

# Enrolled House Bill 2358

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Attorney General Ellen Rosenblum)

CHAPTER .....

AN ACT

Relating to gaming; amending ORS 167.118, 464.250, 464.340 and 464.350.

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

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

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

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

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

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

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

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

(3)(a) An organization licensed by the department to operate bingo or lotto games may not award a prize exceeding [*\$2,500*] **\$5,000** in value in any one game. An organization licensed by the department to operate a Monte Carlo event may not present any prize of money, or a cash equivalent, to any player.

(b) Notwithstanding any provision of [*this chapter*] **ORS 167.108 to 167.164 and 464.270 to 464.530** to the contrary, a bingo licensee may operate two games per year with a prize not to exceed \$10,000 per game and, if approved by the department, may also participate in a linked progressive game involving only Oregon licensees, without regard to the number of games or the size of the prize awarded.

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

(5) It is unlawful for a licensee to permit the operating expenses of the games to exceed [18] **22** percent of the annual handle of its bingo, lotto and raffle operation.

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

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

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

**SECTION 2.** ORS 464.250 is amended to read:

464.250. (1) The Department of Justice has the following powers and duties relating to the regulation of bingo, lotto or raffle games or Monte Carlo events:

(a) To authorize and regulate the operation of bingo, lotto and raffle games and Monte Carlo events permitted under ORS 167.117 and to adopt rules in accordance with applicable provisions of ORS chapter 183 for the performance of the department's duties.

(b) To issue and renew licenses and permits for operation of bingo, lotto and raffle games and Monte Carlo events, including the manufacturers and suppliers of equipment and supplies necessary for the operation of [*such activities*] **the games and events** and escrow agents holding money or property to be awarded as a prize, and to adopt license and permit fees. Licenses and permits are valid for [*a period of*] one year unless renewed. The department shall set fees at an amount sufficient to cover all costs incurred by the department in its activities. License fees consist of an initial payment, [*which shall be*] in an amount established by rule, prior to issuance or renewal of the license, together with a monthly payment constituting a percentage of the licensee's monthly gross income from the operation each month thereafter. An applicant for a license or a permit shall submit with the application a sum adequate to pay the required initial fee payment. If the [*application is later withdrawn by the applicant or if it is denied by the department,*] **applicant later withdraws the application or the department denies the application**, the department shall retain the portion of the amount submitted to it that will pay the reasonable costs expended for processing and investigating the application. [*In a particular case,*] If the fee adopted by the department is less than the actual expenses of the department to investigate [*that particular*] **an** application, the department may charge to [*that particular*] **the** applicant an additional fee to repay the department for those costs. The department may refuse to proceed with its investigation or to issue a license until the department has been fully paid for those costs. The department shall create at least two classes of licenses for each activity regulated under this section. The licensing and operational requirements for licensees and the extent to which background checks are conducted under paragraph (d)(B) of this subsection [*shall*] **must** be commensurate with the size of the licensee's bingo, lotto, raffle or Monte Carlo event operations. The department shall adopt rules exempting from licensing any organization that would otherwise qualify for a license and that is engaged in minimal bingo, lotto or Monte Carlo event activity.

(c) To prescribe the manner and method of payment of all moneys to be paid to or collected by the department.

(d) To adopt requirements as to what information an applicant must provide to the department. However, each license applicant must provide, and the department shall require, the names and addresses of all persons having a management or ownership interest in the bingo, lotto, raffle or Monte Carlo event operation or in the premises on which the operation is conducted and the names and addresses of all officers and directors of the applicant organization. The department shall also require the names and addresses of all persons employed in bingo, lotto, raffle or Monte Carlo event operations. The following apply to applications under this paragraph:

(A) An applicant shall certify, under oath, that the persons named on the application are all of the persons known by the applicant to have an interest in the bingo, lotto, raffle or Monte Carlo

event operation or the premises on which the operation is conducted including all officers and directors of the applicant organization.

(B) The department may require fingerprints, a photograph, a handwriting sample and background checks, including state and nationwide criminal records checks under ORS 181A.195, on any person seeking a license from it or any person holding an interest in any bingo, lotto, raffle or Monte Carlo event operation or in the premises on which it is conducted. The department may also require fingerprints or background checks, including state and nationwide criminal records checks under ORS 181A.195, of any manager or other employee of such a bingo, lotto, raffle or Monte Carlo event operation.

(e) To adopt record keeping requirements for licensees of the department and the submission of reports to the department as the department determines necessary. The department may require licensees to record and report income from bingo, lotto, raffle, Monte Carlo events, concessions and other related operations, the amounts received from each player, the costs and expenses of operations, the nature and value of prizes and the fact of distribution of such prizes to the winners thereof. The department may adopt internal financial and inventory control requirements under this paragraph that are based on and commensurate with the size of a licensee's bingo, lotto, raffle or Monte Carlo event operations.

(f) To regulate and establish maximum limits on income derived by licensees from bingo, lotto, raffles or Monte Carlo events. However, in establishing limits, the department shall take into account:

(A) The nature, character and scope of the activities of the licensee;

(B) The sources of other income to the licensee; and

(C) The percentage or extent to which income derived from bingo, lotto, raffles or Monte Carlo events is used for charitable purposes, as distinguished from nonprofit purposes other than charity.

(g) To regulate the manner of operation of bingo, lotto and raffle games and Monte Carlo events conducted by licensees, including the approval of which games may be played and the equipment to be used. The department shall regulate the types of equipment, rules and methods of play to ensure the integrity and fairness of the games.

(h) To cooperate with state and local law enforcement agencies in investigating matters within the scope of the department's duties and responsibilities.

(i) To establish maximum limits on compensation paid to persons employed by charitable, fraternal or religious licensees, for the purpose of conducting licensed games, not to exceed 200 percent of the federal minimum wage standard, or, **for** [*in the case of*] a person who supervises a bingo, lotto, raffle or Monte Carlo event operation for a charitable, fraternal or religious organization and is subject to the limitations of ORS 464.340, 300 percent of the federal minimum wage standard, and to establish maximum limits for other expenses connected with such operations. In establishing these limits, the department shall consider the amount of income received, or expected to be received, by the organization from the bingo, lotto, raffle, Monte Carlo events, concessions and other related operations and the amount of money the operation could generate for the organization's purposes absent such expenses. The department may also take into account other factors, including but not limited to whether charitable purposes are benefited by the activities.

(2) The department may not require [*persons*] **a person** working as [*volunteers*] **a volunteer** in a bingo, lotto, raffle or Monte Carlo event operation conducted by a bona fide charitable, fraternal or religious organization to obtain [*permits*] **a permit** for such work if the [*persons do*] **person does** not receive compensation of any kind from the organization, other than reimbursement for actual or reasonable expenses, or have any managerial or supervisory responsibility in connection with it. The department may require that bingo, lotto, raffle and Monte Carlo event operators employing unlicensed volunteers submit to the department periodically the names, addresses and dates of birth of the volunteers. The department may adopt reasonable character standards for volunteers, and if a volunteer does not meet the standards, the department may require that the licensee not allow the volunteer to work for the licensee.

(3) Subject to ORS 167.118, the department by rule may establish value limits for prizes awarded at bingo, lotto or raffle games or Monte Carlo events and may regulate or prohibit the giving to patrons of any other thing of value to promote attendance at the games.

(4) The department by rule may establish a maximum amount that a person may wager at a Monte Carlo event.

**SECTION 3.** ORS 464.340 is amended to read:

464.340. The Department of Justice by rule shall prohibit any licensee from allowing any person to spend more than [30] **40** hours in any one week administering **or operating** the licensee's games[, *or operating the licensee's games, or both*].

**SECTION 4.** ORS 464.350 is amended to read:

464.350. (1)(a) The Department of Justice by rule may establish limits on the number of hours per day and days per week that organizations licensed by the department may operate bingo or lotto games or Monte Carlo events.

(b) **By rule**, the department[, *by its rules, shall*] **may** not permit the operation of bingo or lotto games by any licensee for more than [15] **20** hours in any one week nor for more than [*three*] **four** days in any one calendar week.

(2) An organization authorized by law to operate Monte Carlo events:

(a) May not conduct more than seven Monte Carlo events in any 12-month period;

(b) May not directly or indirectly rent a facility for a Monte Carlo event from a licensed manufacturer or supplier of Monte Carlo event equipment; and

(c) May not enter into a binding legal contract with a licensed supplier of Monte Carlo equipment to conduct events for a period in excess of one year.

(3) No Monte Carlo event shall be conducted that exceeds 12 hours in length. For the purposes of this subsection, each 12-hour period shall begin at the official starting time of the Monte Carlo event and run continuously, whether or not contests of chance are continuously operated.

(4) Monte Carlo events shall not be conducted at the same location more than 15 times in a calendar month or more than 40 times in a calendar year.

**Passed by House February 9, 2017**

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

**Passed by Senate May 2, 2017**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M.,....., 2017

**Approved:**

.....M.,....., 2017

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2017

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Dennis Richardson, Secretary of State