

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Regulated Industries Committee

BILL: CS/SB 296

INTRODUCER: Committee on Regulated Industries and Senator Fasano

SUBJECT: Electronic Verification of Bingo Numbers

DATE: February 19, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Aubuchon</u>	<u>Imhof</u>	<u>RI</u>	<u>Fav/CS</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill removes the restriction of verifying winning bingo numbers by vocal announcement and allows for the use of electronic or other commercially available technology to present verification. Verification by means other than vocal announcement must be confined to the premises at which the bingo session is being held and may not be transmitted to any other location.

The bill also extends the definition of an “organization” allowed to conduct drawings by chance to include chambers of commerce exempted from federal income tax under 26 U.S.C. s. 501(c)(6). The bill allows said chamber of commerce organizations to be free from restrictions found in s. 849.09, F.S., which generally prohibits the conduct and promotion of drawings by chance.

The bill allows an organization conducting a drawing by chance to place at least three signs conspicuously disclosing the information required by s. 849.0935, F.S., in lieu of printing the requirements of the statute. The organization may do so only if the prizes are offered three hours or less before the awarding of prizes and the tickets for the prizes are only offered at the location where the prizes are to be awarded.

This bill amends sections 849.0931 and 849.0935, Florida Statutes.

II. Present Situation:

Vocal Announcement of Bingo

Presently in Florida, winning numbers drawn at bingo games require vocal announcement and verification under s. 849.0931(12)(g), Florida Statutes. The verification must be in the presence of the member designated to be in charge of the occasion or, if such person is also the caller, in the presence of an officer of the licensee.

In response to an inquiry as to whether the announcement of a winning bingo card or sheet must be vocal, the Attorney General issued an opinion that s. 849.0931(12)(g), F.S. does indeed require a vocal announcement.¹ The opinion noted that it would be permissible to use an electronic or mechanical posting to show the winning pattern in addition to the vocal announcement.

Definition of “Organization”

These “drawings by chance” are considered lotteries and are prohibited in Florida with certain exceptions allowed.²

Organizations listed in s. 849.0935(1)(b), F.S., are not subject to the provisions of s. 849.09, F.S., which prohibits lotteries. Organizations defined are those exempt from federal income taxation under 26 U.S.C. s. 501(c)(3), (4), (7), (8), (10) and (19).³

Section 849.0935(2)(a), F.S., defines the term “drawing by chance” and “drawing” to mean:

“an enterprise in which, from the entries submitted by the public to the organization conducting the drawing, one or more entries are selected by chance to win a prize. The term ‘drawing’ does not include those enterprises commonly known as ‘matching,’ ‘instant winner,’ or ‘preselected sweepstakes,’ which involve the distribution of winning numbers, previously designated as such, to the public.”

The definition of “charitable” or “nonprofit organizations” allowed to conduct drawings of chance do not include chamber of commerce organizations exempted from federal income taxation under 26 U.S.C. s. 501(c)(6).

In 2004 the Attorney General of Florida issued an opinion stating that the chambers were not authorized to conduct drawings by chance. The Attorney General stated that:

¹ Fla. AGO 96-17 (1996).

² See s. 849.09, F.S. and s. 849.0935(2), F.S.

³ 26 U.S.C. s. 501(c) organizations may include but are not limited to those corporations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, nonprofit clubs, fraternal lodges and other fraternal organizations, civic leagues not organized for profit and veteran’s organizations

Section 849.0935, Florida Statutes, constitutes a limited exception from the general prohibition against gambling in this state by authorizing some, but not all, 501(c) organizations to conduct drawings by chance subject to the conditions and limitations prescribed therein. A chamber of commerce qualified under 26 U.S.C. 501(c)(6), however, is not among those organizations listed in section 849.0935, Florida Statutes, as authorized to conduct drawings by chance.⁴

The Attorney General opined that since s. 849.0935, F.S., does not include chambers of commerce qualified under 26 U.S.C. 501(c)(6), among those authorized to conduct drawings by chance, a local chamber of commerce would not be qualified to conduct a raffle or drawing by chance pursuant to that statute.

Under 26 U.S.C. s. 501(c)(6) the following organizations are listed as tax-exempt:

Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Pursuant to this provision only non-profit chambers of commerce are tax-exempt.

III. Effect of Proposed Changes:

This bill would allow for electronic or other commercially available technology to be used in the verification and announcement of winning bingo numbers. The use of this technology is limited to the premises within which the bingo games are being conducted.

The bill also permits non-profit chamber of commerce organizations exempted under 26 U.S.C. 501(c)(6) to conduct drawings of chance.

The bill allows an organization conducting a drawing by chance to place at least three signs conspicuously disclosing the information required by s. 849.0935, F.S., in lieu of printing the requirements of the statute. The organization may do so only if the prizes are offered three hours or less before the awarding of prizes and the tickets for the prizes are only offered at the location where the prizes are to be awarded.

This bill would take effect on July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

⁴ Fla. AGO 2004-62 (2004).

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

This bill will potentially increase revenue to bingo venues based upon the idea that the ease of electronic verification will allow participants to more easily track multiple bingo cards.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

The Committee Substitute allows an organization conducting a drawing by chance to place at least three signs conspicuously disclosing the information required by s. 849.0935, F.S., in lieu of printing the requirements of the statute. The organization may do so only if the prizes are offered three hours or less before the awarding of prizes and the tickets for the prizes are only offered at the location where the prizes are to be awarded.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
