

INTERIM STUDY PROPOSAL 2007-225

REQUESTING THE ARKANSAS LEGISLATIVE COUNCIL REFER TO THE HOUSE
INTERIM COMMITTEE ON REVENUE AND TAXATION A STUDY ON THE REPEAL
OF THE TAX ON CHARITABLE BINGO.

WHEREAS, in 2006 the voters of this state overwhelmingly approved a
constitutional amendment permitting charitable bingo and raffles; and

WHEREAS, that amendment to the Arkansas Constitution stated that “all
net receipts over and above the actual cost of conducting the [bingo] game or
raffle [shall be] used only for charitable, religious, or philanthropic
purposes”; and

WHEREAS, Arkansas Code § 23-114-601, originally part of the
implementing legislation for charitable bingos and raffles, imposes an excise
tax of one cent (1¢) upon the sale of each bingo face sold by a licensed
distributor to a licensed authorized organization, as well as an excise tax
of ten percent (10%) of the gross receipts derived from the sale of all bingo
equipment other than bingo faces by a licensed distributor to a licensed
authorized organization; and

WHEREAS, it appears that this tax collects far more revenue than
necessary for the proper administration and oversight of charitable bingo;
and

WHEREAS, the revenue collected by the state comes at the detriment of
charitable organizations throughout the state, as those funds would otherwise
be diverted for those purposes; and

WHEREAS, the tax restricts the ability of charitable organizations to
perform beneficial charitable acts such as scholarship awards, the very acts
presumed to be a main benefit of the constitutional amendment approved by the
citizens of this state; and

WHEREAS, the General Assembly should study the effect of the excise tax

1 on charitable bingo and determine whether the funds collected under the tax
2 are necessary for the proper conduct of charitable bingo,

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4 NOW THEREFORE,

5 BE IT PROPOSED BY THE ARKANSAS LEGISLATIVE COUNCIL OF THE EIGHTY-SIXTH
6 GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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8 THAT the Arkansas Legislative Council refer to the House Interim
9 Committee on Revenue and Taxation a study on repealing the tax on charitable
10 bingo to allow licensed authorized organizations to direct a greater
11 percentage of the proceeds of charitable bingo to charitable, religious, or
12 philanthropic purposes.

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14 Respectfully submitted,

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18 _____
Representative Tracy Pennartz

19 District 65

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Representative David "Bubba" Powers

24 District 3

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Representative Randy Stewart

29 District 23

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Representative Jon Woods

34 District 93

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36 Filed Date: 07/23/2008 By: MBM/bgs Revised: 08-19-08 vjf