

# REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Huggins, Simrill, G.M. Smith, Hosey & Limehouse - Staff Contact: Katie Owen)

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## HOUSE BILL 5034

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H. 5034 -- Rep. White: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-21-4320 SO AS TO REQUIRE THE DEPARTMENT OF REVENUE TO ESTABLISH AN INFORMATIONAL CHARITABLE BINGO WEBPAGE ON ITS WEBSITE; TO AMEND SECTION 12-21-3920, RELATING TO DEFINITIONS FOR PURPOSES OF THE BINGO TAX ACT, SO AS TO REDEFINE 'BUILDING'; TO AMEND SECTION 12-21-3940, RELATING TO APPLICATIONS FOR A BINGO LICENSE BY NONPROFIT ORGANIZATIONS AND PROMOTERS, SO AS TO EXTEND THE TIME BY WHICH THE DEPARTMENT MUST RESPOND; TO AMEND SECTION 12-21-3990, RELATING TO THE MANNER OF PLAYING BINGO, SO AS TO PROVIDE THE MANNER IN WHICH CERTAIN DEVICES MUST BE OPERATED; TO AMEND SECTION 12-21-4000, RELATING TO PROCEDURES APPLICABLE TO THE CONDUCT OF BINGO, SO AS TO INCREASE THE ALLOWANCE FOR PROMOTIONS; TO AMEND SECTION 12-21-4005, RELATING TO THE OPERATION OF BINGO GAMES, SO AS TO EXCLUDE CERTAIN RAFFLES; TO AMEND SECTION 12-21-4090, RELATING TO BINGO CHECKING AND SAVINGS ACCOUNTS, SO AS TO ALLOW THE PROMOTER TO MAKE CERTAIN CONTRIBUTIONS AND TO ALLOW FOR ELECTRONIC PAYMENTS; AND TO AMEND SECTION 12-21-4190 RELATING TO THE DISTRIBUTION OF BINGO REVENUES, SO TO INCREASE THE PERCENTAGE THAT IS DISTRIBUTED TO CHARITY.

***Summary of Bill:***

This bill provides revisions related to charitable bingo in this state. It establishes an informational webpage through the Department of Revenue. The webpage must provide access to the Bingo Tax Act, related regulations, license information, instructions on how to formally file a complaint, any clarifying information from the Department in regards to bingo. The website must also be able to accept queries related to bingo and post the query and response on the webpage. This bill provides that the department now has 45 days to reject or accept an application for license to play bingo versus the current 30 days. This bill changes the amount of a special promotion prize from \$100 to \$200. The bill further clarifies that bingo does not include raffles as defined in law. These revisions will also allow promoters to pay the deficit contribution, should there be one, where currently the promoter and non-profit must share responsibility. This bill also revises the amount to be retained by the charities from 26% to 28%.

***Estimated Fiscal Impact:***

Pending

***Subcommittee Recommendation:***

Favorable

***Other Notes/Comments:***

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**A BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-21-4320 SO AS TO REQUIRE THE DEPARTMENT OF REVENUE TO ESTABLISH AN INFORMATIONAL CHARITABLE BINGO WEBPAGE ON ITS WEBSITE; TO AMEND SECTION 12-21-3920, RELATING TO DEFINITIONS FOR PURPOSES OF THE BINGO TAX ACT, SO AS TO REDEFINE "BUILDING"; TO AMEND SECTION 12-21-3940, RELATING TO APPLICATIONS FOR A BINGO LICENSE BY NONPROFIT ORGANIZATIONS AND PROMOTERS, SO AS TO EXTEND THE TIME BY WHICH THE DEPARTMENT MUST RESPOND; TO AMEND SECTION 12-21-3990, RELATING TO THE MANNER OF PLAYING BINGO, SO AS TO PROVIDE THE MANNER IN WHICH CERTAIN DEVICES MUST BE OPERATED; TO AMEND SECTION 12-21-4000, RELATING TO PROCEDURES APPLICABLE TO THE CONDUCT OF BINGO, SO AS TO INCREASE THE ALLOWANCE FOR PROMOTIONS; TO AMEND SECTION 12-21-4005, RELATING TO THE OPERATION OF BINGO GAMES, SO AS TO EXCLUDE CERTAIN RAFFLES; TO AMEND SECTION 12-21-4090, RELATING TO BINGO CHECKING AND SAVINGS ACCOUNTS, SO AS TO ALLOW THE PROMOTER TO MAKE CERTAIN CONTRIBUTIONS AND TO ALLOW FOR ELECTRONIC PAYMENTS; AND TO AMEND SECTION 12-21-4190 RELATING TO THE DISTRIBUTION OF BINGO REVENUES, SO TO INCREASE THE PERCENTAGE THAT IS DISTRIBUTED TO CHARITY.

Be it enacted by the General Assembly of the State of South Carolina:

1 SECTION 1. Article 24, Chapter 21, Title 12 of the 1976 Code is  
2 amended by adding:

3  
4 “Section 12-21-4320. (A) The department shall establish a bingo  
5 webpage on its own website, for the purpose of serving as a  
6 clearinghouse for information and access to the Bingo Tax Act and  
7 its implementation and regulation. The link also must contain  
8 access to information pertaining to licenses, the manner in which to  
9 file complaints, and clarifying issues the department finds in  
10 connection with violations of the Bingo Tax Act.

11 (B) In addition to the purposes set forth in subsection (A), the  
12 webpage also must include a process for submitting questions to the  
13 bingo division of the department. The department shall post official  
14 minutes of meetings, including committee responses to each bingo  
15 inquiry.”

16  
17 SECTION 2. Section 12-21-3920(17) of the 1976 Code, is  
18 amended to read:

19  
20 “(17) ‘Building’ means ~~a structure surrounded by exterior walls~~  
21 ~~or permanent firewalls~~ any structure used or intended for supporting  
22 or sheltering any use or occupancy designated by a separate address,  
23 provided the structure does not include any interior access to another  
24 area where bingo is played.”

25  
26 SECTION 3. Section 12-21-3940(B) of the 1976 Code is amended  
27 to read:

28  
29 “(B) Upon application for a license, the department has ~~thirty~~  
30 forty-five days to approve or reject the application based on the  
31 requirements of this article.”

32  
33 SECTION 4. Section 12-21-3990(A)(6) of the 1976 Code is  
34 amended to read:

35  
36 “(6) All devices, including the master-board, used to show what  
37 numbers have been called during a game must not be intentionally  
38 changed, obstructed, or turned off by the promoter until the winners  
39 are verified.”

40  
41 SECTION 5. Section 12-21-4000(15) of the 1976 Code is  
42 amended to read:

43

1 “(15) The house may hold promotions of special events during  
2 a session offering players prizes other than from the play of bingo  
3 not to exceed ~~one~~ two hundred dollars in cash or merchandise for  
4 each session. This amount is not to be paid out of the bingo account  
5 and is not included in total payouts for a session. There is no  
6 additional charge to players to participate in a special promotion.  
7 The promotion must not ~~be a form of gambling or a game of chance~~  
8 require any consideration for participation.”

9  
10 SECTION 6. Section 12-21-4005 of the 1976 Code is amended to  
11 read:

12  
13 “Section 12-21-4005. The operation of the bingo games excludes  
14 machines and lottery games, including video poker lottery games,  
15 prohibited by Sections 12-21-2710, 16-19-40, and 16-19-50. The  
16 operation of the bingo games also excludes raffles as defined in  
17 Section 33-57-110.”

18  
19 SECTION 7. Section 12-21-4090(C) and (D) of the 1976 Code are  
20 amended to read:

21  
22 “(C) An organization receiving an annual license to conduct  
23 bingo shall establish and maintain one regular checking account  
24 designated the ‘bingo account’ and also may maintain an  
25 interest-bearing savings account designated the ‘bingo savings  
26 account’. All funds derived from the conduct of bingo, less the  
27 amount awarded as cash prizes, must be deposited in the bingo  
28 account. Other funds may not be deposited in the bingo account,  
29 unless there is a deficit, and then both the organization and promoter  
30 shall deposit a loan equal to fifty percent of the deficit. If the  
31 organization is unable to make the fifty percent contribution, the  
32 promoter may deposit one hundred percent of the deficit which the  
33 balance must be, at the election of the promoter and with the consent  
34 of the nonprofit organization, carried as either a loan or a charitable  
35 donation to the organization from the promoter. Each loan to an  
36 organization from the promoter must be authorized in writing by a  
37 duly authorized officer of the licensed nonprofit organization. The  
38 promoter only may have recourse to these loans from the funds in  
39 the charitable bingo account. Each loan deposited into the bingo  
40 checking account must be accounted for on the quarterly financial  
41 reports filed with the department. Detailed information  
42 substantiating these loans must be maintained by the organization.  
43 Deposits must be made no later than the next business day following

1 the day of the bingo occasion on which the receipts were obtained.  
2 All accounts must be maintained in a financial institution in this  
3 State.

4 (D) Funds from the bingo account must be withdrawn by  
5 preprinted, consecutively-numbered checks or withdrawal slips,  
6 jointly signed by a properly authorized representative of the licensed  
7 nonprofit organization and promoter and made payable to a person  
8 or organization or by electronic methods or recurring online  
9 payments. Electronic payments must be authorized by a duly  
10 authorized representative of the licensed nonprofit organization and  
11 promoter in writing. Checks must be imprinted with the words  
12 'Bingo Account' and must contain the organization's bingo license  
13 number on the face of the check. There also must be noted on the  
14 face of the check or withdrawal slip the nature of the payment made.  
15 No check or slip may be made payable to 'cash', 'bearer', or a  
16 fictitious payee. All checks, including voided checks and slips, must  
17 be kept and accounted for."

18  
19 SECTION 8. Section 12-21-4190(B) of the 1976 Code is amended  
20 to read:

21  
22 "(B) The revenue retained must be distributed as follows:  
23 (1) ~~twenty-six~~ twenty-eight percent of the revenue must be  
24 distributed to the sponsoring charity for which the bingo cards were  
25 purchased. The department shall make the distribution to the  
26 sponsoring charity by the last day of the next month following the  
27 month the revenue was collected. Distributions ~~under~~ pursuant to  
28 this subsection must be reduced by any delinquent debts as defined  
29 in the Setoff Debt Collection Act;

30 (2) ~~seventy-four~~ seventy-two percent pursuant to Section  
31 12-21-4200."

32  
33 SECTION 9. This act takes effect upon approval by the Governor.

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