

# Statement of Estimated State Revenue Impact

Date: May 14, 2013

Bill Number: H.B. 3765

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Committee Requesting Impact: House Ways & Means

**Bill Summary:** A bill to amend the Code of Laws of South Carolina, 1976, by adding Section (§) 12-21-4310 so as to create the Charitable Bingo Advisory Committee, provide for its membership and purposes, and require a Department of Revenue designee as liaison; by adding § 12-21-4320 so as to provide for establishment of an informational charitable bingo website by the department and requiring the department's response to inquiries as permanently accessible advisory opinions; by adding § 12-21-4330 so as to provide for allowable promotional expenses; to amend § 12-21-3920, as amended, relating to definitions for purposes of the Bingo Tax Act, so as to include specific named games in the definition "bingo", and to provide that the definition of a "card" includes an instant bingo ticket; to amend §§ 12-21-3940 and 12-21-3950, both as amended, relating to applications for licensing by nonprofit organizations and promoters, respectively, so as to provide for an informal appeal of a rejection as a first step in an appeal; to amend § 12-21-3990, as amended, relating to the manner of playing bingo, so as to specify the manner of playing bingo with instant bingo tickets; to amend § 12-21-4000, as amended, relating to procedures for operating a bingo game, so as to further provide for the applicability of bingo procedures for bingo played with instant bingo tickets, to increase the allowable expense for promotions from one hundred dollars to two hundred fifty dollars for each session, and to specify the intent of this section; to amend § 12-21-4007, relating to site selection and electronic dabber specifications, so as to increase from one to two units for the use of an electronic dabber by a player; to amend § 12-21-4020, as amended, relating to classes of bingo licensees, so as to provide for operational hours; to amend § 12-21-4120, as amended, relating to a clarification from the department as to play or operation of a game, so as to further provide for a bingo advisory opinion; to amend § 12-21-4190, as amended, relating to bingo card changes and distribution of revenues, so as to provide for a five percent prize fee for certain types of bingo which must be collected by the promoter and remitted to the Department of Revenue and to provide how the prize fee effects prize limits; and to amend § 12-21-4240, relating to licenses to manufacture, distribute, or use bingo cards, so as to include items other than bingo cards to which this section applies.

## REVENUE IMPACT <sup>1/</sup>

This bill is expected to raise Departmental Revenue within the state's General Fund by a total of \$425,940 in FY 2013-14. Additionally, it would raise funds earmarked to the Division on Aging (DOA) within the Office of the Lieutenant Governor by \$39,232; the Department of Parks, Recreation and Tourism (PRT) by \$115,748; and local charities by a total of \$195,520 in FY 2013-14.

**Explanation:** This bill broadens provisions for a bingo gaming session to include a deal of instant bingo tickets, face value not to exceed \$1 each, and authorizes several types of instant bingo games. In addition to existing charges by class of bingo license that range from a rate of 4 cents to 10 cents per dollar of bingo card/instant bingo ticket sales, promoters must return a fee to the Department of Revenue (DOR) equivalent to 5% of prize winnings from games played with instant bingo tickets, for 24-number bingo and lightning bingo. As not otherwise allocated in permanent law, such prize fees must be directed to the state's General Fund under temporary law (Part 1B Proviso 89.1 in current State Budget). As additional proceeds, allocation of instant ticket sales would not otherwise impact revenue transfers mandated to DOA, DOR and the Commission on Minority Affairs in Sections 12-21-4190, 12-21-4200 and 12-4-390.

We expect gross receipts from bingo card sales of approximately \$7,520,000 in FY 2013-14, of which \$752,000, or 10%, would stem from sale of instant bingo tickets. Of this increase, local charities would receive \$195,520 (26%), and balance of \$556,480 (74%) would be allotted to state programs/funds as follows: General Fund, \$401,500; PRT, \$115,748; and DOA, \$39,232. As an incentive to promote instant bingo games, we expect promoters to return a minimum payout of 65% of card sales in winnings. Multiplying \$752,000 times .65 factor yields \$488,800 in winnings; then multiplying \$488,800 times .05 factor yields \$24,440 as that amount directed to the state's General Fund in FY 2013-14 from the additional 5% prize fee. The bill is therefore expected to raise state and local revenues by a combined total of \$776,440 in FY 2013-14, prorated at a total of \$580,920 to state sources and \$195,520 to local charities.

  
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<sup>1/</sup> This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).