

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 182

SPONSOR: Finance and Taxation Committee, Criminal Justice Committee and Senator Silver

SUBJECT: Instant Bingo Games

DATE: February 6, 2002      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vaccaro</u>	<u>Caldwell</u>	<u>RI</u>	<u>Favorable</u>
2.	<u>Dugger</u>	<u>Cannon</u>	<u>CJ</u>	<u>Favorable/CS</u>
3.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

The bill authorizes instant bingo games, a game played by purchasing a ticket for \$1 or less and removing a cover from the ticket to reveal a set of numbers, letters, objects, or patterns, some of which have been designated in advance as prize winners. The bill requires that each deal of instant bingo tickets have a minimum prize payout of at least 65 percent of the total receipts from the sale of the entire deal. The bill exempts instant bingo from current jackpot restrictions, such that instant bingo is not limited to three jackpots on any one day of play, and is not limited to a maximum value on jackpots of \$250. It also allows instant bingo tickets to be sold by any organization currently authorized under the statute to conduct bingo games. The bill provides the standards of the North American Gaming Regulators Association in relation to the sale of instant bingo tickets and requires the Department of the Lottery to keep a list of at least six qualified instant bingo ticket manufacturers that are authorized to sell instant bingo tickets in Florida.

The bill substantially amends section 849.0931 of the Florida Statutes.

**II. Present Situation:**

Section 849.0931, F.S., authorizes and regulates the playing of bingo.

Charitable, nonprofit, or veterans' organizations engaged in charitable, civic, community, benevolent, religious, or scholastic works or other similar endeavors, which have been in existence and active for a period of three years or more, may conduct bingo games, provided the entire proceeds derived from the conduct of the games, less actual business expenses, are donated to the listed endeavors.

If an organization is not engaged in endeavors of the type listed, its right to conduct bingo games is conditioned upon the return of all the proceeds from the games to the players in the form of prizes. If at the conclusion of play on any day there remain proceeds which have not been paid out as prizes, the organization must at the next scheduled day of play conduct bingo games without any charge to the players and must continue to do so until the proceeds carried over from the previous days played have been exhausted.

The section also establishes restrictions on jackpots. No jackpot may exceed the value of \$250 in actual money or its equivalent. An organization cannot conduct bingo more than two days per week. There cannot be more than three jackpots on any one day of play. All other game prizes shall not exceed \$50.

Any organization or person who willfully and knowingly violates any provision of this section is guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082, F.S., or s. 775.083, F.S. - potential imprisonment not exceeding one year and a fine not exceeding \$1,000. For a second or subsequent offense, the organization or other person is guilty of a felony of the third degree, punishable as provided in s. 775.082, F.S., s. 775.083, F.S., or s. 775.084, F.S. - potential imprisonment not exceeding 5 years and a fine not exceeding \$5,000.

### **III. Effect of Proposed Changes:**

The bill authorizes instant bingo games, defined as a game that is played using tickets by which a player wins a prize by opening and removing a cover from the ticket to reveal a set of numbers, letters, objects, or patterns, some of which have been designated in advance as prize winners. The bill also defines a “deal” of instant bingo tickets as a separate set or package of not more than 4,000 instant bingo tickets in which the predetermined minimum prize payout is at least 65 percent of the total receipts from the sale of the entire deal.

Instant bingo tickets could be sold by any organization that can currently conduct regular bingo games. The bill provides the following standards of the North American Gaming Regulators Association in relation to the sale of instant bingo tickets:

- The tickets must be sold at the price printed on the ticket, by the manufacturer, which may not exceed \$1. Discounts cannot be given for purchases of multiple tickets, and tickets cannot be given away free of charge.
- The sets of numbers, letters, objects, or patterns that have been pre-designated by the manufacturer as winning combinations for a deal of instant bingo tickets must be posted before the sale of any tickets from that deal.
- Each instant bingo ticket in a deal must bear the same serial number and there may not be more than one serial number in each deal.
- The serial number for each deal must be clearly and legibly placed on the outside of each deal’s package, box, or other container.
- Instant bingo tickets manufactured, sold, or distributed in Florida must comply with the standards on pull-tabs of the North American Gaming Regulators Association.

An instant bingo ticket manufactured, sold or distributed in Florida must meet the following criteria:

- Be manufactured so that it is not possible to identify whether it is a winning or losing ticket until it has been opened by the player.
- Be manufactured using at least a two-ply paper stock construction .
- Have the form number, the deal's serial number and the name or logo of the manufacturer conspicuously printed on the face or cover of the ticket.
- Have a form of winner protection that allows the organization to verify, after the ticket has been played, that the winning ticket presented for payment is an authentic winning ticket for the deal in play.

Each manufacturer and distributor that sells or distributes instant bingo tickets in Florida to charitable, nonprofit, or veterans' organizations must prepare an invoice that contains the following:

- Date of sale;
- Form number and the serial number of each deal sold;
- Number of instant bingo tickets in each deal sold;
- Name of distributor or organization to whom each deal is sold; and
- Price of each deal sold.

The Department of the Lottery is required to keep a list of at least six qualified instant bingo ticket manufacturers that are authorized to sell instant bingo tickets in Florida. Distributors and charitable, nonprofit or veterans' organizations are prohibited from purchasing, distributing, or selling instant bingo tickets manufactured by any other manufacturer other than those listed by the Department of the Lottery.

The bill exempts instant bingo from the jackpot restrictions, such that instant bingo is not limited to three jackpots on any one day of play and is not limited to a maximum value on jackpots of \$250. Current criminal penalties, first-degree misdemeanor for first offense and third degree felony for subsequent offense, would continue to apply to violators.

The bill takes effect July 1, 2002.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

The sale of instant bingo tickets will impact Florida Lottery revenue to the extent that current Lottery players buy instant bingo tickets instead of Florida Lottery instant tickets (cannibalization). There are 10 state lotteries that currently sell pull-tab tickets similar to the instant bingo tickets. The Department of the Lottery contacted the three states that sell the most pull-tab tickets – Iowa, Kentucky and Missouri – to determine the extent to which the introduction of pull-tab tickets affected the sale of their other instant tickets. The Iowa and Missouri lotteries market their pull-tab tickets in environments that are different than those of their other products. In both states, the primary retailer base consists of bars and restaurants. As a result, the sale of pull-tab tickets has not adversely impacted the sale of other Lottery products. The Kentucky Lottery also reported no adverse impacts as a result of the sale of pull-tab tickets.

Although it is reasonable to expect some cannibalization, any impacts on Florida Lottery revenue resulting from the sale of instant bingo tickets are expected to be insignificant.

**B. Private Sector Impact:**

Organizations operating bingo games should have increased revenues.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.