

IN THE SENATE

SENATE BILL NO. 1192

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO BINGO AND RAFFLES; AMENDING SECTION 67-7701, IDAHO CODE, TO
2 CLARIFY THE PURPOSE AND POLICY RELATING TO BINGO GAMES AND RAFFLES;
3 AMENDING SECTION 67-7702, IDAHO CODE, TO REVISE A DEFINITION; AMEND-
4 ING SECTION 67-7704, IDAHO CODE, TO CLARIFY THE QUALIFICATIONS OF
5 BINGO-RAFFLE ADVISORY BOARD MEMBERS AND TO REMOVE OBSOLETE LANGUAGE;
6 AMENDING SECTION 67-7707, IDAHO CODE, TO CLARIFY THE ASSESSMENT OF A
7 CERTAIN CIVIL PENALTY, TO REMOVE PROVISIONS RELATING TO AGE REQUIRE-
8 MENTS TO PLAY CERTAIN BINGO GAMES AND TO MAKE A TECHNICAL CORRECTION;
9 AMENDING SECTION 67-7708, IDAHO CODE, TO REMOVE OBSOLETE LANGUAGE
10 AND TO REMOVE LANGUAGE RELATING TO PRIZE MAXIMUMS; AMENDING SECTION
11 67-7709, IDAHO CODE, TO REVISE PROVISIONS RELATING TO THE ACCOUNT-
12 ING, USE, DISBURSEMENT AND AUDIT OF BINGO PROCEEDS; AMENDING SECTION
13 67-7710, IDAHO CODE, TO CLARIFY PROVISIONS RELATING TO VIOLATIONS AND
14 ASSESSMENTS OF A CERTAIN CIVIL PENALTY, TO PROVIDE A CIVIL PENALTY, TO
15 LIMIT THE NUMBER OF RAFFLES PER NONPROFIT ORGANIZATION PER YEAR, TO
16 PROVIDE AN EXEMPTION TO THE YEARLY RAFFLE LIMIT FOR HIGHER EDUCATION
17 INSTITUTIONS IN IDAHO, TO REVISE AND TO PROVIDE ADDITIONAL REQUIREMENTS
18 RELATING TO THE NET PROCEEDS OF A CHARITABLE RAFFLE, TO PROVIDE REQUIRE-
19 MENTS RELATING TO CHARITABLE RAFFLES IN WHICH THE FAIR MARKET VALUE OF
20 THE PRIZE OR PRIZES EXCEEDS A CERTAIN DOLLAR AMOUNT AND TO PROVIDE AN
21 EXCEPTION AND RECORDKEEPING REQUIREMENTS FOR SUCH EXCEPTION AND TO PRO-
22 VIDE ADDITIONAL AUDIT REQUIREMENTS FOR CERTAIN RAFFLE EVENTS; AMENDING
23 SECTION 67-7711, IDAHO CODE, TO REMOVE THE REQUIREMENT THAT A COPY OF
24 A CERTAIN LICENSE BE FURNISHED TO THE COUNTY SHERIFF OR CHIEF OF POLICE
25 BEFORE A BINGO SESSION OR GAME OR RAFFLE IS CONDUCTED AND TO REMOVE
26 PROVISIONS RELATING TO A SPECIAL COMMITTEE; AMENDING SECTION 67-7712,
27 IDAHO CODE, TO GRANT THE STATE LOTTERY THE DISCRETION TO SUSPEND OR RE-
28 VOKE A LICENSE FOR CERTAIN VIOLATIONS, TO REVISE PROVISIONS RELATING TO
29 THE AUTHORITY TO INVESTIGATE THE OPERATION OF CERTAIN GAMES, TO REVISE
30 PROVISIONS RELATING TO VIOLATIONS AND PENALTIES AND TO MAKE TECHNICAL
31 CORRECTIONS; AND AMENDING SECTION 67-7715, IDAHO CODE, TO PROVIDE
32 RECORDKEEPING REQUIREMENTS FOR LICENSED VENDORS, TO PROVIDE A CIVIL
33 PENALTY AND TO MAKE TECHNICAL CORRECTIONS.
34

35 Be It Enacted by the Legislature of the State of Idaho:

36 SECTION 1. That Section 67-7701, Idaho Code, be, and the same is hereby
37 amended to read as follows:

38 67-7701. PURPOSE AND POLICY. It is hereby declared that all bingo
39 games and raffles in Idaho must be strictly controlled and administered,
40 and it is in the public interest for the state to provide for the adminis-
41 tration of charitable bingo games and raffles to protect the public from
42 fraudulently conducted bingo games and raffles, to assure that charitable

1 groups and institutions realize the profits from these games, to prohibit
2 professionals conducting bingo games or raffles for fees or a percentage of
3 the profit and to provide that all expenditures by a charitable or nonprofit
4 organization in conducting bingo games and raffles are in the best interest
5 of raising moneys for charitable purposes.

6 SECTION 2. That Section 67-7702, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 67-7702. DEFINITIONS. As used in this chapter:

9 (1) "Bingo" means the traditional game of chance played for a prize de-
10 termined prior to the start of the game.

11 (a) Upon approval by the bingo-raffle advisory board a licensee may of-
12 fer bingo games in which players are allowed to select their own numbers
13 if the cards used to conduct the games have controls that provide an au-
14 dit trail adequate to determine all winning number combinations.

15 (b) Card-minding devices are prohibited. Autodaubing features are
16 prohibited.

17 (c) Bingo shall not include "instant bingo" which is a game of chance
18 played by the selection of one (1) or more prepackaged bingo cards, with
19 the winner determined by the appearance of a preprinted winning desig-
20 nation on the bingo card.

21 (2) "Bingo-raffle advisory board" means a board of six (6) persons
22 chosen by the governor to make advisory recommendations regarding bingo and
23 raffle operations and regulation in Idaho.

24 (3) "Charitable organization" means an organization that has been in
25 continuous existence in the county of operation of the charitable bingo game
26 or raffle for at least one (1) year, that conducts charitable activities, and
27 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
28 501(c)(8), 501(c)(10), 501(c)(19) or 501(d) of the Internal Revenue Code
29 and is exempt from income taxation under title 63, Idaho Code, as a bona fide
30 nonprofit charitable, civic, religious, fraternal, patriotic or veterans
31 organization or as a nonprofit volunteer fire department, or as a nonprofit
32 volunteer rescue squad, or as a nonprofit volunteer educational booster
33 group, parent-teacher organization or association. If the organization has
34 local branches or chapters, the term "charitable organization" means the
35 local branch or chapter operating the bingo or raffle game.

36 (4) "Commission" means the Idaho state lottery commission as defined in
37 section 67-7404, Idaho Code.

38 (5) "Duck race" means a charitable raffle played by releasing numbered,
39 inanimate toys (ducks) into a body of moving water. A person who has been as-
40 signed the same number as the first duck to cross a predetermined point in the
41 water (the finish line) is the winner. Other prizes may be awarded on the ba-
42 sis of the order in which the ducks cross the finish line. With the exception
43 of determining "net proceeds," all restrictions and requirements applicable
44 to the conduct of charitable raffles in this chapter shall also apply to the
45 conduct of duck races.

46 (6) "Electronic bingo card" or "face" means an electronic facsimile of
47 a bingo card or face, from a permutation of bingo cards formulated by a manu-
48 facturer licensed in Idaho, which is stored and/or displayed in a bingo card-

1 monitoring device. An electronic bingo card or face is deemed to be a form of
2 disposable paper bingo card.

3 (7) (a) "Electronic bingo device" means an electronic device used by a
4 bingo player to monitor bingo cards purchased at the time and place of a
5 licensed organization's bingo session, and which:

6 (i) Provides a means for bingo players to input numbers announced
7 by a bingo caller;

8 (ii) Requires the player to manually enter the numbers as they are
9 announced by a bingo caller;

10 (iii) Compares the numbers entered by the bingo player to the num-
11 bers contained on bingo cards previously stored in the electronic
12 database of the device;

13 (iv) Identifies winning bingo patterns; and

14 (v) Signals only the bingo player when a winning bingo pattern is
15 achieved.

16 (b) "Electronic bingo device" does not mean or include any device into
17 which coins, currency, or tokens are inserted to activate play, or any
18 device which is interfaced with or connected to any host system which
19 can transmit or receive any ball call information, site system or any
20 other type of bingo equipment once the device has been activated for use
21 by the bingo player.

22 (8) "Gross revenues" means all moneys paid by players during a bingo
23 game or session for the playing of bingo or raffle events and does not include
24 money paid for concessions; provided that the expenses of renting electronic
25 bingo devices from a licensed vendor and the fees collected from players for
26 the use of electronic bingo devices must be reported separately on the organ-
27 ization's annual bingo report and must be netted for purposes of determining
28 gross revenues as follows: only fees collected from players in excess of the
29 rental charges paid to licensed vendors will be considered to be a part of
30 gross revenues, and if the costs of renting electronic bingo devices from a
31 licensed vendor exceed the fees collected from players for use of electronic
32 bingo devices, the difference will be considered an administrative expense
33 for purposes of section 67-7709(1) (d), Idaho Code.

34 (9) "Holiday Christmas tree fundraiser" means a charitable raffle
35 played by persons bidding on decorated holiday trees with the proceeds being
36 utilized for senior citizen centers or hospitals or hospital auxiliaries.
37 With the exception of determining "net proceeds," all restrictions and re-
38 quirements applicable to the conduct of charitable raffles in this chapter
39 shall also apply to the conduct of holiday Christmas tree fundraisers.

40 (10) "Host system" means the computer hardware, software and peripheral
41 equipment of a licensed manufacturer which is used to generate and download
42 electronic bingo cards to a licensed organization's site system, and which
43 monitors sales and other activities of a site system.

44 (11) "Nonprofit organization" means an organization incorporated under
45 chapter 3, title 30, Idaho Code.

46 (12) "Organization" means a charitable organization or a nonprofit or-
47 ganization.

48 (13) "Person" shall be construed to mean and include an individual, as-
49 sociation, corporation, club, trust, estate, society, company, joint stock
50 company, receiver, trustee, assignee, referee or any other person acting

1 in a fiduciary or representative capacity, whether appointed by a court or
 2 otherwise, and any combination of individuals. "Person" shall also be con-
 3 strued to mean and include departments, commissions, agencies and instru-
 4 mentalities of the state of Idaho, including counties and municipalities and
 5 agencies or instrumentalities thereof.

6 (14) "Raffle" means a game in which the prize is won by random drawing of
 7 the name or number of one (1) or more persons purchasing chances.

8 (15) "Session" means a period of time not to exceed eight (8) hours in
 9 any one (1) day in which players are allowed to participate in bingo games
 10 operated by a charitable or nonprofit organization.

11 (16) "Site system" means the computer hardware, software and peripheral
 12 equipment used by a licensed organization at the site of its bingo session
 13 which provides electronic bingo cards or bingo card monitoring devices to
 14 players, and which receipts the sale or rental of such cards and devices and
 15 generates reports relative to such sales or rentals.

16 (17) "Special permit" means a permit that can be obtained by a charita-
 17 ble or nonprofit organization that is not licensed but qualifies to operate
 18 an exempt bingo operation. This permit allows a qualifying organization to
 19 operate bingo games at a county fair for the duration of the fair.

20 (18) "Vendor" means an applicant, licensee or manufacturer, distribu-
 21 tor or supplier licensed or unlicensed that furnishes or supplies bingo or
 22 raffle equipment, disposable or nondisposable cards and any and all related
 23 gaming equipment.

24 SECTION 3. That Section 67-7704, Idaho Code, be, and the same is hereby
 25 amended to read as follows:

26 67-7704. BINGO-RAFFLE ADVISORY BOARD -- MEMBERS -- APPOINTMENT --
 27 QUALIFICATIONS. (1) The bingo-raffle advisory board shall consist of six
 28 (6) members appointed by the governor and confirmed by the senate. Members
 29 shall be selected and appointed because of their ability and disposition
 30 to serve the state's interest and for knowledge of bingo and raffle opera-
 31 tions. Members appointed by the governor shall serve at the pleasure of the
 32 governor, and ~~must~~ shall be residents over twenty-five (25) years of age who
 33 have experience in administrating, conducting or regulating bingo or raffle
 34 operations. There shall be one (1) member from each of the following six (6)
 35 districts initially established as follows:

36 (a) District No. 1. The counties of Benewah, Bonner, Boundary, Kootenai
 37 and Shoshone.

38 (b) District No. 2. The counties of Clearwater, Idaho, Latah, Lewis
 39 and Nez Perce.

40 (c) District No. 3. The counties of Ada, Adams, Boise, Canyon, Elmore,
 41 Gem, Payette, Owyhee, Valley and Washington.

42 (d) District No. 4. The counties of Blaine, Camas, Cassia, Gooding,
 43 Jerome, Lincoln, Minidoka and Twin Falls.

44 (e) District No. 5. The counties of Bannock, Bear Lake, Bingham, Cari-
 45 bou, Franklin, Oneida and Power.

46 (f) District No. 6. The counties of Bonneville, Butte, Clark, Custer,
 47 Fremont, Jefferson, Lemhi, Madison and Teton.

48 (2) The terms of appointed members of the bingo-raffle advisory board
 49 shall be three (3) years, ~~except that the members first appointed shall be~~

1 ~~those serving as members of the bingo advisory board on July 1, 2000, each to~~
 2 ~~hold office for the balance of his or her term for which appointed which shall~~
 3 ~~be as follows:~~

4 ~~The terms of the members from District No. 1 and District No. 4 shall~~
 5 ~~expire the first Monday of January 2001.~~

6 ~~The terms of the members from District No. 2 and District No. 5 shall~~
 7 ~~expire the first Monday of January 2002.~~

8 ~~The terms of the members from District No. 3 and District No. 6 shall~~
 9 ~~expire the first Monday of January 2003. At the end of a term, a mem-~~
 10 ~~ber continues to serve until a successor is appointed and qualifies. A~~
 11 ~~member who is appointed after a term has begun serves only for the rest~~
 12 ~~of the term and until a successor is appointed and qualifies. A vacancy~~
 13 ~~of the board shall be filled in the same manner as regular appointments~~
 14 ~~are made, and the term shall be for the unexpired portion of the regular~~
 15 ~~term. No member of the board shall have a direct or indirect pecuniary~~
 16 ~~interest in any contract or agreement entered into by the board. No more~~
 17 ~~than three (3) members of the board shall belong to the same political~~
 18 ~~party.~~

19 SECTION 4. That Section 67-7707, Idaho Code, be, and the same is hereby
 20 amended to read as follows:

21 67-7707. BINGO BY CHARITABLE OR NONPROFIT ORGANIZATIONS. (1) It is
 22 lawful for a charitable or nonprofit organization to conduct bingo sessions
 23 or games in accordance with the provisions of this chapter and the rules of
 24 the state lottery commission. Any charitable or nonprofit organization, any
 25 member of a charitable or nonprofit organization, or any person that con-
 26 ducts a bingo session or game in violation of any provision of this chapter or
 27 the rules of the state lottery commission may be assessed a civil penalty not
 28 in excess of ten thousand dollars (\$10,000) per violation. Additionally,
 29 any person knowingly conducting a bingo session or game in violation of the
 30 provisions of this chapter or the rules of the state lottery commission may
 31 be charged under the gambling laws contained in chapter 38, title 18, Idaho
 32 Code. Violations will be prosecuted by the county prosecuting attorney.

33 (2) No person under the age of eighteen (18) years may play bingo in
 34 games where a cash prize is offered or where the prize exceeds twenty-five
 35 dollars (\$25.00) in value for merchandise. ~~No person under the age of eigh-~~
 36 ~~teen (18) may play bingo in any game operated by a licensed charitable or non-~~
 37 ~~profit organization.~~

38 SECTION 5. That Section 67-7708, Idaho Code, be, and the same is hereby
 39 amended to read as follows:

40 67-7708. LIMIT ON SESSIONS AND BINGO PRIZES. The number of sessions or
 41 games of bingo conducted or sponsored by a charitable or nonprofit organiza-
 42 tion shall be limited to three (3) sessions per week and such sessions shall
 43 not exceed a period of eight (8) hours per day. ~~Until July 1, 1997, the max-~~
 44 ~~imum prize in cash or merchandise at fair market value that may be offered~~
 45 ~~or paid for any one (1) game of bingo is one thousand five hundred dollars~~
 46 ~~(\$1,500) and, the maximum aggregate amount of prizes, in cash or merchan-~~
 47 ~~dise at fair market value that may be offered or paid at any one (1) session~~

1 ~~of bingo is ten thousand dollars (\$10,000). After July 1, 1997, t~~The maxi-
 2 mum prize that may be offered or paid for any one (1) game of bingo, and the
 3 maximum aggregate amount of prizes that may be offered or paid for any one
 4 (1) session of bingo, shall be set by rule of the state lottery commission.
 5 ~~Provided however, that the maximums to be set by the state lottery commission~~
 6 ~~shall not be below the amounts described in this statute.~~

7 SECTION 6. That Section 67-7709, Idaho Code, be, and the same is hereby
 8 amended to read as follows:

9 67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

10 (1) (a) All funds received in connection with a bingo game required to
 11 be licensed pursuant to this chapter and the rules of the state lottery
 12 commission shall be placed in a separate bank account that is in the
 13 name of and controlled by the charitable or nonprofit organization. No
 14 funds may be disbursed from this account except the charitable or non-
 15 profit organization may expend proceeds for prizes, advertising, rent
 16 including, but not limited to, renting space, chairs, tables, equipment
 17 and electronic bingo devices, utilities, ~~rental of electronic bingo~~
 18 ~~devices,~~ and the purchase of supplies and equipment in playing bingo,
 19 taxes and license fees related to bingo, the payment of compensation,
 20 and for the purposes set forth below for the remaining proceeds.

21 (b) Funds from bingo accounts must be withdrawn by preprinted, con-
 22 secutively numbered checks or withdrawal slips, signed by an autho-
 23 rized representative of the licensed authorized organization and made
 24 payable to a person. A check or withdrawal slip shall not be made
 25 payable to "cash," "bearer" or a fictitious payee. The nature of the
 26 payment made shall be noted on the face of the check or withdrawal slip.
 27 Checks for the bingo account shall be imprinted with the words "bingo
 28 account" and shall contain the organization's bingo license name on the
 29 face of each check. A licensed authorized organization shall keep and
 30 account for all checks and withdrawal slips, including voided checks
 31 and withdrawal slips.

32 (c) Any proceeds available in a bingo account after payment of the
 33 expenses set forth in paragraph (1) (a) of this subsection shall inure
 34 to the charitable or nonprofit organization to be used for religious,
 35 charitable, civic, scientific testing, public safety, literary or
 36 educational purposes or for purchasing, constructing, maintaining,
 37 operating or using equipment or land, or a building or improvements
 38 thereto, owned, leased or rented by and for the charitable or nonprofit
 39 organization and used for civic purposes or made available by the chari-
 40 table or nonprofit organization for use by the general public from time
 41 to time, or to foster amateur sports competition, or for the prevention
 42 of cruelty to children or animals, provided that no proceeds shall be
 43 used or expended directly or indirectly to compensate officers or di-
 44 rectors. The licensed bingo operation must maintain records for ~~three~~
 45 five (35) years on forms prescribed by the commission or pursuant to
 46 rules prescribed by the commission showing the charitable activities to
 47 which the proceeds described in this paragraph are applied. No employ-
 48 ees of the charitable or nonprofit organization may be compensated from
 49 bingo proceeds except as provided in this subsection.

1 (d) (i) All gross revenues received from bingo games by a charitable
 2 or nonprofit organization must be disbursed in the following man-
 3 ner, unless otherwise provided in section 67-7708, Idaho Code:
 4 ~~not more than sixty-five percent (65%) of the gross revenues shall~~
 5 ~~be used for prizes in the charitable bingo game,~~ not less than
 6 twenty percent (20%) of gross revenues shall be used for chari-
 7 table purposes enumerated in this subsection, and ~~not more than~~
 8 ~~fifteen a maximum of eighteen percent (158%)~~ of the gross revenues
 9 ~~shall~~ may be used for administrative expenses associated with the
 10 charitable bingo game. ~~If agreed upon by its board of directors,~~
 11 ~~a charitable organization may decrease gross revenues spent on~~
 12 ~~administrative expenses associated with bingo games and allocate~~
 13 ~~those revenues to prizes so long as no more than seventy percent~~
 14 ~~(70%) of the gross revenues is used for prizes on the bingo game.~~

15 An organization requesting an exemption from the disbursement
 16 percentages provided in this paragraph for administrative costs
 17 ~~may~~ shall request such an exemption from the state lottery commis-
 18 sion.

19 (ii) Two hundred fifty dollars (\$250) or one-tenth of one per-
 20 cent (.1%) of annual gross revenues, as per the previous year's
 21 annual bingo report whichever is greater may be paid as wages for
 22 the conduct of any one (1) bingo session. Such wages shall be paid
 23 on an hourly basis, shall be directly related to the preparation,
 24 conduct of and cleaning following a bingo session, and shall be
 25 paid out of the organization's separate bank account unless the
 26 director of lottery security has given prior written permission to
 27 pay wages out of another account. Such wages shall be part of the
 28 ~~fifteen~~ eighteen percent (158%) gross revenues used for adminis-
 29 trative expenses.

30 (2) Any charitable or nonprofit organization conducting bingo games
 31 pursuant to this chapter shall prepare a statement at the close of its
 32 license year and shall file such statement with the state lottery. The
 33 statement shall be prepared on a form prescribed by the lottery commission
 34 and shall include, at a minimum, the following information:

35 (a) The number of bingo sessions conducted or sponsored by the licensed
 36 organization;

37 (b) The location and date at which each bingo session was conducted;

38 (c) The gross revenues of each bingo session;

39 (d) The fair market value of any prize given at each bingo session;

40 (e) The number of individual players participating in each session;

41 (f) The number of cards played in each session;

42 (g) The amount paid in prizes at each session;

43 (h) The amount paid to the charitable or nonprofit organization;

44 (i) All disbursements from bingo revenue and the purpose of those dis-
 45 bursements must be documented on a general ledger and submitted with the
 46 annual bingo report to the Idaho lottery commission; and

47 (j) An accounting of all gross revenues and the disbursements required
 48 by statute and rule of the state lottery commission must be retained
 49 in ~~permanent~~ records with the organization, including the date of each
 50 transaction and the name and address of each payee for all prize pay-

1 ments in excess of one hundred dollars (\$100) and the disbursements of
2 funds to charitable activities, including the identity of the char-
3 ity and/or purpose and use of the disbursements by the charity. Such
4 records shall be retained for a period of five (5) years.

5 (3) Any organization required to be licensed to conduct bingo oper-
6 ations under the provisions of this chapter shall use only nonreusable
7 colored bingo paper or electronic bingo paper so that all sales may be
8 tracked. The nonreusable colored paper must have a series and serial number
9 on each card. At the conclusion of each session, all organizations using
10 nonreusable bingo paper must track their bingo sales per session by record-
11 ing the series and serial numbers of all paper sold, damaged, donated or used
12 for promotion in that session. Each such organization shall keep a ledger
13 of the numbers of all such papers used during each session. All paper must
14 be tracked as either sold, damaged, donated, used for promotion, or omitted
15 from the original distributor or manufacturer. Paper tracking ledgers and
16 invoices from the distributor or manufacturer for nonrefundable colored
17 bingo paper must be kept with the permanent records for that bingo operation.

18 (4) Any person who shall willfully or knowingly furnish, supply or oth-
19 erwise give false information in any statement filed pursuant to this sec-
20 tion shall be guilty of a misdemeanor.

21 (5) All financial books, papers, records and documents of an organiza-
22 tion shall be kept as determined by rule of the state lottery and shall be
23 open to inspection by the county sheriff of the county, or the chief of police
24 of the city, or the prosecuting attorney of the county where the bingo game
25 was held, or the attorney general or the state lottery at reasonable times
26 and during reasonable hours.

27 (6) Every charitable or nonprofit organization whose annual gross
28 revenues exceed two hundred thousand dollars (\$200,000) from the operation
29 of bingo games shall provide the state lottery with a copy of an annual au-
30 dit of the bingo operation. The audit shall be performed by an independent
31 certified public accountant and who is licensed in the state of Idaho and
32 who meets the peer review requirements set forth by the Idaho state board of
33 accountancy. The audit shall be submitted to the Idaho state lottery within
34 ninety (90) days after the end of the license year.

35 SECTION 7. That Section 67-7710, Idaho Code, be, and the same is hereby
36 amended to read as follows:

37 67-7710. RAFFLES -- DUCK RACES -- HOLIDAY CHRISTMAS TREE FUNDRAIS-
38 ERS. (1) It is lawful for any charitable or nonprofit organization to conduct
39 raffles in accordance with the provisions of this chapter. Any charitable or
40 nonprofit organization who or any person that conducts a raffle in violation
41 of any provision of this chapter may be assessed a civil penalty not in excess
42 of ten thousand dollars (\$10,000) per violation. Additionally, any person
43 knowingly conducting a raffle in violation of any provision of this chapter
44 or rule of the state lottery commission may be charged under the gambling
45 laws of the state contained in chapter 38, title 18, Idaho Code, and may be
46 assessed a civil penalty by the lottery not in excess of ten thousand dollars
47 (\$10,000) per violation. It shall not constitute a violation of state law
48 to advertise a charitable raffle conducted pursuant to this section. It
49 is lawful to participate in a charitable raffle conducted pursuant to this

1 chapter. A charitable raffle conducted lawfully pursuant to this chapter is
2 not gambling for purposes of chapter 38, title 18, Idaho Code.

3 (2) Raffles shall be limited to twelve (12) per charitable or nonprofit
4 organization per year, provided that this limitation shall not apply to pub-
5 lic or private elementary, ~~or~~ secondary schools or higher education insti-
6 tutions located in this state. The maximum aggregate value of cash prize(s)
7 that may be offered or paid for any one (1) raffle, which is not a duck race
8 or a holiday Christmas tree fundraiser, is one thousand dollars (\$1,000) and
9 if merchandise is used as a prize and it is not redeemable for cash, there
10 shall be no limit on the maximum amount of value for the merchandise. For
11 duck races, there shall be no limit on the maximum amount of the value of a
12 cash prize if the cash prize is underwritten by insurance. If a duck race
13 offers a cash prize that is not underwritten by insurance, the maximum ag-
14 gregate value of the cash prize(s) is one thousand dollars (\$1,000). There
15 shall be no maximum value on the amount that a tree may be raffled for in a
16 holiday Christmas tree fundraiser. There shall be no limit on the maximum of
17 value for merchandise used as a prize in a duck race or a holiday Christmas
18 tree fundraiser if the merchandise is not redeemable for cash.

19 (3) As used in this subsection, "net proceeds of a charitable raffle"
20 means the gross receipts less the cost of prizes awarded. "Net proceeds of a
21 duck race" shall mean gross receipts, less the cost of prizes awarded and the
22 rental cost of the ducks used in the race. "Net proceeds of a holiday Christ-
23 mas tree fundraiser" shall mean the gross receipts less the cost of procur-
24 ing the trees or other prizes. A maximum of twenty percent (20%) of the net
25 charitable raffle proceeds may be used by the charitable or nonprofit organ-
26 ization for expenses other than prizes. No less than ~~ninety~~ eighty percent
27 (980%) of the net proceeds of a raffle shall be used by the charitable or non-
28 profit organization for charitable, religious, educational, civic or other
29 nonprofit charitable purposes.

30 (4) In any charitable raffle, except a duck race, in which the fair mar-
31 ket value of the prize or prizes exceeds ten thousand dollars (\$10,000), the
32 raffle tickets shall be consecutively numbered with no duplicate numbers and
33 the proceeds from the sale of raffle tickets shall be deposited in a sepa-
34 rate bank account that is in the name of and controlled by the charitable or
35 nonprofit organization. The licensed charitable or nonprofit organization
36 conducting the raffle shall maintain a written record of the ticket numbers
37 sold and such record shall be made available to the lottery upon request. The
38 original unsold tickets shall be retained in the organization's records for
39 a period of five (5) years and made available to the lottery upon request.
40 A licensed charitable or nonprofit organization conducting a duck race in
41 which the fair market value of the prize or prizes exceeds ten thousand dol-
42 lars (\$10,000) shall maintain all sale reports for a period of five (5) years
43 and such sale reports shall be made available to the lottery upon request.

44 (5) Any licensed charitable or nonprofit organization conducting
45 raffles pursuant to this chapter shall prepare a statement at the close of
46 its license year and shall file such statement with the state lottery. The
47 statement shall be prepared on a form prescribed by the lottery commission
48 and shall include, at a minimum, the following information:

49 (a) The number of raffles conducted or sponsored by the charitable or
50 nonprofit organization;

- 1 (b) The location and date at which each raffle was conducted;
2 (c) The gross revenues of each raffle;
3 (d) The fair market value of any prize given at each raffle;
4 (e) The amount paid in prizes at each raffle;
5 (f) The amount paid to the charitable or nonprofit organization;
6 (g) An accounting of all gross revenues and the disbursements required
7 by statute and rule of the state lottery commission that shall be re-
8 tained in the organization's records for a period of five (5) years.

9 ~~(56)~~ Every charitable or nonprofit organization whose annual gross
10 revenues exceed two hundred thousand dollars (\$200,000) from the operation
11 of raffle events shall provide the state lottery with a copy of an annual
12 audit of the raffle events. The audit shall be performed by an ~~independent~~
13 certified public accountant and who is licensed in the state of Idaho and
14 who meets the peer review requirements set forth by the Idaho state board of
15 accountancy. The audit shall be submitted to the Idaho state lottery within
16 ninety (90) days after the end of the license year.

17 SECTION 8. That Section 67-7711, Idaho Code, be, and the same is hereby
18 amended to read as follows:

19 67-7711. LICENSING PROCEDURE. (1) Any charitable or nonprofit organ-
20 ization not exempt pursuant to section 67-7713, Idaho Code, desiring to op-
21 erate bingo sessions or games or charitable raffles shall make application
22 for a license to the state lottery. The state lottery shall review the li-
23 cense application and shall approve or deny the issuing of a license within
24 fifteen (15) calendar days of receipt of the license application. The state
25 lottery may deny the application if it determines that the applicant has not
26 met requirements for an application imposed in this chapter and rules pro-
27 mulgated pursuant to this chapter or upon any ground for which an application
28 for renewal of a license could be denied or for which an existing licensee's
29 license could be revoked or suspended. Whenever an application is denied,
30 it shall be returned to the applicant by the state lottery with specific rea-
31 sons for the denial. When a license application is approved by the state lot-
32 tery, the state lottery shall issue a license to the applicant. No person or
33 charitable or nonprofit organization, except those exempt pursuant to sec-
34 tion 67-7713, Idaho Code, shall operate or conduct a bingo session or game
35 or charitable raffle until it has received a license from the state lottery.
36 The license shall expire one (1) year after the date it was issued. ~~A copy~~
37 ~~of the license shall be furnished to the county sheriff of the county or the~~
38 ~~chief of police of the city in which the licensee intends to operate a bingo~~
39 ~~session or game or sell charitable raffle tickets before a bingo session or~~
40 ~~game or a charitable raffle is conducted by the licensee.~~

41 (2) Each application and renewal application shall contain the follow-
42 ing information:

- 43 (a) The name, address, date of birth, driver's license number and so-
44 cial security number of the applicant and if the applicant is a corpo-
45 ration, association or other similar legal entity, the name, home ad-
46 dress, date of birth, driver's license number and social security num-
47 ber of each of the officers of the organization as well as the name and
48 address of the directors, or other persons similarly situated, of the
49 organization;

1 (b) The name, home address, date of birth, driver's license number and
2 social security number of each of the person or persons responsible for
3 managing the bingo session or game or raffle;

4 (c) (i) In the case of charitable organizations, a copy of the appli-
5 cation for recognition of exemptions and a determination letter
6 from the internal revenue service that indicates that the organi-
7 zation is a charitable organization and stating the section under
8 which that exemption is granted, except that if the organization
9 is a state or local branch, lodge, post or chapter of a national or-
10 ganization, a copy of the determination letter of the national or-
11 ganization shall satisfy this requirement; and

12 (ii) In the case of incorporated nonprofit organizations, a copy
13 of a certificate of existence issued by the secretary of state pur-
14 suant to chapter 3, title 30, Idaho Code, establishing the organi-
15 zation's good standing in the state.

16 (d) The location at which the applicant will conduct the bingo session
17 or games or drawings for the raffles.

18 (3) The operation of bingo sessions or games or charitable raffles
19 shall be the direct responsibility of, and controlled by, ~~a special commit-~~
20 ~~tee selected by the governing body of the organization. If the governing~~
21 ~~body has not appointed a special committee, and~~ the members of the govern-
22 ing body shall be held responsible for the conduct of the bingo sessions or
23 games or raffles. No directors or officers of an organization or persons
24 related to them either by marriage or blood within the second degree shall
25 receive any compensation derived from the proceeds of a bingo session or
26 raffle regulated under the provisions of this chapter. An organization
27 shall not contract with any person for the purpose of conducting a bingo
28 session or providing bingo services or conducting a raffle on the organi-
29 zation's behalf, provided that this prohibition does not prevent a bingo
30 organization from hiring employees and paying wages as provided in section
31 67-7709(1) (d) (ii), Idaho Code. However, if the state lottery commission has
32 entered into an agreement or contract with another state for the operation or
33 promotion of joint bingo sessions, the charitable or nonprofit organization
34 may participate in that contract or agreement.

35 (4) Different chapters of an organization may apply for and share one
36 (1) license to conduct raffles so long as the information required in subsec-
37 tion (2) of this section is provided to the lottery prior to the issuance of
38 the license.

39 (5) The organization may apply for the license to coincide with the or-
40 ganization's fiscal year.

41 SECTION 9. That Section 67-7712, Idaho Code, be, and the same is hereby
42 amended to read as follows:

43 67-7712. LICENSE FEES -- SUSPENSION OR REVOCATION. (1) Each organiza-
44 tion that applies to the state lottery for a license pursuant to this chap-
45 ter shall pay annually to the state lottery a nonrefundable license fee which
46 shall be due upon submission of the application. License fees shall be based
47 on the organization's gross revenues from bingo or raffle operations as re-
48 quired to be reported by statute or rule of the commission. Organizations
49 with gross revenues of twenty-five thousand dollars (\$25,000) or less shall

1 pay a fee of one hundred dollars (\$100). Organizations with gross revenues
2 of twenty-five thousand dollars (\$25,000) to seventy-five thousand dollars
3 (\$75,000) shall pay a fee of two hundred dollars (\$200). Organizations with
4 gross revenues exceeding seventy-five thousand dollars (\$75,000) shall pay
5 a fee of three hundred dollars (\$300). New organizations with no history of
6 gross revenues shall pay a fee of one hundred dollars (\$100), and the gross
7 revenues indicated in the organization's first annual report shall deter-
8 mine the license renewal fee.

9 (2) Any license issued pursuant to this chapter ~~shall~~ may be suspended
10 or revoked by the state lottery if it is found that the licensee or any person
11 connected with the licensee has violated any provision of this chapter or any
12 rule of the lottery commission or ordinance of a county adopted pursuant to
13 this chapter or:

14 (a) Has continued to operate bingo sessions or games after losing its
15 tax exempt or nonprofit status or ceases to exercise independent con-
16 trol over its activities or budget as required under the provisions of
17 this chapter;

18 (b) Has violated or has failed or refused to comply with the provisions
19 of this chapter, or has violated the provisions of a rule of the lottery
20 commission or has allowed such a violation to occur upon premises over
21 which the licensee has substantial control;

22 (c) Has knowingly caused, aided or abetted, or conspired with another
23 to cause, any person to fail or refuse to comply with the provisions, re-
24 quirements, conditions, limitation or duties imposed in this chapter,
25 or to fail or refuse to comply with a rule adopted by the state lottery
26 commission;

27 (d) Has obtained a license or permit by fraud, misrepresentation or
28 concealment, or through inadvertence or mistake;

29 (e) Has been convicted, forfeited bond, or has been granted a withheld
30 judgment, upon a charge involving forgery, theft, willful failure to
31 make required payments or reports to a governmental agency at any level,
32 or filing false reports to a governmental agency, or any similar offense
33 or offenses, or of bribing or otherwise unlawfully influencing a public
34 official or employee of any state or the United States, or of any crime,
35 whether a felony or misdemeanor, involving gambling activity, physical
36 injury to individuals or moral turpitude;

37 (f) Denies the state lottery access to any place where a licensed game
38 is conducted, denies access to any law enforcement officer, or fails
39 promptly to produce for inspection or audit any records or items as re-
40 quired by law;

41 (g) Fails to have the license available for verification where the li-
42 censed game is conducted;

43 (h) Misrepresents or fails to disclose to the state lottery or any in-
44 vestigating law enforcement officer any material fact;

45 (i) Fails to demonstrate to the state lottery by clear and convincing
46 evidence, qualifications for the license according to state law and the
47 rules of the state lottery establishing such qualifications;

48 (j) Is subject to current prosecution or pending charges, or to a con-
49 viction regardless of whether it has been appealed, for any offense de-
50 scribed in paragraph (e) of this subsection. At the request of an appli-

1 cant for an original license, the state lottery may defer decision upon
2 the application during the pendency of the prosecution or appeal;

3 (k) Has pursued or is pursuing economic gain in a manner or context
4 which violates criminal or civil public policy of this state and creates
5 a reasonable belief that the participation of the person in gaming oper-
6 ations by charitable or nonprofit organizations would be harmful to the
7 proper operation of a lawful bingo or raffle.

8 (3) The state lottery may, upon its own motion, upon the decision of the
9 lottery staff or upon a written verified complaint of any other person, in-
10 vestigate the operation of any gaming purportedly authorized in this chap-
11 ter. If the state lottery staff has reasonable cause to believe that any gam-
12 ing as described in this chapter violates any of the provisions of this chap-
13 ter or rules promulgated pursuant to this chapter, it may, in its discretion,
14 place in probationary status, revoke, cancel, rescind or suspend any license
15 for a period not to exceed one (1) year, or it. The state lottery may refuse
16 to grant a renewal of the license or it may take other action as may be ap-
17 propriate under this ~~aet~~ chapter and any rules promulgated pursuant to this
18 ~~aet~~ chapter. If the state lottery shall refuse to grant a license or refuse
19 to grant a renewal of a license or revoke, cancel, rescind or suspend a li-
20 cense, it shall give the applicant or licensee fifteen (15) calendar days'
21 written notice of its intended action stating generally the basis for its
22 action. Within the fifteen (15) calendar day notice period, the applicant
23 or licensee shall indicate its acceptance of the decision of the state lot-
24 tery or shall request a hearing to be held in the same manner as hearings in
25 contested cases pursuant to chapter 52, title 67, Idaho Code. The hearing
26 shall be conducted within twenty-one (21) days of the request. The applicant
27 or licensee may appeal the decision of the state lottery after the hearing
28 within the same time and manner as provided for judicial review of actions
29 pursuant to chapter 52, title 67, Idaho Code. Failure to make the request for
30 a hearing as provided herein, shall render the decision of the state lottery
31 final and not subject to further appeal.

32 SECTION 10. That Section 67-7715, Idaho Code, be, and the same is hereby
33 amended to read as follows:

34 67-7715. VENDORS -- LICENSING -- FEES. (1) No person or entity shall
35 manufacture, sell, distribute, furnish or supply to any person or entity any
36 gaming device, equipment or material, in this state or for use in this state,
37 without first obtaining a vendor's license from the state lottery commis-
38 sion. Vendor licenses shall not be issued by the state lottery except re-
39 specting devices, equipment or material designed and permitted to be used
40 in connection with activities authorized under this chapter. Provided how-
41 ever, that this licensing requirement shall apply only insofar as the state
42 lottery commission has adopted rules implementing it as to particular cate-
43 gories of gaming devices and related material and equipment.

44 (2) Any person or entity that manufactures, sells, distributes, fur-
45 nishes or supplies any gaming device, equipment or material, in this state or
46 for use in this state shall make application for a vendor license to the state
47 lottery. The state lottery shall review the license application and shall
48 approve or deny the issuing of a license within fifteen (15) calendar days
49 of receipt of the license application. The state lottery may deny the appli-

1 cation if it determines that the applicant has not met the requirements im-
2 posed in this ~~act~~ chapter and rules promulgated pursuant to this ~~act~~ chapter.
3 Whenever an application is denied, it shall be returned to the applicant by
4 the state lottery with specific reasons for the denial. When the license ap-
5 plication is approved by the state lottery, the state lottery shall issue a
6 license to the applicant.

7 (3) Each application and renewal application shall contain the follow-
8 ing information:

9 (a) The name, address, date of birth, driver's license number and so-
10 cial security number of the applicant and if the applicant is a corpora-
11 tion, proprietorship, association, partnership or other similar legal
12 entity, the name, home address, date of birth, driver's license number
13 and social security number of each of the officers of the corporation
14 and their spouses, as well as the name and address of the directors and
15 their spouses, or other persons similarly situated.

16 (b) The locations or persons with which the applicant will provide any
17 gaming device, equipment or material in this state or for use in this
18 state.

19 (4) Any licensee under this section shall submit an annual revenue re-
20 port to the Idaho lottery commission within thirty (30) days of the end of the
21 licensed year on the prescribed forms provided by the Idaho lottery commis-
22 sion.

23 (5) Each applicant shall pay annually to the state lottery a nonrefund-
24 able license fee of five hundred dollars (\$500) which shall be due upon sub-
25 mission of the application.

26 (6) Each licensed vendor shall maintain records of all sales to organi-
27 zations in Idaho for a period of five (5) years. Such records shall be pro-
28 vided to the lottery upon request.

29 (7) Any license issued pursuant to this ~~chapter~~ section shall be sus-
30 pending or revoked by the state lottery and the licensee may be assessed a
31 civil penalty by the state lottery up to ten thousand dollars (\$10,000) per
32 violation if it is found that the licensee or any person connected with the
33 licensee has violated any provision of this chapter, particularly those in
34 section 67-7712, Idaho Code, or any rule of the lottery commission.