

## **GAMING PRIZE AND EXPENSE LIMITS**

### Pull-Tabs

- Gaming related expenses are limited to 70 percent of adjusted gross income (AS 05.15.160).
- The aggregate annual prize limit (prizes awarded) for gaming activities other than bingo is \$2,000,000.00. However if a permit holder contracts with an operator, the aggregate annual prize limit for gaming activities other than bingo is \$500,000.00 (AS 05.15.180).
- An operator must pay a permittee 100 percent of net proceeds and a minimum of 30 percent of adjusted gross income on an annual basis.

### Bingo

- Gaming related expenses are limited to 90 percent of adjusted gross income (AS 05.15.160).
- The aggregate annual prize limit (prizes awarded) for self-conducted bingo is \$840,000.00 and may not exceed 85 percent of gross receipts (15 AAC 160.600).
- The aggregate annual prize limit for bingo for a permittee that contracts with an operator is \$660,000.00 and may not exceed 85 percent of gross receipts (15 AAC 160.600).
- An operator must pay a permittee 100 percent of net proceeds and a minimum of 10 percent of adjusted gross income on an annual basis.
- The total value of cash and merchandise prizes awarded for a bingo game may not exceed \$1,000.00, and the total value of cash and merchandise prizes awarded during a session of bingo may not exceed \$5,000.00 (15 AAC 160.620).

### Door Prizes

- The total value of door prizes offered or awarded may not exceed \$20,000.00 a month or \$240,000.00 a year (AS 05.15.180).
- The total value of all door prizes offered or awarded at a single facility or bingo hall or parlor by an operator on behalf of authorizing permittees may not exceed \$20,000.00 a month or \$240,000.00 a year.

### Authorized Gaming Related Expenses

Gaming expenses must be bona fide expenses that are reasonable, ordinary, and necessary to conduct a gaming activity, such as the cost of games (AS 05.15.160). Authorized expenses that exceeds the limits set out above are considered unauthorized expenses. Authorized expenses include (15 AAC 160.995(3)(A)):

1. Depreciation and maintenance of equipment used exclusively for gaming;
2. Printing raffle tickets;
3. Advertising (may not exceed five percent of adjusted gross income (15 AAC 160.780));
4. Utilities, maintenance, property taxes, insurance, and depreciation of the portion of a building used for gaming activity;
5. Lease or rental of property and facilities;
6. Postage, freight and accounting services;
7. Employee wages and payroll taxes;

8. Pull-tab taxes;
9. Janitorial services for the premises, food for player consumption on the premises provided free of charge;
10. Legal and consulting services directly related to gaming;
11. Door prizes;
12. Interest on allowable loans and other amounts allowed by generally accepted accounting principles.

Refer to 15 AAC 160.995(3)(B) for unauthorized expenses.