



Alaska Tax Division • Department of Revenue

Annual Report of Gaming Group Operations

2005

This annual report provides an overview of the gaming program administered by the Tax Division's Gaming Group, and contains summaries of all reports of permittees and operators pursuant to AS 05.15.090.

This report also explains the organizational structure of the Gaming Group within the Tax Division.

This report contains gaming financial information for calendar year 2005.

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2005 Annual Report of Gaming Group Operations

Introduction

Under Alaska law, municipalities and qualified non-profit organizations may conduct certain gaming activities. The purpose of these activities is to derive public benefit by generating revenues for municipalities and organizations, and the state. The Tax Division is responsible for ensuring that the appropriate level of public benefit is derived for the organizations and the state.

To ensure that the appropriate level of public benefit is derived, the division:

- issues permits to municipalities and qualified organizations
- licenses operators, pull-tab distributors and manufacturers
- collects fees and taxes
- audits various permittees and licensees
- inspects gaming locations
- investigates complaints.

This report summarizes gaming financial activity for 2005, as reported by permittees and operators as of December 15, 2006.

Gaming in Alaska has many variations in the types of gaming that businesses and nonprofit organizations conduct. Following are key terms used throughout this report.

- **Adjusted gross income** means gross receipts less prizes awarded and federal and municipal taxes paid on gross receipts. Adjusted gross income is the amount available to pay gaming expenses and make distributions of net proceeds.
- An **advisory notice** is issued to a permittee, licensee, or registered vendor if an incident occurs or a defect is identified that could result in a violation of gaming laws or this chapter. An advisory notice may not constitute grounds for administrative or court action against a permittee, licensee, or registered vendor, but may constitute grounds for issuance of a notice of violation if the incident or defect continues uncorrected.
- A **distributor** is a business located in the state that is licensed to distribute pull-tabs to

permittees and to operators. A **permittee** is a municipality or a qualified nonprofit organization that holds a valid permit to conduct gaming activities.

- **Gross receipts** include the dollar value of play-backs (winning pull-tabs which the player has returned to the seller in exchange for additional pull-tabs in lieu of receiving the prize in cash).
- A **manufacturer** is a business that is licensed to sell pull-tabs in the state. A manufacturer may only sell pull-tabs to a licensed distributor located in the state.
- A **multiple-beneficiary permittee (MBP)** is a partnership between two to six municipalities or qualified organizations, or a combination of two to six municipalities and qualified organizations, to conduct joint gaming activities.
- **Net proceeds** means adjusted gross income less gaming expenses. Gaming expenses include the 3% pull-tab tax, permit fees, and the 1% additional fee on permittee gaming net proceeds.
- A **notice of violation** is issued to a permittee, licensee, or registered vendor if the department has reason to believe that a violation of gaming laws has occurred or might occur. The department will place a notice of violation and any written response in the permanent record of the department for the permittee, licensee, or registered vendor to whom the notice was issued.
- An **operator** is a person, municipality or qualified organization that conducts gaming activities on behalf of a permittee and has obtained a license and posted a bond.
- A **vendor** is a business that sells pull-tabs on behalf of a permittee and holds a qualifying beverage dispensary or package liquor store license.

Gaming Overview

Gaming in Alaska is big business. In calendar year 2005, the total amount spent by the public on gaming activities exceeded \$349 million. After prizes were paid, approximately \$86 million was available for gaming expenses and net proceeds to municipalities and qualified organizations.

In general, gambling is illegal in Alaska. However, the legislature created an exception for what is commonly (though somewhat inaccurately) referred to as “Charitable Gaming.” The use of the word “charity” is really a misnomer. An organization is not required to have any charitable purpose in order to have a gaming permit.

The Department of Revenue may only issue a permit to a municipality or qualified organization. The 15 types of qualified organizations eligible to game in Alaska are:

- + charitable organization
- + civic or service organization
- + dog mushers’ association
- + educational organization
- + fishing derby association
- + fraternal organization
- + labor organization
- + municipality
- + nonprofit trade association
- + outboard motor association
- + police or fire department
- + political organization
- + religious organization
- + veterans organization
- + IRA/Native village.

The authority to conduct gaming activities is contingent upon the dedication of the net proceeds of the gaming activities for specific purposes.

Only reasonable and necessary expenses may be incurred or paid in connection with a gaming activity.

Gaming statutes specify caps on expenses. Expenses may not exceed:

- + 70% of adjusted gross income from pull-tab activities
- + 90% of adjusted gross income from gaming activities other than pull-tabs.

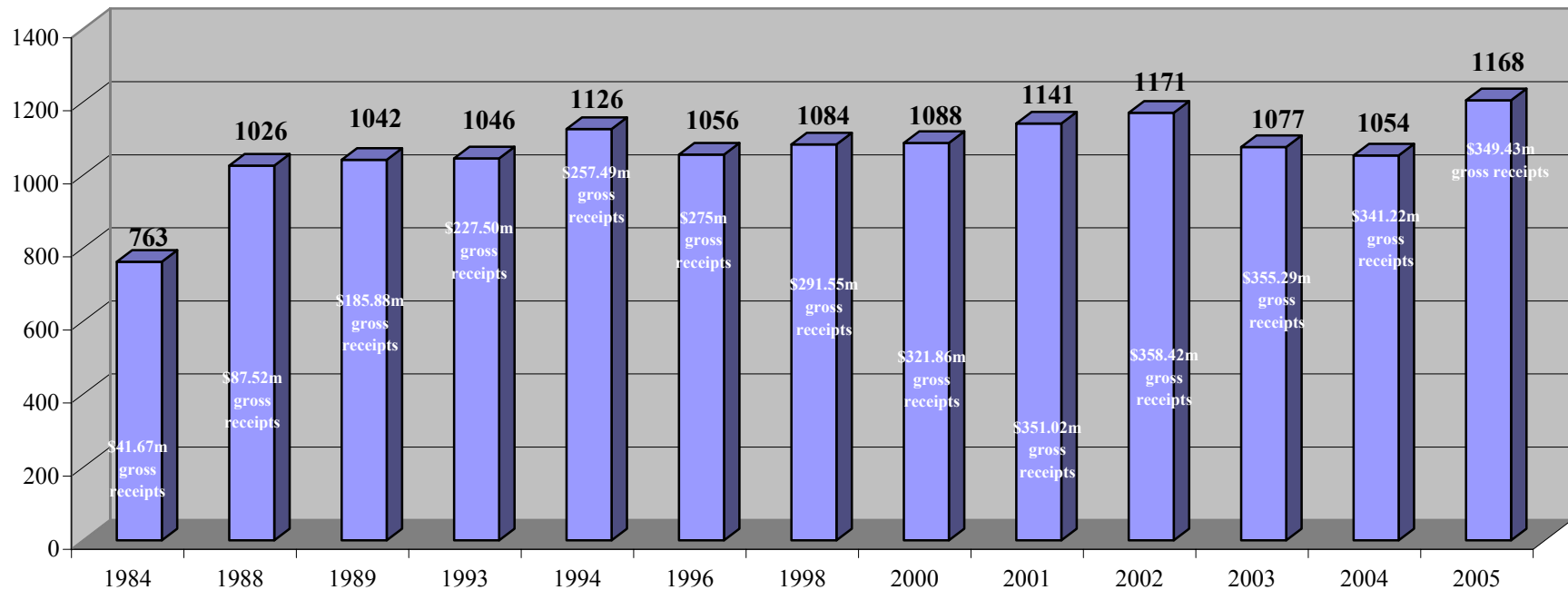
An organization’s board members are responsible for ensuring compliance with gaming statutes and regulations. Organizations that participate in gaming have a legal duty to ensure that all gaming proceeds go toward intended uses and are not used to pay unnecessary expenses. Board members have a fiduciary responsibility, as ruled in *Botelho v. Griffin*, 25 P3d at 693: “By requiring a portion of the money spent on charitable gaming to benefit the public generally, Alaska’s gaming laws create the effective equivalent of a charitable trust.”

The department is responsible for overseeing gaming laws. The Gaming Group, within the department’s Tax Division, administers and enforces gaming laws. Through its staff of five, supplemented with five investigators in the Investigation Group, the Gaming Group oversees approximately 1,200 organizations involved in gaming. The Group issues licenses and permits, collects fees and taxes, and conducts audits, inspections, and investigations to enforce statutes and regulations for collection of fees and taxes and distribution of net proceeds.

The Highlights section of this report describes the Tax Division’s enforcement actions. These enforcement actions were initiated primarily from the review of applications and reports filed with the division, public inquiries and complaints

Gaming History and Background

Number of Permittees



·Pull-tabs authorized by regulation

·Operators legalized
·Pull-tabs legalized by statute and prize limits increased

·Gaming transferred from Dept. of Revenue to Dept. of Commerce & Economic Development

·Gaming transferred from Dept. of Commerce & Economic Development to Dept. of Revenue

·Regulations enjoined

·New regulations adopted
·1997 Gaming budget cut by one-third

·MBP Compliance project initiated
·Attorney General filed Griffin lawsuit

·Supreme Court granted state's petition for review of Superior Court order in Griffin case

·New regulations proposed
·Supreme Court decision favors state in Griffin case

·New regulations proposed and adopted
·Griffin case settles. Griffins pay \$400,000 to permittees

·New regulations effective January 1, 2003.
Stewart case settles. Stewart pays \$200,000 to permittees.

·Animal classic regulations effective in December.

·New regulations effective on September 3, 2005 and on October 23, 2005.

·House Task Force recommended there be no Gaming Commission.

Industry Facts & Trends

Data in this report are based on permittee and operator annual reports on file as of December 15, 2006. The reader should note the following:

- The Tax Division based calendar year 2005 permittee data on 1,093 annual financial statements filed as of December 15, 2006. There are 59 annual reports outstanding and the division excluded 16 erroneous or incomplete reports.
- The division issued 16 MBP permits in 2005 and 17 in 2004. All MBPs filed their reports.
- The division issued 23 operator licenses in 2005; only 22 filed annual reports. The division issued 22 operator licenses in 2004; all filed their annual reports.

Fees and taxes collected by the division:

	FY 2006	FY 2005
3% Pull-tab Tax	\$1,980,234	\$1,944,158
1% Fee on Net Proceeds	289,201	357,176
Permit and License Fees	<u>140,384</u>	<u>156,478</u>
	<u>\$2,409,819</u>	<u>\$2,457,812</u>

Concerns & Focus

Alaska's gaming laws limit the expenses that may be incurred under a gaming permit to ensure that permit holders receive at least the minimum financial benefit from their gaming activities. The Tax Division, with assistance from the Alaska Department of Law, has committed substantial resources to bring the activities of Multiple-beneficiary Permit holders (MBPs) into compliance. During 2006, the division initiated a program to bring self-directed permittees into compliance with prize and expense limitations.

The first step in the MBP program was to ensure that MBPs complied with minimum distribution requirements. The division increased payment compliance, so there were no MBP deficits in 2001.

The second step focused on MBP compliance with expense limitations. Continued enforcement of expense limitations in 2001 and 2002 resulted in one MBP entering an agreement to dedicate a percentage of net proceeds to the Alaska Children's Trust and another voluntarily closing its business in November 2003.

In 2003, two MBPs did not meet the expense limitations and minimum payment distributions. One MBP voluntarily closed its bingo operation on January 1, 2004, but failed to come into compliance with expense limitations for pull-tabs during 2004. Because of mitigating circumstances, the division entered into an agreement with the MBP which allowed it to continue gaming during 2005, with the understanding that it would voluntarily dissolve, and the members would not apply for 2006 gaming permits if the MBP was out of compliance at the end of 2005. The MBP met the expense limitations and distribution requirement in 2005 and 2006. The other MBP failed to meet the expense limitation in 2004 and did not apply for a 2005 permit.

MBP compliance efforts continued in 2004 and 2005. Two MBPs were out of compliance in 2004, and both voluntarily discontinued gaming in 2005. Another MBP misallocated a substantial amount of net proceeds among the members and agreed to redistribute net proceeds during calendar years 2005-2008. The MBP met the requirements of the agreement for 2005, and we expect it to remain in compliance. In 2005, one MBP failed to meet bingo prize limitations and net proceeds payments. The MBP agreed to

discontinue bingo operations in 2006 and to either reduce future expense below the maximum or voluntarily discontinue all gaming.

During 2006, the division expanded its enforcement of prize and expense limitations for self-directed permittees. The division entered into prize limitation compliance agreements with 25 permittees that exceeded the limits in 2003 and 2004 and, in some cases, 2005. Three permittees have not yet met the agreement. In late 2006, the division began enforcement of expense limitations for self-directed permittees. In prior years, the division simply assessed the 1 percent additional fee on the excess expenses. Under this program, letters will be sent to approximately 125 permittees that were out of compliance with expense limitations in 2003 and 2004; some of these remained out of compliance in 2005. These permittees will be required to meet expense limitations in 2007 or else the division will seek to revoke their 2008 permits.

In 2006, the division implemented an Online Permit and License renewal system, and permittees were offered the option of renewing for 2007 on the division web site. Approximately a quarter of the permittees (272) used this option to renew their permits. This option will be extended to MBPs and pull-tab manufacturers and distributors in 2007 and operators in 2008.

The division adopted new regulations, effective in December 2004, to implement the animal classics that were enacted earlier in the year.

New regulations effective in September 2005 streamlined hearing rules to conform to statutory transfer of the Department of Revenue's hearing officers to the Department of Administration. These regulations also effected several housecleaning provisions concerning pull-tabs, raffles, net proceeds and members in charge. New regulations effective in November 2005 implemented Calcutta pools and crane classics that were enacted earlier in the year.

Highlights

Court Proceedings

Downtown Bicycle Rental, Inc, and Peter Roberts v. State of Alaska. Alaska Supreme Court Number 12180. Downtown Bicycle Rental, Inc, (DBRI) filed suit in Anchorage Superior Court on October 3, 2002, alleging the state negligently approved a gaming permit for Earth, a tax-exempt corporation. Earth had used money from the permit to operate a free bike program in downtown Anchorage. DBRI contended that Earth's free bike program interfered with its property rights because it lured "affluent pedestrian tourists" away from existing tax-paying bike businesses. The Attorney General filed a motion to dismiss the case because DBRI was not represented by a licensed attorney, as required by law. After the Superior Court granted the state's motion, Mr. Roberts refiled the suit without naming DBRI as a party. The State filed a motion to dismiss, which was partially granted. The State then filed a motion for summary judgment, which was granted. Mr. Roberts appealed the case to the Alaska Supreme Court, where it is pending decision.

State of Alaska v. Loyd Reese. The Department of Revenue filed an action in Anchorage Superior Court seeking to collect on amounts Mr. Reese underpaid his authorizing permittees during 1994-1997, when he was an operator. The Gaming Group calculated that Mr. Reese owes more than \$500,000, plus interest. The case continued through 2005 and was finally resolved in 2006 with a settlement of \$112,500 [including his bond] that was secured by a confession of judgment from Mr. Reese for the entire \$500,000 if he defaults on the settlement amount.

ANB Camp 2 – Office of Administrative Hearing No. 05-0914 GAM. ANB Camp 2 requested the Department of Revenue to authorize use of the Bingo Time System© for its bingo games. The department denied the request because use of the system would violate gaming statutes and regulations, and authorize ANB Camp 2 to offer a game that did not meet the definition of "bingo." ANB Camp 2 appealed this denial. The OAH conducted a hearing, and the hearing officer upheld the department's denial. The case has been appealed to superior court.

George Wright, a licensed operator in Juneau, was issued notices of violation and immediate revoca-

tion for failure to pay the minimum amount of net proceeds for 2005 and failure to pay net proceeds for the first quarter of 2006. The notices were issued on April 7, 2006. Mr. Wright's bond was seized in November 2006 and will be applied to the amount he owes to the authorizing permittees. The department filed suit against Mr. Wright to recover the additional net proceeds owed to the authorizing permittees. This suit may be resolved in 2007.

2005 and 2006 Regulatory Actions

Anchorage

AMVETS Post 2. An investigation in July 2005 found that the post failed to properly account for pull-tabs, had faulty pull-tab procedures, had various raffle procedural infractions and gaming account violations, and failed to keep adequate records to account for raffle net proceeds. There was also an appearance of conflict of interest, in that the gaming manager drew his own winning ticket in a raffle. A later investigation revealed that some raffle prizes were not awarded. A notice of violation was issued on January 22, 2005.

Ekwok

Ekwok Carnival Committee. An investigation found that the primary member in charge wrote a gaming check to himself as a personal loan. The case was referred to the State Troopers on June 1, 2006.

Fairbanks

American Legion Post 11 and Post 11 Auxiliary. An investigation found that the Post improperly sold pull-tabs for the Auxiliary and that the Auxiliary primary member in charge misused pull-tab net proceeds. A notice of violation was issued to the Post on April 18, 2006, and the Auxiliary was referred to the department of law for prosecution for theft.

Hooper Bay

Hooper Bay Search and Rescue. An investigation showed that the permittee paid stipends to members to attend meetings and paid bonuses to some employees out of net proceeds, failed to keep a separate gaming account, failed to maintain inventory records for gaming supplies, and made loans from net pro-

ceeds. A notice of violation and a notice of suspension were issued on October 13, 2005. The suspension was appealed and is awaiting adjudication. Subsequent investigation found the primary member in charge was taking pull-tabs without paying for them and having his girlfriend redeem the winning pull-tabs. Notices of violation and revocation were issued on March 22, 2005 and the case is on appeal.

Native Village of Hooper Bay. An investigation revealed that stipends were paid to members to attend meeting from net proceeds, a felon was employed in a managerial position, and gaming records were incomplete. A notice of violation was issued on November 14, 2005. Continuing investigation showed other unauthorized uses of net proceeds, for which a notice of violation was issued on January 18, 2006 and their permit was suspended. They continue to game while under appeal. The case should be resolved in 2007.

Palmer

American Legion Post 15. An investigation revealed illegal gambling, from six slot machines on the premises and money paid to winners. A notice of violation was issued on January 11, 2005, and the case was referred for prosecution.

Seward

American Legion Post 5 Auxiliary. An investigation found that board members were giving inside information on the status of pull-tab games to family members. Notice of violation and suspension were issued on October 16, 2006, and the case was referred to the Seward Police Department for theft prosecution.

Wasilla

Thomas Worden, a licensed operator, was issued a notice of violation on February 27, 2006 for failure to pay minimum net proceeds to authorizing permittees for 2004 and failure to pay any net proceeds to authorizing permittees for the first quarter of 2005. Mr. Worden's license was revoked on June 2, 2006 for continued failure to respond to notices of violation and a May 6, 2006 notice of suspension for failures to report and pay net proceeds to permittees, and for failure to respond to the department. Mr. Worden's operator license was revoked on June 2, 2006. The permittees will be paid from Mr. Worden's operator bond.

Other Locations

Various Permittees. Advisory notices or notices of violation were issued without suspension or revocation action when violations were corrected upon contact by the department. The advisory notices and notices of violation will be retained in permittee files and will be considered if there are future violations. Notices were issued for violations of gaming laws and regulations in these general areas:

- Insider information regarding sale of pull-tab games.
- Conduct of a gaming activity without a permit.
- Conduct of an illegal gambling activity by a permittee.
- Vendor failed to maintain required pull-tab winner records and permittee failed to monitor the actions of its vendor.
- Permittee allowed its raffle permit to be used by a private party for personal gain.
- Permittee advertised gaming activities on the internet.
- Permittee allowed employees and direct family members to play pull-tab games at the permittees location.
- Permittee was holding a poker tournament that constituted illegal gambling.
- Permittee was in possession of six resettable slot machines.
- Permittee failed to award the grand prize in a raffle.
- Permittees for failure to timely file 2005 Annual Financial Statements.

2005 Regulation Changes

Two regulation projects were concluded in 2005. The first combined various housekeeping changes with a reorganization of sections dealing with informal conferences and formal hearings (in response to the statutory transfer of formal hearings from the various departments to the Department of Administra-

tion), and also added several raffle variations to the list of authorized activities.

The second project implemented Calcutta pools and crane classics that were authorized by the legislature in a special session.

- There should be increased prosecution of “after hours” establishments.
- There should be regulation of online gaming within the state.
- Additional funding for regulation and investigation is needed.

2006 Regulation Changes

One regulation project was concluded in 2006. This project amended regulations to require gaming accounts to have the word “gaming” in their titles; to allow electronic funds transfer to pay permit renewal fees in the Tax Division’s Online Payment and Licensing system; and to prevent use of pre-signed checks and signature stamps. The effective date was November 6, 2006.

Developments

Investigation Group

With new investigative positions authorized for tobacco enforcement, the Tax Division formed a new Investigation Group in 2005. The group, staffed with a chief investigator and four investigators, investigates tobacco and gaming cases as well as several other excise tax areas. The investigators educate the public and business on gaming and tobacco statutes and regulations.

In 2005, the group investigated 339 gaming activities, including 221 inspections of gaming premises throughout the state. In 2006, the group investigated 370 gaming activities, including 327 gaming facility inspections throughout the state.

House Task Force on Gaming Policy

On March 23, 2006, the House Task Force on Alaska Gaming Policy voted 7-4 to recommend against the establishment of a gaming commission (see chart on page 3). Task force members agreed that the following five consensus items be included in their report:

- The power to expand gaming in Alaska should remain with the Legislature.
- There is a need to specify offenses and appropriate penalties.

Key Contacts

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2005 Organization Chart

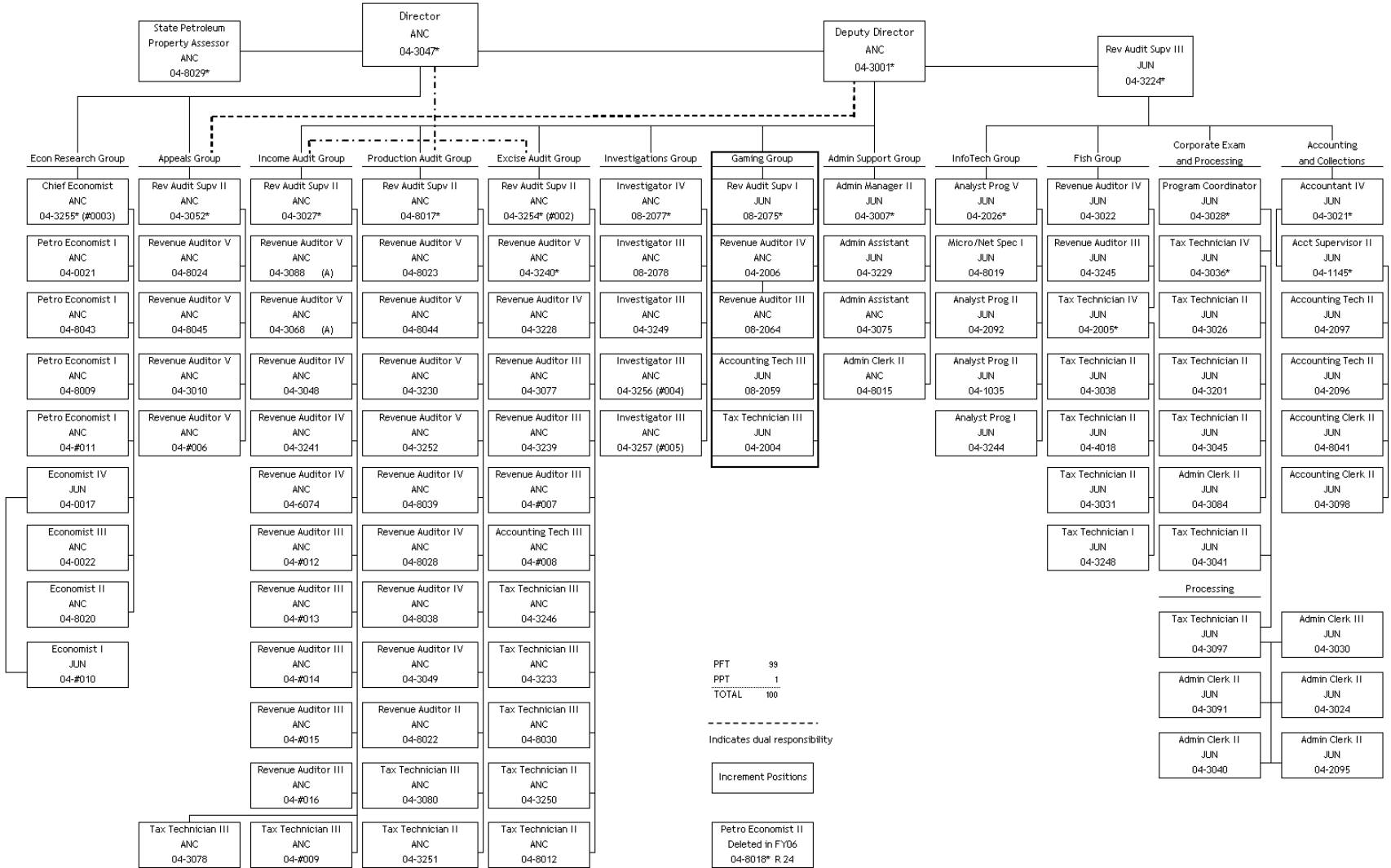


Figure 1

Schedule of Gaming Activity

	2005 ⁽¹⁾		2004 ⁽²⁾	
	Amount	% Gross Receipts	Amount	% Gross Receipts
Gross Receipts	\$ 349,429,648		\$ 341,224,643	
Taxes ⁽⁴⁾	1,831,410	0.52%	1,109,134	0.33%
Prizes	261,039,885	74.70%	258,806,823	75.84%
Adjusted Gross Income	86,558,353		81,308,686	
Expenses	51,108,469	14.60%	50,287,428	14.74%
Net Proceeds	\$ 35,449,884	10.18%	\$ 31,021,258	9.09%

Expenses Detail ⁽³⁾

	2005	2004
Wages	\$ 15,421,612	\$ 15,567,819
Cost of Pull-tab Games	7,242,932	7,127,336
Facility Rental	4,722,579	4,499,944
Operator Fee ⁽⁵⁾	3,606,914	3,347,758
Vendor Compensation	2,718,691	2,581,097
Other Facility Costs	2,551,223	2,139,318
Payroll Taxes	1,974,889	1,962,040
Cost of Bingo Cards	1,924,477	1,996,353
Pull-tab Tax Paid ⁽⁶⁾	1,717,114	1,657,451
Contract / Professional Services	1,390,596	1,432,579
Accounting	1,198,927	1,021,143
Door Prizes	1,196,396	1,415,541
Equipment Purchases	445,350	456,056
Advertising	416,917	392,685
Other Expenses ⁽⁷⁾	4,579,852	4,690,308
Total Expenses	\$ 51,108,469	\$ 50,287,428

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Based on 1,054 permittee annual reports, 22 operator annual reports and 17 MBP annual reports filed with the division as of 07/31/2005.

(3) Total Expenses reported on Schedule C, prior to any limitations, except for operator fees.

(4) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(5) Reported Operator fees have been reduced to reflect actual operator payments to permittees.

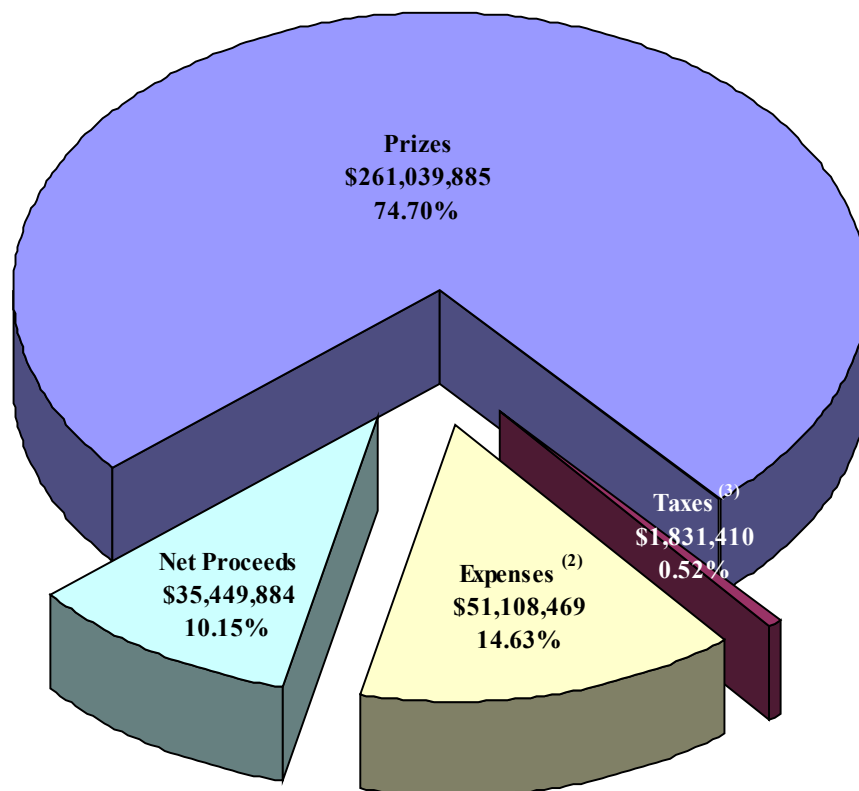
(6) The pull-tab tax paid represents the amounts reported by permittees and not amounts actually collected and remitted to the state by distributors.

(7) Other expenses include repairs and maintenance, insurance, utilities, depreciation, permittee fees, printing, shipping, supplies, travel and miscellaneous.

Figure 2

2005 Gross Receipts Distribution¹

as a percentage of Gross Receipts



Total Gross Receipts: \$349,429,648

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Total Expense reported on Schedule C, prior to any limitations, except for operator fees. Reported operator fees have been reduced to reflect actual operator payments to permittees.

(3) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

3(a) 2005 Activity by Business Classification¹

	Permittee		Vendor		Operator ⁽³⁾		MBP		Total	
	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts
Gross Receipts	\$ 160,809,152		\$ 40,467,451		\$ 77,008,946		\$ 71,144,099		\$ 349,429,648	
Taxes ⁽⁴⁾	1,149,505	0.71%	213,830	0.53%	364,968	0.47%	103,107	0.15%	1,831,410	0.52%
Prizes	119,277,949	74.18%	31,557,680	77.98%	58,864,721	76.44%	51,339,535	72.16%	261,039,885	74.70%
Adjusted Gross Income	40,381,698		8,695,941		17,779,257		19,701,457		86,558,353	
Expenses	22,424,193	13.94%	4,438,269	10.97%	13,315,182	17.29%	10,930,825	15.36%	51,108,469	14.63%
Net Proceeds	\$ 17,957,505	11.17%	\$ 4,257,672	10.52%	\$ 4,464,075	5.80%	\$ 8,770,632	12.33%	\$ 35,449,884	10.15%

3(b) 2004 Activity by Business Classification²

	Permittee		Vendor		Operator ⁽³⁾		MBP		Total	
	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts	Amount	% Gross Receipts
Gross Receipts	\$ 157,137,035		\$ 37,402,296		\$ 74,401,772		\$ 72,283,540		\$ 341,224,643	
Taxes ⁽⁴⁾	540,036	0.34%	129,982	0.35%	345,276	0.46%	93,840	0.13%	1,109,134	0.33%
Prizes	118,353,917	75.32%	29,140,000	77.91%	56,438,824	75.86%	54,874,082	75.92%	258,806,823	75.84%
Adjusted Gross Income	38,243,082		8,132,314		17,617,672		17,315,618		81,308,686	
Expenses	22,041,701	14.03%	3,961,018	10.59%	12,950,814	17.41%	11,333,895	15.68%	50,287,428	14.74%
Net Proceeds	\$ 16,201,381	10.31%	\$ 4,171,296	11.15%	\$ 4,666,858	6.27%	\$ 5,981,723	8.27%	\$ 31,021,258	9.09%

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Based on 1,054 permittee annual reports, 22 operator annual reports and 17 MBP annual reports filed with the division as of 07/31/2005.

(3) Reported Operator fees have been reduced to reflect actual operator payments to permittees.

(4) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

Figure 4

2005 Expenses by Business Classification^{1,2}

	Permittees	Vendors	Operators	MBPs	Totals
Wages	\$ 8,404,955	\$ -	\$ 3,328,415	\$ 3,688,242	\$ 15,421,612
Cost of Pull-tab Games	3,433,045	1,235,384	1,543,278	1,031,225	7,242,932
Facility Rental	1,706,887	-	1,664,545	1,351,147	4,722,579
Operator Fee ⁽²⁾	-	-	3,606,914	-	3,606,914
Vendor Compensation	-	2,609,016	-	109,675	2,718,691
Other Facility Costs	1,465,408	-	391,710	694,105	2,551,223
Payroll Taxes	1,218,434	-	374,735	381,720	1,974,889
Cost of Bingo Cards	433,063	-	476,461	1,014,953	1,924,477
Pull-tab Tax Paid	730,454	240,947	436,759	308,954	1,717,114
Contract / Professional Services	522,173	-	684,181	184,242	1,390,596
Accounting	780,158	-	189,633	229,136	1,198,927
Door Prizes	502,436	-	150,910	543,050	1,196,396
Equipment Purchases	305,858	-	(22,175)	161,667	445,350
Advertising	219,162	-	24,046	173,709	416,917
Other Expenses ⁽³⁾	2,702,160	352,922	465,770	1,059,000	4,579,852
Total	\$ 22,424,193	\$ 4,438,269	\$ 13,315,182	\$ 10,930,825	\$ 51,108,469

(1) Based on 1,093 permittee annual reports, 22 operator annual reports, and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Total Expense reported on Schedule C, prior to any limitations, except for operator fees. Reported operator fees have been reduced to reflect actual operator payments to permittees.

(3) Other expenses include repairs and maintenance, insurance, utilities, depreciation, permittee fees, printing, shipping, supplies, travel and miscellaneous.

Figure 5 (a) & (b)

5(a) Activity by Game Type¹

Game Type	Gross Receipts	Taxes ⁽²⁾	Prizes	Adjusted Gross Income	Expenses ⁽³⁾	Net Proceeds
Pull-tabs	\$ 268,925,145	\$ 1,763,720	\$ 206,748,162	\$ 60,413,263	\$ 34,225,858	\$ 26,187,405
Bingo	67,691,449	33,261	48,578,110	19,080,078	14,320,841	4,759,237
Raffle or Lottery	9,886,258	34,087	3,934,386	5,917,785	869,694 ⁽⁴⁾	5,048,091 ⁽⁴⁾
Fish Derby	1,059,965	342	539,423	520,200	248,405	271,795
Ice Classic	580,093	0	290,827	289,266	253,665	35,601
Contest of Skill	525,868	0	323,362	202,506	904,490	(701,984)
Animal Classic	444,751	0	298,918	145,833	116,720	29,113
Snow Machine Classic	237,785	0	142,910	94,875	97,885	(3,010)
Dog Mushers' Contest	56,498	0	180,325	(123,827)	65,224	(189,051)
Race Classic	17,357	0	0	17,357	4,575	12,782
Canned Salmon Classic	2,108	0	3,000	(892)	1,112	(2,004)
Sale of Equipment	1,428	0	0	1,428	0	1,428
Salmon Classic	943	0	462	481	0	481
Rain Classic	0	0	0	0	0	0
Goose Classic	0	0	0	0	0	0
Deep Freeze Classic	0	0	0	0	0	0
Total	\$ 349,429,648	\$ 1,831,410	\$ 261,039,885	\$ 86,558,353	\$ 51,108,469	\$ 35,449,884

5(b) Activity by Business Classification (Pull-tabs, Bingo and Raffle or Lottery)¹

Pull-tabs						
Permittee	\$ 120,277,124	\$ 1,087,572	\$ 93,076,864	\$ 26,112,688	\$ 14,652,390	\$ 11,460,298
MBP	44,105,094	103,107	32,235,097	11,766,890	5,238,697	6,528,193
Vendor	40,467,451	213,830	31,557,680	8,695,941	4,438,269	4,257,672
Operator ⁽³⁾	64,075,476	359,211	49,878,521	13,837,744	9,896,502	3,941,242
Total	\$ 268,925,145	\$ 1,763,720	\$ 206,748,162	\$ 60,413,263	\$ 34,225,858	\$ 26,187,405
Bingo						
Permittee	\$ 28,514,477	\$ 27,504	\$ 20,996,698	\$ 7,490,275	\$ 5,436,840	\$ 2,053,435
MBP	27,031,055	0	19,100,463	7,930,592	5,692,128	2,238,464
Operator ⁽³⁾	12,145,917	5,757	8,480,949	3,659,211	3,191,873	467,338
Total	\$ 67,691,449	\$ 33,261	\$ 48,578,110	\$ 19,080,078	\$ 14,320,841	\$ 4,759,237
Raffle or Lottery						
Permittee	\$ 9,632,581	\$ 34,087	\$ 3,807,547	\$ 5,790,947	\$ 771,403	\$ 5,019,544
MBP	7,950	0	3,975	3,975	0	3,975
Operator ⁽³⁾	245,727	0	122,864	122,863	98,290	24,573
Total	\$ 9,886,258	\$ 34,087	\$ 3,934,386	\$ 5,917,785	\$ 869,693⁽⁴⁾	\$ 5,048,092⁽⁴⁾

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

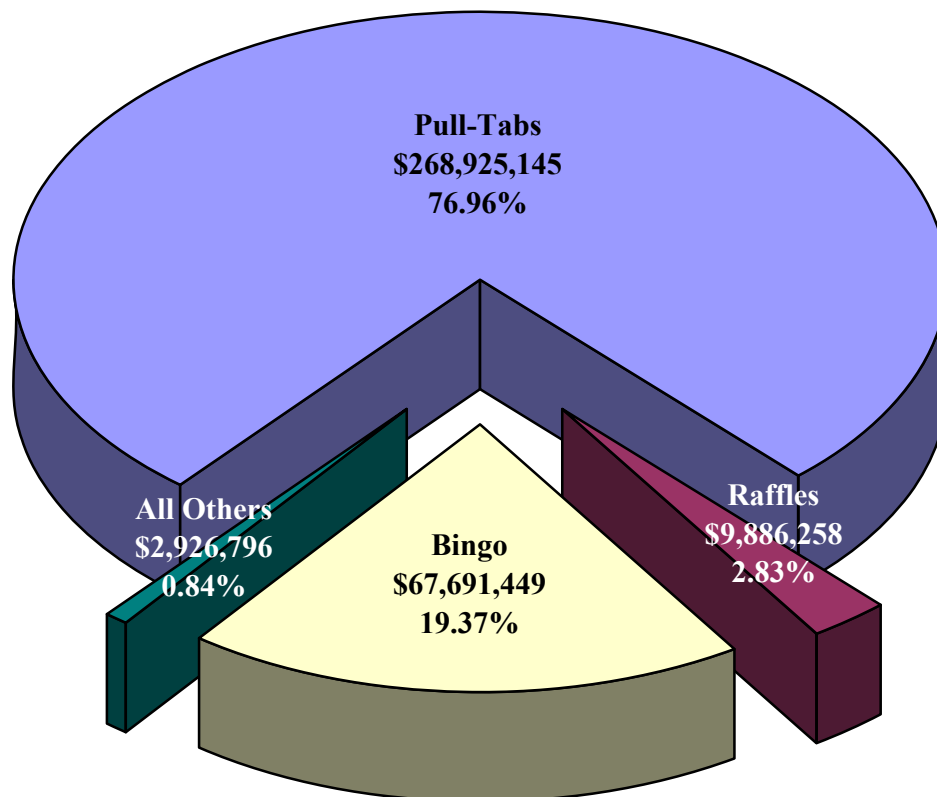
(3) Total Expense reported on Schedule C, prior to any limitations, except for operator fees. Reported operator fees have been reduced to reflect actual operator payments to permittees.

(4) The \$1 difference between raffle expenses and net proceeds reported under Activity by Game Type and those reported under Business Classification is due to rounding.

Figure 6

2005 Gross Receipts by Game Type¹

as a percentage of Gross Receipts



Total Gross Receipts: \$349,429,648

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

Figure 7 (a) & (b)

7(a) 2005 Permittee Self-directed Activity By Game Type¹

<u>Game Type</u>	<u>Gross Receipts</u>	<u>Taxes⁽²⁾</u>	<u>Prizes</u>	<u>Adjusted Gross Income</u>	<u>Expenses⁽³⁾</u>	<u>Net Proceeds</u>
Pull-tabs	\$ 120,277,124	\$ 1,087,572	\$ 93,076,864	\$ 26,112,688	\$ 14,652,390	\$ 11,460,298
Bingo	28,514,477	27,504	20,996,698	7,490,275	5,436,840	2,053,435
Raffle or Lottery	9,632,581	34,087	3,807,547	5,790,947	771,403	5,019,544
Fish Derby	962,890	342	455,954	506,594	236,608	269,986
Ice Classic	580,093	0	290,827	289,266	253,665	35,601
Contest of Skill	525,868	0	323,362	202,506	904,491	(701,985)
Snow Machine Classic	237,785	0	142,910	94,875	97,885	(3,010)
Dog Musher Contest	56,498	0	180,325	(123,827)	65,224	(189,051)
Race Classic	17,357	0	0	17,357	4,575	12,782
Canned Salmon Classic	2,108	0	3,000	(892)	1,112	(2,004)
Sale of Equipment	1,428	0	0	1,428	0	1,428
Salmon Classic	943	0	462	481	0	481
Animal Classic	0	0	0	0	0	0
Rain Classic	0	0	0	-0-	0	0
Goose Classic	0	0	0	-0-	0	0
Deep Freeze Classic	0	0	0	-0-	0	0
Total	\$ 160,809,152	\$ 1,149,505	\$ 119,277,949	\$ 40,381,698	\$ 22,424,193	\$ 17,957,505
	% of Gross Receipts	0.71%	74.17%		13.94%	11.18%

7(b) 2005 Permittee Vendor Activity⁴

	<u>Gross Receipts</u>	<u>Taxes⁽³⁾</u>	<u>Prizes</u>	<u>Adjusted Gross Income</u>	<u>Expenses⁽⁵⁾</u>	<u>Net Proceeds</u>
Pull-tabs	\$ 40,467,451	\$ 213,830	\$ 31,557,680	\$ 8,695,941	\$ 4,438,269	\$ 4,257,672
	% of Gross Receipts	0.53%	77.98%		10.97%	10.52%

(1) Based on 1,093 permittee annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations.

(4) Vendor activity is restricted to pull-tabs.

(5) Total Expenses reported prior to any limitations.

Figure 8 (a) & (b)

8(a) 2005 Operator Activity by Game Type¹

	<u>Pull-tabs</u>	<u>Bingo</u>	<u>Fish Derby</u>	<u>Animal Classic</u>	<u>Raffle</u>	<u>Total</u>
Gross Receipts	\$ 64,075,476	\$ 12,145,917	\$ 97,075	444,751	\$ 245,727	\$ 77,008,946
Taxes ⁽²⁾	359,211	5,757	0	0	0	364,968
Prizes	49,878,521	8,480,949	83,469	298,918	122,864	58,864,721
Adjusted Gross Income	13,837,744	3,659,211	13,606	145,833	122,863	17,779,257
Expenses	9,896,502	3,191,872	11,797	116,721	98,290	13,315,182
Net Proceeds	\$ 3,941,242	\$ 467,339	\$ 1,809	\$ 29,112	\$ 24,573	\$ 4,464,075

8(b) Expenses³

	<u>Pull-tabs</u>	<u>Bingo</u>	<u>Fish Derby</u>	<u>Animal Classic</u>	<u>Raffle</u>	<u>Total</u>
Operator Fee ⁽⁴⁾	\$ 2,903,637	\$ 596,990	\$ 6,000	\$ 52,688	\$ 47,599	\$ 3,606,914
Wages	2,364,490	901,300	0	34,119	28,506	3,328,415
Facility Rental	1,165,197	482,093	4,500	7,017	5,738	1,664,545
Cost of Pull-tab Games	1,543,278	0	0	0	0	1,543,278
Contract / Professional Services	493,597	178,326	0	6,766	5,492	684,181
Cost of Bingo Cards	0	476,461	0	0	0	476,461
Pull-Tab Tax Paid	436,759	0	0	0	0	436,759
Other Facility Costs	247,829	136,113	0	4,349	3,419	391,710
Payroll Taxes	277,208	92,104	0	2,980	2,443	374,735
Accounting	157,962	29,971	1,007	314	379	189,633
Door Prizes	20,910	130,000	0	0	0	150,910
Advertising	9,113	8,361	0	6,397	175	24,046
Equipment Purchases	(22,175)	0	0	0	0	(22,175)
Other Expenses ⁽⁵⁾	298,697	160,153	290	2,091	4,539	465,770
Total Expenses	\$ 9,896,502	\$ 3,191,872	\$ 11,797	\$ 116,721	\$ 98,290	\$ 13,315,182

(1) Based on 22 operator annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations, except for operator fee.

(4) Reported Operator fees have been reduced to reflect actual operator payments to permittees.

(5) Other expenses include repairs and maintenance, insurance, utilities, depreciation, printing, shipping, supplies, travel and miscellaneous.

Figure 9 (a) & (b)

9(a) 2005 Multiple-beneficiary Permittee Activity by Game Type¹

	<u>Pull-tabs</u>	<u>Bingo</u>	<u>Raffle</u>	<u>Total</u>
Gross Receipts	\$ 44,105,094	\$ 27,031,055	\$ 7,950	71,144,099
Taxes ⁽²⁾	103,107	0	0	103,107
Prizes	32,235,097	19,100,463	3,975	51,339,535
Adjusted Gross Income	11,766,890	7,930,592	3,975	19,701,457
Expenses ⁽³⁾	5,238,697	5,692,128	0	10,930,825
Net Proceeds	\$ 6,528,193	\$ 2,238,464	\$ 3,975	\$ 8,770,632

9(b) Expenses³

	<u>Pull-tabs</u>	<u>Bingo</u>	<u>Raffle</u>	<u>Total</u>
Wages	\$ 1,895,621	\$ 1,792,621	\$ 0	\$ 3,688,242
Facility Rental	659,584	691,563	0	1,351,147
Cost of Pull-tab Games	1,031,225	0	0	1,031,225
Cost of Bingo Cards	0	1,014,953	0	1,014,953
Other Facility Costs	271,915	422,190	0	694,105
Door Prizes	104,729	438,321	0	543,050
Payroll Taxes	207,505	174,215	0	381,720
Pull-tab Tax	308,954	0	0	308,954
Accounting	137,664	91,472	0	229,136
Contract / Professional Services	82,073	102,169	0	184,242
Advertising	62,300	111,409	0	173,709
Equipment Purchases	8,757	152,910	0	161,667
Vendor Compensation	109,675	0	0	109,675
Other Expenses ⁽⁴⁾	358,695	700,305	0	1,059,000
Total Expenses	\$ 5,238,697	\$ 5,692,128	\$ 0	\$ 10,930,825

(1) Based on 16 MBP annual reports filed with the division as of 12/15/2006. Includes MBP Vendor Activity.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations.

(4) Other expenses include repairs and maintenance, insurance, utilities, depreciation, permittee fees, printing, shipping, supplies, travel and miscellaneous.

Figure 10 (a) & (b)

10(a) 2005 Permittee Self-directed Activity¹

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 160,809,152	
Taxes ⁽²⁾	1,149,505	0.71%
Prizes	<u>119,277,949</u>	74.18%
Adjusted Gross Income	40,381,698	
Expenses	<u>22,424,193</u>	13.94%
Net Proceeds	<u>\$ 17,957,505</u>	11.17%

10(b) Expenses³

	<u>Amount</u>	<u>% Expenses</u>
Wages	\$ 8,404,955	37.49%
Cost of Pull-tab Games	3,433,045	15.31%
Facility Rental	1,706,887	7.61%
Other Facility Costs	1,465,408	6.53%
Payroll Taxes	1,218,434	5.43%
Accounting	780,158	3.48%
Pull-Tab Tax	730,454	3.26%
Contract / Professional Services	522,173	2.33%
Door Prizes	502,436	2.24%
Cost of Bingo Cards	433,063	1.93%
Equipment Purchases	305,858	1.36%
Advertising	219,162	0.98%
Other Expenses ⁽⁴⁾	<u>2,702,160</u>	12.05%
Total Expenses	<u>\$ 22,424,193</u>	

(1) Based on 1,093 permittee annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations.

(4) Other expenses include repairs and maintenance, insurance, utilities, depreciation, permittee fees, printing, shipping, supplies, travel and miscellaneous.

Figure 11 (a) & (b)

11(a) Operator Activity¹

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 77,008,946	
Taxes ⁽²⁾	364,968	0.47%
Prizes	<u>58,864,721</u>	76.44%
Adjusted Gross Income	17,779,257	
Expenses	<u>13,315,182</u>	17.29%
Net Proceeds	<u><u>\$ 4,464,075</u></u>	5.80%

11(b) Expenses³

	<u>Amount</u>	<u>% Expenses</u>
Operator Fee ⁽⁴⁾	\$ 3,606,914	27.10%
Wages	3,328,415	25.00%
Facility Rental	1,664,545	12.50%
Cost of Pull-tab Games	1,543,278	11.59%
Contract / Professional Services	684,181	5.14%
Cost of Bingo Cards	476,461	3.58%
Pull-Tab Tax	436,759	3.28%
Other Facility Costs	391,710	2.94%
Payroll Taxes	374,735	2.81%
Accounting	189,633	1.42%
Door Prizes	150,910	1.13%
Advertising	24,046	0.18%
Equipment Purchases	(22,175)	-0.17%
Other Expenses ⁽⁵⁾	<u>465,770</u>	3.50%
Total Expenses	<u><u>\$ 13,315,182</u></u>	

(1) Based on 22 operator annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations, except for operator fees.

(4) Reported Operator fees have been reduced to reflect actual operator payments to permittees.

(5) Other expenses include repairs and maintenance, insurance, utilities, depreciation, printing, shipping, supplies, travel and miscellaneous.

Figure 12 (a) & (b)

12(a) Multiple-beneficiary Permittee Activity¹

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 71,144,099	
Taxes ⁽²⁾	103,107	0.14%
Prizes	<u>51,339,535</u>	72.17%
Adjusted Gross Income	19,701,457	
Expenses	<u>10,930,825</u>	15.21%
Net Proceeds	<u>\$ 8,770,632</u>	12.48%

12(b) Expenses³

	<u>Amount</u>	<u>% Expenses</u>
Wages	\$ 3,688,242	33.74%
Facility Rental	1,351,147	12.36%
Cost of Pull-tab Games	1,031,225	9.43%
Cost of Bingo Cards	1,014,953	9.29%
Other Facility Costs	694,105	6.35%
Door Prizes	543,050	4.96%
Payroll Taxes	381,720	3.49%
Pull-tab Tax	308,954	2.83%
Accounting	229,136	2.10%
Contract / Professional Services	184,242	1.69%
Advertising	173,709	1.59%
Equipment Purchases	161,667	1.48%
Vendor Compensation	109,675	1.00%
Other Expenses ⁽⁴⁾	<u>1,059,000</u>	9.69%
Total Expenses	<u>\$ 10,930,825</u>	

(1) Based on 16 MBP annual reports filed with the division as of 12/15/2006. Includes MBP Vendor Activity.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations.

(4) Other expenses include repairs and maintenance, insurance, utilities, depreciation, vendor compensation, permittee fees, printing, shipping, supplies, travel and miscellaneous.

Figure 13

2005 Activity by Organization Type¹

<u>Organization Type</u>	<u>Gross Receipts</u>	<u>Taxes ⁽²⁾</u>	<u>Prizes</u>	<u>Adjusted Gross Income</u>	<u>Expenses ⁽³⁾</u>
Charitable	\$ 80,997,888	\$ 207,556	\$ 60,099,849	\$ 20,690,483	\$ 12,591,953
Civic or Service	60,561,548	218,383	44,596,537	15,746,628	8,819,022
Educational	55,835,892	187,242	42,363,721	13,284,929	8,168,081
Veterans	31,009,957	105,999	24,238,136	6,665,822	3,828,598
Municipality	28,921,557	54,009	22,122,786	6,744,762	3,903,354
IRA/Native Village	28,346,397	90,864	20,383,685	7,871,848	4,251,663
Fraternal	26,745,229	206,173	20,586,647	5,952,409	3,338,082
Nonprofit Trade Association	12,774,988	22,629	9,177,707	3,574,652	1,695,634
Police or Fire Department	9,223,134	28,982	7,109,733	2,084,419	1,405,295
Dog Musers' Association	9,036,690	703,093	6,174,643	2,158,954	2,031,823
Religious	2,561,156	1,540	1,782,922	776,694	400,508
Labor	1,594,201	2,437	1,160,945	430,819	268,435
Political	1,593,727	2,503	1,143,097	448,127	322,525
Fishing Derby Association	227,284	0	99,477	127,807	83,496
Total	\$ 349,429,648	\$ 1,831,410	\$ 261,039,885	\$ 86,558,353	\$ 51,108,469

(1) Based on 1,093 permittee annual reports, 22 operator annual reports and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Reported taxes should include only the federal excise tax and municipal sales taxes on gross receipts.

(3) Total Expense reported on Schedule C, prior to any limitations, except for operator fees. Reported operator fees have been reduced to reflect actual operator payments to permittees.

Figure 14

Gross Receipts from Gaming by Organization Type

<u>Organization Type</u>	<u>2005</u> ⁽¹⁾		<u>2004</u> ⁽²⁾
	<u>Gross Receipts</u>		<u>Gross Receipts</u>
Charitable	\$ 80,997,888	Charitable	\$ 82,607,122
Civic or Service	60,561,548	Civic or Service	59,834,506
Educational	55,835,892	Educational	52,830,611
Veterans	31,009,957	Veterans	29,976,665
Municipality	28,921,557	Municipality	28,020,277
IRA/Native Village	28,346,397	IRA/Native Village	27,306,718
Fraternal	26,745,229	Fraternal	28,508,184
Nonprofit Trade Association	12,774,988	Nonprofit Trade Association	9,584,875
Police or Fire Department	9,223,134	Police or Fire Department	6,729,810
Dog Musers' Association	9,036,690	Dog Musers' Association	8,395,232
Religious	2,561,156	Religious	3,696,997
Labor	1,594,201	Labor	1,430,602
Political	1,593,727	Political	2,162,343
Fishing Derby Association	<u>227,284</u>	Fishing Derby Assn	<u>140,701</u>
Total	<u><u>\$ 349,429,648</u></u>	Total	<u><u>\$ 341,224,643</u></u>

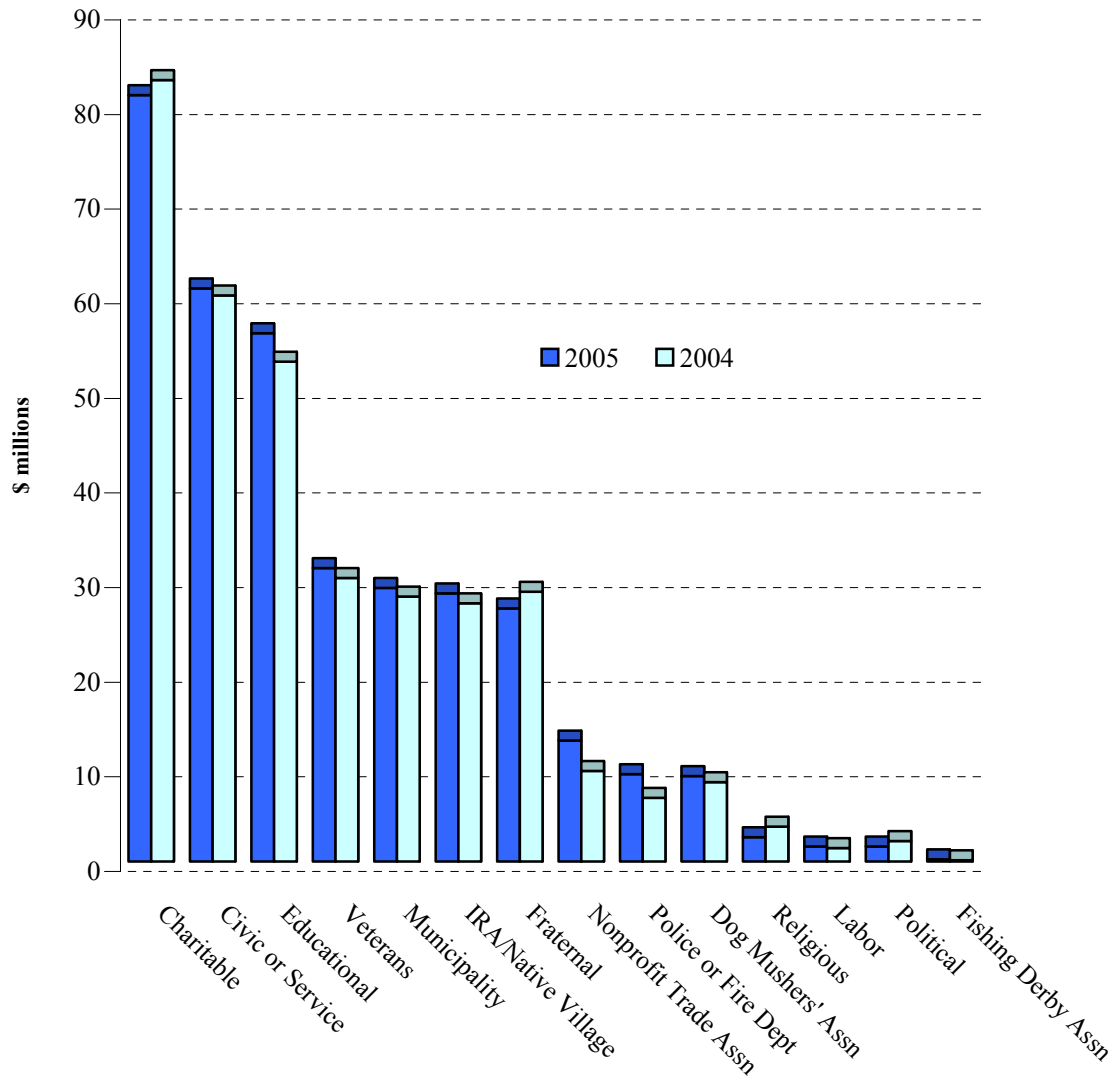
(1) Based on 1,093 permittee annual reports, 22 operator annual reports, and 16 MBP annual reports filed with the division as of 12/15/2006.

(2) Based on 1,054 permittee annual reports, 22 operator annual reports, and 17 MBP annual reports filed with the division as of 07/31/2005.

Organization types as reported were reviewed and, when necessary, reclassified to the correct category.

Figure 15

Gross Receipts by Organization Type



Gross Receipts

2005 - \$349,429,648

2004 - \$341,224,643

Figure 16 (a) & (b)

16(a) Licensed Operators by Location

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Anchorage	7	4	5	7	7	8	6	6	4	6	12	12
Bethel	1	1	1	1	1	1	2	1	1	1	1	1
Craig	2	2	3	3	3	3	3	3	3	2	2	2
Fairbanks	5	5	6	7	6	4	4	4	4	5	5	7
Juneau	1	1	2	1	1	1	1	0	0	1	1	3
Ketchikan	4	4	5	5	5	4	3	3	3	3	2	3
Nome	1	2	2	2	2	2	2	2	2	2	1	2
North Pole	0	1	1	0	0	1	1	1	2	2	2	2
Palmer	0	0	0	0	0	0	0	0	0	1	0	0
Petersburg	1	1	1	1	1	1	1	1	1	1	1	1
Valdez	0	0	0	0	0	0	1	1	1	1	1	1
Wasilla	1	1	1	0	0	0	0	0	0	0	0	1
Total	<u>23</u>	<u>22</u>	<u>27</u>	<u>27</u>	<u>26</u>	<u>25</u>	<u>24</u>	<u>22</u>	<u>21</u>	<u>25</u>	<u>28</u>	<u>35</u>

Table 13(b)

16(b) Licensed Distributors by Location

Anchorage	2	3	4	3	3	5	5	5	5	6	5	5
Fairbanks	4	3	3	4	4	2	2	3	3	3	3	4
Juneau	2	3	2	2	2	2	2	2	2	3	3	4
Kenai	0	0	0	0	0	0	1	0	0	0	0	0
Ketchikan	1	1	1	1	1	1	1	1	1	1	1	2
Nome	0	0	1	1	1	1	1	1	1	1	1	1
Sitka	1	1	1	1	1	1	1	1	1	1	1	1
Soldotna	1	1	1	1	1	1	1	1	1	1	1	1
Wasilla	0	0	0	0	0	0	0	0	0	0	0	1
Total	<u>11</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>16</u>	<u>15</u>	<u>19</u>

Figure 17 (a) & (b)

17(a) 2005 Registered Vendors by Location

<u>City</u>	<u>Vendors</u>	<u>City</u>	<u>Vendors</u>
Anchor Point	1	King Salmon	2
Anchorage	44	Kodiak	3
Anderson	2	Manley Hot Springs	1
Big Lake	4	Moose Pass	1
Cantwell	1	Naknek	3
Chitina	2	Nenana	4
Chugiak	2	Nikiski	2
Clam Gulch	2	Ninilchik	1
Cooper Landing	1	Nome	6
Copper Center	2	North Pole	5
Cordova	3	Northway	1
Craig	1	Palmer	4
Delta Junction	2	Salcha	2
Dutch Harbor	1	Seldovia	1
Eagle River	5	Seward	5
Fairbanks	34	Sitka	4
Galena	1	Soldotna	8
Glennallen	3	Sterling	2
Haines	3	Talkeetna	4
Homer	5	Tok	4
Hoonah	1	Trapper Creek	1
Houston	1	Unalaska	5
Juneau	9	Valdez	5
Kasilof	1	Wasilla	12
Kenai	8	Willow	4
Ketchikan	6	Wrangell	3
King Cove	1	Yakutat	3

Total Vendors in 2005 242

Total Vendors in 2004 247*

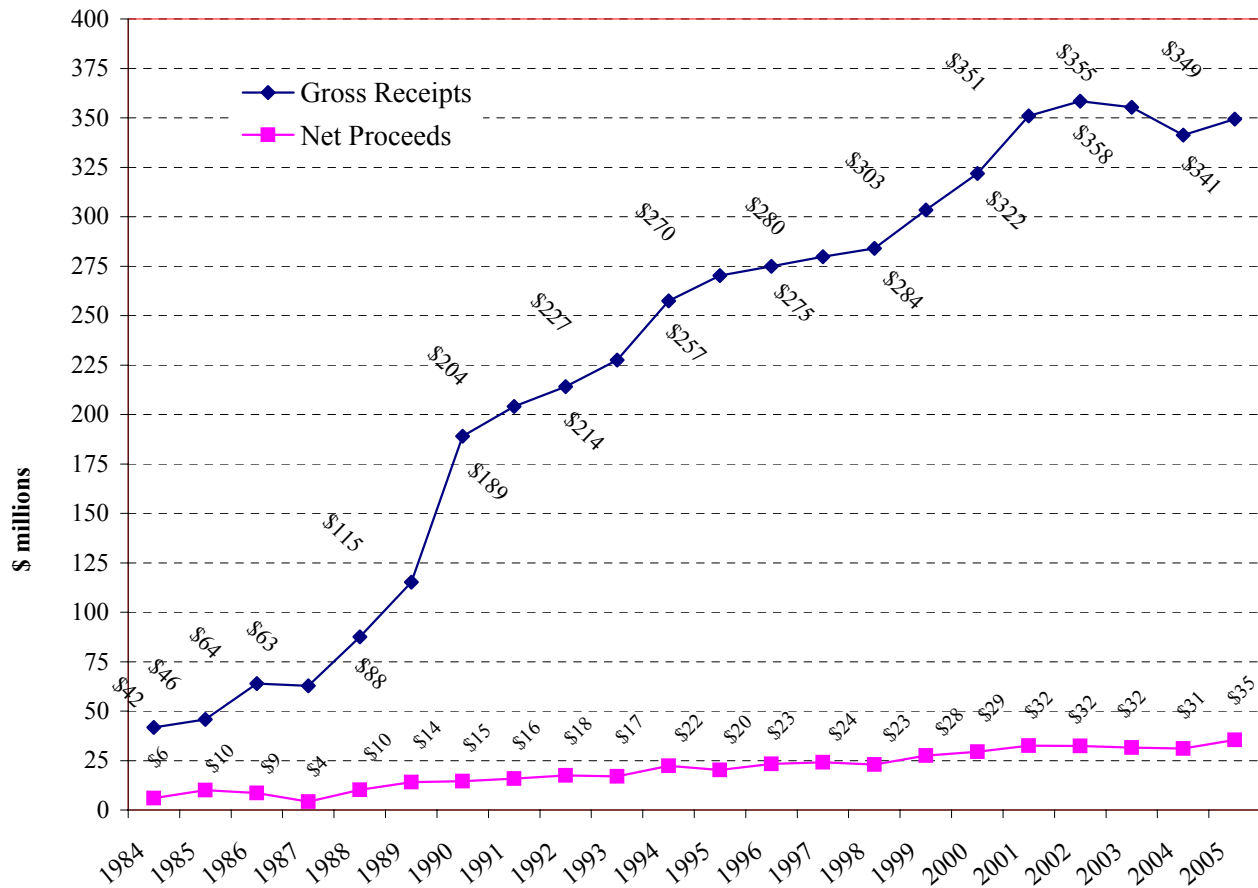
*Total vendors in 2004 has been revised to correct total vendors in 2004 as originally reported.

17(b) Multiple-beneficiary Permittees by Location

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Anchorage	6	6	5	5	6	6	9
Douglas	1	1	0	0	0	0	0
Fairbanks	2	2	3	2	2	2	2
Homer	0	1	1	0	0	0	0
Juneau	2	2	3	4	4	3	3
Kenai	3	2	3	2	1	1	1
Kodiak	2	2	2	1	1	0	0
Soldotna	0	1	0	0	0	0	0
Total MBPs	<u><u>16</u></u>	<u><u>17</u></u>	<u><u>17</u></u>	<u><u>14</u></u>	<u><u>14</u></u>	<u><u>12</u></u>	<u><u>15</u></u>

Figure 18 (a) & (b)

18(a) Annual Gross Receipts and Net Proceeds



Pull-tabs were legalized and prize limits increased in 1988.

18(b) Net Proceeds as a Percentage of Gross Receipts

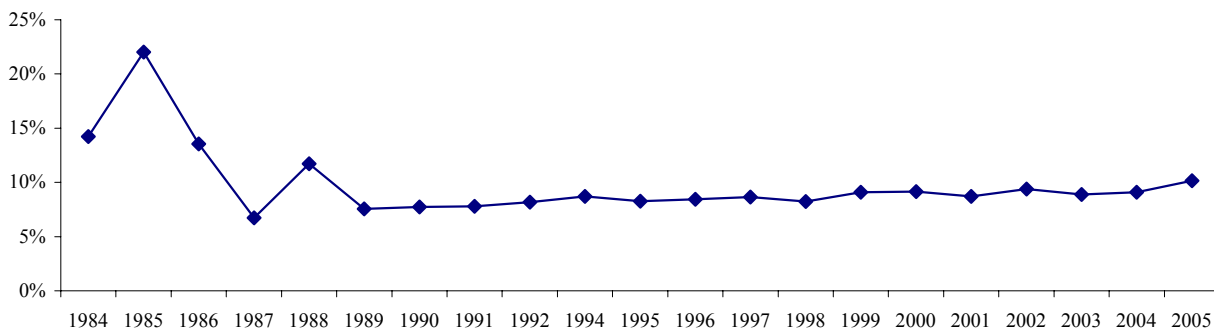
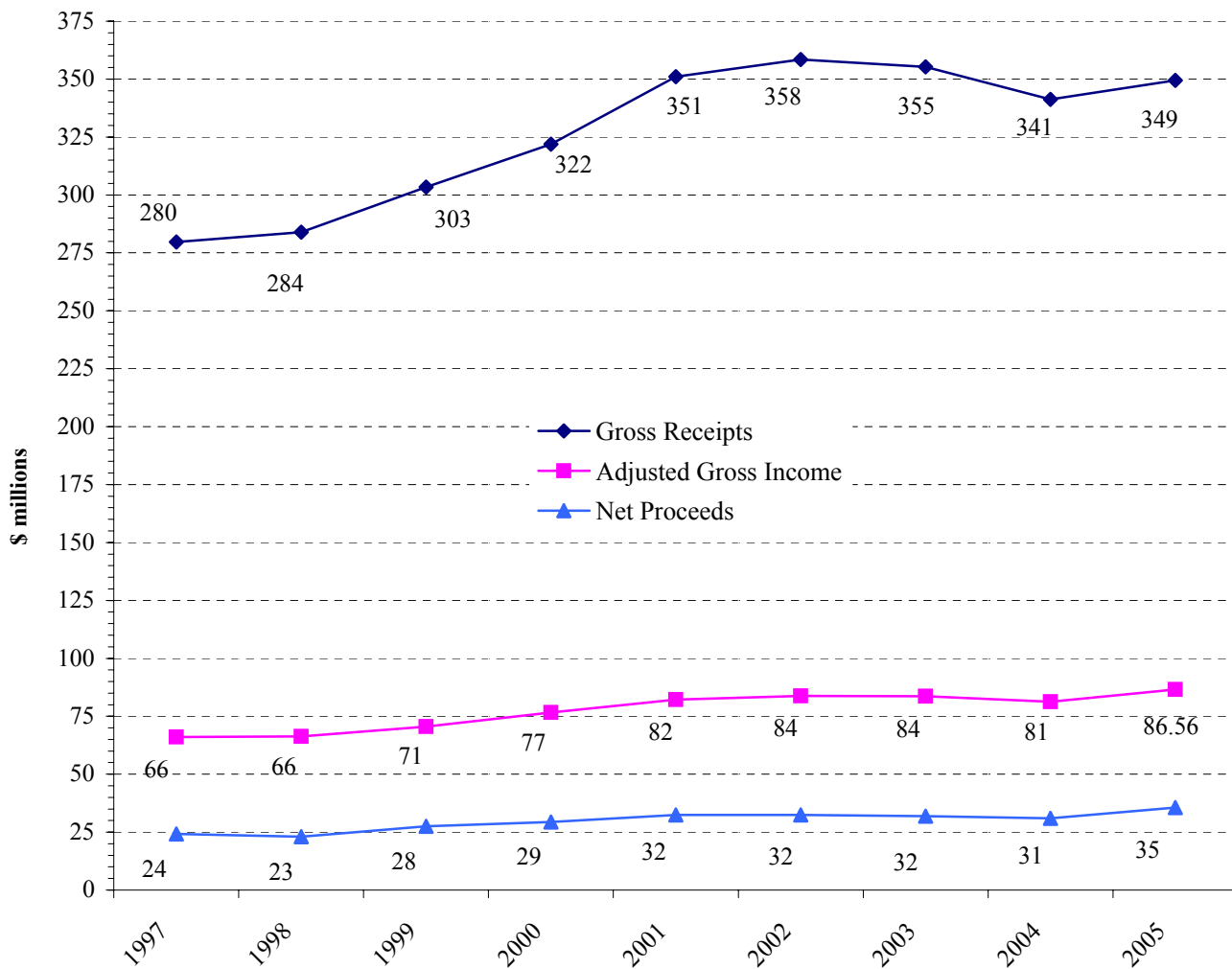


Figure 19 (a) & (b)

19(a) Annual Adjusted Gross Income and Net Proceeds



This chart illustrates the impact of prizes on net proceeds. The space between gross receipts and adjusted gross income represents prizes and taxes on gross receipts, with taxes accounting for less than half of a percent of the total taxes and prizes. Adjusted gross income is the amount of money available to pay gaming expenses and make distributions of net proceeds.

19(b) Net Proceeds as a Percentage of Adjusted Gross Income

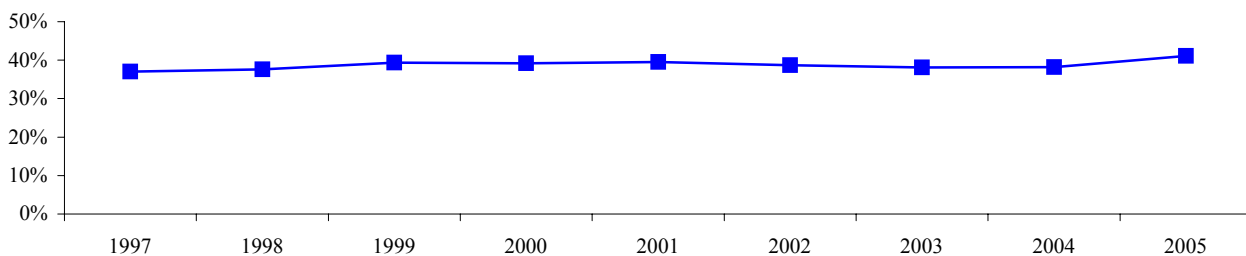
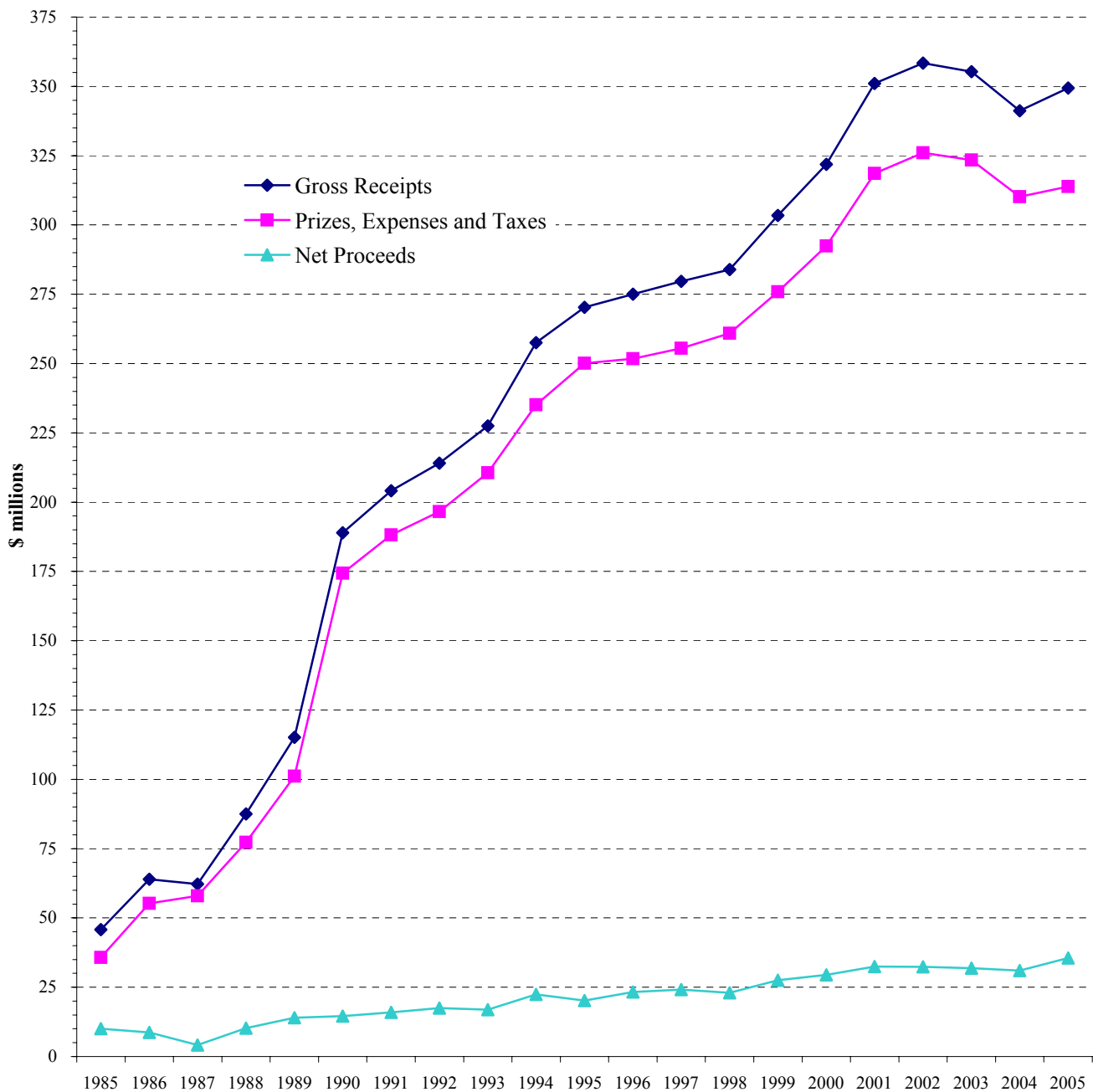


Figure 20

Annual Gross Receipts, Prizes, Expenses, Taxes and Net Proceeds



2005 Annual Report of Gaming Group Operations



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