

HOUSE BILL No. 1400

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-36; IC 35-45-5-12.

Synopsis: Type II gaming. Authorizes retailers engaged in type II gaming to conduct progressive raffle events using games approved by the Indiana gaming commission for use by qualified organizations holding annual raffle licenses. Specifies requirements for conducting progressive raffle events. Specifies that progressive raffle events are included when determining a retailer's license renewal fee and when taxing distributors. Provides that there is no prize limit for a progressive raffle event and that the minimum payout percentage for a progressive raffle event is 80%.

Effective: July 1, 2018.

Beumer, Lawson L

January 16, 2018, read first time and referred to Committee on Public Policy.



Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1400

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-36-2-13.7 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2018]: **Sec. 13.7. "Progressive raffle event" means an event in**
4 **which a retailer conducts a raffle drawing or a series of raffle**
5 **drawings using a game that has been approved by the Indiana**
6 **gaming commission for use by qualified organizations holding an**
7 **annual raffle license issued under IC 4-32.2-4-9.**

8 SECTION 2. IC 4-36-2-13.9 IS ADDED TO THE INDIANA CODE
9 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2018]: **Sec. 13.9. "Progressive raffle game" refers to the supplies**
11 **and equipment necessary to conduct a progressive raffle event that**
12 **are offered by a distributor and sold as a game approved by the**
13 **Indiana gaming commission for use by qualified organizations**
14 **holding an annual raffle license issued under IC 4-32.2-4-9.**

15 SECTION 3. IC 4-36-4-6, AS AMENDED BY P.L.108-2009,
16 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2018]: Sec. 6. (a) For the purposes of section 5(b)(1) of this



1 chapter, a retailer's adjusted gross revenue is an amount equal to the
2 difference between:

- 3 (1) the retailer's total gross revenue from the retailer's type II
4 gambling operations in the preceding year; minus
5 (2) the sum of any amounts deducted under subsection (b) in the
6 preceding year.

7 (b) To determine the amount of a retailer's adjusted gross revenue
8 from the retailer's type II gambling operations in the preceding year
9 under subsection (a), the retailer shall subtract the following from the
10 retailer's gross receipts:

- 11 (1) An amount equal to the total value of the prizes awarded in
12 type II gambling games **and progressive raffle events** in the
13 preceding year.
14 (2) The sum of the purchase prices paid for:
15 (A) type II gambling games dispensed in the retailer's type II
16 gambling operation; **plus**
17 (B) **progressive raffle games;**
18 in the preceding year.
19 (3) An amount equal to the amount of license fees paid by the
20 retailer in the preceding year.

21 SECTION 4. IC 4-36-5-1.5 IS ADDED TO THE INDIANA CODE
22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
23 1, 2018]: **Sec. 1.5. (a) A retailer's endorsement authorizes a retailer
24 to conduct progressive raffle events on the premises of the
25 retailer's tavern. A progressive raffle event must be conducted in
26 the manner required by this chapter.**

27 (b) **A retailer must obtain the necessary supplies and equipment
28 to conduct a progressive raffle event from a distributor licensed by
29 the Indiana gaming commission under IC 4-32.2 and the
30 commission under IC 4-36-4.**

31 (c) **The requirements imposed upon a qualified drawing
32 conducted under section 1(c) of this chapter do not apply to a
33 progressive raffle event. If the winning ticket for a prize is not
34 drawn in a progressive raffle event, the prize may be carried over
35 to a subsequent drawing until the winning ticket is drawn.**

36 (d) **A retailer is subject to any requirements imposed by the
37 Indiana gaming commission upon a qualified organization
38 conducting a similar event under an annual raffle license. The
39 commission and the Indiana gaming commission shall share
40 information necessary to enforce the requirements of this
41 subsection.**

42 SECTION 5. IC 4-36-5-2, AS AMENDED BY P.L.19-2011,



1 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2018]: Sec. 2. (a) A type II gambling game may be sold under
3 this article only on the premises of the retailer's tavern.

4 (b) Type II gambling games, **tickets for a progressive raffle event**
5 **conducted under section 1.5 of this chapter**, and qualified drawings
6 conducted under section 1(c) of this chapter may not be offered in any
7 part of the retailer's licensed premises in which a minor may be present
8 under IC 7.1-5-7-11(a)(16).

9 SECTION 6. IC 4-36-5-3, AS AMENDED BY P.L.19-2011,
10 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2018]: Sec. 3. (a) A retailer must obtain a type II gambling
12 game or a ticket for a qualified drawing from a distributor licensed by
13 the commission under this article.

14 (b) Except as provided in subsection (c), a distributor must obtain
15 at least twenty-five percent (25%) of the type II gambling games and
16 tickets for qualified drawings purchased by the distributor from a
17 manufacturer that is domiciled in Indiana.

18 (c) The commission may excuse a distributor from the requirement
19 set forth in subsection (b) if the commission finds that at least one (1)
20 of the following conditions exists:

21 (1) No manufacturer domiciled in Indiana is licensed under this
22 article.

23 (2) No manufacturer domiciled in Indiana is in good standing
24 with the requirements of this article.

25 (3) All of the licensed manufacturers domiciled in Indiana also
26 hold distributor's licenses.

27 **(4) In the case of a distributor offering a progressive raffle**
28 **game, no manufacturer domiciled in Indiana manufactures**
29 **the progressive raffle game.**

30 SECTION 7. IC 4-36-5-4, AS AMENDED BY P.L.19-2011,
31 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2018]: Sec. 4. (a) A retailer shall maintain accurate records of
33 all financial aspects of the retailer's type II gambling operation. A
34 retailer shall make accurate reports of all financial aspects of the type
35 II gambling operation to the commission within the time established by
36 the commission. The commission shall prescribe forms for this
37 purpose. The forms prescribed under this subsection must enable a
38 retailer to report the amount of:

39 **(1) qualified drawing profits retained by the retailer during the**
40 **reporting period; and**

41 **(2) progressive raffle event profits retained by the retailer**
42 **during the reporting period.**



1 (b) As long as a retailer's receipts from the retailer's type II gambling
 2 operation remain on the premises of the retailer's tavern, the receipts
 3 may not be commingled with the receipts of the retailer's alcoholic
 4 beverage sales, food sales, and other related nongambling activities.

5 SECTION 8. IC 4-36-5-5, AS ADDED BY P.L.95-2008, SECTION
 6 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 7 2018]: Sec. 5. (a) The total prizes awarded for one (1) type II gambling
 8 game may not exceed five thousand dollars (\$5,000).

9 (b) A single prize awarded for one (1) winning ticket in a type II
 10 gambling game may not exceed five hundred ninety-nine dollars
 11 (\$599).

12 (c) The selling price for one (1) ticket for a type II gambling game
 13 may not exceed one dollar (\$1). Tickets sold for less than one dollar
 14 (\$1) must be sold for a price specified in section 6(b) of this chapter.

15 **(d) There is no prize limit for a progressive raffle event.**

16 SECTION 9. IC 4-36-5-6, AS AMENDED BY P.L.108-2009,
 17 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2018]: Sec. 6. (a) Except as provided in subsection (b), a type
 19 II gambling game must pay out at least seventy-five percent (75%) and
 20 not more than one hundred percent (100%) of the amount wagered.

21 (b) This subsection applies only to a type II gambling game ticket
 22 that is sold for less than one dollar (\$1). A type II gambling game
 23 subject to this subsection must comply with the following minimum
 24 payout percentages:

Purchase Price	Minimum Payout Percentage
\$0.10	60%
\$0.25	65%
Three (3) tickets for one dollar (\$1)	65%
\$0.50	70%

30 (c) A type II gambling game's payout percentage must be stated on
 31 the ticket or on the accompanying flare.

32 **(d) The minimum payout percentage for a progressive raffle
 33 event is eighty percent (80%).**

34 SECTION 10. IC 4-36-9-1, AS AMENDED BY P.L.108-2009,
 35 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2018]: Sec. 1. (a) An excise tax is imposed on the distribution
 37 of:

38 (1) type II gambling games; **and**

39 (2) **progressive raffle games;**

40 in the amount of ten percent (10%) of the price paid by the retailer that
 41 purchases the type II gambling games **or progressive raffle games.**

42 (b) The excise tax imposed by this section does not apply to the



1 distribution of tickets used in qualified drawings.

2 SECTION 11. IC 4-36-9-2, AS ADDED BY P.L.95-2008,
3 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2018]: Sec. 2. **(a)** A licensed entity distributing:

- 5 **(1)** pull tabs;
- 6 **(2)** punchboards; **or**
- 7 **(3)** tip boards; **or**
- 8 **(4) progressive raffle games;**

9 under this article is liable for the tax.

10 **(b)** The tax is imposed at the time the licensed entity:

- 11 **(1)** brings or causes the type II gambling games **or progressive**
12 **raffle games** to be brought into Indiana for distribution;
- 13 **(2)** distributes type II gambling games **or progressive raffle**
14 **games** in Indiana; **or**
- 15 **(3)** transports type II gambling games **or progressive raffle**
16 **games** to retailers in Indiana for resale by those retailers in
17 accordance with this article.

18 SECTION 12. IC 4-36-9-3, AS ADDED BY P.L.95-2008,
19 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2018]: Sec. 3. The department shall establish procedures by
21 which each licensee must account for the following:

- 22 **(1)** The tax collected under this chapter by the licensee.
- 23 **(2)** The type II gambling games sold by the licensee.
- 24 **(3)** The funds received for the sale of type II gambling games by
25 the licensee.
- 26 **(4)** The address of each retailer that purchased:
27 **(A)** pull tabs, punchboards, or tip boards; **or**
28 **(B) progressive raffle games;**
- 29 from the licensee in the previous calendar month.
- 30 **(5) The sale of progressive raffle games.**
- 31 **(6) The funds received for the sale of progressive raffle games.**

32 SECTION 13. IC 4-36-9-5, AS ADDED BY P.L.95-2008,
33 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2018]: Sec. 5. All taxes imposed on a licensee under this
35 chapter shall be remitted to the department on a monthly basis at the
36 times and as directed by the department. The department is responsible
37 for all administrative functions related to the receipt of funds. The
38 department may require a licensee to file with the department reports
39 of the licensee's receipts and transactions in the sale of type II gambling
40 games **and progressive raffle games**. The department shall prescribe
41 the form of the reports and the information to be contained in the
42 reports.



1 SECTION 14. IC 35-45-5-12, AS AMENDED BY P.L.108-2009,
2 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 12. This chapter does not apply to the following
4 gambling games licensed or authorized under IC 4-36:
5 (1) Raffles and winner take all drawings conducted under
6 IC 4-36-5-1.
7 (2) Type II gambling games.
8 **(3) Progressive raffle events conducted under IC 4-36-5-1.5.**

