

IN THE SENATE

SENATE BILL NO. 1286

BY STATE AFFAIRS COMMITTEE

AN ACT

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

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

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

67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

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

(b) Funds from bingo accounts must be withdrawn by preprinted, consecutively numbered checks or withdrawal slips, signed by an authorized representative of the licensed authorized organization and made payable to a person. A check or withdrawal slip shall not be made payable to "cash," "bearer" or a fictitious payee. The nature of the payment made shall be noted on the face of the check or withdrawal slip. Checks for the bingo account shall be imprinted with the words "bingo account" and shall contain the organization's bingo license name on the face of each check. A licensed authorized organization shall keep and account for all checks and withdrawal slips, including voided checks and withdrawal slips.

(c) Any proceeds available in a bingo account after payment of the expenses set forth in paragraph (1) (a) of this subsection shall inure to the charitable or nonprofit organization to be used for religious, charitable, civic, scientific testing, public safety, literary or educational purposes or for purchasing, constructing, maintaining, operating or using equipment or land, or a building or improvements thereto, owned, leased or rented by and for the charitable or nonprofit organization and used for civic purposes or made available by the charitable or nonprofit organization for use by the general public from time to time, or to foster amateur sports competition, or for the prevention of cruelty to children or animals, provided that no proceeds shall be used or expended directly or indirectly to compensate officers or directors. The licensed bingo operation must maintain records for three (3) years

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

(d) (i) All gross revenues received from bingo games by a charitable or nonprofit organization must be disbursed in the following manner, unless otherwise provided in section 67-7708, Idaho Code: ~~not more than sixty-five percent (65%) of the gross revenues shall be used for prizes in the charitable bingo game,~~ not less than twenty percent (20%) of gross revenues shall be used for charitable purposes enumerated in this subsection, and ~~not more than fifteen a maximum of eighteen percent (158%) of the gross revenues shall~~ may be used for administrative expenses associated with the charitable bingo game. ~~If agreed upon by its board of directors, a charitable organization may decrease gross revenues spent on administrative expenses associated with bingo games and allocate those revenues to prizes so long as no more than seventy percent (70%) of the gross revenues is used for prizes on the bingo game.~~ An organization requesting an exemption from the disbursement percentages provided in this paragraph for administrative costs ~~may~~ shall request such an exemption from the state lottery commission.

(ii) Two hundred fifty dollars (\$250) or one-tenth of one percent (.1%) of annual gross revenues, as per the previous year's annual bingo report whichever is greater may be paid as wages for the conduct of any one (1) bingo session. Such wages shall be paid on an hourly basis, shall be directly related to the preparation, conduct of and cleaning following a bingo session, and shall be paid out of the organization's separate bank account unless the director of lottery security has given prior written permission to pay wages out of another account. Such wages shall be part of the ~~fifteen~~ eighteen percent (158%) gross revenues used for administrative expenses.

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

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

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

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

(4) Any person who shall willfully or knowingly furnish, supply or otherwise give false information in any statement filed pursuant to this section shall be guilty of a misdemeanor.

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

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

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

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

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

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

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

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

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

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