



SC REVENUE RULING #90-8

SUBJECT: Bingo Cards

TAX MANAGER: John P. McCormack

EFFECTIVE DATE: Applies to all periods open under statute.

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

REFERENCE: S.C. Code Ann. Section 12-21-3330 (Supp. 1989)
S.C. Code Ann. Section 12-21-3410 (Supp. 1989)
S.C. Code Ann. Section 12-21-3420 (Supp. 1989)

AUTHORITY: S.C. Code Section 12-3-170 (1976)
SC Revenue Procedure #87-3

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 A Revenue Ruling is public information and remains a permanent document until superseded by a Regulation or is rescinded by a subsequent Revenue Ruling.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 bingo cards, when sold to the players on paper sheets which contain more than one card, be sold for a price per card which results in fractions of a cent?

Facts:

Most bingo operations in South Carolina sell cards for a game on sheets of paper which contain several cards. These "sheets" may contain any number of cards, from one to as many as eighteen. There is no limit, except for what the players are willing to pay, as to how many cards can be sold per sheet.

Typically, a bingo operation may sell three cards per sheet ("3-on") for \$1.00, "6-on" for \$2.00, "9-on" for \$3.00 and so on. In this example, each card is sold for 33 1/3 cents, a price which includes in a fraction of a cent. The question has been raised as to whether this is permitted, or whether the price of each card must in whole cents.

Discussion:

Code Section 12-21-3320(3) defines the term "card", and reads:

'Card' means a printed 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 the 'N' column contains a number from thirty-one through forty-five inclusive; each square in the 'G' column contains a number from forth-six through sixty inclusive; and each square in the 'O' column contains a number from sixty-one through seventy-five inclusive. No number may appear twice on the same card.

Code Section 12-21-3410(A) reads, in part:

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 (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 :

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- (3) Only one bet or payment is to be paid for each card.

* * * * *

- (13) All cards used in a game sell for an equal value (emphasis added).

In summary, a licensee must sell each card for a particular game at an amount certain, and all cards for that game "must sell for an equal value."

While the statute defines the term "card" essentially as each numbered design with five columns (B-I-N-G-O) and five rows, it does not define the terms "amount certain" or "equal value".

One of the primary rules of statutory construction is that words used in a statute should be taken in their ordinary and popular meaning, unless there is something in the statute which requires a different interpretation. *Hughes v. Edwards*, 265 S.C. 529, 220 S.E. 2d 231; *Investors Premium Corp. v. South Carolina Tax Commission*, 260 S.C. 13, 193 S.E. 2d 642. Also, where the terms of a statute are clear and unambiguous and leave no room for construction, they must be applied according to their literal meaning. *Mitchell v. Mitchell*, 266 S.C. 196, 222 S.E. 2d 217; *Green v. Zimmerman*, 269 S.C. 535, 238 S.E. 2d 323.

It is accepted practice in South Carolina to resort to the dictionary to determine the literal meaning of words used in statutes. For cases where this has been done, see *Hay v. South Carolina Tax Commission*, 273 SC 269, 255 SE 2d 837 (1979); *Fennell v. South Carolina Tax Commission*, 233 S.C. 43, 103 SE2d 424 (1958); *Etiwan Fertilizer Co. v. South Carolina Tax Commission*, 217 SC 484, 60 SE2d 682 (1950).

The Second Edition of the American Heritage Dictionary defines, in part, the following words:

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| "certain" | <ol style="list-style-type: none">1. Definite; fixed2. Established beyond doubt or question; indisputable |
| "equal" | <ol style="list-style-type: none">1. Having the same quantity, measure, or value as another.2. Math. Being the same or identical to in value. |
| "value" | <ol style="list-style-type: none">1. An amount considered to be a suitable equivalent for something else; a fair price or return for goods or services.2. Monetary or material worth: |

In summary, the selling price of a bingo card is an amount which is definite and is the same amount paid for all other cards sold for that particular game. In the example used in the "Facts", the selling price for each card of a "3-on" for \$1.00 is 33 1/3 cents. However, it should be noted that all cards sold for the game in the example must be sold in sheets of three, or multiples of three; otherwise, the cards will not sell for an equal value.

Conclusion:

Bingo cards, when sold to the players on paper sheets which contain more than one card, may be sold for a price per card which results in fractions of a cent, as long as all cards are sold for the same price.

Note: In the example used in the "Facts", the "3-on" for \$1.00 would meet the requirements of this ruling, in that, all cards are considered to have been sold for 33 1/3 cents. However, it should be noted that all cards sold for the particular game in the example must be sold in sheets of three, or multiples of three; otherwise, the cards will not sell for an equal value.

(See also SC Revenue Ruling #90-2.)

SOUTH CAROLINA TAX COMMISSION

s/S. Hunter Howard, Jr.

S. Hunter Howard, Jr., Chairman

s/A. Crawford Clarkson, Jr.

A. Crawford Clarkson, Jr., Commissioner

s/T. R. McConnell

T. R. McConnell, Commissioner

Columbia, South Carolina
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