

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
2 86th General Assembly
3 Regular Session, 2007
4

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

A Bill

HOUSE BILL 1426

5 By: Representatives Walters, Hall, Greenberg, Petrus
6 By: Senators Faris, Broadway
7

For An Act To Be Entitled

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

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

25 SUBCHAPTER 1 GENERAL PROVISIONS

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11 other items are withdrawn to determine the letters and numbers or other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 or group of licensed
3 authorized organizations to conduct games of bingo. Premises includes a
4 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 (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 five hundred
19 dollars (\$500) 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 five thousand dollars (\$5,000.)

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

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

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

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

1 302(b)(3).

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

6
7 23-114-409. Purchase of bingo equipment.

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

13
14 SUBCHAPTER 5 RAFFLE AND BINGO ACCOUNTS

15
16 23-114-501. Bingo and raffle accounts.

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

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

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

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

34 (c) A licensed authorized organization may lend money from its general
35 fund to its bingo and raffle account if the organization requests and
36 receives the prior approval of the Department of Finance and Administration.

1 Except as provided by this section, no other funds may be deposited into the
2 bingo and raffle account.

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

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

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

12
13 23-114-502. Withdrawals from a bingo and raffle account.

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

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

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

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

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

28
29 23-114-503. Authorized uses of a bingo and raffle account.

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

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

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

36 (3) The transfer of net proceeds derived from the conduct of

1 games of bingo or raffles to the licensed authorized organization's bingo and
2 raffle savings account pending a disbursement to a charitable purpose.

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

9
10 23-114-504. Use of net proceeds for charitable purposes.

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

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

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

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

36

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

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

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

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

8 (3) Influence or attempt to influence legislation.

9
10 23-114-506. Items of bingo and raffle expense.

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

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

15 (2) Repairs to premises and equipment;

16 (3) Bingo and raffle supplies and equipment;

17 (4) Prizes;

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

19 (6) License fees; and

20 (7) Bookkeeping or accounting services.

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

25
26 23-114-507. Expenses paid from bingo and raffle account.

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

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

33 (2) Repairs to premises and equipment;

34 (3) Bingo and raffle supplies and equipment;

35 (4) Prizes;

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

1 (6) Bookkeeping or accounting services; and

2 (7) License fees.

3
4 SUBCHAPTER 6 EXCISE TAX

5
6 23-114-601. Tax levied.

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

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

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

17
18 23-114-602. Payment and reporting of tax.

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

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

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

28
29 23-114-603. Information to be reported.

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

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

35 (2) Any other information that the Director of the Department of
36 Finance and Administration determines is necessary to properly administer the

1 excise tax levied by this subchapter.

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

4
5 23-114-604. Record of prize winners.

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

9
10 23-114-605. Collection and disbursement of excise tax and license
11 fees.

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

16
17 23-114-606. Non-filer tax assessments.

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

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

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

28
29 SUBCHAPTER 7 ENFORCEMENT

30
31 23-114-701. Revocation of License – Licensed authorized organization.

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

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

36 (2) Fails to maintain records that fully and accurately record

1 each transaction connected with:

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

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

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

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

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

13
14 23-114-702. Revocation of License – Distributors and manufacturers.

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

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

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

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

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

25
26 23-114-703. Inspection of premises.

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

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

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

33
34 23-114-704. Injunction.

35 (a) If the Department of Finance and Administration has reason to
36 believe that this chapter has been or is about to be violated, the Director

1 of the Department of Finance and Administration may petition a court for
2 injunctive relief to restrain the violation.

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

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

9
10 23-114-705. Examination of records.

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

15
16 SECTION 2. Arkansas Code § 5-66-118 is amended to read as follows:
17 5-66-118. Lottery, etc. - Tickets.

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

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

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

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

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

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

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

