

AMENDED IN ASSEMBLY JUNE 7, 2010

SENATE BILL

No. 1484

Introduced by Committee on Governmental Organization (Senators Wright (Chair), Calderon, Denham, Florez, Harman, Negrete McLeod, Oropeza, Padilla, Price, Wyland, and Yee)

March 8, 2010

~~An act to amend Section 326.3 of the Penal Code, relating to gambling.~~ *An act to add Section 14838.8 to the Government Code, relating to public contracts.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1484, as amended, Committee on Governmental Organization. ~~Remote caller bingo.~~ *Public contracts: procurement: small business, microbusiness, and disabled veteran business enterprise.*

The Small Business Procurement and Contract Act requires the directors of the Department of General Services and other state agencies entering into contracts for the provision of goods, information technology, and services to the state, and in the construction of state facilities, to provide for a preference, as specified, for any bid to small businesses and microbusinesses, under specified circumstances. The act permits a state agency to award a contract of a specified limited amount for the acquisition of goods, services, or information technology, to a certified small business, including a microbusiness, or to a disabled veteran business enterprise if the agency receives certain other price quotations, as specified.

This bill would prohibit the Director of General Services and the directors of other state departments or offices that enter into contracts from engaging in the bundling of contracts, as defined, which has the effect of restricting or excluding small business, microbusiness, or

disabled veteran business enterprise, from the state contracting process. The bill would also provide that the participation goals for small business, microbusiness, or disabled veteran business enterprise participation for the act are not met by awarding a contract for goods to a prime contractor that engages a small business, microbusiness, or disabled veteran business enterprise as a subcontractor on that contract.

~~The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. The California Remote Caller Bingo Act permits cities and counties to allow bingo games and remote caller bingo games, as defined, to be conducted by specified organizations for charitable purposes pursuant to an ordinance that allows those games to be conducted only in accordance with specified requirements, and sets forth a model ordinance to authorize remote caller bingo.~~

~~This bill would make a technical, conforming change to the model ordinance.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14838.8 is added to the Government Code,
2 to read:
3 14838.8. (a) Notwithstanding any other law, in order to
4 facilitate the participation of small businesses, microbusinesses,
5 or disabled veteran business enterprises in the provision of goods
6 to the state, the Director of General Services and the directors of
7 other state departments or agencies that enter into contracts within
8 their respective areas of responsibility shall not engage in bundling
9 of contracts, which has the effect of restricting or excluding small
10 businesses, microbusinesses, or disabled veteran business
11 enterprises, from the state contracting process.
12 (b) As used in this section, “bundling of contracts” means a
13 use of solicitation for a single contract or a multiple award
14 contract to satisfy two or more requirements of any state agency,
15 department, board, or commission for goods that restricts
16 competition or limits the number of suppliers by being likely
17 unsuitable for award to a small business due to any one or more
18 of the following:

1 (1) *The diversity, size, or specialized nature of the elements of*
2 *the performance specified.*

3 (2) *The aggregate dollar value of the anticipated award.*

4 (3) *The geographical dispersion of the contract performance*
5 *sites.*

6 (4) *Restrictive contract requirements or any other similar*
7 *procurement strategy or factor that limits the ability of a*
8 *responsible small business to compete or otherwise participate as*
9 *a prime contractor in the procurement process.*

10 (c) *The director or any agency, department, board, or*
11 *commission does not facilitate or provide for small business,*
12 *microbusiness, or disabled veteran business enterprise*
13 *participation within the meaning of this chapter by awarding a*
14 *contract for goods to a prime contractor that engages a small*
15 *business, microbusiness, or disabled veteran business enterprise*
16 *as a subcontractor on that contract.*

17 ~~SECTION 1. Section 326.3 of the Penal Code is amended to~~
18 ~~read:~~

19 ~~326.3. (a) The Legislature finds and declares all of the~~
20 ~~following:~~

21 ~~(1) Nonprofit organizations provide important and essential~~
22 ~~educational, philanthropic, and social services to the people of the~~
23 ~~State of California.~~

24 ~~(2) One of the great strengths of California is a vibrant nonprofit~~
25 ~~sector.~~

26 ~~(3) Nonprofit and philanthropic organizations touch the lives~~
27 ~~of every Californian through service and employment.~~

28 ~~(4) Many of these services would not be available if nonprofit~~
29 ~~organizations did not provide them.~~

30 ~~(5) There is a need to provide methods of fundraising to~~
31 ~~nonprofit organizations to enable them to provide these essential~~
32 ~~services.~~

33 ~~(6) Historically, many nonprofit organizations have used~~
34 ~~charitable bingo as one of their key fundraising strategies to~~
35 ~~promote the mission of the charity.~~

36 ~~(7) Legislation is needed to provide greater revenues for~~
37 ~~nonprofit organizations to enable them to fulfill their charitable~~
38 ~~purposes, and especially to meet their increasing social service~~
39 ~~obligations.~~

1 (8) Legislation is also needed to clarify that existing law requires
2 that all charitable bingo must be played using a tangible card and
3 that the only permissible electronic devices to be used by charitable
4 bingo players are card-minding devices.

5 (b) Neither the prohibition on gambling in this chapter nor in
6 Chapter 10 (commencing with Section 330) applies to any remote
7 caller bingo game that is played or conducted in a city, county, or
8 city and county pursuant to an ordinance enacted under Section
9 19 of Article IV of the California Constitution, if the ordinance
10 allows a remote caller bingo game to be played or conducted only
11 in accordance with the requirements of this section, including the
12 following requirements:

13 (1) The game may be conducted only by the following
14 organizations:

15 (A) An organization that is exempted from the payment of the
16 bank and corporation tax by Section 23701a, 23701b, 23701d,
17 23701e, 23701f, 23701g, 23701k, 23701w, or 23701l of the
18 Revenue and Taxation Code.

19 (B) A mobilehome park association.

20 (C) A senior citizens organization.

21 (D) Charitable organizations affiliated with a school district.

22 (2) The organization conducting the game shall have been
23 incorporated or in existence for three years or more.

24 (3) The organization conducting the game shall be licensed
25 pursuant to subdivision (l) of Section 326.5.

26 (4) The receipts of the game shall be used only for charitable
27 purposes. The organization conducting the game shall determine
28 the disbursement of the net receipts of the game.

29 (5) The operation of bingo may not be the primary purpose for
30 which the organization is organized.

31 (e) (1) A city, county, or city and county may adopt an
32 ordinance in substantially the following form to authorize remote
33 caller bingo in accordance with the requirements of subdivision
34 (b):

35 -

36 Sec. __.01. Legislative Authorization.

37 This chapter is adopted pursuant to Section 19 of Article IV of
38 the California Constitution, as implemented by Sections 326.3 and
39 326.4 of the Penal Code.

40 Sec. __.02. Remote Caller Bingo Authorized.

1 Remote Caller Bingo may be lawfully played in the [City,
2 County, or City and County] pursuant to the provisions of Sections
3 326.3 and 326.4 of the Penal Code, and this chapter, and not
4 otherwise.

5 Sec. ~~__~~.03. Qualified Applicants: Applicants for Licensure.

6 (a) ~~The following organizations are qualified to apply to the~~
7 ~~License Official for a license to operate a bingo game if the receipts~~
8 ~~of those games are used only for charitable purposes:~~

9 (1) ~~An organization exempt from the payment of the Bank and~~
10 ~~Corporation Tax by Section 23701, 23701a, 23701b, 23701d,~~
11 ~~23701e, 23701f, 23701g, 23701k, or 23701w of the Revenue and~~
12 ~~Taxation Code.~~

13 (2) ~~A mobile home park association of a mobile home park that~~
14 ~~is situated in the [City, County, or City and County].~~

15 (3) ~~Senior citizen organizations.~~

16 (4) ~~Charitable organizations affiliated with a school district.~~

17 (b) ~~The application shall be in a form prescribed by the License~~
18 ~~Official and shall be accompanied by a nonrefundable filing fee~~
19 ~~in an amount determined by resolution of the [Governing Body of~~
20 ~~the City, County, or City and County] from time to time. The~~
21 ~~following documentation shall be attached to the application, as~~
22 ~~applicable:~~

23 (1) ~~A certificate issued by the Franchise Tax Board certifying~~
24 ~~that the applicant is exempt from the payment of the Bank and~~
25 ~~Corporation Tax pursuant to Section 23701d of the Revenue and~~
26 ~~Taxation Code.~~

27 (2) ~~Other evidence as the License Official determines is~~
28 ~~necessary to verify that the applicant is a duly organized mobile~~
29 ~~home park association of a mobile home park situated in the [City,~~
30 ~~County, or City and County].~~

31 Sec. ~~__~~.04. License Application: Verification.

32 ~~The license shall not be issued until the License Official has~~
33 ~~verified the facts stated in the application and determined that the~~
34 ~~applicant is qualified.~~

35 Sec. ~~__~~.05. Annual Licenses.

36 ~~A license issued pursuant to this chapter shall be valid until the~~
37 ~~end of the calendar year, at which time the license shall expire. A~~
38 ~~new license shall only be obtained upon filing a new application~~
39 ~~and payment of the license fee. The fact that a license has been~~
40 ~~issued to an applicant creates no vested right on the part of the~~

1 licensee to continue to offer bingo for play. The [Governing Body
2 of the City, County, or City and County] expressly reserves the
3 right to amend or repeal this chapter at any time by resolution. If
4 this chapter is repealed, all licenses issued pursuant to this chapter
5 shall cease to be effective for any purpose on the effective date of
6 the repealing resolution.

7 ~~Sec. 06. Conditions of Licensure.~~

8 (a) Any license issued pursuant to this chapter shall be subject
9 to the conditions contained in Sections 326.3 and 326.4 of the
10 Penal Code, and each licensee shall comply with the requirements
11 of those provisions.

12 (b) Each license issued pursuant to this chapter shall be subject
13 to the following additional conditions:

14 (1) Bingo games shall not be conducted by any licensee on more
15 than one day during any week, except that a licensee may hold
16 one additional game, at its election, in each calendar quarter.

17 (2) The licensed organization is responsible for ensuring that
18 the conditions of this chapter and Sections 326.3 and 326.4 of the
19 Penal Code are complied with by the organization and its officers
20 and members. A violation of any one or more of those conditions
21 or provisions shall constitute cause for the revocation of the
22 organization's license. At the request of the organization, the
23 [Governing Body of the City, County, or City and County] shall
24 hold a public hearing before revoking any license issued pursuant
25 to this chapter.

26 -

27 (2) Nothing in this section shall require a city, county, or city
28 and county to use this model ordinance in order to authorize remote
29 caller bingo.

30 (d) It is a misdemeanor for any person to receive or pay a profit,
31 wage, or salary from any remote caller bingo game, provided that
32 administrative, managerial, technical, financial, and security
33 personnel employed by the organization conducting the bingo
34 game may be paid reasonable fees for services rendered from the
35 revenues of bingo games, as provided in subdivision (m), except
36 that fees paid under those agreements shall not be determined as
37 a percentage of receipts or other revenues from, or be dependant
38 on the outcome of, the game.

39 (e) A violation of subdivision (d) shall be punishable by a fine
40 not to exceed ten thousand dollars (\$10,000), which fine shall be

1 deposited in the general fund of the city, county, or city and county
2 that enacted the ordinance authorizing the remote caller bingo
3 game. A violation of any provision of this section, other than
4 subdivision (d), is a misdemeanor.

5 (f) The city, county, or city and county that enacted the
6 ordinance authorizing the remote caller bingo game, or the Attorney
7 General, may bring an action to enjoin a violation of this section.

8 (g) No minors shall be allowed to participate in any remote
9 caller bingo game.

10 (h) A remote caller bingo game shall not include any site that
11 is not located within this state.

12 (i) An organization authorized to conduct a remote caller bingo
13 game pursuant to subdivision (b) shall conduct the game only on
14 property that is owned or leased by the organization, or the use of
15 which is donated to the organization. Nothing in this subdivision
16 shall be construed to require that the property that is owned or
17 leased by, or the use of which is donated to, the organization be
18 used or leased exclusively by, or donated exclusively to, that
19 organization.

20 (j) (1) All remote caller bingo games shall be open to the public,
21 not just to the members of the authorized organization.

22 (2) No more than 750 players may participate in a remote caller
23 bingo game in a single location.

24 (3) If the Governor of California or the President of the United
25 States declares a state of emergency in response to a natural disaster
26 or other public catastrophe occurring in California, an organization
27 authorized to conduct remote caller bingo games may, while that
28 declaration is in effect, conduct a remote caller bingo game
29 pursuant to this section with more than 750 participants in a single
30 venue if the net proceeds of the game, after deduction of prizes
31 and overhead expenses, are donated to or expended exclusively
32 for the relief of the victims of the disaster or catastrophe, and the
33 organization gives the California Gambling Control Commission
34 at least 10 days' written notice of the intent to conduct that game.

35 (4) An organization authorized to conduct remote caller bingo
36 games shall provide the commission with at least 30 days' advance
37 written notice of its intent to conduct a remote caller bingo game.
38 That notice shall include all of the following:

39 (A) The legal name of the organization and the address of record
40 of the agent upon whom legal notice may be served.

1 ~~(B) The locations of the caller and remote players, whether the~~
2 ~~property is owned by the organization or donated, and if donated,~~
3 ~~by whom.~~
4 ~~(C) The name of the licensed caller and site manager.~~
5 ~~(D) The names of administrative, managerial, technical,~~
6 ~~financial, and security personnel employed.~~
7 ~~(E) The name of the vendor and any person or entity maintaining~~
8 ~~the equipment used to operate and transmit the game.~~
9 ~~(F) The name of the person designated as having a fiduciary~~
10 ~~responsibility for the game pursuant to paragraph (2) of subdivision~~
11 ~~(k).~~
12 ~~(G) The license numbers of all persons specified in~~
13 ~~subparagraphs (A) to (F), inclusive, who are required to be licensed.~~
14 ~~(H) A copy of the local ordinance for any city, county, or city~~
15 ~~and county in which the game will be played. The commission~~
16 ~~shall post the ordinance on its Internet Web site.~~
17 ~~(k) (1) A remote caller bingo game shall be operated and staffed~~
18 ~~only by members of the authorized organization that organized it.~~
19 ~~Those members shall not receive a profit, wage, or salary from~~
20 ~~any remote caller bingo game. Only the organization authorized~~
21 ~~to conduct a remote caller bingo game shall operate that game, or~~
22 ~~participate in the promotion, supervision, or any other phase of a~~
23 ~~remote caller bingo game. Subject to the provisions of subdivision~~
24 ~~(m), this subdivision shall not preclude the employment of~~
25 ~~administrative, managerial, technical, financial, or security~~
26 ~~personnel who are not members of the authorized organization at~~
27 ~~a location participating in the remote caller bingo game by the~~
28 ~~organization conducting the game. Notwithstanding any other~~
29 ~~provisions of law, exclusive or other agreements between the~~
30 ~~authorized organization and other entities or persons to provide~~
31 ~~services in the administration, management, or conduct of the game~~
32 ~~shall not be considered a violation of the prohibition against~~
33 ~~holding a legally cognizable financial interest in the conduct of~~
34 ~~the remote caller bingo game by persons or entities other than the~~
35 ~~charitable organization, or other entity authorized to conduct the~~
36 ~~remote caller bingo games, provided that those persons or entities~~
37 ~~obtain the gambling licenses, the key employee licenses, or the~~
38 ~~work permits required by, and otherwise comply with, Chapter 5~~
39 ~~(commencing with Section 19800) of Division 8 of the Business~~
40 ~~and Professions Code. Fees to be paid under any such agreements~~

1 shall be reasonable and shall not be determined as a percentage of
2 receipts or other revenues from, or be dependent on the outcome
3 of, the game.

4 (2) An organization that conducts a remote caller bingo game
5 shall designate a person as having fiduciary responsibility for the
6 game.

7 (l) No individual, corporation, partnership, or other legal entity,
8 except the organization authorized to conduct or participate in a
9 remote caller bingo game, shall hold a legally cognizable financial
10 interest in the conduct of such a game.

11 (m) An organization authorized to conduct a remote caller bingo
12 game pursuant to this section shall not have overhead costs
13 exceeding 20 percent of gross sales, except that the limitations of
14 this section shall not apply to one-time, nonrecurring capital
15 acquisitions. For purposes of this subdivision, “overhead costs”
16 includes, but is not limited to, amounts paid for rent and equipment
17 leasing and the reasonable fees authorized to be paid to
18 administrative, managerial, technical, financial, and security
19 personnel employed by the organization pursuant to subdivision
20 (d). For the purpose of keeping its overhead costs below 20 percent
21 of gross sales, an authorized organization may elect to deduct all
22 or a portion of the fees paid to financial institutions for the use and
23 processing of credit card sales from the amount of gross revenues
24 awarded for prizes. In that case, the redirected fees for the use and
25 processing of credit card sales shall not be included in “overhead
26 costs” as defined in the California Remote Caller Bingo Act.
27 Additionally, fees paid to financial institutions for the use and
28 processing of credit card sales shall not be deducted from the
29 proceeds retained by the charitable organization.

30 (n) No person shall be allowed to participate in a remote caller
31 bingo game unless the person is physically present at the time and
32 place where the remote caller bingo game is being conducted. A
33 person shall be deemed to be physically present at the place where
34 the remote caller bingo game is being conducted if he or she is
35 present at any of the locations participating in the remote caller
36 bingo game in accordance with this section.

37 (o) (1) An organization shall not cosponsor a remote caller
38 bingo game with one or more other organizations unless one of
39 the following is true:

1 ~~(A) All of the cosponsors are affiliated under the master charter~~
2 ~~or articles and bylaws of a single organization.~~

3 ~~(B) All of the cosponsors are affiliated through an organization~~
4 ~~described in paragraph (1) of subdivision (b), and have the same~~
5 ~~Internal Revenue Service activity code.~~

6 ~~(2) Notwithstanding paragraph (1), a maximum of 10~~
7 ~~unaffiliated organizations described in paragraph (1) of subdivision~~
8 ~~(b) may enter into an agreement to cosponsor a remote caller game,~~
9 ~~provided the game shall have not more than 10 locations.~~

10 ~~(3) An organization shall not conduct remote caller bingo more~~
11 ~~than one day per week.~~

12 ~~(4) Before sponsoring or operating any game authorized under~~
13 ~~paragraph (1) or (2), each of the cosponsoring organizations shall~~
14 ~~have entered into a written agreement, a copy of which shall be~~
15 ~~provided to the commission, setting forth how the expenses and~~
16 ~~proceeds of the game are to be allocated among the participating~~
17 ~~organizations, the bank accounts into which all receipts are to be~~
18 ~~deposited and from which all prizes are to be paid, and how game~~
19 ~~records are to be maintained and subjected to annual audit.~~

20 ~~(p) The value of prizes awarded during the conduct of any~~
21 ~~remote caller bingo game shall not exceed 37 percent of the gross~~
22 ~~receipts for that game. When an authorized organization elects to~~
23 ~~deduct fees paid for the use and processing of credit card sales~~
24 ~~from the amount of gross revenues for that game awarded for~~
25 ~~prizes, the maximum amount of gross revenues that may be~~
26 ~~awarded for prizes shall not exceed 37 percent of the gross receipts~~
27 ~~for that game, less the amount of redirected fees paid for the use~~
28 ~~and processing of credit card sales. Every remote caller bingo game~~
29 ~~shall be played until a winner is declared. Progressive prizes are~~
30 ~~prohibited. The declared winner of a remote caller bingo game~~
31 ~~shall provide his or her identifying information and a mailing~~
32 ~~address to the onsite manager of the remote caller bingo game.~~
33 ~~Prizes shall be paid only by check; no cash prizes shall be paid.~~
34 ~~The organization conducting the remote caller bingo game may~~
35 ~~issue a check to the winner at the time of the game, or may send~~
36 ~~a check to the declared winner by United States Postal Service~~
37 ~~certified mail, return receipt requested. All prize money exceeding~~
38 ~~state and federal exemption limits on prize money shall be subject~~
39 ~~to income tax reporting and withholding requirements under~~
40 ~~applicable state and federal laws and regulations and those reports~~

1 and withholding shall be forwarded, within 10 business days, to
2 the appropriate state or federal agency on behalf of the winner. A
3 report shall accompany the amount withheld identifying the person
4 on whose behalf the money is being sent. Any game interrupted
5 by a transmission failure, electrical outage, or act of God shall be
6 considered void in the location that was affected. A refund for a
7 canceled game or games shall be provided to the purchasers.

8 (q) (1) The California Gambling Control Commission shall
9 regulate remote caller bingo, including, but not limited to, licensure
10 and operation. The commission shall establish reasonable criteria
11 regulating, and shall require the licensure of, the following:

12 (A) Any person who conducts a remote caller bingo game
13 pursuant to this section, including, but not limited to, an employee,
14 a person having fiduciary responsibility for a remote caller bingo
15 game, a site manager, and a bingo caller.

16 (B) Any person who directly or indirectly manufactures,
17 distributes, supplies, vends, leases, or otherwise provides supplies,
18 devices, services, or other equipment designed for use in the
19 playing of a remote caller bingo game by any nonprofit
20 organization.

21 (C) Beginning January 31, 2009, or a later date as may be
22 established by the commission, all persons described in
23 subparagraph (A) or (B) may submit to the commission a letter of
24 intent to submit an application for licensure. The letter shall clearly
25 identify the principal applicant, all categories under which the
26 application will be filed, and the names of all those particular
27 individuals who are applying. Each charitable organization shall
28 provide an estimate of the frequency with which it plans to conduct
29 remote caller bingo operations, including the number of locations.
30 The letter of intent may be withdrawn or updated at any time.

31 (2) (A) The Department of Justice shall conduct background
32 investigations and conduct field enforcement as it relates to remote
33 caller bingo consistent with the Gambling Control Act (Chapter 5
34 (commencing with Section 19800) of Division 8 of the Business
35 and Professions Code) and as specified in regulations promulgated
36 by the commission.

37 (B) Fees to cover background investigation costs shall be paid
38 and accounted for in accordance with Section 19867 of the
39 Business and Professions Code.

1 ~~(3) (A) Every application for a license or approval shall be~~
2 ~~accompanied by a nonrefundable fee, the amount of which shall~~
3 ~~be adopted by the commission by regulation.~~

4 ~~(B) Fees and revenue collected pursuant to this paragraph shall~~
5 ~~be deposited in the California Bingo Fund, which is hereby created~~
6 ~~in the State Treasury. The funds deposited in the California Bingo~~
7 ~~Fund shall be available, upon appropriation by the Legislature, for~~
8 ~~expenditure by the commission and the department exclusively~~
9 ~~for the support of the commission and department in carrying out~~
10 ~~their duties and responsibilities under this section and Section~~
11 ~~326.5.~~

12 ~~(C) A loan is hereby authorized from the Gambling Control~~
13 ~~Fund to the California Bingo Fund on or after January 1, 2009, in~~
14 ~~an amount of up to five hundred thousand dollars (\$500,000) to~~
15 ~~fund operating, personnel, and other startup costs incurred by the~~
16 ~~commission relating to this act. Funds from the California Bingo~~
17 ~~Fund shall be available to the commission upon appropriation by~~
18 ~~the Legislature in the annual Budget Act. The loan shall be subject~~
19 ~~to all of the following conditions:~~

20 ~~(i) The loan shall be repaid to the Gambling Control Fund as~~
21 ~~soon as there is sufficient money in the California Bingo Fund to~~
22 ~~repay the amount loaned, but no later than five years after the date~~
23 ~~of the loan.~~

24 ~~(ii) Interest on the loan shall be paid from the California Bingo~~
25 ~~Fund at the rate accruing to moneys in the Pooled Money~~
26 ~~Investment Account.~~

27 ~~(iii) The terms and conditions of the loan are approved, prior~~
28 ~~to the transfer of funds, by the Department of Finance pursuant to~~
29 ~~appropriate fiscal standards.~~

30 ~~The commission may assess and collect reasonable fees and~~
31 ~~deposits as necessary to defray the costs of regulation and~~
32 ~~oversight.~~

33 ~~(r) The administrative, managerial, technical, financial, and~~
34 ~~security personnel employed by an organization that conducts~~
35 ~~remote caller bingo games shall apply for, obtain, and thereafter~~
36 ~~maintain valid work permits, as defined in Section 19805 of the~~
37 ~~Business and Professions Code.~~

38 ~~(s) An organization that conducts remote caller bingo games~~
39 ~~shall retain records in connection with the remote caller bingo~~
40 ~~game for five years.~~

1 ~~(t) (1) All equipment used for remote caller bingo shall be~~
2 ~~approved in advance by the California Gambling Control~~
3 ~~Commission pursuant to regulations adopted pursuant to~~
4 ~~subdivision (r) of Section 19841 of the Business and Professions~~
5 ~~Code.~~

6 ~~(2) The California Gambling Control Commission shall monitor~~
7 ~~operation of the transmission and other equipment used for remote~~
8 ~~caller bingo, and monitor the game.~~

9 ~~(u) (1) As used in this section, “remote caller bingo game”~~
10 ~~means a game of bingo, as defined in subdivision (o) of Section~~
11 ~~326.5, in which the numbers or symbols on randomly drawn plastic~~
12 ~~balls are announced by a natural person present at the site at which~~
13 ~~the live game is conducted, and the organization conducting the~~
14 ~~bingo game uses audio and video technology to link any of its~~
15 ~~in-state facilities for the purpose of transmitting the remote calling~~
16 ~~of a live bingo game from a single location to multiple locations~~
17 ~~owned, leased, or rented by that organization, or as described in~~
18 ~~subdivision (o) of this section. The audio or video technology used~~
19 ~~to link the facilities may include cable, Internet, satellite,~~
20 ~~broadband, or telephone technology, or any other means of~~
21 ~~electronic transmission that ensures the secure, accurate, and~~
22 ~~simultaneous transmission of the announcement of numbers or~~
23 ~~symbols in the game from the location at which the game is called~~
24 ~~by a natural person to the remote location or locations at which~~
25 ~~players may participate in the game. The drawing of each ball~~
26 ~~bearing a number or symbol by the natural person calling the game~~
27 ~~shall be visible to all players as the ball is drawn, including through~~
28 ~~a simultaneous live video feed at remote locations at which players~~
29 ~~may participate in the game.~~

30 ~~(2) The caller in the live game must be licensed by the California~~
31 ~~Gambling Control Commission. A game may be called by a~~
32 ~~nonlicensed caller if the drawing of balls and calling of numbers~~
33 ~~or symbols by that person is observed and personally supervised~~
34 ~~by a licensed caller.~~

35 ~~(3) Remote caller bingo games shall be played using traditional~~
36 ~~paper or other tangible bingo cards and daubers, and shall not be~~
37 ~~played by using electronic devices, except card-minding devices,~~
38 ~~as described in paragraph (1) of subdivision (p) of Section 326.5.~~

39 ~~(4) Prior to conducting a remote caller bingo game, the~~
40 ~~organization that conducts remote caller bingo shall submit to the~~

1 ~~commission the controls, methodology, and standards of game~~
2 ~~play, which shall include, but not be limited to, the equipment used~~
3 ~~to select bingo numbers and create or originate cards, control or~~
4 ~~maintenance, distribution to participating locations, and distribution~~
5 ~~to players. Those controls, methodologies, and standards shall be~~
6 ~~subject to prior approval by the commission, provided that the~~
7 ~~controls shall be deemed approved by the commission after 90~~
8 ~~days from the date of submission unless disapproved.~~

9 ~~(v) A location shall not be eligible to participate in a remote~~
10 ~~caller bingo game if bingo games are conducted at that location~~
11 ~~in violation of Section 326.5 or any regulation adopted by the~~
12 ~~commission pursuant to Section 19841 of the Business and~~
13 ~~Professions Code, including, but not limited to, a location at which~~
14 ~~unlawful electronic devices are used.~~

15 ~~(w) (1) The vendor of the equipment used in a remote caller~~
16 ~~bingo game shall have its books and records audited at least~~
17 ~~annually by an independent California certified public accountant~~
18 ~~and shall submit the results of that audit to the California Gambling~~
19 ~~Control Commission within 120 days after the close of the vendor's~~
20 ~~fiscal year. In addition, the California Gambling Control~~
21 ~~Commission may audit the books and records of the vendor at any~~
22 ~~time.~~

23 ~~(2) An authorized organization that conducts remote caller bingo~~
24 ~~games shall provide copies of the records pertaining to those games~~
25 ~~to the California Gambling Control Commission within 30 days~~
26 ~~after the end of each calendar quarter. In addition, those records~~
27 ~~shall be audited by an independent California certified public~~
28 ~~accountant at least annually and copies of the audit reports shall~~
29 ~~be provided to the California Gambling Control Commission within~~
30 ~~120 days after the close of the organization's fiscal year. The audit~~
31 ~~report shall account for the annual amount of fees paid to financial~~
32 ~~institutions for the use and processing of credit card sales by the~~
33 ~~authorized organization and the amount of fees for the use and~~
34 ~~processing of credit card sales redirected from "overhead costs"~~
35 ~~and deducted from the amount of gross revenues awarded for~~
36 ~~prizes.~~

37 ~~(3) The costs of the licensing and audits required by this section~~
38 ~~shall be borne by the person or entity required to be licensed or~~
39 ~~audited. The audit shall enumerate the receipts for remote caller~~
40 ~~bingo, the prizes disbursed, the overhead costs, and the amount~~

1 retained by the nonprofit organization. The commission may audit
2 the books and records of an organization that conducts remote
3 caller bingo games at any time.

4 (4) If, during an audit, the commission identifies practices in
5 violation of this section, the license for the audited entity may be
6 suspended pending review and hearing before the commission for
7 a final determination.

8 (5) No audit required to be conducted by the commission shall
9 commence before January 1, 2010.

10 (x) (1) The provisions of this section are severable. If any
11 provision of this section or its application is held invalid, that
12 invalidity shall not affect other provisions or applications that can
13 be given effect without the invalid provision or application.

14 (2) Notwithstanding paragraph (1), if paragraph (1) or (3) of
15 subdivision (u), or the application of either of those provisions, is
16 held invalid, this entire section shall be invalid.

17 (y) The commission shall submit a report to the Legislature, on
18 or before January 1, 2012, on the fundraising effectiveness and
19 regulation of remote caller bingo, and other matters that are relevant
20 to the public interest regarding remote caller bingo.

21 (z) The following definitions apply for purposes of this section:

22 (1) "Commission" means the California Gambling Control
23 Commission.

24 (2) "Person" includes a natural person, corporation, limited
25 liability company, partnership, trust, joint venture, association, or
26 any other business organization.