

MONTANA TAVERN TIMES

Bingo and Raffles - November 1, 2011 (updated December 17, 2012)

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Bingo and raffles are two of the earliest forms of legalized gambling in Montana. They have, however, evolved in the last forty years with the most recent changes going into effect October 1, 2011.

Bingo is a regulated gambling activity in which you must be 18 to play. Those wishing to conduct a live bingo game must first obtain a gambling operator's license by submitting an application to the department. The application is available on our website at <https://files.doj.mt.gov/wp-content/uploads/2011/05/5.pdf>.

A person or organization who has been granted an operator's license may apply for an annual permit to conduct live bingo games on a specified premise. The application is available on our website at <https://files.doj.mt.gov/wp-content/uploads/25.pdf>. Once granted, the license expires on June 30th of each year and must be renewed. All licensees are required to pay a tax of 1% of the gross proceeds from the operation of the live bingo game. This tax is collected annually by the department and distributed to the local government in which the licensed game is located. The tax return form is available on our website at <https://files.doj.mt.gov/wp-content/uploads/16.pdf>.

There are some exceptions:

- Senior Citizen Centers are required to get a gambling operator's license, but generally are not required to pay the fee for the live bingo permit (they must still obtain a permit though). They are exempt from paying the 1% live game tax.
- Exempt charitable organizations and facilities are also required to get an operator's license and live bingo permit but may not be required to pay the fee for the permit (depending on whether exemption was granted before or after January 15, 1989). Exempt charitable organizations are not required to pay the 1% live game tax.
- Bingo can be played under a Casino Night Permit. A gambling operator's license is not required to obtain a Casino Night Permit and the department does not collect tax on these activities.
- If there is no charge for the participant to play in the Bingo game (no consideration), this is not considered gambling by the legal definition and no license, permit, or taxes are required and participants do not have to be 18 to play.

With the passage of HB127 this last session, a summary of changes made to the statutes governing Bingo are below. These changes became effective October 1, 2011.

- The price for an individual bingo card may not exceed \$1 (previously was \$0.50).
- A prize may not exceed \$800 for each bingo game (previously was \$100).
- Total prize payouts may not exceed \$3,000 during a bingo session, with limited exceptions.
- Special bingo sessions are authorized.
- Break-open bingo cards (sealed cards the player "breaks" open to reveal a hidden bingo card) are authorized.

Raffles are also a gambling activity regulated by the Gambling Control Division. This activity, however, does not require a gambling operator's license or a permit. Before offering a raffle, the person or organization should read the statutes and rules and be aware of the limitations.

A person or organization must own all prizes prior to selling any tickets. The value of the prize awarded for an individual ticket may not exceed \$5,000. There is a distinction in the law for non-profit organizations. Nonprofit organizations, colleges, universities, public school districts, and nonpublic school districts do not need to comply with the provisions above. They must, however, use the proceeds only for charitable purposes or to pay for prizes and may not use them for the administrative costs of conducting the raffle. These raffles must also be publically identified as a charitable raffle.

All raffle terms, including the date of the raffle drawing, must be available to the public prior to the sale of any raffle tickets. The sale of raffle tickets is limited to the geographical confines of the state. The raffle may be announced or promoted over the Internet, but the sale tickets may not be conducted over the Internet.

A person under 18 years of age may sell or buy tickets for or receive prizes from a raffle if the proceeds are used to support charitable activities, scholarships or educational grants, or community service projects.

For twelve months from the date of the raffle drawing, the entity conducting the raffle must maintain the following records (and provide to the department upon request):

- A record of the total proceeds collected;
- A detailed description of the prize(s) awarded;
- A description of the selection process used to determine the winner(s);
- A record reflecting the source of the prize(s), including any money paid to purchase prizes;
- A record of any administrative costs paid with raffle proceeds;
- A description of how the raffle was publically identified as a charitable raffle, where applicable;
- The name and address of the person(s) awarded raffle prize(s); and
- A detailed record of the distribution of the charitable raffle proceeds, where applicable.

For more information, please call our office at (406) 444-1971 or email gcd@mt.gov. (References: Title 23, Chapter 5, Part 4, MCA; Title 23, Chapter 16, Subchapter 23, 24, and 26, ARM)