

ARKANSAS SENATE
86th General Assembly - Regular Session, 2007
Amendment Form

Subtitle of House Bill No. 1426

"AN ACT TO PROVIDE FOR CHARITABLE BINGO AND RAFFLES."

Amendment No. 1 to House Bill No. 1426.

Amend House Bill No. 1426 as engrossed, H2/15/07 (version: 02-15-2007 08:46):

Delete everything after the ENACTING CLAUSE and substitute the following:

“SECTION 1. Arkansas Code Title 23 is amended to add a new chapter to read as follows:

CHAPTER 114 CHARITABLE BINGO AND RAFFLES

SUBCHAPTER 1 GENERAL PROVISIONS

23-114-101. Short title.

This chapter shall be known and may be cited as the “Charitable Bingo and Raffles Enabling Act”.

23-114-102. Definitions.

As used in this chapter:

(1)(A) "Authorized organization" means an organization eligible for a license to conduct games of bingo and raffles that is a nonprofit tax-exempt religious, educational, veterans, fraternal, service, civic, medical, volunteer rescue service, volunteer firefighters organization, or volunteer police organization that has been in continuing existence as a nonprofit tax-exempt organization in this state for a period of not less than five (5) years immediately prior to conducting the game of bingo or raffles.

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

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

(B) "Bingo equipment" includes:

(i) A machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;

(ii) A bingo face;

(iii) A bingo ball;



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

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

(i) Any electronic device or machine; or

(ii) A pull-tab bingo ticket.

(D) "Bingo equipment" does not include:

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

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

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

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

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

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

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

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

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

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

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

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

(11) "Manufacturer" means a person or business entity that produces finished bingo equipment from raw materials, supplies, or subparts

and that sells, markets, or otherwise provides such equipment to a licensed distributor;

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

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

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

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

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

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

23-114-103. General provisions.

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

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

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

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

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

23-114-104. Penalty.

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

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

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

SUBCHAPTER 2 ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

23-114-203. Rulemaking authority.

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

SUBCHAPTER 3 LICENSING

23-114-301. Authorized organization license.

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

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

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

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

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

(2) A temporary license, to be known as a Class I temporary raffle license, to conduct one (1) raffle, other than a raffle under subdivision (b)(3) of this section. The fee for this temporary license is

twenty-five dollars (\$25.00); and

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

23-114-303 License application – Authorized organizations.

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

(b) The license application shall include:

(1) The name and address of the applicant;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The license application shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The proceedings shall be conducted in accordance with the Arkansas

Tax Procedure Act, § 26-18-101 et seq.

23-114-306. Display of license.

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

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

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

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

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

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

SUBCHAPTER 4 OPERATION OF GAMES OF BINGO AND RAFFLES

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

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

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

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

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

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

(2) Raffle tickets may be sold:

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

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

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

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

A person shall not lease or otherwise make a premises or equipment available for conducting a raffle or a game of bingo for any direct or indirect consideration in excess of the bona fide reasonable fair market

rental value of the premises or equipment, and no portion of the consideration for premises or equipment shall be based upon a percentage or specified portion of the revenue or profit from games of bingo or raffles conducted by a licensed authorized organization.

23-114-403. Compensation prohibited.

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

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

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

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

23-114-405. Raffle and bingo records.

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

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

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

23-114-406. Gift certificates.

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

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

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

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

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

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

23-114-408. Prizes.

(a) A bingo prize shall not have a value of more than five hundred

dollars (\$500) for a single game.

(b) For the total prizes of all games of bingo, a licensed authorized organization shall not offer or award during a single bingo session prizes with an aggregate value of more than five thousand dollars (\$5,000.)

(c) A licensed authorized organization shall not award or offer to award a door prize with a value of more than two hundred fifty dollars (\$250) per bingo session. This door prize value shall not accrue against the bingo session prize limitation of five thousand dollars (\$5,000).

(d) A bingo prize, other than cash, may be merchandise with a recognized wholesale cost not to exceed five hundred dollars (\$500). A copy of the receipt for such merchandise shall be maintained in the licensed authorized organization's bingo records.

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

(2) If the prizes were donated to the licensed authorized organization, there is no total value limit on raffle prizes, except as applicable to a temporary license to conduct a raffle under § 23-114-302(b)(3).

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

23-114-409. Purchase of bingo equipment.

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

SUBCHAPTER 5 RAFFLE AND BINGO ACCOUNTS

23-114-501. Bingo and raffle accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Except as otherwise provided by law, the net proceeds derived from games of bingo and raffles are dedicated to the charitable purposes of the

licensed authorized organization only if directed to a cause, need, or activity that is consistent with the federal tax exemption the licensed authorized organization obtained under 26 U.S.C. Section 501, as in existence on January 1, 2007, and under which the organization qualifies as a nonprofit organization as defined by law. If the licensed authorized organization is not required to obtain a federal tax exemption under 26 U.S.C. Section 501, as in existence on January 1, 2007, the licensed authorized organization's net proceeds are dedicated to the charitable purposes of the licensed authorized organization only if directed to a cause, need, or activity that is consistent with the purposes and objectives for which the licensed authorized organization qualifies as a licensed authorized organization.

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

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

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

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

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

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

(3) Influence or attempt to influence legislation.

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

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

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

(2) Repairs to premises and equipment;

(3) Bingo and raffle supplies and equipment;

(4) Prizes;

(5) Stated rental or mortgage and insurance expenses;

(6) License fees; and

(7) Bookkeeping or accounting services.

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

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

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

- (1) Advertising, including the cost of printing bingo and raffle gift certificates;
- (2) Repairs to premises and equipment;
- (3) Bingo and raffle supplies and equipment;
- (4) Prizes;
- (5) Stated rental or mortgage and insurance expenses;
- (6) Bookkeeping or accounting services; and
- (7) License fees.

SUBCHAPTER 6 EXCISE TAX

23-114-601. Tax levied.

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

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

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

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

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

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

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

23-114-603. Information to be reported.

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

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

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

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

23-114-604. Record of prize winners.

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

23-114-605. Collection and disbursement of excise tax and license

fees.

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

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

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

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

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

SUBCHAPTER 7 ENFORCEMENT

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

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

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

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

(A) Conducting raffles or games of bingo; and

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

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

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

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

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

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

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

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

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

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

23-114-703. Inspection of premises.

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

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

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

23-114-704. Injunction.

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

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

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

23-114-705. Examination of records.

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

SECTION 2. Arkansas Code § 5-66-118 is amended to read as follows:

5-66-118. Lottery, etc. - Tickets.

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

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

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

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

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

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

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

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

(B) There are companies in this state that print various

types of tickets, stamps, tags, coupon books, and similar devices and that may be interested in printing lottery tickets for states where lotteries are lawful; and

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

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

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

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

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

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator Faris

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Secretary