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FISCAL IMPACT REPORT

SPONSOR: SPAC DATE TYPED: 03/04/01 HB _____
 SHORT TITLE: Reduce Tax on Fraternal Gaming Licensee SB 425/SPACS
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (1,160.0)	\$ (1,210.0)	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)
 Gaming Control Board analysis on original bill; analysis on substitute not yet received

SUMMARY

Synopsis of SPAC Substitute

The bill would reduce the gaming tax to 10 percent for all veteran and fraternal organizations. In addition, the bill restricts the coverage and scope of licensee audits conducted by the Gaming Control Board to issues and records of the licensee.

Synopsis of Original Bill

The bill would reduce the gaming tax to 10 percent for fraternal organizations that are organized as 501(c)(8) or 501(c)(10).

Significant Issues

TRD notes 501(c)(8) organizations must operate under a lodge system, and provide life, sickness, accident and other mutual benefits to members.

501(c)(10) organizations must operate under a lodge system, but not provide for life, sickness, accident and other mutual benefits, and net earnings of the organization must be devoted exclusively to religious, charitable, scientific, library, education and fraternal purposes.

501(c)(7) organizations are social clubs.

FISCAL IMPLICATIONS

TRD estimates the general fund revenue loss would be \$1,160.0 in FY02 and \$1,210.0 in FY03. The estimate assumes the 29 current eligible organizations, operating 206 machines with an average net win per day of \$113. The full year loss would be \$1,210.0; however, because the bill does not have an effective date, June receipts, reported in July, would be prorated. In FY03, the number of machines is assumed to rise to 420.

AW/ar