

NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES
COMMITTEE ON BINGO AND CHARITABLE GAMING
JANUARY 9, 2004
DRAFT MINUTES

The Committee on Bingo and Charitable Gaming of the National Council of Legislators from Gaming States (NCLGS) met at Harrah's Las Vegas on Friday, January 9, 2004, at 11:30 a.m. Rep. James Buskey of Alabama, Chair of the Committee, presided.

Other state legislators present were:

Rep. Helene M. Keeley, DE
Sen. Alex Diaz de la Portilla, FL
Sen. Steve Geller, FL
Sen. Pete Brungardt, KS
Rep. Bill Mason, KS
Rep. Chris Sainato, PA
Rep. Talmadge Heflin, TX

Others present were:

Bob Mackin, Mackin & Company, NCLGS Executive Director
Susan Nolan, Mackin & Company, NCLGS Deputy Executive Director

UPDATE ON CHARITABLE GAMING DEVELOPMENTS

Ms. Mary Magnuson, representing the National Association of Fundraising Ticket Manufacturers, updated the Committee on developments in bingo and charitable gaming.

Ms. Magnuson submitted to the Committee a report by the Association on legislative developments in bingo and charitable gaming in 29 states.

Ms. Magnuson reported in detail on the amounts of money generated and realized from charitable gaming. Ms. Magnuson said that, in 2003, charitable wagering totaled close to \$8 billion in the U.S., down by \$100,000 from the previous year. She said that non-profit organizations that use gaming as a fundraising source raised approximately \$867 million in 2003 to fund, for example, fire departments, fire relief organizations, food pantries, veterans' and fraternal organizations, and other groups allowed to engage in charitable gaming.

Ms. Magnuson said that, in 2002, states realized \$232 million in taxes and fees from charitable gaming. She said that Minnesota was in the lead, with \$57 million in taxes and fees collected. She said Washington took in \$52 million and Texas \$21 million.

Ms. Magnuson said gross charity gaming dollars broke out as follows:

- ten percent for the charity;
- 16 percent for expenses;
- 71 percent for prizes; and
- three percent for taxes and fees.

THE IMPACT OF SMOKING BANS

Ms. Magnuson reported on the effects of smoking bans on charitable gaming revenues.

Ms. Magnuson said the smoking ban in New York appeared to have had a negative impact on bingo revenues. She reported that, in 2002, bingo revenue was down 26 percent compared to 2001, due in part at least to the smoking ban.

Sen. Geller said Florida had enacted a smoking ban but had exempted bingo and non-profit facilities such as churches and VFW halls, as distinct from commercial halls that are rented by charities. He said he expected a court challenge.

RACINO RELATED ISSUES

Rep. Buskey said Alabama had allowed online bingo at pari-mutuel facilities.

Ms. Magnuson said that Rep. Caron of Connecticut had sponsored legislation that would have allowed high stakes bingo at dog tracks.

Ms. Magnuson said that the idea of bingo at tracks presented an option worth studying. She noted that tracks provided an alternative venue that might prove attractive to bingo players.

Ms. Magnuson referenced her report at the Newport meeting, in which she had said that no legislation significantly expanding gaming had passed in 2003. She said that was actually good for charity gaming. She that experience had shown that expanded gaming does not necessarily produce new gaming dollars but instead siphons money from charitable gaming. She said that when slot machines became legal in Louisiana, bingo revenue declined 65 percent. She said that the decline continued, but to a far lesser degree.

Ms. Magnuson said that legislators considering expansion of gaming should remember that their actions will have an impact on charitable organizations and the services they provide.

NEW PRODUCTS

Ms. Magnuson called the attention of the Committee to what she said was known as the Minnesota Souvenir Milk Cap Game. She the game has been introduced in Wisconsin, Ohio, and West Virginia. She said the game is played at over 3,000 sites in Wisconsin. She said that the game involved simulated paper milk bottle caps, with prizes going to people who collect three matching caps. She said the caps are available at bars, restaurants, convenience and drug stores. She said that, unlike the lottery, the retail outlets sell the caps and keep the sales proceeds. She explained that the retailers buy the products from the distributor. She said that the result is lottery and pull-tab like gambling in a completely unregulated setting.

Ms. Magnuson said a similar game, also out of Wisconsin, involves pull tabs that are called “add-tabs.” She said the game is being played in Michigan and Illinois. She said a Maryland court had ruled the game illegal. She said the game is in litigation in Michigan and under investigation in New York.

Ms. Magnuson pointed out that the question of legality may hinge on whether players are getting a legitimate product for their money or just playing a game of chance.

ADJOURNMENT

There being no further business, the Committee adjourned at 12:00 noon.