

By: Representative Moak

To: Gaming; Ways and Means

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 1096

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

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

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

32 97-33-52. (1) A bingo game may be conducted only:

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

38 (b) When the game is held by active members of such  
39 organization.

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

(3) None of the net proceeds of a bingo game authorized to be held under this section shall be used to purchase, construct or improve a building, hall or other facility solely for the purpose of conducting or operating a bingo game. For a charitable organization that is a Class "A" charitable organization, the offices of such an organization shall be located in buildings or facilities that are physically separate from any building, hall or other facility used by the organization for the purposes of conducting or operating a bingo game.

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

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

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

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

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

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

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

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

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

Any electronic device used to produce an electronic representation must maintain an inventory recorded in computed memory, not on cartridge memory, of the number of winners and losers. It must also be equipped with tamper-proof electric meters as a backup to the computer memory. It may not dispense cash or coins. Paybacks will be dispensed by printed ticket only. The printer shall maintain duplicate records of all transactions.

All such electronic devices shall be approved by the Mississippi Gaming Commission.

(b) "Charitable organization" means:

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

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

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

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

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

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

In addition, an organization that is a Class "A" charitable organization must have a board of directors consisting of at least five (5) voting members who are independent and not related to one another by blood, marriage or business relationship. Not more than one (1) person serving as a voting member of a board of directors may be compensated by the organization, and the member of a board of directors who is compensated by the organization shall not serve as the chairman or treasurer of the board. No member of a board of directors shall receive any form of compensation from a bingo game.

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

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

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

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

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

(h) "Pull-tabs" means single or banded tickets or cards each with its face covered to conceal one or more numbers or symbols, where one or more cards or tickets in each set have been

designed in advance as winners. "Pull-tabs" shall also mean any device for dispensing pull-tabs.

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

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

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

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

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

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

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

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

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

(b) The names and addresses of its officers;

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

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

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

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

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

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

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

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

**SECTION 4.** Section 97-33-71, Mississippi Code of 1972, is amended as follows:

97-33-71. (1) Except as may be otherwise provided pursuant to Section 97-33-107(k), the organization which held, operated or conducted the bingo game, and its bingo supervisor or supervisors

who were in charge thereof, shall furnish to the commission the following information not less than quarterly:

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

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

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

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

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

(f) The number of participants in each game.

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

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

**SECTION 5.** Section 97-33-73, Mississippi Code of 1972, is amended as follows:

97-33-73. (1) The Mississippi Gaming Commission shall have power to examine or to cause to be examined the books and records of any organization to which such license is issued so far as they



269 may relate to any transactions connected with the holding and  
270 conducting of bingo and to examine any manager, officer, director,  
271 agent, member or employee thereof under oath in relation to the  
272 conduct of any such game, but any information so received shall  
273 not be disclosed except so far as may be necessary for the purpose  
274 of carrying out the provisions of Sections 97-33-51 through  
275 97-33-203. The commission shall assess and collect from such an  
276 organization a fee in an amount equal to the actual costs incurred  
277 by the commission in conducting such an examination.

278 (2) The State Tax Commission shall have the power to examine  
279 or to cause to be examined the books and records of any  
280 organization to which a license is issued for the purpose of  
281 determining compliance with the Charitable Bingo Law and any other  
282 laws and regulations and to conduct in-depth audits and  
283 investigation of the licensee.

284 (3) The Secretary of State shall have the power to examine  
285 or to cause to be examined the books and records of any  
286 organization licensed by the commission to hold or conduct bingo  
287 and shall assess and collect from such an organization a fee in an  
288 amount equal to the actual costs incurred by the Secretary of  
289 State in conducting such an examination.

290 **SECTION 6.** This act shall take effect and be in force from  
291 and after July 1, 2005.