

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB102(STA)  
 (S) Publish Date: 5/7/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Charitable gaming revenue BRU Revenue Operations  
 Component Tax Division  
 Sponsor Rules Committee  
 Requester Senate Finance Committee Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	125.0	125.0	125.0	125.0	125.0	125.0
Travel	15.0	15.0	15.0	15.0	15.0	15.0
Contractual	22.0	12.0	12.0	12.0	12.0	12.0
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment	15.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>180.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>9,000.0</b>	<b>10,000.0</b>	<b>10,000.0</b>	<b>10,000.0</b>	<b>10,000.0</b>	<b>10,000.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	180.0	155.0	155.0	155.0	155.0	155.0
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>180.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>	<b>155.0</b>

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

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

This legislation would increase the state's charitable gaming tax rate from 3 percent of net on pull-tabs (actual gross less prizes) to 15 percent of ideal net for pull-tabs (the amount that would be left after prizes assuming all of the pull-tabs in a series are sold). This marks the first change in tax rates since 1988. This legislation would not change the state tax rate on raffles, bingo and other charitable gaming.

The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$10 million in additional state revenue for a full fiscal year, with approximately \$9 million in Fiscal 2004 because the state would receive the higher revenues for 11 months in the fiscal year. (Taxes are paid one month after sales for distributors on pull-tab games.)

See attached page for more information on the revenue and program costs.

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 Approved by: Larry Persily, Deputy Commissioner  
 Agency: Department of Revenue

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 Date/Time 5/6/03 6:22 PM  
 Date 5/6/2003

**Department of Revenue  
Charitable Gaming Revenue  
CSSB 102(STA) FN #2**

**Page 2 of 2**

**Operating Expenditures**

The Department of Revenue is requesting general fund program receipts to cover the cost of one Revenue Auditor III position and an Investigator III position. With such a large increase in taxes due the state (an estimated \$10 million per year), the department anticipates the need to strenuously verify the ideal net that the tax increase is based upon. A lack of sufficient staff to verify, audit and enforce the state's higher charitable gaming tax rate would exacerbate an already serious shortage in the state's enforcement effort.

The projected annual salary cost for these new positions totals \$125,000.

The department is also requesting one-time Fiscal 2004 funding of \$15,000 for equipment and \$10,000 for start-up contractual costs.