

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 388 of the Regular Session

As Engrossed: H2/15/07 S3/1/07 S3/7/07

A Bill

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007

HOUSE BILL 1426

4  
5 By: Representatives Walters, Hall, Greenberg, Petrus

6 By: Senators Faris, Broadway  
7  
8

9 **For An Act To Be Entitled**

10 AN ACT TO PROVIDE FOR CHARITABLE BINGO AND  
11 RAFFLES; AND FOR OTHER PURPOSES.  
12

13 **Subtitle**

14 AN ACT TO PROVIDE FOR CHARITABLE BINGO  
15 AND RAFFLES.  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

20 *SECTION 1. Arkansas Code Title 23 is amended to add a new chapter to*  
21 *read as follows:*  
22

23 CHAPTER 114 CHARITABLE BINGO AND RAFFLES  
24

25 SUBCHAPTER 1 GENERAL PROVISIONS  
26

27 23-114-101. Short title.

28 This chapter shall be known and may be cited as the "Charitable Bingo  
29 and Raffles Enabling Act".  
30

31 23-114-102. Definitions.

32 As used in this chapter:

33 (1)(A) "Authorized organization" means an organization eligible  
34 for a license to conduct games of bingo and raffles that is a nonprofit tax-  
35 exempt religious, educational, veterans, fraternal, service, civic, medical,



1 volunteer rescue service, volunteer firefighters organization, or volunteer  
2 police organization that has been in continuing existence as a nonprofit tax-  
3 exempt organization in this state for a period of not less than five (5)  
4 years immediately prior to conducting the game of bingo or raffles.

5 (B) A nonprofit tax-exempt instrumentality of the United  
6 States Government is a service agency for the purpose of this subdivision  
7 (1);

8 (2)(A) "Bingo equipment" means equipment and supplies used,  
9 made, or sold for the purpose of use in bingo.

10 (B) "Bingo equipment" includes:

11 (i) A machine or other device from which balls or  
12 other items are withdrawn to determine the letters and numbers or other  
13 symbols to be called;

14 (ii) A bingo face;

15 (iii) A bingo ball;

16 (iv) Any other device commonly used in the direct  
17 operation of a bingo game.

18 (C) "Bingo equipment" is not intended and shall not be  
19 construed to permit the participants to play the game through:

20 (i) Any electronic device or machine; or

21 (ii) A pull-tab bingo ticket.

22 (D) "Bingo equipment" does not include:

23 (i) A bingo game set commonly manufactured and sold  
24 as a child's game for a retail price of twenty dollars (\$20.00) or less,  
25 unless the set or a part of the set is used in a game of bingo subject to  
26 regulation under this chapter; or

27 (ii) A commonly available component part of bingo  
28 equipment such as a light bulb or fuse;

29 (E) "Bingo face" means a disposable flat piece of paper  
30 that may be used one (1) time and that cannot be reused after the game, in  
31 which the bingo face was used, is ended. The bingo face is marked off into  
32 any number of squares in any arrangement of rows, with each square being  
33 designated by number, letter, or combination of numbers and letters, and with  
34 one (1) or more squares designated as a "free" space with the word "Arkansas"  
35 and a facsimile outline of a map of Arkansas on the space;

36 (3) "Bingo session" means all activities incidental to the

1 conduct of a series of bingo games by a licensed authorized organization,  
2 beginning when the first game of bingo of a bingo session is commenced by  
3 calling the first bingo ball drawn, such session not to exceed five (5)  
4 consecutive hours during any one (1) twenty-four-hour calendar day;

5 (4) "Charitable purpose" means a purpose described by  
6 § 23-114-504;

7 (5) "Department" means the Department of Finance and  
8 Administration;

9 (6) "Director" means the Director of the Department of Finance  
10 and Administration;

11 (7) "Distributor" means a person or business entity that sells,  
12 markets, or otherwise provides bingo equipment to a licensed authorized  
13 organization;

14 (8)(A) "Game of bingo" means a single game of the activity  
15 commonly known as "bingo" in which the participants pay a sum of money for  
16 the use of one (1) or more bingo faces.

17 (B) "Game of bingo" includes only a game in which the  
18 winner receives a pre-announced, fixed-dollar prize and in which the winner  
19 is determined by the matching of letters and numbers on a bingo face  
20 imprinted with at least twenty-four (24) numbers, with letters and numbers  
21 appearing on objects randomly drawn and announced by a caller, in  
22 contemporaneous competition among all players in the game;

23 (9) "Gross receipts" means the total amount received from the  
24 sale of raffle tickets and the sale, rental, transfer, or use of bingo faces  
25 and entrance fees charged at premises at which games of bingo or raffles are  
26 conducted without any deduction on account of prizes paid, losses, or any  
27 other expenses whatsoever;

28 (10) "Licensed authorized organization" means an authorized  
29 organization that holds a license to conduct games of bingo or raffles;

30 (11) "Manufacturer" means a person or business entity that  
31 produces finished bingo equipment from raw materials, supplies, or subparts  
32 and that sells, markets, or otherwise provides such equipment to a licensed  
33 distributor;

34 (12) "Person" means any individual, company, partnership,  
35 limited liability company, joint venture, joint agreement, association,  
36 mutual or otherwise, corporation, estate, trust, business trust, receiver,

1 trustee, syndicate, or any other private entity;

2 (13) "Premises" means the area subject to the direct control of  
3 and actual use by a licensed authorized organization to conduct games of  
4 bingo. Premises includes a location or place;

5 (14) "Primary business office" means the Arkansas location at  
6 which all records relating to the primary purpose of a licensed authorized  
7 organization are maintained in the ordinary course of business;

8 (15) "Raffle" means the selling of tickets to win a prize  
9 awarded through a random drawing, provided that the term "raffle" shall not  
10 include any game played through the use of a machine or electronic device;

11 (16) "Responsible person" means the person or persons within a  
12 licensed authorized organization that is responsible for organizing,  
13 conducting and otherwise administering the licensed authorized organization's  
14 raffles or bingo sessions; and

15 (17) "Taxpayer" means a distributor of bingo equipment licensed  
16 under this chapter.

17  
18 23-114-103. General provisions.

19 (a) The game of bingo or a raffle conducted by a licensed authorized  
20 organization shall not be a lottery prohibited by Arkansas Constitution,  
21 Article 19, Section 14, if all net receipts over and above the actual cost of  
22 conducting the game of bingo or raffle are used only for charitable,  
23 religious, or philanthropic purposes.

24 (b)(1) No net receipts from games of bingo or raffles shall be used to  
25 compensate in any manner any person who works for or is in any way affiliated  
26 with the licensed authorized organization.

27 (2)(A) Charitable bingo or raffles shall only be conducted by a  
28 licensed authorized organization through its bona fide officers and members  
29 who volunteer their time and receive no compensation for their services.

30 (B) A licensed authorized organization shall not conduct  
31 games of bingo or raffles through any agent or third party.

32 (c) The provisions of this chapter are not intended and shall not be  
33 construed to allow the play of games of bingo or raffles through any  
34 electronic device or machine.

35  
36 23-114-104. Penalty.

1 (a)(1) A violation of this chapter by a licensed authorized  
2 organization is an unclassified misdemeanor and shall be punishable by a fine  
3 not to exceed five thousand dollars (\$5,000).

4 (2) A second or subsequent offense is an unclassified  
5 misdemeanor and shall be punishable by a fine not to exceed ten thousand  
6 dollars (\$10,000).

7 (b) A person who conducts a game of bingo or a raffle without a  
8 license under this chapter shall be subject to the same penalties as provided  
9 under § 5-66-118, concerning lotteries.

10  
11 SUBCHAPTER 2 ADMINISTRATION

12  
13 23-114-201. Control and supervision of games of bingo and raffles.

14 (a) The Director of the Department of Finance and Administration shall  
15 administer this chapter under the provisions of the Arkansas Tax Procedure  
16 Act, § 26-18-101 et. seq.

17 (b) The director has broad authority and shall exercise strict control  
18 and close supervision over all games of bingo and raffles conducted in this  
19 state so that bingo and raffles are fairly conducted and the proceeds derived  
20 from bingo and raffles are used only for an authorized purpose.

21 (c) The department may employ any inspectors or other personnel that  
22 the director determines are necessary to properly administer this chapter.

23  
24 23-114-202. Approval of bingo faces and raffle tickets.

25 (a) The Director of the Department of Finance and Administration by  
26 rule shall provide procedures for the approval of bingo faces and raffle  
27 tickets.

28 (b)(1) A licensed authorized organization shall not use or distribute  
29 a bingo face unless the bingo face has been approved by the director.

30 (2)(A) All bingo faces must be purchased by the licensed  
31 authorized organization from a distributor licensed under this chapter.

32 (B) Only one (1) game shall be played on each bingo face.

33 (c) All bingo faces and raffle tickets must be pre-printed on paper or  
34 plastic in a form approved by the director. No electronic devices, machines,  
35 or facsimiles may be used as bingo faces, raffle tickets, or otherwise, by  
36 participants of games of bingo or raffles conducted under this chapter.

1 (d) All bingo faces and raffle tickets must be sequentially numbered  
2 at the time of printing.

3  
4 23-114-203. Rulemaking authority.

5 The Director of the Department of Finance and Administration may adopt  
6 rules to aid in the enforcement and administration of this chapter.

7  
8 SUBCHAPTER 3 LICENSING

9  
10 23-114-301. Authorized organization license.

11 The Department of Finance and Administration may license an entity that  
12 is an authorized organization.

13  
14 23-114-302. License fees – Authorized organizations.

15 (a) An authorized organization license to conduct games of bingo and  
16 raffles may be issued to an authorized organization and is subject to renewal  
17 on an annual basis. The annual fee for this license shall be one hundred  
18 dollars (\$100).

19 (b) In lieu of the annual license issued under subsection (a) of this  
20 section, an authorized organization, at its request, may be issued one (1) or  
21 more of the following temporary authorized organization licenses:

22 (1) A temporary license to conduct one (1) bingo session. The  
23 fee for this temporary license is twenty-five dollars (\$25.00);

24 (2) A temporary license, to be known as a Class I temporary  
25 raffle license, to conduct one (1) raffle, other than a raffle under  
26 subdivision (b)(3) of this section. The fee for this temporary license is  
27 twenty-five dollars (\$25.00); and

28 (3) A temporary license, to be known as a Class II temporary  
29 raffle license, to conduct one (1) raffle in which the total prize package to  
30 be given away has been donated and has a total value of less than five  
31 hundred dollars (\$500). The fee for this temporary license is ten dollars  
32 (\$10.00).

33  
34 23-114-303 License application – Authorized organizations.

35 (a) An applicant for an authorized organization license shall file a  
36 written, verified application with the Department of Finance and

1 Administration on a form prescribed by the department.

2 (b) The license application shall include:

3 (1) The name and address of the applicant;

4 (2) A designation and address of the premises intended to be  
5 used for a raffle or bingo session;

6 (3) The name and address of the person or persons within the  
7 authorized organization who will be responsible for organizing, conducting,  
8 and otherwise administering the raffle or bingo sessions;

9 (4) If the premises upon which a raffle or bingo session will be  
10 conducted has been leased by the authorized agent, a copy of the lease  
11 agreement; and

12 (5) A statement that the applicant complies with the conditions  
13 for eligibility for the license.

14 (c) The responsible person within an authorized organization shall  
15 meet the following requirements:

16 (1) The responsible person shall not have been found guilty of  
17 or pleaded guilty or no contest to:

18 (A) Any felony by any court in the State of Arkansas; or

19 (B) Any similar offense by a court in another state or of  
20 any similar offense by a military or federal court;

21 (2)(A) In order to determine a responsible person's suitability  
22 to organize, conduct and administer raffles and bingo sessions, the Director  
23 of the Department of Finance and Administration may require that the  
24 responsible person be fingerprinted and the fingerprints forwarded for a  
25 criminal background check through the Department of Arkansas State Police.

26 (B) After the completion of the criminal background check  
27 through the Department of Arkansas State Police, the fingerprints shall be  
28 forwarded by the Department of Arkansas State Police to the Federal Bureau of  
29 Investigation for a national criminal history record check; and

30 (3) The responsible person shall sign a release that allows the  
31 Department of Arkansas State Police to release:

32 (A) An Arkansas noncriminal justice background check to  
33 the Department of Finance and Administration; and

34 (B) A fingerprint card of the applicant to the Federal  
35 Bureau of Investigation to allow a federal fingerprint-based background check  
36 to be performed.

1 (d)(1) Before the renewal of an annual license, the authorized  
2 organization shall report the following information:

3 (A) The amount of the total gross receipts derived from  
4 games of bingo and raffles;

5 (B) The net proceeds derived from games of bingo and  
6 raffles;

7 (C) The use to which the proceeds have been or are to be  
8 applied; and

9 (D) If requested by the director, a list of expenses paid  
10 or incurred.

11 (2) A licensed authorized organization shall maintain records to  
12 substantiate the contents of the report required by this subsection (d).

13  
14 23-114-304 License application – Distributors and manufacturers.

15 (a) An applicant for a distributor license or a manufacturer license  
16 shall file a written verified application with the Department of Finance and  
17 Administration on a form prescribed by the department.

18 (b) The license application shall include:

19 (1) The name, address, and federal employer identification  
20 number of the applicant;

21 (2) The names and positions of the applicant's officers;

22 (3) The name and address of the person or persons who are  
23 responsible for the applicant's sales of bingo equipment; and

24 (4) A statement that the applicant complies with the conditions  
25 for eligibility for the license.

26 (c) The person or persons who are responsible for the applicant's  
27 sales of bingo equipment shall meet the following requirements:

28 (1) The person or persons shall not have been found guilty of,  
29 or pleaded guilty or no contest to:

30 (A) Any felony by any court in the state of Arkansas; or

31 (B) Any similar offense by a court in another state or of  
32 any similar offense by a military or federal court;

33 (2)(A) In order to determine the person's or persons'  
34 suitability to be involved in the sale of bingo equipment, the Director of  
35 the Department of Finance and Administration may require that the person or  
36 persons be fingerprinted and the fingerprints forwarded for a criminal



1 background check through the Department of Arkansas State Police.

2 (B) After the completion of the criminal background check  
3 through the Department of Arkansas State Police, the fingerprints shall be  
4 forwarded by the Department of Arkansas State Police to the Federal Bureau of  
5 Investigation for a national criminal history record check; and

6 (3) The person or persons responsible for an applicant's sales  
7 of bingo equipment shall sign a release that allows the Department of  
8 Arkansas State Police to release the following:

9 (A) An Arkansas noncriminal justice background check to  
10 the Department of Finance and Administration; and

11 (B) A fingerprint card of the applicant to the Federal  
12 Bureau of Investigation to allow a federal fingerprint-based background check  
13 to be performed.

14  
15 23-114-305. Denial, suspension, or revocation of licenses.

16 (a) All proceedings for the suspension and revocation of the license  
17 issued to a manufacturer, a distributor, or an authorized organization under  
18 this chapter shall be before the Department of Finance and Administration.

19 (b) The department may deny an application for a license, or for the  
20 renewal of a license issued under this chapter, if it determines that issuing  
21 the license would violate any provisions of this chapter.

22 (c) The proceedings shall be conducted in accordance with the Arkansas  
23 Tax Procedure Act, § 26-18-101 et seq.

24  
25 23-114-306. Display of license.

26 A licensed authorized organization shall conspicuously display a  
27 license issued under this chapter at the premises at which a raffle or a game  
28 of bingo is conducted at all times during the conduct of the raffle or the  
29 game of bingo.

30  
31 23-114-307. Licenses and fees – Distributors and manufacturers.

32 (a) A distributor license may be issued to a distributor of bingo  
33 equipment and is subject to renewal on an annual basis. The annual fee for  
34 this license shall be two thousand five hundred dollars (\$2,500).

35 (b) A manufacturer license may be issued to a manufacturer of bingo  
36 equipment and is subject to renewal on an annual basis. The annual fee for

1 this license shall be two thousand five hundred dollars (\$2,500).

2  
3 23-114-308. Failure to file excise tax reports.

4 A distributor of bingo equipment licensed under this chapter shall not  
5 be eligible to renew its license unless all excise tax reports required under  
6 this chapter have been filed and all reported taxes are paid in full.

7  
8  
9 SUBCHAPTER 4 OPERATION OF GAMES OF BINGO AND RAFFLES

10  
11 23-114-401. Bingo premises – Sale of raffle tickets.

12 (a)(1) Games of bingo shall not be conducted at more than one (1)  
13 premises on property owned or leased by a licensed authorized organization.

14 (2) The Department of Finance and Administration shall not  
15 license more than one (1) organization to conduct games of bingo at the same  
16 premises.

17 (3) Games of bingo under this chapter shall not be conducted  
18 through any system that links the games of bingo or participants at one (1)  
19 premises location to any other premises or participants.

20 (4) All participants in games of bingo shall be physically  
21 present in person at the authorized premises in a single facility in order to  
22 play a game of bingo under this chapter.

23 (b)(1) The conduct of raffles is not limited to property owned or  
24 leased by a licensed authorized organization, but shall be conducted pursuant  
25 to the rules of the Department of Finance and Administration.

26 (2) Raffle tickets may be sold:

27 (A) At the authorized premises of the licensed authorized  
28 organization; and

29 (B) Off the authorized premises of the licensed authorized  
30 organization, if the tickets are sold by uncompensated volunteers of the  
31 licensed authorized organization.

32 (3) No raffle ticket shall be sold through the mail or through  
33 the Internet, email, fax, telephone, or any other electronic means.

34  
35 23-114-402. Restrictions on premises and equipment providers.

36 A person shall not lease or otherwise make a premises or equipment

1 available for conducting a raffle or a game of bingo for any direct or  
2 indirect consideration in excess of the bona fide reasonable fair market  
3 rental value of the premises or equipment, and no portion of the  
4 consideration for premises or equipment shall be based upon a percentage or  
5 specified portion of the revenue or profit from games of bingo or raffles  
6 conducted by a licensed authorized organization.

7  
8 23-114-403. Compensation prohibited.

9 No person may be compensated for organizing, promoting, conducting, or  
10 otherwise administering a charitable raffle or bingo event. The functions of  
11 organizing, promoting, conducting, or otherwise administering a charitable  
12 raffle or bingo event shall be performed by volunteers from the charitable  
13 organization.

14  
15 23-114-404. Admission to games of bingo.

16 (a) A person shall not be denied admission to a raffle or a game of  
17 bingo or the opportunity to participate in a raffle or a game of bingo  
18 because of race, color, creed, religion, national origin, sex, or disability,  
19 or because the person is not a member of the licensed authorized organization  
20 conducting the raffle or game of bingo.

21 (b) No individual under eighteen (18) years of age may play a game of  
22 bingo or purchase raffle tickets from a licensed authorized organization.

23  
24 23-114-405. Raffle and bingo records.

25 (a) A licensed authorized organization shall provide to the Director  
26 of the Department of Finance and Administration at the time of application  
27 for license the address of its primary business office. If the licensed  
28 authorized organization maintains its raffle and bingo records at a location  
29 other than the primary business office, the organization shall provide the  
30 address of the location where the records are maintained.

31 (b) Bingo and raffle records shall be maintained in Arkansas.

32 (c) The Director of the Department of Finance and Administration may  
33 provide by rule for different recordkeeping procedures for licensed  
34 authorized organizations based upon the amount of gross receipts of the  
35 licensed authorized organization.

36

1           23-114-406. Gift certificates.

2           (a) Nothing in this chapter prohibits a licensed authorized  
3 organization from selling or redeeming a gift certificate that entitles the  
4 bearer of the certificate to participate in a raffle or play a game of bingo  
5 conducted by the licensed authorized organization.

6           (b) A licensed authorized organization that sells or redeems a gift  
7 certificate shall keep adequate records relating to the gift certificate.

8  
9           23-114-407. Bingo sessions and number of raffles.

10          (a)(1) A bingo session begins when the first game of bingo of the  
11 bingo session is commenced by calling the first bingo ball drawn.

12          (2) A licensed authorized organization may conduct one (1) bingo  
13 session per calendar day and shall not exceed two (2) bingo sessions during  
14 any one (1) calendar week.

15          (b) A bingo session shall not exceed five (5) consecutive hours during  
16 any one (1) twenty-four-hour calendar day.

17  
18          23-114-408. Prizes.

19          (a) A bingo prize shall not have a value of more than one thousand  
20 dollars (\$1,000) for a single game.

21          (b) For the total prizes of all games of bingo, a licensed authorized  
22 organization shall not offer or award during a single bingo session prizes  
23 with an aggregate value of more than seven thousand five hundred dollars  
24 (\$7,500).

25          (c) A licensed authorized organization shall not award or offer to  
26 award a door prize with a value of more than two hundred fifty dollars (\$250)  
27 per bingo session. This door prize value shall not accrue against the bingo  
28 session prize limitation of seven thousand five hundred dollars (\$7,500).

29          (d) A bingo prize, other than cash, may be merchandise with a  
30 recognized wholesale cost not to exceed one thousand dollars (\$1,000). A  
31 copy of the receipt for such merchandise shall be maintained in the licensed  
32 authorized organization's bingo records.

33          (e)(1) Except as otherwise provided in subdivision (e)(2) of this  
34 section, the total value of raffle prizes in a calendar year shall not exceed  
35 fifty thousand dollars (\$50,000).

36          (2) If the prizes were donated to the licensed authorized

1 organization, the total value of raffle prizes in a calendar year shall not  
2 exceed one hundred thousand dollars (\$100,000), except as applicable to a  
3 temporary license to conduct a raffle under § 23-114-302(b)(3).

4 (f) A raffle prize may not exceed five hundred dollars (\$500) in cash.  
5 As used in this subsection (f) "cash" means coins, paper currency, or a  
6 negotiable instrument that represents and is readily convertible to coins or  
7 paper currency.

8  
9 23-114-409. Purchase of bingo equipment.

10 Licensed authorized organizations shall purchase bingo equipment only  
11 from distributors licensed under this chapter. Distributors that wish to  
12 sell bingo equipment to licensed authorized organizations within this state  
13 shall purchase bingo equipment only from manufacturers licensed under this  
14 chapter.

15  
16 SUBCHAPTER 5 RAFFLE AND BINGO ACCOUNTS

17  
18 23-114-501. Bingo and raffle accounts.

19 (a)(1) A licensed authorized organization with gross receipts from  
20 raffles or bingo games in excess of five hundred dollars (\$500) per month  
21 shall establish and maintain one (1) regular checking account designated as  
22 the bingo and raffle account.

23 (2) A licensed authorized organization may also maintain an  
24 interest-bearing savings account designated as the bingo and raffle savings  
25 account.

26 (b)(1) A licensed authorized organization shall deposit into the bingo  
27 and raffle account all funds derived from the conduct of games of bingo and  
28 raffles, less the amount awarded as cash prizes. Except as provided by  
29 subdivision (b)(2) of this section, a deposit shall be made not later than  
30 the next business day after the day of the raffle or bingo session on which  
31 the receipts were obtained.

32 (2) A licensed authorized organization may deposit funds derived  
33 from the conduct of a raffle or games of bingo that are paid through a debit  
34 card transaction into the bingo fund not later than seventy-two (72) hours  
35 after the transaction.

36 (c) A licensed authorized organization may lend money from its general

1 fund to its bingo and raffle account if the organization requests and  
2 receives the prior approval of the Department of Finance and Administration.  
3 Except as provided by this section, no other funds may be deposited into the  
4 bingo and raffle account.

5 (d) A licensed authorized organization shall not commingle gross  
6 receipts derived from the conduct of games of bingo and raffles with other  
7 funds of the organization.

8 (e) Except as permitted, the licensed authorized organization shall  
9 not transfer gross receipts to another account maintained by the licensed  
10 authorized organization.

11 (f) A licensed authorized organization shall maintain all of its  
12 savings and checking accounts established under this section in a financial  
13 institution in this state.

14  
15 23-114-502. Withdrawals from a bingo and raffle account.

16 (a)(1) Funds from the bingo and raffle account shall be withdrawn by  
17 preprinted, consecutively numbered checks or withdrawal slips, signed by an  
18 authorized representative of the licensed authorized organization and made  
19 payable to a person.

20 (2) A check or withdrawal slip shall not be made payable to  
21 "cash," "bearer," or a fictitious payee.

22 (3) The nature of the payment made shall also be noted on the  
23 face of the check or withdrawal slip.

24 (b) The checks for the bingo and raffle account shall be imprinted  
25 with the words "Bingo and Raffle Account" and shall contain the licensed  
26 authorized organization's bingo and raffle license number on the face of each  
27 check.

28 (c) A licensed authorized organization shall keep and account for all  
29 checks and withdrawal slips, including voided checks and withdrawal slips.

30  
31 23-114-503. Authorized uses of a bingo and raffle account.

32 (a) A licensed authorized organization may draw a check on the  
33 organization's bingo and raffle account only for:

34 (1) The payment of necessary and reasonable bona fide bingo and  
35 raffle related expenses;

36 (2) The disbursement of net proceeds derived from the conduct of

1 games of bingo or raffles to charitable purposes; or

2 (3) The transfer of net proceeds derived from the conduct of  
3 games of bingo or raffles to the licensed authorized organization's bingo and  
4 raffle savings account pending a disbursement to a charitable purpose.

5 (b) A licensed authorized organization shall make the disbursement of  
6 net proceeds on deposit in the bingo and raffle savings account to a  
7 charitable purpose by transferring the intended disbursement back into the  
8 licensed authorized organization's bingo and raffle checking account and then  
9 withdrawing an amount by a check drawn on the bingo and raffle checking  
10 account.

11  
12 23-114-504. Use of net proceeds for charitable purposes.

13 (a) A licensed authorized organization shall devote to the charitable  
14 purposes of the organization its net proceeds of games of bingo and raffles.

15 (b) Except as otherwise provided by law, the net proceeds derived from  
16 games of bingo and raffles are dedicated to the charitable purposes of the  
17 licensed authorized organization only if directed to a cause, need, or  
18 activity that is consistent with the federal tax exemption the licensed  
19 authorized organization obtained under 26 U.S.C. Section 501, as in existence  
20 on January 1, 2007, and under which the organization qualifies as a nonprofit  
21 organization as defined by law. If the licensed authorized organization is  
22 not required to obtain a federal tax exemption under 26 U.S.C. Section 501,  
23 as in existence on January 1, 2007, the licensed authorized organization's  
24 net proceeds are dedicated to the charitable purposes of the licensed  
25 authorized organization only if directed to a cause, need, or activity that  
26 is consistent with the purposes and objectives for which the licensed  
27 authorized organization qualifies as a licensed authorized organization.

28 (c)(1) The licensed authorized organization shall make mandatory  
29 annual or more frequent disbursements from the bingo and raffle account to  
30 the general fund of the licensed authorized organization after providing for  
31 appropriate reserves and funds necessary to pay for reasonable and necessary  
32 bingo and raffle expenses.

33 (2) Once funds are distributed to the licensed authorized  
34 organization general fund under subdivision (c)(1) of this section, no funds  
35 shall be returned to the bingo and raffle account except by means of a loan  
36 from the licensed authorized organization's general fund to the bingo and

1 raffle account as evidenced by a written instrument.

2  
3 23-114-505. Use of proceeds by a licensed authorized organization.

4 A licensed authorized organization shall not use the net proceeds from  
5 games of bingo or raffles directly or indirectly to:

6 (1) Support or oppose a candidate or slate of candidates for  
7 public office;

8 (2) Support or oppose a measure submitted to a vote of the  
9 people; or

10 (3) Influence or attempt to influence legislation.

11  
12 23-114-506. Items of bingo and raffle expense.

13 (a) Expenses that are reasonable and necessary to lawfully conduct  
14 games of bingo or raffles are allowable and include expenses incurred for:

15 (1) Advertising, including the cost of printing bingo and raffle  
16 gift certificates;

17 (2) Repairs to premises and equipment;

18 (3) Bingo and raffle supplies and equipment;

19 (4) Prizes;

20 (5) Stated rental or mortgage and insurance expenses;

21 (6) License fees; and

22 (7) Bookkeeping or accounting services.

23 (b) No person may be compensated for organizing, promoting,  
24 conducting, or otherwise administering a raffle or bingo event. Any such  
25 compensation is prohibited under this chapter and is not an allowable  
26 expense.

27  
28 23-114-507. Expenses paid from bingo and raffle account.

29 The following items of expenses incurred or paid in connection with the  
30 conduct of games of bingo or raffles must be paid from a licensed authorized  
31 organization's bingo and raffle checking account if the organization is  
32 required under § 23-114-501 to maintain such an account:

33 (1) Advertising, including the cost of printing bingo and raffle  
34 gift certificates;

35 (2) Repairs to premises and equipment;

36 (3) Bingo and raffle supplies and equipment;



1           (4) Prizes;

2           (5) Stated rental or mortgage and insurance expenses;

3           (6) Bookkeeping or accounting services; and

4           (7) License fees.

5  
6           SUBCHAPTER 6    EXCISE TAX

7  
8           23-114-601. Tax levied.

9           (a)(1) There is levied an excise tax of one cent (1¢) upon the sale of  
10 each bingo face sold by a licensed distributor to a licensed authorized  
11 organization in this state.

12           (2) There is levied an excise tax of ten percent (10%) of the  
13 gross receipts derived from the sale of all bingo equipment other than bingo  
14 faces by a licensed distributor to a licensed authorized organization in this  
15 state.

16           (b) Items taxed under subsection (a) of this section shall be exempt  
17 from the Arkansas Gross Receipts Tax Act of 1941 and the Arkansas  
18 Compensating Tax Act of 1949.

19  
20           23-114-602. Payment and reporting of tax.

21           (a) The excise tax levied under this subchapter is due and payable by  
22 distributors that sold bingo faces and other bingo equipment to licensed  
23 authorized organizations in this state. The tax shall be reported and paid  
24 to the Department of Finance and Administration monthly on or before the  
25 fifteenth (15<sup>th</sup>) day of the month following the month of sale.

26           (b) The report shall be filed under oath on forms prescribed by the  
27 Director of the Department of Finance and Administration.

28           (c) The director shall adopt any rules necessary for the proper  
29 reporting and payment of the tax.

30  
31           23-114-603. Information to be reported.

32           (a) The excise tax report required under § 23-114-602 shall include  
33 the following information:

34           (1) The total number of bingo faces and the gross receipts  
35 derived from the sale of other bingo equipment sold to all licensed  
36 authorized organizations in this state; and

1           (2) Any other information that the Director of the Department of  
2 Finance and Administration determines is necessary to properly administer the  
3 excise tax levied by this subchapter.

4           (b) A taxpayer shall maintain records to substantiate the contents of  
5 each report.

6  
7           23-114-604. Record of prize winners.

8           The Director of the Department of Finance and Administration may  
9 require a licensed authorized organization to maintain records relating to  
10 prizes awarded at a raffle or bingo session.

11  
12           23-114-605. Collection and disbursement of excise tax and license  
13 fees.

14           The Department of Finance and Administration shall deposit the revenue  
15 collected from the license fees levied under § 23-114-302, § 23-114-307, and  
16 the excise tax levied in § 23-114-601 to the credit of the General Revenue  
17 Fund Account of the State Apportionment Fund.

18  
19           23-114-606. Non-filer tax assessments.

20           (a) If a distributor fails to file an excise tax report required under  
21 this chapter, the Department of Finance and Administration shall make an  
22 excise tax assessment for the period or periods for which the distributor  
23 failed to report.

24           (b) The estimate shall be based on any information covering any period  
25 possessed by the department.

26           (c) On the basis of the department's estimate, the department shall  
27 compute and determine the amount of excise tax required to be paid along with  
28 any applicable interest and penalties authorized under the Arkansas Tax  
29 Procedure Act.

30  
31           SUBCHAPTER 7 ENFORCEMENT

32  
33           23-114-701. Revocation of License – Licensed authorized organization.

34           The license issued to an authorized organization is subject to  
35 revocation under this chapter if the organization:

36           (1) Makes a false statement or material omission in an

1 application for a license under this chapter;

2 (2) Fails to maintain records that fully and accurately record  
3 each transaction connected with:

4 (A) Conducting raffles or games of bingo; and

5 (B) Leasing of premises to be used for raffles or games of  
6 bingo.

7 (3) Falsifies or makes a false entry in a book or record if the  
8 entry relates in any way to the promotion, operation or administration of  
9 raffles or games of bingo;

10 (4) Diverts or pays a portion of the proceeds from a raffle or a  
11 game of bingo to a person except in furtherance of one (1) or more of the  
12 lawful purposes set forth in this chapter; or

13 (5) Violates this chapter or a term of a license issued under  
14 this chapter in any other way.

15  
16 23-114-702. Revocation of License – Distributors and manufacturers.

17 The license issued to a distributor or manufacturer is subject to revocation  
18 under this chapter if the licensee:

19 (1) Makes a false statement or material omission in an  
20 application for a license under this chapter;

21 (2) Fails to maintain records that fully and accurately record  
22 all transactions connected with the distribution of bingo equipment;

23 (3) Falsifies or makes a false entry in a book or record if the  
24 entry relates in any way to the distribution of bingo equipment; or

25 (4) Violates this chapter or a term of a license issued under  
26 this chapter in any other way.

27  
28 23-114-703. Inspection of premises.

29 The Department of Finance and Administration may enter and inspect the  
30 premises where:

31 (1) A raffle or a game of bingo is being conducted or intended  
32 to be conducted; or

33 (2) Equipment used or intended for use in a raffle or a game of  
34 bingo is located.

35  
36 23-114-704. Injunction.

1        (a) If the Department of Finance and Administration has reason to  
2 believe that this chapter has been or is about to be violated, the Director  
3 of the Department of Finance and Administration may petition a court for  
4 injunctive relief to restrain the violation.

5        (b) Venue for an action seeking injunctive relief is in Pulaski  
6 County, Arkansas.

7        (c) If the court finds that this chapter has been violated or is about  
8 to be violated, the court shall issue a temporary restraining order and,  
9 after due notice and hearing, a temporary injunction, and after a final  
10 trial, a permanent injunction to restrain the violation.

11  
12        23-114-705. Examination of records.

13        The Department of Finance and Administration is authorized to audit and  
14 examine the books, papers, records, equipment, and place of business of a  
15 licensed authorized organization, a licensed distributor, or a licensed  
16 manufacturer to verify compliance with the provisions of this chapter.

17  
18        SECTION 2. Arkansas Code § 5-66-118 is amended to read as follows:  
19        5-66-118. Lottery, etc. - Tickets.

20        (a) ~~It~~ Except as authorized under § 23-114-101 et seq., it is unlawful  
21 for any person to:

22                (1) Keep an office, room, or place for the sale or disposition  
23 of a lottery, policy, and gift concert ticket or slip or like device;

24                (2) Vend, sell, or otherwise dispose of any lottery, policy, or  
25 gift concert ticket, slip, or like device;

26                (3) Possess any lottery, policy, or gift concert ticket, slip or  
27 like device, except a lottery ticket issued in another state where a lottery  
28 is legal; or

29                (4) Be interested either directly or indirectly in the sale or  
30 disposition of any lottery, policy, or gift concert ticket, slip or like  
31 device.

32        (b) In any prosecution or investigation under this section, it is no  
33 exemption for a witness that his or her testimony may incriminate himself or  
34 herself, but no such testimony given by the witness shall be used against him  
35 or her in any prosecution except for perjury, and the witness is discharged  
36 from liability for any violation of the law upon his or her part disclosed by

1 his or her testimony.

2 (c)(1) The General Assembly recognizes that:

3 (A) The present laws relating to lotteries are vague in  
4 certain areas and, although designed to prohibit the operation of lotteries  
5 in the state, may be interpreted to prohibit even the printing of lottery  
6 tickets by companies in this state for distribution in other states where  
7 lotteries are legal;

8 (B) There are companies in this state that print various  
9 types of tickets, stamps, tags, coupon books, and similar devices and that  
10 may be interested in printing lottery tickets for states where lotteries are  
11 lawful; and

12 (C) It is the intent and purpose of this subsection to  
13 clarify the present law relating to lotteries to specifically permit  
14 businesses in Arkansas to print lottery tickets for use in states where  
15 lotteries are lawful.

16 (2)(A) The printing or other production of lottery tickets by a  
17 business located in Arkansas for use in a state where a lottery is permitted  
18 is declared to be lawful.

19 (B) Nothing contained in this section and § 5-66-119 or  
20 any other law shall be construed to make printing or production of lottery  
21 tickets described in subdivision (c)(2)(A) of this section unlawful.

22 (d)(1) Any person who violates any provision of this section is guilty  
23 of a an unclassified misdemeanor and upon conviction shall be fined ~~in any~~  
24 ~~sum not less than fifty dollars (\$50.00) nor more than five hundred dollars~~  
25 ~~(\$500)~~ an amount not to exceed ten thousand dollars (\$10,000).

26 (2) A second or subsequent offense is a Class D felony.

27

28 /s/ Walters

29

30 APPROVED: 3/20/2007

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