

By: Representative Moak

To: Gaming

HOUSE BILL NO. 242
(As Passed the House)

1 AN ACT TO AMEND SECTIONS 97-33-52, 97-33-53, 97-33-55,
2 97-33-57, 97-33-71 AND 97-33-73, MISSISSIPPI CODE OF 1972, TO
3 PROVIDE THAT A CHARITABLE ORGANIZATION LICENSED UNDER THE
4 CHARITABLE BINGO LAW MAY NOT EXPEND NET PROCEEDS FOR BINGO RELATED
5 EXPENSES; TO PROVIDE THAT FOR CLASS "A" CHARITABLE ORGANIZATIONS
6 LICENSED TO CONDUCT BINGO, THE OFFICES OF SUCH AN ORGANIZATION AND
7 ANY BUILDING, HALL OR OTHER FACILITY USED BY THE ORGANIZATION FOR
8 THE PURPOSES OF CONDUCTING OR OPERATING A BINGO GAME MUST BE
9 LOCATED IN PHYSICALLY SEPARATE BUILDINGS OR FACILITIES; TO PROVIDE
10 THAT A CLASS "A" CHARITABLE ORGANIZATION MUST HAVE A BOARD OF
11 DIRECTORS CONSISTING OF AT LEAST FIVE VOTING MEMBERS WHO ARE
12 INDEPENDENT AND NOT RELATED TO ONE ANOTHER BY BLOOD, MARRIAGE OR
13 BUSINESS RELATIONSHIP; TO PROVIDE THAT NOT MORE THAN ONE PERSON
14 SERVING AS A VOTING MEMBER OF A BOARD OF DIRECTORS MAY BE
15 COMPENSATED BY THE CHARITABLE ORGANIZATION; TO PROVIDE THAT THE
16 MEMBER OF A BOARD OF DIRECTORS WHO IS COMPENSATED BY THE
17 ORGANIZATION SHALL NOT SERVE AS THE CHAIRMAN OR TREASURER OF THE
18 BOARD; TO PROVIDE THAT NO MEMBER OF A BOARD OF DIRECTORS SHALL
19 RECEIVE ANY FORM OF COMPENSATION FROM A BINGO GAME; TO PROVIDE
20 THAT CERTAIN CHARITABLE ORGANIZATIONS LICENSED TO CONDUCT BINGO
21 GAMES MAY BE ISSUED A LICENSE TO CONDUCT BINGO GAMES FOR UP TO
22 THREE YEARS; TO PROVIDE THAT BINGO BOOKS AND RECORDS SHALL BE
23 MAINTAINED SEPARATE FROM BOOKS AND RECORDS OF A CHARITABLE
24 ORGANIZATION; TO AUTHORIZE THE MISSISSIPPI GAMING COMMISSION TO
25 ASSESS AND COLLECT FEES TO DEFRAY THE ACTUAL COSTS INCURRED BY THE
26 COMMISSION IN EXAMINING THE BOOKS AND RECORDS OF ORGANIZATIONS
27 LICENSED TO CONDUCT BINGO; TO AUTHORIZE THE SECRETARY OF STATE TO
28 EXAMINE OR TO CAUSE TO BE EXAMINED THE BOOKS AND RECORDS OF
29 ORGANIZATIONS LICENSED TO HOLD OR CONDUCT BINGO AND TO ASSESS AND
30 COLLECT FEES TO DEFRAY THE ACTUAL COSTS INCURRED IN CONDUCTING
31 SUCH EXAMINATIONS; AND FOR RELATED PURPOSES.

32 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

33 **SECTION 1.** Section 97-33-52, Mississippi Code of 1972, is
34 amended as follows:

35 97-33-52. (1) A bingo game may be conducted only:

36 (a) When held for the benefit of a charitable
37 organization that (i) is licensed pursuant to Section 97-33-55 or
38 Section 97-33-59; (ii) is domiciled in the State of Mississippi;
39 (iii) is in compliance with Sections 79-11-501 through 79-11-529;

40 and

41 (b) When the game is held by active members of such
42 organization.

43 (2) Except as may be otherwise provided in Sections 97-33-51
44 through 97-33-203, all net proceeds derived from a bingo game
45 authorized by this section shall be expended only for the purposes
46 for which the charitable organization is created, and no net
47 proceeds derived from a bingo game authorized by this section
48 shall be distributed to a charity outside of the State of
49 Mississippi without the approval of the Mississippi Gaming
50 Commission. A charitable organization shall not expend net
51 proceeds for bingo related expenses including, but not limited to,
52 salaries or other compensation of bingo employees or fund raising
53 activities. Nothing in the Charitable Bingo Law shall prohibit a
54 charitable organization from using gross receipts derived from a
55 bingo game conducted under the Charitable Bingo Law to pay
56 administrative penalties imposed by any state agency against the
57 charitable organization.

58 (3) None of the net proceeds of a bingo game authorized to
59 be held under this section shall be used to purchase, construct or
60 improve a building, hall or other facility solely for the purpose
61 of conducting or operating a bingo game.

62 (4) Every organization which conducts bingo games shall
63 report to the Mississippi Gaming Commission at such time, in such
64 manner and on such forms as the commission prescribes. All
65 records and reports so filed shall be public records and shall be
66 available for inspection in accordance with the Mississippi Public
67 Records Act of 1983.

68 **SECTION 2.** Section 97-33-53, Mississippi Code of 1972, is
69 amended as follows:

70 97-33-53. As used in Sections 97-33-51 through 97-33-203,
71 the following words and phrases shall have the meanings ascribed
72 herein unless the context clearly indicates otherwise:

73 (a) "Bingo" means a game of chance in which a right to
74 participate is sold to a player and prizes are awarded, that is:

75 (i) Played with a card, sheet, or an electronic
76 representation thereof, bearing numbers or symbols;

77 (ii) Played with the participant covering, marking
78 or revealing the numbers or symbols, as objects similarly numbered
79 or designated are drawn from a receptacle and orally called; in
80 the case of electronic representations, the requisite covering,
81 marking or revealing may be accomplished electronically to match
82 objects similarly numbered or designated and stored in memory in
83 advance as winners, or which are generated randomly by an
84 electronic process;

85 (iii) Won by the player who first covers, marks or
86 reveals a previously designated arrangement of numbers or symbols;
87 and

88 (iv) Played on the premises of a licensed
89 organization and during the organization's regular hours of
90 conducting bingo games.

91 The term "bingo" includes pull-tabs made available as a
92 companion game to bingo and played on the premises. The term
93 "bingo" does not include any game which is played via television,
94 telephone, satellite dish or any other telecommunications
95 transmission or receiving device.

96 Any electronic device used to produce an electronic
97 representation must maintain an inventory recorded in computed
98 memory, not on cartridge memory, of the number of winners and
99 losers. It must also be equipped with tamper-proof electric
100 meters as a backup to the computer memory. It may not dispense
101 cash or coins. Paybacks will be dispensed by printed ticket only.
102 The printer shall maintain duplicate records of all transactions.
103 All such electronic devices shall be approved by the Mississippi
104 Gaming Commission.

105 (b) "Charitable organization" means:

106 (i) Any nonprofit organization domiciled in this
107 state that is tax exempt under Section 501(c) or (d) of the United
108 States Internal Revenue Code and which has on file with the
109 Mississippi Gaming Commission either a tax exemption letter issued
110 by the United States Internal Revenue Service, or a certified copy
111 of its application for such tax exempt status if the commission
112 determines that the organization is likely to be granted the tax
113 exempt status, and is:

114 1. Any chapter or post domiciled in this
115 state of a nationally chartered organization whose membership is
116 composed of former members of the military forces of the United
117 States of America or whose membership is composed of members of
118 the Merchant Marine Veterans Association; or

119 2. Any nonprofit civic, educational, wildlife
120 conservation organization or religious organization domiciled in
121 this state.

122 If an organization which has on file with the commission a
123 certified copy of its application for a tax exemption under
124 Section 501(c) or (d) of the United States Internal Revenue Code
125 is not granted the exemption within twelve (12) months from the
126 date of such application, the organization's license shall be
127 subject to revocation pursuant to Section 97-33-61.

128 (ii) Any senior citizen recreation club, which is
129 defined as an organization sanctioned by the local council on
130 aging and composed of members aged sixty (60) years or older, the
131 sole function of which is to provide amusement and diversion for
132 its members.

133 (iii) An organization in compliance with Sections
134 79-11-501 through 79-11-529.

135 In addition, an organization that is a Class "A" charitable
136 organization must have a board of directors consisting of at least
137 five (5) voting members who are independent and not related to one
138 another by blood, or marriage within the third degree of kinship

139 or business relationship. Not more than one (1) person serving as
140 a voting member of a board of directors may be compensated by the
141 organization, and the member of a board of directors who is
142 compensated by the organization shall not serve as the chairman or
143 treasurer of the board. No member of a board of directors shall
144 receive any form of compensation from a bingo game.

145 (c) "Commission" means the Mississippi Gaming
146 Commission.

147 (d) "Distributor" means any person or other entity who
148 sells, offers for sale or otherwise furnishes to any person,
149 gaming supplies or equipment for use in the conducting of a bingo
150 game authorized by Sections 97-33-51 through 97-33-203.

151 (e) "Manufacturer" means any person or other entity who
152 manufactures for sale, offers for sale, or otherwise furnishes,
153 any gaming supplies or equipment for use in the conducting of a
154 bingo game authorized by Sections 97-33-51 through 97-33-203.

155 (f) "Commercial lessor" means any person or other
156 entity, other than a bona fide nonprofit organization licensed to
157 conduct charitable bingo games, who leases any building, structure
158 or premises to organizations licensed under the provisions of
159 Sections 97-33-51 through 97-33-203.

160 (g) "Operator" means a person or other entity who
161 supplies the charity an electronic facsimile pull-tab device or
162 labor saving device as described in Section 97-33-53. This person
163 or entity may not be engaged in any other form of bingo operations
164 such as a distributor, manufacturer, charity or commercial lessor.

165 (h) "Pull-tabs" means single or banded tickets or cards
166 each with its face covered to conceal one or more numbers or
167 symbols, where one or more cards or tickets in each set have been
168 designed in advance as winners. "Pull-tabs" shall also mean any
169 device for dispensing pull-tabs.

170 (i) "Session" means any five-hour time period within
171 one (1) day or six-hour time period within one (1) week.

172 (j) "Day" means the whole or any part of the time
173 period of twenty-four (24) hours from midnight to midnight.

174 (k) "Week" means the seven-day period from 12:01 a.m.
175 on Monday until midnight the following Sunday.

176 (l) "Net proceeds" means the gross amount collected
177 from participants less the actual prizes or winnings paid, the
178 actual cost or expenses of conducting the bingo game, any
179 administrative penalties imposed by any state agency against the
180 charitable organization, and any other expense authorized under
181 the Charitable Bingo Law or any regulation promulgated thereunder.

182 (m) "Gross receipts" means all revenue received from
183 bingo operations.

184 **SECTION 3.** Section 97-33-55, Mississippi Code of 1972, is
185 amended as follows:

186 97-33-55. (1) Any charitable organization desiring to
187 conduct bingo games must obtain a license to do so from the
188 Mississippi Gaming Commission and must be in compliance with
189 Sections 79-11-501 through 79-11-529.

190 (2) Each applicant for such a license shall file with the
191 commission a written application therefor in a form prescribed by
192 the commission on which shall be stated:

193 (a) The name and address of the applicant, together
194 with sufficient facts relating to its incorporation and
195 organization to enable the commission to determine whether or not
196 the applicant is a bona fide organization;

197 (b) The names and addresses of its officers;

198 (c) The place or places where, and the date or dates
199 and the time or times when, bingo games are intended to be
200 conducted by the applicant, under the license applied for;

201 (d) The items of expense intended to be incurred or
202 paid in connection with the holding, operating and conducting of
203 bingo games and the names and addresses of the persons to whom,
204 and the purposes for which, they are to be paid;

205 (e) The specific purposes to which the entire net
206 proceeds of the bingo games are to be devoted and in what manner;

207 (f) That, except as otherwise provided in Section
208 97-33-69, no commission, salary, compensation, reward or
209 recompense will be paid to any person for holding, operating or
210 conducting bingo games;

211 (g) A description of all prizes to be offered and given
212 in all bingo games to be held, operated and conducted under such
213 license; and

214 (h) Such other information as shall be prescribed by
215 the commission by its rules and regulations.

216 (3) In each application there shall be designated an active
217 member or members of the organization under whom the bingo games
218 are to be held, operated and conducted. The application shall
219 include a statement executed by the applicant and by the member or
220 members so designated, that he or they will be responsible for the
221 holding, operation and conduct of the bingo games in accordance
222 with the terms of the license and the provisions of the
223 commission's rules and regulations governing bingo games and of
224 Sections 97-33-51 through 97-33-203, if such license is granted.

225 (4) An original application shall be accompanied by a fee of
226 Fifty Dollars (\$50.00). Such application fee shall be refunded by
227 the commission to an organization deemed to be an exempt
228 organization pursuant to Section 97-33-107.

229 **SECTION 4.** Section 97-33-57, Mississippi Code of 1972, is
230 amended as follows:

231 97-33-57. (1) The commission shall investigate the
232 qualifications of each applicant and the merits of the
233 application, with due expedition after the filing of the
234 application, and shall make the following determinations:

235 (a) That the applicant is duly qualified to hold,
236 operate and conduct bingo games under the provisions of Sections

237 97-33-51 through 97-33-203 and the rules and regulations of the
238 commission governing same.

239 (b) That the member or members of the organization
240 designated in the application to hold, operate, conduct, or assist
241 in holding, operating, or conducting, the bingo games are bona
242 fide active members of the organization and of good moral
243 character, who have never been convicted of certain offenses as
244 designated by the commission.

245 (c) That bingo games are to be held, operated and
246 conducted in accordance with the provisions of Sections 97-33-51
247 through 97-33-203 and in accordance with the rules and regulations
248 of the commission governing same, and that the proceeds thereof
249 are to be disposed of as provided by Sections 97-33-51 through
250 97-33-203.

251 (2) If the commission is satisfied that no commission,
252 salary, compensation, reward or recompense whatever, except as
253 otherwise provided in Section 97-33-69, will be paid or given to
254 any person holding, operating or conducting any bingo game, it may
255 issue a license to the applicant for the holding, operating and
256 conducting of bingo games.

257 (3) No license for holding, operating or conducting bingo
258 games that is issued under Sections 97-33-51 through 97-33-203
259 shall be effective for more than three (3) calendar years.

260 (4) The commission shall not issue a license to:

261 (a) Any person who has been convicted of certain
262 related offenses as established by the commission or who presently
263 has such a charge pending in any state or federal court;

264 (b) Any person who has ever been convicted of a
265 gambling-related offense in any state or federal court;

266 (c) Any person who is or has ever been a professional
267 gambler;

268 (d) Any firm, organization or corporation in which any
269 person as described in paragraphs (a) through (c) is an officer or

270 director, whether compensated or not, or in which such person has
271 a direct or indirect financial interest;

272 (e) The commission may deny an application for
273 licensure, refuse to renew a license, or suspend or revoke a
274 license for any reason consistent with the purposes of Sections
275 97-33-51 through 97-33-203 which it deems to be in the interest of
276 the public. However, policies regarding such denial, suspension,
277 revocation or refusal to renew shall be established by rule and
278 regulation. If the commission fails to act upon the license
279 application within sixty (60) days of the date of filing of the
280 application by the charitable organization, such application shall
281 be deemed accepted.

282 (5) Any significant change in the information submitted on
283 its application for licensure shall be filed by a licensee with
284 the commission within ten (10) days of the change. A significant
285 change shall include, but not be limited to, any change in the
286 officers, directors, managers, proprietors or persons having a
287 direct or indirect financial interest in any licensed organization
288 or entity.

289 **SECTION 5.** Section 97-33-71, Mississippi Code of 1972, is
290 amended as follows:

291 97-33-71. (1) Except as may be otherwise provided pursuant
292 to Section 97-33-107(k), the organization which held, operated or
293 conducted the bingo game, and its bingo supervisor or supervisors
294 who were in charge thereof, shall furnish to the commission the
295 following information not less than quarterly:

296 (a) A verified statement showing the amount of the
297 gross receipts derived from each bingo game, which shall include
298 receipts from the sale of shares, tickets or rights in any manner
299 connected with participation in said game;

300 (b) Each item of expense incurred or paid, and each
301 item of expenditure made or to be made;

302 (c) The name and address of each person to whom each
303 such item has been paid or is to be paid, with a detailed
304 description of the merchandise purchased or the service rendered
305 therefor;

306 (d) The net profit derived from each such bingo game
307 and the uses to which such net profit has been or is to be
308 applied;

309 (e) A list of prizes offered or given, with the
310 respective values thereof;

311 (f) The number of participants in each game.

312 (2) Each licensee shall maintain and keep such books and
313 records as may be necessary to substantiate the particulars of
314 each such report, and such books and records shall be maintained
315 separate and apart from the books and records of the charitable
316 organization.

317 (3) All licensees shall maintain records and submit reports
318 as provided by rules of the commission. Such rules may require
319 that all income of a licensee derived from charitable bingo games
320 be recorded to the extent necessary to disclose gross and net
321 income.

322 **SECTION 6.** Section 97-33-73, Mississippi Code of 1972, is
323 amended as follows:

324 97-33-73. (1) The Mississippi Gaming Commission shall have
325 power to examine or to cause to be examined the books and records
326 of any organization to which such license is issued so far as they
327 may relate to any transactions connected with the holding and
328 conducting of bingo and to examine any manager, officer, director,
329 agent, member or employee thereof under oath in relation to the
330 conduct of any such game, but any information so received shall
331 not be disclosed except so far as may be necessary for the purpose
332 of carrying out the provisions of Sections 97-33-51 through
333 97-33-203. The commission shall assess and collect from such an

334 organization a fee in an amount equal to the actual costs incurred
335 by the commission in conducting such an examination.

336 (2) The State Tax Commission shall have the power to examine
337 or to cause to be examined the books and records of any
338 organization to which a license is issued for the purpose of
339 determining compliance with the Charitable Bingo Law and any other
340 laws and regulations and to conduct in-depth audits and
341 investigation of the licensee.

342 (3) The Secretary of State shall have the power to examine
343 or to cause to be examined the books and records of any
344 organization licensed by the commission to hold or conduct bingo
345 and shall assess and collect from such an organization a fee in an
346 amount equal to the actual costs incurred by the Secretary of
347 State in conducting such an examination.

348 **SECTION 7.** This act shall take effect and be in force from
349 and after July 1, 2006.