

AMENDED IN SENATE JUNE 18, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1924

Introduced by Assembly Member Jeffries

February 12, 2008

An act to amend Section 326.5 of the Penal Code, relating to bingo.

LEGISLATIVE COUNSEL'S DIGEST

AB 1924, as amended, Jeffries. Charitable bingo: overhead.

The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. Existing law requires that the proceeds of bingo games be used only for charitable purposes, with certain exceptions, including an exception providing that no more than 20% of the proceeds before the deduction for prizes, or \$2,000 per month, whichever is less, may be used for the rental of property and for overhead.

This bill, *with respect to bingo games that are not conducted at a bingo parlor, as defined*, would ~~change~~ increase the amount of bingo proceeds that may be used for rental and overhead as described above to 20% of the proceeds before the deduction for prizes, or \$3,000 per month, whichever is less. *The bill would prohibit that increase from being used to purchase or lease electronic gambling equipment.*

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

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

1 SECTION 1. Section 326.5 of the Penal Code is amended to
2 read:

1 326.5. (a) Neither this chapter nor Chapter 10 (commencing
2 with Section 330) applies to any bingo game that is conducted in
3 a city, county, or city and county pursuant to an ordinance enacted
4 under Section 19 of Article IV of the State Constitution, if both of
5 the following requirements are met:

6 (1) The ordinance allows games to be conducted only by
7 organizations exempted from the payment of the bank and
8 corporation tax by Sections 23701a, 23701b, 23701d, 23701e,
9 23701f, 23701g, and 23701l of the Revenue and Taxation Code,
10 and by mobilehome park associations and senior citizens
11 organizations.

12 (2) The receipts of those games are used only for charitable
13 purposes.

14 (b) It is a misdemeanor for any person to receive or pay a profit,
15 wage, or salary from any bingo game authorized by Section 19 of
16 Article IV of the State Constitution. Security personnel employed
17 by the organization conducting the bingo game may be paid from
18 the revenues of bingo games, as provided in subdivisions (j) and
19 (k).

20 (c) A violation of subdivision (b) shall be punishable by a fine
21 not to exceed ten thousand dollars (\$10,000), which fine shall be
22 deposited in the general fund of the city, county, or city and county
23 that enacted the ordinance authorizing the bingo game. A violation
24 of any provision of this section, other than subdivision (b), is a
25 misdemeanor.

26 (d) The city, county, or city and county that enacted the
27 ordinance authorizing the bingo game may bring an action to enjoin
28 a violation of this section.

29 (e) No minors shall be allowed to participate in any bingo game.

30 (f) An organization authorized to conduct bingo games pursuant
31 to subdivision (a) shall conduct a bingo game only on property
32 owned or leased by it, or property whose use is donated to the
33 organization, and which property is used by that organization for
34 an office or for performance of the purposes for which the
35 organization is organized. Nothing in this subdivision shall be
36 construed to require that the property owned or leased by, or whose
37 use is donated to, the organization be used or leased exclusively
38 by, or donated exclusively to, that organization.

39 (g) All bingo games shall be open to the public, not just to the
40 members of the authorized organization.

(h) A bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a bingo game shall operate such a game, or participate in the promotion, supervision, or any other phase of a bingo game. This subdivision does not preclude the employment of security personnel who are not members of the authorized organization at a bingo game by the organization conducting the game.

(i) No individual, corporation, partnership, or other legal entity, except the organization authorized to conduct a bingo game, shall hold a financial interest in the conduct of a bingo game.

(j) With respect to organizations exempt from payment of the bank and corporation tax by Section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes.

(k) With respect to other organizations authorized to conduct bingo games pursuant to this section, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Proceeds are the receipts of bingo games conducted by organizations not within subdivision (j). Those proceeds shall be used only for charitable purposes, except as follows:

(1) The proceeds may be used for prizes.

~~(2) A~~

(2) (A) *With respect to bingo games that are not conducted at a bingo parlor, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or three thousand dollars (\$3,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel.*

(B) *With respect to bingo games that are conducted at a bingo parlor, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or two thousand dollars (\$2,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo*

1 equipment, administrative expenses, security equipment, and
2 security personnel.

3 (C) For the purposes of this paragraph, “bingo parlor” means
4 a location that is not owned by an organization specified in
5 paragraph (1) of subdivision (a) and that is made available to
6 organizations for the conduct of bingo games pursuant to this
7 section.

8 (D) The increase enacted by Assembly Bill 1924 of the 2007–08
9 Regular Session in the amount of proceeds of bingo games that
10 may be used for the rental of property and for overhead, as
11 specified in subparagraph (A), shall not be used to purchase or
12 lease electronic gambling equipment.

13 (3) The proceeds may be used to pay license fees.

14 (4) A city, county, or city and county that enacts an ordinance
15 permitting bingo games may specify in the ordinance that if the
16 monthly gross receipts from bingo games of an organization within
17 this subdivision exceed five thousand dollars (\$5,000), a minimum
18 percentage of the proceeds shall be used only for charitable
19 purposes not relating to the conducting of bingo games and that
20 the balance shall be used for prizes, rental of property, overhead,
21 administrative expenses, and payment of license fees. The amount
22 of proceeds used for rental of property, overhead, and
23 administrative expenses is subject to the limitations specified in
24 paragraph (2).

25 (I) (1) A city, county, or city and county may impose a license
26 fee on each organization that it authorizes to conduct bingo games.
27 The fee, whether for the initial license or renewal, shall not exceed
28 fifty dollars (\$50) annually, except as provided in paragraph (2).
29 If an application for a license is denied, one-half of any license
30 fee paid shall be refunded to the organization.

31 (2) In lieu of the license fee permitted under paragraph (1), a
32 city, county, or city and county may impose a license fee of fifty
33 dollars (\$50) paid upon application. If an application for a license
34 is denied, one-half of the application fee shall be refunded to the
35 organization. An additional fee for law enforcement and public
36 safety costs incurred by the city, county, or city and county that
37 are directly related to bingo activities may be imposed and shall
38 be collected monthly by the city, county, or city and county issuing
39 the license; however, the fee shall not exceed the actual costs
40 incurred in providing the service.

1 (m) No person shall be allowed to participate in a bingo game
2 unless the person is physically present at the time and place where
3 the bingo game is being conducted.

4 (n) The total value of prizes awarded during the conduct of any
5 bingo games shall not exceed two hundred fifty dollars (\$250) in
6 cash or kind, or both, for each separate game which is held.

7 (o) As used in this section, “bingo” means a game of chance in
8 which prizes are awarded on the basis of designated numbers or
9 symbols on a card that conform to numbers or symbols selected
10 at random. Notwithstanding Section 330c, as used in this section,
11 the game of bingo includes cards having numbers or symbols that
12 are concealed and preprinted in a manner providing for distribution
13 of prizes. The winning cards shall not be known prior to the game
14 by any person participating in the playing or operation of the bingo
15 game. All preprinted cards shall bear the legend, “for sale or use
16 only in a bingo game authorized under California law and pursuant
17 to local ordinance.” It is the intention of the Legislature that bingo
18 as defined in this subdivision applies exclusively to this section
19 and shall not be applied in the construction or enforcement of any
20 other provision of law.