

NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES  
COMMITTEE ON BINGO AND CHARITABLE GAMING  
DUCK KEY, FLORIDA  
JANUARY 14, 2005  
DRAFT MINUTES

The Committee on Bingo and Charitable Gaming of the National Council of Legislators from Gaming States (NCLGS) met at Hawk's Cay Resort, in Duck Key, Florida, on January 14, 2005, at 11:30 a.m. In the absence of the Chair of the Committee, Rep. Chris Sainato of Pennsylvania presided.

Other members of the Committee present were:

Rep. Kevin Ryan, CT  
Sen. Steven Geller, FL  
Rep. Tim Solobay, PA

Other legislators present were:

Rep. Pamela Thornburg, DE  
Rep. Nancy Wagner, DE  
Sen. Dennis Jones, FL  
Sen. James King, FL  
Sen. William Larkin, Jr., NY  
Rep. Nick Kotik, PA  
Rep. Anthony Melio, PA

Others present were:

Susan Nolan, Nolan Associates, NCLGS Executive Director  
Ann Henstrand, MultiState Associates, Inc.

#### EFFECT OF EXPANDED GAMING ON CHARITIES

Mr. Roger Frank, president of National Association of Fundraising Ticket Manufacturers (NAFTM), reported about the effects of expanded gaming on charities.

NAFTM is a trade association comprised of manufacturers of paper products for charitable gaming, said Mr. Frank. He said that \$864 million was raised in 2003 for charity, which included student scholarships, senior citizen centers, youth athletics, Veterans of Foreign Wars (VFW), and wildlife enhancement.

Mr. Frank said when something expands, something else suffers. He said that when Louisiana allowed video poker and riverboats, charitable gaming decreased 65 percent. When a riverboat opened in Nebraska, charitable gaming decreased 43 percent, he said.

Mr. Frank described three ways to respond to this situation. The first is to do nothing, and let charitable resources decline, he said. He said that the second is proactive. He explained that Texas modified its rules on pull-tabs and, as a result, charitable gaming revenues increased by 45 percent. He said bingo received a higher profit when Michigan created a new bingo game. Mr. Frank said the third option is to create new games and sites for these games, such as bingo in bars. Some states play a linked bingo, where the game is played in several sites yet the balls are drawn in a central location, he said. Other states changed their bingo cards or winning patterns, he said. However, he said, some state legislations identify the types of patterns for bingo. He argued that players and bingo operators should make those decisions.

Rep. Melio asked if raising the prize limit would affect the profit in bingo games. Mr. Frank said that might work only if there are no casinos in the area. Rep. Solobay said that he noticed a decline in bingo players in Pennsylvania because of the economy. He also said that there were not enough volunteers to run bingo at these charitable organizations, which responded by hiring professional bingo operators. Rep. Solobay noted that bingo is a time to socialize. He quoted one woman who would prefer to spend four hours playing bingo for \$25 than spend that money in five minutes at a casino.

Mr. Frank agreed with the aspect of the social atmosphere of bingo halls. He said that the best way to respond to professional bingo operators is with strict state legislation.

Sen. Geller said that NCLGS had debated these issues in the past. He said that there is no such thing as a for-profit bingo hall, as they are all charitable. He noted that NCLGS had created a model bingo and charitable bill, available on the website.

Mr. Michael McLaughlin from the Allied Charities of Pennsylvania talked about how the recently approved slot machines in Pennsylvania would affect charities in the state.

The Allied Charities of Pennsylvania modeled after the Allied Charities of Minnesota, is a group of people who raise money for charities through bingo and small games of chance. This includes firehouses, VFWs, and humane societies, he said.

Referring to Mr. Frank's earlier statistics, Mr. McLaughlin said that Pennsylvanian communities would drastically suffer if the state had a 60 percent decline in charitable gaming. He said that tax dollars would replace the revenue lost in these charitable organizations.

Mr. McLaughlin discussed some problems in Pennsylvanian bingo and charitable gaming legislation. The money limit on charitable gaming is 25 years old, and did not increase with inflation, he said. Most small games of chance pay out 80 percent of what they take in to be competitive with other organizations, he said. This percentage could be \$5,000, with the organization netting \$1,000, he said. He noted that this value isn't profit, as the organization needs to pay its expenses, such as the costs for the tickets. The organization could end up profiting about \$600 a week, which would not go far, he said.

Mr. McLaughlin discussed some ways in which legislators can help these organizations compete and raise money for charity without the volunteers breaking the laws each week. He said that advertising restrictions and payout limits should be eliminated. For small games of chance, the limit is \$500, set in 1989, he said, suggesting that it be doubled. He also suggested that the bingo payout increase from its current \$4,000 to \$8,000. One mega-bingo should be allowed per month for a \$25,000 payout, he said. Operators should keep records on payouts over \$600, and report those above \$1,200 to the Internal Revenue Service, he said. Insured games should be available, as they allow small organizations to compete with larger organizations, he said.

Mr. McLaughlin said that the Pennsylvania House discussed these issues in two hearings. Rep. Kotik, Rep. Solobay, and Rep. Sainato co-sponsored the bill, he said, which will be named House bills 10 and 11.

Rep. Solobay mentioned that when these organizations resort to professional operators for their games instead of volunteers, it became a problem. Mr. McLaughlin said that the board wants to enhance charitable gaming and keep out the professional operators. He said the board was designing a simplified one-page reporting form, which asks how much the organization made, how much it cost to make that, and where the rest of the money went.

#### ELECTRONIC BINGO/INSURED GAMES

Sen. Buono asked about electronic bingo, as New Jersey legislators are discussing that issue. Sen. Geller said that, depending on how it is defined in the legislation, some electronic bingos act like VLTs, some are electronic cards, and others are electronic accounting machines where the player can play 10 cards at one time.

Ms. Jennifer Carlton, an attorney for the Oneida tribe in Wisconsin, said many cases in the last few years discussed bingo and used specific bingo language. She suggested reviewing these cases for more precise terminology.

Mr. Keith Larkin, vice president of government affairs for GameTech International, Inc., said his company manufactures electronic bingo and that electronic bingo is not a slot machine.

Upon a request by Sen. King for an explanation of insured games, Mr. McLaughlin said that a third party, required to be a licensed insurance agent or a registered distributor of small games of chance, pays for the grand prize and the organization pays for the smaller prizes. Mr. McLaughlin said that insured games are more complicated to operate, yet they allow smaller organizations to compete with larger organizations.

#### ADJOURNMENT

There being no further business, the meeting adjourned at 12:00 p.m.