

SENATE BILL NO. 188

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/12/20

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Lottery Corporation; relating to the powers, duties, and**
2 **laws applicable to the Alaska Lottery Corporation; establishing a lottery profits fund as**
3 **an account of the general fund; establishing the crime of unlawful sale of a lottery ticket;**
4 **and providing for an effective date."**

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

6 * **Section 1.** AS 05 is amended by adding a new chapter to read:

7 **Chapter 18. Alaska Lottery Corporation.**

8 **Article 1. Creation and Organization.**

9 **Sec. 05.18.010. Alaska Lottery Corporation.** (a) The Alaska Lottery
10 Corporation is established. The purpose of the corporation is to establish and operate a
11 lottery to generate revenue for the state. The corporation is a public corporation and an
12 instrumentality of the state within the Department of Revenue but with a legal
13 existence independent of and separate from the state.

14 (b) The corporation shall continue until it is terminated by law. Upon

1 termination of the corporation, its rights and property pass to the state.

2 **Sec. 05.18.020. Board of directors.** (a) The corporation shall be governed by a
3 board of directors consisting of seven members. One director shall be the
4 commissioner of revenue and one director shall be the head of another principal
5 department of the state the governor designates. Five directors shall be members of the
6 public appointed by the governor. The directors other than the commissioner of
7 revenue serve at the pleasure of the governor for purposes of board membership. A
8 vacancy in a public director position shall be filled in the same manner as the original
9 appointment but only for the remainder of the unexpired term.

10 (b) A public director must be a resident of the state. A person may not serve as
11 a public director if the person has been convicted of an offense under AS 11.66.200 -
12 11.66.280 or 11.66.400, or of a felony involving gambling, a racketeering activity, or
13 fraud, including a guilty plea or plea of nolo contendere as prohibited by federal, state,
14 or municipal law or the laws of another jurisdiction. A public director may not be an
15 elected official of the state or a municipality or other political subdivision of the state.

16 (c) The public directors shall serve five-year terms and shall hold office until
17 their successors are appointed and qualified. A person appointed as a public director
18 shall be qualified to serve on the board after a criminal background check required
19 under AS 12.62.400 has been completed and once the person has taken the oath of
20 office in accordance with AS 39.05.040.

21 (d) A public director who has served all or part of three successive terms may
22 not be reappointed unless a period of at least three years has passed since the person
23 served on the board.

24 **Sec. 05.18.030. Board officials; director compensation.** (a) The board shall
25 elect a public director to serve as chair. The chair shall preside over the meetings of
26 the board and perform other functions the board designates. The board may elect any
27 director to serve as vice-chair. The vice-chair shall preside over the meetings of the
28 board in the absence of the chair and shall perform other functions the board
29 designates. The chair and vice-chair shall serve for a term established by the board.

30 (b) The directors may not receive compensation from the corporation for their
31 services, except the public directors shall receive per diem and travel expenses

1 authorized for boards under AS 39.20.180. The departments with commissioners who
 2 serve as directors are responsible for the per diem and travel expenses for their
 3 respective commissioners to attend meetings of the board or conduct official business
 4 for the corporation.

5 **Sec. 05.18.040. Board meetings.** (a) The board shall meet at least once each
 6 calendar quarter. Meetings may be called by the chair. The chair shall call a meeting
 7 when four or more directors request a meeting. The board by resolution or bylaw may
 8 establish a schedule of regular meetings.

9 (b) The board shall provide public notice of the time and place of the meeting
 10 at least three days before the meeting. Board meetings are subject to AS 44.62.310 -
 11 44.62.319 (Open Meetings Act).

12 (c) Four directors constitute a quorum to transact business. An affirmative
 13 vote of a majority of the directors on a resolution or motion is required to constitute an
 14 action or approval of the board.

15 (d) The board may meet and transact business by electronic means if
 16 (1) public notice of the time and locations where the meeting will be
 17 held by electronic means has been given in the same manner as if the meeting were
 18 held in a single location;

19 (2) participants and members of the public in attendance can hear and
 20 have the same right to participate in the meeting as if the meeting were conducted in
 21 person; and

22 (3) resolutions, documents, reports, and other materials pertinent to the
 23 meeting are reasonably available to participants and the public.

24 (e) The corporation shall keep minutes of each board meeting and make the
 25 minutes available to the public.

26 **Sec. 05.18.050. Bylaws.** The board may adopt, amend, and repeal bylaws for
 27 the corporation that do not conflict with this chapter or other applicable law. The
 28 bylaws may include provisions regarding the corporation's board meetings,
 29 organization, duties and delegated authorities of its officers and employees, and
 30 management of its internal affairs. The bylaws may allow for the establishment of one
 31 or more committees of directors to perform specified tasks that the board delegates or

1 to make recommendations for board action.

2 **Sec. 05.18.060. Officers.** (a) The corporation shall employ a chief executive
3 officer who shall be a full-time employee of the corporation that works exclusively for
4 the corporation. The chief executive officer may not be a director of the corporation.
5 The chief executive officer shall be appointed by the board and serve at the pleasure of
6 the board. The board shall determine the compensation the corporation pays the chief
7 executive officer. Subject to the oversight of the board, the chief executive officer
8 shall manage the day-to-day business of the corporation, serve as the secretary for
9 board meetings, and perform other duties and functions the board designates.
10 Notwithstanding the appointment of the chief executive officer, the board shall retain
11 the discretionary authority to outsource the corporation's operations or portions of
12 them to a lottery contractor the board selects.

13 (b) The corporation may employ a chief financial officer who shall be
14 appointed by the board and serve at the pleasure of the board. The chief financial
15 officer shall report to the chief executive officer. The chief financial officer may not
16 be a director or the chief executive officer. The board shall determine the
17 compensation the corporation pays the chief financial officer. The compensation paid
18 to the chief financial officer may not exceed the compensation paid to the chief
19 executive officer. Subject to the oversight of the board and the chief executive officer,
20 the chief financial officer shall manage the financial affairs of the corporation,
21 maintain the accounts of the corporation, and perform other duties and functions the
22 board or the chief executive officer designates.

23 (c) The board may create other officer positions it determines necessary. The
24 chief executive officer may appoint any person to an officer position, except that a
25 director may not serve as an officer. All persons appointed to an officer position, other
26 than the chief financial officer, shall report to and serve at the pleasure of the chief
27 executive officer. The board shall determine the compensation the corporation pays
28 the other officers. The board and the chief executive officer may assign duties to the
29 other officers as determined appropriate.

30 **Sec. 05.18.070. Legal counsel.** The attorney general is the legal counsel for the
31 corporation. The corporation may not contract for the services of outside legal counsel

1 without the approval of the attorney general.

2 **Sec. 05.18.080. Employees and advisors.** (a) The corporation may hire
3 employees to perform duties assigned by the board or the chief executive officer. The
4 board shall determine the compensation the corporation pays the employees or, if the
5 board delegates the authority, the chief executive officer may determine the
6 compensation.

7 (b) The corporation may engage a professional, technical, or financial advisor
8 under contract. The board shall determine the compensation the corporation pays a
9 professional or technical advisor or, if the board delegates the authority, the chief
10 executive officer may determine the compensation.

11 **Sec. 05.18.090. Officer and employee qualifications.** A person may not serve
12 as an officer or employee of the corporation if the person has been convicted of a
13 felony, an offense under AS 11.66.200 - 11.66.280 or 11.66.400, or unlawful
14 gambling activities as prohibited by federal, state, or municipal law or the laws of
15 another jurisdiction.

16 **Sec. 05.18.100. Exemption from State Personnel Act.** The officers and
17 employees of the corporation are in the exempt service under AS 39.25 (State
18 Personnel Act).

19 **Sec. 05.18.110. Lottery contractors.** (a) The corporation may engage a lottery
20 contractor to provide services on terms and conditions established by the board. A
21 lottery contractor shall receive compensation for the lottery contractor's services as
22 determined by the board.

23 (b) Before executing a contract with a lottery contractor, the proposed lottery
24 contractor shall provide to the corporation the lottery contractor's fingerprints. If the
25 proposed lottery contractor is a business organization, the lottery contractor shall
26 provide to the corporation the fingerprints of the directors, officers, managers of the
27 organization, and individuals with control of the organization. When the proposed
28 lottery contractor is a corporation that is required by law to file periodic reports with
29 the United States Securities and Exchange Commission or similar international
30 regulatory entity, the lottery contractor shall submit to the corporation the fingerprints
31 of not more than three individuals who are the principal officers of the corporation.

(c) The corporation shall submit the fingerprints provided by a proposed lottery contractor to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400. The Department of Public Safety may submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The corporation shall use the information obtained under this subsection to determine a lottery contractor's qualifications for a contract with the corporation.

(d) The corporation may not enter into a contract with a lottery contractor who has been convicted in this state or another jurisdiction of a felony involving gambling, a racketeering activity, or fraud, including a conviction based on a guilty plea or plea of nolo contendere. If a proposed lottery contractor is a business organization, the corporation may not enter into contract with the lottery contractor when an officer, manager, or individual with control of the organization has been convicted in this state or another jurisdiction of a felony involving gambling, a racketeering activity, or fraud, including a conviction based on a guilty plea or plea of nolo contendere.

Article 2. Powers and Duties.

Sec. 05.18.200. Powers. In addition to other powers granted by this chapter, the corporation may

(1) create, operate, manage, and maintain a lottery in the state and participate in one or more multi-jurisdiction lotteries operated in conjunction with other jurisdictions and governmental lottery authorities;

(2) set prices and fees for the lottery;

(3) determine, pay, and award prizes for lottery winners;

(4) appoint, contract with, monitor the performance of, and terminate agents for the sale and distribution of lottery tickets on terms and conditions established by law or by the corporation;

(5) enter into a contract relating to the lottery or its corporate purposes or to exercise any of its powers, including a contract with a lottery contractor;

(6) lease or rent offices, facilities, or properties for the corporation's lottery operations and corporate purposes;

(7) purchase, lease, develop, modify, or license the use of lottery

1 supplies, materials, game pieces and equipment, either inside or outside the state;

2 (8) collect, hold, invest, use, and disburse the corporation's income,
3 revenues, funds, and money in accordance with the law, including AS 37.07
4 (Executive Budget Act) and AS 37.10.071;

5 (9) apply for, accept, and perform the corporation's obligations with
6 respect to gifts, grants, or loans from a federal agency or an agency or instrumentality
7 of the state, or from a municipality, private organization, or other source;

8 (10) review or study the operation and administration of other lotteries
9 and the laws concerning those lotteries and report to the governor and the legislature
10 with any recommended modifications to the laws of this state affecting the lottery or
11 the corporation;

12 (11) sue and be sued;

13 (12) adopt a corporate seal; and

14 (13) do all acts and things necessary, convenient, or desirable to carry
15 out the powers expressly granted or necessarily implied in this chapter.

16 **Sec. 05.18.210. Regulations.** The board may adopt regulations under AS 44.62
17 (Administrative Procedure Act) regarding the board's operations and to carry out the
18 board's powers. The board shall adopt regulations for the following purposes:

19 (1) to establish the manner of conducting the lottery;

20 (2) to provide a schedule of prizes;

21 (3) to establish procedures for prize disbursement, including provisions
22 to coordinate with the court system, the child support services agency, and other
23 government agencies regarding attachment of or execution on money for past due
24 obligations;

25 (4) to establish procedures for the corporation's handling of disputes
26 regarding the lottery, prizes, and the corporation's contracts, subject to any
27 adjudicative administrative hearings being conducted and decided by the office of
28 administrative hearings under AS 44.64.030;

29 (5) to establish procedures for soliciting and contracting with sales
30 agents and managing sales agent contracts; and

31 (6) to establish procedures and guidelines for a purchaser to assign a

1 lottery ticket.

2 **Sec. 05.18.220. Procurement.** (a) Except as provided in (b) of this section, the
3 corporation shall comply with the provisions of AS 36.30 (State Procurement Code)
4 with respect to the procurement of supplies, services, and professional services,
5 including the services of a lottery contractor. The corporation also shall comply with
6 the provisions of AS 36.30 with respect to the procurement of construction and the
7 disposition of surplus property.

8 (b) The provisions of AS 36.30 do not apply to the corporation's solicitation of
9 sales agents and contracts made with sale agents.

10 **Sec. 05.18.230. Public records.** The corporation shall comply with
11 AS 40.25.100 - 40.25.295 (Alaska Public Records Act).

12 **Sec. 05.18.240. Insurance.** (a) The corporation shall keep in force public
13 liability insurance in an amount reasonably calculated to cover potential claims for
14 bodily injury, death, or disability and property damage that may arise from or be
15 related to the corporation's operations and activities.

16 (b) The corporation shall insure the assets and property of the corporation
17 against loss, damage, or loss of use from hazards or casualties as the board determines
18 to be reasonable to protect the corporation's interests.

19 **Sec. 05.18.250. Annual report.** The corporation shall provide an annual report
20 to the governor and the legislature on the operations of the corporation. The annual
21 report shall include a complete statement of the corporation's activities during the
22 year. The annual report shall be provided to the legislature and the governor each year
23 by the 10th day of each regular session of the legislature and, at the same time, the
24 corporation shall make the annual report available to the public.

25 **Article 3. Financial Matters.**

26 **Sec. 05.18.300. Lottery profits fund; disbursement of net profits to state.**

27 (a) The lottery profits fund is established in the corporation and consists of money
28 appropriated to it and the income, revenue, and other receipts of the corporation. The
29 corporation has the powers and responsibilities established in AS 37.10.071 with
30 respect to amounts held in the lottery profits fund.

31 (b) Subject to appropriation by the legislature, the corporation may expend

1 money in the lottery fund for the corporation's lottery and for other corporate
2 purposes.

3 (c) On a schedule determined by the corporation with the concurrence of the
4 commissioner, but not less than once each calendar quarter, the corporation shall
5 disburse from the lottery profits fund to the commissioner the corporation's net profit
6 from its operations for the preceding calendar quarter. The commissioner shall deposit
7 each disbursement in the lottery profits fund within the general fund under
8 AS 37.14.900. With each disbursement the corporation makes to the commissioner,
9 the corporation shall provide a report on the calculation of net profit for the preceding
10 calendar quarter.

11 **Sec. 05.18.310. Executive Budget Act.** The corporation shall comply with the
12 provisions of AS 37.07 (Executive Budget Act).

13 **Sec. 05.18.320. Annual audit.** The corporation shall have the corporation's
14 financial statements audited annually by a certified public accountant approved by the
15 legislative auditor. The legislative auditor may prescribe the form and content of the
16 financial statements of the corporation and shall have access to those statements at any
17 reasonable time. The corporation's audited financial statements shall be made
18 available to the legislature, governor, and the public at the same time the corporation's
19 annual report is provided to the governor and the legislature under AS 05.18.250.

20 **Sec. 05.18.330. Use of lottery sale receipts.** The corporation shall make
21 withdrawals from an account authorized for the deposit of lottery ticket receipts under
22 AS 05.18.450(a) in accordance with the reports of and subject to audit by the
23 corporation.

24 **Article 4. Sales Agents.**

25 **Sec. 05.18.400. Sales agents for corporation.** (a) The corporation may
26 contract with a person to serve as a sales agent to sell lottery tickets for the corporation
27 at prices established by the corporation. The contract shall be on terms and conditions
28 established by the corporation. The terms and conditions must be consistent with this
29 chapter and other applicable law. A sales agent shall be an independent contractor and
30 not an employee of the corporation. A sales agent may not be a lottery contractor
31 under AS 05.18.110 or an officer or employee of a lottery contractor.

1 (b) The corporation's contract with a sales agent may be for a term not to
2 exceed two years, and the contract may grant the corporation the option to extend the
3 contract for one or more additional terms of two years each. The corporation may
4 exercise the option to extend if the corporation determines, after a review of the sales
5 agent's performance of the contract, that the sales agent has satisfactorily performed
6 the obligations of the contract. The corporation may establish by regulation other
7 factors the corporation will consider in determining whether to exercise the option to
8 extend a sales agent contract.

9 (c) A sales agent's rights under and interest in a contract with the corporation
10 may be assigned in whole or in part, or otherwise transferred, only with the prior
11 written approval of the corporation. The board may delegate to the chief executive
12 officer the authority to approve proposed assignments of sales agent contracts.

13 (d) A sales agent may utilize the sales agent's employees to perform the
14 contract with the corporation. The sales agent shall be responsible for supervising its
15 employees to ensure compliance with the contract, this chapter, and other applicable
16 laws. A sales agent may not use the services of an independent contractor to perform
17 the contract with the corporation.

18 **Sec. 05.18.410. Application for a sales agent contract.** (a) A person seeking
19 a sales agent contract with the corporation shall file a written application on a form
20 approved by the corporation. The corporation may charge an application a fee to cover
21 the cost of processing the application, including the cost of conducting background
22 checks on the applicant.

23 (b) If the person applying for a sales agent contract is a business organization,
24 the application must include the names and addresses of the directors, officers, and
25 managers, and individuals with control of the organization.

26 (c) An applicant for a sales agent contract must provide to the corporation,
27 with the application, the applicant's fingerprints. If the applicant is a business
28 organization, the applicant must provide to the corporation, with the application, the
29 fingerprints of the directors, officers, managers, and individuals with control of the
30 organization. When the applicant is a corporation that is required by law to file
31 periodic reports with the United States Securities and Exchange Commission or

1 similar international regulatory entity, the applicant shall submit to the corporation
 2 with the application the fingerprints of not more than three individuals who are the
 3 principal officers of the corporation.

4 (d) The corporation shall submit the fingerprints provided by an applicant to
 5 the Department of Public Safety to obtain a report of criminal justice information
 6 under AS 12.62 and a national criminal history record check under AS 12.62.400. The
 7 Department of Public Safety may submit the fingerprints to the Federal Bureau of
 8 Investigation for a national criminal history record check. The corporation shall use
 9 the information obtained under this subsection to determine an applicant's
 10 qualification for a sales agent contract.

11 **Sec. 05.18.420. Sales agent qualifications.** (a) The corporation may enter into
 12 a sales agent contract with an applicant if

13 (1) the applicant is conducting a retail sales business that is not
 14 exclusively limited to the sale of lottery tickets;

15 (2) in the case of an individual, the applicant is 18 years of age or
 16 older; and

17 (3) the applicant meets other qualifications established by the board.

18 (b) The corporation may not enter into a sales agent contract with an applicant
 19 who has been convicted of a felony in this state or another jurisdiction involving
 20 gambling, a racketeering activity, or fraud, including a conviction based on a guilty
 21 plea or plea of nolo contendere. If an applicant is a business organization, the
 22 corporation may not enter into a sales agent contract with the applicant when any
 23 officer, manager, or individual with control of the organization has been convicted in
 24 this state or another jurisdiction of a felony involving gambling, a racketeering
 25 activity, or fraud, including a conviction based on a guilty plea or plea of nolo
 26 contendere.

27 **Sec. 05.18.430. Evaluation of applicants.** Before entering into a sales agent
 28 contract with an applicant, the corporation shall consider

29 (1) the applicant's finances, including the assets, liabilities, and cash
 30 flow of the applicant's business;

31 (2) the public's ability to access the applicant's place of business or

1 other points of sale;

2 (3) the applicant's ability to promote the retail sale of lottery tickets;

3 (4) the applicant's expected sales volume;

4 (5) the number and sufficiency of existing sales agent contracts serving
5 the area; and

6 (6) other factors the corporation determines to be appropriate.

7 **Sec. 05.18.440. Sales agent compensation.** (a) The corporation shall establish
8 levels of compensation for sales agents, including any bonus or incentive
9 compensation the corporation determines to be appropriate.

10 (b) In establishing compensation for sales agents, the corporation shall
11 consider

12 (1) the time and costs necessary for a sales agent to make lottery
13 tickets available to the public;

14 (2) the time and costs for a sales agent to maintain records of lottery
15 ticket sales, handle deposits, and provide reports to the corporation; and

16 (3) other criteria the corporation determines to be appropriate.

17 **Sec. 05.18.450. Sales agent receipts and reports.** (a) Each business day, or
18 periodically as set by contract, a sales agent shall deposit the receipts from the sale of
19 lottery tickets into an account the corporation authorizes, less any amount the sales
20 agent is authorized to retain under the contract with the corporation. Each week, or
21 periodically as set by contract, a sales agent shall provide to the corporation, on a form
22 the corporation approves, a report of the receipts for and transactions in lottery ticket
23 sales for the preceding week.

24 (b) If a sales agent fails to comply with (a) of this section and the failure is not
25 corrected within 10 days of the agreed date of deposit or reporting, the failure shall
26 constitute a material breach of the sales agent's contract and the corporation may
27 pursue any right or remedy available to the corporation for the breach, including
28 suspending or terminating the sales agent's contract. The corporation may also report
29 the sales agent to Department of Public Safety and the Department of Law for criminal
30 investigation.

31 (c) An amount a sales agent owes the corporation that is not paid within 10

1 days of the agreed date of deposit under (a) of this section shall bear interest at a rate
 2 established by the corporation. The corporation may impose a service charge on a
 3 sales agent if a check the sales agent provides to the corporation is dishonored or if an
 4 electronic transfer of funds the sales agent originates is reversed.

5 **Sec. 05.18.460. Lien against sales agent's property.** (a) If a sales agent fails
 6 to deposit money received from the sale of lottery tickets as required by
 7 AS 05.18.450(a) or a sales agent fails to pay interest or service charges the corporation
 8 assesses, the corporation shall have a right to a lien against the sales agent's property
 9 to secure payment for the amount owed. The lien shall be effective upon the
 10 corporation recording a claim of lien in the district recorder's office for the recording
 11 district in which the sales agent's principal place of business is located.

12 (b) The corporation may record a claim of lien if more than 30 days has
 13 passed from the date the sales agent's payment to the corporation was due and the
 14 sales agent failed to make payment in full. The corporation shall record a claim of lien
 15 not later than 12 months after the date the sales agent's payment to the corporation was
 16 due.

17 (c) The corporation's claim of lien must be verified by an officer or an
 18 authorized representative of the corporation. The claim of lien must state the name and
 19 address of the sales agent and the amount owed. The claim of lien must generally
 20 describe the sales agent's property against which the lien is claimed, and AS 45.29.108
 21 applies in determining the sufficiency of the description.

22 (d) The corporation's lien shall have priority over unrecorded or unperfected
 23 liens or interests in the same property and over any liens or interests that are created,
 24 recorded, or perfected in the same property after the date the corporation's claim of
 25 lien is recorded.

26 (e) The corporation may enforce a lien under AS 34.35.005 - 34.35.045. If the
 27 corporation is the prevailing party in foreclosing a lien, the court shall award the
 28 corporation its full attorney fees and litigation costs in addition to any other relief the
 29 court grants.

30 (f) Recording a claim of lien or enforcing a lien may not preclude the
 31 corporation from bringing an action against the sales agent to enforce the contract or

1 prevent the corporation from pursuing any other remedy it has.

2 **Sec. 05.18.470. Suspension or termination of sales agent contracts.** (a) The
3 corporation may suspend or terminate a sales agent's contract if the sales agent
4 materially breaches the contract, violates a regulation the corporation adopts, violates
5 any provision of this chapter, or violates AS 11.66.200 - 11.66.280 or 11.66.400.

6 (b) Upon suspension or termination of a sales agent's contract, the sales agent
7 shall immediately deliver to the corporation all unsold lottery tickets. The corporation
8 may obtain a court order compelling a suspended or terminated sales agent to deliver
9 unsold lottery tickets to the corporation, and the corporation may not be required to
10 post any bond to obtain the order.

11 **Article 5. Lottery Provisions.**

12 **Sec. 05.18.500. Types of games.** The corporation may conduct any type or
13 kind of lottery game, including single-jurisdiction and multi-jurisdiction draw games,
14 instant tickets, sports betting, and keno. The corporation may conduct lottery games
15 through the use of any media, including electronic terminals, computers, and the
16 Internet.

17 **Sec. 05.18.510. Statement of odds.** Each lottery ticket of the corporation must
18 state the odds of winning a prize in the game the lottery ticket represents.

19 **Sec. 05.18.520. Winner anonymity.** A winner of a prize in the corporation's
20 lottery shall remain anonymous absent written consent by the winner to waive
21 anonymity. The corporation, a lottery contractor, or a sales agent may publicize
22 information identifying a prize winner only with the prior written consent of the
23 winner. A winner's right to anonymity may not preclude the corporation, a lottery
24 contractor, or a sales agent from publicly identifying the sales agent selling the
25 winning lottery ticket and the specific date of the sale. A winner's right to anonymity
26 may not preclude the corporation or a lottery contractor from coordinating with the
27 court system, the child support services agency, and other government agencies
28 regarding attachment of or execution on money for the winner's past due obligations.

29 **Sec. 05.18.530. Minors.** (a) A sales agent may not sell a lottery ticket to a
30 minor. A person who has purchased a lottery ticket with money not belonging to a
31 minor may gift a lottery ticket to a minor.

1 (b) If a minor receives a lottery ticket as a gift and the lottery ticket wins a
2 prize, the corporation shall pay the prize

3 (1) to a conservator appointed for the minor under AS 13.26; or

4 (2) if there is no conservator, to the custodian the person making the
5 gift of the lottery ticket nominates to receive the prize for the minor under
6 AS 13.46.020; or

7 (3) if there is no conservator or custodian, to an adult member of the
8 minor's family so long as the cash value of the prize is less than \$5,000.

9 (c) An adult member of the minor's family who receives a prize from the
10 corporation for the minor under (b)(3) of this section shall have the duties and powers
11 of a custodian under AS 13.46.

12 (d) The corporation's payment of a prize under (b) of this section discharges
13 the corporation from all obligations with respect to the prize and no minor or
14 representative of the minor may bring a claim or legal action against the corporation
15 for the prize.

16 **Sec. 05.18.540. Participation in lottery prohibited.** (a) A director, officer, or
17 employee of the corporation may not purchase lottery tickets or qualify for or collect a
18 prize awarded in the lottery. A winning lottery ticket held by a director, officer, or
19 employee of the corporation shall be void and not eligible for any prize.

20 (b) A lottery contractor under contract with the corporation may not purchase
21 lottery tickets or qualify for or collect a prize in the lottery. A winning lottery ticket
22 held by a lottery contractor shall be void and not eligible for any prize.

23 **Sec. 05.18.550. Assignment.** (a) A person purchasing a lottery ticket may
24 assign the lottery ticket if the assignment occurs before the corporation determines that
25 the lottery ticket has won a prize.

26 (b) Once the corporation has determined a lottery ticket has won a prize, the
27 lottery ticket and the prize may not be assigned, except that

28 (1) the corporation may pay a prize to the estate of a deceased prize
29 winner; and

30 (2) the corporation may pay a prize to the court system under a writ of
31 attachment or execution or to a person entitled to receive the prize under a court order.

(c) The corporation's payment of a prize under (b) of this section discharges the corporation from all obligations with respect to the prize and no person may bring a claim or legal action against the corporation for the prize.

Sec. 05.18.560. Unclaimed prizes. (a) A prize not claimed in accordance with established procedures within one year of the prize being announced shall be forfeited. Forfeited prizes are property of the corporation and shall be considered in calculating the corporation's net profit under AS 05.18.300(c).

(b) In accordance with 5 U.S.C. 3931 - 3938 (Servicemembers Civil Relief Act), an active military service member may claim an exemption from the one-year limitation under (a) of this section if

(1) the person notifies the corporation of the claim within one year of the prize being announced and provides satisfactory evidence of possession of a winning lottery ticket; and

(2) the person claims the prize not later than one year after discharge from active military service.

Article 6. General Provisions.

Sec. 05.18.600. Tax exemption. (a) The corporation, and the corporation's real and personal property and income and receipts are exempt from all taxes and assessments of the state or a municipality of the state. This subsection does not create a tax exemption for a lottery contractor or a sales agent or any other person with respect to the interest any person or entity, other than the corporation, has in real or personal property or the income or receipts of the lottery, regardless of whether the interest of the person or entity was created by contract, lease, concession, investment, or by other means.

(b) A municipality of the state may not impose a sales tax on the sale of lottery tickets or a use tax on property or materials used in the sale of lottery tickets, whether the tax is imposed on the corporation, a lottery contractor, or a sales agent.

Sec. 05.18.610. Exemption from local regulation. (a) A municipality of the state may not prohibit or regulate the activities of the corporation, including the creation or operation of a lottery or the sale of lottery tickets directly or through a sales agent.

(b) The exemption under (a) of this section does not preclude a municipality of the state from enacting or enforcing building, zoning, land use planning, permitting, or similar laws applicable to a lottery contractor or sales agent.

Sec. 05.18.690. Definitions. In this chapter,

- (1) "adult" means a person who is at least 18 years of age;
- (2) "board" means the board of directors of the corporation;
- (3) "business organization" means any form of organization for conducting business, including a corporation, nonprofit corporation, limited liability company, cooperative, joint venture, general partnership, limited partnership, foundation, or trust;
- (4) "commissioner" means the commissioner of the Department of Revenue;
- (5) "corporation" means the Alaska Lottery Corporation;
- (6) "department" means the Department of Revenue unless the context otherwise requires;
- (7) "individual with control of the organization" means a natural person who directly or through another business organization that the individual controls has the right to direct the activities of the organization or holds an equity ownership position in the organization of 10 percent or more;
- (8) "lottery" means a lottery game the corporation approves and operates directly or through a lottery contractor;
- (9) "lottery contractor" means a business or enterprise that provides lottery services to the corporation on a contract basis; "lottery contractor" does not include a sales agent;
- (10) "lottery ticket" means a ticket, receipt, card, game piece, or other item evidencing participation in the corporation's lottery;
- (11) "minor" means an individual who is under 18 years of age;
- (12) "municipality" has the meaning given in AS 01.10.060;
- (13) "net profit" means the gross profit of the corporation from all sources, including forfeited prizes, reduced by the corporation's operating expenses and a reserve allowance the corporation establishes for the anticipated operating

1 expenses, including the payment of prizes;

2 (14) "person" has the meaning given in AS 01.10.060;

3 (15) "prize" means an award of cash or goods, payable in amounts and
4 at times as may be established by the corporation under the rules for the lottery;

5 (16) "public director" means an individual member of the public who
6 the governor appoints to the board under AS 05.18.020;

7 (17) "racketeering activity" has the meaning given in 18 U.S.C. 1961;

8 (18) "sales agent" means a person the corporation engages under a
9 contract to make retail sales of lottery tickets.

10 **Sec. 05.18.695. Short title.** This chapter may be cited as the Alaska Lottery
11 Corporation Act.

12 * **Sec. 2.** AS 11.66.280(3) is amended to read:

13 (3) "gambling" means that a person stakes or risks something of value
14 upon the outcome of a contest of chance or a future contingent event not under the
15 person's control or influence, upon an agreement or understanding that that person or
16 someone else will receive something of value in the event of a certain outcome;
17 "gambling" does not include

18 (A) bona fide business transactions valid under the law of
19 contracts for the purchase or sale at a future date of securities or commodities
20 and agreements to compensate for loss caused by the happening of chance,
21 including contracts of indemnity or guaranty and life, health, or accident
22 insurance;

23 (B) playing an amusement device that

24 (i) confers only an immediate right of replay not
25 exchangeable for something of value other than the privilege of
26 immediate replay and does not contain a method or device by which the
27 privilege of immediate replay may be cancelled or revoked;

28 (ii) confers only tickets, credits, allowances, tokens, or
29 anything of value that can be redeemed for toys, candy, or electronic
30 novelties offered at the same facility where the amusement device is
31 located; or

(iii) allows a player to manipulate a claw machine or similar device within an enclosure and enables a person to receive merchandise directly from the machine;

(C) an activity authorized by the Department of Revenue under AS 05.15; [OR]

(D) the permanent fund dividend raffle authorized under AS 43.23.230; or

(E) the activities of the Alaska Lottery Corporation and the corporation's contractors and sales agents as authorized under AS 05.18;

* **Sec. 3.** AS 11.66 is amended by adding a new section to read:

Article 4. Lottery Offenses.

Sec. 11.66.400. Unlawful sale of a lottery ticket. (a) A person commits the crime of unlawful sale of a lottery ticket if the person knowingly

(1) sells or offers to sell a lottery ticket and the person or the person's employer does not have a sales agent contract in effect with the Alaska Lottery Corporation under AS 05.18 authorizing the sale of lottery tickets;

(2) sells or offers to sell a lottery ticket at a price greater than the price established by the Alaska Lottery Corporation under AS 05.18; or

(3) sells or offers to sell a lottery ticket to an individual who is under 18 years of age.

(b) In this section,

(1) "lottery ticket" has the meaning given in AS 05.18.690; and

(2) "sales agent" has the meaning given in AS 05.18.690.

(c) Unlawful sale of a lottery ticket is a class A misdemeanor punishable as provided in AS 12.55.

* **Sec. 4.** AS 12.62.400(a) is amended to read:

(a) To obtain a national criminal history record check for determining a person's qualifications for a license, permit, registration, employment, or position, a person shall submit the person's fingerprints to the department with the fee established by AS 12.62.160. The department may submit the fingerprints to the Federal Bureau of Investigation to obtain a national criminal history record check of the person for the

1 purpose of evaluating a person's qualifications for

2 (1) a license or conditional contractor's permit to manufacture, sell,
3 offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage
4 under AS 04.11;

5 (2) licensure as a mortgage lender, a mortgage broker, or a mortgage
6 loan originator under AS 06.60;

7 (3) admission to the Alaska Bar Association under AS 08.08;

8 (4) licensure as a collection agency operator under AS 08.24;

9 (5) a certificate of fitness to handle explosives under AS 08.52;

10
11 (6) licensure as a massage therapist under AS 08.61;

12 (7) licensure to practice nursing or certification as a nurse aide under
13 AS 08.68;

14 (8) certification as a real estate appraiser under as 08.87;

15 (9) a position involving supervisory or disciplinary power over a minor
16 or dependent adult for which criminal justice information may be released under
17 AS 12.62.160(b)(9);

18 (10) a teacher certificate under AS 14.20;

19 (11) a registration or license to operate a marijuana establishment
20 under AS 17.38;

21 (12) admittance to a police training program under AS 18.65.230 or for
22 certification as a police officer under AS 18.65.240 if that person's prospective
23 employer does not have access to a criminal justice information system;

24 (13) licensure as a security guard under AS 18.65.400 - 18.65.490;

25 (14) a concealed handgun permit under AS 18.65.700 - 18.65.790;

26 (15) licensure as an insurance producer, managing general agent,
27 reinsurance intermediary broker, reinsurance intermediary manager, surplus lines
28 broker, or independent adjuster under AS 21.27;

29 (16) serving and executing process issued by a court by a person
30 designated under AS 22.20.130;

31 (17) a school bus driver license under AS 28.15.046;

(18) licensure as an operator or an instructor for a commercial driver training school under AS 28.17;

(19) registration as a broker-dealer, agent, investment adviser representative, or investment adviser under AS 45.56.300 - 45.56.350;

(20) licensure, license renewal, certification, certification renewal, or payment from the Department of Health and Social Services of an individual and an entity subject to the requirements for a criminal history check under AS 47.05.310, including

(A) a public home care provider described in AS 47.05.017;

(B) a provider of home and community-based waiver services financed under AS 47.07.030(c);

(C) a case manager to coordinate community mental health services under AS 47.30.530;

(D) an entity listed in AS 47.32.010(b), including an owner, officer, director, member, partner, employee, volunteer, or contractor of an entity; or

(E) an individual or entity not described in (A) - (D) of this paragraph that is required by statute or regulation to be licensed or certified by the Department of Health and Social Services or that is eligible to receive payments, in whole or in part, from the Department of Health and Social Services to provide for the health, safety, and welfare of persons who are served by the programs administered by the Department of Health and Social Services;

(21) a position as a public director, officer, or employee of the Alaska Lottery Corporation under AS 05.18.

* Sec. 5. AS 12.62.400(c) is amended to read:

(c) To obtain a national criminal history record check for determining a current or prospective employee's qualifications under AS 39.90.210, [OR] a contractor's qualifications under AS 36.30.960, **or a prospective lottery contractor or sales agent to the Alaska Lottery Corporation under AS 05.18,** the agency or the procurement officer shall submit the current or prospective employee's, [OR]

contractor's, lottery contractor's, or sales agent's fingerprints to the department with the fee established by AS 12.62.160. The department shall submit the fingerprints to the Federal Bureau of Investigation to obtain a national criminal history record check of the current or prospective employee, [OR] contractor, lottery contractor, or sales agent for the purpose of evaluating a person's qualifications under AS 36.30.960, [AND] AS 39.90.210, and AS 05.18. In this subsection, unless the context otherwise requires,

(1) "agency" has the meaning given in AS 39.90.290;

(2) "contractor" has the meaning given in AS 36.30.960;

(3) "employee" has the meaning given in AS 39.90.290;

(4) "lottery contractor" has the meaning given in AS 05.18.690;

and

(5) "sales agent" has the meaning given in AS 05.18.690.

* **Sec. 6.** AS 18.65.090 is amended to read:

Sec. 18.65.090. Department to assist other agencies. The Department of Public Safety shall assist other departments of the state, municipal, and federal governments in the enforcement of criminal laws and regulations pertaining to those departments. The Department of Public Safety shall conduct a criminal background check on an individual selected to serve as a public director, officer, or employee of the Alaska Lottery Corporation to ascertain whether the individual has been convicted of a crime listed in AS 05.18.020(b) or AS 05.18.090.

* **Sec. 7.** AS 36.30.990(1) is amended to read:

(1) "agency"

(A) means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, the Alaska Veterans' Home, or other administrative unit of the executive branch of state government;

(B) does not include

(i) the University of Alaska;

(ii) the Alaska Railroad Corporation;

- (iii) the Alaska Housing Finance Corporation;
- (iv) a regional Native housing authority created under AS 18.55.996 or a regional electrical authority created under AS 18.57.020;
- (v) the Department of Transportation and Public Facilities, in regard to the repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the Alaska marine highway system;
- (vi) the Alaska Aerospace Corporation;
- (vii) the Alaska Retirement Management Board;
- (viii) the Alaska Seafood Marketing Institute;
- (ix) the Alaska children's trust and the Alaska Children's Trust Board;
- (x) the Alaska Industrial Development and Export Authority;
- (xi) the Alaska Lottery Corporation in regard to the solicitation of and contracts with sales agents;**

* **Sec. 8.** AS 37.14 is amended by adding new sections to read:

Article 11. Lottery Profits Fund.

Sec. 37.14.900. Lottery profits fund established. (a) The lottery profits fund is established as a separate account in the general fund. The lottery profits fund consists of

- (1) money the Alaska Lottery Corporation disburses to the commissioner of revenue under AS 05.18.300(c);
- (2) money the legislature appropriates to the fund; and
- (3) income earned on the investment of the fund.

(b) The legislature may appropriate money from the lottery profits fund

- (1) for programs in the state addressing domestic violence prevention, drug abuse prevention, foster care, seniors, or homelessness; or
- (2) to the education endowment fund established in AS 43.23.220.

(c) Nothing in this section creates a dedicated fund.

(d) Money appropriated to the lottery profits fund does not lapse.

Sec. 37.14.910. Powers and duties of the commissioner of revenue. (a) The commissioner of revenue is the fiduciary of the lottery profits fund.

(b) In managing the lottery profits fund, the commissioner of revenue shall have the power and duties set out in AS 37.10.071 and shall

(1) consider the status of the fund's capital, the income generated by investments, and disbursements expected to be received from the Alaska Lottery Corporation;

(2) determine appropriate investment objectives;

(3) establish investment policies to achieve the objectives; and

(4) act only in regard to the best financing interests of the fund.

(c) On July 1 each year, the commissioner shall

(1) determine the balance of the lottery profits fund for the previously closed fiscal year, including the earnings of the fund;

(2) identify the 90 percent of the balance of the lottery profits fund as being available for appropriation in accordance with AS 37.14.900(b)(1);

(3) identify the remaining 10 percent of the balance of the lottery profits fund as being available for appropriation in accordance with AS 37.14.900(b)(2).

* **Sec. 9.** AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) [REPEALED]

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;

(E) Alaska Commission on Postsecondary Education;

(F) Alaska Aerospace Corporation;

(G) [REPEALED]

(H) Alaska Gasline Development Corporation and subsidiaries of the Alaska Gasline Development Corporation;

(I) Alaska Lottery Corporation;

* **Sec. 10.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(65) Alaska Lottery Corporation (AS 05.18).

* **Sec. 11.** AS 40.25.120 is amended to read:

Sec. 40.25.120. Public records; exceptions; certified copies. (a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to

1 risk circumvention of the law; or

2 (G) could reasonably be expected to endanger the life or
3 physical safety of an individual;

4 (7) names, addresses, and other information identifying a person as a
5 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the
6 advance college tuition savings program under AS 14.40.803 - 14.40.817;

7 (8) public records containing information that would disclose or might
8 lead to the disclosure of a component in the process used to execute or adopt an
9 electronic signature if the disclosure would or might cause the electronic signature to
10 cease being under the sole control of the person using it;

11 (9) reports submitted under AS 05.25.030 concerning certain
12 collisions, accidents, or other casualties involving boats;

13 (10) records or information pertaining to a plan, program, or
14 procedures for establishing, maintaining, or restoring security in the state, or to a
15 detailed description or evaluation of systems, facilities, or infrastructure in the state,
16 but only to the extent that the production of the records or information

17 (A) could reasonably be expected to interfere with the
18 implementation or enforcement of the security plan, program, or procedures;

19 (B) would disclose confidential guidelines for investigations or
20 enforcement and the disclosure could reasonably be expected to risk
21 circumvention of the law; or

22 (C) could reasonably be expected to endanger the life or
23 physical safety of an individual or to present a real and substantial risk to the
24 public health and welfare;

25 (11) [REPEALED]

26 (12) records that are

27 (A) proprietary, privileged, or a trade secret in accordance with
28 AS 43.90.150 or 43.90.220(e);

29 (B) applications that are received under AS 43.90 until notice is
30 published under AS 43.90.160;

31 (13) information of the Alaska Gasline Development Corporation

created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development Corporation that is confidential by law or under a valid confidentiality agreement;

(14) information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement under AS 38.05.020(b)(12);

(15) records relating to proceedings under AS 09.58 (Alaska Medical Assistance False Claim and Reporting Act);

(16) names, addresses, and other information identifying a person as a participant in the Alaska savings program for eligible individuals under AS 06.65;

(17) artists' submissions made in response to an inquiry or solicitation initiated by the Alaska State Council on the Arts under AS 44.27.060;

(18) records that are

(A) investigative files under AS 45.55.910; or

(B) confidential under AS 45.56.620.

(b) Every public officer having the custody of records not included in the exceptions shall permit the inspection, and give on demand and on payment of the fees under AS 40.25.110 - 40.25.115 a certified copy of the record, and the copy shall in all cases be evidence of the original.

(c) Recorders shall permit memoranda, transcripts, and copies of the public records in their offices to be made by photography or otherwise for the purpose of examining titles to real estate described in the public records, making abstracts of title or guaranteeing or insuring the titles of the real estate, or building and maintaining title and abstract plants, subject to reasonable rules and regulations as are necessary for the protection of the records and to prevent interference with the regular discharge of the duties of the recorders and their employees;

(19) names, addresses, and other information identifying a person who is entitled to anonymity as a lottery winner under AS 05.18.520.

* **Sec. 12.** AS 43.23.220(a) is amended to read:

(a) The education endowment fund is established as a separate account in the general fund. The fund consists of appropriations from

(1) donations to the fund under AS 43.23.230(b);

(2) transfers to the fund under AS 43.23.230(a);

1 (3) interest earned on the fund; [AND]

2 (4) any other money appropriated to the fund; **and**

3 **(5) transfers to the fund under AS 37.14.900(b).**

4 * **Sec. 13.** AS 44.64.030(a) is amended by adding a new paragraph to read:

5 (52) AS 05.18 (Alaska Lottery Corporation).

6 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 TRANSITION: BOARD OF DIRECTORS; STAGGERED TERMS. Notwithstanding
9 AS 39.05.055, in making initial appointments to the board of directors of the Alaska Lottery
10 Corporation, the governor shall appoint the initial members' terms as follows:

11 (1) one member shall be appointed for one year;

12 (2) two members shall be appointed for three years;

13 (3) two members shall be appointed for five years.

14 * **Sec. 15.** This Act takes effect July 1, 2020.