

NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES
COMMITTEE ON BINGO AND CHARITABLE GAMING
SCOTTSDALE, ARIZONA
FRIDAY, JANUARY 4, 2008
MINUTES

The Committee on Bingo and Charitable Gaming of the National Council of Legislators from Gaming States (NCLGS) met at the Hotel Valley Ho in Scottsdale, Arizona, on Friday, January 4, 2008, at 10:00 a.m.

Senator Pete Brungardt from Kansas, Chair of the Committee, presided.

Other members of the Committee present were:

- Rep. James Buskey, AL
- Rep. Pebblin Warren, AL
- Rep. Kevin Ryan, CT
- Rep. Helene Keeley, DE
- Sen. Steven Geller, FL
- Rep. Christopher Sainato, PA

Other legislators present were:

- Rep. Sue Schmitz, AL
- Rep. H. Mac Gipson, AL
- Sen. Tom Harman, CA
- Rep. Kevin Jeffries, CA
- Rep. Pamela Thornburg, DE
- Rep. Bill Oberle, DE
- Rep. Arlen Siegfried, KS
- Rep. Joni Jenkins, KY
- Rep. Darryl Owens, KY
- Rep. Ruth Ann Palumbo, KY
- Sen. Richard Lerblance, OK
- Rep. Harold James, PA

Others present were:

- Susan Nolan, Nolan Associates, NCLGS Executive Director
- Nicholas Brozean, Nolan Associates, NCLGS Assistant Legislative Coordinator

MINUTES

The Committee voted unanimously to accept, as submitted, the minutes of its June 2, 2006, meeting in Boston, Massachusetts.

STATUS OF BINGO AND CHARITABLE GAMING IN THE STATES

Mary Magnuson, legal counsel for the National Association of Fundraising Ticket Manufacturers (NAFTM), said the NAFTM 2006 annual report is the only report in the U.S. that collects data from states participating in charity gaming.

Ms. Magnuson said data on charitable gaming illustrates the types of games, gross and profit receipts, number of individuals responsible for regulation and enforcement, as well as regulation and licensing fees.

Ms. Magnuson said the report shows that individuals spent over seven billion dollars in 2006 on bingo and charity gaming that brought about 712 million dollars in revenue, which has fallen by about four percent since 2005. She noted some of the bigger charitable gaming states, such as California, Florida, Pennsylvania, and Maryland, do not have central reporting systems and do not report data.

Ms. Magnuson said charities are looking for ways to offer new and more interesting existing games, which will hopefully enhance revenues and appeal to a different demographic of people and bring past players back to games.

Ms. Magnuson said new games include progressive bingo games, bar bingo, and event tickets. She said progressive bingo increases jackpot sizes and enables players to win more money in a given game. She said bar bingo attracts new players and produces greater charitable revenue, which the bar does not receive, and though gain income from catering to players.

Ms. Magnuson said event tickets are separate games held in conjunction with a bingo game. She said these event games use pull-tabs or a drawn bingo ball.

Ms. Magnuson said charities will likely contact their state legislatures this year regarding new games, increasing prize limits, number of game days, and workers' compensation issues. She said focus will be on methods to progress against increasing expenses and gaming competition.

In response to a question from Sen. Geller, Ms. Magnuson said bars are unable to charge rent or hosting fees for bingo. She said, by law, bars cannot provide equipment or operate bingo games.

BINGO INITIATIVES, E.G., LINKED BINGO & INSTANT BINGO

Phil Sherwood, director of sales for Multimedia Games, said Multimedia provides electronic bingo systems. He said charitable gaming is legal in 47 states and accounts for about 60 million players annually.

Mr. Sherwood said states need to embrace new technology for charitable games, as charitable games are being crowded out from other more entertaining forms of gaming. He said new products and technology will allow charities to compete within the gaming market.

Mr. Sherwood said past legislation impacts new technology and limits electronic bingo, and its constraints reduce existing players and make it harder to attract new players.

Mr. Sherwood said charities lack organization and common state regulations. He said charitable games must comply with jurisdictional limitations, which impact sessions, hours, facilities, and payouts. He said charities usually cannot afford to pay employees and must use volunteers, and charities are usually unable to advertise games.

Mr. Sherwood said linked bingo games allow higher jackpots and more players, which increases revenues for a slight additional expense. He said most regulations require linked bingo players to also purchase a regular bingo package.

Mr. Sherwood said linked bingo games offer more efficient accountability, including reporting of card sales, cash, and inventory while the games are taking place.

Mr. Sherwood said during linked bingo games players participate throughout the state across a secure Internet connection that is joined to the network operations center (NOC). He said this which allows players to receive the same ball draw at each facility simultaneously on televisions, as they are drawn.

Mr. Sherwood said a player with a bingo notifies a facility worker, who then stops the ball draw and waits for verification from the central computer. He said after the system verifies a winner, the winner receives a jackpot from the linked bingo operator.

He said after a jackpot, participants continue to play the game for an independent consolation prize that is paid by the facility. He said consolation prizes also come from a percentage of the sales and are limited to a maximum prize of \$300. He said if no winner exists after a certain number of ball calls, the jackpot carries over until the following night.

Mr. Sherwood said charities do not pay the cost for hardware, bingo cards, or communication equipment in linked bingo games, but retain a percentage of the gross sales.

In response to a question from Rep. Sainato, Mr. Sherwood said to hold a bingo game an entire bar is shut down for about fifteen minutes. He said and bar bingo is held a few nights per week and attracts both bingo players and bar patrons.

In response to a question from Rep. Palumbo, Mr. Sherwood said charities obtain 45 percent of revenues from linked bingo games.

Mr. Sherwood said sales close fifteen minutes before the start of a linked bingo game so the system can calculate and announce the upcoming jackpot.

In response to a question from Rep. Buskey, Mr. Sherwood said central locations know when linked bingo games are won and hold the draw for 30 seconds to allow players to call bingos. He said if a winner does not come forward in the given time, the game continues. He said the center system is able to see if a transmittal problem exists between its system and the gaming facilities.

In response to a question from Sen. Lerblance, Mr. Sherwood said each facility is responsible for paying one consolation winner.

In response to another question from Sen. Lerblance, Ms. Magnuson said ten percent of net bingo revenues a month go to tax proceeds, and charities must still pay the organization's tax revenues. She said Minnesota takes in about 65 million dollars a year in taxes on charitable

games. She said states obtain tax revenues in a variety of ways, including a percentage on the net revenues, regulatory fees, and licensing fees.

In response to a question from Leo DiBenigno of the Florida Lottery, Mr. Sherwood said in order for most bingo games to be won, a winning player must receive a bingo on the last drawn ball. He added that bingos on last drawn balls prevent players from winning after an operator error, and players are responsible for checking their cards during the ball draw.

In response to a question from Rep. Gipson, Ms. Magnuson said net revenue is a charity's gross income after prizes and expenses are taken out.

In response to a question from Sen. Brungardt, Ms. Magnuson said separate event games have no outcome on bingo games, but are held in conjunction with the game. She said as bingo balls are drawn, an interactive game will display a separate winning ball number for an additional prize.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:45 a.m.

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