

**Order of the
Department of Administration**

The Department of Administration proposes an order to amend GAME 41.03, 42.17, 44(title), 44.02(1), 44.03(title) and (1), 44.04, 44.05(4), 44.07(1) and (2); to repeal and recreate GAME 44.01; and to create GAME 42.18, 44.02(3) and (4), 44.03(3) and (4), 44.08, and 44.09.

ANALYSIS PREPARED BY THE DEPARTMENT OF ADMINISTRATION.

STATUTORY AUTHORITY: Sections 16.004(1), 227.11(2)(a), 563.04(3) and (14) and 563.05(2), (3) and (4), Stats.

STATUTES INTERPRETED: Sections 563.04, 563.05, 563.93 and 563.935, Stats.

EXPLANATION OF AGENCY AUTHORITY:

Chapter 563, Wis. Stats., authorizes the Department to adopt rules and regulate the conduct of bingo and raffle events conducted by licensed charitable organizations. In addition, 2001 Wisconsin Act 16, created s. 563.04(14), Stats., which requires the Department to adopt rules regulating the sale of multiple shares of a single raffle ticket under a class A raffle license.

RELATED STATUTE(S) OR RULE(S):

Chapter 563, Wis. Stats., and ch. GAME 41 through 44, Wis. Admin. Code are related statutes and rules.

PLAIN LANGUAGE ANALYSIS:

The Department of Administration proposes to revise its administrative code relating to charitable gaming. The revision process is in response to 2001 Wis. Act 16, requiring the department to promulgate rules that allow for the sale of equal shares of a single Class A raffle ticket to one or more purchasers. In addition, the revision process was conducted in order to ensure the Department exercises its regulatory oversight functions in an effective and efficient manner.

Section 1: Relating to bingo supply numbers.

Section GAME 41.03 is amended to specify that the bingo supplier’s license number needs to be printed on the playing side of the bingo card, and not the back. In addition, this amendment requires the number be printed on every bingo card and not solely the top bingo card in a stack or package.

Section 2: Relating to the counting of bingo receipts.

This section requires that an alternative security system for counting bingo receipts may not be used without the prior approval of the department. The current regulation does not adequately ensure the development of procedures to prevent the embezzlement of bingo receipts by supervising members and creates a loophole making enforcement of appropriate safeguards difficult.

Section 3: Relating to the conduct of bingo at certain locations.

Section 3 creates s. GAME 42.18, which details specific premises where bingo can not be conducted. These provisions are necessary to ensure that the conduct of charitable bingo is free from corruption and association with potential illegal entities. Bingo events will be prohibited from occurring on properties owned, operated or controlled by individuals or entities not otherwise eligible to participate in the operation of charitable bingo or a bingo supplier.

Sections 4 and 5: Technical amendments.

These sections are technical amendments outlining that ch. GAME 44 covers all types of class A and B raffles. In addition, the scope of this chapter is outlined to provide the reader with a greater understanding of the activities covered by the chapter.

Section 6: Relating to raffle definitions.

These sections provide clarity to the definition of the terms “class A raffle”, “class A raffle ticket”, “drawing”, “raffle” and “single event raffle” to eliminate potential confusion among charitable organization members and other interested individuals reading the rules contained in ch. GAME 44. In addition, the term “raffle ticket” is

further defined to add clarity to this terminology in a manner consistent with s. 563.93 and 563.935, Stats., which currently outlines various raffle ticket requirements.

Sections 7, 9, 10 and 11: Relating to class A raffles.

These sections amend existing regulations to clarify that they apply to both types of class A raffles: calendars and single event. In addition, Section 7 amends the length of time class A raffle tickets can be sold prior to the drawing from 180 to 270 days to ensure consistency with s. 563.93(4), Stats.

Section 8: Relating to the sale of raffle ticket shares.

Section 8 creates s. GAME 44.03 (3) and (4) outlining rules governing the sale of raffle ticket shares and the handling of the various parts of a raffle ticket. The rules indicate required information to be included on the organization and purchaser's portion of the raffle ticket share. In addition, these rules outline a maximum number (4) of shares that can consist of any one single raffle ticket and limit raffle prizes to cash or commodities divisible by the number of shares being offered per raffle ticket. For example, under this provision an organization could offer a cash prize of \$1,000 for the winner(s) of a raffle in which four shares comprise a raffle ticket. Under this scenario each winning shareholder would receive \$250. A second example illustrates how this provision applies to a commodity. An organization could offer three fishing poles as the prize for the winner(s) of the raffle in which three shares comprise a raffle ticket. If three separate individuals purchase the shares of the winning raffle ticket, each winning shareholder would receive one of the three fishing poles. If one person purchased all three shares of the winning raffle ticket, that person would receive all three fishing poles. Under this provision, an organization could not offer a single fishing pole or \$1000 as the prize for the winner(s) of the raffle in which three shares comprise a raffle ticket because \$1000 or a single fishing pole is not equally divisible by three.

In addition, section 8 delineates responsibilities of licensed organizations regarding the distribution and maintenance of the various parts of raffle tickets. Organizations will be required to place the organization's portion of a sold raffle ticket in the drawing

container for a chance to be drawn and provide the purchaser with the purchaser's portion. All organizations will be required to maintain the ticket stubs placed in the drawing container for a period of 12 months to enable the department to investigate citizen complaints of raffle drawing improprieties.

Section 12: Related to raffle prohibitions.

Section 12 creates two new sets of raffle regulations. These regulations require the display of the raffle license certificate at all drawing locations. In addition, these regulations outline specific prohibitions which apply to raffles and licensed organizations. The recommended prohibitions include bans on the following: reselling raffle tickets; transferring or loaning a raffle license to another organization or individual; and using raffle tickets for any means other than the purpose of conducting a raffle. These prohibitions are necessary to ensure the non-commercialization of charitable raffles and assure that raffles are conducted and prizes awarded in a manner that does not violate other state and federal laws.

SUMMARY OF, AND COMPARISON WITH, EXISTING OR PROPOSED FEDERAL REGULATION:

There is no related existing or proposed federal regulation.

COMPARISON WITH RULES IN ADJACENT STATES:

The Department's proposed order and existing administrative code contains regulations similar to those in place in the states of Indiana, Michigan, Minnesota, Missouri and Nebraska. The Department reviewed regulations in place in the states of Illinois and Iowa. These states operate in a different regulatory structure than Wisconsin. For example, Illinois raffle organizations are licensed and regulated by local municipalities.

SUMMARY OF FACTUAL DATA AND ANALYTICAL METHODOLOGIES:

The Department conducted reviews of existing raffle and bingo regulations in neighboring states. In addition, the Department reviewed previous complaints and questions arising from existing statutory and code requirements to provide greater clarity and reduce non-compliance by licensed organizations while preserving the intent of the legislature.

ANALYSIS AND SUPPORT DOCUMENTS USED TO DETERMINE EFFECT ON SMALL BUSINESS OR IN PREPARATION OF ECONOMIC IMPACT REPORT:

There will be no significant economic impact or other effect on small business.

ANTICIPATED COST INCURRED BY PRIVATE SECTOR:

There will be no significant cost on the private sector.

EFFECT ON SMALL BUSINESS:

There will be no significant impact on small businesses.

TEXT OF RULE:

SECTION 1. GAME 41.03 is amended to read:

GAME 41.03 License number of supplier. ~~On or after December 31, 1991, before~~
Before any bingo card becomes the property of a licensed organization, the supplier or manufacturer shall print on it the playing side of the bingo card the license number assigned to the supplier of the card by the commission department. ~~The license number need not be printed more than once on any grouping of cards permitted under s.GAME 41.07.~~

SECTION 2. GAME 42.17 is amended to read:

GAME 42.17 Verification of receipts. Unless a sponsoring organization has an alternative security system in place that has been approved by the department, the organization's supervising member at a bingo occasion shall count the receipts from the occasion immediately after the occasion, before leaving the place where the occasion is held. The supervising member's count of the ~~receipt~~ receipts shall be verified by a separate count by at least 2 other members of the organization in attendance at the occasion immediately after the occasion and before leaving the place the occasion is held.

SECTION 3. GAME 42.18 is created to read:

GAME 42.18 Prohibited bingo premises. A bingo occasion shall not be conducted at any premise owned, operated or controlled by an organization or person to which any of the following applies:

- (1) The person or organization has been convicted of a felony and has not received a pardon or been released from parole, extended supervision or probation for at least 5 years.
- (2) The person or organization is in default on any payment required under this chapter, or ch. 563, Stats.
- (3) The person or organization is liable for delinquent taxes, as certified by the department of revenue under s. 73.0301, Stats.
- (4) The person or organization is a licensed bingo supplier.

SECTION 4. GAME 44 (title) is amended to read:

Chapter GAME 44 CONDUCT OF CALENDAR RAFFLES

SECTION 5. GAME 44.01 is repealed and recreated to read:

GAME 44.01 Scope. This chapter shall apply to all holders of Class A and B licenses issued under s. 563.92, Stats. This chapter establishes raffle requirements and prohibitions relating to raffle ticket sales, prizes, drawings, ticket retention and commercialization.

SECTION 6. GAME 44.02(3) through (8) are created to read:

GAME 44.02(3) “Class A raffle” means a raffle in which some or all of the tickets for that raffle are sold on days other than the same day as the raffle drawing. There are two types of “Class A raffles”: calendar and single event.

(4) “Class A raffle ticket” means a raffle ticket sold for the purpose of an individual desiring to enter a Class A raffle.

(5) “Drawing” means a random selection of an organization’s raffle ticket portion from a container housing all raffle tickets purchased for the raffle, with such selection used to determine a winner.

(6) “Raffle” means a game of chance in which tickets or calendars are sold and a drawing for prizes is held.

(7) “Raffle ticket” means a single instrument meeting the requirements of s. 563.93 or 563.935, Stats., utilized for the purpose of an individual desiring to enter a raffle.

(8) “Single event raffle” means a raffle for which one single drawing is held and all prizes are awarded.

SECTION 7. GAME 44.03(title) and (1) are amended to read:

GAME 44.03 Sale of calendars and class A raffle tickets. (1) NUMBER OF DAYS. A licensed organization may sell calendars or single event raffle tickets no earlier than ~~180~~ 270 days before the first ~~date on the calendar~~ drawing.

SECTION 8. GAME 44.03(3) and (4) are created to read:

GAME 44.03(3) SALE OF SHARES. All of the following requirements shall apply to a licensed organization desiring to sell equal shares of a Class A raffle ticket.

(a) No more than 4 shares shall be sold for any single raffle ticket.

(b) No price discount shall be offered to a person purchasing more than one share.

(c) All shares shall be identical in form and consist of the organization’s and share purchasers’ portions.

(d) All share purchasers’ portions of a single raffle ticket shall be identical in form and shall include the information required in s. 563.93(1), Stats.

(e) The organization’s portion shall be placed in the drawing container and include all of the following:

1. Raffle ticket identification number required under s. 563.93(1s), Stats.
 2. Identification letters for all shares comprising the raffle ticket.
 3. A place for the purchaser to enter the purchaser's name and address next to the share identification letter identifying the share purchased.
- (f) For a raffle in which shares are sold, all prizes awarded by a licensed organization shall be in the form of cash or commodity in an amount equally divisible by the maximum number of shares that comprise the raffle ticket.
- (g) The licensed organization shall pay all winning shareholders directly.
- (h) The department shall not be held responsible or liable in any dispute regarding the ownership or sale of raffle ticket shares.

(4) DISTRIBUTION AND MAINTENANCE OF TICKET PORTIONS. The licensed organization shall comply with all of the following requirements:

- (a) Provide the buyer with the purchaser's portion of the raffle ticket, share or calendar at the time of sale.
- (b) Ensure that the organization's portions for all sold raffle tickets are placed in the drawing container prior to the time of the drawing.
- (c) Maintain the organization's portions of all sold raffle tickets that are placed in the drawing container for a period of 12 months after the raffle is conducted. The organization's portions shall be provided to the department upon request.

SECTION 9. GAME 44.04 is amended to read:

GAME 44.04 Drawing dates. A licensed organization shall ascertain that each class ~~A raffle ticket or calendar for a calendar raffle which~~ that it sells has imprinted on it the date, place, and time of each drawing or drawings.

SECTION 10. GAME 44.05(4) is amended to read:

GAME 44.05(4) CHANGE OF PRIZE DATES. Unless the entire ~~calendar~~ class ~~A~~ raffle is cancelled, a licensed organization may not change any date on which a prize is to be awarded or the amount of the designated prize for any date after it has begun the sale of ~~ealendars~~ raffle tickets for a specific ~~ealendar~~ raffle.

SECTION 11. GAME 44.07(1) and (2) are amended to read:

GAME 44.07(1) CANCELLATION OF ~~CALENDAR~~ RAFFLE. A licensed organization ~~which~~ that has sold a raffle ticket or calendar for a specific ~~calendar~~ class A raffle and subsequently decides not to conduct one or more drawings printed on the raffle ticket or calendar shall refund the complete purchase price to each purchaser.

(2) HANDLING CHARGES. A licensed organization may not deduct from a refund to a purchaser a handling charge or other amount relating to the expense incurred by the organization in the sale of a class A raffle ticket or calendar.

SECTION 12. GAME 44.08 and 44.09 are created to read:

GAME 44.08 Display of license. The original or a copy of the raffle license certificate shall be displayed at the place where the raffle drawing is conducted and at all times during the conduct of the raffle so as to be easily readable by any person at the drawing.

GAME 44.09 Prohibited activities. (1) No licensed organization may offer a prize whose possession or ownership is age restricted by state or federal law unless the licensed organization prints on all raffle tickets the minimum age a person must be to purchase the raffle ticket.

(2) No licensed organization may permit the resale of any raffle ticket.

(3) No licensed organization may permit another organization or individual to use the licensed organization's license to conduct a raffle.

(4) No licensed organization may permit a raffle ticket to be utilized for any purpose other than as a gaming instrument.

SECTION 13. INITIAL APPLICABILITY. The treatment of section GAME 41.03 first applies to the sale of bingo cards by a licensed bingo supplier on January 1, 2006.

SECTION 14. EFFECTIVE DATE. This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative register as provided in s. 227.22 (2)(intro.), Stats.

Dated: April 6, 2005

_____/s/_____
Marc J. Marotta, Secretary

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