**South Carolina General Assembly**

121st Session, 2015-2016

**H. 5237**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Pitts, D.C. Moss, Gambrell, Hardee, Fry, H.A. Crawford, Finlay, Bannister, Rutherford, Ott, Cole, Duckworth, Hicks, Jordan, Lowe, Ryhal, Sandifer, G.M. Smith, J.E. Smith, Tallon, Weeks, Willis and Kennedy

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Introduced in the House on April 19, 2016

Currently residing in the House Committee on **Judiciary**

Summary: Raffles

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

4/19/2016 House Introduced and read first time ([House Journal‑page 5](file:///h:\HJ%20Archive\2016\04-19-16.docx))

4/19/2016 House Referred to Committee on **Judiciary** ([House Journal‑page 5](file:///h:\HJ%20Archive\2016\04-19-16.docx))

4/20/2016 House Member(s) request name added as sponsor: Kennedy

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**VERSIONS OF THIS BILL**

[4/19/2016](file:///p:\pprever\2015-16\5237_20160419.docx)

**A** **BILL**

TO AMEND SECTION 33‑57‑110, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS CONCERNING NONPROFIT RAFFLES FOR CHARITABLE PURPOSES, SO AS TO DEFINE “EXEMPT NONPROFIT CHARITABLE ORGANIZATIONS”; TO AMEND SECTION 33‑57‑140, RELATING TO STANDARDS FOR RAFFLES, SO AS TO SPECIFY THAT EXEMPT NONPROFIT CHARITABLE ORGANIZATIONS ARE NOT SUBJECT TO RESTRICTIONS ON THE USE OF CASUAL LABOR OR PART‑TIME EMPLOYEES TO CONDUCT RAFFLE TICKET SALES OR TO THE REQUIREMENT THAT ADVERTISEMENTS OF RAFFLES INCLUDE STATEMENTS DISCLOSING THE EXTENT TO WHICH NONPROFIT SPONSORS OF RAFFLES HAVE APPLIED GROSS RECEIPTS FROM THE RAFFLES TO CHARITABLE PURPOSES IN RECENT YEARS; AND TO AMEND SECTION 33‑57‑150, RELATING TO REPORTING REQUIREMENTS OF NONPROFITS THAT CONDUCT RAFFLES FOR CHARITABLE PURPOSES, SO AS TO SPECIFY THAT EXEMPT NONPROFIT CHARITABLE ORGANIZATIONS ARE NOT SUBJECT TO CERTAIN REPORTING REQUIREMENTS CONCERNING EXPENSES PAID, EXPENDITURES MADE, AND TICKETS SOLD.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 33‑57‑110 of the 1976 Code, as added by Act 11 of 2013, is amended to read:

“Section 33‑57‑110. For purposes of this chapter:

(1) ‘Charitable purpose’ means religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals within the meaning of Internal Revenue Code Section 170(c)(2)(B). Any interpretation of this statute with respect to charitable purpose shall be guided by the applicable Internal Revenue Code provisions and regulations of the Internal Revenue Service as interpreted by the courts.

(2) ‘Adjusted gross receipts’ means gross receipts less all cash prizes and the amount paid for merchandise prizes purchased.

(3) ‘Member’ shall have the same meaning as defined in Chapter 31, Title 33.

(4) ‘Nonprofit organization’ means an organization recognized by the South Carolina Department of Revenue and the United States Internal Revenue Service as exempt from federal and state income taxation pursuant to Internal Revenue Code Section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d), or is a class, department, or organization of an educational institution, as defined in Chapter 56, Title 33.

(5) ‘Exempt NonProfit Charitable Organization’ means an organization which:

(a) qualifies as a federal exempt organization pursuant to 26 U.S.C. Section 501(c)(3),(4),(6),(7),(10),(19), or 501 (d), with all required filings including IRS Form 990, Return of Organization Exempt From Income Tax, in updated status;

(b) registers as a nonprofit with the Office of the Secretary of State with all required filings including IRS Form 990 in up‑to‑date status.

(c) has been maintained in continuous existence for more than twenty‑five years;

(d) maintains a chapter, location, service branch, or affiliate bearing the same brand in eighteen or more states or is engaged in its approved charitable purpose in multiple areas of the State;

(e) serves the common good of the people of South Carolina through bona fide charitable services in South Carolina, consistent with the purposes claimed in federal and state filings; and

(f) maintains at least one thousand total members or volunteers nationwide.

(~~5~~6) ‘Nonprofit gaming supplies and equipment’ means any material, device, apparatus, or paraphernalia customarily used in the conducting of raffles, including raffle tickets, and other apparatus or paraphernalia used in conducting raffles subject to regulation under this chapter. The term shall not include any material, device, apparatus, or paraphernalia incidental to the raffle, such as pencils, playing cards, or other supplies that may be purchased or leased from normal sources of supply.

(~~6~~7) ‘Fifty‑fifty raffle’ means a raffle conducted by a nonprofit organization qualified to operate raffles pursuant to Section 33‑57‑120 and the proceeds collected by the sale of the raffle tickets are split evenly between the prize winner and the nonprofit organization after the raffle drawing.

(~~7~~8) ‘Gross receipts’ means all funds collected or received from the conduct of raffles.

(~~8~~9) ‘Net receipts’ means adjusted gross receipts less all expenses, charges, fees, and deductions that are authorized under this chapter. Payment of unauthorized expenses, charges, fees, and deductions from the gross receipts is a violation of this chapter.

(~~9~~10) ‘Operate’, ‘operated’, or ‘operating’ means the conduct, direction, supervision, management, operation, control, or guidance of activity.

(~~10~~11) ‘Person’ means an individual, an organization, a trust, a foundation, a group, an association, a partnership, a corporation, a society, any other private entity, or a combination of them, or a manager, agent, servant, officer, or employee thereof.

(~~11~~12) ‘Raffle’ means a game of chance in which a participant is required to pay something of value for a ticket for a chance to win a prize, with the winner to be determined by a random drawing or similar process whereby all entries have an equal chance of winning.

(~~12~~13) ‘Secretary’ means the Office of the Secretary of State.

(~~13~~14) ‘Ticket’ means tangible evidence issued by the nonprofit organization to provide participation in a raffle.

(~~14~~15) ‘Year’ means a twelve‑month period that is the same as a nonprofit organization’s fiscal year.”

SECTION 2. Section 33‑57‑140(E) and (F) of the 1976 Code, as added by Act 11 of 2013, is amended to read:

“(E)(1) A nonprofit organization conducting a raffle may advertise the event. An advertisement, in whatever form, for a raffle must name, within the advertisement, the nonprofit organization sponsoring the event, the charitable purposes for which the net receipts shall be used, and a statement of the proportion of the gross receipts of all raffles conducted by the nonprofit organization in the most recent two years in which the nonprofit organization conducted raffles which were not applied to charitable purposes.

(2)(a) The statement required on advertising in item (1) does not apply to an exempt nonprofit charitable organization as provided in Section 33‑57‑110(5). However, an exempt nonprofit charitable organization shall include in any raffle advertisement the following notice:

‘The nonprofit charitable organization sponsoring this raffle has complied with all required registrations and filings with the South Carolina Secretary of State and South Carolina Department of Revenue. Those registrations and accompanying financial disclosures are publicly available from the Secretary of State at its Internet website.’

(b) Notice required in subitem (a) may include the actual current Internet website address within the website of the Office of the Secretary of State at which the registrations and filings may be found.

(F)(1) A raffle ~~shall~~ only may be conducted ~~only~~ by a qualified and authorized nonprofit organization through its directors, bona fide employees, and unpaid volunteers none of whom shall receive compensation for their services in conducting the raffle, except that bona fide employees of a nonprofit organization may receive their regular and ordinary compensation. The restrictions on the use of casual labor or part‑time employees to conduct raffle ticket sales do not apply to raffles held by nonprofit charitable organizations that are exempt pursuant to Section 33‑57‑110(5).

(2) Except as otherwise provided in this chapter, no member, director, officer, employee, or agent of a nonprofit organization, a member of the family of any of those persons, or an entity in which a person described in the previous two categories holds a thirty‑five percent ownership interest is allowed to receive any direct or indirect economic benefit from the operation of the raffle other than being able to participate in the raffle on a basis equal to all other participants, except that bona fide employees may receive reasonable compensation for services rendered in furthering the charitable purposes of the nonprofit organization from raffle proceeds.

(3) Food and beverages served to and consumed by volunteers or staff of the sponsoring organization during a raffle are not compensation.

(4) Bona fide employees, for purposes of this section, do not include an employee whose compensation is based, in whole or in part, on the amount raised in gross or net receipts from a raffle operated by the nonprofit organization or whose job duties are significantly related to the conduct of raffles.”

SECTION 3. Section 33‑57‑150(C) of the 1976 Code, as added by Act 11 of 2013, is amended to read:

“(C)(1) A report ~~shall~~ must be submitted annually to the Secretary no later than the fifteenth day of the fifth month after the end of the nonprofit organization’s fiscal year. The report must be signed under penalty of perjury and must contain the following information for each raffle conducted within the preceding year:

(~~1~~a) the amount of the gross receipts;

(~~2~~b) an itemized list of expenses incurred or paid, including the name of each person, company, or governmental entity to whom an expense was paid;

(~~3~~c) each item of an expenditure made or to be made, with a detailed description of the merchandise purchased or the services rendered, and the name of each person, company, or governmental entity to whom the expenditure is to be made;

(~~4~~d) the amount of the net receipts;

(~~5~~e) the use to which the net receipts have been or are to be applied;

(~~6~~f) a list of prizes offered and given, with an estimate of their respective values; and

(~~7~~g) the number of tickets sold.

(2) The reporting requirements of item (1)(b) and (c), and the individual estimate of item (1)(g), do not apply to exempt nonprofit charities.”

SECTION 4. This act takes effect upon approval by the Governor.

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