

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 893  
**SHORT TITLE:** Regulating Charitable Bingo  
**SPONSOR(S):** Senator Weinstein

<b>FISCAL IMPACT</b>					
<b>Yes (X)</b>	<b>No ()</b>	<b>No Estimate Available ( )</b>			
<b>(in millions)</b>					
	<b><u>FY 1997-98</u></b>	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>
<b>Human Resources</b>					
<b>Revenues</b>	\$200,000	\$240,000	\$256,000	\$272,000	\$272,000
<b>Expenditures<sup>1</sup></b>	<u>(\$168,254)</u>	<u>(\$236,597)</u>	<u>(\$242,883)</u>	<u>(\$249,383)</u>	<u>(\$256,105)</u>
<b>Revenues/Expenditures</b>	\$31,746	\$3,403	\$13,117	\$22,617	\$15,895
<b>Correction</b>			<b><u>No Fiscal Impact</u></b>		
<b>Judicial</b>			<b><u>No Fiscal Impact</u></b>		
<b>POSITIONS:</b>	6	6	6	6	6
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Department of Human Resources Division of Facility Services					
Department of Correction Judicial Branch					
<b>EFFECTIVE DATE:</b> Effective December 1, 1997.					

**BILL SUMMARY:**

<sup>1</sup> Includes Salaries, benefits and all related support costs.

**REGULATING CHARITABLE BINGO. TO REGULATE CHARITABLE BINGO.** Provisions regarding bingo licensing, enforcement of bingo laws, maximum prizes in bingo games, and jackpot bingo are substantially identical to provisions of H 951, introduced 4/15/97. Adds provisions regarding “charity game ticket games” described below.

Amends GS 14-309.5 to allow exempt organization to conduct “charity game ticket games” (defined as sale of package or series of packages consisting of one complete set of charity game tickets in which all tickets bear same serial number). A “charity game ticket” is a paper ticket or card which may be designated in advance as prizewinner through partly hidden number or symbol. No more than 50 cents may be charged for each such ticket. Exempt organization may apply to DHR for charity game ticket game license lasting one year. Application fee is \$200 for class A charity game ticket game license (allowing one game session per week) and \$300 for class B license (allowing two sessions per week). Fees collected are deposited in bingo regulation enforcement fund to be used to enforce bingo laws. Exempt organization that conducts only an annual or semiannual bingo game may not apply for license for or conduct charity game ticket game. Amends GS 14-309.9 to limit value of prize for any one charity game ticket game to \$100, and \$3,500 for all games during one session. Makes it class 2 misdemeanor to conduct charity game ticket game in violation of bingo provisions of GS Ch. 14, Art. 37, Part 2. On conviction, exempt organization may not conduct bingo games for one year. Makes it a Class I felony to sell or furnish charity game tickets other than in game conducted by licensed organization, to operate charity game ticket game without valid license, to misuse moneys received in connection with such game, or to contract with or provide consulting services to any licensee. Authorizes DHR to suspend license for at least 30 days if it finds charity game ticket game in violation. Licensee may seek review by initiating contested case under GS Ch. 150B. Effective Dec. 1, 1997. DHR is authorized to issue rules to comply with act as soon as act becomes law.<sup>2</sup>

## **ASSUMPTIONS AND METHODOLOGY:**

### *Department of Human Resources*

#### **A. Background**

The Division of Facility Services is responsible for regulating charitable bingo. Under current law, the division has one person assigned to fulfill the regulatory requirements for charitable bingo. The proposed legislation significantly expands the regulatory responsibilities the Division of Facility Services related to charitable bingo. Additional or expanded responsibilities include the following: enforcement of charitable bingo laws including suspending or revoking licenses, expands auditing requirements of charitable organizations bingo records, adds charitable game tickets as an allowable game, and creates incentives which will encourage additional charitable organizations to use charitable bingo as a fund raising tool.

#### **B. Assumptions and Methodology**

##### 1. Expenditures

This fiscal note assumes that the Division of Facility Services will need six positions and their related support costs, including the one position already in place, to implement the proposed legislation. The six positions are as follows: upgrades the existing position from an administrative assistant to an administrative officer to supervise the charitable bingo unit; adds two clerical staff to process the

---

<sup>2</sup> *Daily Bulletin*, Institute of Government, UNC-Chapel Hill: Vol. 1997, No. 45.

increased paper work; adds two field investigators to monitor the charitable bingo and investigate complaints; and adds one accounting technician to handle the increased audit responsibilities.

The salaries and benefits for the six positions have been increased over the five period of the fiscal note to reflect the following inflation factors:

1997-98	3.9%
1998-99	3.4%
1999-00	3.4%
2000-01	3.5%
20001-02	3.6%

The support costs for the six positions are held constant throughout the five year time period. In addition, the expenditures for 1997-98 have been adjusted to reflect the December 1, 1997 effective date.

## 2. Revenues

This fiscal note assumes that the number of charitable bingo licenses will increase significantly under the changes contained in the proposed legislation. Current annual revenues are \$32,000 (320 licenses times the \$100 license fee).

The proposed legislation adds an additional game called charitable game tickets and requires that a charitable organization must get a charitable bingo license and a charitable game ticket license to offer both games. This fiscal note assumes that charitable organizations will get both licenses in order to provide both games. This assumption doubles the number of licenses issued.

In addition, this fiscal note also assumes that the number of charitable bingo licenses will increase by 70% over the next five years. The 70% increase assumption is based on the following incentives in the proposed legislation which will encourage charitable organizations to use charitable bingo to raise funds: elimination of the beach bingo competition, increased jackpots and weekly prizes, increased number of game hours per session, and the addition of the charitable game tickets. The following chart documents the application of the 70% increase in licenses:

<b><u>Licenses</u></b>	<b><u>1996-97</u></b>	<b><u>1997-98</u></b>	<b><u>1998-99</u></b>	<b><u>1999-00</u></b>	<b><u>2000-01</u></b>	<b><u>2001-02</u></b>
<b>Regular Bingo</b>	320	400	480	512	544	544
<b>Charity Game</b>	0	400	480	512	544	544
<b>Total</b>	320	800	960	1024	1088	1088
<b>Increase Over 1996-97</b>		25%	25%	10%	10%	0%

The proposed legislation allows two levels of licenses for charitable bingo and charitable game tickets: a \$200 Class A license for operating one game session a week and a \$300 Class B license fee for two game sessions per week. This fiscal note assumes \$250 per license to determine how much revenue will be generated because the number of organizations receiving Class A or Class B licenses cannot be

predicted. The revenue estimates are derived by multiplying the number of estimated licenses times \$250.

***Judicial Branch***

The Judicial Branch believes this bill will have no substantial impact on the court system. Although this bill adds or amends many provisions, violations of which can be a crime, the Judicial branch expects that the organizations subject to this law would comply with its provisions. Based on this expectation, few cases would be affected. Any new cases, can be absorbed within existing court resources.

***Department of Correction***

The Judicial Branch estimates that organizations subject to this law would comply with its provisions and that this bill would result in few new cases of incarceration. Therefore, the Sentencing and Advisory Policy Commission estimates this bill to have no significant impact on the state prison system. This bill establishes both a Class I felony penalty and a misdemeanor penalty. The following explains the effects the Class I felony penalty noted in this bill would have on the state prison system. For example, if there were 10 convictions for this offense each year, this could increase prison populations by one inmate. If there were 30 convictions for this offense each year, this could increase prison populations by two inmates. Any additional inmates convicted of a Class I felony under this bill, can be absorbed within existing state prison resources.

This bill also establishes a misdemeanor penalty. Since the Judicial Branch estimates that few cases would result from this bill, the Sentencing Commission notes there will not be a significant fiscal impact on the state prison system. The Sentencing Commission also notes there will be only a small impact on county jail populations.

**SOURCES OF DATA:** Department of Correction, Judicial Branch; North Carolina Sentencing and Policy Advisory Commission, and Department of Human Resources.

**TECHNICAL CONSIDERATIONS:** None.

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Andy Willis, L. Carol Shaw

**APPROVED BY:** Tom L. Covington **TomC**

**DATE:** 05/07/97



**Signed Copy Located in the NCGA Principal Clerk's Offices**