

House Research Act Summary

CHAPTER: 110

SESSION: 2003 Regular Session

TOPIC: Omnibus charitable gambling bill

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Overview

This bill makes various technical and policy changes in the laws governing charitable (lawful) gambling. The major change is in limits on rent paid by organizations for space leased for gambling, which for the first time would be based on a percentage of gross profit. The bill also authorizes organizations licensed to conduct lawful (charitable) gambling to participate in bingo games that are electronically linked together among organizations to provide a single prize pool.

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- 1 **Bar operation defined.** Defines “bar operation” as a method of selling and redeeming gambling equipment within a leased premises licensed for alcohol on-sales where sales and redemptions are made by an employee of the lessor from the area where food and beverages are also sold.
- 2 **Bingo definition.** Provides that the definition of “bingo” in lawful gambling law includes linked bingo.
- 3 **Booth operation defined.** Defines “booth operation” as a means of selling and redeeming gambling equipment by an employee of the licensed organization in premises the organization owns or leases where sales and redemptions are made within an enclosure that is separate from the area where food and beverages are sold.
- 4 **Gambling equipment.** Provides that the definition of “gambling equipment” includes linked bingo paper sheets.
- 5 **Gambling manager.** Amends the requirement that a gambling manager must have been an

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active member for at least two years by specifying that:

- ▶ the manager must have been a member for two years at the time of initial licensing, or
- ▶ has been an active member for at least 6 months before the date of the organization's renewal license.

- 6 Lawful purpose.** Limits the authorization for veterans organizations to spend up to \$5,000 a year in meals and other events to recognize service, by providing that the \$5,000 limit applies to all organizations sharing the same post home. Specifies that the authorization for payment to honor guards of \$35 from net gambling profits is per diem rather than per occasion. Provides that the 2002 authorization for use of net profits to pay utility bills at buildings owned or leased by a veterans organization applies only to buildings wholly owned or wholly leased by such an organization.
- 7 Linked bingo game definition.** Defines "linked bingo game" as a bingo game played at multiple locations where bingo is permitted, with a common prize pool and common selection of winning numbers and transmission of the game by satellite, telephone, or other means.
- 8 Linked bingo game provider.** Defines "linked bingo game provider" as a person who provides the means to link bingo prizes in a linked game, provides paper sheets to participants, manages the game, and provides the game system.
- 9 Linked bingo game system.** Defines "linked bingo game system" as equipment used by a provider to conduct, transmit, and track a linked bingo game. Requires a system to be approved by the board and to have dial-up or other capability that allows the board to monitor its operation remotely.
- 10 Linked bingo prize pool.** Defines "linked bingo prize pool" as the total of all prize money that each organization has contributed. Prohibits organizations from contributing more than \$300 per occasion to a linked pool.
- 11 Veterans post home definition.** Defines a veterans post home as a building or part of a building leased or owned by one or more veterans organizations that all consider their post home.
- 12 Wholly-leased building definition.** Defines "wholly-leased building" as one leased in its entirety by an organization, with no part subleased to another organization or entity.
- 13 Wholly-owned building definition.** Defines "wholly-owned building" as one owned in its entirety by an organization, with no part subleased to another organization or entity.
- 14 Powers and duties of board.** Expands the powers and duties of the gambling control board to include licensing linked bingo game providers.
- 15 Pull-tab dispensing devices.** Repeals law allowing the director of the gambling board to charge a fee for testing pull-tab dispensing devices.
- 16 Conflict of interest.** Adds references to linked bingo game providers in the law prohibiting conflict of interest by gambling board members or employees.
- 17 Disqualifications.** Adds references to linked bingo game providers in the law setting out mandatory disqualifiers for licensing.
- 18 Purchase of equipment by distributors.** Allows gambling equipment distributors to buy back gambling equipment from organizations.
- 19 Sales by manufacturer.** Allows licensed manufacturers to sell gambling equipment used exclusively in a linked bingo game directly to a provider without going through a licensed

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distributor.

- 20** **Linked bingo game provider license.** Requires a license from the board to (1) provide the means to link prizes in a linked bingo game, (2) provide linked bingo game management, (3) provide a linked bingo system, or (4) provide linked bingo paper sheets to an organization. Sets a fee of \$5,000 per year. Requires a bond of \$250,000 with the license application conditioned on payment of all prizes. Prohibits a provider from participating in the conduct of other lawful gambling. Prohibits a provider from also being a bingo hall or gambling equipment distributor. Prohibits sale or lease of equipment to anyone other than a licensed organization. Prohibits purchase of equipment from anyone other than a licensed manufacturer. Allows inspection of books and records by board employees and agents of the division of alcohol and gambling enforcement.
- 21** **Excluded bingo.** Excludes linked bingo from the list of bingo games that may be played without a gambling license. Increases from \$750 to \$1,500 the maximum amount in a year that an organization may award in raffle prizes without being subject to licensing requirements.
- 22** **Exempt bingo.** Excludes linked bingo from another list of bingo games that may be played without a license.
- 23** **Gambling manager training.** Requires gambling managers to pass an examination if they have not received continuing education training each year.
- 24** **Recruitment of gambling managers.** Adds linked bingo game providers to the list of board licensees who may not recruit gambling managers for organizations.
- 25** **Examination.** Provides that gambling managers seeking to renew their licenses must pass an examination if they have failed to receive continuing education as required.
- 26** **Employee registration.** Deletes the requirement that gambling employees registering with the board provide the employee's social security number and a current photo.
- 27** **Employee ID cards.** Deletes the requirement that the board issue an identification card to registered employees. Requires employees to display their name while working.
- 28** **Compensation.** Requires that where compensation is paid electronically to gambling employees it must be made from the organization's gambling account to the account of a payroll processing firm.
- 29** **Employment prohibited.** Prohibits an organization that sells pull-tabs at a booth operation from employing its lessor, or an employee of the lessor, except as a seller of pull-tabs or tipboards.
- 30** **Price filing.** Provides that manufacturers and distributors must file their prices with the board only when required by the board. Provides that the filing must include all gambling equipment that the manufacturer or distributor currently offers for sale. Deletes requirement that filings are effective on the first day of the month except when amended.
- 31** **Filed prices.** Requires filed prices to include volume discounts where applicable.
- 32** **Bingo winners.** Allows linked bingo prizes to be delivered within three days of the occasion where won, instead of the day of the occasion as with other bingo prizes.
- 33** **Technical.** Makes a similar change in the law governing awarding of bingo prizes as marking the completion of a game.
- 34** **Noon hour bingo.** Prohibits linked bingo games from being played as "noon hour bingo."
- 35** **Conduct of linked bingo games.** Allows licensed organizations to participate in linked bingo games. Limits organizations to \$300 in contributions to each prize awarded. Allows the board to adopt rules governing play of linked bingo games.
- 36** **Leases.** Deletes references to board rules on maximum rent for gambling premises and

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substitutes the following limits:

- ▶ Booth operations (including those with pull-tab dispensing machines and those that are both booth operations and bar operations), up to \$400 per month if the monthly gross profit is not more than \$4,000. If monthly gross profit exceeds \$4,000, the limit is up to \$400 plus up to 10 percent of the gross profit over \$4,000.
- ▶ Bar operations, including bar-ops that also have a pull-tab dispenser, up to \$200 if the monthly gross profits is not more than \$1,000. If monthly gross profit exceeds \$1,000, the limit is up to \$200 plus up to 20 percent of the gross profit over \$1,000.

Provides that any lease not covered by the above provisions must be approved in advance by the board.

Limits total rent from all organizations using booth-ops at a single location to \$1,750 per month. Limits total rent from all organizations using bar-ops at a single location to \$2,000 per month.

Provides that amounts paid as rent are all-inclusive, and prohibits payment by the organization of other services such as sanitation, janitorial, utilities, storage, and security. Prohibits an organization from making any payment to a lessor from any source other than the gambling account. Prohibits rent payments to an individual.

Adds linked bingo game providers to the list of board licensees that may not conduct activities on leased premises where lawful gambling is being conducted.

- 37 Pool account.** Requires organizations participating in linked bingo to maintain a separate account for the organization's portion of linked bingo game prize pools.
- 38 Expenditures.** Requires authorizations for electronic fund transfers for expenditure of gross gambling profits to have two signatures.
- 39 Credit restrictions.** Prohibits linked bingo game providers from extending credit to an organization.
- 40 Sales to delinquent organizations.** Requires linked bingo game providers to report to the board when organizations are delinquent in their accounts.
- 41 Prize limits.** Exempts linked bingo game prizes from bingo prize limits.
- 42 Linked bingo prize pool contribution limits.** Limits organizations from contributing more than \$300 per occasion to a linked bingo prize pool. Provides that where an organization contributes to a linked pool the amount is deducted from the maximum prize that the organization may award in cover-all games in that occasion (the cover-all limit is \$3,500 per occasion).
- 43 High school raffles.** Amends the law that exempts from anti-gambling laws raffles conducted by school districts or school supporters to raise money for high school activities, by:
- ▶ requiring all tickets to be sold at the same price
 - ▶ limiting sale of tickets to persons 18 years or older
 - ▶ requiring raffle sponsors to report to the gambling control board annually on receipts and expenditures of funds from raffles, but only if the gross receipts

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from raffles exceeds \$12,000 in a calendar year of \$5,000 in a single raffle.

- 44** **Repealer.** Repeals the statute that requires organizations to file reports with the board annually on compensation paid to employees.