

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CCS SB 59
 (S) Publish Date: 2/29/08

Identifier (file name): HCSSB59(FIN)-DOR-TAX-2-15-08 Dept. Affected: Revenue 04
 Title: Gaming: Broadcasting / Cabbage Classics RDU: Taxation and Treasury
 Component: Taxation and Treasury
 Sponsor: Senator Stevens
 Requester: Conference Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES		0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()		*	0.0	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF		0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached.

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 Approved by: Jerry Burnett
Department of Revenue

Phone (907) 465-3410
 Date/Time 2/15/08 12:00 AM
 Date 2/15/2008

ANALYSIS CONTINUATION

Bill Language:

This bill will impact charitable gaming in Alaska in several ways:

(1) This bill authorizes broadcasting to promote certain charitable gaming activities. The activities eligible would be fish derbies, dog mushers' contests, classics, and "raffles or lotteries." The means of broadcasting allowed would include television and radio. Some charitable gaming activities, such as pull tabs, would still not be eligible for promotion by broadcasting. The statutory definition of raffles and lotteries is equivalent under Alaska Statute 05.15.690, so this provision would not authorize any new charitable gaming activities.

(2) This bill authorizes a single cabbage classic. A cabbage classic is defined as "a game of chance where a prize of money is awarded for the closest guess of the weight of the winning cabbage at the Giant Cabbage Weigh-Off." This contest would be authorized only for the specific cabbage classic operated and administered by the Palmer Rotary Club at the Alaska State Fair in Palmer.

(3) This bill increases the maximum prize limit for municipalities and qualified organizations involved in charitable gaming from \$1 million to \$2 million per year. If the municipality or qualified organization contracts with an operator to conduct charitable gaming activities, the prize limit is left unchanged at \$500,000 per year. The exclusion for prizes for contests of skill is also increased, from \$500,000 to \$1 million per year. These prize limits apply to all charitable gaming activities other than bingo.

(4) This bill disallows raffles to aid candidates for public office or groups that support candidates for public office.

Revenues:

Revenues from this bill are indeterminate. In Fiscal Year 2007, charitable gaming taxes and fees generated \$2,445,627. The changes to charitable gaming in this bill could potentially generate modest changes in the level of charitable gaming taxes and fees in future years. Potential revenue changes from the major provisions of this bill are addressed below:

(1) Allowing broadcasting for certain charitable gaming activities could potentially increase participation in activities, increasing the amount of revenue collected from the 1% net proceeds fee. It is not possible to determine how much, if any, additional revenue might be received.

(2) With authorization of one specific cabbage classic, we expect to issue one additional charitable gaming permit. The cost of this annual permit will range from \$20 to \$100 depending on gross receipts of the permittee. Also, assuming gross receipts are at least \$20,000, a small amount of revenue would be collected from the 1% net proceeds fee. Revenues are indeterminate because they would depend on the amount of net proceeds from the cabbage classic.

(3) Raising the annual prize limit for municipalities and qualified organizations could allow municipalities and qualified organizations who are currently at or near the annual prize limit to offer additional or higher value charitable gaming activities. This could result in either a redistribution of or increase in revenue collected from the 1% net proceeds fee. It is not possible to determine how much, if any, additional revenue might be received.

(4) Disallowing raffles to aid political candidates could result in lower charitable gaming revenue; however it is quite possible that these raffles will be offset by higher participation in other, non-political raffles.

Expenditures:

We anticipate that incremental costs as a result of this bill will be minor and this bill can be implemented using existing resources.