

IN THE SENATE

SENATE BILL NO. 1286

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO CHARITABLE BINGO AND RAFFLES; AMENDING SECTION 67-7709, IDAHO
2 CODE, TO REVISE THE ALLOWED EXPENDITURE PERCENTAGES FOR CHARITABLE
3 BINGO LICENSEES; AND AMENDING SECTION 67-7710, IDAHO CODE, TO REVISE
4 THE ALLOWED EXPENDITURE PERCENTAGE FOR CHARITABLE RAFFLE LICENSEES.
5

6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Section 67-7709, Idaho Code, be, and the same is hereby
8 amended to read as follows:

9 67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

10 (1) (a) All funds received in connection with a bingo game required to
11 be licensed pursuant to this chapter and the rules of the state lottery
12 commission shall be placed in a separate bank account. No funds may be
13 disbursed from this account except the charitable or nonprofit organi-
14 zation may expend proceeds for prizes, advertising, utilities, rental
15 of electronic bingo devices, and the purchase of supplies and equipment
16 in playing bingo, taxes and license fees related to bingo, the payment
17 of compensation, and for the purposes set forth below for the remaining
18 proceeds.

19 (b) Funds from bingo accounts must be withdrawn by preprinted, con-
20 secutively numbered checks or withdrawal slips, signed by an autho-
21 rized representative of the licensed authorized organization and made
22 payable to a person. A check or withdrawal slip shall not be made
23 payable to "cash," "bearer" or a fictitious payee. The nature of the
24 payment made shall be noted on the face of the check or withdrawal slip.
25 Checks for the bingo account shall be imprinted with the words "bingo
26 account" and shall contain the organization's bingo license name on the
27 face of each check. A licensed authorized organization shall keep and
28 account for all checks and withdrawal slips, including voided checks
29 and withdrawal slips.

30 (c) Any proceeds available in a bingo account after payment of the
31 expenses set forth in paragraph (1) (a) of this subsection shall inure
32 to the charitable or nonprofit organization to be used for religious,
33 charitable, civic, scientific testing, public safety, literary or edu-
34 cational purposes or for purchasing, constructing, maintaining, oper-
35 ating or using equipment or land, or a building or improvements thereto,
36 owned, leased or rented by and for the charitable or nonprofit organi-
37 zation and used for civic purposes or made available by the charitable
38 or nonprofit organization for use by the general public from time to
39 time, or to foster amateur sports competition, or for the prevention of
40 cruelty to children or animals, provided that no proceeds shall be used
41 or expended directly or indirectly to compensate officers or directors.
42 The licensed bingo operation must maintain records for three (3) years

1 on forms prescribed by the commission or pursuant to rules prescribed by
 2 the commission showing the charitable activities to which the proceeds
 3 described in this paragraph are applied. No employees of the charitable
 4 organization may be compensated from bingo proceeds except as provided
 5 in this subsection.

6 (d) (i) All gross revenues received from bingo games by a charitable or
 7 nonprofit organization must be disbursed in the following manner,
 8 unless otherwise provided in section 67-7708, Idaho Code: ~~not~~
 9 ~~more than sixty-five percent (65%) of the gross revenues shall be~~
 10 ~~used for prizes in the charitable bingo game,~~ not less than twenty
 11 percent (20%) of gross revenues shall be used for charitable pur-
 12 poses enumerated in this subsection, and ~~not more than fifteen a~~
 13 ~~maximum of eighteen percent (15~~8~~) of the gross revenues shall~~ may
 14 be used for administrative expenses associated with the charita-
 15 ble bingo game. If agreed upon by its board of directors, a chari-
 16 table organization may decrease gross revenues spent on adminis-
 17 trative expenses associated with bingo games and allocate those
 18 revenues to prizes so long as no more than seventy percent (70%) of
 19 the gross revenues is used for prizes on the bingo game. An organi-
 20 zation requesting an exemption from the disbursement percentages
 21 provided in this paragraph for administrative costs ~~may~~ shall re-
 22 quest such an exemption from the state lottery commission.

23 (ii) Two hundred fifty dollars (\$250) or one-tenth of one per-
 24 cent (.1%) of annual gross revenues, as per the previous year's
 25 annual bingo report whichever is greater may be paid as wages for
 26 the conduct of any one (1) bingo session. Such wages shall be paid
 27 on an hourly basis, shall be directly related to the preparation,
 28 conduct of and cleaning following a bingo session, and shall be
 29 paid out of the organization's separate bank account unless the
 30 director of lottery security has given prior written permission to
 31 pay wages out of another account. Such wages shall be part of the
 32 ~~fifteen~~ eighteen percent (15~~8~~) gross revenues used for adminis-
 33 trative expenses.

34 (2) Any charitable or nonprofit organization conducting bingo games
 35 pursuant to this chapter shall prepare a statement at the close of its
 36 license year and shall file such statement with the state lottery. The
 37 statement shall be prepared on a form prescribed by the lottery commission
 38 and shall include, at a minimum, the following information:

- 39 (a) The number of bingo sessions conducted or sponsored by the licensed
- 40 organization;
- 41 (b) The location and date at which each bingo session was conducted;
- 42 (c) The gross revenues of each bingo session;
- 43 (d) The fair market value of any prize given at each bingo session;
- 44 (e) The number of individual players participating in each session;
- 45 (f) The number of cards played in each session;
- 46 (g) The amount paid in prizes at each session;
- 47 (h) The amount paid to the charitable organization;
- 48 (i) All disbursements from bingo revenue and the purpose of those dis-
- 49 bursements must be documented on a general ledger and submitted with the
- 50 annual bingo report to the Idaho lottery commission; and

1 (j) An accounting of all gross revenues and the disbursements required
2 by statute and rule of the state lottery commission must be retained
3 in permanent records with the organization, including the date of each
4 transaction and the name and address of each payee for all prize pay-
5 ments in excess of one hundred dollars (\$100) and the disbursements of
6 funds to charitable activities, including the identity of the charity
7 and/or purpose and use of the disbursements by the charity.

8 (3) Any organization required to be licensed to conduct bingo oper-
9 ations under the provisions of this chapter shall use only nonreusable
10 colored bingo paper or electronic bingo paper so that all sales may be
11 tracked. The nonreusable colored paper must have a series and serial number
12 on each card. At the conclusion of each session, all organizations using
13 nonreusable bingo paper must track their bingo sales per session by record-
14 ing the series and serial numbers of all paper sold, damaged, donated or used
15 for promotion in that session. Each such organization shall keep a ledger
16 of the numbers of all such papers used during each session. All paper must
17 be tracked as either sold, damaged, donated, used for promotion, or omitted
18 from the original distributor or manufacturer. Paper tracking ledgers and
19 invoices from the distributor or manufacturer for nonrefundable colored
20 bingo paper must be kept with the permanent records for that bingo operation.

21 (4) Any person who shall willfully or knowingly furnish, supply or oth-
22 erwise give false information in any statement filed pursuant to this sec-
23 tion shall be guilty of a misdemeanor.

24 (5) All financial books, papers, records and documents of an organiza-
25 tion shall be kept as determined by rule of the state lottery and shall be
26 open to inspection by the county sheriff of the county, or the chief of police
27 of the city, or the prosecuting attorney of the county where the bingo game
28 was held, or the attorney general or the state lottery at reasonable times
29 and during reasonable hours.

30 (6) Every charitable or nonprofit organization whose annual gross rev-
31 enues exceed two hundred thousand dollars (\$200,000) from the operation of
32 bingo games shall provide the state lottery with a copy of an annual audit of
33 the bingo operation. The audit shall be performed by an independent public
34 accountant and submitted within ninety (90) days after the end of the license
35 year.

36 SECTION 2. That Section 67-7710, Idaho Code, be, and the same is hereby
37 amended to read as follows:

38 67-7710. RAFFLES -- DUCK RACES -- HOLIDAY CHRISTMAS TREE FUNDRAIS-
39 ERS. (1) It is lawful for any charitable organization to conduct raffles in
40 accordance with the provisions of this chapter. Any charitable or nonprofit
41 organization who conducts a raffle in violation of any provision of this
42 chapter may be assessed a civil penalty not in excess of ten thousand dollars
43 (\$10,000). Additionally, any person knowingly conducting a raffle in viola-
44 tion of any provision of this chapter may be charged under the gambling laws
45 of the state contained in chapter 38, title 18, Idaho Code. It shall not con-
46 stitute a violation of state law to advertise a charitable raffle conducted
47 pursuant to this section. It is lawful to participate in a charitable raffle
48 conducted pursuant to this chapter. A charitable raffle conducted lawfully

1 pursuant to this chapter is not gambling for purposes of chapter 38, title
2 18, Idaho Code.

3 (2) Raffles shall be limited to twelve (12) per charitable organization
4 per year, provided that this limitation shall not apply to public or private
5 elementary or secondary schools located in this state. The maximum aggregate
6 value of cash prize(s) that may be offered or paid for any one (1) raffle,
7 which is not a duck race or a holiday Christmas tree fundraiser, is one
8 thousand dollars (\$1,000) and if merchandise is used as a prize and it is not
9 redeemable for cash, there shall be no limit on the maximum amount of value
10 for the merchandise. For duck races, there shall be no limit on the maximum
11 amount of the value of a cash prize if the cash prize is underwritten by
12 insurance. If a duck race offers a cash prize that is not underwritten by
13 insurance, the maximum aggregate value of the cash prize(s) is one thousand
14 dollars (\$1,000). There shall be no maximum value on the amount that a tree
15 may be raffled for in a holiday Christmas tree fundraiser. There shall be no
16 limit on the maximum of value for merchandise used as a prize in a duck race or
17 a holiday Christmas tree fundraiser if the merchandise is not redeemable for
18 cash.

19 (3) As used in this subsection, "net proceeds of a charitable raffle"
20 means the gross receipts less the cost of prizes awarded. "Net proceeds of a
21 duck race" shall mean gross receipts, less the cost of prizes awarded and the
22 rental cost of the ducks used in the race. "Net proceeds of a holiday Christmas
23 tree fundraiser" shall mean the gross receipts less the cost of procuring
24 the trees or other prizes. No less than ninety eighty percent (980%) of
25 the net proceeds of a raffle shall be used by the charitable or nonprofit organization
26 for charitable, religious, educational, civic or other ~~nonprofit~~
27 charitable purposes.

28 (4) Any licensed charitable or nonprofit organization conducting
29 raffles pursuant to this chapter shall prepare a statement at the close of
30 its license year and shall file such statement with the state lottery. The
31 statement shall be prepared on a form prescribed by the lottery commission
32 and shall include, at a minimum, the following information:

- 33 (a) The number of raffles conducted or sponsored by the charitable or
34 nonprofit organization;
35 (b) The location and date at which each raffle was conducted;
36 (c) The gross revenues of each raffle;
37 (d) The fair market value of any prize given at each raffle;
38 (e) The amount paid in prizes at each raffle;
39 (f) The amount paid to the charitable organization;
40 (g) An accounting of all gross revenues and the disbursements required
41 by statute and rule of the state lottery commission.

42 (5) Every charitable or nonprofit organization whose annual gross revenues
43 exceed two hundred thousand dollars (\$200,000) from the operation of
44 raffle events shall provide the state lottery with a copy of an annual audit
45 of the raffle events. The audit shall be performed by an independent public
46 accountant and submitted within ninety (90) days after the end of the license
47 year.