

Senate Bill 216

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes tax-exempt organizations licensed to conduct raffle games to contract with licensed raffle coordinators under certain circumstances. Increases percentage of funds that tax-exempt organizations may expend on operating expenses of bingo, lotto or raffle games or Monte Carlo events.

A BILL FOR AN ACT

1
2 Relating to gaming events conducted by tax-exempt organizations; creating new provisions; and
3 amending ORS 167.118 and 464.510.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 167.118 is amended to read:

6 167.118. (1) When a charitable, fraternal or religious organization is licensed by the Department
7 of Justice to conduct bingo, lotto or raffle games or Monte Carlo events, only the organization itself
8 or an employee thereof authorized by the department shall receive money or property or otherwise
9 directly profit from the operation of the games, except that:

10 (a) The organization operating the games may present a prize of money or other property to any
11 player not involved in the administration or management of the games.

12 (b) An organization licensed to conduct Monte Carlo events may contract with a licensed sup-
13 plier of Monte Carlo event equipment to operate the event, including the provision of equipment,
14 supplies and personnel, provided that the licensed supplier is paid a fixed fee to conduct the event
15 and the imitation money is sold to players by employees or volunteers of the licensed charitable,
16 fraternal or religious organization.

17 (c) A person may sell, rent or lease equipment, including electronic equipment, proprietary
18 computer software and real property to a licensed charitable, fraternal or religious organization.
19 Rent or lease payments must be made in compliance with the provisions of ORS 464.510.

20 (d) An organization licensed by the department may act as an escrow agent to receive money
21 or property to be awarded as prizes.

22 (e) **An organization licensed to conduct raffle games may contract with a licensed raffle**
23 **coordinator to arrange and operate a duck race raffle or other alternate drawing format**
24 **raffle, provided that:**

25 (A) **The department has approved the raffle and the terms of the contract;**

26 (B) **The organization or its volunteers directly supervise the issuance and sale of chances**
27 **and the selection of winners;**

28 (C) **All raffle ticket proceeds are deposited into an account under the exclusive control**
29 **of the organization; and**

30 (D) **The raffle coordinator's compensation is included in the calculation of the organiza-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **tion's raffle operating expenses.**

2 (2) A charitable, fraternal or religious organization may not operate bingo, lotto or raffle games
3 or Monte Carlo events except at such locations and upon such days and for such periods of time
4 as the department authorizes pursuant to this section and ORS 464.250 to 464.380, 464.420 and
5 464.450 to 464.530.

6 (3)(a) An organization licensed by the department to operate bingo or lotto games may not
7 award a prize exceeding \$2,500 in value in any one game. An organization licensed by the depart-
8 ment to operate a Monte Carlo event may not present any prize of money, or a cash equivalent, to
9 any player.

10 (b) Notwithstanding any provision of this chapter to the contrary, a bingo licensee may operate
11 two games per year with a prize not to exceed \$10,000 per game and, if approved by the department,
12 may also participate in a linked progressive game involving only Oregon licensees, without regard
13 to the number of games or the size of the prize awarded.

14 (4) Each charitable, fraternal or religious organization that maintains, conducts or operates any
15 bingo, lotto or raffle game or Monte Carlo event under license of the department must operate such
16 games in accordance with rules adopted by the department.

17 (5) It is unlawful for a licensee to permit the operating expenses of the games to exceed [18]
18 **21** percent of the annual handle of its bingo, lotto and raffle operation.

19 (6) It is unlawful for a charitable, fraternal or religious organization licensed by the department
20 to operate bingo, lotto or raffle games if:

21 (a) The handle of the games and events exceeds \$250,000 in a year; and

22 (b) The games and events do not generate for the organization's purposes, after the cost of prizes
23 and operating expenses are deducted from the handle, an amount that equals or exceeds five percent
24 of the handle.

25 **SECTION 2.** ORS 464.510 is amended to read:

26 464.510. (1) The Department of Justice may prohibit the operation of a licensed bingo, lotto,
27 raffle or Monte Carlo event operation if, in the determination of the department, the rent for the
28 premises on which the operation is conducted, or the fees for Monte Carlo event services, **raffle**
29 **coordinator services** or equipment by a supplier of gaming equipment, are unreasonably high. Rent
30 may not be paid, either in whole or in part on the basis of a percentage of the receipts or profits
31 derived from the bingo, lotto, raffle or Monte Carlo event operation. The department may by rule
32 establish additional standards of suitability for premises used in the conduct of bingo, lotto, raffles
33 or Monte Carlo events.

34 (2) As used in subsection (1) of this section, "unreasonably high" means that the price charged
35 for the space, equipment or services is significantly above the fair market value for the space,
36 equipment or services and the amount charged for the space, equipment or services will result in a
37 comparatively small profit for the licensee.

38 (3) Rent may not be paid to a related taxpayer, as that term is defined in Section 1239 of the
39 Internal Revenue Code as amended and in effect on December 31, 1996.

40 (4) An organization conducting a bingo, lotto, raffle or Monte Carlo event operation shall keep
41 such records of the operation as required by the Department of Justice.

42 (5) The premises on which the operation is conducted and all records required by the depart-
43 ment shall be subject to inspection and audit at any reasonable time, with or without notice, upon
44 demand by the department or its designee or the district attorney for the county in which the op-
45 eration is conducted or the district attorney's designee. The records shall be subject to inspection

1 and audit also by the Superintendent of State Police or the superintendent’s designee and by the
 2 sheriff of the county in which the operation is conducted or the chief of police of the city in which
 3 the operation is conducted, or the designee of either, for the purpose of determining compliance or
 4 noncompliance with state law and the rules of the department.

5 (6) As used in this section, “reasonable time” for inspection of records includes but is not limited
 6 to:

7 (a) If the records are located anywhere upon premises, a portion of which are regularly open to
 8 the public or to members and guests, anytime that the premises are open for business, whether or
 9 not bingo, lotto, raffles or Monte Carlo events are being conducted at that time; and

10 (b) If the records are not located upon premises described in paragraph (a) of this subsection,
 11 then anytime between the hours of 8 a.m. and 9 p.m., Monday through Friday.

12 (7) The operator of a bingo, lotto, raffle or Monte Carlo event operation shall provide to the
 13 department, at such reasonable intervals as the department may determine, reports detailing all re-
 14 ceipts and disbursements in connection with the bingo, lotto, raffle or Monte Carlo event operation,
 15 together with such other reasonable information as the department may require in order to deter-
 16 mine whether the operation complies with the provisions of state law and rules of the department
 17 relating to the operation of bingo, lotto, raffles or Monte Carlo events.

18 **SECTION 3. The amendments to ORS 167.118 and 464.510 by sections 1 and 2 of this 2009**
 19 **Act apply to raffle games conducted on or after the effective date of this 2009 Act.**

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