

State of Alaska



Department of Revenue Tax Division Charitable Gaming Group



2015 Annual Report

Anchorage Office

Alaska Department of Revenue/Tax Division
Robert B. Atwood Building
550 W 7th Avenue, Ste 500
Anchorage, AK 99501-3556
907-269-6620 Voice

Juneau Office

Alaska Department of Revenue/Tax Division
11th Floor, State Office Building
PO Box 110420
Juneau AK 99811-0420
907-465-2320 Voice
Email: dor.tax.gaming@alaska.gov

Randall Hoffbeck, Commissioner
Ken Alper, Director

Charitable Gaming Group

Marty Abel
Chris Becker
Mary Anne Headings
Chris Hustman
Katrina Mitchell

Table of Contents

<u>Page</u>	
1	Gaming Authority, Purpose, and Definitions.....
2	Total Number of Gaming Permits/Licenses and Net Proceeds.....
3	Permittee Locations and Organization Types.....
4	Total Net Proceeds by Organization Type.....
5	Total Net Proceeds by Game Type.....
6	2015 Total Revenue Collected.....

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING
www.tax.alaska.gov/gaming

1. Authority	AS 05.15 The Alaska Gaming Reform Act (Act) and 15 AAC 160 Authorized Games of Skill and Chance
2. Purpose	The Act provides a means for permittees to generate net proceeds for political, educational, civic, public, charitable, patriotic, and religious uses in the state.
3. Game Types	Bingo, raffles and lotteries, pull-tab games, authorized classics (i.e. ice classics, cabbage classics), fish and moose derbies, Calcutta pools, and contests of skill.
4. Definitions	
Pull-tab Manufacturer	A for-profit business licensed to sell pull-tabs to distributors.
Pull-tab Distributor	A for-profit business licensed to distribute pull-tabs to permittees and operators.
Operator	A for-profit business licensed to conduct gaming activities on behalf of a permittee.
Vendor	A for-profit business that sells pull-tabs on behalf of a permittee, from a location licensed by the Alcohol Beverage Control Board.
Multiple-Beneficiary Permittee	Two to six municipalities or qualified organizations that jointly obtain a permit in order to aggregate prize limits.
Permittee	A municipality or qualified organization that holds a permit to conduct gaming activities.
Qualified Organization	Includes Civic or Service Organizations, Religious, Charitable, Fraternal, Veterans, Labor, Political and Education Organizations, Police and Fire Departments, Associations and Derbies, Nonprofit Trade Associations.
Gross Receipts	The amount collected for all chances to win a prize in a gaming activity.
Net Proceeds	Amount retained by permittees after prizes, taxes and expenses are deducted from Gross Receipts.

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING

Who Was Issued a Permit/License in 2015 and How Much Money Did They Raise?

Who	Count	Gross Receipts	Federal		Adjusted	Total Expenses	Net Proceeds
			Excise Tax	Cost of Prizes			
Multiple-Beneficiary Permittees	1,102	161,637,266	204,606	120,782,272	40,650,388	25,336,626	15,313,762
Registered Vendors	15	86,444,029	35,562	67,574,607	18,833,859	13,379,559	5,454,300
Operators	174	42,082,736	52,073	33,609,079	8,421,583	4,066,793	4,354,790
Total	23	98,200,618	170,663	76,002,966	22,026,988	16,901,343	5,125,646
		388,364,648	462,904	297,968,925	89,932,819	59,684,321	30,248,498

Pull-tab Manufacturers 7
Pull-tab Distributors 9

Who Was Issued a Permit/License in 2014 and How Much Money Did They Raise?

Who	Count	Gross Receipts	Federal		Adjusted	Total Expenses	Net Proceeds
			Excise Tax	Cost of Prizes			
Operator/Multiple-Beneficiary Permittees	1,076	155,778,023	n/a	n/a	n/a	n/a	15,959,228
Registered Vendors	39	155,544,440	n/a	n/a	n/a	n/a	9,471,040
Total	306	40,725,907	n/a	n/a	n/a	n/a	4,009,802
		352,048,370	n/a	n/a	n/a	n/a	31,168,062

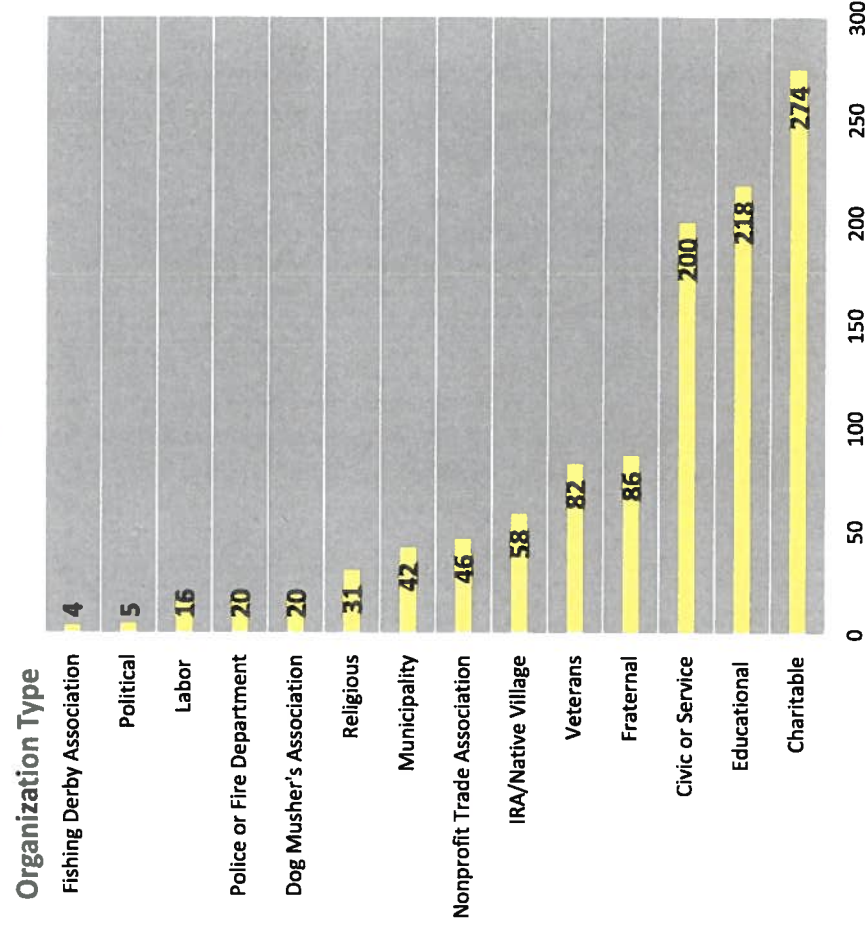
Pull-tab Manufacturers 8
Pull-tab Distributors 9

Note: pull-tab manufacturers and distributors do not conduct gaming activities.

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING

Number of Permits Issued in Calendar Year	2015
Multi-Beneficiary Permittees	15
Permittees	1,102

What Kinds of Organizations Hold Permits?



Where do Permit Holders Reside?

Community	Count	%
Anchorage	279	25.32%
Fairbanks	135	12.25%
Juneau	67	6.08%
Soldotna	47	4.26%
Ketchikan	38	3.45%
Wasilla	36	3.27%
Palmer	30	2.72%
Homer	28	2.54%
Kenai	22	2.00%
Eagle River	16	1.45%
North Pole	15	1.36%
Nome	14	1.27%
Sitka	13	1.18%
Chugiak	12	1.09%
Bethel	11	1.00%
Seward	11	1.00%
Other	305	27.68%
Total	1,102	100.00%

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING

How Much Money do Organizations Raise from Charitable Gaming?

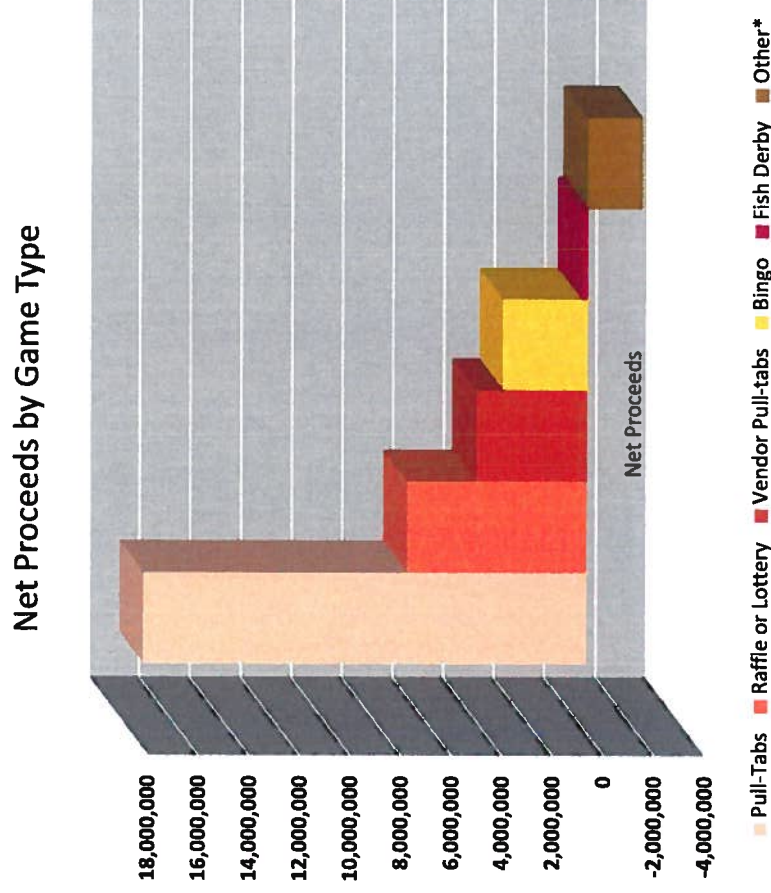
Organization Type	Federal			Adjusted		
	Gross Receipts	Excise Tax	Cost of Prizes	Gross Income	Total Expenses	Net Proceeds
Charitable	117,480,461.03	103,059.01	89,652,645.11	27,724,756.91	18,150,486.81	9,574,270.10
Educational	59,399,184.30	69,420.14	45,848,674.99	13,481,089.17	8,605,518.12	4,875,571.05
Civic or service	57,455,133.44	40,588.04	43,571,140.74	13,843,404.66	9,057,997.27	4,785,407.39
IRA/Native Village	37,099,368.09	37,173.02	27,874,813.02	9,187,382.05	6,041,375.27	3,146,006.78
Veterans	25,997,261.00	37,168.98	20,983,187.24	4,976,904.78	3,056,988.25	1,919,916.53
Fraternal	23,252,101.53	58,457.93	18,207,998.65	4,985,644.95	2,716,320.75	2,269,324.20
Municipality	21,537,005.94	75,634.24	16,206,711.33	5,254,660.37	3,910,475.58	1,344,184.79
Nonprofit trade association	20,657,609.76	21,934.96	16,024,142.23	4,611,532.57	2,883,565.51	1,727,967.06
Religious	10,238,624.32	4,723.69	7,694,920.00	2,538,980.63	1,657,719.12	881,261.51
Dog mushers' association	7,408,226.82	5,792.93	6,155,457.86	1,246,976.03	2,437,370.36	-1,190,394.33
Police or fire department	5,152,544.45	6,210.06	3,871,541.52	1,274,792.87	744,036.94	530,755.93
Labor	1,683,908.50	2,741.38	1,253,912.82	427,254.30	242,640.39	184,613.91
Fishing derby association	881,329.00	0.00	570,134.16	311,194.84	165,317.13	145,877.71
Political	121,890.26	0.00	53,645.25	68,245.01	14,509.54	53,735.47
	388,364,648.44	462,904.38	297,968,924.92	89,932,819.14	59,684,321.04	30,248,498.10

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING

How Much Money is Raised by Game Type?

Game Type	Net Proceeds	%
Pull-Tabs	17,478,531	58%
Raffle or Lottery	7,083,929	23%
Vendor Pull-tabs	4,354,790	14%
Bingo	3,295,720	11%
Fish Derby	193,744	1%
Other*	-2,158,215	-7%
Total	30,248,498	100%

*Other		
Special Draw Raffle	86,010	
Ice Classic	62,588	
Calcutta Pool	28,150	
Animal Classic (Rat)	15,854	
Big Bull Moose Derby	11,998	
Race Classic	5,276	
Canned Salmon Classic	1,004	
Cabbage Classic	833	
Rain Classic	485	
Dog Musher Contest**	-253,789	
Contest of Skill**	-2,116,623	
Total Other	-2,158,215	

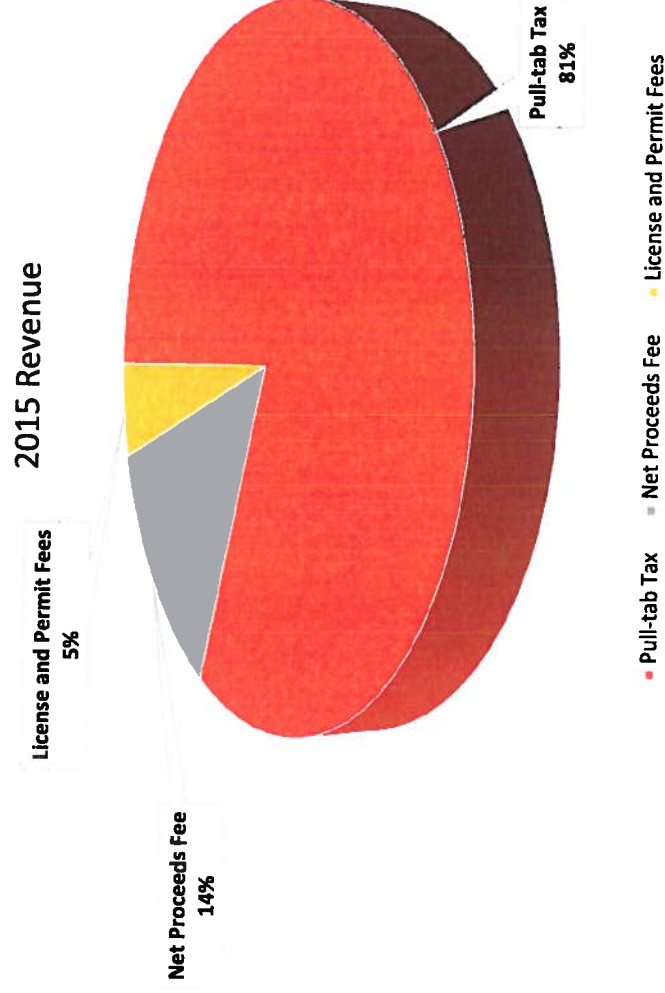


** Negative net proceeds are generally a result of expenses exceeding statutory thresholds.

ALASKA DEPARTMENT OF REVENUE / TAX DIVISION
2015 ANNUAL REPORT CHARITABLE GAMING

How Much Money Does the State of Alaska Collect From the Charitable Gaming Program?

Tax and Fees Collected in Calendar Year				
	2013	2014	2015	
Pull-tab Tax	1,919,537	2,015,371	2,109,268	
Net Proceeds Fee	381,531	367,789	358,443	
License and Permit Fees	126,095	123,460	124,510	
Total Receipts	\$2,427,163	\$2,506,620	2,592,222	



Opinions

Let's bet on our Alaska schools

- Author: Sen. Click Bishop - Published in Alaska Dispatch News – March 12, 2017

Why shouldn't we have a little fun solving our problems? Sure, there's a state fiscal problem. I've spoken about this issue for some time. But now we've reached a point where we need to make some real decisions on how to fix the problem.

This is a solvable issue, through a combination of budget cuts and new revenue. That's not hard to see. Heck, my grandkids could figure that out.

But I also don't see how this has to be all about doom and gloom. Part of our overall solution is to make sure that we protect one of Alaska's best assets — our own sense and trust that we have a bright future. Without a positive belief in our community, our state and our lifestyle, I don't see how just making cuts and paying taxes is going to change things for the better.

That's why I've sponsored a bill that says, "Let's do something that helps solve our problems that's fun."

Senate Bill 78 would set up an education lottery as a fun way to raise money for a good cause — supporting education in Alaska — without having to enact any new taxes. It is a new, voluntary approach to help solve Alaska's fiscal problems and address concerns about education funding.

Here's how it works.

Every adult Alaskan eligible for a Permanent Fund dividend could use their dividend to buy a \$100 lottery ticket. Of that \$100, 50 percent would go directly to fund education.

Another 25 percent would be placed into an endowment fund, which, after the fund reaches the level of \$1 billion, would spin off a set percentage into the annual education budget.

The final 25 percent would fund the lottery winnings. This account would also be managed similar to an endowment, drawing off one-fifth of the account each year, to be divided among four winners. Any costs of administering the program, which we anticipate would be minimal, would also be taken from this final 25 percent.

OK, that's the general theory. Let's look at some numbers to understand how it could work, how much it will likely generate for education, and of interest to so many Alaskans, how big the prizes could grow.

First, only adults would be eligible, so, that means about 350,000 participants. If we assume only \$100 from each of those, that generates a total of \$35 million. Of that, \$17.5 million would go directly to education, \$8.75 million would go into the education endowment and the final \$8.75 million would go to the lottery prizes fund.

The lottery payout would be 20 percent of the final \$8.75 million, and would be divided as follows: First ticket — \$875,000; second ticket — \$437,500; third ticket — \$262,500; and fourth ticket — \$175,000. The 80 percent of that last quarter remains in the pot. Then with the next PFD year, all of the 25 percent goes in on top of the remaining funds from the previous year, and the 20 percent for prizes is figured out of the total accumulating in the lottery payout fund.

This lottery fund would cap at \$500 million, so the winners potentially would share a prize payout of up to \$100 million each year.

While some Alaskans probably won't opt in for a "ticket" to play, many would opt for multiple chances. If we contrast this proposal with a person's typical chances of winning in the Powerball, or some other multistate lottery, where your odds of winning are as bad as one in 292 million, we are at one in about 350,000, depending on how many Alaskans opt in and how many tickets they buy.

Statewide surveys show that more than 60 percent of Alaskans support education funding at current levels or with an increase. Under SB 78, Alaskans can dedicate part or nearly all of their PFD, in \$100 chances, to enter the lottery and support education.

Under current law, there are many games of chance exempted from Alaska's gambling laws. Raffles, lotteries, bingo games, race classics, fishing classics, deep-freeze classics, Calcutta pools, and big bull derbies are but a few. Like those, the PFD-education lottery would also require an exemption.

Alaskans have a long history of involvement with games of chance and gambling, going back to the gold rush days of the 1800s to the present, like the annual guessing game of when the Nenana River tripod goes out.

I think this bill taps into that sentiment for a good purpose — to secure education funding for Alaska's children, into the future, after the oil runs dry.

Sen. Click Bishop, R-Fairbanks, is chairman of the Senate Community & Regional Affairs Committee.