

# REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Simrill, G.M. Smith, Hosey & Stavrinakis - Staff Contact: Katie Owen)

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## HOUSE BILL 3765

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H. 3765 -- Reps. Herbkersman, Knight, Hosey, Merrill, R.L. Brown and Clyburn: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-21-4310 SO AS TO CREATE THE CHARITABLE BINGO ADVISORY COMMITTEE, PROVIDE FOR ITS MEMBERSHIP AND PURPOSES, AND REQUIRE A DEPARTMENT OF REVENUE DESIGNEE AS LIAISON; BY ADDING SECTION 12-21-4320 SO AS TO PROVIDE FOR ESTABLISHMENT OF AN INFORMATIONAL CHARITABLE BINGO WEBSITE BY THE DEPARTMENT AND REQUIRING THE DEPARTMENT'S RESPONSE TO INQUIRIES AS PERMANENTLY ACCESSIBLE ADVISORY OPINIONS; BY ADDING SECTION 12-21-4330 SO AS TO PROVIDE FOR ALLOWABLE PROMOTIONAL EXPENSES; TO AMEND SECTION 12-21-3920, AS AMENDED, RELATING TO DEFINITIONS FOR PURPOSES OF THE BINGO TAX ACT, SO AS TO INCLUDE SPECIFIC NAMED GAMES IN THE DEFINITION "BINGO", AND TO PROVIDE THAT THE DEFINITION OF A "CARD" INCLUDES AN INSTANT BINGO TICKET; TO AMEND SECTIONS 12-21-3940 AND 12-21-3950, BOTH AS AMENDED, RELATING TO APPLICATIONS FOR LICENSING BY NONPROFIT ORGANIZATIONS AND PROMOTERS, RESPECTIVELY, SO AS TO PROVIDE FOR AN INFORMAL APPEAL OF A REJECTION AS A FIRST STEP IN AN APPEAL; TO AMEND SECTION 12-21-3990, AS AMENDED, RELATING TO THE MANNER OF PLAYING BINGO, SO AS TO SPECIFY THE MANNER OF PLAYING BINGO WITH INSTANT BINGO TICKETS; TO AMEND SECTION 12-21-4000, AS AMENDED, RELATING TO PROCEDURES FOR OPERATING A BINGO GAME, SO AS TO FURTHER PROVIDE FOR THE APPLICABILITY OF BINGO PROCEDURES FOR BINGO PLAYED WITH INSTANT BINGO TICKETS, TO INCREASE THE ALLOWABLE EXPENSE FOR PROMOTIONS FROM ONE HUNDRED DOLLARS TO TWO HUNDRED FIFTY DOLLARS FOR EACH SESSION, AND TO SPECIFY THE INTENT OF THIS SECTION; TO AMEND SECTION 12-21-4007, RELATING TO SITE SELECTION AND ELECTRONIC DABBER SPECIFICATIONS, SO AS TO INCREASE FROM ONE TO TWO UNITS FOR THE USE OF AN ELECTRONIC DABBER BY A PLAYER; TO AMEND SECTION 12-21-4020, AS AMENDED, RELATING TO CLASSES OF BINGO LICENSEES, SO AS TO PROVIDE FOR OPERATIONAL HOURS; TO AMEND SECTION 12-21-4120, AS AMENDED, RELATING TO A CLARIFICATION FROM THE DEPARTMENT AS TO PLAY OR OPERATION OF A GAME, SO AS TO FURTHER PROVIDE FOR A BINGO ADVISORY OPINION; TO AMEND SECTION 12-21-4190, AS AMENDED, RELATING TO BINGO CARD CHANGES AND DISTRIBUTION OF REVENUES, SO AS TO PROVIDE FOR A FIVE PERCENT PRIZE FEE FOR CERTAIN TYPES OF BINGO WHICH MUST BE COLLECTED BY THE PROMOTER AND REMITTED TO THE DEPARTMENT OF REVENUE AND TO PROVIDE HOW THE PRIZE FEE EFFECTS PRIZE LIMITS; AND TO AMEND SECTION 12-21-4240, RELATING TO LICENSES TO MANUFACTURE, DISTRIBUTE, OR USE BINGO CARDS, SO AS TO INCLUDE ITEMS OTHER THAN BINGO CARDS TO WHICH THIS SECTION APPLIES.

*Summary of Bill:*

This bill establishes the Bingo Advisory Committee and requires establishment of a Department of Revenue liaison. The bill also makes various revisions to the manner in which charitable bingo may be played.

THE BELOW CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SC HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFITS OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUCTED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT.

*Introduced:* 02/06/2013

*Received by Ways and Means:* 02/06/2013

***Estimated Fiscal Impact:***

This bill is expected to raise Departmental Revenue within the state's General Fund by a total of \$425,940 in Fy 13-14. Additionally, it would raise funds earmarked to the Division on Aging within the Office of the Lieutenant Governor by \$39,232; the Department of Parks, Recreation and Tourism by \$115,748; and local charities by a total of \$195, 520 in FY 13-14.

***Subcommittee Recommendation:***

Favorable

***Full Committee Recommendation:***

Pending

***Other Notes/Comments:***

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# Statement of Estimated State Revenue Impact

Date: May 14, 2013

Bill Number: H.B. 3765

Author: Herbkersman, Knight, Hosey, Merrill, R.L. Brown and Clyburn

Committee Requesting Impact: House Ways & Means

**Bill Summary:** A bill to amend the Code of Laws of South Carolina, 1976, by adding Section (§) 12-21-4310 so as to create the Charitable Bingo Advisory Committee, provide for its membership and purposes, and require a Department of Revenue designee as liaison; by adding §12-21-4320 so as to provide for establishment of an informational charitable bingo website by the department and requiring the department's response to inquiries as permanently accessible advisory opinions; by adding §12-21-4330 so as to provide for allowable promotional expenses; to amend §12-21-3920, as amended, relating to definitions for purposes of the Bingo Tax Act, so as to include specific named games in the definition "bingo", and to provide that the definition of a "card" includes an instant bingo ticket; to amend §§ 12-21-3940 and 12-21-3950, both as amended, relating to applications for licensing by nonprofit organizations and promoters, respectively, so as to provide for an informal appeal of a rejection as a first step in an appeal; to amend §12-21-3990, as amended, relating to the manner of playing bingo, so as to specify the manner of playing bingo with instant bingo tickets; to amend §12-21-4000, as amended, relating to procedures for operating a bingo game, so as to further provide for the applicability of bingo procedures for bingo played with instant bingo tickets, to increase the allowable expense for promotions from one hundred dollars to two hundred fifty dollars for each session, and to specify the intent of this section; to amend §12-21-4007, relating to site selection and electronic dabber specifications, so as to increase from one to two units for the use of an electronic dabber by a player; to amend §12-21-4020, as amended, relating to classes of bingo licensees, so as to provide for operational hours; to amend §12-21-4120, as amended, relating to a clarification from the department as to play or operation of a game, so as to further provide for a bingo advisory opinion; to amend §12-21-4190, as amended, relating to bingo card changes and distribution of revenues, so as to provide for a five percent prize fee for certain types of bingo which must be collected by the promoter and remitted to the Department of Revenue and to provide how the prize fee effects prize limits; and to amend §12-21-4240, relating to licenses to manufacture, distribute, or use bingo cards, so as to include items other than bingo cards to which this section applies.

## REVENUE IMPACT <sup>1/</sup>

This bill is expected to raise Departmental Revenue within the state's General Fund by a total of \$425,940 in FY 2013-14. Additionally, it would raise funds earmarked to the Division on Aging (DOA) within the Office of the Lieutenant Governor by \$39,232; the Department of Parks, Recreation and Tourism (PRT) by \$115,748; and local charities by a total of \$195,520 in FY 2013-14.

**Explanation:** This bill broadens provisions for a bingo gaming session to include a deal of instant bingo tickets, face value not to exceed \$1 each, and authorizes several types of instant bingo games. In addition to existing charges by class of bingo license that range from a rate of 4 cents to 10 cents per dollar of bingo card/instant bingo ticket sales, promoters must return a fee to the Department of Revenue (DOR) equivalent to 5% of prize winnings from games played with instant bingo tickets, for 24-number bingo and lightning bingo. As not otherwise allocated in permanent law, such prize fees must be directed to the state's General Fund under temporary law (Part 1B Proviso 89.1 in current State Budget). As additional proceeds, allocation of instant ticket sales would not otherwise impact revenue transfers mandated to DOA, DOR and the Commission on Minority Affairs in Sections 12-21-4190, 12-21-4200 and 12-4-390.

We expect gross receipts from bingo card sales of approximately \$7,520,000 in FY 2013-14, of which \$752,000, or 10%, would stem from sale of instant bingo tickets. Of this increase, local charities would receive \$195,520 (26%), and balance of \$556,480 (74%) would be allotted to state programs/funds as follows: General Fund, \$401,500; PRT, \$115,748; and DOA, \$39,232. As an incentive to promote instant bingo games, we expect promoters to return a minimum payout of 65% of card sales in winnings. Multiplying \$752,000 times .65 factor yields \$488,800 in winnings; then multiplying \$488,800 times .05 factor yields \$24,440 as that amount directed to the state's General Fund in FY 2013-14 from the additional 5% prize fee. The bill is therefore expected to raise state and local revenues by a combined total of \$776,440 in FY 2013-14, prorated at a total of \$580,920 to state sources and \$195,520 to local charities.



Frank A. Rainwater  
Chief Economist

Analyst: Di Biase

<sup>1/</sup> This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).

**South Carolina General Assembly**  
120th Session, 2013-2014

**H. 3765**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Herbkersman, Knight, Hosey, Merrill, R.L. Brown and Clyburn  
Document Path: l:\council\bills\bbm\10873htc13.docx

Introduced in the House on March 6, 2013

Currently residing in the House Committee on **Ways and Means**

Summary: Charitable Bingo Advisory Committee

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/6/2013	House	Introduced and read first time ( <a href="#">House Journal-page 71</a> )
3/6/2013	House	Referred to Committee on <b>Ways and Means</b> ( <a href="#">House Journal-page 71</a> )

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**VERSIONS OF THIS BILL**

[3/6/2013](#)

1  
2  
3  
4  
5  
6  
7  
8

## A BILL

11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,  
12 1976, BY ADDING SECTION 12-21-4310 SO AS TO CREATE  
13 THE CHARITABLE BINGO ADVISORY COMMITTEE,  
14 PROVIDE FOR ITS MEMBERSHIP AND PURPOSES, AND  
15 REQUIRE A DEPARTMENT OF REVENUE DESIGNEE AS  
16 LIAISON; BY ADDING SECTION 12-21-4320 SO AS TO  
17 PROVIDE FOR ESTABLISHMENT OF AN INFORMATIONAL  
18 CHARITABLE BINGO WEBSITE BY THE DEPARTMENT  
19 AND REQUIRING THE DEPARTMENT'S RESPONSE TO  
20 INQUIRIES AS PERMANENTLY ACCESSIBLE ADVISORY  
21 OPINIONS; BY ADDING SECTION 12-21-4330 SO AS TO  
22 PROVIDE FOR ALLOWABLE PROMOTIONAL EXPENSES;  
23 TO AMEND SECTION 12-21-3920, AS AMENDED,  
24 RELATING TO DEFINITIONS FOR PURPOSES OF THE  
25 BINGO TAX ACT, SO AS TO INCLUDE SPECIFIC NAMED  
26 GAMES IN THE DEFINITION "BINGO", AND TO PROVIDE  
27 THAT THE DEFINITION OF A "CARD" INCLUDES AN  
28 INSTANT BINGO TICKET; TO AMEND SECTIONS  
29 12-21-3940 AND 12-21-3950, BOTH AS AMENDED,  
30 RELATING TO APPLICATIONS FOR LICENSING BY  
31 NONPROFIT ORGANIZATIONS AND PROMOTERS,  
32 RESPECTIVELY, SO AS TO PROVIDE FOR AN INFORMAL  
33 APPEAL OF A REJECTION AS A FIRST STEP IN AN  
34 APPEAL; TO AMEND SECTION 12-21-3990, AS AMENDED,  
35 RELATING TO THE MANNER OF PLAYING BINGO, SO AS  
36 TO SPECIFY THE MANNER OF PLAYING BINGO WITH  
37 INSTANT BINGO TICKETS; TO AMEND SECTION  
38 12-21-4000, AS AMENDED, RELATING TO PROCEDURES  
39 FOR OPERATING A BINGO GAME, SO AS TO FURTHER  
40 PROVIDE FOR THE APPLICABILITY OF BINGO  
41 PROCEDURES FOR BINGO PLAYED WITH INSTANT  
42 BINGO TICKETS. TO INCREASE THE ALLOWABLE

1 EXPENSE FOR PROMOTIONS FROM ONE HUNDRED  
2 DOLLARS TO TWO HUNDRED FIFTY DOLLARS FOR EACH  
3 SESSION, AND TO SPECIFY THE INTENT OF THIS  
4 SECTION; TO AMEND SECTION 12-21-4007, RELATING TO  
5 SITE SELECTION AND ELECTRONIC DABBER  
6 SPECIFICATIONS, SO AS TO INCREASE FROM ONE TO  
7 TWO UNITS FOR THE USE OF AN ELECTRONIC DABBER  
8 BY A PLAYER; TO AMEND SECTION 12-21-4020, AS  
9 AMENDED, RELATING TO CLASSES OF BINGO  
10 LICENSEES, SO AS TO PROVIDE FOR OPERATIONAL  
11 HOURS; TO AMEND SECTION 12-21-4120, AS AMENDED,  
12 RELATING TO A CLARIFICATION FROM THE  
13 DEPARTMENT AS TO PLAY OR OPERATION OF A GAME,  
14 SO AS TO FURTHER PROVIDE FOR A BINGO ADVISORY  
15 OPINION; TO AMEND SECTION 12-21-4190, AS AMENDED,  
16 RELATING TO BINGO CARD CHANGES AND  
17 DISTRIBUTION OF REVENUES, SO AS TO PROVIDE FOR A  
18 FIVE PERCENT PRIZE FEE FOR CERTAIN TYPES OF  
19 BINGO WHICH MUST BE COLLECTED BY THE  
20 PROMOTER AND REMITTED TO THE DEPARTMENT OF  
21 REVENUE AND TO PROVIDE HOW THE PRIZE FEE  
22 EFFECTS PRIZE LIMITS; AND TO AMEND SECTION  
23 12-21-4240, RELATING TO LICENSES TO MANUFACTURE,  
24 DISTRIBUTE, OR USE BINGO CARDS, SO AS TO INCLUDE  
25 ITEMS OTHER THAN BINGO CARDS TO WHICH THIS  
26 SECTION APPLIES.

27

28 Be it enacted by the General Assembly of the State of South  
29 Carolina:

30

31 SECTION 1. Article 24, Chapter 21, Title 12 of the 1976 Code is  
32 amended by adding:

33

34 “Section 12-21-4310. (A) There is created the Charitable Bingo  
35 Advisory Committee with advisory power only, but with the  
36 purpose of addressing issues arising in the charitable bingo  
37 industry including, but not limited to, modernization of the  
38 industry, expansion of products, streamlining the regulatory  
39 process, and improvement of communication toward the ends of  
40 conformance and compliance with the Bingo Tax Act.

41 (B) The committee must be made up of three representatives  
42 from nonprofit organizations licensed pursuant to this article, three  
43 representatives of promoters licensed pursuant to this article, one

1 distributor licensed pursuant to this article, one manufacturer  
2 licensed pursuant to this article, and two retail consumers of  
3 charitable bingo (players).

4 (C) The committee shall designate a single department  
5 employee, who is knowledgeable about the provisions of the Bingo  
6 Tax Act, to serve as liaison with the committee.

7  
8 Section 12-21-4320. (A) The department shall cause the  
9 establishment of a charitable bingo website, with a link from its  
10 own website, for the purpose of serving as a clearinghouse for  
11 information and access to the Bingo Tax Act and its  
12 implementation and regulation, and the Charitable Bingo Advisory  
13 Committee. The website also must contain access to information  
14 pertaining to licenses, complaints, and violations in connection  
15 with the Bingo Tax Act, and other routine notices and information  
16 in that connection.

17 (B) In addition to the purposes set forth in subsection (A) the  
18 website also must include a process for the formal query of the  
19 department by any charitable bingo industry stakeholder  
20 concerning the implementation or enforcement of the Bingo Tax  
21 Act. The department shall issue, within thirty days of receiving the  
22 query, a bingo advisory opinion in response to each inquiry,  
23 publish the opinion on the website, and make each opinion easily  
24 and permanently accessible.

25  
26 Section 12-21-4330. (A) A nonprofit organization or promoter  
27 licensed pursuant to this article may expend its promotional  
28 expenses allowance provided in this article, for the following  
29 activities:

30 (1) develop customer databases;  
31 (2) conduct of focus groups;  
32 (3) promulgate customer satisfaction surveys, customer  
33 comment cards, and suggestion programs;  
34 (4) engage in direct mail marketing;  
35 (5) provide promotional pricing through the mail and by  
36 individual website;  
37 (6) issue promotional Bingo Bucks for use to purchase bingo  
38 paper and electronic bingo card numbering equipment or electronic  
39 dabbers; and  
40 (7) use other reasonable efforts customary in the course of  
41 ordinary business in the charitable marketing industry to attract  
42 participation.

1 (B) Bingo Bucks, as provided in subsection (A)(6) must be  
2 accounted for in the same manner as cash, except that they are  
3 excluded from total revenue and from taxation as gross receipts.”

4  
5 SECTION 2. Section 12-21-3920(1) and (3) of the 1976 Code, as  
6 last amended by Act 172 of 2004, is further amended to read:

7  
8 (1) ‘Bingo’ or ‘game’ means a specific game of chance,  
9 commonly known as bingo, in which prizes are awarded on the  
10 basis of designated numbers or symbols on a card conforming to  
11 numbers and symbols selected at random. The term also includes,  
12 but is not limited to, ‘buddy bingo’, ‘table winners’, ‘mirror  
13 image’, ‘clothesline’, ‘u pic em’, ‘double action’, ‘instant bingo’,  
14 ‘24-numbering’, and ‘lightning bingo’ games, as well as ‘event’  
15 and ‘instant event’ games.

16  
17 (3) ‘Card’ means a printed or nonprinted design or instant  
18 bingo ticket on which there are arranged five horizontal rows and  
19 five vertical columns forming twenty-five squares. Numbers are  
20 printed in twenty-four of the squares, and the term ‘free’, ‘free  
21 square’, or ‘free space’ is printed in the square or space located in  
22 the center of the card. The five columns are denominated from left  
23 to right by the respective letters of the word ‘B-I-N-G-O’. Each  
24 square in the ‘B’ column contains a number from one through  
25 fifteen inclusive; each square in the ‘I’ column contains a number  
26 from sixteen through thirty inclusive; except for the center space  
27 which is marked as free, each square in the ‘N’ column contains a  
28 number from thirty-one through forty-five inclusive; each square  
29 in the ‘G’ column contains a number from forty-six through sixty  
30 inclusive; and each square in the ‘O’ column contains a number  
31 from sixty-one through seventy-five inclusive. A number may not  
32 appear twice on the same card. A nonprinted design is a bingo  
33 ticket for use only with an electronic dabber. The bingo ticket is a  
34 perforated two-part ticket and must bear a sequential serial ticket  
35 number, the South Carolina state seal, denomination, number of  
36 faces authorized for download or activation, the Department of  
37 Revenue issued organization license number, and other  
38 information that may be required by the department. The ticket  
39 must have designated blanks for entry of the date sold and  
40 electronic dabber unit number supplied. Bingo tickets must be  
41 printed by a bingo ticket manufacturer licensed by the department  
42 and must be sold only by a distributor licensed by the department.  
43 Bingo tickets must meet the design and requirements of the

1 department. Bingo tickets may be used only by a promoter or  
2 nonprofit organization if the ticket has been approved by the  
3 department. A license for a bingo ticket manufacturer costs one  
4 thousand dollars. A manufacturer of bingo cards or electronic  
5 dabbers or site systems, a distributor, a promoter, or a nonprofit  
6 organization may not have an interest, direct or indirect, in a bingo  
7 ticket manufacturer. The bingo ticket manufacturer must maintain  
8 records as required by the department.

9 An instant bingo ticket, for purposes of this definition, is a ticket  
10 by which a player may win a prize by opening a cover from the  
11 ticket to reveal a set of numbers, letters, symbols, or patterns, some  
12 of which have been designated in advance as prize winners.  
13 Instant bingo tickets must be printed by a bingo ticket  
14 manufacturer licensed by the department and must be sold only by  
15 a distributor licensed by the department.”

16  
17 SECTION 3. Section 12-21-3940(B) of the 1976 Code is  
18 amended to read:

19  
20 “(B) Upon application for a license, the department has thirty  
21 days to approve or reject the application based on the requirements  
22 of this article. A rejected applicant may meet with the  
23 department’s designee within ten days of his rejection for an  
24 informal appeal before the formal appeals process begins.”

25  
26 SECTION 4. Section 12-21-3950(B) of the 1976 Code, as last  
27 amended by Act 334 of 2002, is further amended to read:

28  
29 “(B) Upon application for a license, the department has  
30 forty-five days to approve or reject the application based on the  
31 requirements of this article. A rejected applicant may meet with  
32 the department’s designee within ten days of his rejection for an  
33 informal appeal before the formal appeals process begins.”

34  
35 SECTION 5. Section 12-21-3990 of the 1976 Code, as last  
36 amended by Act 172 of 2004, is further amended to read:

37  
38 “Section 12-21-3990. (A) The Except for games involving the  
39 use of instant bingo tickets, the game of bingo must be played in  
40 the following manner:

41 (1) Bingo is played by more than one player and a caller  
42 who is associated with the house. Each player must pay face value  
43 for each card to be played during the course of a game and may

1 purchase the card for a specified number of games. All cards sold  
2 for a game must sell for face value and cards may not be given to  
3 players as prizes or for free. After the player has purchased a card  
4 or cards for a specified number of games, the house cannot require  
5 or accept an additional payment or consideration by the player in  
6 order to complete the specified number of games.

7 (2) Before each game begins, the caller shall announce to the  
8 players the configuration or configurations that will win the game.  
9 A configuration consists of a number of grids covered in the  
10 manner announced by the caller. Any method of playing the  
11 games is allowed if the method is announced before each game's  
12 beginning including, but not limited to, wild card games. In  
13 addition, anytime before the conclusion of the game, the prize,  
14 specifically stating the dollar amount or value of merchandise  
15 awarded to the winner or winners for the game, must be  
16 announced.

17 (3) The prize must be awarded to the winner of that game  
18 without delay. For multiple winners, the prize must be divided  
19 equally among the winners. In the case of a merchandise prize, the  
20 cash value of the merchandise may be divided among the winners.  
21 Purchase receipts of merchandise awarded as prizes must be made  
22 available to players and the department for confirmation of value.

23 (4) The caller shall draw and announce numbers from the  
24 cage one at a time. If a player has a card with the called number  
25 on it, he may use a marker to cover the square which contains the  
26 number. After the number is announced, it must be indicated on  
27 the master-board by the caller.

28 (5) When a player covers sufficient squares on a card to  
29 achieve the winning configuration, he may indicate to the caller.  
30 The caller shall require that the player's card be checked against  
31 the master-board in the presence of the other players to determine  
32 if the squares were covered accurately. If it is determined by the  
33 caller that the player accurately has covered the squares and  
34 achieved the preannounced configuration, the player is declared  
35 the winner. If it is determined that the player has not covered the  
36 squares accurately and achieved the preannounced configuration,  
37 play continues in that game.

38 (6) All devices, including the master-board, used to show  
39 what numbers have been called during a game must not be  
40 changed or turned off until the winners are verified.

41 (B) For a bingo game played with instant bingo tickets, the  
42 game begins when the promoter or nonprofit organization makes  
43 the tickets available to participants for purchase for the face value

1 printed on the ticket, not to exceed one dollar. Tickets may not be  
2 used as prizes or given away free of charge. Instant bingo tickets  
3 may be sold only during a bingo session.

4       (1) An instant bingo ticket game consists of one deal of  
5 instant bingo tickets. A deal of instant bingo tickets is a separate  
6 set or package of not more than four thousand tickets where each  
7 ticket in the deal bears the same serial number.

8       (2) Prizes in bingo games played with instant bingo tickets  
9 may be awarded to a player who opens a ticket to reveal a  
10 predesignated winning letter, number, symbol or pattern, or to a  
11 player who opens a ticket to reveal a letter or number that matches  
12 the letter or number selected by the caller from a set of bingo balls.  
13 Prizes must be awarded to the winner without delay.”

14  
15 SECTION 6. Section 12-21-4000 of the 1976 Code, as last  
16 amended by Act 172 of 2004, is further amended to read:

17  
18       “Section 12-21-4000. In addition to the manner of play  
19 prescribed in Section 12-21-3990, and except for bingo played  
20 with instant bingo tickets, except as otherwise specified herein, the  
21 following procedures apply to the conduct of the game:

22       (1) Before the beginning of the first game, all seventy-five  
23 balls must be displayed openly on the master-board for the  
24 inspection of the players.

25       (2) Only one set of seventy-five balls and only one  
26 master-board is allowed in the room or area during the play of the  
27 game.

28       (3) Only one bet or payment is to be paid for each card.

29       (4) No bets or payments may be made while a game is in  
30 progress, except the sale of cards for subsequent games.

31       (5) Reserved.

32       (6) The house is required to identify the games for which a  
33 card may be used before the card is purchased.

34       (7) Before the start of play, the caller shall announce to all  
35 players the winning configuration of covered squares for that  
36 particular game.

37       (8) The prize must be awarded to the first person who  
38 successfully achieves the winning configuration of covered  
39 squares. All winning configurations must be verified using an  
40 electronic verifying system and must be displayed on the monitor  
41 for all players to see.

42       (9) Balls must be selected randomly by an indiscriminate  
43 process.

1       (10) Only one number may be called at a time.

2       (11) All balls drawn remain on the master-board until the  
3 conclusion of the game.

4       (12)(a) At least fifty percent of the gross proceeds of the sale of  
5 bingo cards taken in by the house during a single session must be  
6 returned to the players in the form of prizes. However, with  
7 respect to fair licenses, this requirement must be met during the  
8 course of the fair.

9       (b) A bingo operation may take in only two times more in  
10 gross proceeds than the prize for that session averaged on a  
11 quarterly basis. Amounts in excess of this limit are subject to a  
12 tax, in addition to any other bingo license taxes and fees equal to  
13 the amount of the excess. Each session that the gross proceeds are  
14 greater than twice the prize amounts paid constitutes a separate  
15 offense if the tax is unpaid. This excess proceeds tax must be  
16 remitted to the department on the organization's quarterly bingo  
17 report and distributed as provided in Section 12-21-4190. Failure  
18 to remit this excess proceeds tax to the department shall result in  
19 immediate suspension of both the promoter's license and the  
20 organization's license. The department, after a conference with the  
21 promoter and organization, may permanently revoke the license of  
22 the promoter or the nonprofit organization, or both. If permanently  
23 revoked, the promoter, nonprofit organization, or any partner or  
24 member of the organization may no longer manage, conduct, or  
25 assist in any manner with a bingo operation in this State.

26       (13) The playing of bingo, including bingo played with instant  
27 bingo tickets, is restricted to the premises designated with the  
28 department by the sponsor organization.

29       (14) Bingo, including bingo played with instant bingo tickets,  
30 only may be played at the place designated by the bingo licensee  
31 on its original or amended application.

32       (15) The house may hold promotions of special events during a  
33 session offering players prizes other than from the play of bingo  
34 not to exceed ~~one~~ two hundred fifty dollars in cash or merchandise  
35 for each session. This amount is not to be paid out of the bingo  
36 account and is not included in total payouts for a session. There is  
37 no additional charge to players to participate in a special  
38 promotion. The promotion must not be a form of gambling or a  
39 game of chance.

40       (16) Nothing in this section or in Section 12-21-3990 prohibits  
41 or limits, or is intended to prohibit or limit, the play of any bingo  
42 game as defined in Section 12-21-3920(1)."

1 SECTION 7. Section 12-21-4007(A)(2)(h) of the 1976 Code, as  
2 added by Act 172 of 2004, is amended to read:

3  
4 “(h) must be used only for ~~one unit~~ two units for each player, at  
5 any time during the bingo session. A player may purchase  
6 additional cards to be marked manually, but not for use with ~~an~~  
7 electronic dabber dabbers;”

8  
9 SECTION 8. Section 12-21-4020(2) and (3) of the 1976 Code, as  
10 last amended by Act 334 of 2002, is further amended to read:

11  
12 “(2) CLASS B: An organization operating a bingo game  
13 offering prizes, which do not exceed eight thousand dollars a  
14 session, shall obtain a Class B bingo license at a cost of one  
15 thousand dollars. The holder of a Class B license may not conduct  
16 more than five bingo sessions a week. These sessions may be  
17 packaged in connection with, or scheduled at the same time as, a  
18 session held by a Class C licensee. One of the five sessions may  
19 be a session scheduled from after midnight until 2:00 a.m.

20 (3) CLASS C: An organization operating a bingo game and  
21 offering prizes of twenty dollars or less a game during a single  
22 session shall obtain a Class C bingo license at no cost. However,  
23 the organization may offer a prize in cash or merchandise of no  
24 more than one hundred fifty dollars for six jackpot games a  
25 session. The department, in its discretion, may allow certain Class  
26 C licenses to use hard bingo cards instead of the paper cards  
27 required by this article.

28 To qualify to play on hard cards, a bingo game conducted by a  
29 Class C license must meet the following criteria:

30 (a) be operated solely by volunteers and during the hours of  
31 9:00 a.m. to 2:00 a.m.;

32 (b) the person managing, conducting, or operating the bingo  
33 game must not be paid or otherwise be compensated and must be a  
34 designated member of the organization;

35 (c) remuneration, including wages or other compensation,  
36 must not be made to any individual or corporation;

37 (d) all equipment used to operate a game of bingo, including  
38 chairs, tables, and other equipment, must be owned by the charity;

39 (e) the organization may lease the building directly from the  
40 owner of the building or own the building in which the game of  
41 bingo is played. The organization may not lease or sublease the  
42 building from a person who is not the owner;

1       (f) the only expenses allowed to be paid from the proceeds  
2 of the game are utility bills, prizes, purchases of cards, payments  
3 for the lease of a building, purchases of equipment required to  
4 operate a game of bingo, allowable promotion expenses, and the  
5 charitable purposes of the organization;

6       (g) one hundred percent of the net proceeds from the  
7 operation of the game must be used for charitable purposes.”

8  
9 SECTION 9. Section 12-21-4120 of the 1976 Code, as last  
10 amended by Act 172 of 2004, is further amended to read:

11  
12       “Section 12-21-4120. (A) An organization or a promoter  
13 seeking clarification on the play of or operation of a bingo game  
14 shall submit to the department’s bingo regulatory section a written  
15 request or an inquiry pursuant to Section 12-21-4320 seeking a  
16 determination as to whether or not a certain or specific action  
17 constitutes a violation. A conference may be requested upon the  
18 receipt of the clarification request. The department shall respond,  
19 in writing, to the party requesting the clarification, or advisory  
20 opinion pursuant to Section 12-21-4320, citing specific statutes  
21 which disqualify an action and, when applicable, citing actions that  
22 are authorized pursuant to the laws of this State. A response or  
23 any failure to respond is not grounds for estoppel nor does it grant  
24 any rights to the organization or promoter seeking a clarification.  
25 An organization or a promoter found in violation of the provisions  
26 of this article and assessed additional taxes, penalties, fines, or  
27 interest is entitled to a conference upon request.

28       (B) Responses issued to inquiries submitted pursuant to this  
29 section must be permanently accessible in the same manner as  
30 advisory opinions pursuant to Section 12-21-4320.”

31  
32 SECTION 10. Section 12-21-4190(A) of the 1976 Code, as last  
33 amended by Act 359 of 2006, is further amended to read:

34  
35       “(A)(1) The department shall charge and retain ten cents for  
36 each dollar of face value for each bingo card sold for Classes AA,  
37 B, D, and E licenses. The department shall charge and retain five  
38 cents for each dollar of face value for each bingo card sold for an F  
39 license. The department shall charge and retain four cents for each  
40 dollar of face value for each bingo card sold for a Class C license.  
41 The promoter shall collect a five percent prize fee for each dollar  
42 of prizes paid to each winner for instant bingo tickets, 24-number  
43 bingo, and lightning bingo. Prize fees must be remitted to the

1 department monthly no later than the tenth day of the following  
2 month.

3 (2) The prizes awarded and fees imposed on instant bingo  
4 pursuant to item (1) of this subsection are not required to be  
5 remitted as taxes and are not included in gross proceeds for  
6 purposes of the prize limitations provided in Section  
7 12-21-4000(12).”

8  
9 SECTION 11. Section 12-21-4240 of the 1976 Code is amended  
10 to read:

11  
12 “Section 12-21-4240. Each manufacturer, distributor,  
13 organization, or promoter must be licensed to manufacture or  
14 distribute, or use bingo cards, bingo tickets, electronic dabbers, or  
15 charity game tickets. The department shall charge an annual  
16 license fee of five thousand dollars for each manufacturer and two  
17 thousand dollars for each distributor. A license issued by the  
18 department under this section is renewable annually unless  
19 canceled or terminated. No license issued under this section is  
20 transferable or assignable.”

21  
22 SECTION 12. This act takes effect upon approval by the  
23 Governor.

24                   ----XX----

25