

House Engrossed

bingo; conduct; licenses

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

CHAPTER 97

HOUSE BILL 2109

AN ACT

AMENDING SECTIONS 5-406, 5-407 AND 5-413, ARIZONA REVISED STATUTES;
RELATING TO BINGO.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-406, Arizona Revised Statutes, is amended to
3 read:

4 5-406. Persons allowed to conduct games; premises; equipment;
5 expenses; compensation

6 A. A person shall not hold, operate or conduct any game of bingo
7 under any license issued pursuant to this article unless the person has
8 submitted affidavits as required in section 5-404 and has received prior
9 written approval from the licensing authority. Persons seeking to replace
10 a manager, proceeds coordinator, supervisor or assistant or to serve as an
11 additional manager, supervisor or assistant shall submit the appropriate
12 affidavit to the licensing authority as required in section 5-404.

13 B. Except as provided in section 5-413, only contractors, members
14 and new members of a licensee or an applicant may participate or apply to
15 participate in conducting any bingo game held by the licensee.

16 C. Except for a class A licensee, a person shall not hold, operate,
17 conduct or assist in conducting any game or games of bingo under any
18 license if the person or the person's spouse has a proprietary, equitable
19 or credit interest, or is an officer, director, agent or employee of an
20 individual or company that has a proprietary, equitable or credit
21 interest, in the licensee.

22 D. Bookkeepers or accountants need not be members of the
23 organization.

24 E. An item of expense shall not be incurred or paid in connection
25 with holding, operating or conducting any game of bingo held, operated or
26 conducted pursuant to any license issued under this article, except bona
27 fide expenses in a reasonable amount for purposes described in section
28 5-407, subsection G. A game of bingo shall not be conducted with any
29 equipment except equipment owned solely by the licensee, or jointly by
30 not more than six licensees. No portion of the ownership of such
31 equipment may be held by any person or organization not licensed pursuant
32 to this chapter. A game of bingo shall not be conducted with rented
33 equipment. This subsection does not apply to technological aids for bingo
34 games that function only as electronic substitutes for bingo cards or a
35 contractor's personnel who are needed to operate technological aids
36 prescribed in subsection ~~Y~~ X of this section.

37 F. An applicant or a licensee shall not enter into any purchase
38 agreement other than a bona fide purchase agreement. The seller may
39 repurchase equipment only on default of the buyer and then only at a price
40 equal to or greater than ninety percent of any money paid for equipment
41 from buyer to seller. The seller may repurchase a building only on
42 default of the buyer at a fair market value per licensee.

43 G. A licensee shall not conduct or operate more than five occasions
44 of bingo during any calendar week. Not more than twelve hours of bingo

1 shall be conducted in any building or on any premises during any calendar
2 day.

3 H. The entire net proceeds of any game shall be devoted to a lawful
4 use or uses. In addition to other unlawful uses, the following are not
5 considered lawful uses under this subsection:

6 1. Compensation and expenses of directors, officers and management
7 personnel.

8 2. Fees or commissions of consultants.

9 3. Compensation paid for legal services incurred by a licensee
10 unsuccessfully defending against charges of violations of this article.

11 4. Donations to other than national, state or local nonprofit
12 parent organizations in excess of five percent of the net proceeds except
13 with the permission of the licensing authority.

14 5. Donations or any payment from the lessor to the lessee.

15 I. The premises where any game of bingo is being held, operated or
16 conducted, where it is intended that any game of bingo shall be held,
17 operated or conducted or where it is intended that any equipment shall be
18 used shall at all times be open to inspection by the licensing authority,
19 its agents and employees and peace officers of any political subdivision
20 of the state.

21 J. When any merchandise prize is awarded in a game of bingo, its
22 value shall be its current retail price. A merchandise prize shall not be
23 redeemable or convertible into cash directly or indirectly.

24 K. Equipment, prizes and supplies for games of bingo shall not be
25 purchased or sold at prices in excess of one hundred fifteen percent of
26 the average price paid by other licensees as reported in the reports
27 submitted to the licensing authority during the prior six-month period by
28 licensees having the same class of license. A licensee shall not enter
29 into any contract or purchase agreement whereby it agrees to limit its
30 source of supplies.

31 L. An alcoholic beverage shall not be offered or given as a prize
32 in any such game.

33 M. The net profits derived from the holding of games of bingo must
34 be devoted within one year after the date such profits were earned to the
35 lawful purposes of the organization ~~permitted~~ ALLOWED to conduct such
36 games. Any organization desiring to hold the net profits of games of
37 bingo for a period longer than one year after the date such profits were
38 earned must apply to the licensing authority for special permission and on
39 good cause shown the authority may grant the request.

40 N. Any licensee that does not report during any one-year period the
41 amount of its net profits, if any, shall be required to show cause before
42 the licensing authority why its license to conduct games of bingo should
43 not be revoked.

1 O. The licensing authority shall require a licensee that does not
2 conduct bingo games during any one-year period to show cause why its
3 license to conduct games of bingo should not be cancelled.

4 P. Except as otherwise provided by this section, a prize greater in
5 amount or value than ~~one thousand dollars~~ \$1,000 shall not be offered or
6 given in any single game of bingo conducted under any such license, and
7 total prizes shall not exceed an amount or value greater than ~~three~~
8 ~~thousand dollars~~ \$3,000 for any occasion. Door prizes, discounts or other
9 inducements with a value exceeding ~~two hundred fifty dollars~~ \$250 per
10 occasion shall not be offered or given away.

11 Q. Except for a class A licensee, on application to the licensing
12 authority by the licensee the licensing authority may authorize one
13 special bonus game to be played at weekly consecutive occasions with a
14 quarterly prize limit of ~~twelve thousand dollars~~ \$12,000. A weekly
15 consecutive occasion is an occasion played on the same day of each week
16 during the quarter. The special bonus game may be played at each weekly
17 consecutive occasion subject to the rules adopted by the licensing
18 authority. The special bonus game is not subject to the prize limits
19 prescribed by subsection P of this section.

20 R. The equipment used in playing bingo and the method of play shall
21 be such that each card shall have an equal opportunity to be a winner.
22 The objects or balls to be drawn shall be essentially the same as to size,
23 shape, weight, balance and all other characteristics that may influence
24 their selection. All objects or balls shall be present in the receptacle
25 before each game is begun. All numbers announced shall be plainly and
26 clearly audible or visible to all the players present. Where more than
27 one room is used for any one game, the receptacle, the person calling the
28 numbers as they are drawn and the person removing the objects or balls
29 from the receptacle must be present in the room where the greatest number
30 of players is present and all numbers announced shall be plainly audible
31 or visible to the players in that room and also audible or visible to the
32 players in the other room or rooms. The cards or sheets of the players
33 shall be part of a deck, group or series of cards, no two of which shall
34 be alike, and which ~~deck, group or series~~ shall not be so prepared or
35 arranged as to prefer any card. A licensee may provide braille cards for
36 legally blind persons or allow legally blind persons to supply their own
37 braille cards. A legally blind person supplying the person's own cards
38 shall pay a fee to the licensee equal to THE FEE that ~~which~~ would be
39 charged if the legally blind person obtained the cards from the licensee.
40 The bingo game activity shall be conducted and recorded in a manner as
41 prescribed by the licensing authority to verify the gross receipts from
42 each occasion.

43 S. The receptacle, the person calling the numbers as they are drawn
44 and the person removing the objects or balls from the receptacle must be

1 visible to all the players at all times except where more than one room is
2 used for any one game and subsection R of this section applies.

3 T. The particular arrangement of numbers required to be covered in
4 order to win the game and the amount of the prize shall be clearly and
5 audibly or visibly described and announced to the players immediately
6 before each game is begun.

7 U. Any players shall be entitled to call for a verification of all
8 numbers drawn at the time a winner is determined, and for a verification
9 of the objects or balls remaining in the receptacle and not yet drawn.
10 The verification shall be made in the immediate presence of the supervisor
11 and in full view of any player requesting the verification.

12 V. A person who is not physically present on the premises where the
13 game is actually conducted shall not be allowed to participate as a player
14 in the game.

15 W. A person who holds, operates or conducts, or assists in holding,
16 operating or conducting, a game of bingo shall not play at any occasion at
17 which such person works unless the game of bingo is conducted pursuant to
18 a class A license.

19 ~~X. A person shall not conduct a lottery or raffle within a
20 twelve-hour period before or after a bingo occasion or game on any
21 premises used for bingo games or within one thousand feet of the bingo
22 game. This subsection does not affect any legally conducted activity
23 related to the state lottery.~~

24 ~~Y.~~ X. The operator of a bingo game shall offer assistance to
25 players with disabilities, subject to the following:

26 1. The operator of a bingo game may offer players technological
27 aids for bingo games that function only as electronic substitutes for
28 bingo cards and shall reserve at least two of these technological aids for
29 use by players with disabilities. If no requests are made for the use of
30 these technological aids within fifteen minutes after the scheduled start
31 of a game of bingo, these reserved technological aids may be made
32 available to any other player.

33 2. If the operator of a bingo game, or any other person that is
34 involved in the conduct of a bingo game, charges players a fee for the use
35 of technological aids for bingo games that function only as electronic
36 substitutes for bingo cards or requires players to comply with a minimum
37 purchase requirement for the use of these technological aids, players with
38 disabilities may not be required to pay that fee or to comply with that
39 minimum purchase requirement. This paragraph does not prohibit the
40 operator of a bingo game or any other person that is involved in the
41 conduct of a bingo game from requiring a player with a disability to
42 comply with a minimum purchase requirement that is imposed on all players.

43 3. The operator of a bingo game that offers technological aids for
44 bingo games that function only as electronic substitutes for bingo cards

1 shall allow players with disabilities to claim prizes by presenting a
2 printout or other evidence of a winning card.

3 4. The operator of a bingo game shall allow players to use a form
4 of visual or audio signal to notify the operator of a winning pattern or
5 bingo, which may include a flag, paddle, light, horn, bell or whistle or
6 any other mechanical or electronic means.

7 5. If a player's disability restricts the player's ability to mark
8 cards, use technological aids for bingo games that function only as
9 electronic substitutes for bingo cards or announce bingo, the operator of
10 a bingo game shall allow another person to assist the player with a
11 disability in the bingo game.

12 6. A person with a disability who is employed by a bingo operator
13 may use technological aids for bingo games that function only as
14 electronic substitutes for bingo cards to properly carry out the person's
15 job functions as those functions apply to the conduct of bingo games.

16 Sec. 2. Section 5-407, Arizona Revised Statutes, is amended to
17 read:

18 5-407. Statement of receipts; expenses; penalty

19 A. On or before the twentieth day after the end of every reporting
20 period designated for the class of the license each licensee shall file
21 with the licensing authority ~~upon~~ ON forms prescribed by the licensing
22 authority a financial report ~~which~~ THAT is signed and sworn to by the
23 proceeds coordinator showing the amount of the gross receipts derived
24 during the reporting period from games of bingo, the expenses paid, a
25 brief description of the classification of such expenses, the ratio of net
26 proceeds to the adjusted gross receipts received by the licensee during
27 the reporting period, the name and address of each person to whom has been
28 paid ~~three hundred dollars~~ \$300 or more and the purpose of such
29 expenditure, the net proceeds derived from each such game of bingo and the
30 uses to which such net proceeds have been or are to be applied. Each
31 licensee shall maintain and keep such books and records as may be
32 necessary to substantiate the particulars of each such report.

33 B. Except for class A licensees, if the net proceeds derived from
34 the games of bingo for any six consecutive months do not amount to at
35 least fifty percent of adjusted gross receipts for those months in total,
36 it shall be presumed that the expenses incurred for goods, wares,
37 merchandise and services rendered are not bona fide and reasonable, and
38 the operation of the game is deemed to be against public policy. If the
39 net proceeds of the games operated by a licensee are less than fifty
40 percent of the adjusted gross receipts in any six consecutive months, the
41 license may be revoked.

42 C. The failure to file reports within forty-five days after their
43 due date, or filing reports that are not fully, accurately and truthfully
44 completed, may be the basis of the revocation of the license. If the
45 licensee fails to make and file a return on or before the due date, unless

1 the failure is due to reasonable cause, a penalty equal to five percent of
2 the amount found to be due or remaining due under subsection ~~H~~ I of this
3 section shall be added to that amount for each month or fraction of a
4 month between the due date of the return and the date on which **THE RETURN**
5 **IS** filed, plus interest at a rate determined pursuant to section 42-1123.
6 The total penalty shall not exceed twenty-five percent of the amount found
7 to be remaining due. The penalty is due and payable on notice and demand
8 from the licensing authority. If an action has been filed by the
9 licensing authority for revocation of a license, the court shall award
10 reasonable attorney fees to the licensing authority as a part of the
11 proceedings if the licensing authority prevails in the proceedings.

12 D. Except for a class A licensee, all monies collected or received
13 from the sale of admission, extra regular cards, special game cards, sale
14 of supplies and all other receipts from the games of bingo shall be
15 deposited in a special account of the licensee ~~which~~ **THAT** shall contain
16 only such money. Except for a class A licensee, all expenses for bingo
17 games, except cash prizes in the amount of less than ~~one hundred fifty~~
18 ~~dollars~~ **\$1,100**, shall be withdrawn from the licensee's special account by
19 consecutively numbered checks duly signed by a specified officer or
20 officers of the licensee or the supervisor and payable to a specific
21 person or organization. Class A licensees shall pay all bingo game
22 prizes, except cash prizes in an amount less than ~~one hundred fifty~~
23 ~~dollars~~ **\$1,100**, by check duly signed by a specified person or persons or
24 the supervisor. A check shall not be drawn to "cash" or a fictitious
25 payee. A check drawn on a licensee's special account shall not be payable
26 to the licensee. Checks drawn against the net proceeds in the special
27 account shall be drawn only for lawful uses and purposes. The licensee
28 may establish interest bearing accounts ~~which~~ **THAT** shall contain only
29 monies transferred from the licensee's special account, but all monies,
30 interest and other proceeds shall be redeposited to the special account
31 before being used for lawful uses and purposes.

32 E. A licensee shall maintain a permanent record containing the
33 signature of each player who receives a cash prize from such licensee and
34 the amount of the cash prize awarded to such player.

35 F. The net profits after they have been given over to another
36 organization shall not be used by the donee organization to pay any person
37 for services rendered or materials purchased in connection with the
38 conducting of bingo by the donor organization.

39 G. Expenses shall not be incurred or paid in connection with
40 holding, operating or conducting any game of bingo pursuant to any
41 license, except bona fide expenses of a reasonable amount. Expenses may
42 be incurred only for the following purposes:

- 43 1. The purchase of goods, wares and merchandise furnished.
- 44 2. Payment for services rendered.
- 45 3. Rent.

- 1 4. Accountants' fees.
- 2 5. License fees.
- 3 6. Utility expenses.
- 4 7. Security guards.
- 5 8. Compensation not to exceed the current federal minimum wage plus
- 6 twenty percent.
- 7 9. Mortgage payments when a nonprofit charitable organization
- 8 licensee is using the building or premises for both bingo and for the
- 9 licensee's bona fide charity.
- 10 10. Advertising.
- 11 H. ~~In this~~ FOR THE PURPOSES OF subsection G OF THIS SECTION:
- 12 ~~(a)~~ 1. "Goods, wares and merchandise" means prizes, equipment and
- 13 articles of a minor nature such as pencils, crayons, tickets, envelopes,
- 14 paper clips and coupons necessary for the conduct of games of bingo.
- 15 ~~(b)~~ 2. "Services rendered" means repair to equipment, reasonable
- 16 compensation to bookkeepers or accountants, not more than two in the
- 17 aggregate, for services in preparing financial reports and a reasonable
- 18 amount for janitorial service and security guards. Services rendered do
- 19 not include and no item of expense may be incurred or paid for service of
- 20 any nature whatever rendered by a member or new member, including, without
- 21 limitation except as provided by SUBSECTION G, paragraph 8 of this
- 22 ~~subsection~~ SECTION, equipment repair, bookkeeping, accounting, janitorial
- 23 service, security guard service or operating, conducting or managing a
- 24 bingo game or providing any professional or consultation service related
- 25 to bingo.
- 26 ~~H~~ I. In lieu of the taxes collected under title 42, chapter 5,
- 27 article 1 there shall be paid to the ~~state~~ licensing authority a tax in
- 28 the amount prescribed in section 5-414. The taxes collected pursuant to
- 29 this section shall be deposited in the state general fund. All
- 30 administrative receipts, including license fees, penalties and interest,
- 31 collected by the state pursuant to this article shall be deposited in the
- 32 state general fund.
- 33 ~~I~~ J. Each licensee, at the time each financial report is
- 34 submitted to the licensing authority, shall pay to the order of the
- 35 licensing authority the amount of tax provided in subsection ~~H~~ I of this
- 36 section.
- 37 ~~J~~ K. For reporting periods beginning from and after December 31,
- 38 2019, or when the licensing authority has established an electronic filing
- 39 program, whichever is later, each licensee shall file electronically any
- 40 report or return required under this chapter. The report or return is
- 41 considered to be filed and received by the licensing authority on the date
- 42 of the electronic postmark pursuant to section 42-1105.02.

1 Sec. 3. Section 5-413, Arizona Revised Statutes, is amended to
2 read:

3 5-413. License classification; requirements

4 A. A class A license may be issued to a person for the conduct of
5 bingo games for which the gross receipts do not exceed ~~fifteen thousand~~
6 ~~six hundred dollars~~ \$75,000 per year. A class A license shall not be
7 issued to a person who holds a license issued pursuant to title 4 except a
8 club license issued pursuant to section 4-205. For a class A license:

- 9 1. Any person may apply as prescribed in this article.
10 2. The manager, proceeds coordinator, supervisor and assistant are
11 not required to be members or new members.
12 3. The reporting period is one year, coinciding with the term of
13 the license.

14 B. A class B license may be issued to a qualified organization for
15 the conduct of bingo games for which the gross receipts do not exceed
16 ~~three hundred thousand dollars~~ \$500,000 per year. For a class B license:

- 17 1. Only a qualified organization may apply.
18 2. The manager and supervisor shall be members of the licensee.
19 3. The proceeds coordinator shall be an officer or director and a
20 member of the licensee and is responsible for completion of the required
21 financial report.
22 4. An assistant shall be a member or new member of the licensee.
23 5. There are four reporting periods coinciding with the quarters of
24 the term of the license.

25 C. A class C license may be issued to a qualified organization for
26 the conduct of bingo games for which the gross receipts exceed ~~three~~
27 ~~hundred thousand dollars~~ \$500,000 per year. For a class C license:

- 28 1. Only a qualified organization may apply.
29 2. The manager and supervisor shall be members of the licensee.
30 3. The proceeds coordinator shall be an officer or director and a
31 member of the licensee and is responsible for completion of the required
32 financial report.
33 4. An assistant shall be a member or new member of the licensee.
34 5. There are twelve reporting periods coinciding with each month of
35 the term of the license.

APPROVED BY THE GOVERNOR MARCH 24, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 24, 2021.