

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 896
HOUSE BILL 489

AN ACT TO CLARIFY, RESTRICT AND AMEND THE LAW RELATING TO THE
OPERATION OF BINGO GAMES AND RAFFLES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 14-289, G.S. 14-290, G.S. 14-291, G.S. 14-291.1 and G.S. 14-292 are each amended by deleting the reference to "G.S. 14-292.1", and inserting in lieu thereof "Part 2 of this Article".

Sec. 2. G.S. 14-292.1 is repealed.

Sec. 3. The existing Article 37 of Chapter 14 of the General Statutes is recodified as Part 1 of that Article and a new Part 2 is added to read:

"Part 2. Bingo and Raffles.

"§ 14-309.5. Bingo and raffles.—It is lawful for an exempt organization to conduct raffles and bingo games in accordance with the provisions of this Part. Any licensed exempt organization who conducts a raffle or bingo game in violation of any provision of this Part shall be guilty of a misdemeanor under G.S. 14-292 and shall be punished in accordance with G.S. 14-3. Upon conviction such person shall not conduct a raffle or bingo game for a period of one year. It is lawful to participate in a raffle or bingo game conducted pursuant to this Part. It shall be a Class H felony for any person: (i) to operate a raffle or bingo game without a license; (ii) to operate a raffle or bingo game while license is revoked or suspended; (iii) to willfully misuse or misapply any monies received in connection with any bingo game or raffle; or (iv) to contract with or provide consulting services to any licensee. It shall not constitute a violation of any State law to advertise a raffle or bingo game conducted in accordance with this Part.

"§ 14-309.6. Definitions.—For purposes of this Part, the term:

(1) 'Exempt organization' means an organization that has been in continuous existence in the county of operation of the raffle or bingo game for at least one year and that is exempt from taxation under Section 501(c)(3), 501(c)(4), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the Internal Revenue Code and is exempt under similar provisions of the General Statutes as a bona fide nonprofit charitable, civic, religious, fraternal, patriotic or veterans' organization or as a nonprofit volunteer fire department, or as a nonprofit volunteer rescue squad or a bona fide homeowners' or property owners' association. (If the organization has local branches or chapters, the term 'exempt organization' means the local branch or chapter operating the raffle or bingo game);

(2) 'Bingo game' means a specific game of chance played with individual cards having numbered squares ranging from one to 75, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of

numbers (but shall not include 'instant bingo' which is a game of chance played by the selection of one or more prepackaged cards, with winners determined by the appearance of a preselected designation on the card);

(3) 'Raffle' means a lottery in which the prize is won by random drawing of the name or number of one or more persons purchasing chances, and which is held in accordance with the provisions of G.S. 14-309.8 and G.S. 14-309.9;

(4) 'Local law enforcement agency' means for any raffle or bingo game conducted outside the corporate limits of a municipality or inside the corporate limits of a municipality having no municipal police force:

- a. The county police force; or
- b. The county sheriff's office in a county with no county police force;

(5) 'Local law enforcement agency' means the municipal police for any raffle or bingo game conducted within the corporate limits of a municipality having a police force;

(6) 'Beach bingo games' means bingo games which have prizes of ten dollars (\$10.00) or less or merchandise that is not redeemable for cash and that has a value of ten dollars (\$10.00) or less; and

(7) 'Licensed exempt organization' means an exempt organization which possesses a currently valid license.

"§ 14-309.7. Licensing procedure.—(a) Any exempt organization desiring to obtain a license to operate bingo games or raffles shall make application to the Department of Revenue on forms prescribed by the Department. Such license shall expire one year after the granting of the license. This license may be renewed from year to year. A copy of the application and license shall be furnished to the local law enforcement agency in the county or municipality in which the licensee intends to operate before bingo is conducted by the licensee.

(b) Each application and renewal application shall contain the following information:

- (1) The name and address of the applicant and if the applicant is a corporation, association or other similar legal entity, the name and home address of each of the officers of the organization as well as the name and address of the directors, or other persons similarly situated, of the organization.
- (2) The name and home address of each of the members of the special committee.
- (3) A copy of the application for recognition of exemptions and a determination letter from the Internal Revenue Service and the Department of Revenue that indicates that the organization is an exempt organization and stating the section under which that exemption is granted; except that if the organization is a State or local branch, lodge, post, or chapter of a national organization, a copy of the determination letter of the national organization satisfies this requirement.

- (4) The location at which the applicant will conduct the bingo games or raffles. If the premises are leased, a copy of the lease or rental agreement.

(c) In order for an exempt organization to have a member familiar with the operation of bingo present on the premises at all times when bingo is being played and for this member to be responsible for the receiving, reporting and depositing of all revenues received, the exempt organization may pay one member for conducting a bingo game. Such pay shall be on an hourly basis only for the time bingo is actually being played and shall not exceed one and one-half times the existing minimum wage in North Carolina. The member paid under this provision shall be a member in good standing of the exempt organization for at least one year and shall not be the lessor or an employee or agent of the lessor. No other person may be compensated for conducting a raffle or bingo game. An exempt organization shall not contract with any person for the purpose of conducting a raffle or bingo game. Except as provided in subsection (e) of this section, an exempt organization may hold a bingo game only in or on property owned (either legally or equitably) by the organization or leased by the organization for a period of not less than one year and actually occupied and used by that organization on a regular basis for purposes other than bingo for at least six months before the game; and all equipment used by the exempt organization in conducting the bingo game must be owned by the organization. Unless the exempt organization leases the property in accordance with this subsection, an exempt organization may conduct a bingo game only in or on property that is exempt from property taxes levied under Subchapter II of Chapter 105 of the General Statutes, or that is classified and not subject to any property taxes levied under Subchapter II of Chapter 105 of the General Statutes. It shall be unlawful for any person to operate beach bingo games at a location which is being used by any licensed exempt organization for the purpose of conducting bingo games.

(d) Conduct of a bingo game or raffle under this Part on such property shall not operate to defeat an exemption or classification under Subchapter II of Chapter 105 of the General Statutes.

(e) An exempt organization desiring to conduct an annual or semi-annual bingo game may apply to the Department of Revenue for a single occasion permit. The Department of Revenue may require such information as is reasonable and necessary to determine that the bingo game is conducted in accordance with the provisions of this Part but may not require more information than previously specified in this section for application of a regular license. The application shall be made to the Department on prescribed forms at least 30 days prior to the scheduled date of the bingo game. In lieu of the reporting requirements of G.S. 14-309.11(b) the exempt organization shall file with the licensing agency and local law enforcement a report on prescribed forms no later than 30 days following the conduct of the bingo game for which the permit was obtained. Such report may require such information as is reasonable and necessary to determine that the bingo game was conducted in accordance with the provisions of this Part but may not require more information than specified in G.S. 14-309.11(b). Any licensed exempt organization may donate or loan its equipment or use of its premises to an exempt organization which has secured a single occasion permit provided such

arrangement is disclosed in the single occasion permit application and is approved by the Department of Revenue. Except as stated above, all provisions of this Part shall apply to any exempt organization operating a bingo game under this provision.

"§ 14-309.8. Limit on sessions.—The number of sessions of bingo conducted or sponsored by an exempt organization shall be limited to two sessions per week and such sessions must not exceed a period of five hours each per session. No two sessions of bingo shall be held within a 48-hour period of time. No more than two sessions of bingo shall be operated or conducted in any one building, hall or structure during any one calendar week. Raffles shall be limited to one per month per organization per county. This section shall not apply to bingo games or raffles conducted at a fair or other exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

"§ 14-309.9. Bingo and raffle prizes.—(a) The maximum prize in cash or merchandise that may be offered or paid for any one game of bingo is five hundred dollars (\$500.00). The maximum aggregate amount of prizes, in cash and/or merchandise, that may be offered or paid at any one session of bingo is one thousand five hundred dollars (\$1,500). Provided, however, that if an exempt organization holds only one session of bingo during a calendar week, the maximum aggregate amount of prizes, in cash and/or merchandise, that may be offered or paid at any one session is two thousand five hundred dollars (\$2,500).

(b) A raffle conducted pursuant to this Part shall be lawful only if the amount of a prize paid in cash is five hundred dollars (\$500.00) or less, or if merchandise used as a prize, not redeemable in cash, has a market value of twenty thousand dollars (\$20,000) or less.

(c) This section shall not apply to bingo games or raffles conducted at a fair or other exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

"§ 14-309.10. Operation of raffles and bingo.—The operation of raffles or bingo games shall be the direct responsibility of, and controlled by, a special committee selected by the governing body of the exempt organization in the manner provided by the rules of the exempt organization.

"§ 14-309.11. Accounting and use of proceeds.—(a) All funds received in connection with a raffle or bingo game shall be placed in a separate bank account. No funds may be disbursed from this account except the exempt organization may expend proceeds for prizes, advertising, utilities, and the purchase of supplies and equipment used in conducting the raffle and in playing bingo, taxes and license fees related to raffles and bingo and the payment of compensation as authorized by G.S. 14- 309.7(c) and for the purposes set forth below for the remaining proceeds. Such payments shall be made by consecutively numbered checks. Any proceeds available in the account after payment of the above expenses shall inure to the exempt organization to be used for religious, charitable, civic, scientific, testing, public safety, literary, or educational purposes or for purchasing, constructing, maintaining, operating or using equipment or land or a building or improvements thereto owned by and for the exempt organization and used for civic purposes or made available by the exempt organization for use by the general public from time to time, or to foster amateur sports competition, or for the prevention

of cruelty to children or animals, provided that no proceeds shall be used or expended for social functions for the members of the exempt organization.

(b) An audit of the account required by subsection (a) of this section shall be prepared annually for the period of January 1 through December 31 or otherwise as directed by the Department of Revenue and shall be filed with the Department of Revenue and the local law enforcement agency at a time directed by the Department of Revenue. The audit shall be prepared on a form approved by the Department of Revenue and shall include the following information:

- (1) The number of raffles or bingo games conducted or sponsored by the exempt organization;
- (2) The location and date at which each raffle or bingo game was conducted and the prize awarded;
- (3) The gross receipts of each raffle or bingo game;
- (4) The cost or amount of any prize given at each raffle or bingo game;
- (5) The amount paid in prizes at each session;
- (6) The net return to the exempt organization; and
- (7) The disbursements from the separate account and the purpose of those disbursements, including the date of each transaction and the name and address of each payee.

(c) Any person who shall willfully furnish, supply, or otherwise give false information in any audit or statement filed pursuant to this section shall be guilty of a misdemeanor.

(d) All books, papers, records and documents relevant to determining whether an organization has acted or is acting in compliance with this section shall be open to inspection by the law enforcement agency or its designee, or the district attorney or his designee, or the Department of Revenue at reasonable times and during reasonable hours.

"§ 14-309.12. Violation is gambling.—A raffle or bingo game conducted otherwise than in accordance with the provisions of this Part is 'gambling' within the meaning of G.S. 19-1 et seq., and proceedings against such raffle or bingo game may be instituted as provided for in Chapter 19 of the General Statutes.

"§ 14-309.13. Public sessions.—Any exempt organization operating a bingo game or raffle which is open to persons other than members of the exempt organization, their spouses, and their children shall make such bingo game or raffle open to the general public.

"§ 14-309.14. Beach bingo.—Nothing in this Article shall apply to 'beach bingo' games nor shall it apply to any raffle held in conjunction with a convention or other meeting open only to members of the exempt organization, their spouses, and their children. G.S. 18B-308 shall apply to such games."

Sec. 4. G.S. 18B-308 is amended by deleting "G.S. 14- 292.1", and inserting in lieu thereof "Part 2 of Article 37 of Chapter 14 of the General Statutes".

Sec. 4.1. G.S. 105-66 is amended by adding a new subsection to read:

"(d) Any person obtaining a license under G.S. 14-309.7 is not required to obtain a State license under this section for the same activity, but is subject to subsection (c) of this section as if a State license was required."

Sec. 5. G.S. 18B-1000(5) is amended by adding a new sentence between the first and second sentences of that subdivision to read:

"This provision does not, however, prohibit such an establishment from being open to the general public for raffles and bingo games as required by G.S. 14-309.11(a) and G.S. 14-309.13."

Sec. 5.1. Should the Supreme Court of North Carolina or a federal court having jurisdiction over North Carolina find and determine in any manner, whether on the merits or by denial of petition for discretionary review, that the General Assembly may not constitutionally allow "exempt organizations" as defined herein to conduct bingo or raffles, while denying that privilege to all other persons, then this act and G.S. 14-292.1 are repealed in their entirety, and no person may conduct bingo or raffles under any circumstances not permitted by the gambling laws of North Carolina.

Sec. 6. Prosecutions for offenses occurring before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

Sec. 7. This act shall become effective October 1, 1983.

In the General Assembly read three times and ratified, this the 21st day of July, 1983.