

Subject Calculation of the combined net receipts tax modified

Authors Davids and Lueck

Analyst Alexandra Haigler

Date February 26, 2019

Overview

This bill allows a charitable organization to subtract certain lawful purpose expenditures before calculating its tax liability for the combined net receipts tax on charitable gambling. Under current law, the combined net receipts tax is imposed on net receipts (gross receipts minus prizes paid) from electronic and paper pull-tabs, electronic linked bingo, and tipboards. This bill would make it so the combined net receipts tax is imposed on gross receipts from pull-tabs, electronic bingo, and tipboards, minus prizes paid, minus certain lawful purpose expenditures.

Examples of lawful purpose expenditures that would be deducted from the calculation of tax are: charitable contributions, expenditures for youth recreational and athletic activities, expenditures for acquisition, repair, or improvement of real property and assets owned by a charitable gambling organization, expenditures for natural resource projects or activities, and expenditures for organizations that recognize military service.

This bill also strikes obsolete language that modified the combined net receipts tax rates for fiscal year 2016.

This bill is effective July 1, 2019.