



SC REVENUE RULING #92-8

SUBJECT: Prizes and Games  
(Bingo)

TAX MANAGER: John P. McCormack

EFFECTIVE DATE: August 1, 1992.

REFERENCE: S.C. Code Ann. Section 12-21-3410 (Supp. 1991)  
S.C. Code Ann. Section 12-21-3420 (Supp. 1991)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1991)

SCOPE: A Revenue Ruling is the Commission's official interpretation of how tax law is to be applied to a specific set of facts. A Revenue Ruling is public information and remains a permanent document until superseded by a Regulation or is rescinded by a subsequent Revenue Ruling.

Question:

May a bingo operation offer a prize for a game, or play a game, as described in each one of the examples outlined in the Facts?

Facts:

Recently, questions have arisen concerning various methods of offering a prize to the winner or winners of a bingo game. Also, a question has arisen concerning the so-called odd or even cover-all games.

Example 1 - Bonus Number: The first method concerns a bonus prize awarded for achieving bingo on a specific number. For example, the bingo operation, prior to the game, will randomly select "B-14" as the bonus number. If the winner of that game achieves bingo when "B-14" is called, then the player will win a \$100 bonus prize. Accordingly, if the prize for the game was \$200, then the winning player will receive the \$200 prize plus a \$100 bonus prize.

Example 2 - Bonus Card: The second method concerns a bonus prize awarded for achieving bingo on a certain card, as opposed to a certain number. For example, players are sometimes allowed to purchase either a regular pack of cards for the session for \$49, or a super pack for \$64. The super pack offers more cards for some of the games; however, the individual cards for each game sell for the same price. Usually, this means that the player purchasing the regular pack will receive a sheet of three cards ("3-on") for a particular game and the player purchasing the super pack will receive a sheet of nine cards ("9-on") for the same game. If the winner of that game achieves bingo on the center card of the 9-on sheet, then the player will win a \$5,000 prize. However, if bingo is achieved on any other card on the 9-on sheet, or any card on the 3-on sheet, the prize awarded is \$2,000.

Example 3 - Progressive Games: The third method concerns prizes that are offered for achieving bingo several times during the same game on the same card. For example, the first person to achieve "four corners" is awarded \$100, and after the \$100 is given to the winner, play continues on the same card until someone covers all the remaining spaces on the card. That person is then awarded \$500.

Example 4 - "Let's Make a Deal" Games: The fourth method of offering prizes requires the winner to spin a wheel, or pop one of several balloons, to determine the amount of the prize to be awarded. The wheel has several prize amounts listed on it, while each balloon contains a card with a different prize amount printed on it. In some instances, a specific prize is offered, but the winner has the option to spin the wheel or pop a balloon in order to try for a larger prize. The winner may or may not be guaranteed a minimum prize.

Example 5 - Odd or Even Cover-All Games: This example does not concern how the prize is awarded or determined, but how the game is played. Simply stated, the winner of this type of game is the person who achieves bingo by covering all the odd, or even, numbers on his card. For example, player "A" has one odd number on his card and player "B" has twenty odd numbers on his card. Therefore, player "A" can achieve bingo in an odd cover-all game by covering one space on his card, while player "B" must cover twenty spaces to achieve bingo for the same game.

#### Discussion:

Article 23 of Chapter 21 of Title 12 of the South Carolina Code of Laws regulates the game of bingo in this State. Specifically, the law sets forth who may establish a bingo operation, the licenses and taxes that are due, how the game is to be played and various other requirements.

The issue at hand concerns how the game is played. This is addressed in Code Sections 12-21-3410 and 12-21-3420.

Code Section 12-21-3410 reads:

- (A) The game of bingo must be played in the following manner:
- (1) Bingo is played by more than one player and a caller who is associated with the house. Each player pays an amount certain for each card to be played during the course of a game and may purchase the card for a specified number of games. After the player has purchased a card or cards for a specified number of games, the house cannot require or accept an additional payment or consideration by the player in order to complete the specified number of games.
  - (2) Before each game begins, the caller shall announce to the players the configurations that will win the game. A configuration consists of covering a number of grids in some geometrical design such as, but not limited to, a line, square, or the four corners of the card.
  - (3) At the beginning of each game, the caller also shall announce the prize, specifically stating the dollar amount or merchandise that will be awarded to the winner. After the prize has been announced and the game has begun, the prize must not be diminished or altered. The prize must be awarded to the winner of that game without delay. For multiple winners, the prize must be divided equally among the winners.
  - (4) The caller shall draw numbers from the cage one at a time. As each number is selected, it is announced to the players. If a player has a card with the called number on it, he may use a marker to cover the square which contains the number. After the number is announced, it must be indicated on the master-board by the caller.
  - (5) When a player covers sufficient squares on a card to achieve the winning configuration, he may indicate to the caller. The caller shall require that the player's card be checked against the master-board in the presence of the other players to determine if the squares were covered accurately. If it is determined by the caller that the player accurately has covered the squares and achieved the preannounced configuration, the player is declared the winner. If it is determined that the player has not covered the squares accurately and achieved the preannounced configuration, play continues in that game.

- (6) All devices, including the master-board, used to show what numbers have been called during a game must not be changed or turned off until the winners are verified. (Emphasis added.)

Code Section 12-21-3420 reads, in part:

In addition to the manner of play prescribed in Section 12-21-3410, the following procedures apply to the conduct of the game:

\* \* \* \*

- (5) Before the start of the play, the caller shall announce to all players the prize to be awarded for that game.

\* \* \* \*

- (7) Before the start of play, the caller shall announce the winning configuration of covered squares for that particular game
- (8) The prize must be awarded to the first person who successfully achieves the winning configuration of covered squares. (Emphasis added.)

Finally, it should be noted that Code Section 12-21-3320(3) defines the term "card", and specifically authorizes one free space in the center of the card.

The following quote from 73 Am. Jur. 2d., Statute, Section 191 provides guidance:

The different parts of a statute reflect light upon each other, and statutory provisions are regarded as in *pari materia* where they are parts of the same act. Hence, a statute should be construed in its entirety, and as a whole.

All parts of the act should be considered, and construed together. It is not permissible to rest a construction upon any one part alone, or upon isolated words, phrases, clauses, or sentences, or to give undue effect thereto. The legislative intention, as collected from an examination of the whole as well as the separate parts of a statute, is not to be defeated by the use of particular terms.

In construing all parts of the Bingo Act together, the following must be adhered to in conducting a game of bingo:

- (1) The caller must announce the prize being offered, specifically stating the dollar amount or merchandise.

- (2) The prize, after it is announced, must not be increased or decreased.
- (3) Only one number may be called at a time.
- (4) The prize must be awarded immediately to the winner.
- (5) The prize must be divided equally if there are multiple winners.
- (6) Only one prize may be offered per game.
- (7) A configuration must be an identifiable geometric design.
- (8) No free spaces, other than the one authorized by the statute for the center square of the card, are allowed. See also SC Revenue Ruling #91-11 and Code Section 12-21-3320(3).

Conclusion:

1. Bonus Number - The method of offering a prize for a game as described in Example 1 of the Facts is not permissible, since the prize is being increased if bingo is achieved on a specific number.
2. Bonus Card - The method of offering prizes for a game as described in Example 2 of the Facts is not permissible, since the prize is being increased if bingo is achieved on a specific card.
3. Progressive Games - The method of offering prizes for a game as described in Example 3 of the Facts is not permissible, since the statute does not authorize more than one prize per game. In addition, if each prize offering is considered a separate game, then the "progressive games" described in Example 3 are not permissible since the numbers called for the first game, and remaining covered for subsequent games, constitute unauthorized free spaces for the subsequent games on that card.
4. "Let's Make a Deal" Games - The method of offering prizes for a game as described in Example 4 of the Facts is not permissible, since a specific dollar or merchandise prize is not being offered and since the prize in some instances is being altered when the winner is allowed to spin the wheel or pop a balloon in order to try for a larger prize.
5. Odd or Even Cover-All Games - The method of playing a game as described in Example 5 of the Facts is not permissible, since the covering of all odd or even numbered spaces does not constitute an identifiable geometric design.

Note: The above games have been ruled as not permissible under the Bingo Act for certain stated reasons; however, there may be additional reasons for not permitting these games. Such reasons include, but may not be limited to: the offering of more than one prize per game; the awarding of unequal prizes; conducting the game in such a manner so as to no longer make bingo a game of chance as defined in the statute; and, the altering of a prize to which a winner is entitled.

In addition, the practical effect of this ruling is to allow only one prize to be offered and awarded per game and to limit a configuration to an identifiable geometric design.

SOUTH CAROLINA TAX COMMISSION

s/A. Crawford Clarkson, Jr.

A. Crawford Clarkson, Jr., Chairman

s/T. R. McConnell

T. R. McConnell, Commissioner

s/James M. Waddell, Jr.

James M. Waddell, Jr., Commissioner

Columbia, South Carolina

July 21, 1992