

ALABAMA BINGO CONTROL ACT

EXECUTIVE SUMMARY

The Alabama Bingo Control Act (hereinafter “Control Act”) is an amendment to the Alabama Constitution of 1901 and proposes to (i) limit gaming in Alabama, (ii) establish the Alabama Gaming Commission to regulate commercial bingo operations, and (iii) tax bingo operations and bingo vendors.

I. LIMIT GAMING IN ALABAMA

The Control Act limits gaming in Alabama to bingo at the existing racetracks, a location in the City of Whitehall (Lowndes County), a location in the City of Cottonwood (Houston County), and up to two additional points of destination around the State of Alabama.¹ The additional points of destination are to be selected by the Commission after discussion and evaluations of locations in public hearings. The additional points of destination must be located more than 100 miles from any other authorized location and must be expected to result in a net increase of taxes and other payments remitted to the state. In an effort to create more jobs and enhance the tourism industry in the state, all of the authorized locations must invest more than \$100,000,000 to become a point of destination that includes not only a bingo facility but also non-gaming areas, such as hotels and restaurants, within three years from the effective date of the amendment or the date of the Commission’s determination, whichever is applicable.

II. ESTABLISH THE ALABAMA GAMING COMMISSION

The Control Act establishes an Alabama Gaming Commission which is responsible for the licensing and regulation of bingo in Alabama. The Commission consists of three members appointed by the Governor, Lieutenant Governor, and the Speaker of the Alabama House of Representatives and confirmed by the Senate. One of the members of the Commission must be from a different political party than the other two members. The Commission is to hire an executive director who is responsible for the day-to-day administration of the Commission. The Control Act establishes two divisions in the Commission—the Enforcement Division and the Investigations Division, and the executive director may establish other divisions as necessary.

¹ The Control Act specifically allows non-profit organizations to continue to play a four hour bingo session one time per week if (i) all proceeds derived from the bingo accrues to the non-profit organization for the furtherance of its purpose; (ii) no expenses are be paid to any person or entity to operate said bingo; (iii) the organization does not enter into any contract with any person or entity to have said person or entity operate bingo on behalf of the organization or perform consulting services in relation to the operation or conduct of bingo for the operation.

III. TAXES

A. BINGO OPERATIONS

1. Amount

A gross receipts tax is levied on each operator of a licensed bingo facility in an amount equal to 28 percent of the gross revenue. All licensed bingo operations shall receive a tax credit not to exceed eight percent (8%) of the bingo operation's gross revenue for contributions made to non-profit organizations.

2. Use of Proceeds

The gross receipts tax shall be distributed as follows:

(a) 20 of the 28 percentage points to the State of Alabama, 80% of which is to be distributed to the Education Trust Fund for the benefit of public schools and 20 % of which is to be distributed to the General Fund for the benefit of the state Medicaid program;

(b) 2 of the 28 percentage points to the municipality where a Bingo Facility may be located;

(c) 2 of the 28 percentage points to the county where a Bingo Facility is located;

(d) 4 of the 28 percentage points to the other municipalities in the county where the Bingo Facility is located or, if such Bingo Facility is not located in a municipality, 6 of the 28 percentage points, to the other municipalities in the county where the Bingo Facility is located if the municipality has a population of 2,000 inhabitants or more, which shall be distributed to such municipalities on a pro rata basis based on population.

B. BINGO VENDORS

1. Amount

All Bingo Vendors conducting business in the state are assessed state third party gaming tax in the amount of 20% of that portion of their gross revenue from sales, leases, or the provision of services attributable to conducting business in the state.

2. Use of Proceeds

After deductions of no more than one percent to the Alabama Department of Revenue for administration of the tax, 80 percent of the tax funds the Education Trust Fund for the benefit of public schools and 20 percent funds the General Fund for the benefit of the state Medicaid program.