

AMENDED IN SENATE MARCH 25, 2009

SENATE BILL

No. 126

Introduced by Senator Cedillo

February 5, 2009

An act to amend Sections 326.3 and 326.5 of the Penal Code, relating to bingo, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 126, as amended, Cedillo. Bingo: remote caller bingo.

The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. Existing law permits cities and counties to allow bingo games and remote caller bingo games, as defined, to be conducted by specified organizations for charitable purposes. Existing law includes school districts among the organizations authorized to conduct bingo games, and includes charitable organizations affiliated with a school district among the organizations authorized to conduct remote caller bingo games.

This bill would delete the reference to school districts in the provisions specifying the organizations that may conduct bingo games and would instead authorize charitable organizations affiliated with a school district to conduct bingo games.

Existing law requires the California Gambling Control Commission to establish reasonable criteria regulating, and to require the licensure and regulation of, specified persons, including any person who provides services or equipment designed for use in the playing of remote caller bingo games by any nonprofit organization registered to conduct those bingo games.

This bill would, instead, require the commission to establish criteria to regulate and license, as described above, any person who provides services or equipment designed for use in the playing of remote caller bingo games by any nonprofit organization, regardless of whether the organization is registered to conduct those bingo games.

Existing law requires the commission to establish reasonable criteria for, and to require the licensure and regulation of, any person who provides card-minding devices or other equipment or services designed for use in the playing of bingo games by any nonprofit organization registered to conduct bingo games.

This bill would delete the requirement that the commission establish criteria for the registration of the persons described above. The bill would apply the above requirement regarding criteria for licensure to any person who provides card-minding devices or other equipment or services related to card-minding devices designed for use in the playing of bingo games by any nonprofit organization, regardless of whether the organization is registered to conduct bingo games.

This bill would make various technical, nonsubstantive changes to the provisions governing remote caller bingo games.

This bill would declare that it is to take effect immediately as an urgency statute.

*Vote: $\frac{2}{3}$. 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 326.3 of the Penal Code is amended to
- 2 read:
- 3 326.3. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) Nonprofit organizations provide important and essential
- 6 educational, philanthropic, and social services to the people of the
- 7 State of California.
- 8 (2) One of the great strengths of California is a vibrant nonprofit
- 9 sector.
- 10 (3) Nonprofit and philanthropic organizations touch the lives
- 11 of every Californian through service and employment.
- 12 (4) Many of these services would not be available if nonprofit
- 13 organizations did not provide them.

1 (5) There is a need to provide methods of fundraising to
2 nonprofit organizations to enable them to provide these essential
3 services.

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

7 (7) Legislation is needed to provide greater revenues for
8 nonprofit organizations to enable them to fulfill their charitable
9 purposes, and especially to meet their increasing social service
10 obligations.

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

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

23 (1) The game may be conducted only by the following
24 organizations:

25 (A) An organization that is exempted from the payment of the
26 bank and corporation tax by Section 23701a, 23701b, 23701d,
27 23701e, 23701f, 23701g, 23701k, 23701w, or 23701l of the
28 Revenue and Taxation Code.

29 (B) A mobilehome park association.

30 (C) A senior citizens organization.

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

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

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

36 (4) The receipts of the game shall be used only for charitable
37 purposes. The organization conducting the game shall determine
38 the disbursement of the net receipts of the game.

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

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

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

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

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

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

(h) An organization authorized to conduct a remote caller bingo game pursuant to subdivision (b) shall conduct the game only on property that is owned or leased by the organization, or the use of which is donated to the organization, provided that the operation of bingo games may not be a primary purpose for which the organization is organized. Nothing in this subdivision shall be construed to require that the property that is owned or leased by, or the use of which is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

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

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

(3) If the Governor of California or the President of the United States declares a state of emergency in response to a natural disaster or other public catastrophe occurring in California, an organization authorized to conduct remote caller bingo games may, while that declaration is in effect, conduct those games pursuant to this section

with more than 750 participants in a single venue if the net proceeds of the games, after deduction of prizes and overhead expenses, are donated to or expended exclusively for the relief of the victims of the disaster or catastrophe, and the organization gives the California Gambling Control Commission at least 10 days' written notice of the intent to conduct those games.

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

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

(B) The locations of the caller and remote players, whether the property is owned by the organization or donated, and if donated, by whom.

(C) The name of the licensed caller and site manager.

(D) The names of administrative, managerial, technical, financial, and security personnel employed.

(E) The name of the vendor and any person or entity maintaining the equipment used to operate and transmit the game.

(F) The name of the person designated as having a fiduciary responsibility for the game pursuant to paragraph (2) of subdivision (j).

(G) The license numbers of all persons specified in subparagraphs (A) to (F), inclusive, who are required to be licensed.

(H) A copy of the local ordinance for the counties in which the game will be played. The commission shall post the ordinance on its Internet Web site.

(j) (1) A remote caller 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 remote caller bingo game. Only the organization authorized to conduct a remote caller bingo game shall operate that game, or participate in the promotion, supervision, or any other phase of a remote caller bingo game. Subject to the provisions of subdivision (l), this subdivision shall not preclude the employment of administrative, managerial, technical, financial, or security personnel who are not members of the authorized organization at a location participating in the remote caller bingo game by the organization conducting the game. Notwithstanding any other

1 provisions of law, exclusive or other agreements between the
2 authorized organization and other entities or persons to provide
3 services in the administration, management, or conduct of the game
4 shall not be considered a violation of the prohibition against
5 holding a legally cognizable financial interest in the conduct of
6 the remote caller bingo game by persons or entities other than the
7 charitable organization, or other entity authorized to conduct the
8 remote caller bingo games, provided that those persons or entities
9 obtain the gambling licenses, the key employee licenses, or the
10 work permits required by, and otherwise comply with, Chapter 5
11 (commencing with Section 19800) of Division 8 of the Business
12 and Professions Code. Fees to be paid under any such agreements
13 shall be reasonable and shall not be determined as a percentage of
14 receipts or other revenues from, or be dependent on the outcome
15 of, the game.

16 (2) An organization that conducts a remote caller bingo game
17 shall designate a person as having fiduciary responsibility for the
18 game.

19 (k) No individual, corporation, partnership, or other legal entity,
20 except the organization authorized to conduct or participate in a
21 remote caller bingo game, shall hold a legally cognizable financial
22 interest in the conduct of such a game.

23 (l) An organization authorized to conduct a remote caller bingo
24 game pursuant to this section shall not have overhead costs
25 exceeding 20 percent of gross sales, except that the limitations of
26 this section shall not apply to one-time, nonrecurring capital
27 acquisitions. For purposes of this subdivision, “overhead costs”
28 includes, but is not limited to, amounts paid for rent and equipment
29 leasing and the reasonable fees authorized to be paid to
30 administrative, managerial, technical, financial, and security
31 personnel employed by the organization pursuant to subdivision
32 (c).

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

1 (n) (1) An organization shall not cosponsor a remote caller
2 bingo game with one or more other organizations unless one of
3 the following is true:

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

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

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

13 (3) An organization shall not conduct remote caller bingo more
14 than one day per week.

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

23 (o) The value of prizes awarded during the conduct of any
24 remote caller bingo game shall not exceed 37 percent of the gross
25 receipts for that game. Every remote caller bingo game shall be
26 played until a winner is declared. Progressive prizes are prohibited.
27 The declared winner of a remote caller bingo game shall provide
28 his or her identifying information and a mailing address to the
29 onsite manager of the remote caller bingo game. Prizes shall be
30 paid only by check; no cash prizes shall be paid. The organization
31 conducting the remote caller bingo game may issue a check to the
32 winner at the time of the game, or may send a check to the declared
33 winner by United States Postal Service certified mail, return receipt
34 requested. All prize money exceeding state and federal exemption
35 limits on prize money shall be subject to income tax reporting and
36 withholding requirements under applicable state and federal laws
37 and regulations and those reports and withholding shall be
38 forwarded, within 10 business days, to the appropriate state or
39 federal agency on behalf of the winner. A report shall accompany
40 the amount withheld identifying the person on whose behalf the

1 money is being sent. Any game interrupted by a transmission
2 failure, electrical outage, or act of God shall be considered void
3 in the location that was affected. A refund for a canceled game or
4 games shall be provided to the purchasers.

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

10 (A) Any person who conducts remote caller bingo games
11 pursuant to this section, including, but not limited to, owners,
12 employees, persons having fiduciary responsibility for remote
13 caller bingo games, site managers, and bingo callers.

14 (B) Any person who directly or indirectly manufactures,
15 distributes, supplies, vends, leases, or otherwise provides supplies,
16 devices, services, or other equipment designed for use in the
17 playing of remote caller bingo games by any nonprofit organization
18 ~~registered to conduct those bingo games.~~

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

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

36 (B) Fees to cover background investigation costs shall be paid
37 and accounted for in accordance with Section 19867 of the
38 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 (q) 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 (r) 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 (s) (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 (t) (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 (n). The audio or video technology used to link the
19 facilities may include cable, Internet, satellite, broadband, or
20 telephone technology, or any other means of electronic
21 transmission that ensures the secure, accurate, and simultaneous
22 transmission of the announcement of numbers or symbols in the
23 game from the location at which the game is called by a natural
24 person to the remote location or locations at which players may
25 participate in the game. The drawing of each ball bearing a number
26 or symbol by the natural person calling the game shall be visible
27 to all players as the ball is drawn, including through a simultaneous
28 live video feed at remote locations at which players may participate
29 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 (u) 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 (v) (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 shall audit the books and records of the vendor at any
22 time.

23 (2) An organization that conducts remote caller bingo games
24 shall provide copies of the records pertaining to those games to
25 the California Gambling Control Commission within 30 days after
26 the end of each calendar quarter. In addition, those records shall
27 be audited by an independent California certified public accountant
28 at least annually and copies of the audit reports shall be provided
29 to the California Gambling Control Commission within 120 days
30 after the close of the organization's fiscal year.

31 (3) The costs of the licensing and audits required by this section
32 shall be borne by the person or entity required to be licensed or
33 audited. The audit shall enumerate the receipts for remote caller
34 bingo, the prizes disbursed, the overhead costs, and the amount
35 retained by the nonprofit organization. The commission may audit
36 the books and records of an organization that conducts remote
37 caller bingo games at any time.

38 (4) If, during an audit, the commission identifies practices in
39 violation of this section, the license for the audited entity may be

1 suspended pending review and hearing before the commission for
2 a final determination.

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

5 (w) (1) The provisions of this section are severable. If any
6 provision of this section or its application is held invalid, that
7 invalidity shall not affect other provisions or applications that can
8 be given effect without the invalid provision or application.

9 (2) Notwithstanding paragraph (1), if paragraph (1) or (3) of
10 subdivision (t), or the application of either of those provisions, is
11 held invalid, this entire section shall be invalid.

12 (x) The commission shall submit a report to the Legislature, on
13 or before January 1, 2012, on the fundraising effectiveness and
14 regulation of remote caller bingo, and other matters that are relevant
15 to the public interest regarding remote caller bingo.

16 (y) The following definitions apply for purposes of this section:

17 (1) "Commission" means the California Gambling Control
18 Commission.

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

22 SEC. 2. Section 326.5 of the Penal Code is amended to read:

23 326.5. (a) Neither the prohibition on gambling in this chapter
24 nor in Chapter 10 (commencing with Section 330) applies to any
25 bingo game that is conducted in a city, county, or city and county
26 pursuant to an ordinance enacted under Section 19 of Article IV
27 of the State Constitution, if the ordinance allows games to be
28 conducted only in accordance with this section and only by
29 organizations exempted from the payment of the bank and
30 corporation tax by Sections 23701a, 23701b, 23701d, 23701e,
31 23701f, 23701g, 23701k, 23701w, and 23701l of the Revenue and
32 Taxation Code and by mobilehome park associations, senior
33 citizens organizations, and charitable organizations affiliated with
34 a school district; and if the receipts of those games are used only
35 for charitable purposes.

36 (b) It is a misdemeanor for any person to receive or pay a profit,
37 wage, or salary from any bingo game authorized by Section 19 of
38 Article IV of the State Constitution. Security personnel employed
39 by the organization conducting the bingo game may be paid from

1 the revenues of bingo games, as provided in subdivisions (j) and
2 (k).

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

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

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

13 (f) An organization authorized to conduct bingo games pursuant
14 to subdivision (a) shall conduct a bingo game only on property
15 owned or leased by it, or property whose use is donated to the
16 organization, and which property is used by that organization for
17 an office or for performance of the purposes for which the
18 organization is organized. Nothing in this subdivision shall be
19 construed to require that the property owned or leased by, or whose
20 use is donated to, the organization be used or leased exclusively
21 by, or donated exclusively to, that organization.

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

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

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

36 (j) With respect to organizations exempt from payment of the
37 bank and corporation tax by Section 23701d of the Revenue and
38 Taxation Code, all profits derived from a bingo game shall be kept
39 in a special fund or account and shall not be commingled with any

1 other fund or account. Those profits shall be used only for
2 charitable purposes.

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

10 (1) The proceeds may be used for prizes.

11 (2) (A) Except as provided in subparagraph (B), a portion of
12 the proceeds, not to exceed 20 percent of the proceeds before the
13 deduction for prizes, or two thousand dollars (\$2,000) per month,
14 whichever is less, may be used for the rental of property and for
15 overhead, including the purchase of bingo equipment,
16 administrative expenses, security equipment, and security
17 personnel.

18 (B) For the purposes of bingo games conducted by the Lake
19 Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20
20 percent of the proceeds before the deduction for prizes, or three
21 thousand dollars (\$3,000) per month, whichever is less, may be
22 used for the rental of property and for overhead, including the
23 purchase of bingo equipment, administrative expenses, security
24 equipment, and security personnel. Any amount of the proceeds
25 that is additional to that permitted under subparagraph (A), up to
26 one thousand dollars (\$1,000), shall be used for the purpose of
27 financing the rebuilding of the facility and the replacement of
28 equipment that was destroyed by fire in 2007. The exception to
29 subparagraph (A) that is provided by this subparagraph shall remain
30 in effect only until the cost of rebuilding the facility is repaid, or
31 January 1, 2019, whichever occurs first.

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

33 (4) A city, county, or city and county that enacts an ordinance
34 permitting bingo games may specify in the ordinance that if the
35 monthly gross receipts from bingo games of an organization within
36 this subdivision exceed five thousand dollars (\$5,000), a minimum
37 percentage of the proceeds shall be used only for charitable
38 purposes not relating to the conducting of bingo games and that
39 the balance shall be used for prizes, rental of property, overhead,
40 administrative expenses, and payment of license fees. The amount

1 of proceeds used for rental of property, overhead, and
2 administrative expenses is subject to the limitations specified in
3 paragraph (2).

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

10 (2) In lieu of the license fee permitted under paragraph (1), a
11 city, county, or city and county may impose a license fee of fifty
12 dollars (\$50) paid upon application. If an application for a license
13 is denied, one-half of the application fee shall be refunded to the
14 organization. An additional fee for law enforcement and public
15 safety costs incurred by the city, county, or city and county that
16 are directly related to bingo activities may be imposed and shall
17 be collected monthly by the city, county, or city and county issuing
18 the license; however, the fee shall not exceed the actual costs
19 incurred in providing the service.

20 (m) No person shall be allowed to participate in a bingo game,
21 unless the person is physically present at the time and place where
22 the bingo game is being conducted.

23 (n) The total value of prizes available to be awarded during the
24 conduct of any bingo games shall not exceed five hundred dollars
25 (\$500) in cash or kind, or both, for each separate game which is
26 held.

27 (o) As used in this section, “bingo” means a game of chance in
28 which prizes are awarded on the basis of designated numbers or
29 symbols that are marked or covered by the player on a tangible
30 card in the player’s possession and that conform to numbers or
31 symbols, selected at random and announced by a live caller.
32 Notwithstanding Section 330c, as used in this section, the game
33 of bingo includes tangible cards having numbers or symbols that
34 are concealed and preprinted in a manner providing for distribution
35 of prizes. Electronics or video displays shall not be used in
36 connection with the game of bingo, except in connection with the
37 caller’s drawing of numbers or symbols and the public display of
38 that drawing, and except as provided in subdivision (p). The
39 winning cards shall not be known prior to the game by any person
40 participating in the playing or operation of the bingo game. All

preprinted cards shall bear the legend, “for sale or use only in a bingo game authorized under California law and pursuant to local ordinance.” Only a covered or marked tangible card possessed by a player and presented to an attendant may be used to claim a prize. It is the intention of the Legislature that bingo as defined in this subdivision applies exclusively to this section and shall not be applied in the construction or enforcement of any other provision of law.

(p) (1) Players who are physically present at a bingo game may use hand-held, portable card-minding devices, as described in this subdivision, to assist in monitoring the numbers or symbols announced by a live caller as those numbers or symbols are called in a live game. Card-minding devices may not be used in connection with any game where a bingo card may be sold or distributed after the start of the ball draw for that game. A card-minding device shall do all of the following:

(A) Be capable of storing in the memory of the device bingo faces of tangible cards purchased by a player.

(B) Provide a means for bingo players to input manually each individual number or symbol announced by a live caller.

(C) Compare the numbers or symbols entered by the player to the bingo faces previously stored in the memory of the device.

(D) Identify winning bingo patterns that exist on the stored bingo faces.

(2) A card-minding device shall perform no functions involving the play of the game other than those described in paragraph (1). Card-minding devices shall not do any of the following:

(A) Be capable of accepting or dispensing any coins, currency, or other representative of value or on which value has been encoded.

(B) Be capable of monitoring any bingo card face other than the faces of the tangible bingo card or cards purchased by the player for that game.

(C) Display or represent the game result through any means, including, but not limited to, video or mechanical reels or other slot machine or casino game themes, other than highlighting the winning numbers or symbols marked or covered on the tangible bingo cards or giving an audio alert that the player’s card has a prize-winning pattern.

(D) Determine the outcome of any game or be physically or electronically connected to any component that determines the outcome of a game or to any other bingo equipment, including, but not limited to, the ball call station, or to any other card-minding device. No other player-operated or player-activated electronic or electromechanical device or equipment is permitted to be used in connection with a bingo game.

(3) (A) A card-minding device shall be approved in advance by the commission as meeting the requirements of ~~Section 326.5~~ *this section* and any additional requirements stated in regulations adopted by the commission. Any proposed material change to the device, including any change to the software used by the device, shall be submitted to the commission and approved by the commission prior to implementation.

(B) In accordance with Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code, the commission shall establish reasonable criteria for, and require the licensure ~~and registration~~ of, any person that directly or indirectly ~~manufacturers~~ *manufactures*, distributes, supplies, vends, leases, or otherwise provides card-minding devices or other supplies, equipment, or services *related to card-minding devices* designed for use in the playing of bingo games by any nonprofit organization ~~registered to conduct bingo games~~.

(C) A person or entity that supplies or services any card-minding device shall meet all licensing or registration requirements established by the commission in regulations.

(4) The costs of any testing, certification, license, or determination required by this subdivision shall be borne by the person or entity seeking it.

(5) On and after January 1, 2010, the commission and the Department of Justice may inspect all card-minding devices at any time without notice, and may immediately prohibit the use of any device that does not comply with the requirements of subdivision (r) of Section 19841 of the Business and Professions Code. The Department of Justice may at any time, without notice, impound any device the use of which has been prohibited by the commission.

(6) The California Gambling Control Commission shall issue regulations to implement the requirements of this subdivision and may issue regulations regarding the means by which the operator of a bingo game, as required by applicable law, may offer

1 assistance to a player with disabilities in order to enable that player
2 to participate in a bingo game, provided that the means of providing
3 that assistance shall not be through any electronic,
4 electromechanical, or other device or equipment that accepts the
5 insertion of any coin, currency, token, credit card, or other means
6 of transmitting value, and does not constitute or is not a part of a
7 system that constitutes a video lottery terminal, slot machine, or
8 ~~devices~~ device prohibited by Chapter 10 (commencing with Section
9 330).

10 (7) The following definitions apply for purposes of this
11 subdivision:

12 (A) "Commission" means the California Gambling Control
13 Commission.

14 (B) "Person" includes a natural person, corporation, limited
15 liability company, partnership, trust, joint venture, association, or
16 any other business organization.

17 SEC. 3. This act is an urgency statute necessary for the
18 immediate preservation of the public peace, health, or safety within
19 the meaning of Article IV of the Constitution and shall go into
20 immediate effect. The facts constituting the necessity are:

21 In order to ensure that bingo games are adequately regulated and
22 that appropriate charitable organizations may conduct fundraising
23 through bingo games at the earliest possible time, it is necessary
24 that this act take effect immediately.