

**SB**

**240**

HFIN

FILE

(2) if the laws of the state, territory or district of the residence of the transferor at the time of death contained a reciprocal exemption provision under which nonresidents were exempted from death taxes of every character in respect to personal property, except tangible personal property having an actual situs therein, and if the state, territory or district of the residence of the nonresident decedent allowed a similar exemption to residents of the state, territory or district of residence of the decedent. (§ 2 ch 24 SLA 1970)

Revisor's notes. — Enacted as AS 43.30.410. Re-numbered in 1970.

**Sec. 43.31.420. Definitions.** In this chapter

- (1) "decedent" includes the testator, intestate grantor, bargainor, vendor, or donor; (Repealed, § 38 ch 168 SLA 1992.)
- (2) "executor" means the executor, administrator or curator of the decedent, or if there is no executor, administrator or curator appointed qualified and acting, then any person who is in the actual or constructive possession of any property included in the gross estate of the decedent;
- (4) "gross estate" means the gross estate as determined under the provisions of the applicable federal revenue Act;
- (5) "net estate" means the net estate as determined under the provisions of the applicable federal revenue Act;
- (6) "nonresident" means a natural person domiciled outside the state;
- (7) "person" means persons, corporations, associations, joint stock companies and business trusts;
- (8) "real property" means real property as it is commonly understood and includes real property whose legal title is in the decedent but which is subject to a contract of sale to a third party;
- (9) "resident" means a natural person domiciled in the state;
- (10) "tangible personal property" means corporeal personal property, including money; and the term "intangible personal property" means incorporeal personal property including deposits in banks, negotiable instruments, mortgages, debts, receivables, shares of stock, bonds, notes, credits, evidences of an interest in property, evidences of debt and choses in action generally;
- (11) "transfer" includes the passing of property or any interest in property, in possession or enjoyment, present or future, by inheritance, descent, devise, succession, bequest, grant, deed, bargain, sale, gift, or appointment in the manner described in this chapter;
- (12) "United States" used in a geographical sense includes only the 50 states and the District of Columbia. (§ 2 ch 24 SLA 1970; am § 38 ch 168 SLA 1992)

Revisor's notes. — Enacted as AS 43.30.420. Re-numbered in 1970. Effect of amendments. — The 1990 amendment, effective June 22, 1990, repealed paragraph (2), which defined "department."

**Sec. 43.31.430. Short title.** This chapter may be cited as the Estate Tax Law of Alaska. (§ 2 ch 24 SLA 1970)

Revisor's notes. — Enacted as AS 43.30.430. Re-numbered in 1970.

**Chapter 35. Coin-Operated Devices and Punchboards.**

- Article  
 1. Coin-Operated Amusement and Gaming Devices (§§ 43.35.010 — 43.35.090)  
 2. Punchboards (§§ 43.35.100 — 43.35.160)

**Article 1. Coin-Operated Amusement and Gaming Devices.**

<p><b>Section</b>                  10. Amount of tax                  20. Administration                  30. Distributor fees                  40. Operation by a minor</p>	<p><b>Section</b>                  50. Distribution of tax                  60. Orders and regulations                  70. Gambling not legalized                  90. Definitions</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Collateral references.** — 38 Am. Jur. 2d, Gambling, §§ 10-26; 61 Am. Jur. 2d, Licenses and Permits, §§ 7, 39-41; 71 Am. Jur. 2d, State and Local Taxation, §§ 180-182.  
 53 C.J.S., Licenses, §§ 3, 30-36, 64-73; 84 C.J.S., Taxation, §§ 121, 122.

**Validity and construction of statute or ordinance regulating commercial video game enterprises.** 38 ALR4th 930

**Sec. 43.35.010. Amount of tax.** (a) A person who maintains for use, or permits the use of on premises under the person's control, a coin-operated device class 1, class 2, or class 3 shall first pay a tax as follows:

- (1) \$48 a year for each coin-operated device class 1;
- (2) \$120 a year for each coin-operated device class 2;
- (3) \$240 a year for each coin-operated device class 3;
- (b) No additional tax is levied where a device within a given classification is replaced by another of the same classification.

(c) The tax imposed by this section is reduced by one-twelfth for the entirety of each month that elapses from the first day of the year to the date upon which the device is placed in operation. For the purpose of AS 43.35.010 — 43.35.090 a remaining portion of a month is considered as one full month. (§ 48-3-1 ACLA 1949; am ch 31 SLA 1949; am § 1 ch 142 SLA 1960)

**Cross references.** — For exemption for devices aboard certain cruise ships, that was in effect from May 19, 1995 through September 29, 1995, see § 1(h), ch. 31, SLA 1995 in the Temporary and Special Acts.

**NOTES TO DECISIONS**

The tax imposed by this section is not a license of the business of operating pinball machines in the sense that it confers a right which would not exist in the absence of the imposition of the tax. State v. Pinball Machs., 404 P.2d 923 (Alaska 1965).  
 This section says nothing about a license. State v. Pinball Machs., 401 P.2d 923 (Alaska 1965).

Business not made lawful by imposition of tax. — A business expressly condemned and made unlawful by statute is not made lawful by the fact that a tax is imposed with respect to its operation. State v. Pinball Machs., 404 P.2d 923 (Alaska 1965).

**Sec. 43.35.020. Administration.** (a) Tax payments specified in AS 43.35.010 shall be made to the commissioner before the installation for operation of a device taxable under AS 43.35.010, except that the tax shall be prorated for a taxable device installed after January 31 in a given year from the beginning of the month within which the device is installed through the remainder of the calendar year. The receipt of the commissioner for payment shall be kept for inspection in the manner required under regulations adopted by the commissioner.

(b) If the ownership of the taxable device changes, the receipt shall be transferred by the commissioner to the new owner or operator upon payment of a transfer fee of \$5. The fee shall be deposited in the general fund. Application for the transfer of the receipt shall be made within 30 days after the change of ownership. Tax on a device on which earlier taxes have been paid and which is in operation at the close of the preceding calendar year shall be paid before February 1 of the year in which the tax is due. (§ 48-3-3 ACLA 1949; am § 3 ch 142 SLA 1960)

**Sec. 43.35.030. Distributor fees.** A distributor of coin-operated equipment shall

(1) pay an annual permit fee of \$50 to the department, to be deposited by it in the general fund; and

(2) file an affidavit that the distributor is a citizen of the United States, a bona fide resident of the state for at least one year, and has never been convicted of a felony; in the case of a corporation an affidavit is required from each stockholder and employee of the corporation. (§ 48-3-4 ACLA 1949; am § 4 ch 142 SLA 1960; am § 118 ch 6 SLA 1984)

**Sec. 43.35.040. Operation by a minor.** (a) An operator or other person who has charge of a device covered by AS 43.35.010 — 43.35.090, except a music machine or a coin-operated device class 1,

(1) may not permit a person under 18 years of age to operate the device; and

(2) shall place a conspicuous notice of this prohibition on each device, in accordance with standards fixed by the commissioner.

(b) A machine, except a music machine, may not be placed, used, located, or operated within a radius of 100 yards of a school building. (§ 48-3-5 ACLA 1949; am § 5 ch 142 SLA 1960; am § 1 ch 164 SLA 1970)

**Sec. 43.35.050. Distribution of tax.** One-half of the proceeds of the gross revenue from the tax under AS 43.35.010 — 43.35.090, excluding distributors' fees, penalties, and the amount determined to have been spent by the state in its collection, shall be refunded to organized boroughs and cities of the first, second, and third classes by action of the legislature in the proportion that the revenue was earned within them, and the balance shall be retained by the state and deposited in the general fund. (§ 48-3-6 ACLA 1949; am ch 31 SLA 1949; am § 8 ch 142 SLA 1960; am § 2 ch 165 SLA 1962)

**Sec. 43.35.060. Orders and regulations.** The commissioner may issue orders and adopt regulations necessary to carry out AS 43.35.010 — 43.35.090. (§ 48-3-7 ACLA 1949; am § 7 ch 142 SLA 1960)

**Sec. 43.35.070. Gambling not legalized.** AS 43.35.010 — 43.35.090 do not legalize gambling or the possession of a gambling device. (§ 48-3-8 ACLA 1949; am § 8 ch 142 SLA 1960)

**Cross references.** — For legal activities involving games of chance, see generally AS 06.16; for limitations on authorized activities, see AS 06.16.160.

**NOTES TO DECISIONS**

**Legislative intent.** — In enacting the 1960 amendment to this section there was no intent on the part of the legislature to permit gambling. Pinball Mach., Serial No. 2334 v. State, 371 P.2d 806 (Alaska 1962).

**The use or possession of a pinball machine is not made lawful by the mere fact that such machine is defined by law for tax purposes.** State v. Pinball Mach., 404 P.2d 923 (Alaska 1965).

**Sec. 43.35.080. Penalties.** [Repealed, § 46 ch 113 SLA 1980. For current law, see AS 43.05.220 and 43.05.290.]

**Sec. 43.35.090. Definitions.** In AS 43.35.010 — 43.35.090

(1) "coin-operated device class 1" means an entertainment or amusement device or amusement apparatus that operates by means of insertion of a coin, token, or other similar object, except a coin-operated radio, that does not involve an element of chance;

(2) "coin-operated device class 2" means a pinball machine, including a bingo type coin-operated device, horse race machine or other apparatus or device that operates by means of insertion of a coin, token, or similar object and that, by embodying the elements

of chance or skill, awards free plays and that contains a device for releasing free plays and a meter for registering or recording the plays so released, or with a provision for multiple coin insertion for increasing the odds; class 2 does not include bona fide vending machines in which gaming or amusement features are not incorporated;

(3) "coin-operated device class 3" means a slot machine or other apparatus or device that operates by means of insertion of a coin, token, or similar object and that, by strict dependence upon the element of chance, may deliver or may entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens; a device or apparatus otherwise falling within the classification of (2) of this section, though not strictly dependent upon the element of chance, is taxed according to the rate applicable to slot machines if the device or apparatus itself delivers cash directly to the person playing or operating it;

(4) "distributor" means a person who directly provides or furnishes a coin-operated device for operation on premises not owned by the person and not under the jurisdiction or control of the person. (§ 48-3-2 ACLA 1949; am § 2 ch 142 SLA 1960; am § 1 ch 135 SLA 1966)

**Legislative history reports.** — For report on ch. 135, SLA 1966, see 1966 House Journal, p. 870.

**Opinions of attorney general.** — The definition of a Class 3 device applies only to activities in which actual prize awards or payouts exist. Before the department can classify a machine as a Class 3 device,

the department must have sufficient evidence to sustain the determination; mere speculation is not enough. In the absence of evidence in a particular case that the house is making a payout, it would appear that the machine would be either a Class 2 or Class 1 device. July 20, 1960 Op. Atty Gen.

**NOTES TO DECISIONS**

**The legislature did not sanction the use of a pinball machine to the extent that it awards free plays and nothing else.** State v. Pinball Mach., 404 P.2d 923 (Alaska 1965), decided prior to the 1966 amendment.

**Construction of paragraph (2).** — Paragraph (2) cannot logically be construed as a legislative statement of the uses and purposes to which a pinball

machine may be put. State v. Pinball Mach., 404 P.2d 923 (Alaska 1965), decided prior to the 1966 amendment.

**A class 3 device is a gambling device in itself.** State v. Pinball Mach., 404 P.2d 923 (Alaska 1965), decided prior to the 1966 amendment.

**Quoted in Pinball Mach., Serial No. 2334 v. State, 371 P.2d 806 (Alaska 1962).**

**Article 2. Punchboards.**

**Section**  
100. License tax  
110. Regulations and orders  
120. Manner of paying tax

**Section**  
130. Refund to local governments  
140. Gambling not legalized  
150. Violations and penalties

**Collateral references.** — 51 Am. Jur. 2d, Licenses and Permits, § 39-41

53 C.J.S., Licenses, §§ 5-38, 64-73

**Sec. 43.35.100. License tax.** A distributor who distributes a punchboard in the state shall pay the following license tax before the punchboard is sold to the retail trade:

- (1) \$2 for each board of 2,000 holes, or less;
- (2) \$4 for each 1,000 holes or fraction in each board with more than 2,000 holes. (§ 1 ch 116 SLA 1949; am § 1 ch 63 SLA 1951)

**Sec. 43.35.110. Regulations and orders.** The department may issue orders and adopt regulations necessary to carry out AS 43.35.100 — 43.35.150. (§ 3 ch 116 SLA 1949; am § 1 ch 63 SLA 1951)

**Sec. 43.35.120. Manner of paying tax.** The tax shall be paid by purchasing stamps from the office of the department. The stamps shall be affixed to the punchboard before

it is placed in use, and the operator of the punchboard shall endorse upon the stamp the serial number of the punchboard. (§ 2 ch 116 SLA 1949; am § 1 ch 53 SLA 1961)

**Sec. 43.35.130. Refund to local governments.** The department shall refund 75 per cent of the tax collected from sales of punchboards in an organized borough or city of the first, second, or third class to the local government. The balance shall be deposited in the general fund. (§ 6 ch 116 SLA 1949; am § 1 ch 53 SLA 1961; am § 3 ch 155 SLA 1962)

**Sec. 43.35.140. Gambling not legalized.** AS 43.35.100 — 43.35.160 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1961)

**Cross references.** — For legal activities involving games of chance, see generally AS 05.16; for limitations on authorized activities, see AS 05.16.180.

**Sec. 43.35.160. Violations and penalties.** (a) A person may not

- (1) distribute in the state a punchboard for which the license tax provided in AS 43.35.100 — 43.35.150 is not paid; or
- (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of AS 43.35.100 — 43.35.160 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$50. (§ 6 ch 116 SLA 1949; am § 1 ch 53 SLA 1961)

## Chapter 40. Motor Fuel Tax.

Section	Section
10. Tax on transfers or consumption of motor fuel and expenditure of proceeds	80. Separate invoices
16. Exemption from collection of tax	70. Refund warrants
30. Refund for nonhighway use	80. Examination of books and records
35. Other refunds and credits	85. Preservation of books and records
50. Refund claim by affidavit	100. Definitions

**Collateral references.** — 71 Am. Jur. 2d, State and Local Taxation, §§ 818-824; 53 Am. Jur. 2d, Licenses and Permits, §§ 30, 39-41; 63 C.J.S., Licenses, § 34.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignee's account without previous sale or order for purchase 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than

interstate carrier as interstate commerce as regards local taxation. 10 ALR2d 661.

State tax on of motor carriers as affected by commerce clause. 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim. 18 ALR2d 1426.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax. 85 ALR2d 550.

**Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds.** (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

- (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;
  - (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon; and
  - (3) the tax on all aviation fuel other than gasoline is three and two-tenths cents a gallon.
- (b) There is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that
- (1) the tax on aviation gasoline consumed is four and seven-tenths cents a gallon;

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon; and

(3) the tax on all aviation fuel other than gasoline is three and two-tenths cents a gallon.

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the department by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of \$100, may be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the department showing all fuel which the dealer or user has distributed or used during the month.

(d) *[Repealed, § 3 ch 166 SLA 1976.]*

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

(f) The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax account in the general fund. The legislature may appropriate from this account for water and harbor facilities.

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.160, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform, when feasible, all construction or reconstruction projects by contract after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of transportation and public facilities may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

(h) All motor fuel tax receipts shall be paid into the general fund and distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway fuel tax account in the general fund.

(i) *[Repealed, § 35 ch 126 SLA 1994.]*

(j) The proceeds from the tax on motor fuel used in snow vehicles and, unless a tax refund is applied for under AS 43.40.050(a), other internal combustion engines not used in or in conjunction with a motor vehicle licensed to be operated on public ways shall be deposited in a special nonpublic highway use account in the general fund. The legislature may appropriate from this account to the Department of Transportation and Public Facilities for trail staking and shelter construction and maintenance.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### SPONSOR STATEMENT

#### SB 240: An Act Repealing Coin Operated Devices Tax Program

As part of a continuing effort to reduce the size and cost of government, Senate Bill 240 will repeal the outdated Coin Operated Devices and Punchboards Tax Program. The program began in 1941 as a tax on amusement machines such as billiard tables, jukebox machines and pinball games, serving the purpose to raise revenues and track the number of amusement games. Repeal of the program would lessen the burden on 250 businesses in the state and free up 400 hours of Department of Revenue (DOR) staff time for higher priority work. The amount of revenue lost from repealing the program will be offset by money collected from increasing compliance of larger tax programs.

Currently 250 businesses must annually file a return and pay the appropriate amount of tax. The current annual tax rate is \$48 per device; the rate has remained virtually unchanged since 1947. The current program collects \$90,000, shares \$32,000 back to local governments and costs \$15,000 to operate. Thus the net general fund revenue is \$43,000. Department of Revenue officials have discussed the program repeal with several local government officials and the Alaska Municipal League. All concurred that they could not afford to administer the program locally for the small amount of revenue received.

Repealing the lowest priority state programs is an important component of the majority's goal to downsize government. In addition to reducing the budget we must reduce the paperwork and regulatory requirements placed on businesses and government. Repealing the Coin Operated Device Tax Program makes both good business sense and public policy.

**Table 5  
Coin-Operated Devices Tax**

City	FY 96	FY 95	FY 94	FY 93	FY 92	Total All Years
Unalaska	237	168	360	0	216	981
Valdez	345	432	864	544	336	2,521
Wasilla	273	384	684	702	584	2,627
Wrangell	164	240	288	336	288	1,316
<b>Total Cities</b>	<b>12,686</b>	<b>17,380</b>	<b>15,922</b>	<b>16,364</b>	<b>19,118</b>	<b>81,472</b>
<b>GRAND TOTAL<sup>1</sup></b>	<b>\$32,219</b>	<b>\$47,015</b>	<b>\$47,161</b>	<b>\$48,289</b>	<b>\$51,881</b>	<b>\$226,564</b>
<b>Cost of Collection</b>	<b>\$10,200</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$10,200</b>
<b>Number of Communities Shared With</b>	<b>34</b>	<b>34</b>	<b>35</b>	<b>40</b>	<b>40</b>	<b>55</b>

<sup>1</sup> Net of cost of collection.

*N/A - Not Applicable. AS 43.35.050 authorizes that the amount determined to have been spent by the state in collection of taxes shall be excluded from the share payments made to municipalities. The department began deducting collection costs from sharable amounts for FY 96.*

**Table 5  
Coin-Operated Devices Tax**

City	FY 96	FY 95	FY 94	FY 93	FY 92	Total All Years
Haines	36	48	72	0	0	156
Homer	1,158	1,684	1,120	624	720	5,306
Hoonah	73	72	144	100	120	509
Huslia	0	0	0	24	48	72
Kachemak	36	0	0	0	0	36
Katlag	0	0	0	0	76	76
Kenai	1,057	1,953	1,661	1,642	1,800	8,113
Ketchikan	1,546	2,390	889	1,720	1,432	7,977
Kobuk	0	0	0	0	72	72
Kodiak	620	1,344	1,368	1,368	2,784	7,484
Lower Kalskag	0	0	0	0	24	24
Mekoryuk	73	0	120	168	0	361
Nenana	118	120	72	170	192	672
Nome	456	336	374	240	288	1,694
Noorvik	0	0	0	0	384	384
North Pole	346	240	468	312	0	1,366
Palmer	201	356	288	456	364	1,665
Pelican	55	15	72	72	72	286
Petersburg	346	600	456	552	528	2,482
Quinhagak	0	56	0	0	0	56
Scammon Bay	0	0	0	24	12	36
Seldovia	0	0	54	150	96	300
Seward	401	360	408	504	624	2,297
Shishmaref	0	0	0	120	168	288
Soldotna	966	1,800	1,152	1,176	1,340	6,434

**Table 5  
Coin-Operated Devices Tax**

<b>Municipality</b>	<b>FY 96</b>	<b>FY 95</b>	<b>FY 94</b>	<b>FY 93</b>	<b>FY 92</b>	<b>Total All Years</b>
Anchorage	\$12,492	\$22,965	\$23,042	\$23,275	\$25,996	\$107,770
Juneau	1,601	1,840	1,958	2,032	1,396	9,327
Sitka	1,148	1,588	1,136	768	936	5,576
<b>Total Municipalities</b>	<b>15,241</b>	<b>26,393</b>	<b>26,136</b>	<b>26,075</b>	<b>28,628</b>	<b>122,673</b>
<b>Borough</b>						
Bristol Bay	0	0	0	288	0	288
Denali	219	96	0	171	0	486
Fairbanks North Star	1,540	1,206	1,703	2,588	1,214	8,260
Haines	0	0	0	24	27	51
Kenai Peninsula	1,477	1,080	1,680	1,368	1,140	6,745
Ketchikan Gateway	0	0	0	24	24	48
Kodiak Island	128	144	192	240	528	1,232
Malanuska-Susitna	857	692	1,432	1,028	922	4,931
Yakutat	60	24	96	120	80	380
<b>Total Boroughs</b>	<b>4,290</b>	<b>3,242</b>	<b>5,103</b>	<b>5,851</b>	<b>3,935</b>	<b>22,420</b>
<b>City</b>						
Anderson	97	72	48	144	144	505
Cold Bay	109	0	0	192	192	493
Cordova	18	24	72	144	144	402
Craig	0	24	48	196	308	576
Delta Junction	18	40	24	90	0	172
Dillingham	0	120	96	120	184	520
Fairbanks	3,939	4,502	4,650	4,474	5,578	23,143
Gambell	0	0	70	0	0	70

**Table 3**  
**Program Revenue and Cost Detail**

(Sorted by Revenue)	Program				Per FTE <sup>1</sup>	
	Returns	Revenue	Cost <sup>1</sup>	FTE <sup>2</sup>	Revenue	Cost
<b>Tax Program</b>						
Corporation	14,887	\$317,881,916	\$2,406,035	38.6	\$8,235,283	\$62,333
Motor Fuel	1,910	35,317,981	282,671	4.7	7,514,464	60,143
Fisheries Business	710	30,967,567	182,955	3.2	9,677,365	57,173
Tobacco	567	16,150,312	39,865	0.8	***	***
Alcoholic Beverages	224	11,553,183	66,159	1.0	11,553,183	66,159
Fishery Resource Landing	99	8,278,994	35,803	0.7	***	***
APUC Regulatory Cost Charges	371	4,301,051	20,099	0.4	***	***
Salmon Enhancement	673	4,189,791	43,626	0.8	***	***
Salmon Marketing	800	3,522,739	43,542	0.8	***	***
Seafood Marketing Assessments	315	3,099,230	26,833	0.5	***	***
Estale	73	1,717,986	3,856	0.1	***	***
Electric Cooperative	18	1,436,660	1,834	<.1	***	***
Telephone Cooperative	7	1,302,139	860	<.1	***	***
Mining License	324	387,036	41,886	0.8	***	***
Coin-Operated Device	315	90,165	17,503	0.4	***	***
<b>Total Tax Programs</b>	<b>21,293</b>	<b>440,196,750</b>	<b>3,213,327</b>	<b>52.9</b>		
	(Reports)					
<b>Unclaimed Property Program</b>	<b>1,848</b>	<b>2,352,401</b>	<b>226,515</b>	<b>4.1</b>		
<b>Total All Programs</b>	<b>23,141</b>	<b>\$442,549,151</b>	<b>\$3,439,842</b>	<b>57.0</b> <sup>4</sup>		

<b>Tax Programs</b>	
Total Revenue per FTE	\$8,321,300
Total Cost per FTE	\$60,739

<b>Unclaimed Property Program</b>	
Total Revenue per FTE	\$573,756
Total Cost per FTE	\$55,248

<sup>1</sup> Includes total operating costs of the division.

<sup>2</sup> Full-time equivalent staff position.

<sup>4</sup> 56 full-time and 2 seasonal (1 FTE)

\*\*\* Combined revenues and costs for these programs are \$44,476,103 and \$275,507, respectively. These programs require 5.4 FTE positions. Combined revenue and cost per FTE are \$8,236,315 and \$51,020.

**Alaska Department of Revenue  
Income and Excise Audit Division**

***Time Analysis  
of Coin-Operated Device Return Processing***

	<b><i>Minutes</i></b>
<b>Mailout return forms</b>	5
<b>Process returns</b>	
Deposit cash	8
Data capture return	6
Print/mail receipt	5
<b>Reconcile tax collections</b>	10
<b>Shared tax program</b>	
Sort data by municipality	10
Compile/calculate/reconcile shared tax amounts	15
Issue shared tax warrants	5
<b>Examination and filing</b>	3
<b>Collection/follow-up on delinquent accounts</b>	2
<b>Compliance</b>	2
<b>Computer programming</b>	3
<b>Supervision/review of program</b>	2
<b><i>Total Minutes per return</i></b>	<u><u>76 minutes</u></u>

---

**Total Hours to process returns:**  
 (315 returns x 76 minutes divided by 60 minutes)      **399 hours**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 25, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/30/98

The FINANCE Committee considered:

SB 240(title am)(reengrossed)

SENATE BILL NO. 240(title am)(reengrossed)

REPEAL COIN-OPERATED DEVICE TAX

"An Act repealing the tax on punchboards and certain coin-operated devices; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_ [ ] the same title  
[ ] a new title

[ ] additional referral to \_\_\_\_\_ Committee

[ ] attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

[ ] fiscal note(s) \_\_\_\_\_

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note(s) \_\_\_\_\_

[x] zero fiscal note(s) Rev, 2/11/98

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Ferrisanti</i> Therriault	X			
<i>Mark Hanley</i> Hanley	X			
<i>John Foster</i> Foster	X			
<i>Harry Martin</i> Martin	X			
<i>Walter Davies</i> DAVIES	X			
<i>Henry Davis</i> DAVIS	X			
<i>Ed Gussendorf</i> Gussendorf	X			

CHAIR'S SIGNATURE

*Gene Ferrisanti* *Mark Hanley*  
Therriault Hanley

FISCAL NOTE

No. 1  
Bill Version: SB 240  
(S) Publish Date: 2/11/98  
Revenue  
Revenue Operations  
Income and Excise Audit

Revision Date: \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
Title: Repeal Coin-Operated Device Tax Program BRU: \_\_\_\_\_  
Sponsor: (S) FIN Component: \_\_\_\_\_  
Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Repeal of the coin-operated devices tax program will help both businesses and department employees reduce workloads. The paperwork required from businesses and the effort used in processing tax returns is a low priority. Repeal of the program would free up time and resources to focus on increasing revenue from other tax programs. The division has had \$480,000 in reductions to the operating budget over the past three years and repealing low priority programs is necessary so that high priority (more revenue) programs can be effectively administered.

The current program collects \$90,000, shares \$32,000 back to local governments and costs \$15,000 to administer. Thus the net general fund revenue is \$43,000. This loss of revenue can be more than offset from redirecting resources to increase compliance in motor fuel, fisheries, tobacco, alcohol and corporate tax programs.

Prepared by: Robert Bartholomew, Deputy Director  
Division: Income and Excise Audit Division  
Approved by Commissioner: Wilson L. Condon  
Agency: Revenue

Phone: 465-4773  
Date: January 29, 1998  
Date: January 29, 1998

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Repeal Coin-Operated Device Tax Program BRU: Revenue Operations  
 Component: Income and Excise Audit  
 Sponsor: (S) FIN  
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Repeal of the coin-operated device tax program will help both businesses and department employees reduce workloads. The paperwork required from businesses and the effort used in processing tax returns is a low priority. Repeal of the program would free up time and resources to focus on increasing revenue from other tax programs. The division has had \$480,000 in reductions to the operating budget over the past three years and repealing low priority programs is necessary so that high priority (more revenue) programs can be effectively administered.

The current program collects \$90,000, shares \$32,000 back to local governments and costs \$15,000 to administer. Thus the net general fund revenue is \$43,000. This loss of revenue can be more than offset from redirecting resources to increase compliance in motor fuel, fisheries, tobacco, alcohol and corporate tax programs.

Prepared by: Robert Bartholomew, Deputy Director  
 Division: Income and Excise Audit Division  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Revenue

Phone: 465-4773  
 Date: January 29, 1998  
 Date: January 29, 1998

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office