

SENATE BILL No. 62

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-32.2.

Synopsis: Charity gaming. Establishes an annual charity gaming host license that permits Indiana hospitality facilities to host raffle events conducted by out-of-state organizations. Allows a licensee to host up to 12 raffle events over the 12 month period of the license. Provides that license and renewal fees are \$50 for each license. Imposes a \$50 fee per event on the host licensee. Specifies that out-of-state organizations are not eligible to conduct the unlicensed, low stakes events that other qualified organizations are permitted to conduct. Authorizes door prize drawings and the sale of pull tabs, punchboards, and tip boards at raffle events conducted under an annual charity gaming host license. Exempts out-of-state organizations conducting raffle events from the "90/60" rule and the requirement of establishing a separate charity gaming account. Specifies that out-of-state organizations are subject to the same reporting requirements as national organizations holding the annual comprehensive charity gaming license.

Effective: July 1, 2014.

Boots

January 6, 2014, read first time and referred to Committee on Public Policy.



Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 62

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 4-32.2-2-24, AS AMENDED BY P.L.94-2012,
- 2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2014]: Sec. 24. (a) "Qualified organization" refers to any of
- 4 the following:
- 5 (1) A bona fide religious, educational, senior citizens, veterans,
- 6 or civic organization operating in Indiana that:
- 7 (A) operates without profit to the organization's members;
- 8 (B) is exempt from taxation under Section 501 of the Internal
- 9 Revenue Code; and
- 10 (C) satisfies at least one (1) of the following requirements:
- 11 (i) The organization has been continuously in existence in
- 12 Indiana for at least three (3) years.
- 13 (ii) The organization is affiliated with a parent organization
- 14 that has been in existence in Indiana for at least three (3)
- 15 years.
- 16 (iii) The organization has reorganized and is continuing its



1 mission under a new name on file with the Indiana secretary
 2 of state and with a new tax identification number after
 3 having satisfied the requirements set forth in either item (i)
 4 or (ii).

5 (2) A bona fide political organization operating in Indiana that
 6 produces exempt function income (as defined in Section 527 of
 7 the Internal Revenue Code).

8 (3) A state educational institution (as defined in IC 21-7-13-32).

9 (4) A bona fide national organization operating in Indiana.

10 (5) A bona fide national foundation.

11 **(6) An out-of-state organization conducting a raffle event**
 12 **under IC 4-32.2-4-21.**

13 (b) For purposes of IC 4-32.2-4-3, a "qualified organization"
 14 includes the following:

15 (1) A hospital licensed under IC 16-21.

16 (2) A health facility licensed under IC 16-28.

17 (3) A psychiatric facility licensed under IC 12-25.

18 (4) An organization defined in subsection ~~(a)~~ **(a)(1) through**
 19 **(a)(5).**

20 (c) For purposes of IC 4-32.2-4-10, a "qualified organization"
 21 includes a bona fide business organization.

22 (d) Evidence that an organization satisfies subsection (a)(1)(C)(iii)
 23 includes:

24 (1) evidence of the organization's continued use of a service mark
 25 or trademarked logo associated with the organization's former
 26 name;

27 (2) evidence of the continuity of the organization's activities as
 28 shown in the federal income tax returns filed for the organization's
 29 three (3) most recent taxable years;

30 (3) evidence of the continuity of the organization's activities as
 31 shown by the three (3) most recent annual external financial
 32 reviews of the organization prepared by a certified public
 33 accountant; or

34 (4) any other information considered sufficient by the
 35 commission.

36 (e) Unless the construction is plainly repugnant to the intent of the
 37 general assembly or the context of the statute, "qualified organization"
 38 refers to an Indiana affiliate of a bona fide national organization or
 39 bona fide national foundation.

40 SECTION 2. IC 4-32.2-4-3, AS AMENDED BY P.L.227-2007,
 41 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2014]: Sec. 3. **(a) This section does not apply to a qualified**



1 **organization described in IC 4-32.2-2-24(a)(6).**

2 ~~(a)~~ (b) A qualified organization is not required to obtain a license
3 from the commission if the value of all prizes awarded at the bingo
4 event, charity game night, raffle event, door prize event, festival event,
5 or other event licensed under section 16 of this chapter, including
6 prizes from pull tabs, punchboards, and tip boards, does not exceed one
7 thousand dollars (\$1,000) for a single event and not more than three
8 thousand dollars (\$3,000) during a calendar year.

9 ~~(b)~~ (c) A qualified organization that plans to hold an allowable event
10 described in subsection ~~(a)~~ (b) more than one (1) time a year shall send
11 an annual written notice to the commission informing the commission
12 of the following:

- 13 (1) The estimated frequency of the planned allowable events.
14 (2) The location or locations where the qualified organization
15 plans to hold the allowable events.
16 (3) The estimated value of all prizes awarded at each allowable
17 event.

18 ~~(c)~~ (d) The notice required under subsection ~~(b)~~ (c) must be filed
19 before the earlier of the following:

- 20 (1) March 1 of each year.
21 (2) One (1) week before the qualified organization holds the first
22 allowable event of the year.

23 ~~(d)~~ (e) A qualified organization that conducts an allowable event
24 described in subsection ~~(a)~~ (b) shall maintain accurate records of all
25 financial transactions of the event. The commission may inspect
26 records kept in compliance with this section.

27 SECTION 3. IC 4-32.2-4-13, AS AMENDED BY P.L.108-2009,
28 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2014]: Sec. 13. (a) A bingo license or special bingo license
30 may also authorize a qualified organization to conduct raffle events and
31 door prize drawings and sell pull tabs, punchboards, and tip boards at
32 the bingo event.

33 (b) A charity game night license may also authorize a qualified
34 organization to:

- 35 (1) conduct raffle events and door prize drawings; and
36 (2) sell pull tabs, punchboards, and tip boards;
37 at the charity game night.

38 (c) A raffle license or an annual raffle license may also authorize a
39 qualified organization to conduct door prize drawings and sell pull
40 tabs, punchboards, and tip boards at the raffle event.

41 (d) A door prize license or an annual door prize license may also
42 authorize a qualified organization to conduct a raffle event and to sell



1 pull tabs, punchboards, and tip boards at the door prize event.

2 (e) A PPT license may also authorize a qualified organization to
3 conduct on the premises described in section 16.5(b) of this chapter
4 winner take all drawings and other qualified drawings in the manner
5 required by IC 4-32.2-5-26.

6 **(f) Permission to conduct a raffle event under section 21 of this**
7 **chapter also authorizes a qualified organization to conduct door**
8 **prize drawings and sell pull tabs, punchboards, and tip boards at**
9 **the raffle event.**

10 SECTION 4. IC 4-32.2-4-21 IS ADDED TO THE INDIANA CODE
11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
12 1, 2014]: **Sec. 21. (a) A person who operates a restaurant, hotel,**
13 **convention center, or other meeting facility in Indiana may apply**
14 **for an annual charity gaming host license.**

15 **(b) The commission may issue an annual charity gaming host**
16 **license to a person if the person:**

- 17 **(1) is authorized to apply for a license under subsection (a);**
18 **(2) submits an application in compliance with section 22 of**
19 **this chapter;**
20 **(3) attaches to the application a tax clearance statement from**
21 **the department of state revenue certifying that the applicant**
22 **is not on the most recent tax warrant list; and**
23 **(4) pays a license fee of fifty dollars (\$50).**

24 **(c) An annual charity gaming host license:**

- 25 **(1) authorizes the licensee to host not more than a total of**
26 **twelve (12) raffle events conducted by one (1) or more**
27 **out-of-state organizations during a period of twelve (12)**
28 **months;**
29 **(2) must specify the hosting location as submitted by the**
30 **licensee on the licensee's application described in section 22 of**
31 **this chapter for a license;**
32 **(3) must state the expiration date of the license; and**
33 **(4) may be renewed by:**

- 34 **(A) submitting an application for renewal on a form**
35 **prescribed by the commission; and**
36 **(B) paying a renewal fee of fifty dollars (\$50).**

37 **(d) A licensee may not:**

- 38 **(1) hold more than one (1) license under this section; or**
39 **(2) host a raffle event conducted by an out-of-state**
40 **organization at any location other than the location specified**
41 **on the license.**

42 **(e) In addition to the license and renewal fees imposed under**



1 subsections (b) and (c), a licensee shall pay an event fee of fifty
2 dollars (\$50) for each raffle event held under the license.

3 (f) The commission shall deposit all license, event, and renewal
4 fees collected under this section in the charity gaming enforcement
5 fund established by IC 4-32.2-7-3.

6 (g) An organization may conduct a raffle event under a
7 licensee's host license if the organization and the raffle event are
8 approved by the commission. The commission may approve an
9 organization to conduct raffle events under this section if the
10 licensee demonstrates to the commission that the organization
11 satisfies the following requirements:

12 (1) The organization is a bona fide religious, educational,
13 senior citizens, veterans, or civic organization domiciled in a
14 state other than Indiana.

15 (2) The organization operates without profit to the
16 organization's members.

17 (3) The organization is exempt from taxation under Section
18 501 of the Internal Revenue Code.

19 (4) The organization satisfies at least one (1) of the following
20 requirements:

21 (A) The organization has been continuously in existence for
22 at least five (5) years.

23 (B) The organization is affiliated with a parent
24 organization that has been in existence for at least five (5)
25 years.

26 (h) The commission may deny an organization seeking approval
27 to conduct a raffle event under this section if the commission
28 determines that at least one (1) of the following applies with respect
29 to the organization:

30 (1) The organization has:

31 (A) violated a local ordinance, a state or federal statute, or
32 an administrative rule or regulation and the violation
33 would cause the commission to determine that the
34 applicant, a key person, or a substantial owner of the
35 applicant is not of good moral character or reputation; or
36 (B) committed any other act that would negatively affect
37 the integrity of charity gaming in Indiana.

38 (2) The organization has engaged in fraud, deceit, or
39 misrepresentation.

40 (3) The organization has failed to provide information
41 required by this article or a rule adopted under this article.

42 (4) The licensee or the organization has failed to provide



- 1 sufficient information to enable the commission to determine
2 that the organization is eligible to conduct a raffle event under
3 this section.
- 4 **(i) A licensee must obtain the approvals required by subsection**
5 **(g) using an event application form that:**
6 **(1) is prescribed by the commission; and**
7 **(2) contains the information necessary to evaluate an**
8 **organization under subsections (g) and (h).**
- 9 **(j) An out-of-state organization permitted to conduct a raffle**
10 **event under this section is not eligible to obtain a license to conduct**
11 **other allowable events.**
- 12 **(k) Except as otherwise provided in this article, an out-of-state**
13 **organization conducting a raffle event under this section:**
14 **(1) is a qualified organization;**
15 **(2) has the rights, privileges, immunities, and powers of a**
16 **qualified organization described in IC 4-32.2-2-24(a)(1); and**
17 **(3) is subject to the duties and liabilities of a qualified**
18 **organization described in IC 4-32.2-2-24(a)(1).**
- 19 SECTION 5. IC 4-32.2-4-22 IS ADDED TO THE INDIANA CODE
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 2014]: **Sec. 22. (a) This section applies only to an applicant for an**
22 **annual charity gaming host license.**
- 23 **(b) The commission shall prescribe an application form**
24 **requiring the following information from the applicant:**
25 **(1) The name and address of the applicant.**
26 **(2) The names and addresses of the officers of the applicant.**
27 **(3) The location where the applicant will host raffle events**
28 **conducted under section 21 of this chapter.**
29 **(4) Any other information required by the commission to**
30 **enable the commission to determine that the applicant is**
31 **eligible for an annual charity gaming host license.**
- 32 SECTION 6. IC 4-32.2-5-4, AS ADDED BY P.L.91-2006,
33 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2014]: **Sec. 4. (a) This section does not apply to a qualified**
35 **organization described in IC 4-32.2-2-24(a)(6).**
- 36 **(a) (b) A qualified organization that receives ninety percent (90%)**
37 **or more of the organization's total gross receipts from any events**
38 **licensed under this article is required to donate sixty percent (60%) of**
39 **its gross charitable gaming receipts less prize payout to a qualified**
40 **recipient that is not an affiliate, a parent, or a subsidiary organization**
41 **of the qualified organization.**
- 42 **(b) (c) For purposes of this section, a veterans' home is not**



1 considered to be an affiliate, a parent, or a subsidiary organization of
2 a qualified organization that is a bona fide veterans organization.

3 SECTION 7. IC 4-32.2-5-5, AS AMENDED BY P.L.94-2012,
4 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2014]: Sec. 5. (a) A qualified organization shall maintain
6 accurate records of all financial aspects of an allowable event under
7 this article. A qualified organization shall make accurate reports of all
8 financial aspects of an allowable event to the commission within the
9 time established by the commission. The commission may prescribe
10 forms for this purpose. A qualified organization conducting:

11 (1) raffle events and door prize events under an annual
12 comprehensive charity gaming license issued under
13 IC 4-32.2-4-20; or

14 (2) raffle events under IC 4-32.2-4-21;

15 shall comply with the reporting requirements of this subsection in the
16 manner specified by subsection ~~(d)~~: (e).

17 (b) For purposes of this section, a qualified organization is not
18 required to record the name, signature, driver's license number, or other
19 identifying information of a prize winner unless the qualified
20 organization is required to withhold adjusted gross income tax from the
21 prize winner under IC 6-3-4-8.2(d).

22 ~~(b)~~ (c) Except as provided in subsection (f), the commission shall,
23 by rule, require a qualified organization to deposit funds received from
24 an allowable event in a separate and segregated account set up for that
25 purpose. A qualified organization conducting raffle events and door
26 prize events under an annual comprehensive charity gaming license
27 shall deposit the funds received from each raffle or door prize event
28 conducted by its separate Indiana affiliates into a single account
29 maintained by a financial institution physically located in Indiana. All
30 expenses of the qualified organization with respect to an allowable
31 event shall be paid from the separate account.

32 ~~(c)~~ (d) The commission may require a qualified organization to
33 submit any records maintained under this section for an independent
34 audit by a certified public accountant selected by the commission. A
35 qualified organization must bear the cost of any audit required under
36 this section.

37 ~~(d)~~ (e) The following reports must be submitted to the commission
38 with respect to the raffle events and door prize events conducted under
39 an annual comprehensive charity gaming license or raffle events
40 conducted under IC 4-32.2-4-21:

41 (1) An event summary report for each raffle or door prize event
42 conducted under the license. In the case of a qualified



1 **organization holding an annual comprehensive charity**
 2 **gaming license**, reports required under this subdivision may be
 3 submitted by the Indiana affiliate of the qualified organization.

4 (2) One (1) annual license financial report.

5 (3) One (1) annual license gross receipts report.

6 **(f) The commission may not require a qualified organization**
 7 **conducting a raffle event under IC 4-32.2-4-21 to establish a**
 8 **separate account for purposes of the qualified organization's**
 9 **activities under this article.**

10 SECTION 8. IC 4-32.2-6-0.1 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2014]: **Sec. 0.1. This chapter does not apply**
 13 **to the following:**

14 **(1) An applicant for an annual charity gaming host license.**

15 **(2) A qualified organization conducting a raffle event under**
 16 **IC 4-32.2-4-21.**

17 **(3) A person holding an annual charity gaming host license**
 18 **issued under IC 4-32.2-4-22.**

19 SECTION 9. IC 4-32.2-7-4, AS ADDED BY P.L.91-2006,
 20 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2014]: Sec. 4. The fund consists of the following:

22 (1) License fees collected under **IC 4-32.2-4-21 and IC 4-32.2-6.**

23 (2) Civil penalties collected under IC 4-32.2-8.

24 (3) Charity gaming card excise taxes received under IC 4-32.2-10.

25 **(4) Event fees collected under IC 4-32.2-4-21.**

