

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill contains several changes to the law governing lawful (charitable) gambling:

- increasing the threshold level for requiring annual audits and financial reviews of gambling funds
- allowing net gambling profits to be spent for ATV trails and out-of-state military events
- allowing expenditure of net gambling profits for disaster relief without a prior vote of the organization's membership
- allowing the gambling control board to take action against the license of an organization if illegal gambling occurred at a premises where the organization conducts lawful gambling, if the organization's chief executive officer or gambling managers authorized or participated in the illegal gambling.
- allowing organizations to conduct a single progressive bingo game over the noon hours at licensed on-sale establishments
- allowing organizations to accept checks for raffle tickets
- abolishing board-issued ID cards for gambling employees and substituting a nametag requirement

### Section

- 1 **Annual audits and financial reviews.** Increases from \$250,000 to \$300,000 the threshold level where an organization licensed to conduct lawful gambling is required to have an annual financial audit of its gambling funds.

Increases from \$50,000 to \$150,000 the threshold level where such an organization is required to have an annual financial review of its gambling funds.

- 2 **Lawful purposes.** Amends the law that allows net gambling profits to be spent on reimbursing members of a military guard unit for participating in events within the state, by allowing reimbursement for events in contiguous states.

Allows net gambling profits to be used to pay the costs of required annual audits only if the audit is filed with the department of revenue in a timely manner.

Allows net gambling profits to be spent for grooming and maintaining ATV trails.

- 3 **Bingo expense limit.** Increases from 65 to 70 percent the maximum percentage of gross bingo profit that may be spent for expenses.

- 4 **Net profits for disaster relief.** Allows an organization to spend net gambling profits without the prior approval of the organization's membership if the expenditure is to relieve the effects of a natural disaster, if the expenditure would be a lawful purpose (for which net profits may be spent) under general law. Requires such an expenditure to be authorized by the organization's chief executive officer and gambling manager, and requires membership approval at its next monthly meeting.

- 5 **Illegal gambling.** Amends the law that prohibits the gambling control board from taking action against an organization's premises permit (permit issued to a location where lawful gambling is conducted) because of illegal gambling at the premises unless the organization participated in the illegal gambling, or the organization or its agents knew of it and did not request the premises owner to take appropriate action.

This section defines "agents" as all persons participating in the conduct of lawful gambling, whether compensated or not.

This section also authorizes the board to take action against the license (which is issued separately from the premises permit) of an organization where illegal gambling has occurred on the premises where the organization conducts gambling, but only if the board determines that the organization's chief executive officer, gambling manager, or an assistant gambling manager participated in or authorized the illegal gambling.

- 767 **Employee registration.** Deletes the requirement that gambling employees' registration with the gambling control board include a current photograph, and adds a requirement that the application form include the employee's date of birth.. Deletes provisions requiring employees to wear identification cards issued by the board, and substitutes a requirement that each employee wear a name tag at the point of sale.

- 2 **Noon hour bingo.** Allows an organization to conduct bingo between 11 a.m. and 2 p.m. in licensed on-sale liquor establishments. Allows bingo under such circumstances to consist of only one progressive game (where jackpots not won are added to jackpots for subsequent games) using only disposable bingo sheets. Limits the rent for such bingo to a maximum of \$25 per day.

Bingo games of this type are now precluded by the law that requires bingo occasions to be at least 1 ½ hours and include at least 15 games.

- 3 **Checks for raffle tickets.** Amends the general prohibition against gambling organizations accepting checks to allow accepting checks for raffle tickets.

Requires an organization that accepts a bad check for raffle tickets to reimburse its gambling account for the amount of the check.

- 10 **Local authority.** Specifies that local authority to require organizations to spend a minimum percentage of net gambling profits for specific lawful purposes, and local authority to require an organization to spend a minimum percentage of net profits within a local trade area, authorizes only an annual percentage.

Provides that local gambling taxes of up to three percent of gross gambling receipts must be figured on an annual basis.

Increases from 60 to 90 days the time period that a city or county has to approve a gambling premises permit or bingo hall license.

- 11 **Effective date.** Makes all sections effective immediately.