

IN THE SENATE

SENATE BILL NO. 1357

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO BINGO AND RAFFLES; AMENDING SECTION 67-7702, IDAHO CODE, TO
2 DEFINE A TERM, TO REVISE DEFINITIONS, TO PROVIDE A CORRECT CODE REF-
3 ERENCE AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 67-7704,
4 IDAHO CODE, TO REVISE QUALIFICATIONS FOR BINGO-RAFFLE ADVISORY BOARD
5 MEMBERS; AMENDING SECTION 67-7705, IDAHO CODE, TO REDUCE THE MINIMUM
6 NUMBER OF MEETINGS HELD ANNUALLY BY THE BINGO-RAFFLE ADVISORY BOARD;
7 AMENDING SECTION 67-7709, IDAHO CODE, TO AUTHORIZE APPROVAL OF ELEC-
8 TRONIC BILL PAYMENT OF BINGO EXPENSES, TO REVISE PROVISIONS REGARDING
9 BINGO PROCEEDS AND RECORDS AND TO MAKE TECHNICAL CORRECTIONS; AMENDING
10 SECTION 67-7710, IDAHO CODE, TO PROVIDE CONDITIONS FOR A MISDEMEANOR
11 COMMITTED PURSUANT TO THIS CHAPTER, TO PROVIDE DEADLINES FOR CONDUCTING
12 RAFFLE DRAWINGS, TO DEFINE ALLOWABLE USES FOR NET PROCEEDS AND TO MAKE
13 TECHNICAL CORRECTIONS; AMENDING SECTION 67-7711, IDAHO CODE, TO REVISE
14 PROVISIONS REGARDING LICENSE PROCEDURES, TO PROVIDE CORRECT CODE REF-
15 ERENCES AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 67-7712,
16 IDAHO CODE, TO REDESIGNATE THE SECTION, TO DEFINE NEW ORGANIZATIONS
17 THAT ARE REQUIRED TO PAY A FEE AND TO REMOVE PROVISIONS PERTAINING TO
18 THE SUSPENSION AND REVOCATION OF LICENSES; AMENDING SECTION 67-7713,
19 IDAHO CODE, TO REDESIGNATE THE SECTION AND TO CLARIFY THE CALCULATION OF
20 MERCHANDISE VALUE; AMENDING CHAPTER 77, TITLE 67, IDAHO CODE, BY THE AD-
21 DITION OF A NEW SECTION 67-7713A, IDAHO CODE, TO PROVIDE CONDITIONS AND
22 PROCEDURES FOR THE SUSPENSION OR REVOCATION OF LICENSES; AND AMENDING
23 SECTION 67-7715, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO
24 MAKE TECHNICAL CORRECTIONS.
25

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

27 SECTION 1. That Section 67-7702, Idaho Code, be, and the same is hereby
28 amended to read as follows:

29 67-7702. DEFINITIONS. As used in this chapter:

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

32 (a) Upon approval by the bingo-raffle advisory board, a licensee may
33 offer bingo games in which players are allowed to select their own num-
34 bers if the cards used to conduct the games have controls that provide an
35 audit trail adequate to determine all winning number combinations.

36 (b) Card-minding devices are prohibited. Autodaubing features are
37 prohibited.

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

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

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

16 (4) "Charitable purpose" means:

17 (a) The advancement of a religious, charitable, civic, scientific
18 testing, public safety, literary or educational purpose;

19 (b) The purchase, construction, maintenance, operation or use of
20 equipment or land, or a building or improvements thereto, that is owned,
21 leased or rented by and for the charitable or nonprofit organization,
22 and that is used for civic purposes or made available by the charitable
23 or nonprofit organization for use by the general public from time to
24 time;

25 (c) To foster amateur sports competition; or

26 (d) The prevention of cruelty to children or animals.

27 (5) "Commission" means the Idaho state lottery commission as defined in
28 section 67-7404, Idaho Code.

29 (56) "Duck race" means a charitable raffle played by releasing num-
30 bered, inanimate toys (ducks) into a body of moving water. A person who has
31 been assigned the same number as the first duck to cross a predetermined
32 point in the water (the finish line) is the winner. Other prizes may be
33 awarded on the basis of the order in which the ducks cross the finish line.
34 With the exception of determining "net proceeds," all restrictions and re-
35 quirements applicable to the conduct of charitable raffles in this chapter
36 shall also apply to the conduct of duck races.

37 (67) "Electronic bingo card" or "face" means an electronic facsimile
38 of a bingo card or face, from a permutation of bingo cards formulated by a
39 manufacturer licensed in Idaho, which is stored and/or displayed in a bingo
40 card-monitoring device. An electronic bingo card or face is deemed to be a
41 form of disposable paper bingo card.

42 (78) (a) "Electronic bingo device" means an electronic device used by a
43 bingo player to monitor bingo cards purchased at the time and place of a
44 licensed organization's bingo session, and which:

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

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

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

4 (iv) Identifies winning bingo patterns; and

5 (v) Signals only the bingo player when a winning bingo pattern is
6 achieved.

7 (b) "Electronic bingo device" does not mean or include any device into
8 which coins, currency, or tokens are inserted to activate play, or any
9 device ~~which~~ that is interfaced with or connected to any host system
10 which can transmit or receive any ball call information, site system or
11 any other type of bingo equipment once the device has been activated for
12 use by the bingo player.

13 (~~89~~) "Gross revenues" means all moneys paid by players during a bingo
14 game or session for the playing of bingo or for each ticket or chance pur-
15 chased to enter a raffle. ~~events and~~ It does not include money paid for
16 concessions; provided that the expenses of renting electronic bingo devices
17 from a licensed vendor and the fees collected from players for the use of
18 electronic bingo devices must be reported separately on the organization's
19 annual bingo report and must be netted for purposes of determining gross rev-
20 enues as follows: only fees collected from players in excess of the rental
21 charges paid to licensed vendors will be considered to be a part of gross rev-
22 enues, and if the costs of renting electronic bingo devices from a licensed
23 vendor exceed the fees collected from players for use of electronic bingo
24 devices, the difference will be considered an administrative expense for
25 purposes of section 67-7709(1) (d), Idaho Code.

26 (~~910~~) "Host system" means the computer hardware, software and periph-
27 eral equipment of a licensed manufacturer ~~which~~ that is used to generate and
28 download electronic bingo cards to a licensed organization's site system,
29 and which monitors sales and other activities of a site system.

30 (~~101~~) "Nonprofit organization" means an organization incorporated un-
31 der chapter 30, title 30, Idaho Code, that has been in continuous existence
32 in the county of operation of the charitable bingo game or raffle for at least
33 one (1) year, and that conducts charitable activities in the advancement of a
34 charitable purpose as defined in section 67-7702 (4), Idaho Code.

35 (~~112~~) "Organization" means a charitable organization or a nonprofit or-
36 ganization.

37 (~~123~~) "Person" shall be construed to mean and include an individual, as-
38 sociation, corporation, club, trust, estate, society, company, joint stock
39 company, receiver, trustee, assignee, referee or any other person acting
40 in a fiduciary or representative capacity, whether appointed by a court or
41 otherwise, and any combination of individuals. "Person" shall also be con-
42 strued to mean and include departments, commissions, agencies and instru-
43 mentalities of the state of Idaho, including counties and municipalities and
44 agencies or instrumentalities thereof.

45 (~~134~~) "Raffle" means a game in which the prize is won by random drawing
46 of the name or number of one (1) or more persons purchasing chances into a
47 specified pool of entries.

48 (~~145~~) "Session" means a period of time not to exceed eight (8) hours in
49 any one (1) day in which players are allowed to participate in bingo games
50 operated by a charitable or nonprofit organization.

1 (156) "Site system" means the computer hardware, software and periph-
 2 eral equipment used by a licensed organization at the site of its bingo ses-
 3 sion ~~which that~~ provides electronic bingo cards or bingo card monitoring de-
 4 vices to players, and which receipts the sale or rental of such cards and de-
 5 vices and generates reports relative to such sales or rentals.

6 (167) "Vendor" means an applicant, licensee or manufacturer, distribu-
 7 tor or supplier, licensed or unlicensed, that furnishes or supplies bingo or
 8 raffle equipment, disposable or nondisposable cards, and any and all related
 9 gaming equipment.

10 SECTION 2. That Section 67-7704, Idaho Code, be, and the same is hereby
 11 amended to read as follows:

12 67-7704. BINGO-RAFFLE ADVISORY BOARD -- MEMBERS -- APPOINTMENT --
 13 QUALIFICATIONS. (1) The bingo-raffle advisory board shall consist of six
 14 (6) members appointed by the governor and confirmed by the senate. Members
 15 shall be selected and appointed because of their ability and disposition
 16 to serve the state's interest and for knowledge of bingo ~~and or~~ raffle op-
 17 erations. Members appointed by the governor shall serve at the pleasure of
 18 the governor, and shall be residents over twenty-five (25) years of age who
 19 have experience in administrating, conducting or regulating bingo or raffle
 20 operations. There shall be one (1) member from each of the following six (6)
 21 districts initially established as follows:

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

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

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

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

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

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

34 (2) The terms of appointed members of the bingo-raffle advisory board
 35 shall be three (3) years. At the end of a term, a member continues to serve
 36 until a successor is appointed and qualifies. A member who is appointed af-
 37 ter a term has begun serves only for the rest of the term and until a succes-
 38 sor is appointed and qualifies. A vacancy of the board shall be filled in the
 39 same manner as regular appointments are made, and the term shall be for the
 40 unexpired portion of the regular term. No member of the board shall have a
 41 direct or indirect pecuniary interest in any contract or agreement entered
 42 into by the board. No more than three (3) members of the board shall belong to
 43 the same political party.

44 SECTION 3. That Section 67-7705, Idaho Code, be, and the same is hereby
 45 amended to read as follows:

46 67-7705. QUORUM -- MEETINGS -- MINUTES -- COMPENSATION. A majority of
 47 the qualified membership of the bingo-raffle advisory board is a quorum. The

1 advisory board may not act unless at least four (4) members agree. The ad-
 2 visory board shall meet at least ~~three~~ two (~~3~~2) times per year, and may meet
 3 more often as it deems necessary. Written notice of the time and place of
 4 each meeting shall be given to each board member. The advisory board shall
 5 select or elect one (1) of its members to be chairman, one (1) of its members
 6 to be vice-chairman and one (1) of its members to be secretary. The secre-
 7 tary of the advisory board shall promptly send the lottery commission a cer-
 8 tified copy of the minutes of each meeting of the advisory board. The min-
 9 utes shall include a copy of the current recommendations of the board, in-
 10 cluding recommended administrative rules. Members of the bingo-raffle ad-
 11 visory board shall receive compensation as provided in section 59-509(b),
 12 Idaho Code. Members are entitled to reimbursement for reasonable travel ex-
 13 penses incurred in the performance of their duties as a member, as provided
 14 by law.

15 SECTION 4. That Section 67-7709, Idaho Code, be, and the same is hereby
 16 amended to read as follows:

17 67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

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

29 (b) Funds from bingo accounts must be withdrawn by preprinted, con-
 30 secutively numbered checks or withdrawal slips, signed by an autho-
 31 rized representative of the licensed authorized organization and made
 32 payable to a person. A check or withdrawal slip shall not be made
 33 payable to "cash," "bearer" or a fictitious payee. The nature of the
 34 payment made shall be noted on the face of the check or withdrawal slip.
 35 Checks for the bingo account shall be imprinted with the words "bingo
 36 account" and shall contain the organization's bingo license name on the
 37 face of each check. A licensed authorized organization shall keep and
 38 account for all checks and withdrawal slips, including voided checks
 39 and withdrawal slips. Electronic transfers from the bingo account may
 40 be used for payments made to another governmental agency. Electronic
 41 bill payment from the bingo bank account may be used for bingo expenses
 42 upon state lottery approval. Upon state lottery request, a licensed au-
 43 thorized organization shall provide any documentation and information
 44 required by the state lottery in order to verify the use of electronic
 45 bill payment for bingo expenses.

46 (c) Any proceeds available in a bingo account after payment of the
 47 expenses set forth in paragraph ~~(1)~~(a) of this subsection shall inure
 48 to the charitable or nonprofit organization to be used for ~~religious,~~
 49 a charitable, civic, scientific testing, public safety, literary or

1 educational purposes or for purchasing, constructing, maintaining,
 2 operating or using equipment or land, or a building or improvements
 3 thereto, owned, leased or rented by and for the charitable or nonprofit
 4 organization and used for civic purposes or made available by the chari-
 5 table or nonprofit organization for use by the general public from time
 6 to time, or to foster amateur sports competition, or for the prevention
 7 of cruelty to children or animals, as defined in section 67-7702(4),
 8 Idaho Code, provided that no proceeds shall be used or expended directly
 9 or indirectly to compensate officers or directors. The licensed bingo
 10 operation must maintain records for five (5) years on forms prescribed
 11 by the commission or pursuant to rules prescribed by the commission
 12 showing the charitable activities to which the proceeds described in
 13 this paragraph are applied. No employees of the charitable or nonprofit
 14 organization may be compensated from bingo proceeds except as provided
 15 in this subsection.

16 (d) (i) All gross revenues received from bingo games by a charitable or
 17 nonprofit organization must be disbursed in the following manner,
 18 unless otherwise provided in section 67-7708, Idaho Code: not
 19 less than twenty percent (20%) of gross revenues shall be used for
 20 charitable purposes enumerated in this subsection, and a maximum
 21 of eighteen percent (18%) of the gross revenues may be used for ad-
 22 ministrative expenses associated with the charitable bingo game.
 23 An organization requesting an exemption from the disbursement
 24 percentages provided in this paragraph for administrative costs
 25 shall request such an exemption from the state lottery commission.
 26 (ii) Two hundred fifty dollars (\$250) or one-tenth of one per-
 27 cent (.1%) of annual gross revenues, as per the previous year's
 28 annual bingo report, whichever is greater, may be paid as wages
 29 for the conduct of any one (1) bingo session. Such wages shall be
 30 paid on an hourly basis, shall be directly related to the prepara-
 31 tion, conduct of and cleaning following a bingo session, and shall
 32 be paid out of the organization's separate bank account unless the
 33 director of lottery security has given prior written permission to
 34 pay wages out of another account. Such wages shall be part of the
 35 eighteen percent (18%) gross revenues used for administrative ex-
 36 penses.

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

- 42 (a) The number of bingo sessions conducted or sponsored by the licensed
 43 organization;
- 44 (b) The location and date at which each bingo session was conducted;
- 45 (c) The gross revenues of each bingo session;
- 46 (d) The fair market value of any prize given at each bingo session;
- 47 (e) The number of individual players participating in each session;
- 48 (f) The number of cards played in each session;
- 49 (g) The amount paid in prizes at each session;
- 50 (h) The amount paid to the charitable or nonprofit organization;

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

4 ~~(j) An accounting of all gross revenues and the disbursements required~~
 5 ~~by statute and rule of the state lottery commission must be retained in~~
 6 ~~records with the organization, including t~~The date, of each transaction
 7 ~~and the name and address of each payee for all prize payments in excess~~
 8 ~~of one hundred dollars (\$100); and~~

9 (k) ~~T~~he disbursements of funds to charitable activities, including
 10 the identity of the charity and/or purpose and use of the disbursements
 11 by the charity. ~~Such records shall be retained for a period of five (5)-~~
 12 ~~years.~~

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

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

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

35 (6) Every charitable or nonprofit organization whose annual gross rev-
 36 enues exceed two hundred thousand dollars (\$200,000) from the operation of
 37 bingo games shall provide the state lottery with a copy of an annual audit
 38 of the bingo operation. The audit shall be performed by an independent cer-
 39 tified public accountant who is licensed in the state of Idaho and who meets
 40 peer review requirements set forth by the Idaho state board of accountancy.
 41 The audit shall be submitted to the Idaho state lottery within ninety (90)
 42 days after the end of the license year.

43 (7) An accounting of all gross revenues and the disbursements required
 44 by statute and rule of the state lottery commission shall be retained in
 45 records of the organization. All bingo records shall be retained for a pe-
 46 riod of five (5) years.

47 SECTION 5. That Section 67-7710, Idaho Code, be, and the same is hereby
 48 amended to read as follows:

1 67-7710. RAFFLES -- DUCK RACES. (1) It is lawful for any charitable or
2 nonprofit organization to conduct raffles in accordance with the provisions
3 of this chapter. Any charitable or nonprofit organization or any person that
4 conducts a raffle in violation of any provision of this chapter may be as-
5 sessed a civil penalty not in excess of ten thousand dollars (\$10,000) per
6 violation. Additionally, any person knowingly conducting a raffle in viola-
7 tion of any provision of this chapter or rule of the state lottery commission
8 may be charged under the gambling laws of the state contained in chapter 38,
9 title 18, Idaho Code, and may be assessed a civil penalty by the lottery not
10 in excess of ten thousand dollars (\$10,000) per violation. It shall not con-
11 stitute a violation of state law to advertise a charitable raffle conducted
12 pursuant to this section. It is lawful to participate in a charitable raffle
13 conducted pursuant to this chapter. ~~A charitable raffle conducted lawfully~~
14 ~~pursuant to this chapter is not gambling for purposes of chapter 38, title~~
15 ~~18, Idaho Code.~~

16 (2) Raffle drawings must be held in Idaho and shall be limited to twelve
17 (12) per charitable or nonprofit organization per year, provided that this
18 limitation shall not apply to public or private elementary schools, sec-
19 ondary schools or higher education institutions located in this state.

20 (3) Nonexempt charitable or nonprofit organizations shall conduct and
21 complete licensed raffle drawings within the license year. Exempt charita-
22 ble or nonprofit organizations shall conduct and complete raffle drawings no
23 later than one (1) year from the first day raffle chances are available for
24 purchase.

25 (4) The maximum aggregate value of cash prize(s) that may be offered or
26 paid for any one (1) raffle, which is not a duck race, is one thousand dol-
27 lars (\$1,000) and if merchandise is used as a prize and it is not redeemable
28 for cash, there shall be no limit on the maximum amount of value for the mer-
29 chandise. For duck races, there shall be no limit on the maximum amount of
30 the value of a cash prize if the cash prize is underwritten by insurance. If a
31 duck race offers a cash prize that is not underwritten by insurance, the max-
32 imum aggregate value of the cash prize(s) is one thousand dollars (\$1,000).
33 There shall be no limit on the maximum of value for merchandise used as a
34 prize in a duck race if the merchandise is not redeemable for cash.

35 (35) As used in this subsection, "net proceeds of a charitable raffle"
36 means the gross receipts less the cost of prizes awarded. "Net proceeds of a
37 duck race" shall mean gross receipts, less the cost of prizes awarded and the
38 rental cost of the ducks used in the race. No less than eighty percent (80%)
39 of the net proceeds of a raffle shall be used by the charitable or nonprofit
40 organization for a charitable, religious, educational, civic or other char-
41 itable purposes, as defined in section 67-7702 (4), Idaho Code.

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

- 47 (a) The number of raffles conducted or sponsored by the charitable or
48 nonprofit organization;
49 (b) The location and date at which each raffle was conducted;
50 (c) The gross revenues of each raffle;

1 (d) The fair market value of any prize given at each raffle;

2 (e) The amount paid in prizes at each raffle; and

3 (f) The amount paid to the charitable or nonprofit organization~~r~~.

4 (~~g~~7) An accounting of all gross revenues and the disbursements required
5 by statute and rule of the state lottery commission ~~that~~ shall be retained in
6 the organization's records for a period of five (5) years.

7 (~~5~~8) Every charitable or nonprofit organization whose annual gross
8 revenues exceed two hundred thousand dollars (\$200,000) from the operation
9 of raffle events shall provide the state lottery with a copy of an annual au-
10 dit of the raffle events. The audit shall be performed by a certified public
11 accountant who is licensed in the state of Idaho and who meets the peer review
12 requirements set forth by the Idaho state board of accountancy. The audit
13 shall be submitted to the Idaho state lottery within ninety (90) days after
14 the end of the license year.

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

18 SECTION 6. That Section 67-7711, Idaho Code, be, and the same is hereby
19 amended to read as follows:

20 67-7711. LICENSING PROCEDURE. (1) Any charitable or nonprofit organi-
21 zation not exempt pursuant to section 67-7713~~2~~, Idaho Code, desiring to op-
22 erate bingo sessions or games or charitable raffles shall make application
23 for a license to the state lottery. The state lottery shall review the li-
24 cense application and shall approve or deny the issuing of a license within
25 fifteen (15) calendar days of receipt of the license application. The state
26 lottery may deny the application if it determines that the applicant has not
27 met requirements for an application imposed in this chapter and rules pro-
28 mulgated pursuant to this chapter or upon any ground for which an application
29 for renewal of a license could be denied or for which an existing licensee's
30 license could be revoked or suspended. Whenever an application is denied,
31 it shall be returned to the applicant by the state lottery with specific rea-
32 sons for the denial. When a license application is approved by the state lot-
33 tery, the state lottery shall issue a license to the applicant. No person or
34 charitable or nonprofit organization, except those exempt pursuant to sec-
35 tion 67-7713~~2~~, Idaho Code, shall operate or conduct a bingo session or game
36 or charitable raffle until it has received a license from the state lottery.
37 The license shall expire one (1) year after the date it was issued.

38 (2) Each application and renewal application shall contain the follow-
39 ing information:

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

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

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

9 (ii) In the case of incorporated nonprofit organizations, a copy
 10 of a certificate of existence issued by the secretary of state pur-
 11 suant to chapter 30, title 30, Idaho Code, establishing the organ-
 12 ization's good standing in the state.

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

15 (3) Different chapters of an organization may apply for and share one
 16 (1) license to conduct raffles so long as the information required in sub-
 17 section (2) of this section is provided to the state lottery prior to the is-
 18 suance of the license.

19 (4) The organization may apply for the license to coincide with the or-
 20 ganization's fiscal year.

21 (5) The operation of bingo sessions or games or charitable raffles
 22 shall be the direct responsibility of, and controlled by, the governing body
 23 of the organization, and the members of the governing body shall be held re-
 24 sponsible for the conduct of the bingo sessions or games or raffles.

25 (6) No directors or officers of an organization or persons related to
 26 them either by marriage or blood within the second degree shall receive any
 27 compensation derived from the proceeds of a bingo session or raffle regu-
 28 lated under the provisions of this chapter.

29 (7) An organization shall not contract with any person for the purpose
 30 of conducting a bingo session or providing bingo services or conducting a
 31 raffle on the organization's behalf, provided that this prohibition does not
 32 prevent an bingo organization from hiring employees and paying wages as pro-
 33 vided in section 67-7709(1) (d) (ii), Idaho Code. However, if the state lot-
 34 tery commission has entered into an agreement or contract with another state
 35 for the operation or promotion of joint bingo sessions, the charitable or
 36 nonprofit organization may participate in that contract or agreement.

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

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

43 SECTION 7. That Section 67-7712, Idaho Code, be, and the same is hereby
 44 amended to read as follows:

45 67-77123. LICENSE FEES -- ~~SUSPENSION OR REVOCATION~~. (1) Each organ-
 46 ization that applies to the state lottery for a license pursuant to this
 47 chapter shall pay annually to the state lottery a nonrefundable license fee,
 48 which shall be due upon submission of the application. New organizations
 49 not exempt pursuant to section 67-7712, Idaho Code, and having no history of

1 gross revenues shall pay a license fee of one hundred dollars (\$100). Re-
2 newal license fees shall be based on the organization's gross revenues from
3 bingo or raffle operations as required to be reported by statute or rule of
4 the commission. Organizations with gross revenues of twenty-five thousand
5 dollars (\$25,000) or less shall pay a fee of one hundred dollars (\$100). Or-
6 ganizations with gross revenues of twenty-five thousand dollars (\$25,000)
7 to seventy-five thousand dollars (\$75,000) shall pay a fee of two hundred
8 dollars (\$200). Organizations with gross revenues exceeding seventy-five
9 thousand dollars (\$75,000) shall pay a fee of three hundred dollars (\$300).
10 New organizations with no history of gross revenues shall pay a fee of one
11 hundred dollars (\$100), and the gross revenues indicated in the organiza-
12 tion's first annual report shall determine the license renewal fee.

13 (2) Any license issued pursuant to this chapter may be suspended or re-
14 voked by the state lottery if it is found that the licensee or any person con-
15 nected with the licensee has violated any provision of this chapter or any
16 rule of the lottery commission or ordinance of a county adopted pursuant to
17 this chapter or:

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

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

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

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

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

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

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

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

1 ~~(i) Fails to demonstrate to the state lottery by clear and convincing~~
 2 ~~evidence, qualifications for the license according to state law and the~~
 3 ~~rules of the state lottery establishing such qualifications;~~

4 ~~(j) Is subject to current prosecution or pending charges, or to a con-~~
 5 ~~viction regardless of whether it has been appealed, for any offense de-~~
 6 ~~scribed in paragraph (e) of this subsection. At the request of an appli-~~
 7 ~~cant for an original license, the state lottery may defer decision upon~~
 8 ~~the application during the pendency of the prosecution or appeal;~~

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

14 ~~(3) The state lottery may, upon its own motion or upon a written veri-~~
 15 ~~fied complaint of any other person, investigate the operation of any gaming~~
 16 ~~purportedly authorized in this chapter. If the state lottery has reasonable~~
 17 ~~cause to believe that any gaming as described in this chapter violates any of~~
 18 ~~the provisions of this chapter or rules promulgated pursuant to this chap-~~
 19 ~~ter, it may, in its discretion, place in probationary status, revoke, can-~~
 20 ~~cel, rescind or suspend any license. The state lottery may refuse to grant a~~
 21 ~~renewal of the license or it may take other action as may be appropriate un-~~
 22 ~~der this chapter and any rules promulgated pursuant to this chapter. If the~~
 23 ~~state lottery shall refuse to grant a license or refuse to grant a renewal~~
 24 ~~of a license or revoke, cancel, rescind or suspend a license, it shall give~~
 25 ~~the applicant or licensee fifteen (15) calendar days' written notice of its~~
 26 ~~intended action stating generally the basis for its action. Within the fif-~~
 27 ~~teen (15) calendar day notice period, the applicant or licensee shall indi-~~
 28 ~~cate its acceptance of the decision of the state lottery or shall request a~~
 29 ~~hearing to be held in the same manner as hearings in contested cases pursuant~~
 30 ~~to chapter 52, title 67, Idaho Code. The hearing shall be conducted within~~
 31 ~~twenty-one (21) days of the request. The applicant or licensee may appeal~~
 32 ~~the decision of the state lottery after the hearing within the same time and~~
 33 ~~manner as provided for judicial review of actions pursuant to chapter 52, ti-~~
 34 ~~tle 67, Idaho Code. Failure to make the request for a hearing as provided~~
 35 ~~herein, shall render the decision of the state lottery final and not subject~~
 36 ~~to further appeal.~~

37 SECTION 8. That Section 67-7713, Idaho Code, be, and the same is hereby
 38 amended to read as follows:

39 67-7713~~2~~. LICENSURE REQUIREMENTS. A charitable or nonprofit organi-
 40 zation conducting a bingo game shall be required to obtain a license if the
 41 gross annual bingo sales are ten thousand dollars (\$10,000) or more. A char-
 42 itable or nonprofit organization conducting a raffle shall be required to
 43 obtain a license if the maximum aggregate fair market value of merchandise
 44 exceeds five thousand dollars (\$5,000).

45 SECTION 9. That Chapter 77, Title 67, Idaho Code, be, and the same is
 46 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
 47 ignated as Section 67-7713A, Idaho Code, and to read as follows:

1 67-7713A. SUSPENSION OR REVOCATION. (1) Any license issued pursuant
2 to this chapter may be suspended or revoked by the state lottery if it is
3 found that the licensee or any person connected with the licensee has vio-
4 lated any provision of this chapter or any rule of the lottery commission or
5 ordinance of a county adopted pursuant to this chapter or:

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

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

14 (c) Has knowingly caused, aided or abetted, or conspired with another
15 to cause, any person to fail or refuse to comply with the provisions, re-
16 quirements, conditions, limitations or duties imposed in this chapter,
17 or to fail or refuse to comply with a rule adopted by the state lottery
18 commission;

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

21 (e) Has been convicted, forfeited bond, or has been granted a withheld
22 judgment upon a charge involving forgery, theft, willful failure to
23 make required payments or reports to a governmental agency at any level,
24 or filing false reports to a governmental agency, or any similar offense
25 or offenses, or of bribing or otherwise unlawfully influencing a public
26 official or employee of any state or the United States, or of any crime,
27 whether a felony or misdemeanor, involving gambling activity, physical
28 injury to individuals or moral turpitude;

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

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

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

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

40 (j) Is subject to current prosecution or pending charges, or to a con-
41 viction regardless of whether it has been appealed, for any offense de-
42 scribed in paragraph (e) of this subsection. At the request of an appli-
43 cant for an original license, the state lottery may defer decision upon
44 the application during the pendency of the prosecution or appeal;

45 (k) Has pursued or is pursuing economic gain in a manner or context that
46 violates criminal or civil public policy of this state and creates a
47 reasonable belief that the participation of the person in gaming opera-
48 tions by charitable or nonprofit organizations would be harmful to the
49 proper operation of a lawful bingo or raffle.

1 (2) The state lottery may, upon its own motion or upon a written veri-
2 fied complaint of any other person, investigate the operation of any gaming
3 purportedly authorized in this chapter. If the state lottery has reasonable
4 cause to believe that any gaming as described in this chapter violates any of
5 the provisions of this chapter or rules promulgated pursuant to this chap-
6 ter, it may, in its discretion, place in probationary status, revoke, cancel,
7 rescind or suspend any license. The state lottery may refuse to grant a
8 renewal of the license or it may take other action as may be appropriate un-
9 der this chapter and any rules promulgated pursuant to this chapter. If the
10 state lottery shall refuse to grant a license or refuse to grant a renewal
11 of a license or revoke, cancel, rescind or suspend a license, it shall give
12 the applicant or licensee fifteen (15) calendar days' written notice of its
13 intended action stating generally the basis for its action. Within the fif-
14 teen (15) calendar day notice period, the applicant or licensee shall indi-
15 cate its acceptance of the decision of the state lottery or shall request a
16 hearing to be held in the same manner as hearings in contested cases pursuant
17 to chapter 52, title 67, Idaho Code. The hearing shall be conducted within
18 twenty-one (21) days of the request. The applicant or licensee may appeal
19 the decision of the state lottery after the hearing, within the same time and
20 manner as provided for judicial review of actions pursuant to chapter 52, ti-
21 tle 67, Idaho Code. Failure to make the request for a hearing as provided
22 herein shall render the decision of the state lottery final and not subject
23 to further appeal.

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

26 67-7715. VENDORS -- LICENSING -- FEES. (1) No person or entity shall
27 manufacture, sell, distribute, furnish or supply to any person or entity any
28 gaming device, equipment or material, in this state or for use in this state,
29 without first obtaining a vendor's license from the state lottery commis-
30 sion. Vendor licenses shall not be issued by the state lottery except re-
31 specting devices, equipment or material designed and permitted to be used
32 in connection with activities authorized under this chapter. Provided how-
33 ever, that this licensing requirement shall apply only insofar as the state
34 lottery commission has adopted rules implementing it as to particular cate-
35 gories of gaming devices and related material and equipment.

36 (2) Any person or entity that manufactures, sells, distributes, fur-
37 nishes or supplies any gaming device, equipment or material, in this state
38 or for use in this state, shall make application for a vendor license to the
39 state lottery. The state lottery shall review the license application and
40 shall approve or deny the issuing of a license within fifteen (15) calen-
41 dar days of receipt of the license application. The state lottery may deny
42 the application if it determines that the applicant has not met the require-
43 ments imposed in this chapter and rules promulgated pursuant to this chap-
44 ter. Whenever an application is denied, it shall be returned to the appli-
45 cant by the state lottery with specific reasons for the denial. When the li-
46 cense application is approved by the state lottery, the state lottery shall
47 issue a license to the applicant.

48 (3) Each application and renewal application shall contain the follow-
49 ing information:

- 1 (a) The name, address, date of birth, driver's license number and so-
2 cial security number of the applicant and, if the applicant is a corpo-
3 ration, proprietorship, association, partnership or other similar le-
4 gal entity, the name, home address, date of birth, driver's license num-
5 ber and social security number of each of the officers of the corpora-
6 tion and their spouses, as well as the name and address of the directors
7 and their spouses, or other persons similarly situated.
- 8 (b) The locations or persons with which the applicant will provide any
9 gaming device, equipment or material in this state or for use in this
10 state.
- 11 (4) Each applicant shall pay annually to the state lottery a nonrefund-
12 able license fee of five hundred dollars (\$500) which shall be due upon sub-
13 mission of the application.
- 14 (5) Each licensed vendor shall maintain records of all sales to organi-
15 zations in Idaho for a period of five (5) years. Such records shall be pro-
16 vided to the lottery upon request.
- 17 (6) Any license issued pursuant to this section shall be suspended or
18 revoked by the state lottery and the licensee may be assessed a civil penalty
19 by the state lottery up to ten thousand dollars (\$10,000) per violation
20 if it is found that the licensee or any person connected with the licensee
21 has violated any provision of this chapter, particularly those in section
22 67-77123A, Idaho Code, or any rule of the lottery commission.