

Historical Tax Law Changes Bingo License and Lieu Tax

Laws 1972, Chapter 191 provided for the licensing of bingo games conducted by charitable, religious, fraternal, social, and veterans' organizations, and chartered branches or lodges of national or state organizations. The organizations listed above must be operated on a nonprofit basis and have been in existence in Arizona for at least 2 years prior to making an application for a license. In addition, a tax equal to 2.5% of net proceeds was levied on bingo games in lieu of Transaction Privilege Taxes and Education Excise Taxes. The tax was paid to the State Tax Commission on the 15th day of April, July, October and January. All proceeds from Bingo Licenses and from the Lieu Tax were deposited in the state's General Fund. Lieu Tax receipts were for administration of the bingo laws. (Effective August 13, 1972)

Laws 1973, Chapter 123 created the Department of Revenue and transferred the responsibility for collection of Bingo Licenses and Lieu Taxes from the State Tax Commission to the new Department. (Effective July 1, 1974)

Laws 1973, Chapter 132 provided for a reduced licensing fee for "small bingo games" (those with gross proceeds of \$300 or less per week). Under this law, the Lieu Tax on the net proceeds of "small bingo games" was due 1 time per year on or before March 15. (Effective May 4, 1973)

Laws 1978, Chapter 111 changed the due date for payment of the lieu tax on "small bingo games." Under this law "small bingo games" were required to pay the Lieu Tax quarterly, at the same time as large bingo games. (Effective September 3, 1978)

Laws 1981, Chapter 309 changed the tax on large games of bingo from a 2.5% tax on the net proceeds of the game to a 1% tax on the gross proceeds of the game. The fee charged when application is made for a license for large bingo games was increased from \$25 to \$50. The original license fee and the annual renewal fee for large games of bingo were increased from \$50 to \$100. (Effective From and After October 1, 1981)

Laws 1985, Chapter 200 established a 30-day grace period for qualified organizations to renew annual license and impose a late filing fee of \$100 in addition to the renewal fee of \$100. Also, prohibits a county, city, town, or other political subdivision from levying an excise tax on bingo giving preemption to the state. Changed the Lieu Tax on large games from 1 to 2% of gross proceeds with 1% distributed for administration purposes and 1% deposited in the state General Fund.

Laws 1986, Chapter 110 allowed transfer of a bingo license to a new location if the local governing body of the proposed location gives prior written approval after a public hearing. (Effective April 18, 1986)

Laws 1986, Chapter 410 redefined small game bingo from games whose gross receipts do not exceed \$300 per week to games with gross receipts not exceeding \$3,900 per quarter. The frequency of licensee reporting was changed from a quarterly to annual basis which is on January 15. Also, certain restrictions on allowable expenses were removed. (Effective From and After December 31, 1986)

Laws 1987, Chapter 134 added non-profit ambulance services to the list of organizations authorized to conduct bingo games for fund raising. (Effective Retroactive to July 1, 1986)

Laws 1988, Chapter 108 revised the small and large bingo game definitions into three classifications based on annual gross receipts. The Bingo Tax collected shall now be entirely deposited in the state General Fund. In addition, new fees and tax rates were established (Effective September 30, 1988):

- (1) Class A license is issued for games not exceeding \$15,600 per year.

- (2) Class B license is issued for games not exceeding \$300,000 per year.
- (3) Class C license is issued for games exceeding \$300,000 per year.

<u>License Class</u>	<u>Local Governing Body Fee</u>	<u>License Fee</u>	<u>Bingo Tax</u>
A	\$ 5.00	\$ 10.00	2.5% of Adjusted Gross Receipts
B	25.00	50.00	1.5% of Gross Receipts
C	50.00	200.00	2.0% of Gross Receipts

Laws 1989, Chapter 106 eases several administrative restrictions on Class A Bingo Licensees. Certain officers under a Bingo License are prohibited from serving as an officer of another bingo license. All monies held by the Department of Revenue for administration of bingo games were transferred to the state General Fund. (Effective September 15, 1989)

Laws 2001, Chapter 115 amended statutes by allowing an organization licensed to conduct bingo games to incur expenses for mortgage payments when a nonprofit charitable organization licensee is using the building or premises for both bingo and for the licensee's charity. (Effective April 21, 2001)