

AMENDED IN SENATE APRIL 16, 2009

AMENDED IN SENATE MARCH 25, 2009

**SENATE BILL**

**No. 126**

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**Introduced by Senator Cedillo**

February 5, 2009

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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 delete the requirement that the commission establish criteria for the registration of the persons described above.~~

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: 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.

1 (4) Many of these services would not be available if nonprofit  
2 organizations did not provide them.

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

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

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

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

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

25 (1) The game may be conducted only by the following  
26 organizations:

27 (A) An organization that is exempted from the payment of the  
28 bank and corporation tax by Section 23701a, 23701b, 23701d,  
29 23701e, 23701f, 23701g, 23701k, 23701w, or 23701l of the  
30 Revenue and Taxation Code.

31 (B) A mobilehome park association.

32 (C) A senior citizens organization.

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (3) If the Governor of California or the President of the United  
39 States declares a state of emergency in response to a natural disaster  
40 or other public catastrophe occurring in California, an organization

1 authorized to conduct remote caller bingo games may, while that  
 2 declaration is in effect, conduct ~~those games~~ *a remote caller bingo*  
 3 *game* pursuant to this section with more than 750 participants in  
 4 a single venue if the net proceeds of the ~~games~~ *game*, after  
 5 deduction of prizes and overhead expenses, are donated to or  
 6 expended exclusively for the relief of the victims of the disaster  
 7 or catastrophe, and the organization gives the California Gambling  
 8 Control Commission at least 10 days' written notice of the intent  
 9 to conduct ~~those games~~ *that game*.

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

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

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

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

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

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

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

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

29 (H) A copy of the local ordinance for the ~~counties~~ *city, county,*  
 30 *or city and county* in which the game will be played. The  
 31 commission shall post the ordinance on its Internet Web site.

32 (j) (1) A remote caller bingo game shall be operated and staffed  
 33 only by members of the authorized organization that organized it.  
 34 Those members shall not receive a profit, wage, or salary from  
 35 any remote caller bingo game. Only the organization authorized  
 36 to conduct a remote caller bingo game shall operate that game, or  
 37 participate in the promotion, supervision, or any other phase of a  
 38 remote caller bingo game. Subject to the provisions of subdivision  
 39 (l), this subdivision shall not preclude the employment of  
 40 administrative, managerial, technical, financial, or security

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

19 (2) An organization that conducts a remote caller bingo game  
20 shall designate a person as having fiduciary responsibility for the  
21 game.

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

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

36 (m) No person shall be allowed to participate in a remote caller  
37 bingo game unless the person is physically present at the time and  
38 place where the remote caller bingo game is being conducted. A  
39 person shall be deemed to be physically present at the place where  
40 the remote caller bingo game is being conducted if he or she is

1 present at any of the locations participating in the remote caller  
2 bingo game in accordance with this section.

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

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

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

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

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

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

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

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

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

12 (A) Any person who conducts ~~remote caller bingo games a~~  
13 *remote caller bingo game* pursuant to this section, including, but  
14 not limited to, ~~owners, employees, persons having fiduciary~~  
15 ~~responsibility for remote caller bingo games, site managers, and~~  
16 ~~bingo callers.~~ *an employee, a person having fiduciary responsibility*  
17 *for a remote caller bingo game, a site manager, and a bingo caller.*

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

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

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

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

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

7 (B) Fees and revenue collected pursuant to this paragraph shall  
8 be deposited in the California Bingo Fund, which is hereby created  
9 in the State Treasury. The funds deposited in the California Bingo  
10 Fund shall be available, upon appropriation by the Legislature, for  
11 expenditure by the commission and the department exclusively  
12 for the support of the commission and department in carrying out  
13 their duties and responsibilities under this section and Section  
14 326.5.

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

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

27 (ii) Interest on the loan shall be paid from the California Bingo  
28 Fund at the rate accruing to moneys in the Pooled Money  
29 Investment Account.

30 (iii) The terms and conditions of the loan are approved, prior  
31 to the transfer of funds, by the Department of Finance pursuant to  
32 appropriate fiscal standards.

33 The commission may assess and collect reasonable fees and  
34 deposits as necessary to defray the costs of regulation and  
35 oversight.

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

1 (r) An organization that conducts remote caller bingo games  
2 shall retain records in connection with the remote caller bingo  
3 game for five years.

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

9 (2) The California Gambling Control Commission shall monitor  
10 operation of the transmission and other equipment used for remote  
11 caller bingo, and monitor the game.

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

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

38 (3) Remote caller bingo games shall be played using traditional  
39 paper or other tangible bingo cards and daubers, and shall not be

played by using electronic devices, except card-minding devices, as described in paragraph (1) of subdivision (p) of Section 326.5.

(4) Prior to conducting a remote caller bingo game, the organization that conducts remote caller bingo shall submit to the commission the controls, methodology, and standards of game play, which shall include, but not be limited to, the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to players. Those controls, methodologies, and standards shall be subject to prior approval by the commission, provided that the controls shall be deemed approved by the commission after 90 days from the date of submission unless disapproved.

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

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

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

(3) The costs of the licensing and audits required by this section shall be borne by the person or entity required to be licensed or audited. The audit shall enumerate the receipts for remote caller bingo, the prizes disbursed, the overhead costs, and the amount retained by the nonprofit organization. The commission may audit

1 the books and records of an organization that conducts remote  
2 caller bingo games at any time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (i) No individual, corporation, partnership, or other legal entity,  
38 except the organization authorized to conduct a bingo game, shall  
39 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) Except as provided in subparagraph (B), 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 equipment, administrative expenses, security equipment, and security personnel.

(B) For the purposes of bingo games conducted by the Lake Elsinore Elks Lodge, 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. Any amount of the proceeds that is additional to that permitted under subparagraph (A), up to one thousand dollars (\$1,000), shall be used for the purpose of financing the rebuilding of the facility and the replacement of equipment that was destroyed by fire in 2007. The exception to subparagraph (A) that is provided by this subparagraph shall remain in effect only until the cost of rebuilding the facility is repaid, or January 1, 2019, whichever occurs first.

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

(4) A city, county, or city and county that enacts an ordinance permitting bingo games may specify in the ordinance that if the monthly gross receipts from bingo games of an organization within this subdivision exceed five thousand dollars (\$5,000), a minimum

percentage of the proceeds shall be used only for charitable purposes not relating to the conducting of bingo games and that the balance shall be used for prizes, rental of property, overhead, administrative expenses, and payment of license fees. The amount of proceeds used for rental of property, overhead, and administrative expenses is subject to the limitations specified in paragraph (2).

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

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

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

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

(o) As used in this section, “bingo” means a game of chance in which prizes are awarded on the basis of designated numbers or symbols that are marked or covered by the player on a tangible card in the player’s possession and that conform to numbers or symbols, selected at random and announced by a live caller. Notwithstanding Section 330c, as used in this section, the game of bingo includes tangible cards having numbers or symbols that are concealed and preprinted in a manner providing for distribution of prizes. Electronics or video displays shall not be used in connection with the game of bingo, except in connection with the

1 caller's drawing of numbers or symbols and the public display of  
2 that drawing, and except as provided in subdivision (p). The  
3 winning cards shall not be known prior to the game by any person  
4 participating in the playing or operation of the bingo game. All  
5 preprinted cards shall bear the legend, "for sale or use only in a  
6 bingo game authorized under California law and pursuant to local  
7 ordinance." Only a covered or marked tangible card possessed by  
8 a player and presented to an attendant may be used to claim a prize.  
9 It is the intention of the Legislature that bingo as defined in this  
10 subdivision applies exclusively to this section and shall not be  
11 applied in the construction or enforcement of any other provision  
12 of law.

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

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

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

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

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

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

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

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

38 (C) Display or represent the game result through any means,  
39 including, but not limited to, video or mechanical reels or other  
40 slot machine or casino game themes, other than highlighting the

1 winning numbers or symbols marked or covered on the tangible  
2 bingo cards or giving an audio alert that the player's card has a  
3 prize-winning pattern.

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

11 (3) (A) A card-minding device shall be approved in advance  
12 by the commission as meeting the requirements of this section and  
13 any additional requirements stated in regulations adopted by the  
14 commission. Any proposed material change to the device, including  
15 any change to the software used by the device, shall be submitted  
16 to the commission and approved by the commission prior to  
17 implementation.

18 (B) In accordance with Chapter 5 (commencing with Section  
19 19800) of Division 8 of the Business and Professions Code, the  
20 commission shall establish reasonable criteria for, and require the  
21 licensure of, any person that directly or indirectly manufactures,  
22 distributes, supplies, vends, leases, or otherwise provides  
23 card-minding devices or other supplies, equipment, or services  
24 related to card-minding devices designed for use in the playing of  
25 bingo games by any nonprofit organization.

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

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

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

39 (6) The California Gambling Control Commission shall issue  
40 regulations to implement the requirements of this subdivision and

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

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

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

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

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

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