STATE OF NEW YORK

3673--B

2017-2018 Regular Sessions

IN SENATE

January 25, 2017

Introduced by Sens. KLEIN, CARLUCCI -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering -- recommitted to the Committee on Racing, Gaming and Wagering in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law, in relation to modernizing and reforming the conduct of games of chance and bingo by certain organizations to ease regulatory burdens and administrative costs placed on games of chance and bingo, charitable organization operators, municipalities and the state gaming commission

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 6 of section 186 of the general municipal law, as amended by chapter 574 of the laws of 1978, is amended and two new subdivisions 22 and 23 are added to read as follows:

6. "Net proceeds" shall mean (a) in relation to the gross receipts from one or more license periods of games of chance, the amount that shall remain after deducting the reasonable sums necessarily and actually expended for **conducting games of chance including, but not limited to,** supplies and equipment, prizes, security-personnel, stated rental if any, bookkeeping or accounting services according to a schedule of compensation prescribed by the board, janitorial services and utility supplies if any, license fees, and [~~the cost of bus transportation~~] **reimbursement of reasonable expenses incurred by volunteers who donate their time to hold, operate or conduct, or assist in the conduct of such games**, **and as authorized by the board and** if authorized by the clerk or department and (b) in relation to the gross rent received by an authorized games of chance lessor for the use of its premises by a game of chance licensee, the amount that shall remain after deducting the

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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reasonable sums necessarily and actually expended for janitorial services and utility supplies directly attributable thereto if any.

22. "Reasonable expenses" shall include, but not be limited to, child care expenses, transportation expenses, meals and other expenses, as determined and regulated by the board.

23. "Ancillary non-gaming activity" shall mean any activity not directly related to the conduct or outcome of any game of chance, and shall include assisting at any food concession, cleaning, maintenance and site preparation at the location where games of chance are conducted.

§ 2. Subdivisions 4, 5, 6, 8 and 11 of section 189 of the general municipal law, subdivisions 4 and 11 as amended by chapter 574 of the laws of 1978, subdivisions 5 and 6 as amended by section 11 of part MM of chapter 59 of the laws of 2017 and subdivision 8 as amended by chapter 434 of the laws of 2016, are amended to read as follows:

4. The entire net proceeds of any game of chance shall be exclusively devoted to the lawful purposes of the organization permitted to conduct the same and the net proceeds of any rental derived therefrom shall be exclusively devoted to the lawful purposes of the authorized games of chance lessor**; provided, however, that a person may accept reimbursement of reasonable expenses incurred to manage, hold, operate or conduct such games**.

5. (a) No single prize awarded by games of chance other than raffle shall exceed the sum or value of [~~three~~] **four** hundred dollars, except that for merchandise wheels, no single prize shall exceed the sum or value of [~~two~~] **three** hundred [~~fifty~~] dollars, and for bell jar, no single prize shall exceed the sum or value of one thousand dollars.

(b) No single prize awarded by raffle shall exceed the sum or value of three hundred thousand dollars.

(c) No single wager shall exceed six dollars and for bell jars, coin boards or merchandise boards, no single prize shall exceed one thousand dollars, provided, however, that such limitation shall not apply to the amount of money or value paid by the participant in a raffle in return for a ticket or other receipt.

(d) For coin boards and merchandise boards, the value of a prize shall be determined by the cost of such prize to the authorized organization or, if donated, the fair market value of such prize.

6. (a) No authorized organization shall award a series of prizes consisting of cash or of merchandise with an aggregate value in excess of:

(1) ten thousand dollars during the successive operations of any one merchandise wheel **or bell jar**; and

(2) six thousand dollars during the successive operations of any [~~bell jar,~~] coin board or merchandise board.

(b) No series of prizes awarded by raffle shall have an aggregate value in excess of five hundred thousand dollars.

(c) For coin boards and merchandise boards, the value of a prize shall be determined by the cost of such prize to the authorized organization or, if donated, the fair market value of such prize.

8. Except for merchandise wheels and raffles, no series of prizes on any one occasion shall aggregate more than [~~four~~] **five** hundred dollars when the licensed authorized organization conducts five single types of games of chance during any one license period. Except for merchandise wheels, raffles and bell jars, no series of prizes on any one occasion shall aggregate more than five hundred dollars when the licensed authorized organization conducts less than five single types of games of

chance, exclusive of merchandise wheels, raffles and bell jars, during any one license period. No authorized organization shall award by raffle prizes with an aggregate value in excess of three million dollars during any one license period.

11. No person shall receive any remuneration for participating in the management or operation of any such game**; provided, however, that a person may accept reimbursement of reasonable expenses incurred to manage, hold, operate or conduct games of chance**.

§ 3. Subparagraph 5 of paragraph (a) of subdivision 1 of section 190 of the general municipal law, as amended by chapter 574 of the laws of 1978, is amended to read as follows:

(5) the purposes to which the entire net proceeds of such games are to be devoted and in what manner; that no commission, salary, compensation[~~,~~] **or** reward [~~**or recompense**~~] will be paid to any person for conducting such game or games or for assisting therein except as in this article otherwise provided; and such other information as shall be prescribed by such rules and regulations.

§ 4. Paragraph (b) of subdivision 1 of section 190 of the general municipal law, as amended by chapter 574 of the laws of 1978, is amended to read as follows:

(b) In each application there shall be designated not less than [~~**four**~~] **three** bona fide members of the applicant organization under whom the game or games of chance will be managed and to the application shall be appended a statement executed by the members so designated, that they will be responsible for the management of such games in accordance with the terms of the license, the rules and regulations of the board, this article and the applicable local laws or ordinances.

§ 5. Subdivision 3 of section 190-a of the general municipal law, as added by chapter 400 of the laws of 2005, is amended to read as follows:

3. No person under the age of eighteen shall be permitted to play, operate or assist in any raffle conducted pursuant to this section. **Nothing in this section shall prevent a person sixteen years of age or older from performing ancillary non-gaming activities conducted in conjunction with any game of chance conducted pursuant to any license issued pursuant to this article.**

§ 6. Paragraph (a) of subdivision 1 of section 191 of the general municipal law, as amended by section 15 of part LL of chapter 56 of the laws of 2010, is amended to read as follows:

(a) Issuance of licenses to conduct games of chance. If such clerk or department shall determine that the applicant is duly qualified to be licensed to conduct games of chance under this article; that the member or members of the applicant designated in the application to manage games of chance are bona fide active members of the applicant and are persons of good moral character and have never been convicted of a crime, or, if convicted, have received a pardon, a certificate of good conduct or a certificate of relief from disabilities pursuant to article twenty-three of the correction law**, or, at the option of the applicant, if convicted, the member or members are participating in a rehabilitation program licensed or certified by a state agency and operated by the applicant or an auxiliary thereof**; that such games are to be conducted in accordance with the provisions of this article and in accordance with the rules and regulations of the board and applicable local laws or ordinances and that the proceeds thereof are to be disposed of as provided by this article, and if such clerk or department is satisfied that no commission, salary, compensation[~~,~~] **or** reward [~~**or recompense**~~] whatever will be paid or given to any person managing, oper-

ating or assisting therein except as [~~in this article~~] otherwise provided **in this article, including reimbursement of reasonable expenses incurred by volunteers who donate their time to hold, operate or conduct, or assist in the conduct of such games**; it shall issue a license to the applicant for the conduct of games of chance upon payment of a license fee of twenty-five dollars for each license period.

§ 7. Subdivision 3 of section 194 of the general municipal law, as amended by chapter 550 of the laws of 1994, is amended to read as follows:

3. [~~Service of alcoholic beverages.~~] Subject to the applicable provisions of the alcoholic beverage control law, beer**, cider and wine** may be offered for sale during the conduct of games of chance on games of chance premises as such premises are defined in subdivision nineteen of section one hundred eighty-six of this article; provided, however, that nothing herein shall be construed to limit the offering for sale of any other alcoholic beverage in areas other than the games of chance premises or the sale of any other alcoholic beverage in premises where only the games of chance known as bell jar or raffles are conducted.

§ 8. Section 195-a of the general municipal law, as amended by chapter 574 of the laws of 1978, is amended to read as follows:

§ 195-a. Participation by persons under eighteen. No person under the age of eighteen years shall be permitted to play any game or games of chance conducted pursuant to any license issued under this article. Persons under the age of eighteen years may be permitted to attend games of chance at the discretion of the games of chance licensee. No person under the age of eighteen years shall be permitted to operate any game of chance conducted pursuant to any license issued under this article or to assist therein**; provided, however, that a person under the age of eighteen years and who is sixteen years of age or older shall be permitted to assist in the operation of any game of chance if accompanied by an adult**.

§ 9. Section 195-b of the general municipal law, as amended by chapter 252 of the laws of 1998, is amended to read as follows:

§ 195-b. Frequency of games. No game or games of chance, shall be conducted under any license issued under this article more often than [~~twelve~~] **eighteen** times in any calendar year. No particular premises shall be used for the conduct of games of chance on more than twenty-four license periods during any one calendar year. Games shall be conducted only between the hours of noon and midnight on Monday, Tuesday, Wednesday and Thursday, and only between the hours of noon on Friday and two A.M. Saturday, and only between the hours of noon on Saturday and two A.M. Sunday. The two A.M. closing period shall also apply to a legal holiday. The above restrictions shall not apply when only the games of chance known as bell jar and/or raffle are conducted.

§ 10. Section 195-c of the general municipal law, as amended by chapter 252 of the laws of 1998, is amended to read as follows:

§ 195-c. [~~1.~~] Persons operating games; equipment; expenses; compensation. **1.** No person shall operate any game of chance under any license issued under this article except a bona fide member of the authorized organization to which the license is issued, or a bona fide member of an organization or association which is an auxiliary to the licensee or a bona fide member of an organization or association of which such licensee is an auxiliary or a bona fide member of an organization or association which is affiliated with the licensee by being, with it, auxiliary to another organization or association. Nothing herein shall be construed to limit the number of games of chance licensees for whom such

persons may operate games of chance nor to prevent non-members from assisting the licensee in any activity other than managing or operating games. No game of chance shall be conducted with any equipment except such as shall be owned or leased by the authorized organization so licensed or used without payment of any compensation therefor by the licensee. However, in no event shall bell jar tickets be transferred from one authorized organization to another, with or without payment of any compensation thereof. The head or heads of the authorized organization shall upon request certify, under oath, that the persons operating any game of chance are bona fide members of such authorized organization, auxiliary or affiliated organization. Upon request by an officer or the department any such person involved in such games of chance shall certify that he or she has no criminal record. No items of expense shall be incurred or paid in connection with the conducting of any game of chance pursuant to any license issued under this article except those that are reasonable and are necessarily expended for games of chance supplies and equipment, prizes, security personnel, stated rental if any, bookkeeping or accounting services according to a schedule of compensation prescribed by the board, janitorial services and utility supplies if any, and license fees, **reimbursement of reasonable expenses incurred by volunteers who donate their time to operate or assist in the operation of games of chance** and the cost of bus transportation, if authorized by such clerk or department. No commission, salary, compensation[~~,~~] **or** reward [~~**or recompense**~~] shall be paid or given to any person for the sale or assisting with the sale of raffle tickets.

2. For the purpose of the sale of tickets for the game of raffle, the term "operate" shall not include the sale of such tickets by persons of lineal or collateral consanguinity to members of an authorized organization licensed to conduct a raffle.

§ 11. Subdivision 1 of section 195-n of the general municipal law, as amended by chapter 637 of the laws of 1999, is amended to read as follows:

1. Distribution; manufacturers. For business conducted in this state, manufacturers licensed by the board to sell bell jar tickets shall sell only such tickets to distributors licensed by the board. Manufacturers of bell jar tickets, seal cards, merchandise boards, and coin boards may submit samples, artists' renderings, or color photocopies of proposed bell jar tickets, seal cards, merchandise boards, coin boards, payout cards, and flares for review and approval by the board. Within thirty days of receipt of such sample or rendering, the board shall approve or deny such bell jar tickets. [~~**Following approval of a rendering of a bell jar ticket, seal card, merchandise board, or coin board by the board**~~] **Prior to the sale of a bell jar game, jar ticket, seal card, merchandise board or coin board to any licensed distributor for resale in this state**, the manufacturer shall submit to the board a sample of the printed bell jar ticket, seal card, merchandise board, coin board, payout card, and flare for such game. [~~**Such sample shall be submitted prior to the sale of the game to any licensed distributor for resale in this state.**~~] **Within forty-five days of receipt of such sample, the board shall approve or deny the bell jar ticket, jar ticket, seal card, merchandise board or coin board.** For coin boards and merchandise boards, nothing herein shall require the submittal of actual coins or merchandise as part of the approval process. Any licensed manufacturer who willfully violates the provisions of this section shall: (a) upon such first offense, have their license suspended for a period of thirty days; (b) upon such second offense, participate in a hearing to be conducted

by the board, and surrender their license for such period as recommended by the board; and (c) upon such third or subsequent offense, have their license suspended for a period of one year and shall be guilty of a class E felony. Any unlicensed manufacturer who violates the provisions of this section shall be guilty of a class E felony.

§ 12. Subdivisions 7, 10 and 11-a of section 476 of the general municipal law, subdivision 7 as amended by chapter 438 of the laws of 1962, subdivision 10 as amended by chapter 364 of the laws of 1968 and subdivision 11-a as added by chapter 160 of the laws of 1994, are amended and a new subdivision 14 is added to read as follows:

7. "Net proceeds" shall mean (a) in relation to the gross receipts from one or more occasions of bingo, the amount that shall remain after deducting the reasonable sums necessarily and actually expended for **conducting bingo games including, but not limited to,** bingo supplies and equipment, prizes, stated rental if any, bookkeeping or accounting services according to a schedule of compensation prescribed by the commission, janitorial services and utility supplies if any, license fees, and [~~the cost of bus transportation~~] **reimbursement of reasonable expenses incurred by volunteers who donate their time to hold, operate or conduct, or assist in the conduct of such games**, [~~if~~] **as** authorized by the control commission, and (b) in relation to the gross rent received by an organization licensed to conduct bingo for the use of its premises by another licensee, the amount that shall remain after deducting the reasonable sums necessarily and actually expended for janitorial services and utility supplies directly attributable thereto if any.

10. "Limited period bingo" shall mean the conduct of bingo by a licensed authorized organization, for a period of not more than [~~seven~~] **ten** of [~~twelve~~] **fourteen** consecutive days in any one year, at a festival, bazaar, carnival or similar function conducted by such licensed authorized organization. No authorized organization licensed to conduct limited period bingo shall be otherwise eligible to conduct bingo pursuant to this article in the same year.

11-a. "Early bird" shall mean a bingo game which is played as a special game, conducted not more than [~~twice~~] **three times** during a bingo occasion, in which prizes are awarded based upon a percentage not to exceed seventy-five percent of the sum of money received from the sale of the early bird cards and which is neither subject to the prize limits imposed by subdivisions five and six of section four hundred seventy-nine and paragraph (a) of subdivision one of section four hundred eighty-one, nor the special game opportunity charge limit imposed by section four hundred eighty-nine of this article. The percentage shall be specified both in the application for bingo license and the license. Not more than one dollar shall be charged per card with the total amount collected from the sale of the early bird cards and the prize for each game to be announced before the commencement of each game.

14. "Reasonable expenses incurred by a volunteer" shall include, but not be limited to, child care expenses, transportation expenses, meals and other expenses, as determined and regulated by the board.

§ 13. Subdivisions 3 and 8 of section 479 of the general municipal law, subdivision 3 as amended by chapter 337 of the laws of 1998 and subdivision 8 as amended by chapter 814 of the laws of 1964, are amended to read as follows:

3. No authorized organization licensed under the provisions of this article shall purchase, lease, or receive any supplies or equipment specifically designed or adapted for use in the conduct of bingo games from other than a supplier licensed under [~~the bingo control law~~] **arti-**

cle nineteen-B of the executive law or from another authorized organization.

8. No person shall receive any remuneration for participating in the management or operation of any game of bingo; provided, however, that a person may accept reimbursement of reasonable expenses incurred to manage, hold, operate or conduct such games.

§ 14. Subparagraph 6 of paragraph (a) of subdivision 1 of section 480 of the general municipal law, as amended by section 4 of part MM of chapter 59 of the laws of 2017, is amended to read as follows:

(6) the specific purposes to which the entire net proceeds of such games of bingo are to be devoted and in what manner; that no commission, salary, compensation[~~,~~] or reward [~~or recompense~~] will be paid to any person for conducting such bingo game or games or for assisting therein except as in this article otherwise provided; and such other information as shall be prescribed by the rules and regulations of the commission.

§ 15. Paragraph (a) of subdivision 1 and subdivision 3 of section 481 of the general municipal law, paragraph (a) of subdivision 1 as amended by section 5 of part MM of chapter 59 of the laws of 2017 and subdivision 3 as amended by chapter 284 of the laws of 1969, are amended to read as follows:

(a) Issuance of licenses to conduct bingo. If the governing body of the municipality determines that the applicant is duly qualified to be licensed to conduct bingo under this article; that the member or members of the applicant designated in the application to conduct bingo are bona fide active members of the applicant and are persons of good moral character and have never been convicted of a crime or, if convicted, have received a pardon or a certificate of good conduct or a certificate of relief from disabilities pursuant to article twenty-three of the correction law, or, at the option of the applicant, if convicted, the member or members are participating in a rehabilitation program licensed or certified by a state agency and operated by the applicant or an auxiliary thereof; that such games of bingo are to be conducted in accordance with the provisions of this article and in accordance with the rules and regulations of the commission, and that the proceeds thereof are to be disposed of as provided by this article, and if the governing body is satisfied that no commission, salary, compensation[~~,~~] or reward [~~or recompense~~] what so ever will be paid or given to any person holding, operating or conducting or assisting in the holding, operation and conduct of any such games of bingo except as [~~in this article~~] otherwise provided in this article, including reimbursement of reasonable expenses incurred by volunteers who donate their time to hold, operate or conduct, or assist in the conduct of such games; and that no prize will be offered and given in excess of the sum or value of five thousand dollars in any single game and that the aggregate of all prizes offered and given in all of such games conducted on a single occasion, under said license shall not exceed the sum or value of fifteen thousand dollars, then the municipality shall issue a license to the applicant for the conduct of bingo upon payment of a license fee of eighteen dollars and seventy-five cents for each bingo occasion; provided, however, that the governing body shall refuse to issue a license to an applicant seeking to conduct bingo in premises of a licensed commercial lessor where such governing body determines that the premises presently owned or occupied by such applicant are in every respect adequate and suitable for conducting bingo games.

3. No license shall be issued under this article which shall be effective for a period of more than one year. In the case of limited period

bingo, no license shall be issued authorizing the conduct of such games on more than [~~two~~] three occasions in any one day nor shall any license be issued under this article which shall be effective for a period of more than [~~seven~~] ten of [~~twelve~~] fourteen consecutive days in any one year. No license for the conduct of limited period bingo shall be issued in cities having a population of one million or more.

§ 16. Subdivision 1 of section 483 of the general municipal law, as amended by chapter 438 of the laws of 1962, is amended to read as follows:

1. [~~Eeach~~] Each license to conduct bingo shall be in such form as shall be prescribed in the rules and regulations promulgated by the control commission, and shall contain a statement of the name and address of the licensee, of the names and addresses of the member or members of the licensee under whom the games will be conducted, of the place or places where and the date or dates and time or times when such games are to be conducted and of the specific purposes to which the entire net proceeds of such games are to be devoted; if any prize or prizes are to be offered and given in cash, a statement of the amounts of the prizes authorized so to be offered and given; and any other information which may be required by said rules and regulations to be contained therein, and each license issued for the conduct of any game shall be conspicuously displayed at the place where same is to be conducted at all times during the conduct thereof.

§ 17. Section 487 of the general municipal law, as amended by chapter 72 of the laws of 1982, is amended to read as follows:

§ 487. Frequency of game; sale of alcoholic beverages. No game or games of bingo, except limited period bingo, shall be conducted under any license issued under this article more often than on [~~eighteen~~] twenty-seven days in any three successive calendar months. No game or games of limited period bingo shall be conducted between the hours of twelve midnight postmeridian and noon, and no more than sixty games may be conducted on any single occasion of limited period bingo. No game or games of bingo shall be conducted in any room or outdoor area where alcoholic beverages are sold, served or consumed during the progress of the game or games.

§ 18. Subdivision 1 of section 488 of the general municipal law, as amended by chapter 337 of the laws of 1998, is amended to read as follows:

1. No person shall hold, operate or conduct any game of bingo under any license issued under this article except a bona fide member of the authorized organization to which the license is issued, and no person shall assist in the holding, operating or conducting of any game of bingo under such license except such a bona fide member or a bona fide member of an organization or association which is an auxiliary to the licensee or a bona fide member of an organization or association of which such licensee is an auxiliary or a bona fide member of an organization or association which is affiliated with the licensee by being, with it, auxiliary to another organization or association and except bookkeepers or accountants as hereinafter provided. Provided, however, any person may assist the licensed organization in any activity related to the game of bingo which does not actually involve the holding, conducting, managing or operating of such game of bingo. No game of bingo shall be conducted with any equipment except such as shall be owned absolutely or leased by the authorized organization so licensed or used without payment of any compensation therefor by the licensee. Lease terms and conditions shall be subject to rules and regulations

promulgated by the board. This article shall not be construed to authorize or permit an authorized organization to engage in the business of leasing bingo supplies or equipment. No items of expense shall be incurred or paid in connection with the conducting of any game of bingo pursuant to any license issued under this article, except those that are reasonable and are necessarily expended for bingo supplies and equipment, prizes, stated rental if any, bookkeeping or accounting services according to a schedule of compensation prescribed by the commission, janitorial services and utility supplies if any, and license fees, **reimbursement of reasonable expenses incurred by volunteers who donate their time to hold, operate or conduct or assist in the conduct of such games,** and the cost of bus transportation, if authorized by the control commission.

§ 19. Subdivision 1 of section 491 of the general municipal law, as amended by section 9 of part MM of chapter 59 of the laws of 2017, is amended to read as follows:

1. Within [~~seven~~] **ten** days after the conclusion of any occasion of bingo, the authorized organization that conducted the same, and such authorized organization's members who were in charge thereof, and when applicable the authorized organization that rented its premises therefor, shall each furnish to the clerk of the municipality a statement subscribed by the member in charge and affirmed by such person as true, under the penalties of perjury, showing the amount of the gross receipts derived therefrom and each item of expense incurred, or paid, and each item of expenditure made or to be made, the name and address of each person to whom each such item has been paid, or is to be paid, with a detailed description of the merchandise purchased or the services rendered therefor, the net proceeds derived from such game or rental, as the case may be, and the use to which such proceeds have been or are to be applied and a list of prizes offered and given, with the respective values thereof. A clerk may make provisions for the option for the electronic filing of such statement. It shall be the duty of each licensee to maintain and keep such books and records as may be necessary to substantiate the particulars of each such statement and within fifteen days after the end of each calendar quarter during which there has been any occasion of bingo, a summary statement of such information, in form prescribed by the commission, shall be furnished in the same manner to the commission.

§ 20. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.