of the state. (§ 9 ch 27 SLA 1960; am § 3 ch 182 SLA 1976; am § 9 ch 99 SLA 1988)

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

- (1) the member in charge for the qualified organization;
- (2) a person authorized to sign on behalf of the municipality;

- (3) the operator or the operator's agent;
- (4) the licensed pull-tab distributor or the distributor's agent; or
- (5) the licensed pull-tab manufacturer or the manufacturer's agent.

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

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

(d) A permittee or licensee under this chapter shall pay a penalty of one percent of the unpaid balance, as determined by the department, of a fee due under this chapter for each 30-day period or part of a 30-day period that the fee is delinquent. The department may waive the penalty if the failure to pay the fee on time is due to a reasonable cause, as defined by regulation adopted by the department. The amount of the penalty may not exceed 25 percent of the unpaid fee. (§ 10 ch 99 SLA 1988)

Article 2. Licenses and Permits.

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

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

(b) The commissioner also may issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and numbers wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(c) The commissioner may issue an operator's license to a natural person to conduct an activity permitted under this chapter on behalf of a municipality or a qualified organization. The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization. (§ 1 a ch 27 SLA 1960; am § 1 ch 66 SLA 1976; am § 2 ch 27 SLA 1982; am 2 ch 59 SLA 1983; am § 1 ch 93 SLA 1986; am § 2 ch 94 SLA 1986; am §§ 11,12 ch 99 SLA 1988)

Sec. 05.15.110. Authorized activities a privilege. The activities specified in AS 05.15.100 of this chapter may be permitted as a privilege and do not confer a right upon any person to conduct the activities. (§ 1 b ch 27 SLA 1960)

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

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

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

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge. (§ 13 ch 99 SLA 1988)

Sec. 05.15.115. Contracts between permittees and operators. (a) A municipality or qualified organization holding a permit to conduct an activity under this chapter may enter into a contract with an operator licensed under this chapter to conduct on behalf of the municipality or qualified organization those activities permitted under the authority of the permit.

(b) The contract between an authorizing permittee and an operator must include the amount and form of compensation to be paid to the operator, the term of the contract, the activities to be conducted by the operator on behalf of the permittee, the location where the activities are to be conducted, the name and address of the member in charge, and other provisions the department may require.

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

(d) A permittee shall submit to the department a copy of each contract with an operator with whom the permittee contracts to conduct activities subject to this chapter. The permittee shall submit to the department a copy of the contract or subsequent amendment of the contract by certified mail at least 15 days before activities are conducted under the contract or amended contract. (§ 13 ch 99 SLA 1988)

Sec. 05.15.120. Eligibility for permit. An applicant shall be a municipality or qualified organization to be eligible for a permit. (§ 1 c ch 27 SLA 1960; am § 3 ch 27 SLA 1982)

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

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

- (1) applies on the form provided by the department;
- (2) pays the annual fee of \$500;
- (3) discloses the identity of persons employed by the applicant in a managerial or supervisory capacity;

(4) submits proof of liability insurance satisfactory to the department; and

(5) posts a bond or security satisfactory to the department in the amount of \$25,000 for each permit under which the operator operates up to a maximum of \$100,000.

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

(d) A licensee may not employ a person in a managerial or supervisory capacity if the person has been convicted of, in prison for, or on parole for a felony within the preceding five years or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law. (§ 14 ch 99 SLA 1988)

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. (§ 14 ch 99 SLA 1988)

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. (§ 14 ch 99 SLA 1988)

Sec. 05.15.130. Commissioner may impose additional requirements for eligibility. The commissioner may supplement the definitions of qualified organizations and activities by rules and regulations adopted under this chapter adding to the definitions additional requirements which the commissioner considers necessary for the best interests of the public or for the proper administration of this chapter. (§ 1 d ch 27 SLA 1960)

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 of revenue, the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

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

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

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

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

(d) Application forms for permits shall contain a notice that a false statement in the application is punishable by law. (§ 1 d ch 27 SLA 1960; am § 4 ch 27 SLA 1982; am § 3 ch 59 SLA 1983; am §§ 15,16 ch 99 SLA 1988)

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

(b) The net proceeds derived from the activity must be devoted within one year to one or more of the uses stated in (a) of this section. A municipality or qualified organization desiring to hold the net proceeds for a period longer than one year must apply to the commissioner for special permission and upon good cause shown the commissioner may grant the request. (§ 1 e ch 27 SLA 1960; am § 2 ch 66 SLA 1976; am § 5 ch 27 SLA 1982)

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

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

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

(3) performed by

(A) an employee of the permittee; or

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

(b) Municipalities, qualified organizations, and operators may pay their employees a reasonable amount in wages or other compensation for personal services rendered by their employees while the employees are engaged in activities subject to this chapter. A reasonable amount of compensation is an amount approximating the amount ordinarily paid by similar businesses for similar work performed under similar circumstances. (§ 1 e ch 27 SLA 1960; am § 4 ch 59 SLA 1983; am §§ 17,18 ch 99 SLA 1988)

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

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

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

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

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

(f) An operator may not

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

(2) extend credit to players;

(3) employ house players;

(4) allow the operator's employees to play a game conducted by the operator at the location where the employee works for the operator. (§ 19 ch 99 SLA 1988)

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

(b) The amount forfeited under (a) of this section shall be first used to satisfy delinquent fees, interest, and penalties due the department under this chapter. If the bond or security is not exhausted by payment of delinquent fees, interest, and penalties, the department may use the remaining amount to pay net proceeds due an authorizing permittee. The total amount available for payment of net proceeds shall be prorated among the permittees to whom proceeds are due from that operator.

(c) The operator and the surety shall inform the department if the bond is canceled or the security is impaired. (§ 19 ch 99 SLA 1988)

Sec. 05.15.170. Suspension of permit. The commissioner may suspend a permit pending investigation or hearing. The suspension is effective upon the giving of notice to the permittee. The notice may be given by the delivery or handing of written notice to the permittee or a person conducting an activity under the permittee's permit or the mailing of notice to the permittee at the address

shown on the permit. A permit may be suspended under this section for a period of 90 days or until the end of a hearing or other proceeding begun during suspension. The authority of the commissioner to suspend a permit is not subject to the Administrative Procedure Act (AS 44.62). (§ 5 ch 27 SLA 1960)

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

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

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

(1) no cash prizes may be awarded;

(2) only money substitutes such as chips or scrip may be used by a player in the activity.

(3) the money substitutes may be exchanged only for prizes other than money and may not be otherwise exchanged or sold; and

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

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

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

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

(g) A municipality or a qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter; however, if a municipality or a qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year. In this subsection "activities authorized under this chapter" means all activities subject to this chapter other than bingo. (§ 2 ch 27 SLA 1960; am § 3 ch 66 SLA 1976; am §§ 5,6 ch 59 SLA 1983; am § 2 ch 93 SLA 1986; am § 3 ch 94 SLA 1986; am §§ 20,21 ch 99 SLA 1988)

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

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

(c) Each series of pull-tabs manufactured in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department.

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

(e) Each pull-tab manufacturer shall report to the department by the last business day of the month on each series of pull-tabs distributed during the preceding month, including the serial number of each series distributed and the name of the distributor to whom the series was distributed. (§ 22 ch 99 SLA 1988)

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

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

(c) Pull-tabs may be distributed only from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state.

(d) A pull-tab distributor shall report to the department by the last business day of each month on each pull-tab series distributed in the preceding month. The report must include the name of the permittee to whom each series of pull-tabs is distributed and the serial number of each series. (§ 22 ch 99 SLA 1988)

Sec. 05.15.184. Pull-tab tax. A pull-tab distributor shall collect a tax of three percent of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. The pull-tab distributor shall pay to the department the tax collected in the preceding month at the time that the report under AS 05.15.183 (d) is filed with the department. (§ 22 ch 99 SLA 1988)

Sec. 05.15.185. Distribution of pull-tab games. Each series of pull-tabs distributed in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department and may be distributed only to a municipality or a qualified organization that has obtained a permit issued under this chapter or to an operator on behalf of an authorizing permittee. (§ 22 ch 99 SLA 1988)

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

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

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

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

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

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

(g) Notwithstanding other provisions of this chapter, a pull-tab game that confers an additional right upon all or some of the purchasers of a pull-tab series to participate in a lottery for additional prizes may not be conducted in the state unless a surety bond in the amount of \$250,000 conditioned upon payment of all prizes and awards when due is submitted to the department by the operator or authorizing permittee and approved by the attorney general. (§ 22 ch 99 SLA 1988)

NOTE: Section 37, ch. 99, SLA 1988 provides:

"Notwithstanding the provisions of AS 05.15.187(b), enacted in sec. 22 of this Act, a pull-tab series may be sold at more than one location during the same day if the pull-tab series also confers an additional right upon all or some of the purchasers of the series to participate in a lottery for additional prizes and the pull-tab series is sold before July 1, 1989."

Article 3. General Provisions

Section	Section
190. Interpretation and construction	210. Definitions
200. Penalties	995. Short Title

Sec. 05.15.190. Interpretation and construction. If any provision of this chapter, or regulation made under this chapter, is determined to be unlawful, then all permits issued in connection with the licensed activity to which the unlawful provision or regulation related shall be cancelled. (§ 8 ch 27 SLA 1960)

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

(b) A person who, with the intent to mislead a public servant in the performance of the public servant's duty, submits a false statement in an application for a permit under this chapter, is guilty of unsworn falsification. (§ 7 ch 27 SLA 1960; am § 7 ch 59 SLA 1983)

Sec. 05.15.210. Definitions. In this chapter

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

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

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

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

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

(6) "commissioner" means the commissioner of revenue;

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

(8) "department" means the Department of Revenue;

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

(10) "dog mushers' association" means a civic, service, or charitable organization in the state, not for pecuniary profit, formed exclusively to promote interest in the breeding and training of dog teams for work or recreational and racing purposes, but does not include an organization formed or operated for gaming or gambling purposes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(31) "religious organization" means an organization, church, body of communicants, or group, not for pecuniary profit, gathered in common membership for mutual support and edification in piety, worship, and religious

observances, or a society, not for pecuniary profit, of individuals united for religious purposes at a definite place and that is recognized as a religious organization under the federal income tax laws and the selective service law;

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

(33) "series" means a unit of pull-tabs with the same serial number; (§ 1 ch 27 SLA 1960; am §§ 4,5 ch 66 SLA 1976; am §§ 6-8 ch 27 SLA 1982; am § 8 ch 59 SLA 1983; am § 1 ch 27 SLA 1985; am §§ 3,4 ch 93 SLA 1986; am § 4 ch 94 SLA 1986; am §§ 23-35 ch 99 SLA 1988)

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

Sec. 05.15.995. Short title. This chapter may be cited as the Alaska Gaming Reform Act. (§ 36 ch 99 SLA 1988)

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Alaska Department of Revenue
Income and Excise Audit Division
P.O. Box SA
Juneau, Alaska 99811-0400