~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

March 4, 2020

**H. 4937**

Introduced by Reps. Fry, Rose, Hewitt, Kirby, Clary, W. Newton, Erickson, Clemmons and B. Newton

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Read the first time January 15, 2020.

**A** **BILL**

TO AMEND SECTION 33‑57‑100, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE EXCEPTIONS TO THE PROHIBITION ON LOTTERIES AND RAFFLES, SO AS TO CLARIFY THAT ELECTRONIC GAMING DEVICES ARE PROHIBITED; TO AMEND SECTION 33‑57‑110, RELATING TO DEFINITIONS, SO AS TO EXPAND THE DEFINITION OF A “NONPROFIT ORGANIZATION” TO INCLUDE AN ORGANIZATION RECOGNIZED AS TAX‑EXEMPT UNDER INTERNAL REVENUE CODE SECTION 501(c)(5) AND TO DEFINE THE TERM “ELECTRONIC GAMING DEVICE”; TO AMEND SECTION 33‑57‑120, AS AMENDED, RELATING TO RAFFLES CONDUCTED BY NONPROFIT ORGANIZATIONS, SO AS TO AUTHORIZE NONPROFIT ORGANIZATIONS RECOGNIZED AS TAX‑EXEMPT UNDER INTERNAL REVENUE CODE SECTION 501(c)(5) TO CONDUCT A RAFFLE AND TO REMOVE THE PROHIBITION ON THE USE OF FUNDS RAISED BY THE RAFFLE TO PURCHASE ATHLETIC EQUIPMENT; TO AMEND SECTION 33‑57‑140, AS AMENDED, RELATING TO STANDARDS FOR RAFFLES, SO AS TO INCREASE THE FAIR MARKET VALUE OF INDIVIDUAL PRIZE AND TOTAL PRIZE LIMITS; TO AMEND SECTION 33‑57‑150, RELATING TO ALLOWABLE EXPENSES AND RECORDS FOR A RAFFLE, SO AS TO PROVIDE WHAT MUST BE CONTAINED IN THE REPORT TO THE SECRETARY, TO ALLOW FOR THE SUBMISSION OF ONE REPORT FOR A NONPROFIT ORGANIZATION WITH AFFILIATES OR SUBSIDIARIES UNDER CERTAIN CIRCUMSTANCES, AND TO ESTABLISH CERTAIN RECORD KEEPING REQUIREMENTS; AND TO REPEAL SECTION 33‑57‑200 RELATING TO THE REPEAL OF CHAPTER 57, TITLE 33.

Amend Title To Conform

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

SECTION 1. Section 33‑57‑120(A)(2) of the 1976 Code is amended to read:

“(2) is organized and operated for 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; and”

SECTION 2. Section 33‑57‑140(F)(1) and (L) of the 1976 Code is amended to read:

“(1) A raffle shall 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. A nonprofit organization may compensate members for services rendered in a fundraising event that may include raffle costs related to entertainment including, but not limited to, the costs of a disc jockey, band, auctioneers, support staff, waiters, bartenders, and wait staff utilized to conduct the fundraising event.

(L) An individual prize awarded to each winner in a raffle shall not exceed a maximum fair market value of ~~forty~~ eighty thousand dollars. No real property shall be offered as a prize in a raffle. For each raffle event, the total fair market value of all prizes offered by any nonprofit organization shall not exceed ~~two~~ three hundred ~~fifty~~ thousand dollars.”

SECTION 3. Section 33‑57‑150 of the 1976 Code is amended to read:

“Section 33‑57‑150. (A) Expenses that are reasonable and necessary to operate and conduct raffles, as authorized by this chapter, are allowable.

(B) Allowable expenses include only reasonable and necessary expenses incurred for:

(1) advertising, including the cost of printing raffle tickets and gift certificates, provided that costs of advertising are reasonable and the services are not provided, directly or indirectly, in connection with any other service related to operating or conducting a nonprofit raffle regardless of whether those services are compensated;

(2) office supplies, copying, and minor office equipment costs incurred in conducting or operating a nonprofit raffle;

(3) reasonable postage, parking, and shipping costs;

(4) costs of food and beverages, including corkage and gratuity fees, provided to the attendees and volunteers of the event;

(5) costs of materials and supplies for decorating a facility used for a nonprofit raffle drawing;

(6) entertainment‑related costs, such as disc jockeys, music bands, auctioneers, support staff, waiters, bartenders, and wait staff incurred during the conducting or operating of a nonprofit raffle drawing;

(7) repairs to premises and equipment related to conducting or operating a nonprofit raffle;

(8) door prizes or raffle prizes;

(9) stated premises’ rental or insurance expenses;

(10) security expenses incurred in conducting or operating a nonprofit raffle;

(11) bookkeeping, accounting, or legal services utilized in connection with a nonprofit raffle including, but not limited to, the registration fees and the required financial reports;

(12) permit costs, fees, or taxes required by local or state government to conduct and operate a nonprofit raffle; and

(13) janitorial services and supplies incurred in conducting or operating a nonprofit raffle.

(C) A report shall 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) the amount of the gross receipts;

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

(3) ~~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~~ the total amount of expenses incurred in conducting the raffle;

(4) the amount of the net receipts;

(5) ~~the use to which the net receipts have been or are to be applied~~ the total value of cash prizes awarded;

(6) ~~a list of prizes offered and given, with an estimate of their respective values~~ the total value of noncash prizes awarded; and

(7) the number of tickets sold.

(D) A nonprofit organization that has affiliates or subsidiaries that are registered to conduct raffles pursuant to the provisions of this chapter may submit a single report that contains all of the required information for each raffle conducted by the affiliate or subsidiary to the Secretary provided that the report is submitted in a format authorized by the Secretary.

(E) Records required by this chapter shall be preserved for three years, and organizations shall make available their records relating to operations of raffles at any time at the request of a member of the organization, or investigators from the Secretary or from law enforcement. For each raffle conducted, the nonprofit organization must maintain records of the following information:

(1) a list of prizes offered and given with an estimate of their respective values;

(2) 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) 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; and

(4) the use to which the net receipts have been applied.

~~(E)~~(F) No new registration shall be issued to an organization that fails to file its report as required by this section until all reports are filed, and the Secretary has confirmed that the information in the reports is in compliance with the provisions of this chapter. An organization that fails to file a timely annual report required by this section may be assessed by the Secretary administrative fines of ten dollars for each day of noncompliance for each delinquent report not to exceed two thousand dollars for each separate violation. In addition to the assessed fines, the Secretary may revoke an organization’s registration for failure to file an annual report and bring an action before an administrative law judge to enjoin the organization from conducting raffles until the required reports are filed with the Secretary.”

SECTION 4. Section 33‑57‑200 of the 1976 Code is repealed.

SECTION 5. This act takes effect upon approval by the Governor.

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