

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 279

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO THE IDAHO STATE GAMING COMMISSION; AMENDING SECTION 54-2502,
2 IDAHO CODE, TO REVISE A DEFINITION; REPEALING SECTION 54-2503, IDAHO
3 CODE, RELATING TO RACING COMMISSION CREATED, APPOINTMENT, REMOVAL,
4 CLAIMS; REPEALING SECTION 54-2504, IDAHO CODE, RELATING TO CHAIRMAN,
5 QUORUM, COSTS; REPEALING SECTION 54-2505, IDAHO CODE, RELATING TO COM-
6 MISSION'S ANNUAL REPORT, PUBLIC RECORD; REPEALING SECTION 54-2506,
7 IDAHO CODE, RELATING TO DUTIES OF COMMISSION AND LICENSEES, LICENSE
8 FEE; REPEALING SECTION 54-2507, IDAHO CODE, RELATING TO AUTHORITY
9 OF COMMISSION; AMENDING SECTION 54-2508, IDAHO CODE, TO REDESIGNATE
10 THE RACING COMMISSION AS THE GAMING COMMISSION AND TO PROVIDE A CODE
11 REFERENCE; AMENDING SECTIONS 54-2509 AND 54-2510, IDAHO CODE, TO REDES-
12 IGNATE THE RACING COMMISSION AS THE GAMING COMMISSION; AMENDING SECTION
13 54-2512, IDAHO CODE, TO PROVIDE A CODE REFERENCE, TO REDESIGNATE THE
14 RACING COMMISSION AS THE GAMING COMMISSION AND TO MAKE A TECHNICAL
15 CORRECTION; AMENDING SECTION 54-2512A, IDAHO CODE, TO REDESIGNATE THE
16 RACING COMMISSION AS THE GAMING COMMISSION; AMENDING SECTION 54-2513,
17 IDAHO CODE, TO REDESIGNATE THE RACING COMMISSION AS THE GAMING COMMIS-
18 SION, TO REMOVE PROVISIONS CONCERNING THE DISTRIBUTION OF EXCESS FUNDS
19 IN THE RACING COMMISSION ACCOUNT AND TO MAKE TECHNICAL CORRECTIONS;
20 AMENDING SECTION 54-2514, IDAHO CODE, TO REDESIGNATE THE RACING COM-
21 MISSION AS THE GAMING COMMISSION AND TO MAKE A TECHNICAL CORRECTION;
22 AMENDING THE HEADING FOR CHAPTER 74, TITLE 67, IDAHO CODE, TO PROVIDE
23 FOR THE IDAHO STATE GAMING COMMISSION; AMENDING SECTION 67-7401, IDAHO
24 CODE, TO REDESIGNATE THE RACING COMMISSION AS THE GAMING COMMISSION
25 AND TO REVISE THE PURPOSE OF THE GAMING COMMISSION; AMENDING SECTION
26 67-7402, IDAHO CODE, TO REDESIGNATE THE RACING COMMISSION AS THE GAMING
27 COMMISSION; AMENDING SECTION 67-7404, IDAHO CODE, TO REVISE DEFINI-
28 TIONS AND TO DEFINE TERMS; AMENDING SECTION 67-7405, IDAHO CODE, TO
29 AUTHORIZE THE CREATION OF THE GAMING COMMISSION, TO PROVIDE AUTHORITY
30 TO THE GAMING COMMISSION AND TO REVISE THE MEMBERSHIP AND TERMS OF MEM-
31 BERS OF THE COMMISSION; AMENDING SECTION 67-7406, IDAHO CODE, TO REVISE
32 A PROVISION CONCERNING MEMBERS NECESSARY TO ACT AND TO REMOVE REFER-
33 ENCE TO RULES OF THE LOTTERY; AMENDING SECTION 67-7407, IDAHO CODE, TO
34 REMOVE REFERENCE TO THE LOTTERY COMMISSION; AMENDING SECTION 67-7408,
35 IDAHO CODE, TO PROVIDE CODE REFERENCES AND TO PROVIDE ADDITIONAL POWERS
36 AND DUTIES TO THE GAMING COMMISSION; AMENDING SECTION 67-7409, IDAHO
37 CODE, TO PROVIDE FOR RACING, INDIAN GAMING, BINGO GAMES AND RAFFLES, TO
38 PROVIDE CODE REFERENCES AND TO PROVIDE THAT THE DIRECTOR SHALL MONITOR
39 INDIAN GAMING AS REQUIRED BY COMPACTS; AMENDING SECTION 67-7702, IDAHO
40 CODE, TO REVISE A DEFINITION; AND AMENDING SECTIONS 67-7703, 67-7705
41 THROUGH 67-7712, AND 67-7714, IDAHO CODE, TO REDESIGNATE THE LOTTERY
42 COMMISSION AS THE GAMING COMMISSION.
43

44 Be It Enacted by the Legislature of the State of Idaho:

1 SECTION 1. That Section 54-2502, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 54-2502. DEFINITIONS. Unless the context otherwise requires, words
4 and phrases as used herein shall mean:

5 (1) "Commission" means the Idaho state ~~racine~~ gaming commission, ~~here-~~
6 ~~inafter~~ created in chapter 74, title 67, Idaho Code.

7 (2) "Gross daily receipts" means the total of all sums deposited in all
8 pools for each race day.

9 (3) "Historical horse race" or "instant racing" means a race involving
10 live horses that was conducted in the past and that is rebroadcast by elec-
11 tronic means and shown on a delayed or replayed basis for the purposes of wa-
12 gering conducted at a facility that is authorized to show simulcast and/or
13 televised races.

14 (4) "Horsemen's group" means an organization composed of licensed own-
15 ers and/or trainers duly registered with the secretary of state and recog-
16 nized by the Idaho ~~racine~~ state gaming commission.

17 (5) "Host facility" means the racetrack at which the race is run, or the
18 facility which is designated as the host facility if the race is run in a ju-
19 risdiction which is not participating in the interstate combined wagering
20 pool.

21 (6) "Host jurisdiction" means the jurisdiction in which the host facil-
22 ity is located.

23 (7) "Interstate common wagering pool" means a pari-mutuel pool estab-
24 lished in one (1) jurisdiction which is combined with comparable pari-mutuel
25 pools from one (1) or more racing jurisdictions. Such pool is established
26 for the purpose of establishing pay-off prices in the various jurisdictions.

27 (8) "Pari-mutuel" means any system whereby wagers with respect to the
28 outcome of a race are placed with, or in, a wagering pool conducted by a per-
29 son licensed or otherwise permitted to do so under state law, and in which the
30 participants are wagering with each other and not against the operator.

31 (9) "Persons" means and includes individuals, firms, corporations and
32 associations.

33 (10) "Pool" means the total sum of all moneys wagered in each race for
34 each type of bet. Types of bets include win, place, show, quinella, daily
35 double, exacta, trifecta, etc., and such other types as are approved by the
36 commission from time to time.

37 (11) "Race meet" means and includes any exhibition of thoroughbred,
38 purebred, and/or registered horse racing, mule racing or dog racing, where
39 the pari-mutuel system of wagering is used. Singular includes the plural
40 and plural includes the singular; and words importing one gender shall be
41 regarded as including all other genders.

42 (12) "Racing jurisdiction" or "jurisdiction" means a governmental ju-
43 risdiction responsible for the regulation of pari-mutuel racing in that ju-
44 risdiction.

45 (13) "Simulcast" means the telecast or other transmission of live audio
46 and visual signals of a race, transmitted from a sending track to a receiving
47 location, for the purpose of wagering conducted on the race at the receiving
48 location.

1 SECTION 2. That Section 54-2503, Idaho Code, be, and the same is hereby
2 repealed.

3 SECTION 3. That Section 54-2504, Idaho Code, be, and the same is hereby
4 repealed.

5 SECTION 4. That Section 54-2505, Idaho Code, be, and the same is hereby
6 repealed.

7 SECTION 5. That Section 54-2506, Idaho Code, be, and the same is hereby
8 repealed.

9 SECTION 6. That Section 54-2507, Idaho Code, be, and the same is hereby
10 repealed.

11 SECTION 7. That Section 54-2508, Idaho Code, be, and the same is hereby
12 amended to read as follows:

13 54-2508. LICENSE -- APPLICATION THEREFOR -- TYPE AND NUMBER OF RACES
14 -- FEE PER DAY -- REFUND -- CANCELLATION -- HEARING -- SIMULCAST PURSE MON-
15 EYS FUND. It shall be unlawful for any person to hold any race meet in this
16 state without having first obtained and having in force and effect a license
17 issued by the commission as ~~in this chapter~~ provided in this chapter and sec-
18 tion 67-7408, Idaho Code. Every person making application for a license to
19 hold a race meet, under the provisions of this chapter, shall file an appli-
20 cation with the commission which shall set forth the time, place and number
21 of days such will continue, an agreement with a horsemen's group as the term
22 "horsemen's group" is defined in section 54-2502, Idaho Code, and such other
23 information as the commission may require. The agreement shall be reached
24 voluntarily or pursuant to binding arbitration in conformance with chapter
25 9, title 7, Idaho Code, and shall address, but not be limited to, number of
26 live race days and percentage of the live race and simulcast handle that is
27 dedicated to the live horse race purse structure. In addition, the agreement
28 shall provide that all simulcast purse moneys that are accrued as required by
29 the horsemen's agreement be held in the simulcast purse moneys fund created
30 pursuant to the provisions of this section. Race days agreed upon shall be
31 submitted to the Idaho ~~racine~~ state gaming commission for its approval.

32 No person who has been convicted of any crime involving moral turpitude
33 shall be issued a license of any kind, nor shall any license be issued to any
34 person who has violated the terms or provisions of this chapter, or any of the
35 rules of the commission, or who has failed to pay any of the fees, taxes or
36 moneys required under the provisions of this chapter.

37 All applications to hold race meets shall be submitted to the commission
38 which shall act upon such applications within thirty (30) days. The commis-
39 sion shall be the sole judge of whether or not the race meet shall be licensed
40 and the number of days the meet shall continue.

41 The license issued shall specify the kind and character of the race
42 meets to be held, the number of days the race meet shall continue and the num-
43 ber of races per day. For those licensees or facilities that have had a total
44 race handle from both live races and simulcast races exceeding five million
45 dollars (\$5,000,000) during the last calendar year in operation, the number

1 of races per day shall not be less than eight (8), and the number of days of
 2 racing shall not be less than forty-six (46) unless otherwise agreed by the
 3 licensee and the horsemen's group. Provided however, the number of days of
 4 racing shall not be less than fifteen (15) and the number of days of racing
 5 shall be approved by the Idaho ~~racing~~ state gaming commission. For those li-
 6 censees or facilities that have had a total race handle from both live races
 7 and simulcast races of five million dollars (\$5,000,000) or less during the
 8 last calendar year in operation, the number of races per day shall not be
 9 less than six (6) and the number of days of racing shall not be less than two
 10 (2). The licensee shall pay in advance of the scheduled race meet to the
 11 state treasurer a fee of not less than twenty-five dollars (\$25.00) for each
 12 day of racing, which fees shall be placed in the public school income fund
 13 of the state of Idaho. Provided, that if unforeseen obstacles arise, which
 14 prevent the holding, or completion of any race meet, the license fee held may
 15 be refunded the licensee, if the commission deems the reason for failure to
 16 hold or complete the race meet sufficient. Any unexpired license held by any
 17 person who violates any of the provisions of this chapter, pursuant thereto,
 18 or who fails to pay to the commission any and all sums required under the pro-
 19 visions of this chapter, shall be subject to cancellation and revocation by
 20 the commission. Such cancellation shall be made only after a summary hearing
 21 before the commission, of which three (3) days' notice in writing shall be
 22 given the licensee, specifying the grounds for the proposed cancellation,
 23 and at which hearing the licensee shall be given an opportunity to be heard in
 24 opposition to the proposed cancellation.

25 The simulcast purse moneys fund is hereby created in the state treasury.
 26 Moneys in the fund shall consist of all simulcast purse moneys that are ac-
 27 crued as required by horsemen's agreements. Moneys in the fund are hereby
 28 perpetually appropriated to the Idaho state ~~racing~~ gaming commission for
 29 distribution pursuant to the provisions of horsemen's agreements and rules
 30 of the commission. The commission is authorized to promulgate rules provid-
 31 ing for the receipt, deposit, withdrawal and distribution of such moneys.
 32 The state treasurer shall invest idle moneys in the fund and any interest
 33 received on those investments shall be returned to the fund.

34 SECTION 8. That Section 54-2509, Idaho Code, be, and the same is hereby
 35 amended to read as follows:

36 54-2509. PENALTY FOR VIOLATIONS OF LAW -- POWER OF COMMISSION. (1) Any
 37 person holding a race meet, and any other person required by this act or the
 38 rules of the commission to be licensed, participating, directly or indi-
 39 rectly, in a race meet, without first being licensed by the commission, and
 40 any person violating any of the terms or provisions of this act is guilty of a
 41 misdemeanor.

42 (a) There shall be an absolute prohibition of the use of live lures in
 43 the state of Idaho for the training of or racing of racing dogs. Any vi-
 44 olation of the provisions of this section shall be a felony punishable
 45 by a fine not exceeding twenty-five thousand dollars (\$25,000), or by a
 46 prison term not to exceed seven (7) years, or by both such fine and im-
 47 prisonment. In addition the Idaho state ~~racing~~ gaming commission shall
 48 not license any breeder, trainer or kennel whose dogs have been trained
 49 or raced with the use of live lures. The ~~racing~~ Idaho state gaming com-

1 mission shall adopt rules that will provide for the humane treatment of
2 the dogs involved in any aspect of training for or engaging in dog rac-
3 ing.

4 (2) The commission shall have the power to exclude from any and all race
5 courses in this state any person who the commission deems detrimental to the
6 best interests of racing, or any person who violates any of the provisions of
7 this act or any rule or order of the commission.

8 (3) It shall be lawful to conduct race meets on or at a race track, or
9 otherwise, at any time during the week.

10 (4) Any person maintaining a license issued by the commission, who vio-
11 lates the provisions of this act or the rules of the commission, may have such
12 license suspended or revoked. In addition to such suspension or revocation
13 the commission may levy a monetary penalty commensurate with the gravity of
14 the offense, not to exceed two thousand five hundred dollars (\$2,500). The
15 commission, by rule shall provide a summary procedure for such determination
16 at the track, the penalty amount for specified violations, and shall provide
17 for an appeal of any summary decision to the commission. At-the-track sum-
18 mary proceedings shall not be subject to the provisions of chapter 52, ti-
19 tle 67, Idaho Code. Hearings and appeals before the commission as allowed by
20 this act or the rules of the commission shall be subject to chapter 52, ti-
21 tle 67, Idaho Code, except the provisions of section 67-5254(2), Idaho Code,
22 which is inconsistent with the unique requirements of racing.

23 (5) All law enforcement officers in this state shall assist in the en-
24 forcement of this act and the rules of the commission.

25 SECTION 9. That Section 54-2510, Idaho Code, be, and the same is hereby
26 amended to read as follows:

27 54-2510. RACE EXCLUSIVELY FOR IDAHO BRED HORSES -- BONUS FOR IDAHO
28 BRED WINNERS. (1) For the purpose of encouraging the breeding, within this
29 state, of valuable thoroughbred, purebred and/or registered horses, at
30 least one (1) race each day at each horse race meet shall be limited to Idaho
31 bred horses. If in the opinion of the commission sufficient competition
32 cannot be had among such class of horses, said race may be written as an Idaho
33 bred preferred race instead.

34 (2) A sum equal to ten percent (10%) of the first place purse money won
35 by an Idaho bred horse shall be paid by the licensee conducting the race meet
36 to the breeder of such horse. All purse moneys derived from pari-mutuel rac-
37 ing and all purse enhancement moneys from the Idaho state ~~racing~~ gaming com-
38 mission shall be included in the calculation of these breeder payments. All
39 nominating and sustaining fees, and any moneys from outside sponsors shall
40 be excluded from the calculation of these breeder payments.

41 SECTION 10. That Section 54-2512, Idaho Code, be, and the same is hereby
42 amended to read as follows:

43 54-2512. PARI-MUTUEL BETTING -- OTHER BETTING ILLEGAL. (1) Any li-
44 censee conducting a race meet under this chapter and section 67-7408, Idaho
45 Code, may provide a place or places in the race meet grounds or enclosure
46 at which such licensee may conduct and supervise the use of the pari-mutuel
47 system by patrons on the result of the races conducted by such licensee at

1 such race meet and, upon written application by a licensee and approval by
2 the commission, on the result of simulcast and/or televised races. The com-
3 mission shall issue no more than one (1) license to simulcast per live race
4 meet licensee and there shall be no more simulcasting sites in the state than
5 there are licensed live race meet sites.

6 (2) Licenses authorizing simulcast and/or televised races will be reg-
7 ulated by the commission, in addition to its other responsibilities, for the
8 purpose of enhancing, promoting, and protecting the live race industry in
9 the state of Idaho. No license authorizing simulcasting and/or televised
10 races shall be issued to or renewed for persons that are not also licensed to
11 conduct live race meets in the state of Idaho. Persons applying for a simul-
12 cast and/or televised race license shall have an agreement reached volun-
13 tarily or pursuant to binding arbitration in conformance with chapter 9, ti-
14 tle 7, Idaho Code, with a horsemen's group as the term "horsemen's group" is
15 defined in section 54-2502, Idaho Code. The agreement shall address, but
16 not be limited to, number of live race days and percentage of the live race
17 and simulcast handle that is dedicated to the live horse race purse struc-
18 ture. In addition, the agreement shall provide that all simulcast purse mon-
19 eys that are accrued as required by the horsemen's agreement be held in the
20 simulcast purse moneys fund created pursuant to the provisions of section
21 54-2508, Idaho Code. Race days agreed upon shall be submitted to the Idaho
22 ~~racine~~ state gaming commission for its approval.

23 (3) Upon written application by a live horse race licensee and approval
24 by the Idaho state ~~racine~~ gaming commission, a license may be issued to con-
25 duct and supervise the use of the pari-mutuel system by patrons on the result
26 of simulcast and/or televised races in a facility not located on the grounds
27 of a live horse race meet facility, but within the county that the live horse
28 race facility is located, subject to the following restrictions:

29 (a) In addition to the distribution and payment of the handle as de-
30 scribed in section 54-2513, Idaho Code, a licensee operating under a
31 license described in this subsection shall pay to the Idaho state ~~racine~~
32 gaming commission for deposit in the live horse race purse distribu-
33 tion fund, a minimum of one percent (1%) of the gross daily receipts
34 from simulcast and/or televised races. The Idaho state ~~racine~~ gaming
35 commission shall distribute the moneys from the live horse race purse
36 distribution fund to those live horse race licensees that ran less than
37 fifteen (15) live race days during the preceding calendar year. The
38 distribution shall be made by dividing the total number of live race
39 days of all of the qualified live horse racetracks combined into the
40 moneys collected by the fund in any one (1) calendar year and by multi-
41 plying the result by the number of days run by each of the respective
42 live horse racetracks individually; and

43 (b) Additionally, the licensee shall pay to the Idaho state ~~racine~~
44 gaming commission a minimum of one percent (1%) of the gross daily re-
45 ceipts from simulcast and/or televised races conducted pursuant to the
46 live horse race purse distribution fund to the licensee whose license is
47 being utilized to conduct simulcast and/or televised races pursuant to
48 this section. These moneys shall be used by the licensee solely for live
49 horse race meet purses; and

1 (c) Approval must be obtained from the board of county commissioners;
2 and

3 (d) A license to conduct and supervise the use of the pari-mutuel system
4 by patrons on the result of simulcast and/or televised races issued pur-
5 suant to this section may be leased to another person or entity but only
6 with the approval of the Idaho state ~~racine~~ gaming commission. A lessee
7 of such a license shall be held by the Idaho state ~~racine~~ gaming commis-
8 sion to the same standards as the original licensee.

9 (4) Upon written application by a live horse race licensee and approval
10 by the Idaho state ~~racine~~ gaming commission, a license may be issued to con-
11 duct and supervise the use of the pari-mutuel system by patrons on the result
12 of simulcast and/or televised races in a facility located in another county
13 within the state other than the county where the licensee's live racetrack
14 facility is located subject to the following restrictions:

15 (a) In addition to the distribution and payment of the handle as de-
16 scribed in section 54-2513, Idaho Code, a licensee operating under a
17 license described in this subsection shall pay to the Idaho state ~~racine~~
18 gaming commission for deposit in the live horse race purse distribu-
19 tion fund, a minimum of one percent (1%) of the gross daily receipts
20 from simulcast and/or televised races. The Idaho state ~~racine~~ gaming
21 commission shall distribute the moneys from the live horse race purse
22 distribution fund to those live horse race licensees that ran less than
23 fifteen (15) live race days during the preceding calendar year. The
24 distribution shall be made by dividing the total number of live race
25 days of all of the qualified live horse racetracks combined into the
26 moneys collected by the fund in any one (1) calendar year and by multi-
27 plying the result by the number of days run by each of the respective
28 live horse racetracks individually; and

29 (b) Additionally, the licensee shall pay to the Idaho state ~~racine~~
30 gaming commission a minimum of one percent (1%) of the gross daily re-
31 ceipts from simulcast and/or televised races conducted pursuant to the
32 live horse race purse distribution fund to the licensee whose license is
33 being utilized to conduct simulcast and/or televised races pursuant to
34 this section. These moneys shall be used by the licensee solely for live
35 horse race meet purses; and

36 (c) Approval must be obtained from the board of county commissioners of
37 the county in which the simulcast and/or televised race facility is to
38 be located; and

39 (d) A license to conduct and supervise the use of the pari-mutuel system
40 by patrons on the result of simulcast and/or televised races issued un-
41 der this section may be leased to another person or entity, but only with
42 the approval of the Idaho state ~~racine~~ gaming commission. A lessee of
43 such a license shall be held by the Idaho state ~~racine~~ gaming commission
44 to the same standards as the original licensee.

45 (e) No simulcast and/or televised race license transferred from one
46 (1) county to another shall be located in a facility within thirty (30)
47 miles of a live horse racetrack without the approval of that live horse
48 racetrack facility.

1 (f) No simulcast and/or televised race license can be transferred
2 into a county that has had a live race license within the prior five (5)
3 years.

4 (5) No more than one (1) simulcast and/or televised race facility per
5 county shall be allowed. This includes the one (1) simulcast license autho-
6 rized in section 54-2514A, Idaho Code.

7 (6) There is hereby created in the state treasury the live horse race
8 purse distribution fund, to which shall be deposited moneys received by the
9 Idaho state ~~racine~~ gaming commission for the purposes described in this sec-
10 tion. All moneys in the live horse race purse distribution fund are hereby
11 perpetually appropriated to the Idaho state ~~racine~~ gaming commission for
12 payment as required in this section. Payments by the Idaho state ~~racine~~
13 gaming commission from the live horse race purse distribution fund to the
14 recipient live horse racetracks shall be made no later than thirty (30) days
15 after Idaho state ~~racine~~ gaming commission approval of a live race meet li-
16 cense application for the forthcoming calendar year.

17 (7) Once a total handle exceeding fourteen million dollars
18 (\$14,000,000) is realized from simulcasting and/or televised races con-
19 ducted pursuant to this section in any one (1) calendar year, the Idaho state
20 ~~racine~~ gaming commission shall submit to the Idaho horse board a sum of five
21 percent (5%) of the balance over fourteen million dollars (\$14,000,000),
22 but not to exceed twelve thousand five hundred dollars (\$12,500) to be used
23 by the Idaho horse board for youth programs and to the "Idaho Robert R. Lee
24 Promise Scholarship Program" as detailed in chapter 43, title 33, Idaho
25 Code, a sum of five percent (5%) of the balance over fourteen million dollars
26 (\$14,000,000), but not to exceed twelve thousand five hundred dollars
27 (\$12,500).

28 (8) Such pari-mutuel system conducted at such race meet shall not under
29 any circumstances, if conducted under the provisions of this chapter and in
30 conformity thereto and to the rules of the commission, be held or construed
31 to be unlawful, other statutes of this state to the contrary notwithstand-
32 ing.

33 (9) The participation by a licensee in an interstate combined wagering
34 pool does not cause that licensee to be considered to be doing business in any
35 jurisdiction other than the jurisdiction in which the licensee is physically
36 located.

37 (10) Advance deposit wagering on live and/or simulcast horse racing
38 conducted by licensees is hereby declared to be lawful and within the scope
39 of the licensee's license. As used in this section, "advance deposit wager-
40 ing" means a form of wagering in which an account holder may deposit money
41 with a licensee and then use the balance to fund wagers. The bettor can
42 then contact the licensee from a location without actually being physically
43 present at the licensee's premises in order to communicate the desired use of
44 those funds for wagering purposes. However, no wager can be accepted by the
45 licensee that exceeds the amount in the account held by the licensee for the
46 person placing the wager. Any advance deposit wagering conducted by a person
47 with a provider outside of the state by telephone or other electronic means
48 shall be a felony unless that provider is licensed by the Idaho state ~~racine~~
49 gaming commission and provides a source market fee of not less than ten
50 percent (10%) of the handle forwarded monthly to the commission. In order

1 to receive an advance deposit wagering license, the applicant must comply
2 with the provisions of subsection (12) of this section and must also reach
3 a nondiscriminatory agreement regarding signal costs with any licensed
4 facility in Idaho if such provider or affiliate is sending interstate simul-
5 cast signals to such licensed facility in Idaho. All moneys in the advance
6 deposit wagering accounts held by the commission are hereby continuously
7 appropriated to the commission for payment as required by this section.
8 Payments to recipients shall be made annually. Distribution of the source
9 market fee shall be forty percent (40%) to purses to be deposited directly
10 into the horsemen's purse account at all tracks weighted by number of races
11 ran through the year of distribution, thirty percent (30%) to the simulcast
12 sites in the state weighted by the annual simulcast handle, five percent
13 (5%) to the track distribution fund, five percent (5%) to the breed distri-
14 bution fund, five percent (5%) to the Idaho state ~~racine~~ gaming commission,
15 five percent (5%) to the public school income fund, and ten percent (10%)
16 for track operating expenses at the live tracks with distribution weighted
17 on the number of race days. All moneys in the track operating accounts are
18 hereby continuously appropriated to the commission for payment as required
19 by this section. For purposes of this section, wagering instructions con-
20 cerning funds held in an advance deposit account shall be deemed to be issued
21 within the licensee's enclosure. As used in this section, "source market
22 fee" means that part of a wager, made outside of the state by an Idaho resi-
23 dent, that is returned to the state of Idaho. The commission may promulgate
24 rules pursuant to chapter 52, title 67, Idaho Code, to implement the provi-
25 sions of this subsection.

26 (11) Pari-mutuel taxes or commissions may not be imposed on any amounts
27 wagered in an interstate combined wagering pool other than amounts wagered
28 within this jurisdiction.

29 (12) No licensee shall engage in any anticompetitive or deceptive prac-
30 tices in the process of contracting for the right to send any interstate
31 simulcast signal to a licensed facility in Idaho. For purposes of this sub-
32 section, anticompetitive or deceptive practices shall include, but not be
33 limited to:

34 (a) Any agreement to charge excessive or unreasonable fees for the
35 right to receive an interstate signal. In determining whether a fee is
36 excessive or unreasonable, the commission shall consider prevailing
37 rates paid for comparable signals in the past, prevailing rates paid
38 outside Idaho and whether any commonality of ownership or revenue shar-
39 ing exists, partially or wholly, between the Idaho licensee and the
40 entity receiving the simulcast fees; or

41 (b) Any agreement, combination, trust or joint enterprise with any
42 other track or entity in which multiple interstate signals are bundled
43 together for the purpose of securing an excessive or unreasonable fee
44 for one (1) or more signals in the group in exchange for the right to
45 receive any of the signals in the group; or

46 (c) Any other activity with the purpose or effect of artificially in-
47 flating prices beyond reasonable market rates or passing on or attempt-
48 ing to pass on any portion of the ten percent (10%) advance deposit wa-
49 gering fee to licensed facilities in Idaho.

1 The commission may suspend or revoke licenses and may impose civil penalties
2 of up to ten thousand dollars (\$10,000) per occurrence for violation of this
3 subsection.

4 (13) It shall be unlawful to conduct pool selling, bookmaking, or to
5 circulate handbooks, or to bet or wager on a race of any licensed race meet,
6 other than by the pari-mutuel system; and it shall further be unlawful know-
7 ingly to permit any minor to use the pari-mutuel system.

8 SECTION 11. That Section 54-2512A, Idaho Code, be, and the same is
9 hereby amended to read as follows:

10 54-2512A. PARI-MUTUEL BETTING ON HISTORICAL HORSE RACES -- DISTRIBUTI-
11 TIONS OF DEPOSITS -- HISTORICAL HORSE RACE PURSE MONEYS FUND. (1) Wagering
12 on an historical horse race is declared to be lawful and within the scope of
13 a license that authorizes a live race meet licensee to conduct and supervise
14 the use of the pari-mutuel wagering on simulcast and/or televised races. Wa-
15 gering on an historical horse race shall be conducted in accordance with the
16 pari-mutuel system pursuant to the provisions of this chapter and in accor-
17 dance with all rules promulgated by the commission. Wagering on an histori-
18 cal horse race may be conducted at any facility authorized to conduct and su-
19 pervise wagering on simulcast and/or televised races.

20 (2) Each licensee conducting the pari-mutuel system for historical
21 horse races shall distribute and pay all sums deposited in any historical
22 horse race pool as follows:

23 (a) No less than eighty-nine percent (89%) of gross daily receipts in
24 various wagering pools established to fund reserves and payoffs for
25 distribution and payment to winning wagers;

26 (b) One and one-half percent (1.50%) of gross daily receipts to the
27 Idaho state ~~racine~~ gaming commission for distribution and deposit as
28 follows in the following designated accounts:

29 (i) One-half of one percent (0.50%) of gross daily receipts to
30 the ~~racine~~ Idaho state gaming commission account within the state
31 regulatory fund;

32 (ii) One-fifth of one percent (0.20%) of gross daily receipts to
33 the track distribution account within the pari-mutuel distribu-
34 tion fund;

35 (iii) One-fifth of one percent (0.20%) of gross daily receipts to
36 the breed distribution account within the pari-mutuel distribu-
37 tion fund;

38 (iv) One-half of one percent (0.50%) of gross daily receipts to
39 the public school income fund; and

40 (v) One-tenth of one percent (0.10%) of gross daily receipts to
41 the Idaho horse council youth programs account which is hereby
42 created within the pari-mutuel distribution fund; and

43 (c) The balance of gross daily receipts to the licensee. All moneys
44 in these accounts are hereby continuously appropriated to the commis-
45 sion for further distribution and time of payment as provided in section
46 54-2513, Idaho Code.

47 (3) Each licensee conducting the pari-mutuel system for historical
48 horse races shall enter into an agreement with a horsemen's group, as the
49 term "horsemen's group" is defined in section 54-2502, Idaho Code, that

1 shall address, but not be limited to, establishing the percentage of the
2 historical horse race handle that is dedicated to the live horse race purse
3 structure. In addition, the agreement shall provide that all historical
4 race purse moneys that are accrued as required by horsemen's agreements
5 shall be held in the historical horse race moneys fund created pursuant to
6 the provisions of this section.

7 (4) The historical horse race purse moneys fund is hereby created in
8 the state treasury. Moneys in the fund shall consist of all historical horse
9 race moneys that are accrued as required by horsemen's agreements. Moneys
10 in the fund are hereby perpetually appropriated to the Idaho state ~~racing~~
11 gaming commission for distribution pursuant to the provisions of horsemen's
12 agreements and rules of the commission. The commission is authorized to pro-
13 mulgate rules providing for the receipt, deposit, withdrawal and distribu-
14 tion of such moneys. The state treasurer shall invest idle moneys in the fund
15 and any interest received on those investments shall be returned to the fund
16 which is created pursuant to the provisions of this section.

17 (5) The commission may promulgate rules pursuant to chapter 52, title
18 67, Idaho Code, to implement the provisions of this section.

19 SECTION 12. That Section 54-2513, Idaho Code, be, and the same is hereby
20 amended to read as follows:

21 54-2513. HORSE RACING -- DISTRIBUTIONS OF DEPOSITS -- BREAKAGE. (A)
22 Each licensee conducting the pari-mutuel system for live and simulcast horse
23 races having an average daily handle in excess of one hundred thousand dol-
24 lars (\$100,000) shall distribute all sums deposited in any pool as follows:

25 (1) Eighty-two percent (82%) of any win, place or show pool to the win-
26 ner thereof, and eighteen percent (18%) to the licensee;

27 (2) Seventy-seven and one-quarter percent (77.25%) of all two (2) horse
28 exotic wagers including, but not limited to, daily doubles and quinel-
29 las to the winner thereof, three-quarters of one percent (.75%) to the
30 ~~racing~~ Idaho state gaming commission for deposit in the ~~racing~~ Idaho
31 state gaming commission account, and twenty-two percent (22%) to the
32 licensee;

33 (3) Seventy-five and one-quarter percent (75.25%) of all three (3) or
34 more horse exotic wagers including, but not limited to, trifecta and
35 ~~twin-trifecta~~ twin trifecta to the winner thereof, three-quarters of
36 one percent (.75%) to the ~~racing~~ Idaho state gaming commission for de-
37 posit in the ~~racing~~ Idaho state gaming commission account, and twenty-
38 four percent (24%) to the licensee.

39 (B) Each licensee conducting the pari-mutuel system for live and simul-
40 cast horse races having an average daily handle in excess of one hundred
41 thousand dollars (\$100,000) shall retain the sums deposited in any pool as
42 required in subsection (A) of this section, for distribution and payment
43 based upon gross daily receipts as follows:

44 (1) One and one-quarter percent (1.25%) of gross daily receipts, sep-
45 arately stated, shall be paid to the Idaho state ~~racing~~ gaming commis-
46 sion, for deposit in the ~~racing~~ Idaho state gaming commission account,
47 which is hereby created in the state regulatory fund.

48 (2) One-half of one percent (.50%) of gross daily receipts from horse
49 races, separately stated, shall be paid to the Idaho state ~~racing~~ gaming

1 commission for deposit in the track distribution account, which is
2 hereby created in the pari-mutuel distribution fund, for further dis-
3 tribution to certain Idaho horse race tracks, defined as follows:

4 a. Recipient horse racing tracks shall be those which, during the
5 race meet year of distribution, have a total race handle from both
6 live races and simulcast races of less than five million dollars
7 (\$5,000,000);

8 b. Distributions to recipient horse racing tracks shall be
9 weighted proportionately on the number of days raced during the
10 year of distribution.

11 All moneys in the track distribution account are hereby continuously
12 appropriated to the commission for payment as required by this section.
13 Payments to horse racing tracks shall be made annually but not later
14 than December 15.

15 (3) One-half of one percent (.50%) of gross daily receipts from horse
16 races, separately stated, shall be paid by the licensee to the commis-
17 sion for deposit in the breed distribution account, which is hereby cre-
18 ated in the pari-mutuel distribution fund, for payment by the commis-
19 sion in proportion to the handle generated by each horse breed, to law-
20 fully constituted representatives of each horse breed, to benefit own-
21 ers and/or breeders of Idaho-bred racing thoroughbreds, racing quarter
22 horses, racing Appaloosas, racing paints and racing Arabians, subject
23 to the approval of the commission. Moneys in the breed distribution ac-
24 count on December 31 of each year which have not been distributed by the
25 commission shall be paid to the public school income fund.

26 All moneys in the breed distribution account are hereby continuously
27 appropriated to the commission for payment as required by this section.
28 Payments to representatives shall be made quarterly.

29 (4) From the balance of gross daily receipts remaining with the li-
30 censee after the distributions required in subsection (B) (1), (2) and
31 (3) of this section from horse races, the following amounts shall be
32 paid or retained:

33 a. From the first \$20,000 of gross daily receipts, the licensee
34 shall retain the entire amount;

35 b. From the next \$10,000 of gross daily receipts (gross daily re-
36 ceipts between \$20,000 and \$30,000), the public school income fund
37 and the equine education account shall each receive one-eighth of
38 one percent (.125%), and the licensee shall retain the balance;

39 c. From the next \$10,000 of gross daily receipts (gross daily re-
40 ceipts between \$30,000 and \$40,000), the public school income fund
41 and the equine education account shall each receive sixty-two and
42 one-half hundredths percent (.625%), and the licensee shall re-
43 tain the balance;

44 d. From all amounts of over \$40,000 of gross daily receipts, the
45 public school income fund and the equine education account shall
46 each receive one and one-eighth percent (1.125%), and the licensee
47 shall retain the balance.

48 The public schools' and the equine education account's share shall
49 be paid by the licensee to the ~~racing~~ Idaho state gaming commission for
50 deposit in the public school income fund or the equine education account

1 as appropriate. The licensee's percentage shall be retained by the li-
2 censee.

3 (C) Each licensee conducting the pari-mutuel system for live and simul-
4 cast horse races having an average daily handle of one hundred thousand dol-
5 lars (\$100,000) or less shall distribute all sums deposited in any pool as
6 follows:

7 (1) Seventy-seven percent (77%) of any win, place or show pool to the
8 winner thereof, and twenty-three percent (23%) to the licensee;

9 (2) Seventy-six and one-quarter percent (76.25%) of all other pools to
10 the winner thereof, three-quarters of one percent (.75%) to the ~~racing~~
11 Idaho state gaming commission for deposit in the racing account, and
12 twenty-three percent (23%) to the licensee.

13 (D) Each licensee conducting the pari-mutuel system for live and
14 simulcast horse races shall retain twenty-three percent (23%) of all sums
15 deposited in any pool, for distribution and payment based upon gross daily
16 receipts as follows:

17 (1) One and one-quarter percent (1.25%) of gross daily receipts, sep-
18 arately stated, shall be paid to the Idaho state ~~racing~~ gaming commis-
19 sion, for deposit in the ~~racing~~ Idaho state gaming commission account.

20 (2) One-half of one percent (.50%) of gross daily receipts from horse
21 races, separately stated, shall be paid to the Idaho state ~~racing~~ gaming
22 commission for deposit in the track distribution account, for further
23 distribution to certain Idaho horse race tracks, defined as follows:

24 a. Recipient horse racing tracks shall be those which, during the
25 race meet year of distribution, have a total race handle from both
26 live races and simulcast races of less than five million dollars
27 (\$5,000,000);

28 b. Distributions to recipient horse racing tracks shall be
29 weighted proportionately on the number of days raced during the
30 year of distribution.

31 All moneys in the track distribution account are hereby continuously
32 appropriated to the commission for payment as required by this section.
33 Payments to horse racing tracks shall be made annually but not later
34 than December 15.

35 (3) One-half of one percent (.50%) of gross daily receipts from horse
36 races, separately stated, shall be paid by the licensee to the commis-
37 sion for deposit in the breed distribution account, for payment by the
38 commission in proportion to the handle generated by each horse breed,
39 to lawfully constituted representatives of each horse breed, to benefit
40 owners and/or breeders of Idaho bred racing thoroughbreds, racing quar-
41 ter horses, racing Appaloosas, racing paints and racing Arabians, sub-
42 ject to the approval of the commission. Moneys in the breed distribu-
43 tion account on December 31 of each year which have not been distributed
44 by the commission shall be paid to the public school income fund. All
45 moneys in the breed distribution account are hereby continuously appro-
46 priated to the commission for payment as required by this section. Pay-
47 ments to representatives shall be made quarterly.

48 (4) Twenty and three-quarters percent (20.75%) of gross daily receipts
49 from horse races shall be paid or retained as follows:

1 a. From the first \$20,000 of gross daily receipts, the licensee
2 shall retain twenty and three-quarters percent (20.75%);

3 b. From the next \$10,000 of gross daily receipts (gross daily re-
4 cepts between \$20,000 and \$30,000), the public school income fund
5 and the equine education account shall each receive one-eighth of
6 one percent (.125%), and the licensee shall retain twenty and one-
7 half percent (20.50%);

8 c. From the next \$10,000 of gross daily receipts (gross daily re-
9 cepts between \$30,000 and \$40,000), the public school income fund
10 and the equine education account shall each receive sixty-two and
11 one-half hundredths percent (.625%), and the licensee shall re-
12 tain nineteen and one-half percent (19.50%);

13 d. From all amounts of over \$40,000 of gross daily receipts, the
14 public school income fund and the equine education account shall
15 each receive one and one-eighth percent (1.125%), and the licensee
16 shall retain eighteen and one-half percent (18.50%).

17 The public schools' share and the equine education account's share
18 shall be paid by the licensee to the ~~racing~~ Idaho state gaming com-
19 mission for deposit in the public school income fund or the equine
20 education account as appropriate. The licensee's percentage shall be
21 retained by the licensee.

22 (E) Each licensee may retain the odd cents of all redistribution to be
23 based on each dollar deposited exceeding a sum equal to the next lowest mul-
24 tiple of ten (10), known as breakage, and the total amount of unclaimed tick-
25 ets at the termination of the time allowed by rule of the commission.

26 ~~(F) If the fiscal year-end balance in the racing commission account ex-~~
27 ~~ceeds six hundred thousand dollars (\$600,000), the excess shall be trans-~~
28 ~~ferred by the office of the state controller to the pari-mutuel distribution~~
29 ~~fund, which is hereby created, for further distribution as follows:~~

30 ~~(1) Sixty percent (60%) shall be deposited in the Idaho horse~~
31 ~~owner/breeder award account, which is hereby created in the pari-mutuel~~
32 ~~distribution fund, and shall be distributed by the racing commission~~
33 ~~annually, but not later than December 15 of each year as follows:~~

34 a. ~~Fifty percent (50%) to the breeders of Idaho bred winners based~~
35 ~~on the number of live races by each breed for the current calendar~~
36 ~~year; and~~

37 b. ~~Fifty percent (50%) in equal amounts to owners of Idaho bred~~
38 ~~horse race winners.~~

39 c. ~~All moneys in the Idaho horse owner/breeder award account are~~
40 ~~hereby continuously appropriated to the commission for payment as~~
41 ~~required in this section.~~

42 ~~(2) Forty percent (40%) shall be deposited in the track purse enhance-~~
43 ~~ment account, which is hereby created, and paid to all Idaho licensed~~
44 ~~horse racetracks for the purpose of purse enhancement based on the num-~~
45 ~~ber of live race dates held the preceding calendar year. Track purse en-~~
46 ~~hancement moneys shall be disbursed no later than thirty (30) days af-~~
47 ~~ter Idaho state racing commission approval of live race meet license ap-~~
48 ~~plications for the forthcoming calendar year. All moneys in the track~~
49 ~~purse enhancement account are hereby continuously appropriated to the~~
50 ~~commission for payment as required by this section.~~

1 SECTION 13. That Section 54-2514, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 54-2514. DOG RACING -- DISTRIBUTION OF DEPOSITS -- BREAKAGE. (1) Each
4 licensee conducting the pari-mutuel system for simulcast or televised dog
5 races shall distribute all sums deposited in any pool as follows:

6 (a) Seventy-nine and one-half percent (79.5%) of any win, place or show
7 pool to the winner thereof, and twenty and one-half percent (20.5%) to
8 the licensee;

9 (b) Seventy-seven percent (77%) of all two (2) dog exotic wagers in-
10 cluding, but not limited to, daily doubles and quinellas to the winner
11 thereof, and twenty-three percent (23%) to the licensee;

12 (c) Seventy-five percent (75%) of all three (3) or more dog exotic
13 wagers including, but not limited to, trifecta, twin trifecta, pick
14 three, pick six and superfecta, to the winner thereof, and twenty-five
15 percent (25%) to the licensee.

16 (2) Each licensee conducting the pari-mutuel system for simulcast or
17 televised dog races shall retain the sums deposited in any pool as required
18 in subsection (1) of this section, for distribution and payment based upon
19 gross daily receipts as follows:

20 (a) One and one-quarter percent (1.25%) of gross daily receipts, sepa-
21 rately stated, shall be paid to the Idaho state ~~racing~~ gaming commission
22 for deposit in the ~~racing~~ Idaho state gaming commission account.

23 (b) One percent (1%) of gross daily receipts, separately stated, shall
24 be paid to the Idaho state ~~racing~~ gaming commission for payment to the
25 county in which the dog racing facility is located. The board of county
26 commissioners shall spend such revenues only for visitor promotion.

27 (c) One-half percent (.5%) of gross daily receipts, separately stated,
28 shall be paid to the Idaho state ~~racing~~ gaming commission for deposit in
29 the Idaho horse breeders' and owners' award account in the state trea-
30 sury for further distribution as follows:

31 (i) Fifty percent (50%) of all moneys deposited in the Idaho horse
32 breeders' and owners' award account shall be distributed by the
33 ~~racing~~ Idaho state gaming commission annually but not later than
34 December 15, to the breeders of Idaho bred winners of each approved
35 horse race in Idaho in proportion to the handle generated by each
36 breed; and

37 (ii) Fifty percent (50%) of all moneys deposited in the Idaho
38 horse breeders' and owners' award account shall be distributed by
39 the ~~racing~~ Idaho state gaming commission annually but not later
40 than December 15, in equal amounts to owners of Idaho bred horse
41 race winners.

42 (d) From the balance of gross daily receipts remaining with the li-
43 censee after the distributions required in subsections (1) (a), (b) and
44 (c) of this section from simulcast or televised dog races, the following
45 amounts shall be paid or retained:

46 (i) From the first twenty thousand dollars (\$20,000) of gross
47 daily receipts, the licensee shall retain the entire amount;

48 (ii) From the next ten thousand dollars (\$10,000) of gross daily
49 receipts, (gross daily receipts between twenty thousand dol-

1 67-7402. IDAHO LOTTERY AGENCY CREATED. There is hereby created in the
2 department of self-governing agencies an agency to be known as the Idaho
3 state lottery. The Idaho state ~~lottery gaming commission~~ shall implement
4 and administer the provisions of this chapter.

5 SECTION 17. That Section 67-7404, Idaho Code, be, and the same is hereby
6 amended to read as follows:

7 67-7404. DEFINITIONS. As used in this chapter:

8 (1) "Administrative costs" means personnel costs, capital outlay, and
9 reasonable expenses incurred by other state agencies to effectuate the pur-
10 poses of this chapter.

11 (2) "Commission" means the Idaho state ~~lottery gaming~~ commission.

12 (3) "Director" means the director of the ~~lottery~~ Idaho state gaming
13 commission.

14 (4) "Expenses" means all costs of doing business including, but not
15 limited to, prizes, commissions and other compensation paid to retailers,
16 advertising and marketing costs, personnel costs, capital outlay, reason-
17 able expenses incurred by other state agencies to effectuate the purposes of
18 this chapter, depreciation of property and equipment, and other operating
19 costs, all of which are to be recorded on the accrual basis of accounting in
20 accordance with generally accepted accounting principles.

21 (5) "Lottery" or "state lottery" means the state lottery established
22 and operated pursuant to this chapter.

23 (6) "Lottery contractor" means a person with whom the lottery has con-
24 tracted for the purposes of providing goods and services for the state lot-
25 tery.

26 (7) "Lottery game retailer" or "retailer" means a person with whom the
27 lottery has contracted for the purpose of selling tickets or shares in lot-
28 tery games to the public.

29 (8) "Lottery revenue" means revenue derived from the sale of lottery
30 tickets and shares. Such revenues shall be recorded on the accrual basis of
31 accounting in accordance with generally accepted accounting principles.

32 (9) "Lottery vendor" or "vendor" means any person who submits a bid,
33 proposal or offer as part of a major procurement for goods or services as de-
34 fined in subsection (11) of this section.

35 (10) "Low, medium and high tier claims" means the dollar amount of
36 prizes awarded in accordance with rules of the state lottery.

37 (11) "Major procurement" means any contract with a vendor supplying
38 lottery tickets or shares, data processing systems utilized to track, sell,
39 distribute or validate lottery tickets or shares, any goods or services in-
40 volving the determination or generation of winners in any lottery game or any
41 auditing services.

42 (12) "Net income" means lottery revenue and nonlottery revenue, less
43 expenses, as defined in this chapter.

44 (13) "Pari-mutuel" is as defined in section 54-2502, Idaho Code.

45 (14) "Person" shall be construed to mean and include an individual, as-
46 sociation, corporation, club, trust, estate, society, company, joint stock
47 company, receiver, trustee, assignee, referee or any other person acting
48 in a fiduciary or representative capacity, whether appointed by a court or
49 otherwise, and any combination of individuals. "Person" shall also be con-

1 strued to mean and include departments, commissions, agencies and instru-
 2 mentalities of the state of Idaho, including counties and municipalities and
 3 agencies or instrumentalities thereof.

4 (15) "Race meet" is as defined in section 54-2502, Idaho Code.

5 (146) "Redemption value" means the sum total of all winnings upon the
 6 ticket presented for payment.

7 (157) "Share" means any intangible evidence of participation in a game
 8 conducted by the state lottery.

9 (168) "Ticket" means any tangible evidence issued by the lottery to pro-
 10 vide participation in a game conducted by the state lottery.

11 (179) "Value" means any ticket shall be taken at face value.

12 SECTION 18. That Section 67-7405, Idaho Code, be, and the same is hereby
 13 amended to read as follows:

14 67-7405. COMMISSION -- APPOINTMENT -- CHAIRMAN. There is hereby cre-
 15 ated the Idaho state gaming commission for the purpose of overseeing lot-
 16 tery operations pursuant to this chapter, racing pursuant to chapter 25, ti-
 17 tle 54, Idaho Code, and bingo games and raffles pursuant to chapter 77, ti-
 18 tle 67, Idaho Code, and for monitoring Indian gaming pursuant to compacts
 19 entered into by the state and sections 67-429A through 67-429C and 67-7409,
 20 Idaho Code. The first members of the commission shall consist of the five
 21 (5) members of the state lottery commission as of the effective date of this
 22 act, one (1) member representing the racing industry and one (1) member rep-
 23 resenting Indian gaming. The members of the first commission from the racing
 24 industry and Indian gaming shall be appointed by the governor with the ad-
 25 vice and consent of the senate. Thereafter, tThe commission shall consist
 26 of ~~five~~ ~~seven~~ (57) members appointed by the governor with the advice and con-
 27 sent of the senate with at least one (1) member representing the state lot-
 28 tery, one (1) member representing the racing industry and one (1) member rep-
 29 resenting Indian gaming. The term of a member is five (5) years. The terms
 30 of members appointed shall expire as designated by the governor at the time
 31 of appointment: One (1) at the end of one (1) year; one (1) at the end of two
 32 (2) years; one (1) at the end of three (3) years; ~~one~~ ~~two~~ (42) at the end of
 33 four (4) years; and ~~one~~ ~~two~~ (42) at the end of five (5) years. At the end of
 34 a term, a member continues to serve until a successor is appointed and qual-
 35 ifies. A member who is appointed after a term has begun serves only for the
 36 rest of the term and until a successor is appointed and qualifies. A vacancy
 37 of the commission shall be filled in the same manner as regular appointments
 38 are made, and the term shall be for the unexpired portion of the regular term.
 39 No member of the commission shall have a direct or indirect pecuniary inter-
 40 est in any contract or agreement entered into by the commission. The chair-
 41 man of the commission shall be appointed by the governor from among the mem-
 42 bers of the commission. No more than ~~three~~ ~~four~~ (34) members of the commis-
 43 sion shall belong to the same political party. The members of the commission
 44 shall serve at the pleasure of the governor.

45 SECTION 19. That Section 67-7406, Idaho Code, be, and the same is hereby
 46 amended to read as follows:

1 67-7406. QUORUM -- MEETINGS -- MINUTES -- COMPENSATION. A majority of
2 the qualified membership of the commission is a quorum. The commission may
3 not act unless at least ~~three~~ four (34) members concur. The commission shall
4 not meet less than four (4) times per year. Written notice of the time and
5 place of each commission meeting shall be given to each member of the com-
6 mission. The secretary of the commission shall promptly send the governor a
7 certified copy of the minutes of each meeting of the commission. The minutes
8 shall include a copy of each rule ~~of the lottery~~ that is adopted. Members of
9 the commission shall receive compensation as provided in section 59-509(h),
10 Idaho Code. Members are entitled to reimbursement for reasonable travel ex-
11 penses incurred in the performance of their duties as a member, as provided
12 by law.

13 SECTION 20. That Section 67-7407, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 67-7407. DIRECTOR. With the advice and consent of the senate the gov-
16 ernor shall appoint a director of the ~~lottery commission~~, who is the chief
17 executive officer of the ~~lottery commission~~, and secretary of the commis-
18 sion. The compensation of the director, including bonuses, if any, shall be
19 established by the commission. The director shall serve at the pleasure of
20 the governor.

21 SECTION 21. That Section 67-7408, Idaho Code, be, and the same is hereby
22 amended to read as follows:

23 67-7408. POWERS AND DUTIES OF THE COMMISSION. The commission shall
24 be responsible for establishing the goals and objectives of the lottery
25 pursuant to this chapter, racing pursuant to chapter 25, title 54, Idaho
26 Code, and bingo games and raffles pursuant to chapter 77, title 67, Idaho
27 Code, and for monitoring Indian gaming pursuant to compacts entered into by
28 the state and sections 67-429A through 67-429C and 67-7409, Idaho Code, and
29 shall have the following duties, powers and responsibilities in addition to
30 others herein granted:

31 (1) The commission shall adopt, upon recommendation of the director,
32 such rules and regulations governing the establishment and operation of the
33 lottery as it considers necessary under this chapter to ensure the integrity
34 of the lottery and its games and to maximize the net income of the lottery
35 for the benefit of the state. Such rules and regulations shall generally ad-
36 dress, but not be limited to:

37 (a) The different types of lottery games to be conducted;

38 (b) The range of prize structures of each lottery game;

39 (c) The method, odds and frequency of selecting winning tickets and
40 shares and the manner of paying prizes to the owners of the winning tick-
41 ets and shares;

42 (d) The terms and conditions of lottery game retailer contracts which
43 may include retailer compensation, bonuses, incentives, fees for re-
44 deemming claims, payment and credit terms, retailer application and re-
45 newal fees, telecommunication costs, if any, to be paid or allocated to
46 retailers and bonding requirements;

1 (e) The methods to be utilized in selling and distributing lottery
2 tickets or shares, including the use of machines, terminals, telecom-
3 munications systems and data processing systems. Customer operated
4 machines, terminals or other devices for selling lottery tickets or
5 shares shall only be operated by the use of currency or coin; and

6 (f) Other matters necessary or appropriate for the efficient operation
7 and administration of the lottery, for the convenience of the public,
8 and to carry out the provisions of this chapter. Every rule promulgated
9 within the authority conferred by this chapter shall be of temporary
10 effect and must be ratified by the legislature at the regular session
11 first following their adoption. Rules not approved in the above manner
12 shall be rejected, null, void and of no force and effect on July 1, fol-
13 lowing their submission to the legislature.

14 (2) The commission shall approve major procurements.

15 (3) The commission shall approve the transfer of net income in accor-
16 dance with the provisions of this chapter.

17 (4) The commission shall have the authority to enter into written
18 agreements or contracts, negotiated and prepared by the director, with any
19 other state or states, the government of Canada, the provinces of Canada or
20 an agency or contractor of any of those entities for the operation and promo-
21 tion of a joint lottery or joint lottery games.

22 (5) The commission shall promulgate a complete set of rules and regula-
23 tions to govern race meets and the pari-mutuel system.

24 (6) It shall be unlawful for any person, except race meet licensees com-
25 ing within the provisions of section 54-2508, Idaho Code, to participate,
26 directly or indirectly, in any race meet without first securing and having
27 in full force and effect, a license therefor from the commission. The li-
28 cence fee for such license shall be set by the commission and shall be paid to
29 the commission. It shall be the duty of each person holding a license to com-
30 ply with the provisions of chapter 25, title 54, Idaho Code, and with all the
31 rules and regulations promulgated and all orders issued by the commission.
32 The commission shall, by rule and regulation, determine which persons par-
33 ticipating, directly or indirectly, in race meets shall require licenses.

34 (7) The commission shall license, regulate and supervise all race meets
35 held in this state pursuant to chapter 25, title 54, Idaho Code, and to cause
36 the various places where race meets are held to be visited and inspected at
37 least once a year.

38 (8) The commission may authorize any licensee to participate in an in-
39 terstate common wagering pool with one (1) or more other racing jurisdic-
40 tions. Anytime that a licensee participates in an interstate pool, the li-
41 cencee may adopt, with the authorization of the commission, the take-out of
42 the host jurisdiction or facility.

43 (9) The commission may permit a licensee to use one (1) or more of its
44 racers for an interstate common wagering pool at locations outside its juris-
45 isdiction and may allow pari-mutuel pools in other states to be combined with
46 pari-mutuel pools in its jurisdiction for the purpose of establishing an in-
47 terstate common wagering pool.

48 (10) The commission shall keep detailed records of all licenses applied
49 for and issued, reports of which shall be embodied in an annual report that
50 the commission shall prepare and submit to the governor on or before March

1 31 of each year. Said annual report shall cover the activities of the com-
2 mission and organizations of licensees defined in section 54-2502(4), Idaho
3 Code, for the preceding year in addition to the aforementioned.

4 (11) The commission shall perform all other acts necessary to carry out
5 the purposes and provisions of this chapter, chapter 25, title 54, Idaho
6 Code, and chapter 77, title 67, Idaho Code.

7 SECTION 22. That Section 67-7409, Idaho Code, be, and the same is hereby
8 amended to read as follows:

9 67-7409. POWERS AND DUTIES OF THE DIRECTOR. The director shall be re-
10 sponsible for the daily operations of the lottery pursuant to this chapter,
11 racing pursuant to chapter 25, title 54, Idaho Code, and bingo games and
12 raffles pursuant to chapter 77, title 67, Idaho Code, and shall have the
13 following duties, powers and responsibilities in addition to others herein
14 granted:

15 (1) The director shall:

16 (a) Operate and administer the lottery in accordance with the provi-
17 sions of this chapter, racing pursuant to chapter 25, title 54, Idaho
18 Code, and bingo games and raffles pursuant to chapter 77, title 67,
19 Idaho Code, and the policies and rules of the lottery, racing, and bingo
20 games and raffles;

21 (b) Appoint deputy directors, sales personnel and security staff, who
22 shall be exempt from the provisions of chapter 53, title 67, Idaho Code,
23 as may be required to carry out the functions and duties of his office;
24 and

25 (c) Hire professional, technical and other employees as may be neces-
26 sary to perform the duties of his office subject to the provisions of
27 chapter 53, title 67, Idaho Code.

28 (2) The director shall:

29 (a) Confer regularly with the commission on the operation and adminis-
30 tration of the lottery, racing, and bingo games and raffles;

31 (b) Make available for inspection by the commission, on request, all
32 books, records, files, and other information and documents of the lot-
33 tery, racing, bingo games and raffles, and Indian gaming in accordance
34 with compacts entered into by the state; and

35 (c) Advise the commission and make such recommendations as the director
36 considers necessary and advisable to improve the operation and adminis-
37 tration of the lottery, racing, and bingo games and raffles.

38 (3) The director may enter into contracts for marketing, advertising,
39 promotion, research and studies for the lottery and for products and ser-
40 vices for effectuating the purposes of this chapter, however, contracts for
41 major procurements must be approved by the commission. The director may not
42 enter into contracts for the administration of the lottery.

43 (4) The director shall:

44 (a) Submit quarterly financial statements to the commission, the gov-
45 ernor, the state treasurer, and the legislature. Such financial state-
46 ments shall be prepared in accordance with generally accepted account-
47 ing principles and shall include a balance sheet, a statement of opera-
48 tions, a statement of changes in financial position, and related foot-

1 notes. Such financial statements are to be provided within forty-five
2 (45) days of the last day of each quarter;

3 (b) Submit annual financial statements to the commission, the gov-
4 ernor, the state treasurer, and each member of the legislature. Such
5 financial statements shall be prepared in accordance with generally
6 accepted accounting principles and shall include a balance sheet, a
7 statement of operations, a statement of changes in financial position,
8 and related footnotes. Such financial statements shall have been ex-
9 amined by the legislative services office or a firm of independent
10 certified public accountants in accordance with generally accepted
11 auditing standards and shall be provided within ninety (90) days of the
12 last day of the lottery's fiscal year;

13 (c) Report to the governor and the legislature any matters which
14 require immediate changes in the laws of this state in order to pre-
15 vent abuses and evasions of this chapter, chapter 25, title 54, Idaho
16 Code, or chapter 77, title 67, Idaho Code, or the rules of the lottery
17 promulgated by the commission or to rectify undesirable conditions in
18 connection with administration or operation of the lottery, racing, and
19 bingo games and raffles;

20 (d) Carry on a continuous study and investigation of the lottery to:

21 (i) Identify any defects in the provisions of this chapter or in
22 the rules and regulations of the commission leading to an abuse
23 in the administration or operation of the lottery or an evasion of
24 this act or the rules of the lottery;

25 (ii) Make recommendations for changes in this chapter or the rules
26 of the lottery to prevent abuses or evasions or to improve the ef-
27 ficiency of the lottery;

28 (iii) Ensure that the provisions of this chapter and the rules of
29 the lottery are administered and formulated to serve the purposes
30 of this chapter;

31 (iv) Prevent the use of the lottery, the provisions of this chap-
32 ter, or the rules of the lottery from fostering professional gam-
33 bling or crime;

34 (e) Make a continuous study and investigation of:

35 (i) The operation and administration of similar laws and lotter-
36 ies in other states and countries;

37 (ii) The available information on the subject of lotteries and re-
38 lated subjects;

39 (iii) Any federal laws which may affect the operation of the lot-
40 tery; and

41 (iv) The reaction of citizens of this state to existing and poten-
42 tial features of the lottery with a view to recommending or effect-
43 ing changes that will tend to serve the purposes of this chapter.

44 (5) The director shall provide for secure lottery facilities and lot-
45 tery systems, including data processing facilities and systems.

46 (6) The director shall be responsible for monitoring class III gaming
47 on Indian reservations as ~~may be~~ required by compacts entered into by the
48 state in accordance with state statutory law and pursuant to the Indian Gam-
49 ing Regulatory Act, 25 U.S.C. section 2701 et seq. and 18 U.S.C. sections
50 1166-1168.

1 (7) The director shall perform all other acts necessary to carry out the
2 purposes and provisions of this chapter, chapter 25, title 54, Idaho Code,
3 chapter 77, title 67, Idaho Code, and sections 67-429A through 67-429C,
4 Idaho Code.

5 SECTION 23. That Section 67-7702, Idaho Code, be, and the same is hereby
6 amended to read as follows:

7 67-7702. DEFINITIONS. As used in this chapter:

8 (1) "Bingo" means the traditional game of chance played for a prize de-
9 termined prior to the start of the game.

10 (a) Upon approval by the bingo-raffle advisory board a licensee may of-
11 fer bingo games in which players are allowed to select their own numbers
12 if the cards used to conduct the games have controls that provide an au-
13 dit trail adequate to determine all winning number combinations.

14 (b) Card-minding devices are prohibited. Autodaubing features are
15 prohibited.

16 (c) Bingo shall not include "instant bingo" which is a game of chance
17 played by the selection of one (1) or more prepackaged bingo cards, with
18 the winner determined by the appearance of a preprinted winning desig-
19 nation on the bingo card.

20 (2) "Bingo-raffle advisory board" means a board of six (6) persons
21 chosen by the governor to make advisory recommendations regarding bingo and
22 raffle operations and regulation in Idaho.

23 (3) "Charitable organization" means an organization that has been in
24 continuous existence in the county of operation of the charitable bingo game
25 or raffle for at least one (1) year, that conducts charitable activities, and
26 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
27 501(c)(8), 501(c)(10), 501(c)(19) or 501(d) of the Internal Revenue Code
28 and is exempt from income taxation under title 63, Idaho Code, as a bona fide
29 nonprofit charitable, civic, religious, fraternal, patriotic or veterans
30 organization or as a nonprofit volunteer fire department, or as a nonprofit
31 volunteer rescue squad, or as a nonprofit volunteer educational booster
32 group, parent-teacher organization or association. If the organization has
33 local branches or chapters, the term "charitable organization" means the
34 local branch or chapter operating the bingo or raffle game.

35 (4) "Commission" means the Idaho state ~~lottery~~ gaming commission as de-
36 fined in section 67-7404, Idaho Code.

37 (5) "Duck race" means a charitable raffle played by releasing numbered,
38 inanimate toys (ducks) into a body of moving water. A person who has been as-
39 signed the same number as the first duck to cross a predetermined point in the
40 water (the finish line) is the winner. Other prizes may be awarded on the ba-
41 sis of the order in which the ducks cross the finish line. With the exception
42 of determining "net proceeds," all restrictions and requirements applicable
43 to the conduct of charitable raffles in this chapter shall also apply to the
44 conduct of duck races.

45 (6) "Electronic bingo card" or "face" means an electronic facsimile of
46 a bingo card or face, from a permutation of bingo cards formulated by a manu-
47 facturer licensed in Idaho, which is stored and/or displayed in a bingo card-
48 monitoring device. An electronic bingo card or face is deemed to be a form of
49 disposable paper bingo card.

1 (7) (a) "Electronic bingo device" means an electronic device used by a
2 bingo player to monitor bingo cards purchased at the time and place of a
3 licensed organization's bingo session, and which:

4 (i) Provides a means for bingo players to input numbers announced
5 by a bingo caller;

6 (ii) Requires the player to manually enter the numbers as they are
7 announced by a bingo caller;

8 (iii) Compares the numbers entered by the bingo player to the num-
9 bers contained on bingo cards previously stored in the electronic
10 database of the device;

11 (iv) Identifies winning bingo patterns; and

12 (v) Signals only the bingo player when a winning bingo pattern is
13 achieved.

14 (b) "Electronic bingo device" does not mean or include any device into
15 which coins, currency, or tokens are inserted to activate play, or any
16 device which is interfaced with or connected to any host system which
17 can transmit or receive any ball call information, site system or any
18 other type of bingo equipment once the device has been activated for use
19 by the bingo player.

20 (8) "Gross revenues" means all moneys paid by players during a bingo
21 game or session for the playing of bingo or raffle events and does not include
22 money paid for concessions; provided that the expenses of renting electronic
23 bingo devices from a licensed vendor and the fees collected from players for
24 the use of electronic bingo devices must be reported separately on the organ-
25 ization's annual bingo report and must be netted for purposes of determining
26 gross revenues as follows: only fees collected from players in excess of the
27 rental charges paid to licensed vendors will be considered to be a part of
28 gross revenues, and if the costs of renting electronic bingo devices from a
29 licensed vendor exceed the fees collected from players for use of electronic
30 bingo devices, the difference will be considered an administrative expense
31 for purposes of section 67-7709(1) (d), Idaho Code.

32 (9) "Host system" means the computer hardware, software and peripheral
33 equipment of a licensed manufacturer which is used to generate and download
34 electronic bingo cards to a licensed organization's site system, and which
35 monitors sales and other activities of a site system.

36 (10) "Nonprofit organization" means an organization incorporated under
37 chapter 3, title 30, Idaho Code.

38 (11) "Organization" means a charitable organization or a nonprofit or-
39 ganization.

40 (12) "Person" shall be construed to mean and include an individual, as-
41 sociation, corporation, club, trust, estate, society, company, joint stock
42 company, receiver, trustee, assignee, referee or any other person acting
43 in a fiduciary or representative capacity, whether appointed by a court or
44 otherwise, and any combination of individuals. "Person" shall also be con-
45 strued to mean and include departments, commissions, agencies and instru-
46 mentalities of the state of Idaho, including counties and municipalities and
47 agencies or instrumentalities thereof.

48 (13) "Raffle" means a game in which the prize is won by random drawing of
49 the name or number of one (1) or more persons purchasing chances.

1 (14) "Session" means a period of time not to exceed eight (8) hours in
2 any one (1) day in which players are allowed to participate in bingo games
3 operated by a charitable or nonprofit organization.

4 (15) "Site system" means the computer hardware, software and peripheral
5 equipment used by a licensed organization at the site of its bingo session
6 which provides electronic bingo cards or bingo card monitoring devices to
7 players, and which receipts the sale or rental of such cards and devices and
8 generates reports relative to such sales or rentals.

9 (16) "Vendor" means an applicant, licensee or manufacturer, distribu-
10 tor or supplier licensed or unlicensed that furnishes or supplies bingo or
11 raffle equipment, disposable or nondisposable cards and any and all related
12 gaming equipment.

13 SECTION 24. That Section 67-7703, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 67-7703. BINGO-RAFFLE ADVISORY BOARD ESTABLISHED. There is estab-
16 lished the bingo-raffle advisory board, which is responsible for making
17 recommendations for the improvement of bingo and raffle operations and reg-
18 ulation to the Idaho state lottery gaming commission, the governor and the
19 legislature, including recommendations for administrative rules.

20 SECTION 25. That Section 67-7705, Idaho Code, be, and the same is hereby
21 amended to read as follows:

22 67-7705. QUORUM -- MEETINGS -- MINUTES -- COMPENSATION. A majority of
23 the qualified membership of the bingo-raffle advisory board is a quorum. The
24 advisory board may not act unless at least four (4) members agree. The ad-
25 visory board shall meet at least three (3) times per year, and may meet more
26 often as it deems necessary. Written notice of the time and place of each
27 meeting shall be given to each board member. The advisory board shall se-
28 lect or elect one (1) of its members to be chairman, one (1) of its members
29 to be vice-chairman and one (1) of its members to be secretary. The secre-
30 tary of the advisory board shall promptly send the lottery Idaho state gam-
31 ing commission a certified copy of the minutes of each meeting of the advi-
32 sory board. The minutes shall include a copy of the current recommendations
33 of the board, including recommended administrative rules. Members of the
34 bingo-raffle advisory board shall receive compensation as provided in sec-
35 tion 59-509(b), Idaho Code. Members are entitled to reimbursement for rea-
36 sonable travel expenses incurred in the performance of their duties as a mem-
37 ber, as provided by law.

38 SECTION 26. That Section 67-7706, Idaho Code, be, and the same is hereby
39 amended to read as follows:

40 67-7706. BINGO-RAFFLE ADVISORY BOARD -- POWERS -- DUTIES. The
41 bingo-raffle advisory board shall review the operation and regulation of
42 bingo games and raffle events in Idaho, and shall make recommendations to
43 the Idaho state lottery gaming commission regarding, but not limited to, the
44 following issues:

1 (1) The issuances of licenses for the operation of bingo games and raf-
2 file events, including the denial, suspension or revocation of licenses;

3 (2) The collection of fees, penalties, fines and other moneys from
4 organizations conducting or applying to conduct bingo games and/or raffle
5 events;

6 (3) The maintenance by bingo operators of records and the efficacy of
7 the statutes and rules requiring maintenance of records;

8 (4) The recordation and reporting of income from bingo games and raffle
9 events to the Idaho state lottery gaming commission, and the efficacy of the
10 statutes and rules governing recordation and reporting;

11 (5) The efficacy and profitability of income and expenditure limits
12 placed on organizations, by statute or rule, operating bingo games and/or
13 raffle events in the state;

14 (6) The type, scope, manner, and frequency of bingo games and/or raffle
15 events conducted in Idaho, and the efficacy of the statutes or rules govern-
16 ing those considerations;

17 (7) Possible cooperative agreements with county, city, and other local
18 and state agencies that would enhance the safety and profitability of bingo
19 games and/or raffle events;

20 (8) Possible written agreements or contracts with other states or any
21 agency or contractor of another state for the operation and promotion of
22 joint bingo games and/or raffle events that would enhance the safety and
23 profitability of bingo and raffle operations in Idaho;

24 (9) What rules should be promulgated by the Idaho state lottery gaming
25 commission to ensure the safe, orderly and trustworthy operation of bingo
26 games and/or raffle events in Idaho.

27 The bingo-raffle advisory board shall, at least twice a year, report to
28 the Idaho state lottery gaming commission addressing the operations and ac-
29 tivities of the advisory board and the major issues facing bingo operators in
30 the state. The lottery security division shall provide a final annual report
31 to the governor, the lottery Idaho state gaming commission, the president
32 pro tempore of the senate and the speaker of the house of representatives of
33 the Idaho legislature.

34 SECTION 27. That Section 67-7707, Idaho Code, be, and the same is hereby
35 amended to read as follows:

36 67-7707. BINGO BY CHARITABLE OR NONPROFIT ORGANIZATIONS. (1) It is
37 lawful for a charitable or nonprofit organization to conduct bingo sessions
38 or games in accordance with the provisions of this chapter and the rules
39 of the Idaho state lottery gaming commission. Any charitable or nonprofit
40 organization, any member of a charitable or nonprofit organization, or any
41 person that conducts a bingo session or game in violation of any provision of
42 this chapter or the rules of the Idaho state lottery gaming commission may be
43 assessed a civil penalty not in excess of ten thousand dollars (\$10,000) per
44 violation. Additionally, any person knowingly conducting a bingo session
45 or game in violation of the provisions of this chapter or the rules of the
46 Idaho state lottery gaming commission may be charged under the gambling laws
47 contained in chapter 38, title 18, Idaho Code. Violations will be prosecuted
48 by the county prosecuting attorney.

1 (2) No person under the age of eighteen (18) years may play bingo in
2 games where a cash prize is offered or where the prize exceeds twenty-five
3 dollars (\$25.00) in value for merchandise.

4 SECTION 28. That Section 67-7708, Idaho Code, be, and the same is hereby
5 amended to read as follows:

6 67-7708. LIMIT ON SESSIONS AND BINGO PRIZES. The number of sessions or
7 games of bingo conducted or sponsored by a charitable or nonprofit organiza-
8 tion shall be limited to three (3) sessions per week and such sessions shall
9 not exceed a period of eight (8) hours per day. The maximum prize that may
10 be offered or paid for any one (1) game of bingo, and the maximum aggregate
11 amount of prizes that may be offered or paid for any one (1) session of bingo,
12 shall be set by rule of the Idaho state lottery gaming commission.

13 SECTION 29. That Section 67-7709, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 67-7709. ACCOUNTING AND USE OF BINGO PROCEEDS.

16 (1) (a) All funds received in connection with a bingo game required to
17 be licensed pursuant to this chapter and the rules of the Idaho state
18 lottery gaming commission shall be placed in a separate bank account
19 that is in the name of and controlled by the charitable or nonprofit
20 organization. No funds may be disbursed from this account except the
21 charitable or nonprofit organization may expend proceeds for prizes,
22 advertising, rent including, but not limited to, renting space, chairs,
23 tables, equipment and electronic bingo devices, utilities, the pur-
24 chase of supplies and equipment in playing bingo, taxes and license fees
25 related to bingo, the payment of compensation, and for the purposes set
26 forth below for the remaining proceeds.

27 (b) Funds from bingo accounts must be withdrawn by preprinted, con-
28 secutively numbered checks or withdrawal slips, signed by an autho-
29 rized representative of the licensed authorized organization and made
30 payable to a person. A check or withdrawal slip shall not be made
31 payable to "cash," "bearer" or a fictitious payee. The nature of the
32 payment made shall be noted on the face of the check or withdrawal slip.
33 Checks for the bingo account shall be imprinted with the words "bingo
34 account" and shall contain the organization's bingo license name on the
35 face of each check. A licensed authorized organization shall keep and
36 account for all checks and withdrawal slips, including voided checks
37 and withdrawal slips. Electronic transfers from the bingo account may
38 be used for payments made to another governmental agency.

39 (c) Any proceeds available in a bingo account after payment of the
40 expenses set forth in paragraph (1) (a) of this subsection shall inure
41 to the charitable or nonprofit organization to be used for religious,
42 charitable, civic, scientific testing, public safety, literary or
43 educational purposes or for purchasing, constructing, maintaining,
44 operating or using equipment or land, or a building or improvements
45 thereto, owned, leased or rented by and for the charitable or nonprofit
46 organization and used for civic purposes or made available by the chari-
47 table or nonprofit organization for use by the general public from time

1 to time, or to foster amateur sports competition, or for the prevention
2 of cruelty to children or animals, provided that no proceeds shall be
3 used or expended directly or indirectly to compensate officers or di-
4 rectors. The licensed bingo operation must maintain records for five
5 (5) years on forms prescribed by the commission or pursuant to rules
6 prescribed by the commission showing the charitable activities to which
7 the proceeds described in this paragraph are applied. No employees of
8 the charitable or nonprofit organization may be compensated from bingo
9 proceeds except as provided in this subsection.

10 (d) (i) All gross revenues received from bingo games by a charitable
11 or nonprofit organization must be disbursed in the following man-
12 ner, unless otherwise provided in section 67-7708, Idaho Code:
13 not less than twenty percent (20%) of gross revenues shall be used
14 for charitable purposes enumerated in this subsection, and a max-
15 imum of eighteen percent (18%) of the gross revenues may be used
16 for administrative expenses associated with the charitable bingo
17 game. An organization requesting an exemption from the disburse-
18 ment percentages provided in this paragraph for administrative
19 costs shall request such an exemption from the Idaho state lottery
20 gaming commission.

21 (ii) Two hundred fifty dollars (\$250) or one-tenth of one per-
22 cent (.1%) of annual gross revenues, as per the previous year's
23 annual bingo report whichever is greater may be paid as wages for
24 the conduct of any one (1) bingo session. Such wages shall be paid
25 on an hourly basis, shall be directly related to the preparation,
26 conduct of and cleaning following a bingo session, and shall be
27 paid out of the organization's separate bank account unless the
28 director of lottery security has given prior written permission to
29 pay wages out of another account. Such wages shall be part of the
30 eighteen percent (18%) gross revenues used for administrative ex-
31 penses.

32 (2) Any charitable or nonprofit organization conducting bingo games
33 pursuant to this chapter shall prepare a statement at the close of its li-
34 cense year and shall file such statement with the Idaho state lottery gaming
35 commission. The statement shall be prepared on a form prescribed by the
36 lottery Idaho state gaming commission and shall include, at a minimum, the
37 following information:

38 (a) The number of bingo sessions conducted or sponsored by the licensed
39 organization;

40 (b) The location and date at which each bingo session was conducted;

41 (c) The gross revenues of each bingo session;

42 (d) The fair market value of any prize given at each bingo session;

43 (e) The number of individual players participating in each session;

44 (f) The number of cards played in each session;

45 (g) The amount paid in prizes at each session;

46 (h) The amount paid to the charitable or nonprofit organization;

47 (i) All disbursements from bingo revenue and the purpose of those dis-
48 bursements must be documented on a general ledger and submitted with the
49 annual bingo report to the Idaho lottery state gaming commission; and

1 (j) An accounting of all gross revenues and the disbursements required
2 by statute and rule of the Idaho state lottery gaming commission must
3 be retained in records with the organization, including the date of
4 each transaction and the name and address of each payee for all prize
5 payments in excess of one hundred dollars (\$100) and the disbursements
6 of funds to charitable activities, including the identity of the char-
7 ity and/or purpose and use of the disbursements by the charity. Such
8 records shall be retained for a period of five (5) years.

9 (3) Any organization required to be licensed to conduct bingo oper-
10 ations under the provisions of this chapter shall use only nonreusable
11 colored bingo paper or electronic bingo paper so that all sales may be
12 tracked. The nonreusable colored paper must have a series and serial number
13 on each card. At the conclusion of each session, all organizations using
14 nonreusable bingo paper must track their bingo sales per session by record-
15 ing the series and serial numbers of all paper sold, damaged, donated or used
16 for promotion in that session. Each such organization shall keep a ledger
17 of the numbers of all such papers used during each session. All paper must
18 be tracked as either sold, damaged, donated, used for promotion, or omitted
19 from the original distributor or manufacturer. Paper tracking ledgers and
20 invoices from the distributor or manufacturer for nonrefundable colored
21 bingo paper must be kept with the permanent records for that bingo operation.

22 (4) Any person who shall willfully or knowingly furnish, supply or oth-
23 erwise give false information in any statement filed pursuant to this sec-
24 tion shall be guilty of a misdemeanor.

25 (5) All financial books, papers, records and documents of an organiza-
26 tion shall be kept as determined by rule of the Idaho state lottery gaming
27 commission and shall be open to inspection by the county sheriff of the
28 county, or the chief of police of the city, or the prosecuting attorney of the
29 county where the bingo game was held, or the attorney general or the Idaho
30 state lottery gaming commission at reasonable times and during reasonable
31 hours.

32 (6) Every charitable or nonprofit organization whose annual gross
33 revenues exceed two hundred thousand dollars (\$200,000) from the operation
34 of bingo games shall provide the Idaho state lottery gaming commission with
35 a copy of an annual audit of the bingo operation. The audit shall be per-
36 formed by an independent certified public accountant who is licensed in the
37 state of Idaho and who meets peer review requirements set forth by the Idaho
38 state board of accountancy. The audit shall be submitted to the Idaho state
39 lottery gaming commission within ninety (90) days after the end of the li-
40 cense year.

41 SECTION 30. That Section 67-7710, Idaho Code, be, and the same is hereby
42 amended to read as follows:

43 67-7710. RAFFLES -- DUCK RACES. (1) It is lawful for any charitable
44 or nonprofit organization to conduct raffles in accordance with the pro-
45 visions of this chapter. Any charitable or nonprofit organization or any
46 person that conducts a raffle in violation of any provision of this chap-
47 ter may be assessed a civil penalty not in excess of ten thousand dollars
48 (\$10,000) per violation. Additionally, any person knowingly conducting a
49 raffle in violation of any provision of this chapter or rule of the Idaho

1 state ~~lottery~~ gaming commission may be charged under the gambling laws of the
2 state contained in chapter 38, title 18, Idaho Code, and may be assessed a
3 civil penalty by the ~~lottery~~ Idaho state gaming commission not in excess of
4 ten thousand dollars (\$10,000) per violation. It shall not constitute a vi-
5 olation of state law to advertise a charitable raffle conducted pursuant to
6 this section. It is lawful to participate in a charitable raffle conducted
7 pursuant to this chapter. A charitable raffle conducted lawfully pursuant
8 to this chapter is not gambling for purposes of chapter 38, title 18, Idaho
9 Code.

10 (2) Raffle drawings must be held in Idaho and shall be limited to twelve
11 (12) per charitable or nonprofit organization per year, provided that this
12 limitation shall not apply to public or private elementary schools, sec-
13 ondary schools or higher education institutions located in this state. The
14 maximum aggregate value of cash prize(s) that may be offered or paid for any
15 one (1) raffle, which is not a duck race is one thousand dollars (\$1,000) and
16 if merchandise is used as a prize and it is not redeemable for cash, there
17 shall be no limit on the maximum amount of value for the merchandise. For
18 duck races, there shall be no limit on the maximum amount of the value of a
19 cash prize if the cash prize is underwritten by insurance. If a duck race
20 offers a cash prize that is not underwritten by insurance, the maximum ag-
21 gregate value of the cash prize(s) is one thousand dollars (\$1,000). There
22 shall be no limit on the maximum of value for merchandise used as a prize in a
23 duck race if the merchandise is not redeemable for cash.

24 (3) As used in this subsection, "net proceeds of a charitable raffle"
25 means the gross receipts less the cost of prizes awarded. "Net proceeds of a
26 duck race" shall mean gross receipts, less the cost of prizes awarded and the
27 rental cost of the ducks used in the race. No less than eighty percent (80%)
28 of the net proceeds of a raffle shall be used by the charitable or nonprofit
29 organization for charitable, religious, educational, civic or other chari-
30 table purposes.

31 (4) Any licensed charitable or nonprofit organization conducting raf-
32 fles pursuant to this chapter shall prepare a statement at the close of its
33 license year and shall file such statement with the Idaho state ~~lottery~~
34 gaming commission. The statement shall be prepared on a form prescribed by
35 the ~~lottery~~ Idaho state gaming commission and shall include, at a minimum,
36 the following information:

- 37 (a) The number of raffles conducted or sponsored by the charitable or
38 nonprofit organization;
39 (b) The location and date at which each raffle was conducted;
40 (c) The gross revenues of each raffle;
41 (d) The fair market value of any prize given at each raffle;
42 (e) The amount paid in prizes at each raffle;
43 (f) The amount paid to the charitable or nonprofit organization;
44 (g) An accounting of all gross revenues and the disbursements required
45 by statute and rule of the Idaho state ~~lottery~~ gaming commission that
46 shall be retained in the organization's records for a period of five (5)
47 years.

48 (5) Every charitable or nonprofit organization whose annual gross rev-
49 enues exceed two hundred thousand dollars (\$200,000) from the operation of
50 raffle events shall provide the Idaho state ~~lottery~~ gaming commission with a

1 copy of an annual audit of the raffle events. The audit shall be performed by
2 a certified public accountant who is licensed in the state of Idaho and who
3 meets the peer review requirements set forth by the Idaho state board of ac-
4 countancy. The audit shall be submitted to the Idaho state lottery gaming
5 commission within ninety (90) days after the end of the license year.

6 SECTION 31. That Section 67-7711, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 67-7711. LICENSING PROCEDURE. (1) Any charitable or nonprofit organ-
9 ization not exempt pursuant to section 67-7713, Idaho Code, desiring to op-
10 erate bingo sessions or games or charitable raffles shall make application
11 for a license to the Idaho state lottery gaming commission. The Idaho state
12 lottery gaming commission shall review the license application and shall ap-
13 prove or deny the issuing of a license within fifteen (15) calendar days of
14 receipt of the license application. The Idaho state lottery gaming commis-
15 sion may deny the application if it determines that the applicant has not met
16 requirements for an application imposed in this chapter and rules promul-
17 gated pursuant to this chapter or upon any ground for which an application
18 for renewal of a license could be denied or for which an existing licensee's
19 license could be revoked or suspended. Whenever an application is denied,
20 it shall be returned to the applicant by the Idaho state lottery gaming com-
21 mission with specific reasons for the denial. When a license application
22 is approved by the Idaho state lottery gaming commission, the Idaho state
23 lottery gaming commission shall issue a license to the applicant. No per-
24 son or charitable or nonprofit organization, except those exempt pursuant to
25 section 67-7713, Idaho Code, shall operate or conduct a bingo session or game
26 or charitable raffle until it has received a license from the Idaho state
27 lottery gaming commission. The license shall expire one (1) year after the
28 date it was issued.

29 (2) Each application and renewal application shall contain the follow-
30 ing information:

31 (a) The name, address, date of birth, driver's license number and so-
32 cial security number of the applicant and if the applicant is a corpo-
33 ration, association or other similar legal entity, the name, home ad-
34 dress, date of birth, driver's license number and social security num-
35 ber of each of the officers of the organization as well as the name and
36 address of the directors, or other persons similarly situated, of the
37 organization;

38 (b) The name, home address, date of birth, driver's license number and
39 social security number of each of the person or persons responsible for
40 managing the bingo session or game or raffle;

41 (c) (i) In the case of charitable organizations, a copy of the appli-
42 cation for recognition of exemptions and a determination letter
43 from the internal revenue service that indicates that the organi-
44 zation is a charitable organization and stating the section under
45 which that exemption is granted, except that if the organization
46 is a state or local branch, lodge, post or chapter of a national or-
47 ganization, a copy of the determination letter of the national or-
48 ganization shall satisfy this requirement; and

1 (ii) In the case of incorporated nonprofit organizations, a copy
 2 of a certificate of existence issued by the secretary of state pur-
 3 suant to chapter 3, title 30, Idaho Code, establishing the organi-
 4 zation's good standing in the state.

5 (d) The location at which the applicant will conduct the bingo session
 6 or games or drawings for the raffles.

7 (3) The operation of bingo sessions or games or charitable raffles
 8 shall be the direct responsibility of, and controlled by, the governing
 9 body of the organization and the members of the governing body shall be held
 10 responsible for the conduct of the bingo sessions or games or raffles. No
 11 directors or officers of an organization or persons related to them either
 12 by marriage or blood within the second degree shall receive any compensation
 13 derived from the proceeds of a bingo session or raffle regulated under the
 14 provisions of this chapter. An organization shall not contract with any per-
 15 son for the purpose of conducting a bingo session or providing bingo services
 16 or conducting a raffle on the organization's behalf, provided that this
 17 prohibition does not prevent a bingo organization from hiring employees and
 18 paying wages as provided in section 67-7709(1) (d)(ii), Idaho Code. However,
 19 if the Idaho state lottery gaming commission has entered into an agreement
 20 or contract with another state for the operation or promotion of joint bingo
 21 sessions, the charitable or nonprofit organization may participate in that
 22 contract or agreement.

23 (4) Different chapters of an organization may apply for and share one
 24 (1) license to conduct raffles so long as the information required in subsec-
 25 tion (2) of this section is provided to the lottery Idaho state gaming com-
 26 mission prior to the issuance of the license.

27 (5) The organization may apply for the license to coincide with the or-
 28 ganization's fiscal year.

29 SECTION 32. That Section 67-7712, Idaho Code, be, and the same is hereby
 30 amended to read as follows:

31 67-7712. LICENSE FEES -- SUSPENSION OR REVOCATION. (1) Each organi-
 32 zation that applies to the Idaho state lottery gaming commission for a li-
 33 cense pursuant to this chapter shall pay annually to the Idaho state lottery
 34 gaming commission a nonrefundable license fee which shall be due upon sub-
 35 mission of the application. License fees shall be based on the organiza-
 36 tion's gross revenues from bingo or raffle operations as required to be re-
 37 ported by statute or rule of the commission. Organizations with gross rev-
 38 enues of twenty-five thousand dollars (\$25,000) or less shall pay a fee of
 39 one hundred dollars (\$100). Organizations with gross revenues of twenty-
 40 five thousand dollars (\$25,000) to seventy-five thousand dollars (\$75,000)
 41 shall pay a fee of two hundred dollars (\$200). Organizations with gross rev-
 42 enues exceeding seventy-five thousand dollars (\$75,000) shall pay a fee of
 43 three hundred dollars (\$300). New organizations with no history of gross
 44 revenues shall pay a fee of one hundred dollars (\$100), and the gross rev-
 45 enues indicated in the organization's first annual report shall determine
 46 the license renewal fee.

47 (2) Any license issued pursuant to this chapter may be suspended or re-
 48 voked by the Idaho state lottery gaming commission if it is found that the li-
 49 censee or any person connected with the licensee has violated any provision

1 of this chapter or any rule of the ~~lottery~~ Idaho state gaming commission or
2 ordinance of a county adopted pursuant to this chapter or:

3 (a) Has continued to operate bingo sessions or games after losing its
4 tax exempt or nonprofit status or ceases to exercise independent con-
5 trol over its activities or budget as required under the provisions of
6 this chapter;

7 (b) Has violated or has failed or refused to comply with the provisions
8 of this chapter, or has violated the provisions of a rule of the ~~lottery~~
9 Idaho state gaming commission or has allowed such a violation to occur
10 upon premises over which the licensee has substantial control;

11 (c) Has knowingly caused, aided or abetted, or conspired with another
12 to cause, any person to fail or refuse to comply with the provisions, re-
13 quirements, conditions, limitation or duties imposed in this chapter,
14 or to fail or refuse to comply with a rule adopted by the Idaho state
15 ~~lottery~~ gaming commission;

16 (d) Has obtained a license or permit by fraud, misrepresentation or
17 concealment, or through inadvertence or mistake;

18 (e) Has been convicted, forfeited bond, or has been granted a withheld
19 judgment, upon a charge involving forgery, theft, willful failure to
20 make required payments or reports to a governmental agency at any level,
21 or filing false reports to a governmental agency, or any similar offense
22 or offenses, or of bribing or otherwise unlawfully influencing a public
23 official or employee of any state or the United States, or of any crime,
24 whether a felony or misdemeanor, involving gambling activity, physical
25 injury to individuals or moral turpitude;

26 (f) Denies the Idaho state ~~lottery~~ gaming commission access to any
27 place where a licensed game is conducted, denies access to any law en-
28 forcement officer, or fails promptly to produce for inspection or audit
29 any records or items as required by law;

30 (g) Fails to have the license available for verification where the li-
31 censed game is conducted;

32 (h) Misrepresents or fails to disclose to the Idaho state ~~lottery~~
33 gaming commission or any investigating law enforcement officer any ma-
34 terial fact;

35 (i) Fails to demonstrate to the Idaho state ~~lottery~~ gaming commission
36 by clear and convincing evidence, qualifications for the license ac-
37 cording to state law and the rules of the Idaho state ~~lottery~~ gaming com-
38 mission establishing such qualifications;

39 (j) Is subject to current prosecution or pending charges, or to a con-
40 viction regardless of whether it has been appealed, for any offense de-
41 scribed in paragraph (e) of this subsection. At the request of an appli-
42 cant for an original license, the Idaho state ~~lottery~~ gaming commission
43 may defer decision upon the application during the pendency of the pros-
44 ecution or appeal;

45 (k) Has pursued or is pursuing economic gain in a manner or context
46 which violates criminal or civil public policy of this state and creates
47 a reasonable belief that the participation of the person in gaming oper-
48 ations by charitable or nonprofit organizations would be harmful to the
49 proper operation of a lawful bingo or raffle.

1 (3) The Idaho state lottery gaming commission may, upon its own motion
2 or upon a written verified complaint of any other person, investigate the
3 operation of any gaming purportedly authorized in this chapter. If the Idaho
4 state lottery gaming commission has reasonable cause to believe that any
5 gaming as described in this chapter violates any of the provisions of this
6 chapter or rules promulgated pursuant to this chapter, it may, in its dis-
7 cretion, place in probationary status, revoke, cancel, rescind or suspend
8 any license. The Idaho state lottery gaming commission may refuse to grant
9 a renewal of the license or it may take other action as may be appropriate
10 under this chapter and any rules promulgated pursuant to this chapter. If
11 the Idaho state lottery gaming commission shall refuse to grant a license or
12 refuse to grant a renewal of a license or revoke, cancel, rescind or suspend a
13 license, it shall give the applicant or licensee fifteen (15) calendar days'
14 written notice of its intended action stating generally the basis for its
15 action. Within the fifteen (15) calendar day notice period, the applicant
16 or licensee shall indicate its acceptance of the decision of the Idaho state
17 lottery gaming commission or shall request a hearing to be held in the same
18 manner as hearings in contested cases pursuant to chapter 52, title 67, Idaho
19 Code. The hearing shall be conducted within twenty-one (21) days of the re-
20 quest. The applicant or licensee may appeal the decision of the Idaho state
21 lottery gaming commission after the hearing within the same time and manner
22 as provided for judicial review of actions pursuant to chapter 52, title 67,
23 Idaho Code. Failure to make the request for a hearing as provided herein,
24 shall render the decision of the Idaho state lottery gaming commission final
25 and not subject to further appeal.

26 SECTION 33. That Section 67-7714, Idaho Code, be, and the same is hereby
27 amended to read as follows:

28 67-7714. RULES AND FORMS. The Idaho state lottery gaming commission is
29 authorized to promulgate rules consistent with this act in compliance with
30 chapter 52, title 67, Idaho Code, to implement the provisions of this act and
31 shall prescribe standardized forms for implementation of this act.