

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	HB 200
Fiscal Note Number:	1
(H) Publish Date:	5/10/2023

Identifier: 0054-DOR-TAX-05-09-23
 Title: GAMING; ELECTRONIC PULL-TABS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Tax Division
 OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2024	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2024 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
 If yes, by what date are the regulations to be adopted, amended or repealed? **TBD**

Why this fiscal note differs from previous version/comments:

Initial version.

Prepared By: Collen Glover, Director	Phone: (907)269-1033
Division: Tax Division	Date: 05/09/2023 08:00 AM
Approved By: Eric DeMoulin, Director	Date: 05/09/23
Agency: Department of Revenue	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

Analysis

Background Information

This bill would allow pull-tab games to be expanded from traditional paper pull-tabs to include electronic pull-tabs or e-tabs. Current statute, AS 05.15.690(38) defines a "pull-tab game" as a game of chance where a card, the face of which is covered to conceal a number, symbol, or set of symbols, is purchased by the participant and where a prize is awarded for a card containing certain numbers or symbols designated in advance and at random. The language of this bill would expand to include "electronic pull-tab systems" under new AS 05.15.690(50).

This bill also increases the prize limits for permittees who contract with an operator from a maximum of \$500,000 in prizes each year to a maximum of \$2,000,000 in prizes each year for electronic pull-tab activities and a maximum of \$1,000,000 in prizes each year for other gaming activities.

This bill provides some unique limitations for electronic pull tab systems that the paper pull-tab games do not have:

1. A series may not exceed 15,000 tickets.
2. A Vendor may not have more than five electronic pull tab devices on premises.
3. An Operator may not have more than 10 electronic pull tab devices on premises.

Note: There is no limit for the number of electronic pull tab devices for permittees.

The Department would need to establish regulations to ensure the quality and data security of the devices used for electronic pull-tabs. Regulation completion and timing will be determined based on passage of the legislation.

Revenue Impact

The revenue impacts of this bill cannot be determined due lack of knowledge about how this legislation may change the amount and volume of gaming activity. It is possible that adding electronic pull-tab systems to the gaming portfolio could either increase overall gaming activity or just switch activity from a existing paper pull-tabs to these new electronic pull-tab games.

The state revenues from pull-tabs sales consists of these sources:

1. Pull-tab tax of 3% of gross receipts less prizes per pull-tab game
2. Pull-tab manufacturer license fee of \$2,500 per year
3. Pull-tab distributor license fee of \$1,000 per year
4. Pull-tab vendor permit fee of \$50 per year per location, and
5. Net proceeds fee of 1% of net proceeds from a permittee if gross receipts are greater than \$20,000 for all gaming.

The state revenue impacts of the pull-tab tax has averaged about \$2 million per year for the past four years. Total state revenue from gaming was \$3 million for FY 2022. If there is any incremental state revenues, the amounts are not significant.

Implementation Cost

The cost impacts of this bill cannot be determined at this time until further study and work with electronic pull-tab vendors can occur to better understand how adding this game will impact both the current programming and personnel resources. Our Charitable Gaming Program uses the current Tax Revenue Management System (TRMS) so the Department is uncertain at this time, if we would have to create interfaces between these new electronic pull-tab systems and TRMS. We are unsure if this will require additional personnel.