

ALASKA LEGISLATURE

2668

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

234

99 Omnibus Budget Act

PUBLIC LAW 105-277—OCT. 21, 1998 112 STAT. 2681-468

SEC. 312. None of the funds in this Act shall be used to implement section 404 of title 23, United States Code.

SEC. 313. None of the funds in this Act shall be available to plan, finalize, or implement regulations that would establish a vessel traffic safety fairway less than five miles wide between the Santa Barbara Traffic Separation Scheme and the San Francisco Traffic Separation Scheme.

SEC. 314. Notwithstanding any other provision of law, airports may transfer, without consideration, to the Federal Aviation Administration (FAA) instrument landing systems (along with associated approach lighting equipment and runway visual range equipment) which conform to FAA design and performance specifications, the purchase of which was assisted by a Federal airport-aid program, airport development aid program or airport improvement program grant. The FAA shall accept such equipment, which shall thereafter be operated and maintained by the FAA in accordance with agency criteria.

49 USC 44502
note.

SEC. 315. None of the funds in this Act shall be available to award a multiyear contract for production end items that: (1) includes economic order quantity or long lead time material procurement in excess of \$10,000,000 in any one year of the contract; (2) includes a cancellation charge greater than \$10,000,000 which at the time of obligation has not been appropriated to the limits of the Government's liability; or (3) includes a requirement that permits performance under the contract during the second and subsequent years of the contract without conditioning such performance upon the appropriation of funds: *Provided*, That this limitation does not apply to a contract in which the Federal Government incurs no financial liability from not buying additional systems, subsystems, or components beyond the basic contract requirements.

SEC. 316. Section 218 of title 23, United States Code, is amended—

(1) in subsection (a)—

(A) in the first sentence by striking "the south Alaskan border" and inserting "Haines" in lieu thereof;

(B) in the third sentence by striking "highway" and inserting "highway or the Alaska Marine Highway System" in lieu thereof;

(C) in the fourth sentence by striking "any other fiscal year thereafter" and inserting "any other fiscal year thereafter, including any portion of any other fiscal year thereafter, prior to the date of the enactment of the Transportation Equity Act for the 21st Century" in lieu thereof;

(D) in the fifth sentence by striking "construction of such highways until an agreement" and inserting "construction of the portion of such highways that are in Canada until an agreement" in lieu thereof; and

(2) in subsection (b) by inserting "in Canada" after "undertaken".

SEC. 317. Notwithstanding any other provision of law, and except for fixed guideway modernization projects, funds made available by this Act under "Federal Transit Administration, Capital investment grants" for projects specified in this Act or identified in reports accompanying this Act not obligated by September 30, 2001, and other recoveries, shall be made available for other projects under 49 U.S.C. 5309.

TITLE 23, UNITED STATES CODE
SECTION 218 - ALASKA HIGHWAY

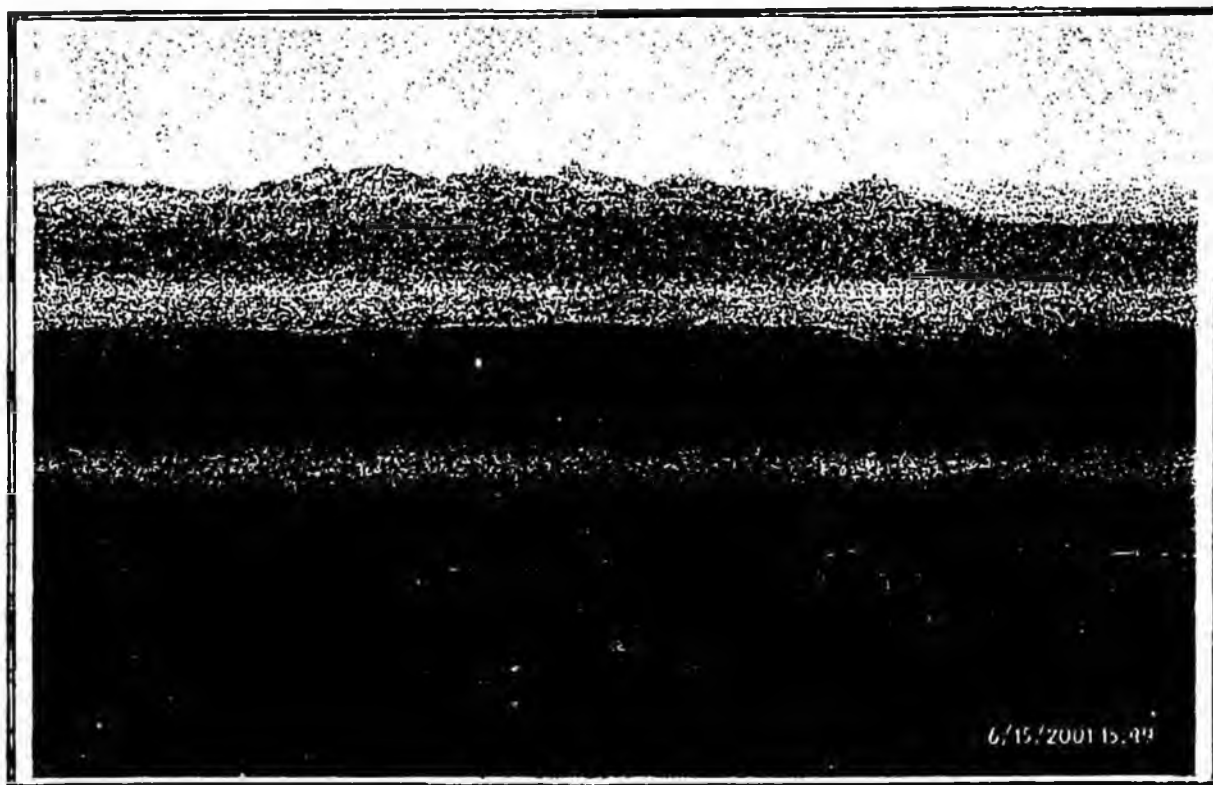
(a) Recognizing the benefits that will accrue to the State of Alaska and to the United States from the reconstruction of the Alaska Highway from the Alaskan border to Haines Junction in Canada and the Haines Cutoff Highway from Haines Junction in Canada to Haines, the Secretary is authorized out of the funds appropriated for the purpose of this section to provide for necessary reconstruction of such highway. Such appropriations shall remain available until expended. Notwithstanding any other provision of law, in addition to such funds, upon agreement with the State of Alaska, the Secretary is authorized to expend on such highway or the Alaska Marine Highway System any Federal-aid highway funds apportioned to the State of Alaska under this title at a Federal share of 100 per centum. Notwithstanding any other provision of law, any obligation limitation enacted for fiscal year 1983 or for any other fiscal year thereafter, including any portion of any other fiscal year thereafter (prior to the date of enactment of the Transportation Equity Act for the 21st Century) shall not apply to projects authorized by the preceding sentence. No expenditures shall be made for the construction of the portion of such highways that are in Canada until an agreement has been reached by the Government of Canada and the Government of the United States which shall provide, in part, that the Canadian Government -

- (1) will provide, without participation of funds authorized under this title, all necessary right-of-way for the reconstruction of such highways;
- (2) will not impose any highway toll, or permit any such toll to be charged for the use of such highways by vehicles or persons;
- (3) will not levy or assess, directly or indirectly, any fee, tax, or other charge for the use of such highways by vehicles or persons from the United States that does not apply equally to vehicles or persons of Canada;
- (4) will continue to grant reciprocal recognition of vehicle registration and drivers' licenses in accordance with agreements between the United States and Canada; and
- (5) will maintain such highways after their completion in proper condition adequately to serve the needs of present and future traffic.

(b) The survey and construction work undertaken in Canada pursuant to this section shall be under the general supervision of the Secretary.

Proposal to the
U.S. Fish and Wildlife Service
National Coastal Wetland Conservation Grant Program

Afognak Coastal Protection Project



Afognak Island, Alaska

Executive Summary
Afognak Coastal Protection Project – Phase I

The Afognak Coastal Protection Project will ultimately result in the acquisition and permanent protection of 16,300 acres of wetland and coastal upland habitat on Perenosa Bay, north coast of Afognak Island, Alaska. Phase I of the project, covered by this proposal, will result in the acquisition and permanent protection of nearly 5,000 acres of wetland and coastal upland habitat.

Need and Threat: The north coast of Afognak Island is one of the most biologically significant areas in the Gulf of Alaska. Biological review from 1990-1992 of 1,500 miles of private land in the Exxon Valdez oil spill region found that Afognak's coast ranked highest for breeding, nesting, feeding and rearing habitat for an array of wildlife species including species injured by the oil spill. Subsequent land acquisitions by the Exxon Valdez Oil Spill (EVOS) Trustee Council acquired significant portions of the north coast of Afognak for the public. However, the proposed project lands remain unprotected and lie between lands acquired by the EVOS Trustees. The project lands include valuable wetland ecosystems directly tied to the marine environment that provide spawning and rearing habitat to significant populations of salmon. The coastal and immediate off shore marine environment provide habitats for an array of sea birds, marine mammals and fish.

Unfortunately, the project lands are in imminent danger of clear-cut timber harvest and habitat degradation. An approved timber harvest plan gives the native corporation owners the right to harvest vast stands of timber important as habitat for several species of wildlife, including species injured by the EVOS. A much greater long-term threat is the subdivision and sale of several hundred small parcels of land surrounded by publicly owned protected land.

Objective: This proposal seeks funding for Phase I of the Afognak Coastal Protection Project that will acquire 5,000 acres of land in the Little Waterfall Creek drainage. The acquisition will eliminate threats to the habitat integrity of the coastal and upland property from timber harvest and subdivision and associated development.

Phase II of the project will link the protected, state owned land to the east and west and provide a contiguous block of nearly 100 miles of northern Afognak coastline that will be protected and in public ownership and management.

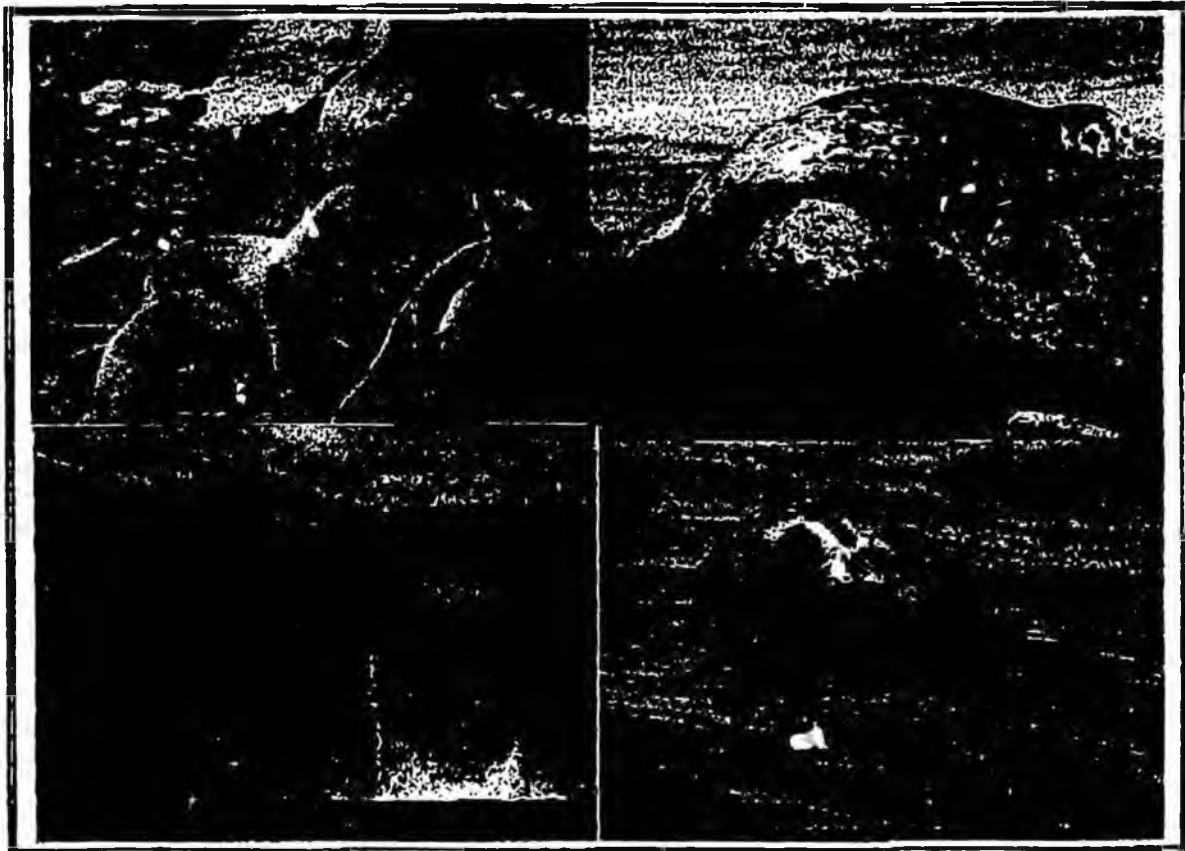
The overall objective of the project is to acquire for protection, public benefit and ownership and restoration, 14,000 acres of privately owned land and the native corporation held timber rights on 2,300 acres of land already purchased by the EVOS Trustees and now owned by the State of Alaska.

Species Outcomes: An array of species will benefit from the acquisition of the project lands including anadromous fish, sea birds, marine mammals, raptors, brown bears and elk. Some 160 species of birds are common to the area including species injured by the EVOS such as the marbled murrelet and harlequin duck. The heavily indented coastline

provides feeding, pupping and calving habitats for 14 species of marine mammal, including sea otters, seals, harbor porpoises, sea lions and several species of whales that migrate through the area. Commercially significant populations of sockeye, coho and pink salmon will benefit from the public ownership and management of critical spawning and rearing habitats. Brown bear and elk will benefit from public ownership and the retention of the integrity of the Sitka spruce forest.

Expected habitat results: This project will preserve critical coastal habitats and associated upland habitats that provide life history requirements to an array of fish and wildlife species. It will link with protected lands to the east and west and form a solid block of over 100 miles of protected and publicly owned coastline habitat. Extensive wetland ecosystem habitats including estuarine habitats associated with the mouths of two significant salmon spawning streams will be protected.

Duration of Benefits and Ownership: The project lands will be owned by the State of Alaska and managed as part of the Afognak Island State Park. A restrictive conservation easement will be held by the federal government to ensure that the property remains protected in perpetuity.





UNIVERSITY
of ALASKA

Many Traditions One Alaska

**Fiscal Year 2004
Operating & Capital
Budget Request
Executive Summary**

UA FY04 Capital Budget Request Summary

| Project Title | MAU | State Appropriation | Receipt Authority | Total |
|--|-----|------------------------|----------------------|------------------|
| Maintaining a Solid Foundation | | | | |
| Safety and Highest Priority R&R Subtotal (1)* | UA | 3,641.5 | | 3,641.5 |
| Essential Instructional and IT Equipment Needs (2) | UA | 4,141.5 | 59.5 | 4,201.0 |
| Addressing Campus Needs | UA | 9,060.0 | 225.0 | 9,285.0 |
| Addressing Community Campus Needs | UA | 971.0 | | 971.0 |
| Maintaining a Solid Foundation Total | | 17,814.0 | 284.5 | 18,098.5 |
| Attracting and Retaining Students | | | | |
| Hendrickson Remodel and Renovation (Juneau) (1) | UAS | 1,600.0 | | 1,600.0 |
| MyUA Portal (Systemwide) (2) | UA | 855.0 | | 855.0 |
| Bookstore (Anchorage) (3) | UAA | 300.0 | 2,700.0 | 3,000.0 |
| UAA Student Housing - Phase II (Anchorage) | UAA | 900.0 | 8,100.0 | 9,000.0 |
| Wood Center Student Union Planning (Fairbanks) | UAF | 800.0 | | 800.0 |
| MAC Housing Communications Upgrade (Anchorage) | UAA | 582.0 | | 582.0 |
| Student Housing (Juneau) | UAS | 368.0 | | 368.0 |
| Kodiak Housing Planning (Kodiak) | UAA | 350.0 | | 350.0 |
| Wendy Williamson Aud. Phase II (Anchorage) | UAA | 225.0 | 225.0 | 450.0 |
| Attracting and Retaining Students Total | | 5,755.0 | 10,800.0 | 16,555.0 |
| Preparing for Alaska's Economic Success | | | | |
| <u>Meeting Alaska's Employment Needs</u> | | | | |
| Small Business Development (1) | UAA | 550.0 | | 550.0 |
| Sitka Hangar Planning (2) | UAS | 245.0 | | 245.0 |
| TVC Courthouse and Auto Tech (3) | UAF | 2,000.0 | | 2,000.0 |
| School of Nursing Renovation (4) | UAA | 1,200.0 | | 1,200.0 |
| School of Nursing Facility - Partnership with ANTHC | UAA | 720.0 | | 720.0 |
| University Center Phase II | UAA | 3,400.0 | 2,400.0 | 5,800.0 |
| Lucy Cuddy Center Renewal | UAA | 750.0 | | 750.0 |
| Small Project Receipt Authority | UA | | 5,000.0 | 5,000.0 |
| Meeting Alaska's Employment Needs Subtotal | | 8,865.0 | 7,400.0 | 16,265.0 |
| <u>Major New Construction</u> | | | | |
| Fisheries and Ocean Science Facility (Juneau) (1) | UAF | 9,000.0 | | 9,000.0 |
| Marine Science Wet Lab (Juneau) | UAS | 585.0 | | 585.0 |
| Center for Innovative Learning (Anchorage) | UAA | 450.0 | | 450.0 |
| Project and Planning Receipt Authority (Systemwide) | UA | | 10,000.0 | 10,000.0 |
| AARV (Replacement for Alpha Helix) (Seward) | UAF | | 80,000.0 | 80,000.0 |
| Major New Construction Subtotal | | 10,035.0 | 90,000.0 | 100,035.0 |
| Preparing for Alaska's Economic Success Total | | 18,900.0 | 97,400.0 | 116,300.0 |
| Total | | 42,469.0 | 108,484.5 | 150,953.5 |

*Indicates BoR priority for each category

FY04 Capital Request Introduction

The FY04 request includes \$42.4 million in state funding and \$108.5 million in receipt authority. This request represents the first year of the University of Alaska's six-year capital plan. A six-year plan (FY04-FY09) allows the university to effectively plan and demonstrate its capital needs. This plan includes \$280.6 million in state funding and \$265.2 million in receipt authority, for a total request of \$545.9 million over the next six years.

The *Maintaining a Solid Foundation* request for FY04 is \$17.5 million of state funding. This category includes priority-deferred maintenance, code corrections, renewal and replacement, as well as essential academic equipment and important infrastructure needs to maintain campus viability. Fire and elevator safety are the university's highest safety needs in FY04. For essential equipment, instructional equipment, network security, network infrastructure and data mart are of highest priority. For the FY04-FY09 capital plan, the total request from state funding for *Maintaining a Solid Foundation* is \$123.7 million.

The *Attracting and Retaining Students* request is \$5.9 million in state dollars and \$11 million in receipt authority. This category includes classroom remodel and expansion and additional student housing, as well as continuing renewal on existing housing facilities. . The highest priority for FY04 is the remodel of the Hendrickson Building in Juneau. For the FY04-FY09 plan, the total request for this category is \$8.2 million in state funding and \$35 million in receipt authority.

The University of Alaska is vital to Alaska's economy. The *Preparing for Alaska's Economic Success* request will provide the necessary capital investments to ensure that the university can fulfill this role. The university will do this by providing workforce training and investing in facilities that will sustain existing industries and attract new ones. In FY04, the state-funding request for *Preparing for Alaska's Economic Success* is \$18.9 million. Included in the FY04 request is funding for the Small Business Development Center in Anchorage, Tanana Valley College in Fairbanks and renovation of the School of Nursing facility at UAA. These requests will ensure crucial workforce development programs will have the proper facilities to create the Alaska workforce of the 21st century. Additionally, this request contains remaining funding for the Fisheries and Ocean Science Facility in Juneau, a joint venture between the university, the National Oceanographic and Atmospheric Administration and other partners. Also included in this request is \$80 million in federal receipts that will fund the replacement of the Alpha Helix research vessel. For the FY04-FY09 period, this request totals \$140 million in state funding and an additional \$222 million in receipt authority.

FY04 Capital Budget Request Narrative

Maintaining a Solid Foundation Safety and Highest Priority R&R

Fire Safety

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$1,406.0 | Total | \$1,406.0 |
|---------------|-----------|-------|-----------|

- *Mat-Su Fire Access Road Repair, UAA, Mat-Su* - This project rebuilds the existing fire access roadway. The current roadway is too steep and winding. Its pathway is a safety hazard for service vehicles and emergency equipment.
- *Auto/Diesel Technology Fire Sprinkler System, UAA, Anchorage* - The primary work of this project consists of installing an automatic fire sprinkler system in the Auto/Diesel Technology Building. Specific tasks include site work, installation of a new water service line to the building, components and appurtenances for a complete and usable system, system testing and flushing, construction of an interior enclosure for the fire sprinkler system riser and installation/connection to the central fire reporting system.
- *7th and A Building Fire Sprinkler System, UAA, Anchorage* - The 7th and A building is located in downtown Anchorage. It is the last Anchorage instructional building owned by UAA that is required by current municipal code to have fire sprinklers. The building is a two-story wood-framed and wood-sided structure that increases the potential fire hazard above normal conditions.
- *Eugene Short Building Electrical and Mechanical Code Upgrades, UAA, Anchorage* - This project will rewire building electrical panels to conform to National Electric Code and replace the aged building fire protection system panel. Building occupancy has increased significantly over the past several years. This project will also replace piping, fixtures and interior finishes in the existing four restrooms in the building. Restrooms on the first floor will be expanded to meet code requirements for fixtures. Existing space will be modified to accommodate the space required for the restroom expansion and accessibility.

Elevator Safety and Modernization Upgrades

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$647.5 | Total | \$647.5 |
|---------------|---------|-------|---------|

- *Elevator Safety and Modernization Upgrades, UAF, Fairbanks* - UAF Facilities Services manages the operation and maintenance for a fleet of more than 50 elevators and lifts with an average age of over 25 years. With the help of an FY01 audit, UAF Facilities Services has developed a multi-year modernization plan to upgrade the fleet with ADA, Code and Life Safety, and Deferred Maintenance improvements.
- *Elevator Life Safety, Code, ADA Modifications, UAA, Anchorage* - UAA conducted an audit and assessment of all existing campus elevators for code and ADA compliance. The study found that 18 elevators require modifications for safety and ADA compliance. Needed modifications include: enlarging passenger cabs, upgrading controls, replacing hardware, adding or upgrading emergency phones and installing keyed stop switches.

Replace Student Housing Windows

UAS Juneau

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$618.0 | Total | \$618.0 |
|---------------|---------|-------|---------|

Replace double hung windows and some below ground window wells in student housing apartments.

Soil Remediation

UAA Kenai

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$375.0 | Total | \$375.0 |
|---------------|---------|-------|---------|

UAA received a DOT grant in 1997 to remediate the old fire training center grounds soil that was depleted in September 2000. An additional 2000 cubic yards of soil requiring remediation has been identified through DEC testing procedures.

Lighting and Emergency Power Upgrade

UAA Kenai

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$360.0 | Total | \$360.0 |
|---------------|---------|-------|---------|

This project will replace the campus lighting fixtures containing PCB and replace them with energy efficient lighting fixtures. The project will upgrade emergency power systems through integration with the building automation system.

Replace Auke Lake Fuel Tanks

UAS Juneau

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$235.0 | Total | \$235.0 |
|---------------|---------|-------|---------|

Replace underground heating fuel tanks with above ground tanks to limit potential contamination of adjacent land and waters.

Essential Instructional and IT Equipment Needs**Instructional Equipment**

UAF Fairbanks

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$1,000.0 | Total | \$1,000.0 |
|---------------|-----------|-------|-----------|

The maintenance of high quality programs in a variety of disciplines requires regular upgrades of instructional equipment. In order to maintain current UAF programs we should be making an annual investment of about \$1.5M - current inventory of instructional equipment is about \$15M. This allocation would supplement the current \$500K/yr UAF invests from ongoing funds in instructional equipment renewal and replacement.

Sciences/Engineering Replacement Equipment

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$847.3 | Total | \$847.3 |
|---------------|---------|-------|---------|

This request is for standard replacement of biological/chemistry/engineering equipment used for academic instruction. The items requested have reached their useful life and are either obsolete or beyond repair. Replacement of these equipment items will allow students to experience up-to-date instrumentation techniques used in the sciences and engineering field. This equipment is necessary to support the new labs in the Beatrice McDonald Building, the EcoBiomedical Health Facility, and the existing science building remodels.

Digital Document Infrastructure

UA Systemwide

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$400.0 | Total | \$400.0 |
|---------------|---------|-------|---------|

This initiative will provide the necessary capacity and infrastructure for migrating UA business documents and forms to electronic ("digital") documents. Electronic documents reduce storage and maintenance costs; increase availability of records and archives; expedite processes such as review and approval (since documents may be sent nearly instantaneously); provide opportunities for enhanced automated services to students and others.

Rasmuson Library Compact Shelving

UAF Fairbanks

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$373.0 | Total | \$373.0 |
|---------------|---------|-------|---------|

This request would fund the purchase of moveable high density compact shelving in three areas of the Rasmuson Library and fund the retro-fit of older compact shelving that needs repair. The addition of compact shelving to two areas would provide the library with the storage capacity to return all the rare Alaska materials currently stored off-site to readily accessible, secure and environmentally conditioned areas within the library. The cost of the new compact storage units would be recovered in a 3-5 year period.

Network and System Security

UA Systemwide

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$278.0 | Total | \$278.0 |
|---------------|---------|-------|---------|

Provides resources to protect and maintain the integrity of university information and information processing systems.

Upgrade UA Network Infrastructure

UA Systemwide

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$291.0 | Total | \$291.0 |
|---------------|---------|-------|---------|

Upgrade UA systemwide network infrastructure: 1. Upgrade network backbone: add increased Gigabit Ethernet and Layer 4+ switching capabilities. 2. Upgrade core routers.

University Data Mart

UA Systemwide

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$334.0 | Total | \$334.0 |
|---------------|---------|-------|---------|

Provide the university user community with easy access to data for departmental and management reporting.

Network Upgrade

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$151.0 | Total | \$151.0 |
|---------------|---------|-------|---------|

Three routers that are obsolete currently support the core network infrastructure. Replacement is necessary to maintain a highly reliable delivery system to students, faculty, and the community. Non-action impedes Information Technology Services ability to provide a network infrastructure that is compatible with industry standards i.e. gigabit. Additionally, maintenance costs on the existing equipment will begin to escalate at an alarming rate, possibly 70 percent or greater.

Campus Telecommunications Wiring Replacement

UAS Juneau

| | | | | | |
|---------------|---------|---------------|--------|-------|---------|
| State Approp. | \$140.5 | Receipt Auth. | \$59.5 | Total | \$200.0 |
|---------------|---------|---------------|--------|-------|---------|

The Juneau Campus invested in a campus-wide telecommunications infrastructure in the early 1990s. The wiring plant used the latest technology available at the time; however, the infrastructure is now over 10 years old and does not meet the specifications of contemporary wiring standards.

This project would remove outdated/noncompliant telecommunications wiring and install wiring that meets current telecommunications standards (CAT5).

Tape Archive

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$120.0 | Total | \$120.0 |
|---------------|---------|-------|---------|

Existing tape backup library systems at UAA have become so antiquated that they no longer meet the demands of the data center. Some level of redundancy is built into the server and disk infrastructure that acts as a first level of archive; however, it does not address long-term risk. The purchase of a new tape librarian provides 2nd and 3rd level recovery in the event it is needed.

Direct Educational Program Needs

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$128.7 | Total | \$128.7 |
|---------------|---------|-------|---------|

- *Construction Technology Laboratory Equipment Renewal, UAS, Juneau* - This is to replace and upgrade the existing sawdust collection equipment used in support of the construction technology program. Anticipated program growth makes it critical to replace this instructional equipment, which is critical to student health and safety.
- *Aviation Technology Center, Main Air Compressor, UAA, Anchorage* - This request is for the replacement of the main air compressor for the Aviation Technology Center on Merrill Field. This equipment supports the Aviation Maintenance Technology Certificate and AAS Degree program and the Piloting Flight Simulator required for the Professional Piloting AAS and BS degrees. The equipment is required to run all other equipment used to teach the 14 lab courses in this discipline.

Instructional Video Distribution

UAS Multiple

| | | | |
|---------------|--------|-------|--------|
| State Approp. | \$78.0 | Total | \$78.0 |
|---------------|--------|-------|--------|

Develop the technical capability to deliver instructional video to and from classrooms on the Juneau Campus, and exchange instruction between Ketchikan, Sitka, and Juneau.

Addressing Campus Needs

Land Acquisition

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$3,776.5 | Total | \$3,776.5 |
|---------------|-----------|-------|-----------|

- *Acquire Gitkov Property, UAS, Juneau* - This project would purchase the Gitkov property under an existing purchase option agreement and remodel the SAC space for use by the Business Office, Personnel and the Vice Chancellor of Administration.

- *Acquisition and Site Development of Providence Hospital Parcel A, UAA, Anchorage* - Partners in the University Medical District have been working together to plan for the future development of land parcels in the area. As detailed in a memorandum of agreement between the parties, UAA plans to enter into a land deal with Providence Alaska Medical Center for lands bordering the hospital and university campuses. The land parcel designed as Parcel A is approximately 24 acres that the university intends to acquire from Providence for future development of the campus core.
- *Kachemak Bay Land Acquisition, UAA, Anchorage* - This project will provide for the purchase of land to support the planned campus addition. The land adjacent to the main campus building addition will be used to add required parking to accommodate the addition of classroom and student services spaces.

West Ridge Space Revitalization

UAF Fairbanks

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$2,650.0 | Total | \$2,650.0 |
|---------------|-----------|-------|-----------|

A coordinated planning effort will design and construct 21st century laboratories in the Elvey, O'Neill, Irving I, Irving II, and Arctic Health Research Buildings. New spaces will serve current and future initiatives in the atmospheric, biological, neuroscience, plant pathology, and live animal research.

Campus Entry Improvements

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$1,365.0 | Total | \$1,365.0 |
|---------------|-----------|-------|-----------|

- *Campus Entry Improvements, UAS, Juneau* - Reconfigure campus entry to provide better visibility, vehicle movement, pedestrian safety, signage, lighting and campus image. The new entrance design will form a coordinated and more prominent intersection that will serve both the main Auke Lake campus and the new Recreation Facility.
- *Auke Lake Way Road Realignment, UAS, Juneau* - Realign Auke Lake Way to eliminate pedestrian and vehicle conflicts in front of the primary academic and support facilities on the Auke Lake campus.
- *Campus Wayfinding Phase II, UAA, Anchorage* - Phase I of the Campus Wayfinding project is currently underway at UAA. Phase II funding is being requested to implement major campus entry, building and exterior pedestrian signage.

Campus HVAC Upgrades

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$475.0 | Total | \$475.0 |
|---------------|---------|-------|---------|

- *EM 1 and 2 HVAC Piping Replacement, UAA, Anchorage* - This project will complete the replacement of the piping in the primary main campus HVAC system from EM 2 to the CAS building and EM 1 to the PEF Sports Facility.
- *Campus HVAC Upgrades, UAA, Anchorage* - In several campus buildings, there are areas where the existing VAV boxes are past their useful life and in need of replacement. Through the ongoing maintenance program at UAA, the Facilities Maintenance department replaced parts and generally maintained the units to keep them in running order. There are no longer replacement parts for some of these units making them virtually impossible to balance. This results in employee and student discomfort throughout much of the year. This project will replace deficient boxes and upgrade the building automation system controls.

Arctic Health Laboratory Revitalization for Initiative Programs

UAF Fairbanks

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$335.0 | Total | \$335.0 |
|---------------|---------|-------|---------|

In an ongoing effort to provide new, modern, and efficient space for growing research programs on the Fairbanks Campus, the Arctic Health Laboratory Revitalization Project would renovate inefficient, obsolete space into state of the art research laboratories. The lab renovation would better utilize existing space within the building, and would provide a faster, and more viable solution to space shortages on the West Ridge.

Marine Center Critical Renewal and Revitalization

UAF Seward

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$127.5 | Total | \$127.5 |
|---------------|---------|-------|---------|

The Seward Marine Center, Marine Sciences building, Building C, is in need of critical deferred renewal that primarily includes rehabilitation the restrooms, revitalization of the exterior, replacing the windows, and fire alarm system repairs.

Wendy Williamson Auditorium - Phase II

UAA Anchorage

| | | | | | |
|---------------|---------|---------------|---------|-------|---------|
| State Approp. | \$225.0 | Receipt Auth. | \$225.0 | Total | \$450.0 |
|---------------|---------|---------------|---------|-------|---------|

This project will replace 961 aging theater seats that have outlived their useful life. The existing seats are 28 years old. This is Phase II of II designed to update the frequently used theater to contemporary use. Phase I upgrades to the facility were funded in FY01 and completed in July 2002.

SFOS Fishery Industrial Technology Center Critical Renewal and Revitalization

UAF Kodiak

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$106.0 | Total | \$106.0 |
|---------------|---------|-------|---------|

The SFOS Fishery Industrial Technology Center is located on Kodiak Island within the Owen Building. The critical deferred renewal has been prioritized and divided into a three-phase plan for completion. This first phase would repair the foundation, repair the exterior building enclosure, upgrade the building controls and reroute the steam blow down lines.

Addressing Community Campus Needs**Campus Vocational Education Addition**

UAF Bristol Bay

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$821.0 | Total | \$821.0 |
|---------------|---------|-------|---------|

This request is needed to fund the additive alternate of the Vocational Education space at the Bristol Bay campus.

Kachemak Bay Renewal

UAA Kenai

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$150.0 | Total | \$150.0 |
|---------------|---------|-------|---------|

The Kachemak Bay Campus existing main distribution electrical supply panel is at capacity and requires a new service panel for additional power requirements in the computer lab. This requirement will require the local utility to physically penetrate the building through the loading dock area. The exterior loading dockside, proposed electric entry site, of the building has been damaged over the years by delivery trucks and now needs to be replaced.

Attracting and Retaining Students

Hendrickson Remodel and Renovation

UAS Juneau
 State Approp. \$1,600.0 Total \$1,600.0

The project will renew and remodel the Hendrickson Building and the Hendrickson Annex to provide more effective use of the space and to replace or renew building systems and finishes.

MyUA Portal

UA Statewide
 State Approp. \$855.0 Total \$855.0

Enable access to university applications and information (content) via portal interface to all university customers. Enable MAUs to create portal applications that uniquely represent the MAU and enable university customers to select the content they view i.e. a MyUA web presence. Each member of the campus community receives information, applications and an online experience tailored to his or her role and relationships within the institution. Communication and collaboration tools encourage and enhance involvement in the campus community, deepening the relationship between the individual and the institution.

Bookstore Planning

UAA Anchorage
 State Approp. \$300.0 Receipt Auth. \$2,700.0 Total \$3,000.0

This project plans for a new facility for the UAA Bookstore to increase its accessibility and visibility to students, faculty, staff and the public. The project also anticipates backfilling the existing Bookstore spaces to consolidate student services programs currently housed in a number of facilities on the campus.

UAA Student Housing - Phase II

UAA Anchorage
 State Approp. \$900.0 Receipt Auth. \$8,100.0 Total \$9,000.0

This project will fund the construction of a new student residence hall north of Sharon Gagnon Lane. The new building will provide an additional 186 beds to be built in the same style and design of the three residence hall buildings completed and occupied by UAA in 1998. Project funding will provide for a code review and necessary refinements to the original prototype design that was based on the 1994 Uniform Building Code.

Wood Center Student Union Planning

UAF Fairbanks
 State Approp. \$800.0 Total \$800.0

This request is for planning of the Student Union/Dining Services Consolidation project that would complete the second of two phases of the Wood Center Revitalization Project, correcting ADA deficiencies, and completing deferred maintenance work. In addition, a dining expansion has been planned for Wood Center.

MAC Housing Communications Upgrade

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$582.0 | Total | \$582.0 |
|---------------|---------|-------|---------|

MAC Housing has no direct data communications to offer students for academic use, electronic room study or Internet service. This work will provide the necessary communications equipment, hardware and software to connect the MAC Housing Complex to the UA network.

Student Housing

UAS Juneau

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$368.0 | Total | \$368.0 |
|---------------|---------|-------|---------|

This project will develop a new student residence hall on the Juneau campus. Phase 1 will select a suitable site and develop a preliminary design. Phase 2 will complete the design and Phase 3 will construct the new housing which is expected to provide between 80 and 100 beds and target first-time freshmen students. Current on-campus housing is at capacity.

Kodiak Housing

UAA Kodiak

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$350.0 | Total | \$350.0 |
|---------------|---------|-------|---------|

In recent years, Kodiak College has significantly expanded and improved critical aspects of our teaching/learning environment. This request is to fund additional housing.

Preparing for Alaska's Economic Success

Meeting Alaska's Employment Needs

Small Business Development

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$550.0 | Total | \$550.0 |
|---------------|---------|-------|---------|

The Alaska Small Business Development Center (ASBDC) is a statewide business assistance program. The services it offers to small businesses are not duplicated or provided by any other agency or organization. The primary emphasis of the program is in-depth, quality business counseling. Through professional counseling, small businesses are assisted in solving problems concerning operations, manufacturing, engineering technology exchange, accounting, business strategy development and other productivity and management improvement. The individual business counseling is supplemented with quality business training designed to improve the skills and knowledge of existing and prospective small business owners/managers.

Sitka Hangar Remodel

UAS Sitka

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$245.0 | Total | \$245.0 |
|---------------|---------|-------|---------|

Construct area separations and install code compliant mechanical, electrical and fire systems in the open hangar area of the Sitka Campus facility. This area is currently used for a number of uses that are incompatible under current building and life safety codes. Vocational programs for welding, construction, and small engines are interspersed in this single area without fire separations. Other uses such as general storage, vehicle parking and fire exits also coexist in the hangar.

TVC Courthouse and Auto Tech

UAF Fairbanks

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$2,000.0 | Total | \$2,000.0 |
|---------------|-----------|-------|-----------|

This project replaces the aged mechanical and electrical systems within the old Fairbanks Courthouse, upgrades the exterior envelope, and completes seismic corrections, as well as revitalizes the interior spaces to meet TVC's rapidly expanding program needs. Additionally this request provides funding to construct an auto tech center to consolidate the auto tech program at TVC.

School of Nursing Renovation

UAA Anchorage

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$1,200.0 | Total | \$1,200.0 |
|---------------|-----------|-------|-----------|

An extreme shortage in the number of qualified and trained nurses has put major demands on the UAA Nursing program. This project anticipates renovating approximately 20,000 gsf of existing UAA space to accommodate the nursing program growth. Part I of the project will remodel space outside of K Building to relocate programs currently housed adjacent to the Nursing program. Part II will renovate the vacated space for instruction, student services functions, and faculty for the School of Nursing.

School of Nursing Facility - Partnership with ANTHC

UAA Anchorage

| | | | |
|---------------|---------|-------|-----------|
| State Approp. | \$720.0 | Total | \$6,000.0 |
|---------------|---------|-------|-----------|

UAA is uniquely situated surrounded by two of the largest hospital complexes in Alaska. As the U-Med District concept grows, partnerships with neighboring institutions continue to emerge. For the past year, the university has been in discussion with neighboring institutions about partnership for joint-use healthcare training facilities. Recently the Alaska Native Tribal Health Consortium and the university formed a workgroup to examine the possibilities for constructing a joint use facility on land owned by ANTHC north of Ambassador Drive along Bragaw Street. This project would fund planning efforts for the future facility.

University Center Phase II

UAA Anchorage

| | | | | | |
|---------------|-----------|---------------|-----------|-------|-----------|
| State Approp. | \$3,400.0 | Receipt Auth. | \$2,400.0 | Total | \$5,800.0 |
|---------------|-----------|---------------|-----------|-------|-----------|

Phase II of the University Center project would encompass the acquisition of an additional 35,000 gsf in turn-key condition to house UAA workforce development, training, and adult learning center programs. These programs have a direct relationship to the applied technology and workforce development programs accommodated in Phase I of the project.

Lucy Cuddy Center Renewal

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$750.0 | Total | \$750.0 |
|---------------|---------|-------|---------|

This project focuses on renewing building infrastructure in a 30-, ear old facility that houses the Culinary Arts and Hospitality program. Upgrading the Lucy Cuddy Center to contemporary use will improve facility utilization, assist faculty in delivering cutting edge instruction, and renew a resource that supports major economic activity in the state: hospitality and tourism.

Small Project Receipt Authority

UA Systemwide

| | | | |
|---------------|-----------|-------|-----------|
| Receipt Auth. | \$5,000.0 | Total | \$5,000.0 |
|---------------|-----------|-------|-----------|

The value of this request is an estimation of potential receipt authority needed for FY06-FY09 for main and community campuses.

Major New Construction

Fisheries and Ocean Science Facility in Juneau

UAF Fairbanks

| | | | |
|---------------|-----------|-------|-----------|
| State Approp. | \$9,000.0 | Total | \$9,000.0 |
|---------------|-----------|-------|-----------|

The facility in Juneau will provide long-term support for fisheries and ocean sciences academic and research missions. The facility is a three-story building consisting of approximately 41,500 square feet and programmed to provide space for 14 faculty members and their associated research assistants and graduate students. The academic space consists of two classrooms, one teaching lab, and a seminar room with a capacity of 120 people. The research space consists of 19 laboratories for a multitude of scientific disciplines ranging from computer labs for statistical analysis, to wet labs with large salt-water tanks.

Marine Science Wet Lab

UAS Juneau

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$585.0 | Total | \$585.0 |
|---------------|---------|-------|---------|

Construct a new single story 8,560 gross square foot marine wet lab to support science teaching and research on UAS land near the Anderson Building on Auke Bay. Understanding the environmental effects of industrial and recreational activity in the region is an essential first step in economic development and diversification. The research and environmental monitoring services which UAS can provide to public resource agencies and the private sector not only assist these clients but also provide professional growth opportunities for faculty and students.

Center for Innovative Learning

UAA Anchorage

| | | | |
|---------------|---------|-------|---------|
| State Approp. | \$450.0 | Total | \$450.0 |
|---------------|---------|-------|---------|

The Center for Innovative Learning is a new campus facility being planned to house learning programs that directly impact student retention and academic success. The Center will house academic communities composed of groups of students, faculty, staff and external partners who are focused on academic success, as well as the personal and professional development of the students. Successful UAA programs like the Alaska Native Science and Engineering Program, which are national models for student recruitment and retention, will be housed in the facility. The facility focuses on academic communities in the fields of engineering, biology, and computer sciences and honors the Alaska Native tradition of community gathering places in design and function.

Project and Planning Receipt Authority

UA Systemwide

| | | | |
|---------------|------------|-------|------------|
| Receipt Auth. | \$10,000.0 | Total | \$10,000.0 |
|---------------|------------|-------|------------|

The value of this request is an estimation of potential receipt authority needed for FY04-FY09 for projects and planning at main and community campuses.

AARV Research Vessel

UAF Fairbanks

Receipt Auth. \$80,000.0 Total \$80,000.0

The request is for federal receipt authority in anticipation of a federal appropriation to replace the Alpha Helix Research Vessel.

SITE: HOMER LIO

COMMITTEE: Senate Finance

DATE: 5-2-03

SUBJECT OF MEETING:

SB 100 Approp: Capital Budget

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y or N**

| | | | |
|---------------------------|--|------------------|----------------|
| ✓ Dr. Doug Stark | | Self | Y SB100 |
| Email address: | | | |
| ✓ Merritt Mitchell | | Homer Campus | Y SB100 |
| Email address: | | Advisory Council | |
| | | | |
| Email address: | | | |
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| Email address: | | | |

SITE: FAIRBANKS LIO

COMMITTEE: (S) FIN

DATE: 05/02/03

SUBJECT OF MEETING: SB 100

UPDATE #: 1

PLEASE SIGN IN

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y or N**

✓ **Milton Wiltse**

Email address:

Y SB 100

Paul Jenny

Email address:

Y SB 100

Email address:

Email address:

Email address:

Email address:

Email address:

SITE: OFFNETS

COMMITTEE: Senate Finance

DATE: 5/2/03

SUBJECT OF MEETING: SB100

UPDATE #: 1



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**DO YOU WANT
TO TESTIFY?
Y or N**

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| JOE GRIFFITH | | CHUGACH ELEC | ANS. ?'s |
| Email address: | | | |
| ✓ CHARLIE FANNON | | WASSILA POLICE | Y |
| Email address: | | | |
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SENATE FINANCE COMMITTEE

SIGN-IN

SB 100-APPROP: CAPITAL PROJECTS

NAME: Kim Garner Subject/Bill No: Ref # 37950

Co./Dept./Title: Director of Finance Phone: 465-3435

Address: Dept. of Admin Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Susan Taylor Subject/Bill No: Ref # 37884
37810

Co./Dept./Title: Director of Admin Services Phone: 465-2312

Address: Department of Revenue Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: March 24, 2003

SUBJECT OF MEETING:

SB 100

UPDATE #: 3



P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y OR N**

| | | | |
|------------------------|--|------|---------------|
| ✓ John Mallonee | | CSED | ANC ? |
| Email address: | | | SB 100 |
| Linda Niepoth | | CSED | ANC ? |
| Email address: | | | SB 100 |
| John Main | | CSED | ANC ? |
| Email address: | | | SB 100 |
| Gene Kane | | DCED | ANC ? |
| Email address: | | | SB 100 |
| Mike Mora | | DCED | ANC? |
| Email address: | | | SB 100 |
| | | | |
| Email address: | | | |
| | | | |
| Email address: | | | |

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 3-20-03

SUBJECT OF MEETING:

SB 100

UPDATE #:



*This Dept.
Not Heard*

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT
TO TESTIFY?
Y or N

| | | | |
|----------------------|--|------|---------------|
| John Mallonee | | CSED | Ans ?s |
| Email address: | | | |
| Linda Niepoth | | CSED | Ans ?s |
| Email address: | | | |
| John Main | | CSED | Ans ?s |
| Email address: | | | |
| | | | |
| Email address: | | | |
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| Email address: | | | |
| | | | |
| Email address: | | | |

SITE: Offnets

COMMITTEE: SFIN

DATE: 3/20/03

SUBJECT OF MEETING:

SB100

UPDATE #: 2



PLEASE SIGN IN

PLEASE PRINT:

DO YOU WANT

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**TO TESTIFY?
Y OR N**

✓ Julie Stinson

Dept. Admin

Ans ?'s

for DPS
question

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 3-19-03

SUBJECT OF MEETING:

SB 100

UPDATE #:



P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y OR N**

| | | | |
|-------------------------|--|--------------------|---------------|
| Mike Mora | | RCA | Ans ?s |
| Email address: | | | |
| Rhonda McLeod | | Court | Ans ?s |
| Email address: | | | |
| Kit Duke | | Court | Ans ?s |
| Email address: | | | |
| Sharon Young | | DNR-Recorder's Ofc | Ans ?s |
| Email address: | | | |
| Gene Kane | | DCED-DCBD | Ans ?s |
| Email address: | | | |
| Sara Fisher-Goad | | AEIA | Ans ?s |
| Email address: | | | |
| John Meyer | | Div O&G | Ans ?s |
| Email address: | | | |



P R I N T YOUR NAME **ADDRESS (MAILING & ZIP)** **REPRESENTING** **DO YOU WANT TO TESTIFY? Y or N**

| | | | |
|------------------------|--|-----------------------|---------------|
| Jim Cowan | | Div O&G | Ans ?s |
| Email address: | | | |
| Mark Myers | | Div O&G | Yes |
| Email address: | | | |
| Dick Mylius | | DNR-Mining, Land, etc | Ans ?s |
| Email address: | | | |
| Pete Panarese | | DNR Parks | Ans ?s |
| Email address: | | | |
| Richard McMahon | | DNR LRIS | Ans ?s |
| Email address: | | | |
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| Email address: | | | |

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 3-17-03

SUBJECT OF MEETING:

UPDATE #:



P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

**DO YOU WANT
TO TESTIFY?
Y or N**

| Martin Schultz | | Dept of Law | Ans ?s |
|-----------------------|--|--------------------|-------------------|
| Email address: | | | DOL Budget |
| | | | |
| Email address: | | | |
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SB

102

HFIN

FILE

Hidden Treasures MBP
Juneau Montessori School, Southeast Alaska Friends of Montessori,
Juneau Dance Unlimited
750 St. Ann's Ave., Douglas, AK 99824

February 01, 2004

House Labor and Commerce Committee
House Finance Committee
Senate Leadership Conference/ Concurrence Committee
State Capitol Building
Juneau, AK 99801

Honorable Chairman and Members,

As we follow the progress of SB 102, moved from the House Finance Committee to the House Labor and Commerce Committee on January 28, 2004, we realize that the language that prohibits all municipal taxation finds the opposition particularly from those municipalities that currently impose sales tax or other forms of local taxation.

As beneficiaries and administrators of a gaming operation in Juneau, we would like to propose a rather simple but effective compromise that will create a universal taxation platform that is sustainable and easily adjusted if necessary.

- **Establish a Single, Realistic, and Universal Statewide Tax. 15% of the ideal net.**
- **Change the Statutes to require reporting gaming activity by location.**
- **Include Local Municipalities Proportionately in the Revenue Stream.** This universal statewide tax will be collected by the distributors and split equally between the state and the municipalities based on where the funds are generated. (See Chart 1)

WHO WINS AND WHO LOOSES

- **The State is a Winner.** This tax increase will represent over \$3,000,000 of new revenue for the State as well as an opportunity to strengthen accountability in this industry. The State would virtually guarantee collection, force administrative excess out of the current system, and insure that every municipality retains some of the proceeds raised within its jurisdiction to cover the indirect costs of gambling in its community.
- **Local Municipalities Not Currently Taxing Gaming Are Winners.** The majority of municipalities in the State that do not have a local sales tax or other form of local taxation on gaming will receive a proportional share from this tax and will not only benefit financially, but also this will encourage more gaming proceeds to be put to use locally.

➤ **Permit Holders are Winners.**

This may seem contradictory considering the increased taxation. However, as we can demonstrate with our financial records, this taxation will flow from excessive administrative costs, rather than from proceeds non-profit organizations receive since the statutory minimum returns will remain the same at 30%.

With a stable taxation platform, permit holders will be able to start planning for their futures without constantly worrying about the possibility of unexpected new taxes or tax increases.

❖ **Local Municipalities Currently Taxing are Partial Losers.**

The eleven municipalities that currently impose sales tax or other form of local taxation on gaming will see a reduction on their revenue flow. However, it would be unrealistic for any gaming operation to be able to pay over 28% of the ideal net in combined state and local taxes, return the minimum 30% to the charities and remain in business. Without a compromise, these communities would face a total loss of revenue from gaming. A partial loss of revenue as our compromise suggests makes sense and it is fiscally sound statewide. These municipalities would receive their proportional share of revenue and will ensure that their communities will continue receiving the services provided by those non-profit organizations that depend on gaming funding.

❖ **Operators, Gaming Managers, and Gaming Administrators are Losers.**

It is well known the administrative excess existing in this industry. We cannot condone abuse of a state granted privilege. Operators, gaming managers and administrators will have to tighten their belts, increase their performance, and make their operations more efficient.

We encourage each of you to carefully study the objective numbers surrounding this issue and patiently tolerate the many hostile voices you are certain to encounter along the way. We are certain that with thorough examination of the facts, our proposed compromise will grow in merit. We believe our goals are not different than yours. While improving the accountability in this industry and thus adding more credibility to this type of fundraising, we can create a sustainable future for the countless non-profits diligently serving many Alaskan communities. And, with a stable revenue structure in this industry, participant municipalities will benefit financially while new revenue is added to the State funds.

The following pages are a detailed overview, including financial projections of our proposed compromise.

Sincerely,

Lupita Alvarez
JMS Director
364-3535

Anna Eberhardt
JMS President
321-3149

Mary Neary
JDU President
789-3994

Darla Buck
SEAFOM Pres.
586-8006

David Sanden
Hidden Treasures Manager
364-2890

SB102 COMPROMISE PULL TAB TAXATION PROPOSAL*

| Current State No Municipality Involvement | Current Taxation FY -03 | Governor's '04 Request 2 Million Additional Revenue | Rep. Williams CS for SB102 11.5%-16.5% Averaged @14% |
|--|------------------------------------|--|---|
| Ideal Net | <u>70,504,867</u> | <u>70,504,867</u> | <u>70,504,867</u> |
| State Tax of Ideal Net on Pull Tabs | 3% 2,115,146 | 5.84% 4,115,146 | 14% 9,805,348 |
| 1% State: Year End Net Proceeds Fee | 341,561 | 341,561 | 341,561 |
| Permit License Fees | <u>128,800</u> | <u>128,800</u> | <u>128,800</u> |
| Total Revenue | 2,585,507 | 4,585,507 | 10,275,709 |

| Our Proposal | |
|---|------------------------------------|
| 15% Ideal Net Tax on Pull Tabs. Split Revenue 50% State, 50% Municipalities ** | |
| Ideal Net | <u>70,504,867</u> |
| Ideal Net Tax on Pull Tabs | 15% <u><u>10,575,730</u></u> |
| State 50% Share of Ideal Net Tax | 5,287,865 |
| 1% State yearly net proceeds fee | 341,561 |
| Permit License Fees | <u>128,800</u> |
| Total State Revenue | <u><u>5,758,226</u></u> *** |
| Municipalities 50% Share of Ideal Net Tax | 5,287,865 |

Municipal Share of Taxation by Region****

| | | |
|--|-------------|------------------|
| Anchorage/Matanuska-Susitna | 53% | 2,802,568 |
| Fairbanks/Denali/Yukon Koyukuk | 15% | 793,180 |
| Kenai Peninsula/Kodiak/Valdez/Cordova | 12% | 634,544 |
| Southeast: Juneau/ + all communities | | |
| Ketchikan through Yakutat | 11% | 581,665 |
| Southwest: Aleutians/Bethel/Bristol Bay/ | | |
| Dillingham/Lake & Peninsula/Wade Hampton | 6% | 317,272 |
| Northern: Nome/North Slope/Northwest Arctic | 3% | 158,636 |
| Municipalities 50% Share of Ideal Net Tax | 100% | 5,287,865 |

This proposal will return to the State:

\$3,172,719 more than current taxation.

\$1,172,719 more than the Governor's request.

\$4,517,483 less than Rep. Williams CS.

Over \$4,000,000 new revenue to local municipalities not currently taxing gaming.

* All figures based on Senate Labor and Commerce Interim Pull Tab Sub-Committee Report, Page 4.

** Based on where gaming activity takes place. This will require a statute change to report gaming activity by location.

*** The total State revenue will increase by the municipality share for operations in unorganized boroughs.

**** Figures based on DOL Census Data. 2003 State Population 648,818: Anchorage Region 341,476; Gulf Coast Region 75,261; Interior Region 96,397; Southeast Region 71,841; Southwest Region 39,938. This data is assuming each region/municipality games proportionately equally based on its population. See next page for more detail by location.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Table 2--Population of Alaska by Labor-Market-Area, Borough and Census Area, 1990-2003

| Area Name | AKDOLWD Provisional Estimate 2003 | AKDOLWD Revised Estimate 2002 | AKDOLWD Revised Estimate 2001 | April 1 Census 2000 | April 1 Census 1990 | Change 2000- 2003 | Average Annual Rate of Change (%) | | | Natural Increase (Births-Deaths) 4/1/00- 6/30/03 | Net Migration (In-Out) 4/1/00- 6/30/03 |
|--------------------------------------|--|--|--|---------------------------|---------------------------|-------------------------|--------------------------------------|---------------|---------------|--|--|
| | | | | | | | 1990- 2000 | 2000- 2003 | 1990- 2000 | | |
| Alaska | 648,818 | 641,482 | 632,674 | 626,931 | 550,043 | 21,887 | 76,888 | 1.1 | 1.3 | 22,356 | -469 |
| Anchorage Mat-Su Region | 341,476 | 333,031 | 325,824 | 319,605 | 266,021 | 21,871 | 53,584 | 2.0 | 1.8 | 11,305 | 10,566 |
| Anchorage Municipality | 274,003 | 268,738 | 264,052 | 260,283 | 226,338 | 13,720 | 33,945 | 1.6 | 1.4 | 9,625 | 4,095 |
| Matanuska-Susitna Borough | 67,473 | 64,293 | 61,772 | 59,322 | 39,683 | 8,151 | 19,639 | 4.0 | 4.0 | 1,680 | 6,471 |
| Gulf Coast Region | 75,261 | 74,259 | 73,804 | 73,799 | 64,053 | 1,462 | 9,736 | 0.6 | 1.4 | 1,926 | -464 |
| Kenai Peninsula Borough | 51,220 | 50,486 | 50,051 | 49,691 | 40,802 | 1,529 | 8,889 | 0.9 | 2.0 | 1,085 | 444 |
| Kodiak Island Borough | 13,811 | 13,664 | 13,623 | 13,913 | 13,309 | -102 | 604 | -0.2 | 0.4 | 574 | -676 |
| Valdez-Cordova Census Area | 10,230 | 10,109 | 10,130 | 10,195 | 9,952 | 35 | 243 | 0.1 | 0.2 | 267 | -232 |
| Interior Region | 96,397 | 99,055 | 98,119 | 97,417 | 92,111 | -1,020 | 5,306 | -0.3 | 0.6 | 4,284 | -5,304 |
| Denali Borough | 1,914 | 1,884 | 1,908 | 1,893 | 1,764 | 21 | 129 | 0.3 | 0.7 | 54 | -33 |
| Fairbanks North Star Borough | 82,214 | 84,859 | 83,774 | 82,840 | 77,720 | -626 | 5,120 | -0.2 | 0.6 | 3,866 | -4,492 |
| Southeast Fairbanks Census Area | 5,922 | 5,941 | 5,916 | 6,174 | 5,913 | -252 | 261 | -1.3 | 0.4 | 233 | -485 |
| Yukon Koyukuk Census Area | 6,347 | 6,371 | 6,521 | 6,510 | 6,714 | -163 | -204 | -0.8 | -0.3 | 131 | -294 |
| Northern Region | 23,905 | 23,840 | 23,735 | 23,789 | 20,380 | 116 | 3,409 | 0.1 | 1.5 | 1,253 | -1,137 |
| Nome Census Area | 9,370 | 9,353 | 9,307 | 9,196 | 8,288 | 174 | 908 | 0.6 | 1.0 | 467 | -293 |
| North Slope Borough | 7,234 | 7,246 | 7,265 | 7,385 | 5,979 | -151 | 1,406 | -0.6 | 2.1 | 405 | -556 |
| Northwest Arctic Borough | 7,301 | 7,241 | 7,163 | 7,208 | 6,113 | 93 | 1,095 | 0.4 | 1.6 | 381 | -288 |
| Southeast Region | 71,841 | 71,935 | 72,126 | 73,082 | 68,989 | -1,241 | 4,093 | -0.5 | 0.6 | 1,587 | -2,828 |
| Haines Borough | 2,327 | 2,362 | 2,380 | 2,392 | 2,117 | -65 | 275 | -0.8 | 1.2 | 4 | -69 |
| Juneau City and Borough | 31,283 | 30,940 | 30,551 | 30,711 | 26,751 | 572 | 3,960 | 0.6 | 1.4 | 874 | -302 |
| Ketchikan Gateway Borough | 13,548 | 13,697 | 13,851 | 14,059 | 13,828 | -511 | 231 | -1.1 | 0.2 | 270 | -781 |
| Prince of Wales-Ouzar Ketchikan C.A. | 5,601 | 5,690 | 5,832 | 6,157 | 6,278 | -556 | -121 | -2.9 | -0.2 | 152 | -708 |
| Sitka City and Borough | 8,091 | 8,812 | 8,804 | 8,835 | 8,588 | 56 | 247 | 0.2 | 0.3 | 238 | -182 |
| Skagway-Hoonah-Angoon C.A. | 3,164 | 3,243 | 3,390 | 3,436 | 3,680 | -272 | -244 | -2.5 | -0.7 | -25 | -247 |
| Wrangell-Petersburg Census Area | 6,336 | 6,471 | 6,621 | 6,684 | 7,042 | -348 | -358 | -1.6 | -0.5 | 63 | -411 |
| Yakutat City and Borough | 691 | 720 | 699 | 808 | 705 | -117 | 103 | -4.8 | 1.4 | 11 | -128 |
| Southwest Region | 39,938 | 39,362 | 39,064 | 39,239 | 38,479 | 699 | 760 | 0.5 | 0.2 | 2,001 | -1,302 |
| Aleutians East Borough | 2,700 | 2,732 | 2,554 | 2,697 | 2,464 | 3 | 233 | 0.0 | 0.9 | 36 | -33 |
| Aleutians West Census Area | 5,420 | 5,075 | 5,263 | 5,465 | 9,478 | -45 | -4,013 | -0.3 | -5.4 | 71 | -116 |
| Bethel Census Area | 16,774 | 16,529 | 16,184 | 16,046 | 13,656 | 728 | 2,390 | 1.4 | 1.6 | 1,084 | -356 |
| Bristol Bay Borough | 1,105 | 1,165 | 1,179 | 1,258 | 1,410 | -153 | -152 | -4.0 | -1.1 | 31 | -184 |
| Dillingham Census Area | 4,912 | 4,920 | 4,913 | 4,922 | 4,012 | -10 | 910 | -0.1 | 2.0 | 195 | -205 |
| Lake and Peninsula Borough | 1,628 | 1,637 | 1,741 | 1,823 | 1,668 | -195 | 155 | -3.5 | 0.9 | 18 | -213 |
| Wade Hampton Census Area | 7,399 | 7,304 | 7,230 | 7,028 | 5,791 | 371 | 1,237 | 1.6 | 1.9 | 566 | -195 |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

2002 Gaming Industry Facts and Trends

The Division presents data in this report based upon permittee and operator annual reports filed as of July 30, 2003. The reader should note the following:

- Gross receipts include the dollar value of play-backs (winning pull-tabs which the player has returned to the seller in exchange for additional pull-tabs in lieu of receiving the prize in cash).
- Adjusted gross income means gross receipts less prizes awarded and federal and municipal taxes paid on gross receipts. Adjusted gross income is the amount available to pay gaming expenses and make distributions of net proceeds.
- Net proceeds means adjusted gross income less gaming expenses. Gaming expenses include the 3% pull-tab tax, permit fees, and the 1% additional fee on permittee gaming profits.
- The Division based the 2002 calendar year permittee data on 1,171 annual financial statements filed as of July 30, 2003. There are 77 annual reports outstanding and the Division excluded two erroneous or incomplete reports.
- The division issued 14 MBP permits in 2001 and 2002. All MBPs filed their reports.
- The division issued 26 operator licenses in 2001 and 27 in 2002. All Operators filed their reports.

- Fees and taxes collected by the division:

| | FY-03 | FY-02 |
|--|--------------|--------------|
| 3% Tax on Pull-Tabs: | \$ 2,115,146 | \$ 2,045,124 |
| 1% Additional Fee on Permittees' Gaming Profits: | 341,561 | 325,218 |
| Permit and License Fees: | 128,800 | 141,863 |
| | \$ 2,585,507 | \$ 2,512,205 |

- Distributors reported \$2,007,000 of pull-tab tax paid for calendar year 2002.

Hidden Treasures Combined Gaming Activity Per 1,000,000 Pull Tabs Sold

Scenario 1. Increase of State tax without any adjustment on the CBJ Sales Tax

| Income | CURRENT SCENARIO | | | | | |
|---|------------------|------------------|-----------------|------------------|------------------|------------------|
| Gross Sales | 1,000,000 | 100% | 1,000,000 | 100% | 1,000,000 | 100% |
| Paid Out "Prizes" | 800,000 | 80% | 800,000 | 80% | 800,000 | 80% |
| Ideal Net or Adjusted Gross True Gross Income * | 200,000 | that is 100%* | 200,000 | that is 100%* | 200,000 | that is 100%* |
| | | | | | | |
| | Current Tax | | Proposed | | Proposed | |
| Expenses | 3% of Ideal Net | % | 6% of Ideal Net | % | 15% of Ideal Net | % |
| Slate Tax | 6,000 | 3% | 12,000 | 6% | 30,000 | 15% |
| Juneau 5% Sales Tax Equivalent to 25% of Ideal Net | 50,000 | 25% | 50,000 | 25% | 50,000 | 25% |
| Operating Expenses | 84,000 | 42% | 84,000 | 42% | 84,000 | 42% |
| Statutory 30% of Ideal Net | 60,000 | 30% | 60,000 | 30% | 60,000 | 30% |
| Totals | 200,000 | 100% | 206,000 | 100% | 224,000 | 100% |
| Surplus | | 0% | (6,000.00) | -3% | (24,000.00) | -12% |

Hidden Treasures Combined Gaming Activity Per 1,000,000 Pull Tabs Sold

Scenario 2. Increase State Tax to 6%. Prohibit Municipal Taxation

Scenario 3. No Municipal Taxation.
Statutory Increase to 45%
Retain 3% State Tax

| CURRENT SCENARIO | | |
|---|--------------------------------------|-------------------------|
| Income | | |
| Gross Sales | 1,000,000 | 100% |
| Paid Out "Prizes" | 800,000 | 80% |
| Ideal Net or Adjusted Gross True Gross Income * | 200,000 | 20% that is 100%* |
| Expenses | | |
| | Current State Tax 3% of Ideal Net | % |
| State Tax | 6,000 | 3% |
| Juneau 5% Sales Tax Equivalent to 25% of Ideal Net | 50,000 | 25% |
| Operating Expenses | 84,000 | 42% |
| Statutory 30% of Ideal Net | 60,000 | 30% |
| Totals | 200,000 | 100% |
| Surplus | - | 0% |

| | |
|-----------|-------------------------|
| 1,000,000 | 100% |
| 800,000 | 80% |
| 200,000 | 20% that is 100%* |

| Proposed 6% of Ideal Net | % |
|-----------------------------|-----|
| 12,000 | 6% |
| - | 0% |
| 88,000 | 44% |
| 84,000 | 42% |
| 184,000 | 92% |
| 16,000 | 8% |

| | |
|-----------|-------------------------|
| 1,000,000 | 100% |
| 800,000 | 80% |
| 200,000 | 20% that is 100%* |

| Retain State Tax 3% of Ideal Net | % |
|-------------------------------------|-----|
| 6,000 | 3% |
| - | 0% |
| 88,000 | 44% |
| 90,000 | 45% |
| 184,000 | 92% |
| 16,000 | 8% |

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB102(L&C)am(efd fld)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Charitable gaming revenue BRU Revenue Operations
 Component Tax Division
 Sponsor Rules Committee
 Requester House Finance Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 |
| Travel | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Contractual | 22.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Supplies | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Equipment | 15.0 | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| CHANGE IN REVENUES () | 6,500.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 |
|-------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type-Do not abbreviate) | | | | | | |
| TOTAL | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 2 | 2 | 2 | 2 | 2 | 2 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the state's charitable gaming tax rate from 3 percent of net on pull-tabs (actual gross less prizes) to 15 percent of ideal net for pull-tabs (the amount that would be left after prizes assuming all of the pull-tabs in a series are sold). This marks the first change in tax rates since 1988. This legislation would not change the state tax rate on raffles, bingo and other charitable gaming.

The Department estimates the increase could generate \$10 million in additional state revenue for a full fiscal year, with approximately \$6.5 million in FY04, assuming the state would receive the higher revenues for eight months in the fiscal year. Taxes are paid one month after sales by distributors of pull-tab games, and the Department's estimate for FY04 assumes the new tax rate would take effect 90 days after the measure is signed into law. The Department's estimate also assumes that charitable gaming permit holders would either adjust prize payouts or expenses or use their own proceeds to cover the cost of the higher tax. See attached page for more information on program costs.

Prepared by: Jeff Prather and Larry Meyers Phone 465-3410
 Division: Tax Division Date/Time 5/17/03 10:22 AM
 Approved by: Larry Persily, Deputy Commissioner Date 5/17/2003
 Agency: Department of Revenue

**Department of Revenue
Charitable Gaming Revenue
CSSB102(L&C)am (efd fld)**

Page 2 of 2

Operating Expenditures

The Department of Revenue is requesting general fund program receipts to cover the cost of one Revenue Auditor III position and an Investigator III position. With such a large increase in taxes due the state (an estimated \$10 million per year), the department anticipates the need to strenuously verify the ideal net that the tax increase is based upon. A lack of sufficient staff to verify, audit and enforce the state's higher charitable gaming tax rate would exacerbate an already serious shortage in the state's enforcement effort.

The projected annual salary cost for these new positions totals \$125,000.

The department is also requesting one-time Fiscal 2004 funding of \$15,000 for equipment and \$10,000 for start-up contractual costs.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 102
 (S) Publish Date: 3/6/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Charitable gaming tax BRU Revenue Operations
 Component Tax Division
 Sponsor Rules Committee
 Requester Governor Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 |
| Travel | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Contractual | 22.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Supplies | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Equipment | 15.0 | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| CHANGE IN REVENUES () | 11,500.0 | 12,500.0 | 12,500.0 | 12,500.0 | 12,500.0 | 12,500.0 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 2 | 2 | 2 | 2 | 2 | 2 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the state's charitable gaming tax rate from 3 percent of ideal net on pull-tabs to 5 percent of ideal gross receipts for pull-tabs. This marks the first change in tax rates since 1988. This legislation the state tax rate on raffles, bingo and other charitable gaming.

The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$12.5 million in additional state revenue for a full fiscal year, with approximately \$11.5 million in Fiscal 2004 because the state would receive the higher revenues for 11 months in the fiscal year. (Taxes are paid one month after sales for distributors on pull-tab games.)

See attached page for more information on the revenue and program costs.

Prepared by: Jeff Prather and Larry Meyers Phone 465-3410
 Division Tax Division Date/Time 3/5/03 2:10 PM
 Approved by: Larry Persily, Deputy Commissioner Date 3/5/2003
 Agency Department of Revenue

**Department of Revenue
Charitable Gaming Tax**

SB 102 FN #1 Page 2 of 2

Operating Expenditures

The Department of Revenue is requesting general fund program receipts to cover the cost of one Revenue Auditor III position and an Investigator III position. With such a large increase in taxes due the state (an estimated \$12.5 million per year), the department anticipates the need to strenuously verify the gross receipts that the new tax increase is based upon. A lack of sufficient staff to verify, audit and enforce the state's higher charitable gaming tax rate would exacerbate an already serious shortage in the state's enforcement effort.

The incidence of taxation under this legislation would be focused on gross receipts, an area that is possible for manipulation in an industry that is very cash oriented. These two new positions would focus on distributor-reporting practices and audits for the sale of pull-tab games. The projected annual salary cost for these new positions totals \$125,000.

The department is also requesting one-time Fiscal 2004 funding of \$15,000 for equipment and \$10,000 for start-up contractual costs.

Comparison to other states

The National Association of Fundraising Ticket Manufactures 2001 Annual Report on the Charity Gaming in North America lists 34 states that tax pull-tabs and/or bingo. Four states have rates equal to or greater than 5% of gross receipts on pull-tabs, the two highest being Massachusetts and Oklahoma, both with a 10% tax on gross receipts.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB102(STA)
 (S) Publish Date: 5/7/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Charitable gaming revenue BRU Revenue Operations
 Component Tax Division
 Sponsor Rules Committee
 Requester Senate Finance Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 | 125.0 |
| Travel | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Contractual | 22.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Supplies | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Equipment | 15.0 | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| CHANGE IN REVENUES () | 9,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 | 10,000.0 |
|-------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type—Do not abbreviate) | | | | | | |
| TOTAL | 180.0 | 155.0 | 155.0 | 155.0 | 155.0 | 155.0 |

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 2 | 2 | 2 | 2 | 2 | 2 |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the state's charitable gaming tax rate from 3 percent of net on pull-tabs (actual gross less prizes) to 15 percent of ideal net for pull-tabs (the amount that would be left after prizes assuming all of the pull-tabs in a series are sold). This marks the first change in tax rates since 1988. This legislation would not change the state tax rate on raffles, bingo and other charitable gaming.

The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$10 million in additional state revenue for a full fiscal year, with approximately \$9 million in Fiscal 2004 because the state would receive the higher revenues for 11 months in the fiscal year. (Taxes are paid one month after sales for distributors on pull-tab games.)

See attached page for more information on the revenue and program costs.

Prepared by: Jeff Prather and Larry Meyers Phone 465-3410
 Division: Tax Division Date/Time 5/6/03 6:22 PM
 Approved by: Larry Persily, Deputy Commissioner Date 5/6/2003
 Agency: Department of Revenue

**Department of Revenue
Charitable Gaming Revenue
CSSB 102(STA) FN #2**

Page 2 of 2

Operating Expenditures

The Department of Revenue is requesting general fund program receipts to cover the cost of one Revenue Auditor III position and an Investigator III position. With such a large increase in taxes due the state (an estimated \$10 million per year), the department anticipates the need to strenuously verify the ideal net that the tax increase is based upon. A lack of sufficient staff to verify, audit and enforce the state's higher charitable gaming tax rate would exacerbate an already serious shortage in the state's enforcement effort.

The projected annual salary cost for these new positions totals \$125,000.

The department is also requesting one-time Fiscal 2004 funding of \$15,000 for equipment and \$10,000 for start-up contractual costs.

Estimates of Revenue from pull tab tax

| | | |
|------------------------|---|---|
| 2% on the gross | = | raise 6 million |
| 3% on gross | = | raise 9 million (15% ideal net) — the amendment to 3% |
| 4% on gross | = | raise 12 million (18% ideal net) |
| 5% on gross | = | raise 15 million (20% ideal net) — |
| 6% on gross | = | raise 18 million |
| 7% on gross | = | raise 21 million |
| 8% gross | = | raise 24 million — GOVERNMENT |

Comm. = 33 — CC = 105 —

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



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OFFICE OF THE GOVERNOR
JUNEAU

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March 5, 2003..

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designed to increase the amount of state revenue received from charitable gaming fees and taxes.

Large amounts of money are spent on bingo, pull-tabs, and other charitable gaming activities in Alaska. Gross receipts for calendar year 2001 alone exceeded \$351 million. Only \$2.4 million of this amount was paid to the state in taxes and fees. Charities only received \$30.6 million. The rest, over \$318 million went for prizes, rent, operator fees, and other expenses of gaming.

Because of the large sums involved in charitable gaming, state government must devote significant resources to monitoring gaming activity. Despite the state's best efforts, it is not enough. The state continues to find gaming enterprises where so much of the gaming receipts are used up paying rent and other expenses that charities receive less than the minimum amount required by law. This bill would reduce the strain on the state by increasing revenue. Additionally, the bill would assure the public that its money is going toward its intended purpose, through provisions requiring professional gaming operators and vendors to shoulder the burden of the enhanced tax imposed for their activities.

The tax on pull-tab sales has not been raised since 1988. This bill would increase the tax to five percent of the gross receipts of the games. The current rate is only three percent of the ideal net of the games. Ideal net is the amount left over after all prizes are paid, assuming that every pull-tab game is sold. The State of Alaska's current pull-tab tax rate is significantly lower than the rates imposed by many other states. Oklahoma and Massachusetts collect a tax of 10 percent of the gross pull-tab receipts. Michigan collects a tax equal to 40 percent of the net pull-tab profit.

GOVERNOR'S TRANSMITTAL LETTER

The Honorable Gene Derrault

March 5, 2003

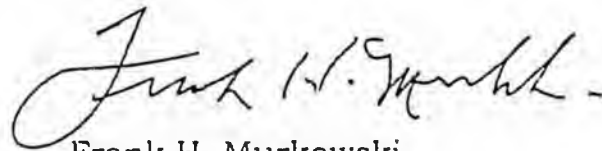
Page 2

The bill would also discourage the professional gaming operators from passing on the cost of the tax increase to charity by reducing the expense cap on costs they can pass along to the charitable gaming permittees for whom they sell pull-tab games. The bill would place similar restrictions on vendors that sell pull-tabs in their liquor establishments for charitable gaming permittees.

It is estimated that in fiscal year 2004, the bill would raise an additional \$11.5 million in revenue. The bill would raise an additional \$12.5 million in each subsequent fiscal year.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

VOTE YES ON SB102

05/16/03

House Finance Committee

Honorable Members of the Committee,

We urge you to support SB102 in its current form with the prohibition of local taxation. Please review the extensive process and difficult decisions your colleagues in the Senate went through to bring this legislation before your committee. Also please note that Senator Seekins will be the chairman of a Senate Labor and Commerce interim subcommittee whose purpose is to closely examine other aspects of this industry.

Vote for SB102 in its current form now! Then let the Senate Labor and Commerce interim subcommittee do its job and examine other aspects of this industry over the summer from a solid starting point and direction with the passage of SB102 in its current form. For starters I would encourage them over the interim to consider the following this summer after SB102 is in effect.

1. Use an adequate percentage of the additional revenue the state will be receiving to step up enforcement of gaming regulation.
2. License all management (not just operators) involved in gaming and revoke those licenses if the permits they manage do not return the state mandated minimums.
3. Prevent "ghost charities" those charities that only exist on paper from being allowed gaming permits by strengthening the requirements for qualification.
4. Increase the state mandated returns to the nonprofits.
5. Consider a revenue sharing scheme with the local municipalities based on where the funds are generated.

From the very start of the process on SB102 we have pointed out the administrative excesses and need for reform in this industry. There is without question room for increased taxation if you take this industry as a whole and view it from a statewide perspective.

However, there is literally no room for more than one tax collector. Juneau has been forcing us to absorb a 5% sales tax, which is equivalent to 25% of our ideal net for many years now. Granted they are pleased to receive these funds but they have a very poor record of collecting it. The City of Juneau is currently owed approximately one quarter of a million dollars in back taxes from this industry. This alone has always frustrated our organizations as we have always faithfully followed the letter and spirit of both state and local law.

We are currently paying 28% of our ideal net in taxes. 25% to our municipality and 3% to the state. Without the local sales tax prohibition in this legislation we would be under a 40% tax burden. You do the math under a 40% tax burden we will simply be literally taxed into bankruptcy. We would like to note here that in our original testimony through both the Senate and House Labor and Commerce Committees we brought forth a revenue sharing strategy between the state and all local municipalities based on where the proceeds were raised.

This is your opportunity to set some precedence statewide concerning the taxation of gaming as we move towards our future. We urge you to support this legislation in its current form.

I am certain you are hearing many voices of concern regarding this legislation. We would like to address some questions you might have of us as follows:

Q: Why don't you pass the sales tax along to the customer?

A: This was tried with disastrous results, as the pace and process of pull tab gaming was frustrated and as a result gross revenues dropped 60%. We had no choice but to absorb the tax.

Imagine if you will every time someone exchanges a playback the oil that runs all gaming (the small winning tickets \$ 1, \$2, \$5, \$10 winners) they had to reach for small change in their pocket or receive small change. These transactions currently take place in seconds. This logistical scenario of passing along a tax to the consumer is frankly impossible.

Believe me if we could pass the sales tax along we would have been doing so since its inception. The City and Borough of Juneau has long since realized this as well; however, they have also been stubbornly aware of the room for taxation in this industry. We can pay a justifiable tax but we cannot pay a combined local and state tax burden of 40%. There can only be one hand in the taxation of this revenue stream. That hand in this case should be the state. The state can then decide whether and on what proportion these tax proceeds should be spent between local and state interests.

Please note, that the City and Borough of Juneau does not seem willing to back down on its rhetoric either. Please do not put us at their mercy for they might by default simply choose to tax local gaming out of existence with out a vote of the local electorate.

Q: Are your expenses higher than other types of business?

A: No in fact I challenge you to find another business in the State that that returns 30.5% profit while absorbing our current 28% tax burden. (25% sales tax 3% state ideal net tax)

Q: How can we create an equitable tax structure on gaming statewide, while making sure we have proper regulation and no profiteering? Thus insuring the permit holders receive the maximum possible return.

A: Vote for SB102 in its current form now! Then let the Senate Labor and Commerce interim subcommittee do its job and examine other aspects of this industry over the summer from a solid starting point and direction with the passage of SB102 in its current form.

I would like to extend a detailed inspection of our books to you or your staff. Please feel free to talk with the current regulators, members of our community, or anyone else you may think has input regarding our past performance and ethics in the endeavor of charitable gaming. SB102 in its current form with local tax prohibition is sound legislation. Without local sales tax prohibition there is no question that the organizations I represent before you today will be taxed into bankruptcy. This will force them out on the streets or to the public trough to make up for that lost revenue. I am certain this was not the Governor's intention when he proposed this legislation.

Please vote yes on SB102 in its current form. Thank you.

Sincerely,

David. D. Sanden
Primary Member in Charge of Gaming
Juneau Montessori Center
Southeast Alaska Friends Of Montessori
Juneau Dance Unlimited
I can be reached @ 364-2890 or paged @ 463-7654
750 St. Ann's Ave
Douglas, AK 9982

Bellow is our **current situation** for each pull-tab we sell:

\$ 1.00 = one pull tab
\$.80 = our prize paid out (the winning pull tabs)
= \$.20 = our adjusted gross income

Revenue taken from that \$.20 (our adjusted gross income)

30.5% = \$.061 = charitable proceeds*
25% = \$.05 = our sales tax liability to the local municipality
3% = \$.006 = our current 3% state ideal net tax
18.5 % = \$.037 = our payroll cost (2 positions full time, 2 positions ¾ time)
13% = \$.026 = our cost for that single pull tab
10% = \$.02 = our fixed costs rent utilities permit fees etc.
= 100% = \$.20 = our total adjusted gross income

*Note: Current state law requires that at least 30 % of the adjusted gross income be used for charitable proceeds and no more than 70% of the adjusted gross income be used for gaming expenses including taxes.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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

March 17, 2003

The Honorable Con Bunde
Chair, Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol, Room 506
Juneau, AK 9981

Dear Senator Bunde:

As legislators and the public discuss Senate Bill 102, and its effect on charitable gaming proceeds, it is important to understand how the often-mentioned total of \$351 million in charitable gaming gross receipts in calendar 2001 is divided.

First, of that \$351 million total for all charitable gaming statewide, \$267 million went out as prizes and almost \$31 million went to the charitable organizations. Of the \$51.5 million in expenses, about \$2 million went to the state from the pull-tab tax and \$23.4 million went to rent, utilities, wages and payroll taxes. More than \$9 million was paid to buy the pull-tabs and bingo cards, leaving \$17 million for all other gaming expenses.

Looking just at pull-tabs, the gross was \$274 million, with \$214 million in prizes, about \$23 million to charities (of which the charities paid \$2 million in taxes to the state), and \$36 million in expenses for the cost of pull-tabs, rent, wages, operator fees, etc.

Although operators may get most of the news media attention when it comes to expenses, half of the gaming in the state is run by individual charities, with no commercial operators involved. An additional 20% of the gaming is run by charity cooperatives, leaving just 30% managed by commercial operators and contract vendors (as explained below).

Getting back to the \$351 million total for pull-tabs, bingo, raffles, ice classics, salmon classics and such, it is important to keep in mind that not all of that \$351 million was new money. For example, a pull-tab player may plunk down a dollar and win \$2, or two more chances. That shows up on the books as \$3 in gaming, when it represents just \$1 in actual cash from the player's pocket. Some certainly may argue that such winnings should not be counted as "new money," but the player has the option of walking away and spending the winnings elsewhere.

Next, looking at how the \$351 million is distributed among the four types of gaming operations:

- 1) **Self-directed gaming by the permittees (the qualified charitable organizations are called permittees).** This is when the Elks or Moose or Little League run their own games, either on their own property (such as at the lodge) or at rented property. The charity pays its own expenses. There is no operator involved.
- 2) **Vendors.** This is when a permittee sells its pull-tabs to a bar, which then sells the game to its patrons. The charities get paid up-front for the "profit" from the box of pull-tabs. The bar deals with the risk of not selling all of the pull-tabs.
- 3) **Operators.** This is when a permittee (charity) contracts with a for-profit business to sell its pull-tabs, such as at a pull-tab parlor. The operator has to pay a minimum of 30% of the total after prizes and taxes to the charity.
- 4) **MBPs, or multiple-beneficiary permittees.** This is when several charities get together to form a cooperative to run a gaming site. The MBP hires a manager and pays its expenses.

Breaking down the \$351 million between the four gaming types:

- 1) **Self-directed gaming:** Of \$169 million in gross receipts, \$128 million went out in prizes, the charities paid \$23 million in their own expenses, with \$18 million in net proceeds to the charities.
- 2) **Vendors:** Of the \$35.5 million in gross receipts, almost \$28 million went out in prizes, with the vendors reporting \$3.6 million in expenses, and with \$4.1 million going to charities.
- 3) **Operators:** Of the \$69 million in gross receipts, \$53.3 million went out as prizes, the operators charged almost \$13 million in expenses, and charities received \$4.3 million.
- 4) **MBPs (charity co-op):** Of \$77 million in gross receipts, prizes consumed \$59 million, with \$12 million to expenses and almost \$6 million to charities.

To elaborate further, operators, for example, reported \$2 million in rent and utilities, \$3 million in wages and payroll taxes, and \$4.7 million in operator fees. I suppose some might question the operator fees, but we need to keep it in perspective — that \$4.7 million is about 7% of the gross receipts of operated-run games. I'm not necessarily defending the fees, but there isn't enough there to dump the entire tax burden of this legislation (5% of the entire gross) on the operators.

As for self-directed games (run by the individual charity), of their \$23 million in expenses, almost \$10 million went out in wages and payroll taxes, with \$2 million for rent and utilities, and \$3.5 million to buy the pull-tab games. Truthfully, in some small communities, the games are a jobs program and a way for the community to "tax" its residents for needed community services.

The point being, after you deduct for prizes, deduct for what the charities and others pay in rent and wages (which is good for the local economy), and deduct for what does go back to the charities, there is no way to get \$12.5 million per year in increased tax revenue to the state without taking at least some of it out of the pockets of the players.

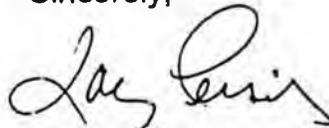
To summarize, the legislation (SB102, as amended) makes three significant changes in the state's charitable gaming laws:

- 1) It limits the prize pay-out in pull-tabs to no more than 72% of the total value of the box of pull-tabs (called ideal gross). That's the retail value of the pull-tabs, assuming all are sold. Expenses have nothing to do with this number. We believe the current average prize pay-out is around 78%. By limiting the pay-out to 72%, the charities will get more money from which to pay the higher taxes (the "hold-harmless" provision).
- 2) The bill reduces the amount of money that vendors (bars that sell the pull-tabs for a charity) may keep. Currently, a vendor can keep up to 30% of ideal net. Ideal net is what is left after all of the pull-tabs are sold and the prizes paid. For example, a box of 1,000 pull-tabs at \$1 each has an ideal gross of \$1,000. If the prize pay-out is 78%, that means \$780 would go out as prizes after all the tabs are sold, leaving \$220 as the ideal net. The vendor gets no more than 30% of that, with the rest (70%) for the charity (the charity gets paid up-front in these deals, and the charity has to pay for the pull-tabs out of its share of the money). The legislation would reduce the vendor's take to 25%. Even with the higher tax under this legislation, we believe the charities would come out ahead over the current formula. And because the ideal net would be higher — because of the lower prize pay-out — the vendor also would end up with a small increase in revenue from this legislation.
- 3) The bill reduces the amount of money operators may claim by increasing the percentage of adjusted gross (gross minus prizes and taxes) they must pay to the charities. Currently, an operator may pay the charity at least 30% of adjusted gross. For example, if the pull-tabs are worth \$1,000, and the prizes total 78%, or \$780, then the adjusted gross is \$220, with 30%, or \$66 to the charity. Under this bill, operators would have to pay the charities 35% of adjusted gross. From this higher number, the charities could pay the higher tax and still come out ahead over the current formula.

- 4) The bill, with the pay-out limit, also would ensure that self-directed charities (that operate their own games) and charity cooperatives would get more than enough additional money to cover the higher tax bill and still be ahead of the game.

I hope this information helps you and your colleagues as you discuss and review SB102. I realize charitable gaming is a complex area, with a lot of details, and we are always willing to meet with you at any time to help with this legislation.

Sincerely,



Larry Persily
Deputy Commissioner

cc: Mike Tibbles, Office of the Governor
Dan Branch, Assistant Attorney General
Larry Meyers, Deputy Director, Tax Division
Jeff Prather, Charitable Gaming Section, Tax Division

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FACSIMILE TRANSMISSION

_____ URGENT
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DATE: 4-29-03

PAGES: 4
(incl. this page)

TO: The Honorable (in Senate & Labor & Commerce Committee)

FROM: NAFTM / Mary B. Magnuson

FAX #: 907-465-3871

Message: Please give to all Committee members.
Thank you

_____ WILL FOLLOW BY MAIL
 _____ WILL NOT FOLLOW BY MAIL

The information contained in this facsimile is attorney privileged and confidential. It is intended only for the use of the individual or entity named above. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the above address via U.S. mail. Thank you.

NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURERS

246 Iris Park Place --
1885 University Avenue West
St. Paul, Minnesota 55104

Phone: 651.644.4710 Fax 651.644.5904
www.naftm.org

April 29, 2003

Chairman Con Bunde and Members
Senate Labor and Commerce Committee
State Capitol, Room 506
Juneau, AK 99801

By Facsimile

Re: Senate Bill 102

Dear Mr. Chairman and Members of the Committee:

I am writing to follow-up the testimony of Mr. Roger Franke, President of the National Association of Fundraising Ticket Manufacturers, as presented to the committee on Thursday, April 24, 2003. Mr. Franke testified by telephone in opposition to S.B. 102.

The bill, as originally written, would impose a tax of 5% on the gross receipts from the sale of pull-tabs and would impose a cap on prizes of 72%. It is my understanding that the committee has agreed to a substitute bill that would eliminate the prize cap, but would impose a tax of 25% of the "ideal net".

Elimination of the prize cap is a positive step. Of the 38 states in the country that authorize the sale of pull-tabs, only the state of Nebraska has a cap on the amount of money that may be returned to the players in the form of prizes. In Nebraska, the prize cap is 30%, far above that proposed for the State of Alaska.

In our experience in dealing with charity gaming around the country, we have learned that states do not impose prize limits for very good reasons. First, there is a general understanding that pay-out limits depress receipts and hence, the taxes that states hope to collect off of the activity. Therefore, the imposition of a prize-cap is counter-productive if the intent of the cap is to raise money in the form of taxes.

States also do not limit the pay-out because it stifles the ability of the charity to be flexible in the games that are played. While a charity may not be able to offer all games with high pay-out percentages, a charity needs to have a few of those games in play to keep players interested. As a general rule, pay-out limits suppress play, reduce receipts and negatively affect the profits that are available for charity.

High taxes on pull-tab activity also limit receipts. An example of this rule can be found in the State of North Dakota. Like Alaska, North Dakota allows pull-tabs to be sold in taverns and has no significant gaming competition (a lottery was approved during the last election, but it has yet to be implemented). In 1993, the excise tax on pull-tabs was 2% of the gross receipts. During the 1993 legislative session, the tax was increased to 4.5% of gross receipts. The tax went into effect later that year. In 1994, gross receipts from pull-tabs were \$202,612,503. The average prize pay-out was about 80% and the taxes collected were \$12,945,936 (this was total taxes on all charity gaming activity, but pull-tabs constituted the greater portion of the receipts).

Each successive year thereafter, gross receipts on pull-tabs decreased, pay-out percentages decreased to compensate and tax collections fell. By 1998, gross receipts for pull-tabs were \$176,480,000 and tax collections fell to \$10,817,764. In 2001, gross receipts were even lower at \$160,634,211. Taxes, on the other hand, increased somewhat to \$12,359,653 (less than in 1994, but higher than in the previous years). The Attorney General's Office, which regulates charity gaming in North Dakota, attributes the increased tax amount to the fact that the tax rate forced the smaller charities out of business leaving only the large charities in operation, which pay a higher percentage of the tax.

Oklahoma is another example of how excessive taxation has depressed pull-tab sales. Since the legalization of pull-tabs, Oklahoma has imposed a tax of 10% on the gross receipts of each game. Gross receipts for pull-tabs in 2001 were only \$4,594,693, despite nearly \$100 million dollars in bingo activity. Pull-tabs are not played in Oklahoma because the charities cannot afford to pay the tax. Despite the tax rate, the state collects minimal amounts of money on pull-tab activity because the tax rate has virtually eliminated the sale of the tickets.

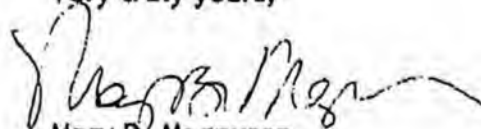
Our association issues an annual report detailing charity gaming activity throughout the United States and Canada. Besides Oklahoma, Massachusetts imposes a 10% tax rate, but Massachusetts limits the sale of pull-tabs in a manner that is far different than Alaska. The State of Illinois has a 5% tax on the gross receipts of pull-tabs, but that tax has spawned a staggering amount of "raffle" games. In other words, due to a loophole in the law, charities are playing unregulated and untaxed "raffles" in lieu of pull-tabs. Washington also imposes a 5% tax on the commercial (for-profit) pull-tab activity, but only a tax of 10% on the net for the same activity sponsored by charity. I mention these details because I know that our annual report on charity gaming has been used

to justify increasing the tax in Alaska. I hope you understand that without taking into consideration the manner in which pull-tabs are sold in the various states, bare comparisons are basically useless.

With the exception of the above mentioned states, no other state imposes taxes on pull-tabs at such a high rate. The vast majority of states that tax charity gaming activity limit the tax rates to about 2% of gross receipts or less than 10% of net receipts. In our experience, a tax rate of 5% of gross receipts or 25% of "ideal net" receipts will depress the sale of pull-tabs, force many charities out of business, particularly smaller charities, limit the money available for charity, and overall, reduce the dollars available to collect in the form of taxes. In short, we do not believe that the \$12 million anticipated to be collected will be realized.

Thank you for your consideration of Mr. Franke's testimony and for your consideration of this additional material. Should you have any questions, please feel free to contact me.

Very truly yours,



Mary B. Magnuson

March 21, 2003

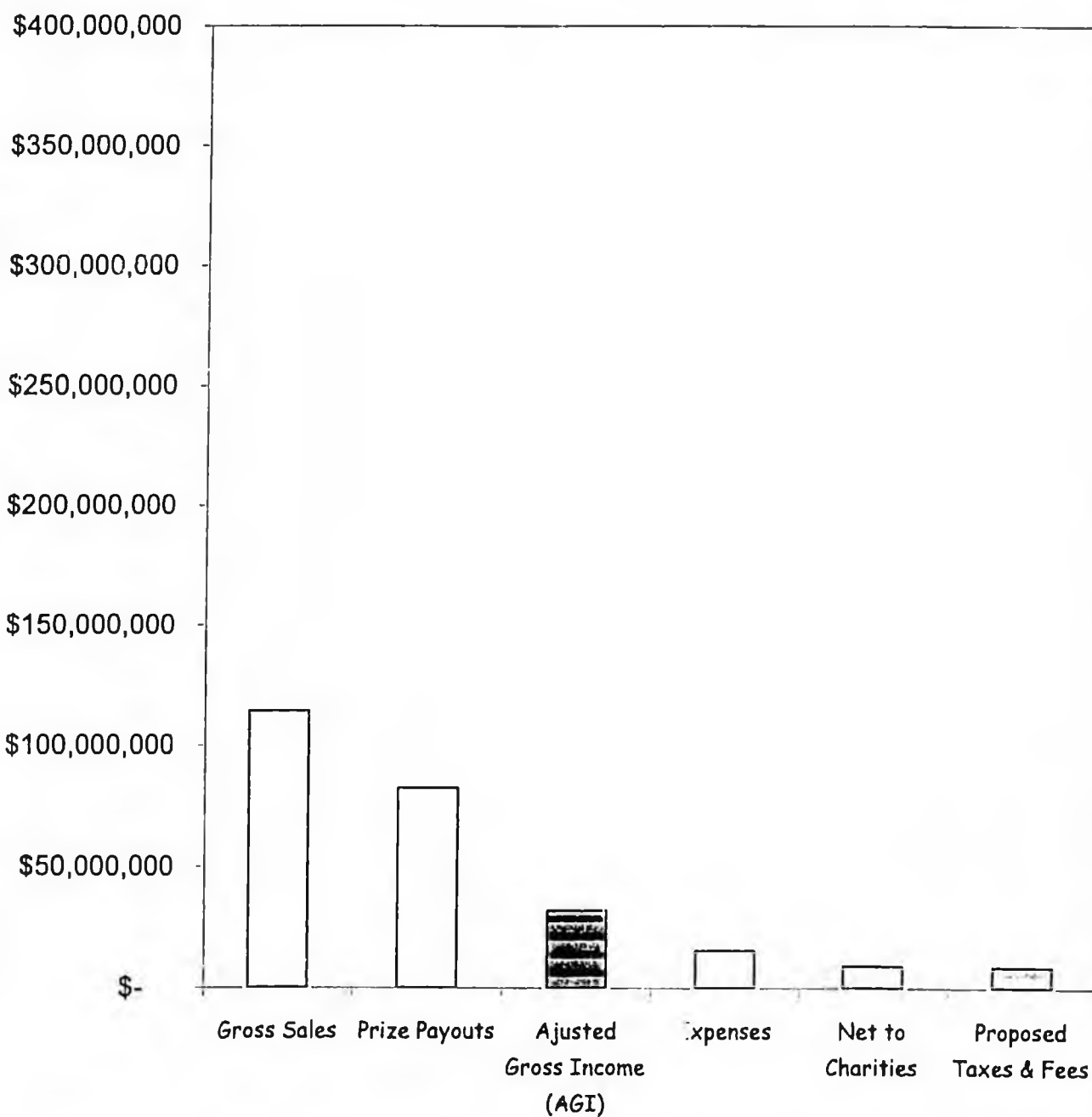
Dear ~~Senator Stevens~~ 

In response to the governor's proposed legislation (SB.102 and HB 169) regarding the taxing of charitable gaming on gross sales, this informational packet was prepared by the following charities:

Midnight Suns Softball
Juneau High School Baseball
Juneau High School Softball
Rebounders Basketball Club
Alaska Native Brotherhood Camp #2 Fraternal
Alaska Native Brotherhood Grand Camp
Alaska Native Brotherhood Camp #2 Inc.
Ninilchik Senior Center
Alaska Softball Association
POW Ketchikan Baseball
Juneau Ski Club
Gastineau Little League
Anchorage Boxing
Spennard Community Patrol
Fairbanks Racing Lions
Anchorage Ski Club
Shomrei Ohr Congregation
Salamtoff Tribal Council
Alaska All-star Hockey
Juneau Boxing Club
Greater Fairbanks Racing Association
Motorcycle Racing Lions
Alaska Laborers Training School
Congregational Christian Church
Alaska Shrine Temple
Juneau Archery Club
Fairbanks Snowmobile Fun Lions
Fairbanks Historical Preservation Foundation
AJ Dimond High School
Alaskan Bowhunters Association
Midnight Suns Lions Club
Juneau Tlingit & Haida Community Council

Enclosed is a list of "definitions of common gaming terms" along with the following graphs: "Where Gaming Money Now Goes", "Where Gaming Money Will Go" (Governor's Proposal) and "Probable Actual Effect of Proposed Tax on Pull-tab Receipts Distribution).

**PROBABLE ACTUAL EFFECT OF PROPOSED
TAX ON PULL-TAB RECEIPTS
DISTRIBUTION
(PROJECTED 70% REDUCTION IN PULL-TAB SALES)**



WHERE GAMING MONEY NOW GOES

