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Alaska State Legislature

Session Address:
STATE CAPITOL BUILDING
ROOM 502
JUNEAU, ALASKA 99801-1182
(907) 465-3878
FAX (907) 465-2293



Interim Address:
P.O. BOX 53
PALMER, ALASKA 99645
(907) 746-1046 - Palmer
(907) 746-3560 - FAX
(907) 378-8628 - Wasilla

Representative Ronald L. Larson

District 27

POSITION PAPER

HB 173

EXEMPTING CHARITABLE GAMING ACTIVITY FROM MUNICIPAL SALES AND USE TAXES

I have introduced HB 173 in an effort to assist a small number of non-profit/charitable permit holder who have permits for Games of Chance and Contests of Skill. Currently there are several municipalities within the state that are imposing a sales tax on the gross revenues to the Games of Chance operated by non-profit/charitable permittee holders.

We do not believe that the Games of Chance and Contests of Skill were established to be a source of local taxation. The State already levies a tax on the gross profit for these games and contests, which is deposited in the General Fund. This money is then later distributed to local municipalities through the revenue sharing program.

It is my belief that the original intent of the Gaming Statutes was to allow Non-Profits/Charities to raise funds for community benefit projects and programs, in order to help them be self-sufficient.

The profits from selling a pull-tab are very tight. For example:

Pull-tab cost	\$1.00
Prizes awarded	- .75
Game expenses	- .15 (these include rent, cost of tabs, 3% state tax)
Net profit	.10

A 2% sales tax on the gross is 20% of the net profit and a 5% state tax on the gross is 50% of the net profit.

I am sure this was not the intent of the Legislation to effect non-profit/charity permit holders in this manner. Yet, a few municipalities are. This bill is tooled to only exempt those permit holders who's entire profit goes to support their program. The permit must be operated by the charity for the charity.



POSITION PAPER

March 22, 1993

Representative Ron Larson
Alaska State Legislature

Dear Representative Larson,


Re: HB 173

We thank you for the introduction of this bill and wish to offer our support for HB 173.

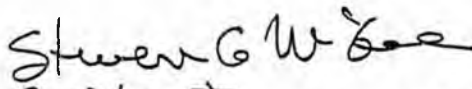
The Juneau Borough currently has a 4% front end sales tax which it charges on all pull tab sales. Due to the fact that the greatest percentage of the sale is immediately paid back to the customer in the form of winnings, the Borough is getting 1/3 of the money that is left over after expenses. The charity gets \$2 and the Borough gets \$1. We also pay a State tax, and the Borough gets part of the State Tax due to revenue sharing.

We do not believe this was the intent of the legislation.

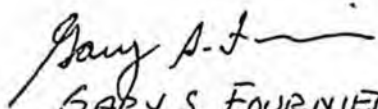
Thank you for your support.

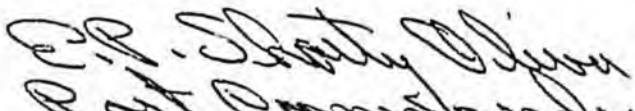

Ron Pagenkopf,
Treasurer, Juneau Soccer Club.

Day Phone 586-2027


Steven G. W. Lee
President
Castineau Channel Little League
Phone 788-7902


W. H. Adair
Treasurer, Big Brothers, Big Sisters


GARY S. FOURNIER
PRESIDENT
JUNEAU SIK CLUB


P. P. Shady
American Legion Post #25

LETTER OF SUPPORT



CITY OF BETHEL

P.O. Box 388 • Bethel, Alaska 99559

543-2297—Area Code 907

RESOLUTION #93-10

A RESOLUTION OPPOSING HB 173 ENTITLED "AN ACT EXEMPTING CERTAIN CHARITABLE GAMING ACTIVITY FROM MUNICIPAL SALES AND USE TAXES"

WHEREAS, Alaska Statutes now allow municipalities to levy and collect sales taxes on charitable gaming activities, and

WHEREAS, in Bethel the amount generated from these sources is approximately 10 percent of all sales taxes paid to the city in Fiscal Year 1993, and

WHEREAS, the sales tax assessed on charitable gaming activities in Bethel is paid by the consumer, and

WHEREAS, state assistance to municipalities is being steadily eroded because of the decrease in state oil revenue, and

WHEREAS, local governments are being required to increase their local taxing effort to cover this decrease, and

WHEREAS, the City of Bethel would have to reduce its service to the community, or increase other taxes, if HB 173 were to pass the Alaska Legislature.

NOW, THEREFORE, BE IT RESOLVED by the Bethel City Council that it hereby requests the Alaska Legislature to reject this legislation and to continue to allow local governments to generate tax revenue by taxing gaming activities.

AND, BE IT FURTHER RESOLVED that this resolution is being sent to Governor Walter J. Hickel; Darrell J. Rexwinkel, Commissioner of Revenue; Rick Halford, President of the Alaska Senate; Ramona Barnes, Speaker of the Alaska House of Representatives; Representative Ron Larson, sponsor of the bill; Harley Olberg, Chair of the House Community and Regional Affairs Committee; Brian Porter, Chair of the House Judiciary Committee; Eileen Maclean, Chair of the House Finance Committee; Senator George Jacko; and Representative Lyman Hoffman.

PASSED AND APPROVED THIS 23rd DAY OF March, 1993.

VOTE: 6-yeyes; 0-nays

James H. Feaster III
James H. Feaster III, Mayor

ATTEST:

Jane Elam
Jane Elam, City Clerk

"Deep Sea Port and Transportation Center of the Kuskokwim"

04/05/93
19:09:44

PUBLIC OPINION MESSAGE SYSTEM
MEMBER OFFICE OLB Olberg

POMS100
LHSCALL

From: Mr. Ray
American Legion
Box 13
Sitka

Perkins

AK 99835

Tel: NONE

Bill# HB 173 Title: MUNI FEES & TAXATION OF CHARITABLE GAMES
Subject

OPPOSES THIS LEGISLATION

Message: IN OUR OPINION HB 173 IN REFERENCE TO TAXATION OF CHARITABLE GAMES BY MUNICIPALITIES WOULD BE DETRIMENTAL TO SMALL ORGANIZATIONS SUCH AS THE AMERICAN LEGION SITKA POST 13, WHICH HAS A MEMBERSHIP OF ONLY 300 PER YEAR, AVERAGE. WE ARE ALREADY PAYING STATE TAXES; WE HAVE TWO SETS OF STANDARDS NOW, ONE FOR THE OPERATORS AND ONE FOR FRATERNAL ORGANIZATIONS. WE URGE YOU TO RECONSIDER THE FINAL OUTCOME OF SUCH A BILL.

Entered By: LIOCKAT on 4/ 5/93

PomID 11149

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4B

LINE 1 COL 1

People Count Inc.
Business & Technical School

P.O. Box 1310
Kenai, Alaska 99611-1310

Business: (907) 283-4099
FAX (907) 283-9496

March 23, 1993

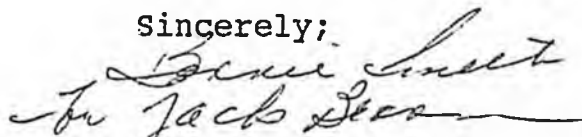
Representative Ron Larson
State of Alaska Legislature
Room 502
P.O. Box V
Juneau, Ak 99811

re; A bill for an Act Entitled "An Act exempting certain charitable gaming activity from municipal sales and use taxes."

Dear Representative Larson;

People Count, Inc. as a charitable permittee holder, supports the proposed bill. People Count, Inc., endorses the passage of legislation to ease the administrative and tax requirements placed on permittees.

Sincerely;



Jack Brown
Executive Director

ccc: Sen. Salo
Rep. Navarre
Rep. Phillips
Rep. Little
Rep. Davis

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 24, 1993

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 4-6-93

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 173

HOUSE BILL NO. 173

MUNI FEES & TAXATION OF CHARITABLE GAMES

"An Act exempting certain charitable gaming activity from municipal sales and use taxes."

RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

zero fiscal note C F E D _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Harley Olberg</i>	✓	<i>Dem Samples</i>		✓	
		<i>Joe N. O'Neil</i>		✓	
		<i>Ken Willis</i>		✓	
		<i>Bill Williams</i>		✓	
		<i>Goodman</i>		✓	

Harley Olberg
 CHAIRMAN'S SIGNATURE



HOUSE COMMUNITY AND REGIONAL AFFAIRS

SUBJECT OF MEETING:

DATE: 4/6/93

PLACE: Rm. 124

HB 173
HJR 37
HB 209

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Roger McKowan	Rep Hoffman			L	4453	(Y) N	HJR 37
Rick Ulrich	City of Bethel					(Y) N	HB 173
Deborah Erickson	DHSS/ Public Health	DHSS Health Program Specialist II			x3090	(Y) N	HB 209
Ron Pajenkopf	Tuneau Youth Activities Co-op	PO Box 33206 Juneau 99803			586-2027	(Y) N	173
John Hansen	DCEO	Box D Juneau			5-2581	(Y) N	HB-173
Myra Munson	Alaska Native Health Board	229 4th St Juneau 99801			6-5880	(Y) N	HB 209
FEITH KERLTON	ADEC					Y N	HJR 37
						Y N	
						Y N	
						Y N	
						Y N	