

SB

273

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 9, 1998

FURTHER REFERRALS:

Date of Committee Action: 4/21/98

The FINANCE Committee considered:

CSSB 273(FIN) am

CS FOR SENATE BILL NO. 273(FIN) am

CHARITABLE GAMING

"An Act requiring that gross receipts and ideal gross be used to account for charitable gaming activities; making records received by the Department of Revenue under AS 05.15 subject to the laws relating to public records and providing that the Department of Revenue does not have to make those records available to the public until 90 days following the receipt of the records; requiring municipalities to provide to the state records concerning sales taxes assessed for charitable gaming activities; relating to requiring that a charitable share of charitable gaming receipts be dedicated to charitable uses; relating to reports required for charitable gaming activities; relating to payments to the state from gross receipts of charitable gaming; relating to contracts between operators or vendors and permittees; relating to licensing of multiple-beneficiary permittees and to the duties of a multiple-beneficiary permittee to each holder of the permit; requiring a person employed as a gaming manager to be certified by the state; limiting the expenditure of amounts of gross receipts and ideal gross required to be paid to permittees or retained by permittees; relating to the amount of gross receipts and prizes allowed under a permit or a multiple-beneficiary permit; allowing operators to pool gross receipts, prizes, and door prizes among permittees; and providing for an effective date."

recommends it be replaced

with the following committee substitute

^{HCS}
CS SB 273 (FIN)

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) _____

zero fiscal note(s) DOR, 2/27/98

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gregg Thompson</i>			X	
<i>Robert Kelly</i>			✓	
<i>John ...</i>			✓	
<i>...</i>			X	
<i>...</i>			X	
<i>Larry ...</i>				X
<i>...</i>	X			

CHAIR'S SIGNATURE *Gregg Thompson*

Revision Date: _____ Dept. Affected: Revenue
Title: Charitable Gaming BRU: Revenue Operations
Component: Income and Excise Audit
Sponsor: Senate Finance
Requestor: Senate Finance 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
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						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Operating Expenditures

The department does not anticipate an increase or decrease in operating expenditures as a result of this legislation. The changes are necessary to help the tax division cope with merging the gaming program into the division after the FY98 operating budget allocated to gaming was cut \$300,000 (33%) in FY98.

State Revenue

The department does not anticipate any change in state revenue as a result of this legislation.

Prepared by: Robert N. Bartholomew
Division: Income and Excise Audit
Approved by Commissioner: Wilson L. Condon *Wilson L. Condon*
Agency: Revenue

Phone: 465-4773
Date: February 27, 1998
Date: February 27, 1998

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SENATE BILL 273
CALCULATION OF THE VENDOR CHARITABLE SHARE

Department of Revenue

The Average Pull-Tab Prize Payout For 1995 Was ^{2/10/98} 76.6%.

Gross Income	100%
Average Pull-Tab Prize Payout	<u>76.6%</u>
Average Ideal Net	<u>23.4%</u>

Under The Current Law, Vendors Must Pay The Permittee No Less Than 70% Of The Ideal Net.

AS 05.15.188

If a permittee contracts with a vendor under (a) of this section, the contract must provide that the permittee shall receive no less than 70% of the ideal net.

To Determine The Percentage Of Gross That Is Used To Calculate A Charitable Share That Approximates The Permittees Share From A Vendor Under Current Law, It Is Necessary To Calculate The Permittees Share Of Ideal Net.

Average Ideal Net	23.4%
Times Permittees Share of Ideal Net	<u>x 70%</u>
Equals The % of Gross To Be Paid To The Permittee	<u>16.4%</u>
Rounded To	<u>16%</u>

The Minimum Percentage of Gross Income That Must Be Retained By The Permittee is Calculated As Follows:

	<u>PERCENTAGES</u>	<u>IN DOLLARS</u>	
	<u>SB 273</u>	<u>SB 273</u>	<u>CURRENT LAW</u>
Gross Income	100%	1000	1000
Prizes	<u>76.6%</u>	<u>766</u>	<u>766</u>
Adjusted Gross Income	<u>23.4%</u>	234	234
Charitable Share	<u>16%</u>	<u>160</u>	<u>164</u> *
Vendor Share	<u>7.0%</u>	<u>74</u>	<u>70</u> *
Total Share	<u>23.4%</u>	<u>234</u>	<u>234</u>

* The Difference Between Expenses and the Charitable Share Are Due To Rounding.

SENATE FINANCE COMMITTEE
RELATIVE ALLOCATIONS OF PULL TAB DOLLARS WAGERED

As of February 10, 1998

<u>Pull Tab</u>	<u>Prizes</u>		<u>Operating</u>		<u>Proceeds to Charity</u>		
<u>Gross</u>	<u>Rate</u>	<u>Payout</u>	<u>AGI</u>	<u>Costs</u>	<u>Amount</u>	<u>N Rate</u>	<u>G Rate</u>
100.0	66.7%	66.7	33.3	23.3	10.0	30.0%	10.00%
100.0	67.5%	67.5	32.5	22.8	9.8	30.0%	9.75%
100.0	68.3%	68.3	31.7	22.2	9.5	30.0%	9.50%
100.0	69.2%	69.2	30.8	21.6	9.3	30.0%	9.25%
100.0	70.0%	70.0	30.0	21.0	9.0	30.0%	9.00%
100.0	70.8%	70.8	29.2	20.4	8.8	30.0%	8.75%
100.0	71.7%	71.7	28.3	19.8	8.5	30.0%	8.50%
100.0	72.5%	72.5	27.5	19.3	8.3	30.0%	8.25%
100.0	73.3%	73.3	26.7	18.7	8.0	30.0%	8.00%
100.0	74.2%	74.2	25.8	18.1	7.8	30.0%	7.75%
100.0	75.0%	75.0	25.0	17.5	7.5	30.0%	7.50%
100.0	75.8%	75.8	24.2	16.9	7.3	30.0%	7.25%
100.0	76.7%	76.7	23.3	16.3	7.0	30.0%	7.00%
100.0	77.5%	77.5	22.5	15.8	6.8	30.0%	6.75%
100.0	78.3%	78.3	21.7	15.2	6.5	30.0%	6.50%
100.0	79.2%	79.2	20.8	14.6	6.3	30.0%	6.25%
100.0	80.0%	80.0	20.0	14.0	6.0	30.0%	6.00%
100.0	80.8%	80.8	19.2	13.4	5.8	30.0%	5.75%
100.0	81.7%	81.7	18.3	12.8	5.5	30.0%	5.50%
100.0	82.5%	82.5	17.5	12.3	5.3	30.0%	5.25%
100.0	83.3%	83.3	16.7	11.7	5.0	30.0%	5.00%
100.0	84.2%	84.2	15.8	11.1	4.8	30.0%	4.75%
100.0	85.0%	85.0	15.0	10.5	4.5	30.0%	4.50%
100.0	85.8%	85.8	14.2	9.9	4.3	30.0%	4.25%
100.0	86.7%	86.7	13.3	9.3	4.0	30.0%	4.00%
100.0	87.5%	87.5	12.5	8.7	3.8	30.0%	3.75%
100.0	88.3%	88.3	11.7	8.2	3.5	30.0%	3.50%
100.0	89.2%	89.2	10.8	7.6	3.2	30.0%	3.25%
100.0	90.0%	90.0	10.0	7.0	3.0	30.0%	3.00%
100.0	90.8%	90.8	9.2	6.4	2.7	30.0%	2.75%
100.0	91.7%	91.7	8.3	5.8	2.5	30.0%	2.50%
100.0	92.5%	92.5	7.5	5.2	2.3	30.0%	2.25%
100.0	93.3%	93.3	6.7	4.7	2.0	30.0%	2.00%

SENATE FINANCE COMMITTEE
1995 CHARITABLE GAMING SUMMARY
 Per the Charitable Gaming Division's 1995 Annual Report

	<u>Gross</u>	<u>Taxes</u>	<u>Prizes</u>	<u>% G</u>	<u>AGI</u>	<u>Expenses</u>	<u>Net</u>	<u>N%</u>	<u>G%</u>
<u>Pull-Tabs</u>									
Self Directed	92,216,767	312,946	71,237,343	77.2%	20,666,478	9,742,586	10,923,892	52.9%	11.8%
Operators	70,874,056	294,518	55,174,426	77.8%	15,405,112	11,277,410	4,127,702	26.8%	5.8%
MBPs	22,704,456	0	17,921,786	78.9%	4,782,670	2,970,246	1,812,424	37.9%	8.0%
Vendors	<u>22,300,699</u>	<u>26,986</u>	<u>17,083,015</u>	76.6%	<u>5,190,698</u>	<u>2,255,347</u>	<u>2,935,351</u>	56.6%	13.2%
<u>Total Pull-Tabs</u>	<u>208,095,978</u>	<u>634,450</u>	<u>161,416,570</u>	77.6%	<u>46,044,958</u>	<u>26,245,589</u>	<u>19,799,369</u>	43.0%	9.5%
<u>Bingo</u>									
Self Directed	27,476,997	80,155	21,482,115	78.2%	5,914,727	4,074,739	1,839,988	31.1%	6.7%
Operators (A)	17,870,863	5,006	16,051,167	89.8%	1,814,690	1,814,690	0	0.0%	0.0%
MBPs	<u>8,245,935</u>	<u>0</u>	<u>6,935,433</u>	84.1%	<u>1,310,502</u>	<u>1,259,724</u>	<u>50,778</u>	3.9%	0.6%
<u>Total Bingo</u>	<u>53,593,795</u>	<u>85,161</u>	<u>44,468,715</u>	83.0%	<u>9,039,919</u>	<u>7,149,153</u>	<u>1,890,766</u>	20.9%	3.5%
<u>Other Games</u>									
Self Directed	8,451,720	6,239	4,467,550	52.9%	3,977,931	1,296,456	2,681,475	67.4%	31.7%
Operators	101,000	75	79,383	78.6%	21,542	18,246	3,296	15.3%	3.3%
MBPs	51,032	0	19,652	38.5%	<u>31,380</u>	<u>15,507</u>	15,873	50.6%	31.1%
<u>Total Other Games</u>	<u>8,603,752</u>	<u>6,314</u>	<u>4,566,585</u>	53.1%	<u>4,030,853</u>	<u>1,330,209</u>	<u>2,700,644</u>	67.0%	31.4%
<u>Total 1995 Gaming</u>	<u>270,293,525</u>	<u>725,925</u>	<u>210,451,870</u>	77.9%	<u>59,115,730</u>	<u>34,724,951</u>	<u>24,390,779</u>	41.3%	9.0%
<u>Percentage of Total</u>	<u>100.0%</u>	<u>0.3%</u>	<u>77.9%</u>		<u>21.9%</u>	<u>12.8%</u>	<u>9.0%</u>		

Note (A) Operators reported a negative net proceeds of \$2,038,553. However, since there is no provision in law that allow negative net proceeds, this has been adjusted to zero. Accordingly, the total net proceeds for all 1995 Gaming has also been increased by an equivalent amount.

SENATE FINANCE COMMITTEE
1995 - 1996 CHARITABLE GAMING ACTIVITY
BY PULL-TAB OPERATORS IN COMPLIANCE WITH CURRENT LAW
 Per the Department of Revenue's June 25, 1997 Presentation

<u>No</u>	<u>Location</u>	<u>Year</u>	<u>Gross</u>	<u>Rate</u>	<u>Prizes Amount</u>	<u>AGI</u>	<u>Operating Costs (A)</u>	<u>Payments to Charity (B)</u>			<u>SB 273 Impact (C)</u>	
								<u>Paid</u>	<u>N %</u>	<u>G %</u>	<u>Owed</u>	

Notes

- (A) Operating costs represent the difference between the amount actually paid to the charities and the adjusted gross income (AGI), irrespective of the expenses reported by the operator or the expenses allowed by law.
- (B) The percentages on net proceeds (N%) and gross receipts (G%) are computed based on the amount actually paid to charities. The amount owed represents the difference between the statutory minimum due under current law and the amount actually paid.
- (C) The impact of SB 273 is the amount of the Charitable Share that would exceed the amount actually paid plus the remaining amount owed under current law.

SENATE FINANCE COMMITTEE
1995 - 1996 CHARITABLE GAMING ACTIVITY
BY PULL-TAB OPERATORS IN COMPLIANCE WITH CURRENT LAW
 Per the Department of Revenue's June 25, 1997 Presentation

No	Location	Year	Gross	Prizes		AGI	Operating Costs (A)	Payments to Charity (B)			SB 273 Impact (C)	
				Rate	Amount			Paid	N%	G%		Owed
25	Craig	1995	2,851,984	78.0%	2,225,374	626,610	331,290	295,320	47.1%	10.4%	0	0
25	Craig	1996	2,101,625	77.3%	1,625,499	476,126	292,851	183,275	38.5%	8.7%	0	0
19	Bethel	1995	2,024,656	76.5%	1,548,760	399,971	248,568	151,403	37.9%	7.5%	0	0
19	Bethel	1996	2,256,304	74.7%	1,685,050	486,643	331,825	154,818	31.8%	6.9%	0	3,123
23	Craig	1995	1,117,718	78.1%	873,044	244,674	166,997	77,677	31.7%	6.9%	0	563
23	Craig	1996	746,894	77.3%	577,582	169,312	115,907	53,405	31.5%	7.2%	0	0
16	Ketchikan	1995	5,604,363	77.2%	4,375,002	1,289,361	886,556	402,805	31.2%	7.1%	0	0
16	Ketchikan	1996	4,727,584	77.3%	3,656,638	1,070,946	746,452	324,494	30.3%	6.9%	0	6,437
1	Anchorage	1996	155,558	72.8%	113,228	42,330	29,551	12,779	30.2%	8.2%	0	0
20	North Pole	1996	4,311,865	76.4%	3,292,253	1,019,612	712,790	306,822	30.1%	7.1%	0	0
14	Fairbanks	1996	608,364	79.4%	482,947	125,417	87,730	37,687	30.0%	6.2%	0	4,898
20	North Pole	1995	4,020,557	76.3%	3,065,720	954,837	668,042	286,795	30.0%	7.1%	0	0
7	Anchorage	1995	398,231	75.1%	299,173	99,058	69,340	29,718	30.0%	7.5%	0	0
18	North Pole	1995	360,115	75.7%	272,643	87,472	61,230	26,242	30.0%	7.3%	0	0
5	Anchorage	1996	321,859	74.5%	239,850	82,009	57,406	24,603	30.0%	7.6%	0	0
18	North Pole	1996	382,761	74.2%	283,845	98,916	69,241	29,675	30.0%	7.8%	0	0
5	Anchorage	1995	331,436	75.6%	250,493	80,943	56,660	24,283	30.0%	7.3%	0	0
14	Fairbanks	1995	1,153,062	77.1%	888,614	264,448	185,114	79,334	30.0%	6.9%	0	1,380
12	Fairbanks	1995	2,529,319	75.3%	1,905,769	623,550	436,485	187,065	30.0%	7.4%	0	0
21	Petersburg	1996	419,116	78.3%	328,258	90,858	63,601	27,257	30.0%	6.5%	0	2,081
12	Fairbanks	1996	2,192,127	74.9%	1,641,793	550,334	385,234	165,100	30.0%	7.5%	0	0
4	Anchorage	1995	1,932,718	73.2%	1,415,284	517,434	362,204	155,230	30.0%	8.0%	0	0
7	Anchorage	1996	597,052	78.6%	468,985	128,067	89,647	38,420	30.0%	6.4%	0	3,374
24	Valdez	1995	371,989	72.1%	268,192	103,797	72,658	31,139	30.0%	8.4%	0	0
1	Anchorage	1995	202,694	72.6%	147,080	55,614	38,930	16,684	30.0%	8.2%	0	0
21	Petersburg	1995	293,363	77.7%	227,800	65,563	45,895	19,668	30.0%	6.7%	0	867
Totals			42,073,314	76.8%	32,319,412	9,753,902	6,612,203	3,141,699	32.2%	7.5%	0	22,724

SENATE FINANCE COMMITTEE
CS SB 273 (FIN) am SECTIONAL ANALYSIS

March 6, 1998

- Sec. 1:* Amends AS 05.15.020(b) designating the existing state fee as the "gaming fee" and substituting "charitable share" for "net proceeds".
- Sec. 2:* Amends AS 05.15.060(a), the Department's authority to adopt regulations,
- a. adding gaming manager certificates to the list of items in subsections (1) and (3) that department may regulate;
 - b. substituting gross receipts for the references to authorized expenses and net proceeds in subsection (2);
 - c. making explicit in subsection (2) the Department's authority to adopt regulations to assure the timely payment of the charitable share, currently implied in subsection (11);
 - d. adding gaming managers to the list of persons in subsection (5) that may be investigated;
 - e. expanding the language in subsection (7) to make it more clear who can hold a multiple-beneficiary permit (MBF) and
 - f. adding gaming managers to the list of entities in subsection (9) for which the Department may regulate the disposition of gaming funds in their possession upon surrender, revocation or invalidation of the gaming manager's certificate.
- Sec. 3:* Amends AS 05.15.060 by adding a new subsection (c) making it clear that the gaming records collected by the Department are public, but only after 90 days of receipt of those records.
- Sec. 4:* Amends AS 05.15.070 by adding gaming managers to the list of persons whose books and records the Department may examine in conjunction with a gaming investigation.
- Sec. 5:* Amends AS 05.15.070 by adding a new subsection (b) requiring municipalities that levy sales taxes on permittees, operators or vendors to provide copies of the sales tax reports to the department upon the department's request.
- Sec. 6:* Amends AS 05.15.080 by substituting "charitable share" for "net proceeds", deleting the references to authorized expenses, requiring reports for each activity, and substituting "gaming fee" for "additional fee".

SENATE FINANCE COMMITTEE
CS SB 273 (FIN) am SECTIONAL ANALYSIS

March 6, 1998

- Sec. 7:* Amends AS 05.15.083 by substituting "charitable share" for "net proceeds", deleting the references to authorized expenses and requiring reports for each activity.
- Sec. 8:* Amends AS 05.15.083 by adding a new subsection (c) requiring an operator to deliver to the permittee a copy of the financial reports submitted to the department, and certify to the department that the copies have been delivered.
- Sec. 9:* Repeals and re-enacts AS 05.15.087(a) requiring an operator to pay the permittee the charitable share due from gaming activity conducted during a calendar quarter by the 15th of the month following the quarter.
- Sec. 10:* Amends AS 05.15.105(a) by adding a specific reference to gaming managers to the list of roles in which a gambling law violator may not serve.
- Sec. 11:* Adds a new section AS 05.15.114
- a. prohibiting a person from serving as a gaming manager without certification from the department;
 - b. prohibiting permittees from employing a gaming manager who is not certified by the department; and
 - c. requiring the department to certify as a gaming manager a person who meets specified conditions.
- Sec. 12:* Amends AS 05.15.115(b) by deleting the reference to expenses and adding language that will explicitly prohibit a charity from paying any of the expenses of an operator. This will ensure that the charitable share is not directly or indirectly reduced.
- Sec. 13:* Amends AS 05.15.115(d) by deleting the requirement that the department either approve or disapprove operator contracts, retaining the ability of the department to declare an operator's contract void.
- Sec. 14:* Repeals and re-enacts AS 05.15.128(a)
- a. requiring the department to revoke the license of an operator who fails to remit at least the minimum charitable share to the permittee; and

SENATE FINANCE COMMITTEE
CS SB 273 (FIN) am SECTIONAL ANALYSIS

March 6, 1998

- b. setting the minimum charitable share from
 - 1. bingo at 1.5% of gross receipts;
 - 2. pull-tabs at 7 % of gross receipts; and
 - 3. all other gaming at 10% of gross receipts.
- Sec. 15:* Amends AS 05.15.145(a) to require MBPs to utilize a gaming manager.
- Sec. 16:* Amends AS 05.15.145(d) by adding reporting and payment requirements for holders of MBPs that are consistent with operator requirements.
- Sec. 17:* Amends AS 05.15.145 by adding new subsections (e) and (f)
- a. requiring the department to revoke a MBP if the MBP holders fail to distribute at least the minimum charitable share to the holders of the MBP;
 - b. setting the minimum charitable share from
 - 1. bingo at 1.5% of gross receipts;
 - 2. pull-tabs at 7 % of gross receipts; and
 - 3. all other gaming at 10% of gross receipts; and
 - c. making MBPs subject to most of the same requirements placed on operators, leveling the playing field.
- Sec. 18:* Amends AS 05.15.150 by
- a. substituting "charitable share" for "net proceeds"; and
 - b. simplifying the sentence structure of the statute.
- Sec. 19:* Amends AS 05.15.150 by adding a new subsection (c) that would allow a dog musher's association to use the charitable share realized in one year for dog musher's contest prizes in the next year.
- Sec. 20:* Amends AS 05.15 by adding a new section 155
- a. requiring the department to revoke the permit of a municipality or qualified organization which fails to distribute or dedicate at least the minimum charitable share to the purposes required by AS 05.15.150; and

SENATE FINANCE COMMITTEE
CS SB 273 (FIN) am SECTIONAL ANALYSIS

March 6, 1998

- b. setting the minimum charitable share from
 - 1. bingo at 1.5% of gross receipts;
 - 2. pull-tabs at 7 % of gross receipts; and
 - 3. all other gaming at 10% of gross receipts.

- Sec. 21: Amends AS 05.15.165(a) by substituting "charitable share" for "net proceeds."

- Sec. 22: Amends AS 05.15.165(f) by substituting "gross receipts" and "charitable share" for "net proceeds."

- Sec. 23: Amends AS 05.15 by adding a new section 166 to authorize operators and holders of MBPs to pool gross receipts, prizes and door prizes by activity. This will simplify the accounting requirements for operators and the department without adversely impacting the amounts provided to the charities.

- Sec. 24: Amends AS 05.15.167(a) by substituting "charitable share" for "net proceeds."

- Sec. 25: Amends AS 05.15.167(b) by substituting "charitable share" for "net proceeds."

- Sec. 26: Amends AS 05.15.170
 - a. adding gaming manager certificates to the list of permits, licenses and registrations that may be suspended or revoked for the any of the reasons currently listed in statute;
 - b. prohibiting the department from subsequently certifying as a gaming manager for at least 1 year but not more than 5 years a person whose gaming manager certificate has been revoked; and
 - c. prohibiting the department from subsequently issuing a MBP for at least the 1 subsequent year, but not more than 5 subsequent years, to any organization whose MBP has been revoked.

- Sec. 27: Repeals and reenacts AS 05.15.180(g) to base gaming limitations on gross receipts rather than prize payouts, except for bingo. Bingo limitations will remain based on prizes. This will add consistency and reduce the required accounting without abandoning a workable system for bingo.

SENATE FINANCE COMMITTEE
CS SB 273 (FIN) am SECTIONAL ANALYSIS

March 6, 1998

- Sec. 28:* Amends AS 05.15.166(h) by substituting "ideal gross" for "ideal net" and reducing the percentage to a level that will return approximately the same amount to the permittee.
- Sec. 29:* Repeals and reenacts AS 05.15.188(i) by removing the ideal net provisions and more clearly describing the vendor payment process.
- Sec. 30:* Amends AS 05.15.680(b) making a person who make a false statement in an application for a gaming manager certificate guilty of unsworn falsification.
- Sec. 31:* Amends AS 05.15.690(21) by redefining "gross receipts" to exclude local sales and federal excise taxes collected and otherwise clarify the definition.
- Sec. 32:* Amends AS 05.15.690(23) by substituting the definition of "ideal gross" for the definition of "ideal net".
- Sec. 33:* Amends AS 05.15.690 by adding two new paragraphs;
- a. (46) defining "charitable share"; and
 - b. (47) defining "gaming manager."
- Sec. 34:* Repeals
- a. AS 05.15.087(b) and AS 05.15.87(c), sections pertaining to reporting requirements that have been made unnecessary by the amendments made in sections 7 and 8 of this legislation; and
 - b. AS 05.15.160, 05.15.165(b) and 05.15.690(29), sections that pertain to authorized expenses and net proceeds.
- Sec. 35:* Authorizes the department to proceed with regulation changes prior to the effective date of the statutory amendments, provided the amendments to the regulations do not take effect prior to the effective date of the statutory changes.
- Sec. 36-37:* Establish effective dates.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

March 4, 1998

The Honorable Bert Sharp
Alaska State Legislature
State Capitol
Juneau, AK 99811-1182

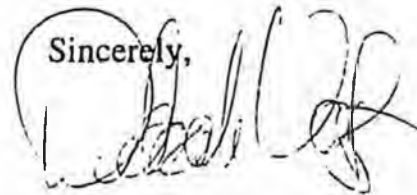
Dear Senator Sharp:

We have reviewed the Senate Finance Committee Substitute for SB 273 on Charitable Gaming. Our department strongly supports the amendments and the current version of this legislation. Departmental staff have worked closely with the committee and listened to issues raised by the gaming industry participants. SB 273 represents a good faith effort to simplify the administration of gaming while not changing the fiscal position of the non-profit permittees, the state or the gaming industry members.

The amendment would delete certain specific duties of a gaming manager in order to ensure that the public does not conclude that more individuals are required to be certified than is intended. We support the change with the understanding that regulations may require that individuals who must be certified as gaming managers may be required to perform the deleted duties.

Again I appreciate your efforts to follow through with the second part of changes to the charitable gaming program (CGP). The first part was a \$300,000 (33%) reduction in the operating CGD FY98 operating budget. The second part is legislation to simplify the regulation and administration of CGP.

Sincerely,



Wilson L. Condon
Commissioner

98-015

MAT-SU VALLEY
HUMANE SOCIETY
F.O. Box 520208
Big Lake, Alaska 99652
Phone 892-6515

03-25-98

To: Mark Hanley
From: Shirley Montgomery
Subject: CSSP 273 (Fin)AM

Dear Mark Hanley,

I am a board member of the Mat-Su Valley Humane Society. I whole heartly oppose CSSP 273 (Fin) AM. I am satisfied with the way the gaming managers are running the gaming activities.

We at the Mat-Su Valley Humane Society depend on 60% of our operating budget from pull tabs.

Within our shelter we know the animals our depending on us (humans) to care for them. To see that there bowls have feed and water in them. To make sure they have heat. All this cost money. we are depending on our share of Pull-tabs.

We lost everthing in the Miller Reach Fire June 4th 1996 and are still trying to put everything togher completely.

I plead with you not to pass CSSP 273 (Fin) AM.

Sincerely,

Shirley M. Montgomery

(H) (FIN)
H/1

CHARITABLE GAMING TASK FORCE

September 11, 1995

Governor Tony Knowles
State of Alaska
State Capitol Building
Juneau, Alaska 99801

Dear Governor Knowles,

At the end of January 1995 you asked fourteen citizens to evaluate the Alaska Statutes and Regulations on Games of Chance of Skill inherited by your administration and to present a report to the Commissioner of the Department of Revenue which would contain recommendations for the orderly oversight of charitable gaming in Alaska.

It is a pleasure to present our recommendations. This has been an energizing and fruitful experience for all. Thank you for your leadership on this important front. Your administration specifically as represented by Wilson Condon, commissioner of Revenue and Dennis Poshard, Director of the Division of Gaming, is to be congratulated for a refreshingly sincere approach in listening to the citizens of Alaska.

The Task Force is satisfied that the line of communication has been opened between the Division and the gaming industry and that many permittees and operators alike have become more fully informed, participating members of the charitable gaming community.

Along with our very real progress in simplifying and clarifying the regulations themselves, I feel the Task Force' existence has been justified by the improved atmosphere it leaves as its legacy -- an atmosphere of increased trust and cooperation in working toward the common goals of making charitable gaming more profitable for the nonprofits and accountable to the public.

If adopted, we expect these recommendations will go a long way toward solving the recent impasse between the gaming industry and the Department of Revenue. We also are including recommendations for important statutory changes necessary to make gaming more workable, as well as better regulated for the comfort level of everyone.

I am including a summary of our conclusions for your convenience. I think you will find our recommendations practical and generally acceptable. In the end there were very few sticking points between us.

The members of the Task Force have pledged themselves to stay involved until the task is completed with a revised set of regulations in place. We also intend to present our recommendations to the Legislature and to lobby for the improvements we wish to see.

I sincerely hope we have been a help to your administration, to the people of Alaska and to those participating in some capacity in the gaming industry. On behalf of the entire Task Force, it has been our pleasure to serve.

Sincerely,

Lanie Fleischer, Chair
Charitable Gaming Task Force 1995

Summary of Recommendations

- ① • The Task Force strongly recommends [11-2], the establishment of a "Gaming Commission". Attachment B provides a suggested structure for the Commission which should be removed from the political process. It is critical for success that rules are not arbitrary and/or changed as a straw in the wind with administrations or legislatures.
- ② • The Task Force unanimously recommends that immediate steps should be taken to establish a "level playing field" in the gaming industry where all market participants are required to meet the same minimum net percentages for like activities.
- ③ • It was the clear intent of the legislature that Operators and MBPs meet the same standards for returns to the Permittees, therefore, the Task Force unanimously recommends the Division take steps to ensure this happens.
- ④ • The Task Force strongly recommends that all requirements for conducting and reporting should be clearly and simply spelled out and enforced.
- ⑤ • The Task Force strongly recommends a return to pooling of income and expenses for Permittees in order to more equalize access to funding for Permittees and simplify accounting and auditing functions.
- ⑥ • The Task Force strongly recommends incorporating the limitations on Bingo sessions [AAC 160.580(d) & (e)] now observed voluntarily state-wide and commends the current cooperation among Bingo operators who developed those revisions and are abiding by them to maintain fair competition.
- ⑦ • The Task Force offers extensive re-writing of Articles 2, 5, 7, and section 160.995, "Definitions", in order to eliminate confusion, redundancy and sections not applicable to Alaska -- the goal was to recapture those former regulations that experience proved to be workable and to retain the workable sections of the 1994 regulations.
- ⑧ • The Task Force strongly recommends the legislature clarify the tax issues, specifically, defining whether or not pull-tab taxes qualify as state taxes in the calculation of adjusted gross income, and specifying in the statutes that communities which tax gaming proceeds base their tax on adjusted gross receipts rather than gross receipts.
- ⑨ • The Task Force recommends as strongly as possible that the Division of Gaming be funded at the level necessary to provide adequate enforcement.
- ⑩ • The Task Force recommends that the Department develop clear regulations allowing "sports boards" since this type of gaming has been conducted prior to 1959.

ROGER McCOY, RECENTLY COMPLETED FIVE YEARS EXPERIENCE IN THE OPERATION OF FOUR PULLTAB SALES OUTLETS FOR 7 NON-PROFIT ORGANIZATIONS.

ADDRESS THE INTENT AND LANGUAGE IN SENATE BILL 273 PERTAINING TO PULLTABS.

THE PRIMRY INTENT OF SENATE BILL 273 IS TO INCREASE WHAT A NON-PROFIT ORGANIZATION CURRENTLY RECEIVES IN REVENUE AND ASSURE THE PERMITTEE RECEIVES THIS MINIMUM AMOUNT IN A SPECIFIC TIME PERIOD FROM THE SALE OF PULLTABS WHETHER THE PULLTAB OUTLET IS A VENDOR, OPERATOR, MBP OR BY THE NON-PROFIT ORGANIZATION THEMSELVES THROUGH EMPLOYEES.

THE CHARITABLE SHARE PERCENTAGES ARE SET BASED ON THE NEW TERM AND DEFINITION OF GROSS RECEIPTS WHEN REFERENCE TO OPERATORS, MBP'S OR SELF-DIRECT SALES BY PERMITTEES. THIS PERCENTAGE RATE IS SET AT 7% OF THE GROSS RECEIPTS. IN THE CASE OF VENDORS, THE PERCENT IS BASED ON THE NEW TERM AND DEFINITION OF IDEAL GROSS SALES AND SET AT 16%.

CURRENT LAW TAKES INTO ACCOUNT THE ALLOWABLE EXPENSES FOR OPERATION OF EACH AND EVERY SALES OUTLET REGARDLESS OF WHERE THE SALES OUTLET IS IN THE STATE, FOR OPERATORS, MBP'S, AND SELF DIRECT SALES BY PERMITTEES. A MINIMUM OF 30% OF THE ADJUSTED GROSS WAS SET FOR THE NON-PROFIT ORGANIZATION. IN THE CASE OF VENDORS, A MINIMUM OF 70% WAS SET FOR THE NON-PROFIT ORGANIZATION AND A MAXIMUM OF 30% FOR THE VENDOR.

THIS BILL NO LONGER TAKES INTO ACCOUNT THE EXPENSE COST OF OPERATION BY OPERATORS, MBP'S OR SELF DIRECT SALES BY PERMITTEES, BUT DOES BASE THE PERMITTEES PROFIT PERCENTAGE, ALSO CALLED CHARITABLE SHARE, ON GROSS RECEIPTS OR IDEAL GROSS REGARDLESS OF THE LOCATION OR SALES WITHIN THE STATE. THERE IS ALSO LANGUAGE INSERTED THAT STATES THE DEPT. OF REVENUE WILL REVOKE THE PERMIT OF A VENDOR, OPERATOR, MBP, AND THE NON-PROFIT ORGANIZATIONS THEMSELVES IF THE SPECIFIC CHARITABLE

SHARE DUE TO THE PERMITTEES ARE NOT PAID WITHIN A SPECIFIC TIME PERIOD. THE DEPT. OF REVENUE DETERMINED THE CHARITABLE SHARE OF 7% PERCENT DUE TO PERMITTEES BY AVERAGING OPERATIONAL EXPENSES AND PAYOUT PRIZE WINNING EXPENSE FROM PULLTAB OUTLETS STATEWIDE. THIS AVERAGING WAS DONE BY USING EXPENSES REPORTED OVER TWO YEARS AGO. THE EXPENSE COSTS TO OPERATE HAVE INCREASED SINCE THEN. SINCE THE OPERATIONAL EXPENSES DIFFER FROM SALES OUTLET TO SALES OUTLET, COMMUNITY TO COMMUNITY, NONE ARE THE SAME. HOW CAN ONE STATEWIDE AVERAGE PAYOUT PERCENTAGE BE USED TO DETERMINE THE STATEWIDE PERCENTAGE TO A NON-PROFIT ORGANIZATION???? HOW CAN ONE STATEWIDE AVERAGE OPERATIONS EXPENSE BE USED IN COMMUNITIES THAT THE OPERATING EXPENSE IS HIGHER THEN OTHER AREAS.

BECAUSE OF THE METHOD USED IN THIS BILL TO ESTABLISH THE PERMITTEE CHARITABLE SHARE, VENDORS WILL NO LONGER SELL PULLTABS FOR NON-PROFIT ORGANIZATIONS. OPERATORS, MBP'S AND SELF DIRECT SALES BY PERMITTEES WILL NOT BE ABLE TO MEET OR PROVIDE THE 7% OF GROSS SALES TO THE NON-PROFIT ORGANIZATIONS WHICH WILL RESULT IN THE DEPT. OF REVENUE TO REVOKE THE PERMITS OF OPERATORS, MBP'S, AND THE NON-PROFIT ORGANIZATIONS THEMSELVES.

EXHIBITS:::::

EXAMPLES WERE PROVIDED TO YOU WHICH BREAKS DOWN THE SALES AND PROFIT OF TWO VERY COMMON GAME SERIES SOLD IN ALASKA. YOU WILL BE ABLE TO MAKE A COMPARISON OF PERCENTAGE TO PERMITTEES UNDER THE CURRENT LAW AND UNDER SENATE BILL 273.

I APPLIED THE PROPOSED LANGUAGE IN THIS BILL TO THE MONTHLY PULLTAB STORES OPERATIONS OF FOUR STORES OVER THE LAST COUPLE OF YEARS. THESE WERE STORES IN WHICH I WAS PERSONALLY INVOLVED WITH. ONLY ONE STORE DURING THAT PERIOD WAS ABLE TO MEET THE MINIMUM CHARITABLE SHARE OF 7% PERCENT OF THE GROSS SALES AND THAT WAS FOR ONLY TWO MONTHS.

THIS IS A ~~GOOD~~ BILL WITH GOOD INTENTIONS BUT USING AN UNFAIR AND IMPROPER METHOD TO DETERMINE CHARITABLE SHARE OF 7% PERCENT FOR PERMITTEES THROUGH OPERATORS, MBP'S AND SELF-DIRECT PERMITTEE OPERATIONS, AND 16% PERCENT CHARITABLE SHARE OF IDEAL GROSS SALES THROUGH VENDORS.

THIS BILL WILL DESTROY PULLTAB SALES NOT ONLY FOR OPERATORS, AND MBP'S, BUT ALSO FOR THE NON-PROFIT ORGANIZATIONS.

THIS BILL WILL WORK AFTER APPROXIMATELY 90% OF THE PULLTAB SALES OUTLETS CLOSE THEIR DOORS. THE REMAINING 10% OF OUTLETS SHOULD BE ABLE TO MAKE IT SINCE ALL OF THE COMPETITION WILL NO LONGER BE IN BUSINESS.

WHAT DOES THIS DO TO THE NON-PROFIT ORGANIZATIONS STATEWIDE WHO RELY ON PULLTAB REVENUE AND NO LONGER WILL BE RECEIVING IT???? WHAT DOES THIS DO TO ALL OF THE EMPLOYEES OF OPERATORS, MBP'S AND SELF DIRECT PERMITTEE OUTLETS STATEWIDE WHO NO LONGER HAVE EMPLOYMENT?????

WHAT DOES THIS DO TO THE GAMING DISTRIBUTORS STATEWIDE WHO HAVE THOUSANDS AND THOUSANDS OF DOLLARS INVESTED IN GAME STOCK AND CAN NOT SELL IT??

Jean Eyre

4-1-98

I'm the Parent President of the Juneau Center Head Start. We the Parents have fundraisers so the children can be involved in activities that have a price. One of the fundraisers we have are raffles. If we spend \$30.00 on a raffle, then make \$30.00 over the cost, there's a profit of \$30.00. However if this bill passes, we will lose \$24.00.

Thank You

Jean Eyre

Roger McCoy 4-1-98

SALES EXAMPLES BY VENDORS:

GAME OF CRISS CROSS,
2,219 PULLTABS, @ \$1.00 EACH

CURRENT LAW

GROSS SALES	\$2,219.00
WINNERS PAYOUT	1,840.00
IDEAL NET	379.00
PERMITTEE RECEIVES 70% OF IDEAL NET.	265.30
PERMITTEE EXPENSE IS PURCHASE OF GAME, STATE TAX, AND SALES TAX. TOTAL \$160.95. PERMITTEE RECEIVES PROFIT OF \$104.35. VENDOR RECEIVES 30% OF IDEAL NET \$113.70.	

SENATE BILL 273

IDEAL GROSS SALES	\$2,219.00
WINNERS PAYOUT	1,840.00
NET PROFIT	379.00
PERMITTEE 16% OF IDEAL GROSS	355.04
PERMITTEE EXPENSE IS THE SAME AS UNDER CURRENT LAW. TOTAL EXPENSE \$160.95. PERMITTEE RECEIVES PROFIT OF \$194.09. VENDOR RECEIVES BALANCE OF NET PROFIT: \$23.96	

GAME OF COUNTRY CRISS CROSS
2,369 PULLTABS, @ \$1.00 EACH

CURRENT LAW

GROSS SALES	\$2,369.00
WINNERS PAYOUT	1,975.00
IDEAL NET	400.00
PERMITTEE RECEIVES 70% OF THE IDEAL NET	280.00
PERMITTEE EXPENSE IS COST OF GAME, STATE TAX, AND LOCAL SALES TAX WHICH TOTALS \$170.45. PERMITTEE RECEIVES PROFIT OF \$ 109.55. VENDOR RECEIVES 30% OF IDEAL NET WHICH IS \$120.00.	

SENATE BILL 273

IDEAL GROSS	\$2,369.00
WINNERS PAYOUT	1,975.00
NET PROFIT	400.00
PERMITTEE RECEIVES 16% OF THE IDEAL GROSS.	379.04
PERMITTEE EXPENSE IS SAME AS UNDER CURRENT LAW WHICH IS \$170.45. PERMITTEE RECEIVES PROFIT OF \$208.59. VENDOR RECEIVES BALANCE OF NET PROFIT WHICH IS \$20.96.	



House Finance Committee

SUBJECT OF MEETING:

SB273 & HB12

DATE: April 1, 98

PLACE: Cap 519

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
<i>Craig W. ...</i>	ANB Camp #2	320 W. Willoughby ^{SE 100}	99801	586 2049	790 2678	X N	SB273
Melinda Brown	ANB #2	320 W. Willoughby	99801	586-2049	790-2678	Y N	SB 273
Kim Brown	ANB #2	320 W. Willoughby	99801	586 2045	787 0996	Y N	SB 273
Angela Porter	ANB #2	320 W. Willoughby	99801	586 2049	NONE	Y N	SB 273
Anna Wallace	ANB #2	P.O. Box 20478	99801	586 1798		Y N	SB 273
^{Held} Steve Early	ANB/MCA	320 W Willoughby	99801	586 5546	586 3546	Y N	SB-273
Angelina Lundy	ANB Camp #2	320 W. Willoughby	99801	740-3535	586-2049	X N	SB 273
Norman Vonda	ANB #2	302 W Willoughby	99801	586-2041	780-4512	Y N	SB 273
<i>Rachel ...</i>	Tabs Administrator of FA/Alaska	5331 SHAWNE DRIVE	99801	780-4588	780-9285	Y N	SB 273
<i>Mike ...</i>	Loom 100	8535 AIRBORNE WAY	99801	787 9155	789 1371	Y N	SB 273
<i>Wm ...</i>	JYAC	3192 PIONEER AVE	99801	586-2926	463-7201	(Y) N	SB 273

04/01/98
13:58:00

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (TESTIFIERS ONLY)
SCHEDULED FOR: 04/01/98 13:30 TO 16:00
PUBLIC HEARING HOUSE FINANCE

LTN1150
BY: JNU
FOR: ALL

TCN: 80589

243-7003
337 9681

LOCATION: ANCHORAGE

SB 273	JOHN	LOPEZ	AK BINGO SUPPLY	TESTIFY
SB 273	MARK	MARCOTT	ASYMCA	TESTIFY
SB 273	BRIAN	DAVIES		TESTIFY
SB 273	MICHAEL	SLEZAK	RIPPPIE WORLD II	TESTIFY
SB 273	ESTY	SHEMTOV		TESTIFY
SB 273	DOUG	ASKERMAN		TESTIFY
SB 273	PERRY	GREEN		TESTIFY

LOCATION: FAIRBANKS

SB 273	MS.	NETTIE	MORMON	TESTIFY
SB 273	MR.	LARRY	HACKENMILLER	TESTIFY
SB 273	MR.	DAVID	LAMBERT	TESTIFY
SB 273	MS.	TABER	REHBAUM	TESTIFY
SB 273	MR.	DICK	BISHOP	TESTIFY

LOCATION: KENAI

SB 273	MR.	MICHAEL	TRUJILLO	TESTIFY
SB 273	MR.	FRANK	BISHOP	SELF TESTIFY

LOCATION: KODIAK

SB 273	MR	EARL	MICKELSON	TESTIFY
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LOCATION: KETCHIKAN

SB 273	MR	GREGORY	PETERSON	BUSINESS TESTIFY
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LOCATION: MATSU

SB 273	MS	SHIRLEY	MONTGOMERY	TESTIFY
SB 273	MS	MICHELLE	DUBOOSE	TESTIFY
SB 273	MR	DEAN	BABCOCK	TESTIFY
SB 273	MS	MARY	BABCOCK	TESTIFY
SB 273	MS	MINNIE	FISHER	TESTIFY

ROBERT MONTGOMERY

NINILCHICK

- ROBY SCHMIDTBALDE
- ELMER BANTA
- GEORGIA HAMILTON (SP?)
- DANNY DARROIDA
- LAURA BIAS

SENATE FINANCE COMMITTEE
RELATIVE ALLOCATIONS OF PULL TAB DOLLARS WAGERED

As of February 10, 1998

<i>Pull Tab</i>	<i>Prizes</i>		<i>Operating</i>		<i>Proceeds to Charity</i>		
<i>Gross</i>	<i>Rate</i>	<i>Payout</i>	<i>AGI</i>	<i>Costs</i>	<i>Amount</i>	<i>N Rate</i>	<i>G Rate</i>
100.0	94.2%	94.2	5.8	4.1	1.8	30.0%	1.75%
100.0	95.0%	95.0	5.0	3.5	1.5	30.0%	1.50%
100.0	95.8%	95.8	4.2	2.9	1.3	30.0%	1.25%
100.0	96.7%	96.7	3.3	2.3	1.0	30.0%	1.00%
100.0	97.5%	97.5	2.5	1.7	0.7	30.0%	0.75%
100.0	98.3%	98.3	1.7	1.2	0.5	30.0%	0.50%
100.0	99.2%	99.2	0.8	0.6	0.2	30.0%	0.25%
100.0	100.0%	100.0	0.0	0.0	0.0	30.0%	0.00%

SENATE BILL 273
CALCULATION OF THE BINGO CHARITABLE SHARE

Department of Revenue

2/10/98

Under The Current Law, Bingo Prizes Are Limited On An Annual Basis to 85% Of Gross Income.

15 AAC 160.600

The annual prize payout for bingo conducted under a permit issued under AS 05.15 may not exceed 85 percent of the gross receipts from bingo activity.

The Bingo Prize Limitation Ensures That Adjusted Gross Income From Bingo is at least 15%.

Bingo Gross Income	100%
Bingo Prize Limitation	<u>85%</u>
Bingo Adjusted Gross Income	<u>15%</u>

Under The Current Law, Bingo Expenses Are Limited To Ensure That 10% Of Adjusted Gross Income Is Retained By The Permittee.

AS 05.15.160(d)

The total amount of authorized expenses that may be incurred under (a) of this section in connection with any gaming activity other than pull-tabs may not exceed 90 percent of the adjusted gross income from that activity.

To Determine The Percentage Of Gross That Is Used To Calculate A Charitable Share That Approximates The Permittees Share Under Current Law, It Is Necessary To Calculate The Expense Limitation Under A Percentage Of Gross System.

Bingo Adjusted Gross Income	15%
Expenses limited to 90% thus remaining 10% is minimum charitable share	<u> </u> x 10%
Equals The % Of Gross Expense Limitation	<u>1.5%</u>

The Minimum Percentage of Bingo Gross Income That Must Retained By The Permittee is Calculated As Follows:

	<u>PERCENTAGES</u>	<u>IN DOLLARS</u>	
	<u>SB 273</u>	<u>SB 273</u>	<u>CURRENT LAW</u>
Gross Income	100%	1000	1000
Prizes	<u>85%</u>	<u>850</u>	<u>850</u>
Adjusted Gross Income	15%	150	150
Expenses	<u>13.5%</u>	<u>135</u>	<u>135</u>
Charitable Share	<u>1.5%</u>	<u>15</u>	<u>15</u>

SENATE FINANCE COMMITTEE
1995 - 1996 CHARITABLE GAMING ACTIVITY
BY PULL-TAB OPERATORS NOT IN COMPLIANCE WITH CURRENT LAW
 Per the Department of Revenue's June 25, 1997 Presentation

No	Location	Year	Gross	Prizes		AGI	Operating Costs (A)	Payments to Charity (B)			SB 273 Impact (C)	
				Rate	Amount			Paid	N %	G %		Owed
27	Ketchikan	1996	385,884	74.3%	286,698	99,186	69,679	29,507	29.7%	7.6%	0	0
15	Juneau	1995	1,427,896	75.0%	1,071,594	299,186	215,055	84,131	28.1%	5.9%	10,197	10,197
8	Anchorage	1996	19,129	76.0%	14,545	4,584	3,305	1,279	27.9%	6.7%	0	0
24	Valdez	1996	389,847	73.7%	287,301	102,546	74,169	28,377	27.7%	7.3%	2,387	0
15	Juneau	1996	1,117,658	72.1%	805,724	267,228	197,062	70,166	26.3%	6.3%	10,002	0
28	Nome	1996	357,756	75.5%	270,004	73,442	56,733	16,709	22.8%	4.7%	5,324	3,010
4	Anchorage	1996	<u>2,006,190</u>	73.1%	<u>1,467,247</u>	<u>538,943</u>	<u>450,822</u>	<u>88,121</u>	<u>16.4%</u>	<u>4.4%</u>	<u>73,562</u>	<u>0</u>
Totals			<u>5,704,360</u>	73.7%	<u>4,203,113</u>	<u>1,385,115</u>	<u>1,066,825</u>	<u>318,290</u>	23.0%	5.6%	<u>97,245</u>	<u>13,207</u>

Notes

- (A) Operating costs represent the difference between the amount actually paid to the charities and the adjusted gross income (AGI), irrespective of the expenses reported by the operator or the expenses allowed by law.
- (B) The percentages on net proceeds (N%) and gross receipts (G%) are computed based on the amount actually paid to charities. The amount owed represents the difference between the statutory minimum due under current law and the amount actually paid.
- (C) The impact of SB 273 is the amount of the Charitable Share that would exceed the amount actually paid plus the remaining amount owed under current law.

ALASKA BINGO SUPPLY, INC.

3707 Woodland Drive #3 • Anchorage, Alaska 99517
Office: (907) 243-7003 • In State: 800-478-7003 • Out of State: 800-544-2248 • Fax: (907) 248-0895

March 31, 1998

Honorable Representatives Therriault, Hanley, and Committee Members,

Thank you for the opportunity to comment.

Senate Bill 273's Sponsor Statement states, "this legislation is intended to maintain the status quo with respect to the relative amounts returned to the charities for charitable uses."

A recent conversation with Larry Meyers, Director of the Income Excise and Audit Division of the Department of Revenue, indicates just to the contrary. Mr. Meyers stated to me that the Gaming Unit had run numbers that indicated that this bill would reduce the number of gaming outlets. He further stated; that he believed there is an over saturation of locations in the state, and there will be consolidation due to the percentage of gross concept.

This thought process is in direct contradiction of the Sponsor Statement. It also is a reversal from the policy of not limiting the number of charities that benefit from gaming proceeds.

Consideration must be given to the following:

- The number and names of charities that shall fall out of compliance
- The different scales of economy that will be harmed by this new bill
- Associated costs of doing business for different gaming outlets,
- The bad commercial fishing year in the rural communities,
- The loss of benefits to Alaska charities and to Alaska as a whole,
- How this creates a strain on the charitable share.

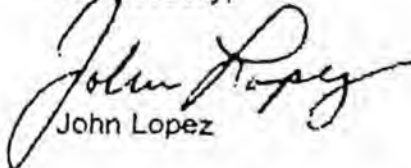
The percentage of gross will need to be a lower percentage to allow for economic changes, competition etc. Especially, if the legislature intends not to reduce the number of non-profits that participate in charitable gaming.

I urge you to ask the Gaming Unit the number and names of the charities that will be out of compliance by the implementation of this bill.

Daily, I find out that my customers think this bill is innocuous to them, because they hear the terminology "Revenue Neutral" or "Status Quo". They then check their gaming reports and want to call it the "Demise of Charitable Gaming".

Please refer this bill for further reconsideration and future hearings.

Respectfully,


John Lopez



P. 01

ANCHORAGE
ARMED SERVICES YMCA of the USA
P.O. Box 272 • Elmendorf Air Force Base, Alaska 99505
Telephone: (907) 552-9822 / 552-4888
Fax: (907) 552-4851 • E-mail: asymca@online.com



Honorary Life Members

Arvin H. Fleetwood
Jim R. McGonrick

Armed Services YMCA Position on SB 273

The Armed Services YMCA recommends that no change be made to (Sec 05.15.188) the present Statue.

The Question was asked? For all the Pull Tab games played for the Armed Services YMCA last year by vendors, what is the **percent of the ideal gross** that you would need to receive to be revenue neutral when compared to the current system based on a "weighted average" ?

The "weighted average" would need to be 18.6%.

However, the **percent of the ideal gross** varies from 15.9% to 23.2% depending on the particular game. Games are constantly being discontinued and new ones brought onto the market. Vendors change games with the desires of the customers. With all these unknowns the **percent of the ideal gross for future games and markets is a guess**. Under the current system, after prize pay out (net), the Non-Profit knows they will receive 70% of the net no matter what game was played. *This is a fair, equitable and simple system.*

The Armed Services YMCA recommends that no change be made to (Sec 05.15.188) the present Statue, thus allowing the 70 / 30 split of the Net between Permittees and Vendors to remain unchanged.

Serving those who serve America,

Mark K. Marcott
Associate Executive Director and
Primary Member in Charge of Gaming

Many factors must be taken into consideration on which pull tab games to play at a Vendor location: Number of Cards in the Game, Prizes Awarded, Gross Income, Vendor Compensation, Win Ratio, and of course Income to the Charity.

Considering the above, and with over seven years experience with Vendor Locations, the games which are successful have an Adjusted Gross Income from about 23.5% to 27% per game.

Below are all the different games that were played in the Permit year 1996 as reported in March 1997. Gaming for 1997 has not yet been reported. However basically the same games were played in 1997

Game	<u>Current System</u>			<u>Under Bill 273</u>			Negative Impact to Charity
	Ideal Net	ASYMCA 70%	Vendor 30%	Gross	ASYMCA 16%	Vendor	
Rising Star	\$ 1,390	\$ 973	\$ 417.00	\$ 4,200	\$ 672.00	\$ 718	-\$ 301.00
Mush	\$ 1,275	\$ 892.50	\$ 382.50	\$ 5,615	\$ 898.40	\$ 376.60	+\$ 5.90
Cherry Bells	\$ 1,039	\$ 727.30	\$ 311.70	\$ 3,839	\$ 614.24	\$ 424.76	-\$ 113.06
Alaska Treasure	\$ 1,409	\$ 986.30	\$ 422.70	\$ 4,416	\$ 706.56	\$ 702.44	-\$ 279.74
Cherry Master	\$ 1,070	\$ 749.00	\$ 321.00	\$ 3,960	\$ 633.60	\$ 436.40	-\$ 115.40
Wild 7's	\$ 1,044	\$ 730.80	\$ 313.20	\$ 3,960	\$ 633.60	\$ 410.40	-\$ 97.20
Diamonds	\$ 1,169	\$ 818.30	\$ 350.70	\$ 3,999	\$ 639.84	\$ 529.10	-\$ 178.46
Alaska Heat	\$ 670.	\$ 469	\$ 201	\$ 2,580	\$ 412	\$ 258	-\$ 57
Alaska Sunset	\$ 1,160	\$ 812	\$ 348	\$ 4,800	\$ 768	\$ 392	-\$ 44
Santa 7's	\$ 1,084	\$ 758.80	\$ 325.20	\$ 3,984	\$ 637.44	\$ 446.56	-\$ 121.36

Based on 1996 Revenue:

Present Status	-----	\$ 73,988.00	net to the Armed Services YMCA
Proposed Status	-----	\$ 62,890.00	would have been the net to the Armed Services YMCA
Difference / Impact	--	\$ 11,098.00	net loss to the Armed Services YMCA

#3 failed

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MARTIN

TO: CSSB 273(FIN) am

1 Page 2, following line 27, following "groups;":

2 Insert "at a minimum, the department shall

3 (A) require that the charitable share be segregated and
4 maintained in a gaming account separate from other funds received,
5 handled, or maintained by the permittee;

6 (B) prohibit the transfer of the charitable share to another
7 account or fund of the permittee; and

8 (C) require that expenditures of the charitable share be
9 made directly from the gaming account to uses authorized under
10 AS 05.15.150;"

#4
~~11/11/98~~

AMENDMENT

Failed

OFFERED IN THE HOUSE

BY REPRESENTATIVE MARTIN

TO: CSSB 273(FIN) am

- 1 Page 8, line 6:
- 2 Delete "seven"
- 3 Insert "eight and one-half"

- 4 Page 9, line 1:
- 5 Delete "seven"
- 6 Insert "eight and one-half"

- 7 Page 11, line 7:
- 8 Delete "seven"
- 9 Insert "eight and one-half"

#5
w/d

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSSB 273(FIN) am

- 1 Page 14, line 25:
- 2 Delete "16"
- 3 Insert "18"

nology

#2

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Luckhaupt
4/17/98

AMENDMENT ~~1111~~

OFFERED IN THE HOUSE

TO: CSSB 273(FIN) am

- 1 Page 14, line 25:
- 2 Delete "16"
- 3 Insert "17" 18

1
~~XXXXXX~~

AMENDMENT

A dopted

OFFERED IN THE HOUSE

TO: CSSB 273(FIN) am

- 1 Page 8, line 5:
- 2 Delete "one and one-half"
- 3 Insert "two"

- 4 Page 8, line 6:
- 5 Delete "seven"
- 6 Insert "six and one-half"

- 7 Page 8, following line 8:
- 8 Insert a new bill section to read:
- 9 **** Sec. 15.** AS 05.15.128(a) is amended to read:
- 10 (a) The department shall revoke the license of an operator who does not on
- 11 an annual basis pay at least the following minimum charitable shares to each
- 12 authorizing permittee:
- 13 (1) two percent of the gross receipts from bingo;
- 14 (2) seven [SIX AND ONE-HALF] percent of the gross receipts from
- 15 a pull-tab game; and
- 16 (3) 10 percent of the gross receipts from an activity other than bingo
- 17 or pull-tab games."

- 18 Renumber the following bill sections accordingly.

- 19 Page 8, line 31:
- 20 Delete "one and one-half"
- 21 Insert "two"

1 Page 9, line 1:

2 Delete "seven"

3 Insert "six and one-half"

4 Page 9, following line 20:

5 Insert a new bill section to read:

6 **"* Sec. 19.** AS 05.15.145(e) is amended to read:

7 (e) The department shall revoke a multiple-beneficiary permit if on an annual
8 basis at least the following minimum charitable shares are not distributed to the
9 holders of the multiple-beneficiary permit:

10 (1) two percent of the gross receipts from bingo;

11 (2) seven [SIX AND ONE-HALF] percent of the gross receipts from
12 pull-tab games; and

13 (3) 10 percent of the gross receipts from an activity other than bingo
14 or pull-tab games."

15 Renumber the following bill sections accordingly.

16 Page 11, line 6:

17 Delete "one and one-half"

18 Insert "two"

19 Page 11, line 7:

20 Delete "seven"

21 Insert "six and one-half"

22 Page 11, following line 12:

23 Insert a new bill section to read:

24 **"* Sec. 23.** AS 05.15.155 is amended to read:

25 **Sec. 05.15.155. Required charitable share from activities conducted by**
26 **permittees.** The department shall revoke the permit of a municipality or qualified
27 organization that fails on an annual basis to retain at least the following minimum

1 charitable shares:

2 (1) two percent of the gross receipts from bingo;

3 (2) seven [SIX AND ONE-HALF] percent of the

4 (A) gross receipts from pull-tab games not conducted by a

5 vendor; and

6 (B) ideal gross from pull-tab games conducted by a vendor;

7 and

8 (3) 10 percent of the gross receipts from an activity other than bingo

9 or pull-tab games."

10 Renumber the following bill sections accordingly.

11 Page 15, line 26:

12 Delete "sec. 36"

13 Insert "sec. 39"

14 Page 15, line 29:

15 Delete "sec. 35"

16 Insert "secs. 15, 19, 23, and 38"

17 Page 15, following line 29:

18 Insert a new bill section to read:

19 **** Sec. 40.** Sections 15, 19, and 23 take effect January 1, 2000."

20 Renumber the following bill section accordingly.

21 Page 15, line 30:

22 Delete "Section 35"

23 Insert "Section 38"



House Finance Committee

DATE: 4-1-94

PLACE: CAP 519

SUBJECT OF MEETING:

SB 273 741512

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHICH SUBJECT/WHICH BILL?
Roger McCoy	NON-PROFITS	8608 MARILYN AVE. JUNEAU	99801	787-4022		(Y) N	SB 273
Mike Windrod	Alaska Travel JUNEAU AVA	9085 Glacier Hwy Suite 201 JUNEAU AK 99801	99801	780-4385	789-0052	(X) N	12(FIN)
Constance Munn	Non profits + Self	120W 9th St, Juneau	99801	5863194		(Y) N	SB 273
Burt Henderson	Phil Kat Guides Ltd.	Box 170 Haines AK	99827		766-2491	(Y) N	HB 12
Brett Carlson	Northern Alaska Tour Company	PO Box 82991 Fairbanks, AK 99708	99708	474-5800	474-5800	(Y) N	12(FIN)
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	