

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.

1 State of Arkansas *As Engrossed: H2/15/07 S3/1/07 S3/7/07*

2 86th General Assembly

# A Bill

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,  
36 volunteer rescue service, volunteer firefighters organization, or volunteer



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

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

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

9 (B) "Bingo equipment" includes:

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11 other items are withdrawn to determine the letters and numbers or other  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

13 (ii) A bingo face;

14 (iii) A bingo ball;

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

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

19 (i) Any electronic device or machine; or

20 (ii) A pull-tab bingo ticket.

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

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

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

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

35 (3) "Bingo session" means all activities incidental to the  
36 conduct of a series of bingo games by a licensed authorized organization,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16  
17           23-114-103. General provisions.

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

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

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

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

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

34  
35           23-114-104. Penalty.

36           (a)(1) A violation of this chapter by a licensed authorized

1 organization is an unclassified misdemeanor and shall be punishable by a fine  
2 not to exceed five thousand dollars (\$5,000).

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

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

9  
10 SUBCHAPTER 2 ADMINISTRATION

11  
12 23-114-201. Control and supervision of games of bingo and raffles.

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

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

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

22  
23 23-114-202. Approval of bingo faces and raffle tickets.

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

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

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

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

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

36 (d) All bingo faces and raffle tickets must be sequentially numbered

1 at the time of printing.

2  
3 23-114-203. Rulemaking authority.

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

6  
7 SUBCHAPTER 3 LICENSING

8  
9 23-114-301. Authorized organization license.

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

12  
13 23-114-302. License fees – Authorized organizations.

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

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

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

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

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

32  
33 23-114-303 License application – Authorized organizations.

34 (a) An applicant for an authorized organization license shall file a  
35 written, verified application with the Department of Finance and  
36 Administration on a form prescribed by the department.

1 (b) The license application shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (d)(1) Before the renewal of an annual license, the authorized

1 organization shall report the following information:

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

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

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

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

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

12  
13 23-114-304 License application – Distributors and manufacturers.

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

17 (b) The license application shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

13  
14 23-114-305. Denial, suspension, or revocation of licenses.

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

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

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

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

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

29  
30 23-114-307. Licenses and fees – Distributors and manufacturers.

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

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

1  
2 23-114-308. Failure to file excise tax reports.

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

6  
7  
8 SUBCHAPTER 4 OPERATION OF GAMES OF BINGO AND RAFFLES

9  
10 23-114-401. Bingo premises – Sale of raffle tickets.

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

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

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

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

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

25 (2) Raffle tickets may be sold:

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

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

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

33  
34 23-114-402. Restrictions on premises and equipment providers.

35 A person shall not lease or otherwise make a premises or equipment  
36 available for conducting a raffle or a game of bingo for any direct or

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

6  
7 23-114-403. Compensation prohibited.

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

13  
14 23-114-404. Admission to games of bingo.

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

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

22  
23 23-114-405. Raffle and bingo records.

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

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

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

35  
36 23-114-406. Gift certificates.

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

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

7  
8       23-114-407. Bingo sessions and number of raffles.

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

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

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

16  
17       23-114-408. Prizes.

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

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

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

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

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

35       (2) If the prizes were donated to the licensed authorized  
36 organization, the total value of raffle prizes in a calendar year shall not

1 exceed one hundred thousand dollars (\$100,000), except as applicable to a  
2 temporary license to conduct a raffle under § 23-114-302(b)(3).

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

7  
8 23-114-409. Purchase of bingo equipment.

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

14  
15 SUBCHAPTER 5 RAFFLE AND BINGO ACCOUNTS

16  
17 23-114-501. Bingo and raffle accounts.

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

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

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

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

35 (c) A licensed authorized organization may lend money from its general  
36 fund to its bingo and raffle account if the organization requests and

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

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

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

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

13  
14 23-114-502. Withdrawals from a bingo and raffle account.

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

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

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

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

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

29  
30 23-114-503. Authorized uses of a bingo and raffle account.

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

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

35 (2) The disbursement of net proceeds derived from the conduct of  
36 games of bingo or raffles to charitable purposes; or

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

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

10  
11           23-114-504. Use of net proceeds for charitable purposes.

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

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

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

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

1  
2 23-114-505. Use of proceeds by a licensed authorized organization.

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

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

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

9 (3) Influence or attempt to influence legislation.

10  
11 23-114-506. Items of bingo and raffle expense.

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

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

16 (2) Repairs to premises and equipment;

17 (3) Bingo and raffle supplies and equipment;

18 (4) Prizes;

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

20 (6) License fees; and

21 (7) Bookkeeping or accounting services.

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

26  
27 23-114-507. Expenses paid from bingo and raffle account.

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

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

34 (2) Repairs to premises and equipment;

35 (3) Bingo and raffle supplies and equipment;

36 (4) Prizes;

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

2 (6) Bookkeeping or accounting services; and

3 (7) License fees.

4  
5 SUBCHAPTER 6 EXCISE TAX

6  
7 23-114-601. Tax levied.

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

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

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

18  
19 23-114-602. Payment and reporting of tax.

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

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

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

29  
30 23-114-603. Information to be reported.

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

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

36 (2) Any other information that the Director of the Department of

1 Finance and Administration determines is necessary to properly administer the  
2 excise tax levied by this subchapter.

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

5  
6 23-114-604. Record of prize winners.

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

10  
11 23-114-605. Collection and disbursement of excise tax and license  
12 fees.

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

17  
18 23-114-606. Non-filer tax assessments.

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

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

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

29  
30 SUBCHAPTER 7 ENFORCEMENT

31  
32 23-114-701. Revocation of License – Licensed authorized organization.

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

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

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

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

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

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

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

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

14  
15           23-114-702. Revocation of License – Distributors and manufacturers.  
16 The license issued to a distributor or manufacturer is subject to revocation  
17 under this chapter if the licensee:

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

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

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

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

26  
27           23-114-703. Inspection of premises.

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

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

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

34  
35           23-114-704. Injunction.

36           (a) If the Department of Finance and Administration has reason to

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

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

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

10  
11 23-114-705. Examination of records.

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

16  
17 SECTION 2. Arkansas Code § 5-66-118 is amended to read as follows:  
18 5-66-118. Lottery, etc. - Tickets.

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

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

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

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

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

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

