

SC REVENUE RULING #04-11

SUBJECT: Bingo Ticket Standards
(Bingo Tax)

EFFECTIVE DATE: July 18, 2004

SUPERSEDES: All previous advisory opinions and any oral directives in conflict herewith.

REFERENCES: S. C. Code Ann. Section 12-21-4007 (Enacted January, 2004 – House Bill 3986.)
S. C. Code Ann. Section 12-21-3920(3) (Amended January, 2004 – House Bill 3986.)
S. C. Code Ann. Section 12-21-4220 (Supp. 2000)
S. C. Code Ann. Section 12-21-3935 (Amended January, 2004 – House Bill 3986.)
S. C. Code Ann. Section 12-21-4275 (Amended January, 2004 – House Bill 3986.)

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. 2000)
S. C. Code Ann. Section 1-23-10(4) (Supp.2002)
SC Revenue Procedure #03-1

SCOPE: The purpose of a Revenue Ruling is to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of tax law to a specific set of facts or a general category of taxpayers. **A Revenue Ruling is an advisory opinion; it does not have the force or effect of law and is not binding on the public.** It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

BINGO TICKET STANDARDS

Law:

The Bingo Tax Act of 1996 requires the Department of Revenue to set bingo paper standards and bingo ticket standards. Bingo paper and bingo tickets are critical to the administration of the Bingo Tax Act, as both bingo paper and bingo tickets are evidence of the payment of the bingo tax.

SC Revenue Ruling #99-13 establishes the standards for bingo paper. This advisory opinion will establish the standards for bingo tickets. Bingo tickets are used in conjunction with the conduct of electronic bingo.

Code Section 12-21-4007 sets the standards for the computer system, electronic dabber, and bingo tickets used in electronic bingo. Code Section 12-21-3920(3) defines the term “card” to include a bingo ticket, and reads:

'Card' means a printed or nonprinted design on which there are arranged five horizontal rows and five vertical columns forming twenty-five squares. Numbers are printed in twenty-four of the squares, and the term 'free', 'free square', or 'free space' is printed in the square or space located in the center of the card. The five columns are denominated from left to right by the respective letters of the word 'B-I-N-G-O'. Each square in the 'B' column contains a number from one through fifteen inclusive; each square in the 'I' column contains a number from sixteen through thirty inclusive; except for the center space which is marked as free, each square in the 'N' column contains a number from thirty-one through forty-five inclusive; each square in the 'G' column contains a number from forty-six through sixty inclusive; and each square in the 'O' column contains a number from sixty-one through seventy-five inclusive. A number may not appear twice on the same card. A nonprinted design is a bingo ticket for use only with an electronic dabber. The bingo ticket is a perforated two-part ticket and must bear a sequential serial ticket number, the South Carolina state seal, denomination, number of faces authorized for download or activation, the Department of Revenue issued organization license number, and other information that may be required by the department. The ticket must have designated blanks for entry of the date sold and electronic dabber unit number supplied. Bingo tickets must be printed by a bingo ticket manufacturer licensed by the department and must be sold only by a distributor licensed by the department. Bingo tickets must meet the design and requirements of the department. Bingo tickets may be used only by a promoter or nonprofit organization if the ticket has been approved by the department. A license for a bingo ticket manufacturer costs one thousand dollars. A manufacturer of bingo cards or electronic dabbers or site systems, a distributor, a promoter, or a nonprofit organization may not have an interest, direct or indirect, in a bingo ticket manufacturer. The bingo ticket manufacturer must maintain records as required by the department. (Emphasis added.)

Code Section 12-21-4007(D) states:

The bingo ticket as defined in Section 12-21-3920(3) must be perforated and allows both the player and the house to retain a copy. The ticket must be sold at face value. Only the number of faces printed on the bingo ticket may be downloaded or activated into the electronic dabber, no more or less, and at no time may bingo cards be sold for use with an electronic dabber and bingo ticket in matching face value or for any other purpose. The bingo tickets must be purchased on a bingo voucher only through a distributor licensed in this State. The bingo ticket must be torn in two along the perforation required in this subsection and the player must be given one part of the ticket and the house must retain the other part of the ticket for its books and records.

Code Section 12-21-4220 establishes the Department's authority with respect to design and requirements of bingo cards, which by statute includes bingo tickets, and reads:

Bingo cards shall meet the design and requirements of the department. The use of the cards is evidence of the payment of the license tax imposed upon bingo cards by this article.

Code Section 12-21-3935 states:

Nothing in this article may be construed to allow video poker play and the prohibitions regarding video poker in Sections 12-21-2710, 16-19-40, and 16-19-50 apply.

Code Section 12-21-4275 states:

The transfer of a bingo card or ticket by a manufacturer or bingo ticket manufacturer to a person other than a licensed distributor is prohibited. The transfer of a bingo card or ticket by a distributor to a person other than a licensed bingo promoter or a licensed bingo nonprofit organization is prohibited. The transfer of a bingo card or ticket by a distributor to a promoter or bingo nonprofit organization that does not have a voucher covering the bingo ticket or bingo card is prohibited.

Accordingly, the Department has considered the following in establishing the bingo ticket standards:

1. Bingo tickets and the use of electronic bingo must meet all requirements established by law and regulation;
2. Bingo tickets must meet the design and requirements of the Department of Revenue;
3. Bingo tickets must be used in conjunction with the play of electronic bingo devices and must be purchased by the player from the house;
4. Nothing in the bingo law may be construed to allow video poker play. The prohibitions regarding video poker in Sections 12-21-2710, 16-19-40, and 16-19-50 apply to bingo; and
5. The transfer of a bingo ticket by a bingo ticket manufacturer to a person other than a licensed distributor is prohibited. The transfer of a bingo ticket by a distributor to a person other than a licensed bingo promoter or a licensed bingo nonprofit organization is prohibited. The transfer of a bingo ticket by a distributor to a promoter or bingo nonprofit organization that does not have a voucher covering the bingo ticket is prohibited.

Bingo Ticket Standards:

(A) The Department has established the following standards, in addition to the requirements established by the bingo law, for the manufacture and use of bingo tickets in South Carolina:

1. Bingo tickets must be perforated with the player receiving the portion of the ticket designated as the player's portion and the house retaining the portion designated as the bingo hall portion.
2. Bingo tickets must have pre-printed on both the house and the player portions of the tickets the following information: a sequential ticket serial number, the South Carolina state seal, the face value of the paper purchased by the player, the number of faces purchased by the player, the Department of Revenue issued organization license number, the name of the nonprofit organization conducting the bingo games, the name of the bingo game, a blank line designated for the date sold and a blank line designated for the electronic unit number supplied to the player. Additionally, if the bingo is operating under a class "AA", "B" or "C" bingo license, the tickets must also have pre-printed on them the letter designating the class of bingo game operated by the non-profit organization.

(i) The Department will allow a range of faces to be printed on the bingo tickets only if the ticket provides a method for designating the exact number of faces that are authorized to be downloaded and received by the player. Any ticket using a range of faces with a method for designating the exact number of faces must be specifically approved by the Department. If such a method is approved by the Department and the house fails to designate the exact number of faces using this method, the Department will issue a regulatory violation for failure to comply with the specific requirement of the statutes that the bingo ticket must bear the number of faces authorized for play.

(ii) The "unit number" to be entered on the bingo ticket is the manufacturer's serial number. On the portable devices, this serial number is found on the hand held electronic device issued to the player. This is referenced in Section 12-21-4007(A)(1)(b) which states that "a site system must issue a player a receipt for each transaction containing the following:.....(v) serial number of device issued to a player."

(iii) To satisfy the statutory requirements that the tickets reflect the date and the electronic unit number supplied to the player, the Department will allow the receipt to be attached to the player portion of the ticket if the following procedure is adhered to. The bingo ticket must be torn at the perforation and the receipt must be stapled to the bingo ticket in the player's presence at the time of purchase. Likewise, the house may attach a duplicate of the player's receipt (house receipt) to the house portion of the bingo ticket in lieu of filling in the blanks for the date sold and unit number supplied. The house receipt must also be attached at the time of purchase. The receipts (player and house) must accurately reflect the date of the purchase and the serial number of the hand held device given to such player. This procedure also applies to bingo tickets for bingo play using hardware technology as allowed by S.C. Code Ann. Section 12-21-4011.

8. The design of a nonprofit organization's bingo ticket must be approved by the Department prior to its use. Any subsequent changes in the design must also be approved by the Department prior to the use of the new design. As part of the approval process, the nonprofit organization, or the bingo ticket manufacturer, must demonstrate to the Department that the design and manufacture of the bingo ticket meets all requirements of the statute, regulations and this advisory opinion. The original approval of any bingo ticket will be for a provisional period to be determined by the Department. If, during the provisional period, the ticket does not adequately allow the Department to monitor and audit the bingo tax or the use of the ticket, the approval of the bingo ticket will be withdrawn or alterations to the ticket required.

(B) The Department, at its discretion, may require one or more of the following standards in the future. The requirement to follow any of these additional standards will be determined by the Department's Regulatory Division upon consultation with the Department Director. These additional standards may only be implemented on a prospective basis after notification by letter is provided by the Regulatory Division to bingo ticket manufacturers, bingo ticket distributors, and the promoters and nonprofit organizations conducting electronic bingo.

1. The Department may require that bingo tickets be printed on tamper resistant paper and/or pursuant to tamper resistant printing processes. The type of paper and printing processes can be determined at the discretion of the Department. An example of this process may be the use of paper that, if copied, will display that the copy is an "unauthorized copy."
2. The Department may designate a series of letters, numbers and/or symbols to be pre-printed on the bingo tickets and changed periodically at the discretion of the Department.
3. The Department may designate an account number assigned by the Department to each charity and/or promoter to be pre-printed on the bingo tickets. These numbers may be in addition to the license number assigned by the Department.
4. The Department may designate the size of the tickets and the type of paper used in the printing of the bingo tickets.
5. Bingo tickets may be required to bear a watermark seal, a fluorescent design, and/or embossing as designated by the Department and subject to change at the discretion of the Department.
6. The Department may require at its discretion any other information not listed above, such as a bar code or voucher number, to be pre-printed on the bingo ticket if the information will assist the Department in auditing the sale, payment of tax, and subsequent use of such tickets.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Burnet R. Maybank III
Burnet R. Maybank III, Director

May 24 _____, 2004
Columbia, South Carolina