

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 951  
**SHORT TITLE:** Regulating Charitable Bingo  
**SPONSOR(S):** Representative Baker

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 1997-98</b></u>	<u><b>FY 1998-99</b></u>	<u><b>FY 1999-00</b></u>	<u><b>FY 2000-01</b></u>	<u><b>FY 2001-02</b></u>
<b>Human Resources</b>					
Revenues	\$100,000	\$120,000	\$128,000	\$136,000	\$136,000
Expenditures <sup>1</sup>	<u>(\$125,220)</u>	<u>(\$168,883)</u>	<u>(\$173,336)</u>	<u>(\$178,076)</u>	<u>(\$183,123)</u>
Revenues/Expenditures	(\$25,220)	(\$48,893)	(\$45,336)	(\$42,076)	(\$47,123)
<b>Correction</b>			<u><b>No Fiscal Impact</b></u>		
<b>Judicial</b>			<u><b>No Fiscal Impact</b></u>		
<b>POSITIONS:</b>	4	4	4	4	4
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Department of Human Resources					
Division of Facility Services					
Department of Correction					
Judicial Branch					
<b>EFFECTIVE DATE:</b> Effective December 1, 1997.					

**BILL SUMMARY:**

*TO REGULATE CHARITABLE BINGO.* Amends GS 14-309.5 to provide that any licensed exempt organization, as well as any person affiliated with the organization, that violates bingo provisions of GS Ch. 14, Art. 37, Part 2, may not conduct bingo games for one year. Authorizes Department of Human Resources to suspend bingo license for at least 30 days if DHR finds licensed organization is in violation of Part 2. Allows review of suspension as contested case under GS Ch. 150B.

<sup>1</sup> Includes salaries, benefits and all related support costs.

Amends GS 14-309.6 to remove exclusion of instant bingo from definition of “bingo game” and to define “jackpot bingo” as bingo game which may be played only once during any session of bingo in which player must cover specified number of spaces to win.

Amends GS 14-309.7, regarding bingo licensing procedure, to increase fee from \$100 to \$200 for class A license and to \$300 for class B license. Prohibits operation of bingo activities of licensed organization by person (1) who has been convicted of felony involving false pretenses, including fraud, embezzlement, theft, and racketeering; (2) who has been convicted of illegal gambling; or (3) who has forfeited bond for not appearing while charged with any of these offenses. Requires DHR to charge \$100 application fee to exempt organization that wants to conduct only annual or semiannual bingo game.

Amends GS 14-309.8 to limit bingo sessions to one per week for class A licensee and two per week for class B licensee. Sessions must be held only on day of week and at time specified in license application. Excludes bingo games conducted at fair or other exhibition conducted pursuant to GS Ch. 106, Art. 45.

Amends GS 14-309.9 to increase from \$1500 to \$3500 the maximum value of prizes that may be offered or paid at any one bingo session. Allows maximum prize of \$2,500 for jackpot bingo games (now, limit is \$500 for all single games).

Amends GS 14-309.11 to require organization to maintain for three years all records relevant to bingo laws. Authorizes DHR, any district attorney, Attorney General, or any police agency to inspect premises where bingo is conducted or where bingo equipment and supplies are stored, and to inspect records of any registrant to ensure compliance with bingo laws.

Effective Dec. 1, 1997. DHR is authorized to issue rules to comply with act as soon as act becomes law.<sup>2</sup>

## **ASSUMPTIONS AND METHODOLOGY:**

### *Department of Human Resources*

#### **A. Background**

The Division of Facility Services is responsible for regulating charitable bingo. Under current law, the division has one person assigned to fulfill the regulatory requirements for charitable bingo. The proposed legislation significantly expands the regulatory responsibilities the Division of Facility Services related to charitable bingo. Additional or expanded responsibilities include the following: enforcement of charitable bingo laws including suspending or revoking licenses, expands auditing requirements of charitable organizations bingo records, and creates incentives which will encourage additional charitable organizations to use charitable bingo as a fund raising tool.

#### **B. Assumptions and Methodology**

##### 1. Expenditures

This fiscal note assumes that the Division of Facility Services will need four positions and their related support costs, including the one position already in place, to implement the proposed legislation. The four positions are as follows: upgrades the existing position from an administrative assistant to an administrative officer to supervise the charitable bingo unit; adds one clerical staff to process the

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<sup>2</sup> Daily Bulletin, Institute of Government

increased paper work; adds one field investigators to monitor the charitable bingo and investigate complaints; and adds one accounting technician to handle the increased audit responsibilities.

The salaries and benefits for the four positions have been increased over the five period of the fiscal note to reflect the following inflation factors:

1997-98	3.9%
1998-99	3.4%
1999-00	3.4%
2000-01	3.5%
20001-02	3.6%

The support costs for the four positions are held constant throughout the five year time period. In addition, the expenditures for 1997-98 have been adjusted to reflect the December 1, 1997 effective date.

## 2. Revenues

This fiscal note assumes that the number of charitable bingo licenses will increase significantly under the changes contained in the proposed legislation. Current annual revenues are \$32,000 (320 licenses times the \$100 license fee).

This fiscal note also assumes that the number of charitable bingo licenses will increase by 70% over the next five years. The 70% increase assumption is based on the following incentives in the proposed legislation which will encourage charitable organizations to use charitable bingo to raise funds: elimination of the beach bingo competition, increased jackpots and weekly prizes, and increased number of game hours per session. The following chart documents the application of the 70% increase in licenses:

<u>Licenses</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
<b>Regular</b>	320	400	480	512	544	544
<b>Bingo</b>						
<b>Increase Over 1996-97</b>		25%	25%	10%	10%	0%

The proposed legislation allows two levels of licenses for charitable bingo: a \$200 Class A license for operating organizations receiving Class A or Class B licenses cannot be predicted. The revenue estimates are derived by multiplying the number of estimated licenses times \$250.

### *Judicial Branch*

The Judicial Branch believes this bill will have no substantial impact on the court system. Although this bill adds or amends many provisions, violations of which can be a crime, the Judicial branch expects that the organizations subject to this law would comply with its provisions. Based on this expectation, few cases would be affected. Any new cases, can be absorbed within existing court resources.

### *Department of Correction*

The Judicial Branch estimates that organizations subject to this law would comply with its provisions and that this bill would result in few new cases of incarceration. Therefore, the Sentencing and Advisory Policy Commission estimates this bill to have no significant impact on the state prison system. This bill establishes both a Class I felony penalty and a misdemeanor penalty. The following explains the effects the Class I felony penalty noted in this bill would have on the state prison system. For example, if there were 10 convictions for this offense each year, this could increase prison populations by one inmate. If there were 30 convictions for this offense each year, this could increase prison populations by two inmates. Any additional inmates convicted of a Class I felony under this bill, can be absorbed within existing state prison resources.

This bill also establishes a misdemeanor penalty. Since the Judicial Branch estimates that few cases would result from this bill, the Sentencing Commission notes there will not be a significant fiscal impact on the state prison system. The Sentencing Commission also notes there will be only a small impact on county jail populations.

**SOURCES OF DATA:** Department of Correction, Judicial Branch; North Carolina Sentencing and Policy Advisory Commission, and Department of Human Resources.

**TECHNICAL CONSIDERATIONS:** None.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**DATE:** 05/19/97



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