

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6157**

**BILL NUMBER: SB 82**

**DATE PREPARED:** Oct 27, 2001

**BILL AMENDED:**

**SUBJECT:** Charitable Gaming.

**FISCAL ANALYST:** Jim Landers

**PHONE NUMBER:** 232-9869

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill permits a bona fide veterans organization to pay operators and workers at the organization's charity gaming events and to hire nonmembers as workers at the events.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** While employment of paid workers under the provisions of the bill could reduce the net proceeds earned from charity gaming events conducted by bona fide veterans organizations, the bill would not have a direct fiscal impact on state revenues from either Charity Gaming License Fees or the Charity Gaming Excise Tax. However, if paid workers at charity gaming events would not have otherwise been employed, additional wages would be generated by those workers and would be subject to the state Individual Adjusted Gross Income Tax and any local option income taxes. Revenue from the Individual Adjusted Gross Income Tax is deposited in the state General Fund. However, the amount of revenue generated as a result of this proposal is not expected to be significant.

***Background:*** The bill permits a bona fide veterans organization to pay workers and hire nonmembers for the purposes of conducting charity gaming events. Current law permits a bona fide civic, educational, political, religious, senior citizens, or veterans organization to hold a charity gaming license for purposes of conducting charity gaming events (bingo, charity nights, raffles, door prizes, festivals, or sale of pull tabs, punchboards, and tip boards). However, current law prohibits these organizations from providing remuneration to event workers other than meals at the events and recognition dinners or social events for the workers. Current law also requires that any worker be a member in good standing of the organization conducting the charity gaming event.

In FY 2001, 2,152 charity gaming licences were issued by the Department of State Revenue (some entities

hold multiple licenses to conduct various types of charity gaming events). Charity gaming events resulted in approximately \$576.1 M in gross income during FY 2001. Organizations incurred approximately \$508.7 M in expenses conducting charity gaming events during FY 2001, with about \$67.5 M in net proceeds from charity gaming retained by the organizations.

Fees for charity gaming licenses resulted in approximately \$4.1 M in receipts in FY 2001. The Charity Gaming License Fee is based on the total gross revenue earned from charity gaming by a licensed organization. Also, businesses that manufacture, distribute, or sell charity gaming devices to organizations within the state must obtain a manufacturer's or distributor's license. In FY 2001, 15 manufacturer's licenses and 59 distributor's licenses were issued by the Department resulting in \$166,000 in receipts. The manufacturer's license fee is \$3,000 annually and the distributor's license fee is \$2,000 annually. In addition to the license fees, the Charity Gaming Excise Tax on pull tabs, punchboards, and tip boards is based on the wholesale price of these devices when sold to organizations by distributors and manufacturers. The Charity Gaming Excise Tax resulted in approximately \$1.5 M in revenue during FY 2001.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Revenues.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** Indiana Department of State Revenue, Charity Gaming Report, October 1, 2001.