

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SCS CSHB 61(L&C)
 (S) Publish Date: 4/29/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Charitable Gaming; Calcutta Pools RDU Taxation and Treasury
 Component Tax
 Sponsor Representatives McGuire, Ramras,Fi,Foster
 Requester (S) L&C Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*
CAPITAL EXPENDITURES	*	*	*	*	*	*
CHANGE IN REVENUES ()	3.0	3.0	3.0	3.0	3.0	3.0

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 (see attached)

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 Division Tax Division Date/Time 4/14/05 12:47 PM
 Approved by: Jerry Burnett Date 4/14/2005
 Agency Department of Revenue

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ANALYSIS CONTINUATION

Please see below for a discussion of revenue and costs.

REVENUE

There are three U.S. states which expressly allow calcutta pools: Montana, Wyoming, and North Dakota. Of these, the only state that maintains statistics on its calcutta pools is North Dakota. North Dakota's statutes regarding calcutta pools are very similar to CSHB 61. For instance, both North Dakota and CSHB 61 regulate calcutta pools as games of chance; both stipulate an age requirement of 18 or over; both limit calcutta pools to amateur and professional sporting events held in the state; and both disallow calcuttas for youth events or academic sporting events. Calcuttas also compete with bingo and pull tabs in both states. In addition, Alaska's adult population (18+) of 467,206 is very close to North Dakota's 495,411 adults.

Although there are many similarities between the structure of the calcutta games and the potential gaming population in both states, there is one significant difference. North Dakota has at least five Indian casinos in addition to bingo, pull-tabs and calcuttas, and is bordered by three states (Minnesota, South Dakota and Montana) with casino gambling or video lottery terminals; Alaska has none. For this reason, we believe the introduction of calcutta gambling has the potential to have the biggest impact on charitable gaming since the legalization of pull-tabs in 1988. For instance, it is theoretically possible to have as many calcutta's on a single major Alaskan sporting event such as the Iditarod, as there are organizations holding gaming permits (approximately 1,250).

In FY 2004, gross proceeds from North Dakota's calcuttas were \$204,679. If we assume the same level of calcutta pools in Alaska, calcutta net proceeds going to qualified organizations would be $(\$204,679 \times 30\%)$ \$61,404. New revenue to Alaska would be \$614 (the 1% of net proceeds fee). Clearly, even if calcutta pools were significantly more popular in Alaska than in North Dakota, revenue to the state would still be very small. For every million dollars wagered on a calcutta, Alaska's revenue would increase by \$3,000. However, the same amount of wagers would increase the net proceeds of qualified organizations by \$300,000.

EXPENSES

Initially, we expect that the passage of this legislation will generate great interest in its fundraising potential and result in the issuance of approximately 700 additional permits, considerable staff time dealing with numerous inquiries regarding licensing, accounting issues, and game rules, as well as, audits, complaints, and on site inspections.

If Calcutta's are as popular as projected, we will need to add an Administrative Clerk III, at an annual cost of \$48,900 for personal services, \$1,000 for supplies, and \$3,567 for contractual services.