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Lawful gambling organizations are subject to a tax on their gross receipts, minus prizes paid, at a rate of either 8.5 percent or a progressive rate that begins at 9 percent and increases to 36 percent. The flat rate is imposed on paper bingo, raffles, and paddlewheels, while the progressive rate is imposed on paper and electronic pull-tabs, tipboards, and electronic linked bingo. Organizations are only allowed to spend their after-tax income on allowable expenses and lawful purpose expenditures, which are both defined under current law. HF 226 would allow organizations that conduct pull-tabs, tipboards, and electronic bingo to also deduct their lawful purpose expenditures, other than the payment of tax.