

Title 23. Public Utilities and Regulated Industries
Chapter VII. Generally, Department of Finance and Administration
Subchapter A. Generally
Part 350. Charitable Bingo and Raffle Rule

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"This amended rule is adopted under the provisions of Ark. Code Ann. § 25-15-204, § 26-18-101 et seq. and § 23-114-101 et seq. This amendment is necessary to properly administer several changes to the charitable bingo and raffle provisions enacted under Act 499 of 2009. Rule 2007-4 is hereby amended to read as follows:"

Subpart 1. Generally

23 CAR § 350-101. Definitions.

The following words and terms, when used in this rule, shall have the following meanings:

(1)(A) "Authorized organization" means an organization eligible for a license to conduct games of bingo and raffles that is a nonprofit tax-exempt religious, educational, veterans, fraternal, service, civic, medical, volunteer rescue service, volunteer firefighters organization, or volunteer police organization that has been in continuing existence as a nonprofit tax-exempt organization in this state for a period of not less than five (5) years immediately prior to conducting the game of bingo or raffles.

(B) A nonprofit tax-exempt instrumentality of the United States government is a service agency for the purpose of this definition;

(2)(A) "Bingo equipment" means equipment and supplies used, made, or sold for the purpose of use in bingo.

(B)(i) "Bingo equipment" shall include:

(a) A machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;

(b) A bingo face;

(c) A bingo ball; and

(d) Any other device commonly used in the direct operation of a bingo game.

(ii) "Bingo equipment" is not intended and shall not be construed to permit the participants to play the game through any electronic device or machine or a pull-tab bingo ticket.

(iii) "Bingo equipment" shall not include:

(a) A bingo game set commonly manufactured and sold as a child's game for a retail price of twenty dollars (\$20.00) or less, unless the set or a part of the set is used in a game of bingo subject to regulation under this chapter; or

(b) A commonly available component part of bingo equipment such as a light bulb or fuse.

(iv) "Bingo equipment" does not include items not specifically designed for use in bingo such as:

(a) Chairs;

(b) Tables;

(c) Lamps; or

(d) Any other items that are not construed for use in bingo;

(3)(A) "Bingo face" means a disposable flat piece of paper that may be used one (1) time and that cannot be reused after the game in which the bingo face was used has ended.

(B) The bingo face is marked off into any number of squares in any arrangement of rows, with each square being designated by number, letter, or combination of numbers and letters, and with one (1) or more squares designated as a "free" space;

(4)(A) "Bingo session" means all activities incidental to the series of bingo games by a licensed authorized organization, beginning when the first game of bingo of

a bingo session is commenced by calling the first bingo ball drawn.

(B) A bingo session shall not exceed five (5) consecutive hours during any one (1) twenty-four-hour calendar day;

(5) "Charitable purpose" means a purpose described by Arkansas Code § 23-114-504;

(6) "Department" means the Department of Finance and Administration;

(7) "Director" means the Secretary of the Department of Finance and Administration;

(8) "Distributor" means a person or business entity that sells, markets, or otherwise provides bingo equipment to a licensed authorized organization;

(9)(A)(i) "Game of bingo" means a game in which the winning participant receives a preannounced, fixed dollar prize.

(ii) If the dollar amount or value of the prize is unknown at the time the game of bingo is commenced, the licensed authorized organization shall inform the bingo game patrons that the prize will not exceed a certain dollar amount or value.

(B) The winner is determined by the matching of letters and numbers on a bingo face purchased by the winner, with letters and numbers appearing on objects randomly drawn and announced by a caller, in contemporaneous competition among all players in the game.

(C) A game of bingo is completed upon the announcement and verification of a winning bingo face;

(10) "Gross receipts" means the total amount received from the sale of raffle tickets and the sale, transfer, or use of bingo faces and entrance fees charged at premises in which games of bingo or raffles are conducted without any deduction on account of:

(A) Prizes paid;

(B) Losses; or

(C) Any other expenses whatsoever;

(11) "Licensed authorized organization" means an authorized organization that holds a license issued by the Secretary of the Department of Finance and

Administration to conduct games of bingo or raffles;

(12) "Manufacturer" means a person or business entity that:

(A) Produces finished bingo equipment from raw materials, supplies, or subparts; and

(B) Sells, markets, or otherwise provides such equipment to a licensed distributor;

(13) "Net receipts" means gross receipts minus the reasonable and necessary expenses defined under 23 CAR § 350-127 of this part;

(14) "Person" means any:

(A) Individual;

(B) Company;

(C) Partnership;

(D) Limited liability company;

(E) Joint venture;

(F) Joint agreement;

(G) Association, mutual or otherwise;

(H) Corporation;

(I) Estate;

(J) Trust;

(K) Business trust;

(L) Receiver;

(M) Trustee;

(N) Syndicate; or

(O) Other private entity;

(15) "Premises" means the area subject to the direct control of and actual use by a licensed authorized organization to conduct bingo games or raffles and shall include a location or place;

(16) "Primary business office" means the location within the State of Arkansas at which all records relating to the primary purpose of a licensed authorized organization are maintained in the ordinary course of business;

(17)(A) "Raffle" means the selling of tickets to win a prize awarded through a random drawing.

(B) "Raffle" does not include any game played through the use of a machine or electronic device; and

(18) "Responsible person" means the person or persons within a licensed authorized organization that are responsible for organizing, conducting, and otherwise administering the licensed authorized organization's raffles or bingo sessions.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-102. General provisions.

(a) A game of bingo or a raffle conducted by a licensed authorized organization shall not constitute a lottery prohibited by Arkansas Constitution, Article 19, § 14, if all net receipts over and above the actual cost of conducting the game of bingo or raffle are used for charitable, religious, or philanthropic purposes.

(b) No net receipts from a raffle or game of bingo shall be used to compensate in any manner any person who works for or is in any way affiliated with the licensed authorized organization that conducted the raffle or bingo game.

(c)(1) A charitable bingo game or raffle shall be conducted only by a licensed authorized organization through the organization's bona fide officers and members, including auxiliary members, who volunteer their time and receive no compensation for their services.

(2) A licensed authorized organization shall identify the officers and members who will be responsible for conducting a raffle or bingo session.

(d) A licensed authorized organization shall not conduct bingo games or raffles through an agent or a third party.

(e) The play of bingo or a raffle through any electronic device or machine is prohibited.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-103. Penalties.

(a) A violation of the provisions of Acts 2007, No. 388, by a licensed authorized organization shall be an unclassified misdemeanor punishable by a fine not to exceed five thousand dollars (\$5,000) if prosecuted and convicted.

(b) A second or subsequent violation of the provisions of Acts 2007, No. 388, by a licensed authorized organization shall be an unclassified misdemeanor punishable by a fine not to exceed ten thousand dollars (\$10,000) if prosecuted and convicted.

(c) Any person who conducts a game of bingo or a raffle without a permit issued under the provisions of Acts 2007, No. 388, shall be subject to the same penalties set forth under Arkansas Code § 5-66-118 with regard to the operation of a lottery.

(d) Information on possible criminal violations of Acts 2007, No. 388, shall be referred by the Department of Finance and Administration to the appropriate prosecuting attorney's office.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-104. Control and supervision of raffles and bingo games.

(a) The Secretary of the Department of Finance and Administration shall administer Acts 2007, No. 388, under the provisions of the Arkansas Tax Procedure Act, Arkansas Code § 26-18-101 et seq.

(b) All inquiries for information or forms should be addressed to the Miscellaneous Tax Section of the Office of Excise Tax Administration of the Department of Finance and Administration:

P.O. Box 896 - Room 2340
Joel Y. Ledbetter Building,
Little Rock, Arkansas 72203
Phone: 501-682-7187,
FAX: 501-682-1103

<http://www.state.ar.us/dfa>

(c) The secretary has authority over all games of bingo and raffles conducted in this state.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-105. Approval of bingo faces and raffle tickets.

(a) The Secretary of the Department of Finance and Administration shall provide for the form of bingo faces and raffle tickets used in the State of Arkansas.

(b)(1) All bingo faces purchased by a licensed authorized organization shall be purchased only from a distributor licensed under the provisions of Acts 2007, No. 388.

(2) A list of licensed distributors can be obtained from the Miscellaneous Tax Section of the Office of Excise Tax Administration that was referred to in 23 CAR § 350-104.

(c) No more than one (1) game of bingo shall be played on each bingo face.

(d) All bingo faces and raffle tickets shall be preprinted on paper or plastic.

(e) Electronic devices, machines, or facsimiles shall not be used as bingo faces or raffle tickets by participants of bingo games or raffles conducted under the provisions of Acts 2007, No. 388.

(f) All bingo faces and raffle tickets shall be sequentially numbered at the time the faces and tickets are printed.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-106. Authorized organization license.

(a)(1) An authorized organization license to conduct both bingo games and raffles may be issued by the Department of Finance and Administration to an authorized organization for an annual fee of one hundred dollars (\$100).

(2)(A) This license shall be issued on a fiscal year basis and shall be valid from

July 1 to June 30 of the following year.

(B) If an organization obtains a license at any time other than July 1 during the fiscal year, the license will expire on June 30 and the organization must renew on July 1 of the following fiscal year.

(C) Due to the July 31, 2007, effective date of Acts 2007, No. 388, the 2007/2008 fiscal year shall be from July 31, 2007, to June 30, 2008.

(3) The authorized organization license shall be subject to annual renewal.

(b) If an authorized organization does not regularly conduct bingo or raffles and does not need an annual license, it may be issued one (1) or more of the following temporary authorized organization licenses:

(1) A temporary license to conduct one (1) bingo session for a fee of twenty-five dollars (\$25.00);

(2) A Class I temporary raffle license to conduct one (1) raffle for a fee of twenty-five dollars (\$25.00); or

(3)(A) A Class II temporary raffle license to conduct one (1) raffle in which the total prize package to be given away has:

(i) Been donated; and

(ii) A total value of less than five thousand dollars (\$5,000).

(B) The fee for a Class II license is ten dollars (\$10.00).

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-107. Application for an authorized organization license.

(a)(1) An applicant of an authorized organization license shall file a written, verified application with the Department of Finance and Administration on a form prescribed by the Miscellaneous Tax Section of the Office of Excise Tax Administration as referred to in 23 CAR § 350-104.

(2) Any material changes in the information filed with the department shall be updated with the department in a timely manner.

(b) The license application shall include:

- (1) The name and address of the applicant;
- (2) A designation and address of the person or persons within the authorized organization who will be responsible for organizing, conducting, and otherwise administering the raffle or bingo session;
- (3) A copy of the lease agreement shall be provided if the premises upon which a raffle or bingo session is to be conducted has been leased;
- (4) A statement that the applicant has complied with all requirements for eligibility for the license; and
- (5) The purpose of the charitable organization along with any other documentation, such as the Internal Revenue Service determination letter granting tax exemption, that proves the organization's charitable status.

(c) The authorized organization's responsible person or persons shall not have been found guilty of, or pleaded guilty or no contest to, any felony by any court in the State of Arkansas or to any similar offense by a court in another state or a military or federal court.

(d)(1) The department may require, at the department's discretion, that the responsible person or persons be fingerprinted and the fingerprints forwarded for a criminal background check through the Division of Arkansas State Police.

(2) After completion of the criminal background check, the division shall forward the fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(3) The responsible person or persons shall sign a release that allows the division to release an Arkansas non-criminal justice background check to the department and a fingerprint card of the applicant to the Federal Bureau of Investigation for the purpose of performing a federal fingerprint-based background check.

(e)(1) Prior to an authorized organization's annual license renewal, the authorized organization shall file a report containing the information listed below.

(2) The licensed organization shall maintain records needed to support the information contained in the report.

(3) The report shall contain the following:

(A) The amount of the total gross receipts derived by the authorized organization from games of bingo and raffles during the current licensing period;

(B) The net proceeds derived by the authorized organization from games of bingo and raffles during the current licensing period;

(C) How the net proceeds from bingo and raffles during the current licensing period have been or will be applied; and

(D) A list of bingo and raffle-related expenses paid or incurred if requested by the department.

(f)(1) The licensed authorized organization shall report the information required by subsection (e) of this section no later than June 1 of each year.

(2) The report shall include all activity from May 1 to April 30. Failure to provide the information by June 1 may result in the delay of the issuance of the license renewal.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-108. Application for a distributor or manufacturer license.

(a) An applicant for a distributor license or a manufacturer license shall file a written, verified application with the Department of Finance and Administration on a form prescribed by the department.

(b) The license application shall include:

(1) The name, address, and federal employer identification number;

(2) The names and positions of the applicant's officers;

(3) The name and address of the person or persons who are responsible for the applicant's sales of bingo equipment; and

(4) A statement that the applicant has complied with all requirements for eligibility for the license.

(c) The person or persons who are responsible for the applicant's sales of bingo equipment shall not have been found guilty of, or pleaded guilty or no contest to, any

felony by any court in the State of Arkansas or to any similar offense by a court in another state or a military or federal court.

(d)(1) The department may require, at the department's discretion, that the applicant's officers or other personnel be fingerprinted and the fingerprints forwarded for a criminal background check through the Division of Arkansas State Police.

(2) After completion of the criminal background check, the fingerprints shall be forwarded by the division to the Federal Bureau of Investigation for a national criminal history record check.

(3) The person or persons responsible for an applicant's sales of bingo equipment shall sign a release that allows the division to release an Arkansas non-criminal justice background check to the department and a fingerprint card of the applicant's officer or other personnel to the Federal Bureau of Investigation for the purpose of performing a federal fingerprint-based background check.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-109. License fees for distributors and manufacturers.

(a)(1) A distributor license:

(A) May be issued to a distributor of bingo equipment; and

(B) Is subject to renewal on an annual basis.

(2) The annual fee for the distributor license shall be two thousand five hundred dollars (\$2,500).

(b)(1) A manufacturer license:

(A) May be issued to a manufacturer of bingo equipment; and

(B) Is subject to renewal on an annual basis.

(2) The annual fee for the manufacturer license shall be two thousand five hundred dollars (\$2,500).

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-110. Denial, suspension, or revocation of a license.

(a) The Department of Finance and Administration may suspend or revoke a license issued to an authorized organization, distributor, or manufacturer under Acts 2007, No. 388, if the license holder has violated any provisions of Acts 2007, No. 388.

(b) The department may deny an application to renew an existing license or deny an application to issue a new license to an authorized organization, distributor, or manufacturer if issuance of the license would violate any provisions of Acts 2007, No. 388.

(c) An authorized organization, distributor, or manufacturer aggrieved by the suspension, revocation, or denial of a license issued under Acts 2007, No. 388, may request administrative and judicial relief provided under § 26-18-401 et seq. of the Arkansas Tax Procedure Act.

(d) A request for hearing shall be made within twenty (20) days of the date of denial and shall be in writing.

Authority. Arkansas Code § 23-114-203.

Codification Notes. The Arkansas Tax Procedure Act can be found codified in its entirety in Arkansas Code § 26-18-101 et seq.

23 CAR § 350-111. Display of a license.

An authorized organization shall conspicuously display a license issued to the organization under Acts 2007, No. 388, at the premises at which a raffle or a game of bingo is conducted at all times during the conduct of the raffle or game of bingo.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-112. Bingo premises and sale of raffle tickets.

(a) Games of bingo shall not be conducted at more than one (1) premises on property owned or leased by a licensed authorized organization.

(b) No more than two (2) organizations may conduct bingo games at the same premises so long as that premises is owned or leased by a licensed authorized organization.

(c) No more than four (4) bingo sessions shall be conducted at the same premises during any one (1) calendar week.

(d) Games of bingo shall not be conducted through any system that links the games of bingo or participants at one (1) premises location to any other premises or participants.

(e) All participants in games of bingo shall be physically present in person at the authorized premises in a single facility in order to participate in a game of bingo.

(f)(1) Activities associated with a raffle may be conducted off the premises of a licensed authorized organization as allowed under Acts 2007, No. 388.

(2) Raffle tickets may be sold:

(A) At the authorized premises of the licensed authorized organization or off the authorized premises of the licensed authorized organization if the tickets are sold by uncompensated volunteers of the organization; and

(B) No raffle ticket shall be sold through:

(i) The mail;

(ii) The internet;

(iii) Email;

(iv) Fax;

(v) Telephone; or

(vi) Any other remote or electronic means.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-113. Restrictions on premises and equipment providers.

(a) No person shall lease or otherwise make a premises or equipment available for conducting a raffle or a game of bingo for any direct or indirect consideration in excess of the bona fide reasonable fair market rental value of the premises or equipment.

(b) No portion of the consideration for bingo game or raffle premises or equipment shall be based upon a percentage or specified portion of the revenue or profit from games of bingo or raffles conducted by a licensed authorized organization.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-114. Compensation prohibited.

(a) No person may be compensated for organizing, promoting, conducting, or otherwise administering a charitable raffle or bingo event.

(b) The functions of organizing, promoting, conducting, and otherwise administering a charitable raffle or bingo event shall be performed by volunteers, including auxiliary members, from the charitable organization.

(c) A monetary tip received by a volunteer from a patron for a service provided by the volunteer to the patron during the course of a bingo or raffle event:

- (1) Is permissible; and
- (2) Shall not be considered prohibited compensation.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-115. Admission to bingo games and raffles.

(a) No person shall be denied the opportunity to participate in a raffle or game of bingo because of the person's:

- (1) Race;
- (2) Color;
- (3) Creed;
- (4) Religion;
- (5) National origin;
- (6) Sex; or
- (7) Disability.

(b) No person shall be denied the opportunity to participate in a raffle or game of

bingo because the person is not a member of the licensed authorized organization conducting the raffle or game of bingo.

(c) No individual under eighteen (18) years of age may play a game of bingo or purchase raffle tickets from a licensed authorized organization.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-116. Bingo game and raffle record keeping.

(a)(1) A licensed authorized organization shall provide the address of its primary business office to the Department of Finance and Administration at the time the organization applies for a license under Acts 2007, No. 388.

(2) If the licensed authorized organization maintains its raffle and bingo records at a location other than its primary business office, the organization shall provide the department with the address of the location where the records are located.

(b) A licensed authorized organization's bingo and raffle records shall be maintained at a location within the State of Arkansas in accordance with generally accepted accounting practices.

(c)(1) Records related to payment of the excise tax levied on bingo faces shall be maintained for a period of at least six (6) years.

(2) All other records related to bingo and raffles shall be maintained for a period of at least two (2) years.

(3) The following information shall be retained:

(A) Name, address, and telephone number of each volunteer involved in the administration of a bingo or raffle game; and

(B) Any other information related to the administration of bingo or raffle games required by the Secretary of the Department of Finance and Administration.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-117. Bingo and raffle gift certificates.

(a) A licensed authorized organization may sell or redeem a gift certificate that entitles the bearer of the certificate to participate in a raffle or play a game of bingo.

(b) A licensed authorized organization that sells or redeems a gift certificate shall maintain a record of the sale or redemption.

(c) The redeemed gift certificate should be maintained for two (2) years and made available to the Department of Finance and Administration upon request.

(d) Proceeds from the sale of bingo or raffle gift certificates shall be deposited into the organization's bingo and raffle account.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-118. Frequency and length of bingo sessions.

(a) A bingo session begins when the first game of bingo of the bingo session is commenced by calling the first bingo ball drawn.

(b)(1) A licensed authorized organization:

(A) May conduct one (1) bingo session per twenty-four-hour calendar day;
and

(B) Shall not exceed two (2) bingo sessions during any one (1) calendar week.

(2) A seven-day calendar week begins on 12:00 midnight Sunday and ends on the following Saturday at 11:59 p.m.

(3) A bingo session shall not exceed five (5) consecutive hours during any one (1) calendar day.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-119. Bingo and raffle prizes.

(a) Bingo prizes shall conform to the following requirements:

(1) A bingo prize shall not have wholesale value of more than one thousand dollars (\$1,000) for a single bingo game;

(2) The total wholesale value of all bingo prizes awarded during a single bingo session shall not exceed an aggregate value of more than seven thousand five hundred dollars (\$7,500);

(3)(A) A licensed authorized organization shall not award or offer to award a door prize with a wholesale value of more than two hundred fifty dollars (\$250) for a bingo session.

(B) The door prize value shall not accrue against the bingo session prize limitation of seven thousand five hundred dollars (\$7,500); and

(4)(A) A bingo prize, other than cash, may be goods with a recognized wholesale cost of one thousand dollars (\$1,000) or less.

(B) A copy of the receipt for the purchase of goods awarded as bingo prizes shall be maintained in the licensed authorized organization's bingo records.

(b) Raffle prizes shall conform to the following requirements:

(1) The total wholesale value of raffle prizes in a calendar year shall not exceed fifty thousand dollars (\$50,000);

(2) The total wholesale value of raffle prizes donated to a licensed authorized organization in a calendar year shall not exceed one hundred thousand dollars (\$100,000), with the exception of a temporary raffle license issued under Arkansas Code § 23-114-302(b)(3), which is the Class II raffle described in 23 CAR § 350-106(b)(3) of this part; and

(3)(A) A raffle prize shall not exceed five thousand dollars (\$5,000) in cash.

(B) Cash is defined to mean:

(i) Coin;

(ii) Paper currency; or

(iii) A negotiable instrument that represents and is readily convertible to coins or paper currency.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-120. Purchasing bingo equipment.

(a) Licensed authorized organizations shall purchase bingo equipment only from distributors licensed under Acts 2007, No. 388.

(b) Distributors that wish to sell bingo equipment to licensed authorized organizations within Arkansas shall purchase such bingo equipment only from manufacturers licensed under Acts 2007, No. 388.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-121. Bingo and raffle accounts.

(a) A licensed authorized organization with gross receipts from raffles or bingo games in excess of five hundred dollars (\$500) per month shall establish and maintain one (1) regular checking account designated as the bingo and raffles account.

(b) A licensed authorized organization may also maintain an interest bearing savings account designated as the bingo and raffles savings account.

(c)(1) A licensed authorized organization shall deposit in the bingo and raffle account all funds derived from the conduct of games of bingo and raffles, less the amount awarded as prizes.

(2) Except as provided under Acts 2007, No. 388, a deposit shall be made not later than the next business day after the day of the raffle or bingo session on which the receipts were obtained.

(d) A licensed authorized organization may deposit funds derived from the conduct of a raffle or games of bingo that are paid through a debit card transaction into the bingo and raffles fund not later than seventy-two (72) hours after the transaction.

(e) A licensed authorized organization may lend money from its general fund to its bingo and raffle account.

(f) Except as permitted, a licensed authorized organization shall not commingle gross receipts derived from the conduct of bingo and raffles with other funds of the organization.

(g) Except as permitted, the licensed authorized organization shall not transfer gross receipts to another account (bank) maintained by the licensed authorized

organization.

(h) A licensed authorized organization shall maintain all of its savings and checking accounts in a financial institution located in this state.

(i) Funds may be deposited into a bingo and raffle account only as provided in Arkansas Code § 23-114-501 and this part.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-122. Withdrawals from a bingo and raffle account.

(a) Funds from the bingo and raffle account shall be withdrawn by preprinted, consecutively numbered checks or withdrawal slips, signed by an authorized representative of the licensed authorized organization and made payable to a person.

(b) A check or withdrawal slip shall not be made payable to "CASH", "BEARER", or a fictitious payee.

(c) The nature of the payment made shall also be noted on the face of the check or withdrawal slip.

(d) The checks for the bingo and raffle account shall:

(1) Be imprinted with the words "BINGO AND RAFFLE ACCOUNT"; and

(2) Contain the licensed authorized organization's bingo and raffle license number on the face of each check and withdrawal slip.

(e) A licensed authorized organization shall keep and account for all checks and withdrawal slips, including voided checks and withdrawal slips.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-123. Authorized uses of bingo and raffle account.

(a) A licensed authorized organization may draw a check on the organization's bingo and raffle account only for:

(1) The payment of necessary and reasonable bona fide bingo and raffle related expenses as described in 23 CAR § 350-127 of this part;

(2) The disbursement of net proceeds derived from the conduct of games of bingo or raffles to charitable purposes as described in 23 CAR § 350-125 of this part; and

(3) The transfer of net proceeds derived from the conduct of games of bingo and raffle to the licensed authorized organization's bingo and raffle savings account pending a disbursement to a charitable purpose.

(b) A licensed authorized organization shall make the disbursement of net proceeds on deposit in the bingo and raffle savings account to a charitable purpose by transferring the intended disbursement back into the licensed authorized organization's bingo and raffle checking account and then withdrawing an amount by a check drawn on the bingo and raffle checking account.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-124. Use of net proceeds for charitable purposes.

(a) A licensed authorized organization shall devote to the charitable purposes of the organization its net proceeds of games of bingo and raffles.

(b) Except as otherwise provided by law, the net proceeds of games of bingo and raffles are dedicated to the charitable purposes of the licensed authorized organization only if directed to:

(1) A cause, need, or activity that is consistent with the federal tax exemption the licensed authorized organization obtained under 26 U.S.C. § 501, as in existence on January 1, 2007; and

(2) Under which the organization qualifies as a nonprofit organization as defined by law.

(c) If the licensed authorized organization is not required to obtain a federal tax exemption under 26 U.S.C. § 501, as in existence on January 1, 2007, the licensed authorized organization's net proceeds are dedicated to the charitable purposes of the licensed authorized organization only if directed to a cause, need, or activity that is consistent with the purposes and objectives for which the licensed authorized

organization qualifies as a licensed authorized organization.

(d)(1) The licensed authorized organization shall make mandatory annual or more frequent disbursements from the bingo and raffle account to the general fund of the licensed authorized organization after providing for appropriate reserves and funds necessary to pay for reasonable and necessary bingo and raffle expenses.

(2) Provided that disbursements are made as provided in this section, the timing of these disbursements is at the discretion of the licensed authorized organization.

(e) Once funds are distributed to the licensed authorized organization general fund, no funds shall be returned to the bingo and raffle account except by means of a loan from the licensed authorized organization's general fund to the bingo and raffle account as evidenced by a written instrument.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-125. Use of proceeds by a licensed authorized organization.

A licensed authorized organization shall not use the net proceeds from games of bingo or raffles directly or indirectly to do the following:

- (1) Support or oppose a candidate or slate of candidates for public office;
- (2) Support or oppose a measure submitted to a vote of the people; or
- (3) Influence or attempt to influence legislation.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-126. Items of bingo and raffle expense.

(a) Expenses that are reasonable and necessary to lawfully conduct games of bingo and raffles are allowable and are to include expenses incurred for:

- (1) Advertising, to include the cost of printing bingo and raffle gift certificates;
- (2) Repairs to premises and equipment;

- (3) Bingo and raffle supplies and equipment;
- (4) Prizes;
- (5) Stated rental or mortgage and insurance expense;
- (6) License fee;
- (7) Bookkeeping or accounting services; and
- (8) Security.

(b)(1) No person may be compensated for organizing, promoting, conducting, or otherwise administering a raffle or bingo event.

(2) Any and all compensation is prohibited and is not an allowable expense.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-127. Expenses paid from bingo and raffle account.

The following items of expenses incurred or paid in connection with the conduct of games of bingo or raffles must be paid from a licensed authorized organization's bingo and raffle checking account if the organization is required under Arkansas Code § 23-114-501 to maintain such an account:

- (1) Advertising, including the cost of printing bingo and raffle gift certificates;
- (2) Repairs to premises and equipment;
- (3) Bingo and raffle supplies and equipment;
- (4) Prizes;
- (5) Stated rental or mortgage and insurance expense;
- (6) Bookkeeping and accounting services; and
- (7) License fees.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-128. Tax levied.

(a) There is levied an excise tax of three-tenths of one cent (0.3¢) upon the sale of each bingo face sold by a licensed distributor to a licensed authorized organization in

this state.

(b)(1) Bingo faces taxed under the provisions of this section shall be exempt from the Arkansas Gross Receipts Act of 1941, Arkansas Code § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, Arkansas Code § 26-53-101 et seq.

(2) All other bingo equipment purchased by a licensed authorized organization shall be subject to the Arkansas Gross Receipts Act of 1941, Arkansas Code § 26-52-101 et seq., and the Arkansas Compensating Tax Act of 1949, Arkansas Code § 26-53-101 et seq.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-129. Payment and reporting of tax.

(a)(1) The excise tax levied under this subchapter is due and payable by distributors that sold bingo faces to licensed authorized organizations in this state.

(2) The tax shall be reported and paid to the Department of Finance and Administration monthly on or before the fifteenth day of the month following the month of sale.

(b) The report shall be filed under oath on forms prescribed by the Secretary of the Department of Finance and Administration.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-130. Information to be reported.

(a) The excise tax report required under Arkansas Code § 23-114-602 shall include the following information:

(1) The total number of bingo faces sold to all licensed authorized organizations in this state; and

(2) Any other information the Secretary of the Department of Finance and Administration determines necessary to properly administer the excise tax levied by this part.

(b) The taxpayer shall maintain records to substantiate the content of each monthly excise tax report for a period of at least six (6) years subsequent to filing the report.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-131. Nonfiler tax assessments.

(a) If a distributor fails to file an excise tax report required under Acts 2007, No. 388, the Department of Finance and Administration shall make an excise tax assessment for the period or periods for which the distributor failed to report.

(b) The estimated assessment shall be based on the best information available to the department.

(c) On the basis of the department's estimate, the department shall compute and determine the amount of excise tax required to be paid along with applicable interest and penalties under the Arkansas Tax Procedure Act, Arkansas Code § 28-18-101 et seq.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-132. Revocation of license – Licensed authorized organization.

The license issued to an authorized organization is subject to revocation under this part if the organization:

(1) Makes a false statement or material omission in an application for a license under Acts 2007, No. 388;

(2) Fails to maintain records that fully and accurately record each transaction connected with conducting raffles or games of bingo and leasing of premises to be used for raffles or games of bingo;

(3) Falsifies or makes a false entry in a book or record if the entry relates in any way to the promotion, operation, or administration of raffles or games of bingo;

(4) Diverts or pays a portion of the proceeds from a raffle or a game of bingo to a person except in furtherance of one (1) or more of the lawful purposes set forth in Acts 2007, No. 388; or

(5) Violates this chapter or a term of a license issued under Acts 2007, No. 388, in any way.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-133. Revocation of license – Distributors and manufacturers.

The license issued to a distributor or manufacturer is subject to revocation if the organization:

(1) Makes a false statement or material omission in an application for a license under Acts 2007, No. 388;

(2) Fails to maintain records that fully and accurately record all transactions connected with the distribution of bingo equipment;

(3) Falsifies or makes a false entry in a book or record if the entry relates in any way to the distribution of bingo equipment; or

(4) Violates Acts 2007, No. 388, or a term of a license issued under Acts 2007, No. 388, in any other way.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-134. Inspection of premises.

The Department of Finance and Administration may enter and inspect the premises when:

(1) A raffle or bingo game is:

(A) Being conducted; or

(B) Intended to be conducted; or

(2) Equipment used or intended for use in a raffle or bingo game is located on

the premises.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-135. Injunction.

(a) If the Department of Finance and Administration has reason to believe that Acts 2007, No. 388, has been violated, the Secretary of the Department of Finance and Administration may petition a court for injunctive relief to restrain the violation.

(b) Venue for an action seeking injunctive relief against a licensed distributor or a licensed manufacturer is in Pulaski County, Arkansas.

(c) Venue for an action seeking injunctive relief against a licensed authorized organization is in the county where the licensed authorized organization resides.

(d) If the court finds that Acts 2007, No. 388, has been violated, the court shall issue a temporary restraining order and, after due notice and hearing, a temporary injunction, and after a final trial, a permanent injunction to restrain the violation.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-136. Examination of records.

The Department of Finance and Administration is authorized to audit and examine the books, papers, records, equipment, and place of business of a licensed authorized organization, a licensed distributor, or a licensed manufacturer to verify compliance with the provisions of Acts 2007, No. 388.

Authority. Arkansas Code § 23-114-203.

23 CAR § 350-137. Complaints.

If a person suspects a violation of Acts 2007, No. 388, the person may file a complaint concerning a licensed authorized organization with the Department of Finance and Administration.

Authority. Arkansas Code § 23-114-203.