

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2376 - SB 2564**

February 27, 2020

**SUMMARY OF BILL:** Decreases, from \$50,000 to \$50, the maximum civil penalty the Secretary of State (SOS) is authorized to assess against a person or nonprofit organization that has violated the Tennessee Nonprofit Gaming Law. Decreases the criminal penalty for any offense under the Tennessee Nonprofit Gaming Law to a Class C misdemeanor, punishable by fine only.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$5,000/FY20-21 and Subsequent Years/  
Division of Charitable Solicitations and Gaming**

Assumptions:

- Pursuant To Tenn. Code Ann. § 37-13-113, the SOS is authorized to assess a civil penalty against a person or nonprofit organization for violation of annual charitable gaming laws up to \$50,000.
- Pursuant to Tenn. Code Ann. Title 39, Chapter 17, Part 6, criminal violations for annual charitable gaming events are as follows:
  - To knowingly sell annual event tickets or shares over the allotted time period, a Class C misdemeanor with a maximum fine of \$1,000 per day in excess of the period.
  - To knowingly conduct more than one annual event for the benefit of the same nonprofit organization within the twelve-month period beginning July 1 following the application deadline and ending the next June 30, a Class A misdemeanor with a maximum fine of \$50,000.
  - To knowingly conduct an annual event on an unauthorized date or at an unauthorized location, a Class C misdemeanor with a maximum fine of \$10,000.
  - To knowingly engage in gambling under the pretense of conducting an annual event, a Class E felony with a maximum fine of \$50,000 or the gross proceeds of the gambling activity.
  - To knowingly employ or contract with a person or management company to manage, conduct, or operate an annual event, a Class A misdemeanor with a maximum fine of \$50,000.
  - To knowingly manage, conduct or operate an annual event for a nonprofit organization as an unauthorized person, a Class D felony with a maximum fine of \$50,000 or the amount obtained to conduct the event.

- The proposed legislation decreases the criminal penalty for the aforementioned violations to a Class C misdemeanor, punishable by fine only. Class C misdemeanor maximum fines are \$50.
- There have not been a sufficient number of criminal prosecutions for state or local government to experience a significant decrease in revenue or expenditures.
- Based on information provided by the SOS, the most common civil penalty assessed is against nonprofit organizations that fail to file financial accounting reports within 90 days following an annual event.
- One organization in FY18-19 was fined a \$5,000 civil penalty for failure to timely submit the financial accounting report to the SOS.
- It is estimated that one civil penalty would be assessed by the SOS annually for timely filing.
- The maximum civil penalty assessed under the proposed legislation for any violation is \$50.
- A recurring decrease in state revenue to the Division of Charitable Solicitations and Gaming, beginning in FY20-21, of \$4,950 (\$5,000 - \$50).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/agr