



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	H. 4137	Introduced on March 5, 2025
<b>Subject:</b>	American Heroes Bingo	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Daigle	
<b>Impact Date:</b>	March 25, 2025	

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### Fiscal Impact Summary

This bill creates a new class of bingo license, Class G, for veteran's organizations, which costs \$1,000 per license. In addition, this bill states that the Department of Revenue (DOR) shall charge and retain \$0.25 for each \$1.00 of face value for each bingo card sold for a G license and specifies how the \$0.25 retained shall be disbursed. This bill takes effect upon approval of the Governor.

DOR indicates that this bill will have a minimal impact on the department in order to undergo system and website updates, as well as to update forms and educational materials for the new Class G bingo license. DOR anticipates that any increase in expenditures and workload for the department can be managed with existing staff and resources.

This bill may reduce General Fund, Other Funds, and county revenue by an undetermined amount and increase Veteran's Trust Fund revenue due to the new Class G bingo license fee and bingo card tax distribution, which is allocated differently from other current classes of license. Currently, revenue from the other classes of bingo licenses and bingo card taxes is distributed to the General Fund, Other Funds, counties, and refunded back to the nonprofit organization that holds the license. Veteran's organizations may already have an existing bingo license, and licenses are not required to be renewed except in specific instances. If veteran's organizations who already have a license currently elect to obtain this new Class G license, this bill may shift revenue derived from bingo card taxes from the current distribution to the General Fund, Other Funds, counties, and the nonprofit that holds the license to the Veterans' Trust Fund and four specified veteran's organizations. Alternatively, if new veteran's organizations elect to acquire a Class G License, this would increase revenue to the Veteran's Trust Fund and the four designated organizations. Based on information provided by the South Carolina Veteran's Affairs Office (SCVA), it is unclear how many applicable veteran's organizations are in the state, how many currently hold an existing class of bingo license, and how many may purchase the Class G license. Therefore, potential shift in revenue from the General Fund, Other Funds, and local revenue to the Veteran's Trust Fund and other organizations is undetermined.

## Explanation of Fiscal Impact

**Introduced on March 5, 2025**

### State Expenditure

This bill creates a new class of bingo license, Class G, for veteran's organizations, which costs \$1,000 per license. Organizations that hold the new Class G license may impose an entrance fee of five dollars. Further, DOR is directed to charge and retain \$0.25 for each \$1.00 of face value for each bingo card sold for a G license. Lastly, this bill specifies how the \$0.25 retained will be disbursed.

DOR indicates that this bill will have a minimal impact on the department for system and website updates, as well as to update forms and educational materials for the new Class G bingo license. DOR anticipates that any increase in expenditures and workload for the department can be managed with existing staff and resources.

### State Revenue

This bill creates a new class of bingo license, Class G, for veteran's organizations, which costs \$1,000 per license. This bill also specifies the bingo card tax for a Class G license is \$0.25 for each \$1.00 (25 percent) of face value for each bingo card sold. Of the \$0.25 retained, 60 percent must be distributed to the Veterans' Trust Fund and 40 percent must be distributed equally to the South Carolina headquarters of the Veterans of Foreign Wars, the American Legion, the Daughters of the American Revolution, and AMVETS.

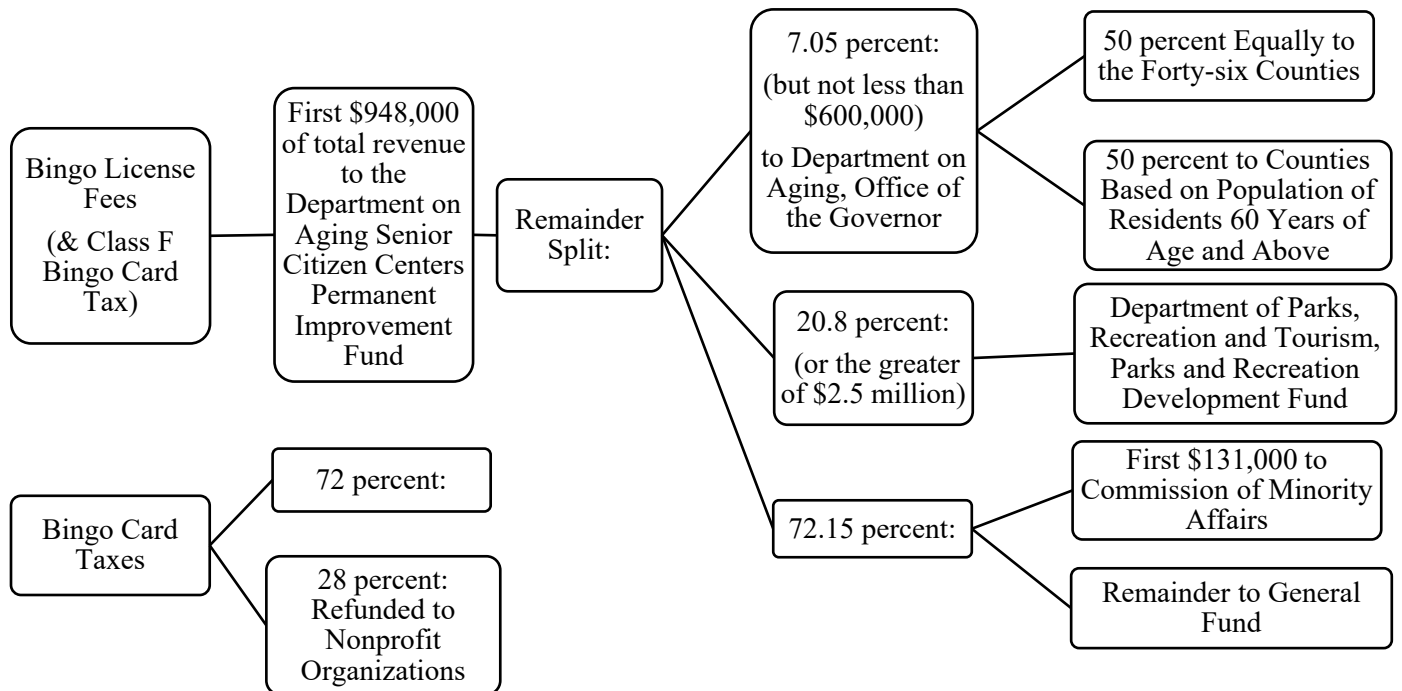
Currently, veteran's organizations may have any one of the existing classes of bingo licenses. Bingo licenses are not required to be renewed unless there are changes in the operation or location of the game, and a nonprofit organization can only hold one license. Bingo license classes vary based on the prize amounts that are offered and the number of bingo sessions an organization may hold. The table below displays the variations between bingo license classes.

Class	License Fee	Bingo Card Tax	Bingo Sessions Restrictions	Prize Restrictions
AA	\$4,000	10%	1 Session per Month	≥\$50,000 and ≤\$250,000 per Session
B	\$1,000	10%	5 Sessions per Week	≤\$8,000 per Session
C	\$0	4%	N/A	≤ \$20 per Game during a Session; and \$150 in Cash or Merchandise for Six Jackpots per Session
D	\$100 or \$200	10%	Temporary	≤\$50 in Merchandise per Game
E <sup>1</sup>	\$500	10%	1 Session per Week	≤\$4,000 per Session
F <sup>2</sup>	\$100	5%	1 Session per Week	≤\$4,000 per Session
G (new)	\$1,000	25%	5 Sessions per Week	≤\$8,000 per Session

<sup>1</sup> Gross proceeds must not exceed \$40,000 per calendar quarter. If proceeds exceed \$30,000 in a calendar quarter, the organization has ten days to obtain a Class B license

<sup>2</sup> Gross proceeds must not exceed \$40,000 per calendar quarter, and there are restrictions on the use of proceeds.

The figure below illustrates the current flow of revenue that is derived from bingo card taxes and bingo license fees, and their allocations to the General Fund, Other Funds, and local funds, and refunds.



This bill also states that Class G bingo games must be conducted in the same manner as Class C bingo games. However, there are currently no specified differences for Class C gameplay as compared to other classes, except that Class C games have the option to qualify for hard bingo cards instead of paper. Although Class G license fees, session restrictions, and prize restrictions most closely align with the existing Class B license, which carries a bingo card tax of 10 percent. In comparison, the Class G bingo card tax is 25 percent, 40 percent of which is distributed to the Veteran's Trust Fund and 60 percent is split among four specific veteran's organizations. Thus, any revenue retained from the new Class G license holders would be dependent on organizations who want their fees and taxes to go toward the specified fund and entities, and who are willing to pay a premium on the bingo card tax. The following tables outline the differences in revenue distribution for bingo license fees and bingo card taxes, respectively.

<b>Bingo License Fees Distribution by License Class:</b>	<b>AA</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G (new)</b>
Other Funds, General Fund and Counties, subject to mandatory minimum distributions	100%	100%	100%	100%	100%	100%	0%
Veterans' Trust Fund	0%	0%	0%	0%	0%	0%	60%
Equally to Four Specified Veteran's Organizations	0%	0%	0%	0%	0%	0%	40%

<b>Bingo Card Taxes Distribution by License Class:</b>	<b>AA</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G (new)</b>
Other Funds, General Fund and Counties, subject to mandatory minimum distributions	72%	72%	72%	72%	72%	100%	0%
Refunded to Nonprofit Organizations	28%	28%	28%	28%	28%	0%	0%
Veterans' Trust Fund	0%	0%	0%	0%	0%	0%	60%
Equally to Four Specified Veteran's Organizations	0%	0%	0%	0%	0%	0%	40%

This bill may reduce General Fund and Other Funds revenue by an undetermined amount if organizations shift from one of the current classes of bingo license to the new Class G bingo license. However, we anticipate any revenue impact to be minimal. For reference in FY 2023-24, the mandatory transfers exceeded total bingo revenue, and the General Fund paid out \$160,000 in net revenue from bingo license fees, bingo card taxes, and bingo violations. Revenue from bingo licenses and bingo card taxes is currently distributed to the General Fund, Other Funds, and counties, and are refunded back to nonprofit organizations. This bill directs revenue retained from the Class G bingo license holders to be split 60 percent to the Veterans' Trust Fund and 40 percent equally to four specific veteran's organizations. Because veteran's organizations may already have different classes of bingo licenses, this bill may shift bingo card tax revenue collections from General Funds, Other Funds, and license holders to the Veterans' Trust Fund and four specific veteran's organizations. Further, this bill may also increase the Veterans' Trust Fund from revenue derived from Class G license fees and bingo card taxes remitted by veteran's organizations who are first-time bingo license holders.

We reached out to SCVA, the National Association of American Veterans, and the South Carolina Association of County Veterans Affairs to inquire about the number of applicable veteran's organizations in South Carolina and received a response from SCVA. SCVA indicates that it does not have a list of veteran's organizations in the state, but it did provide information on national congressionally chartered veterans service organizations. However, not all congressionally chartered veterans service organizations have chapters in South Carolina, and while some do, it is unclear whether others have chapters in the state. Additionally, there may be veteran's organizations operating in the state that are not congressionally chartered but are in

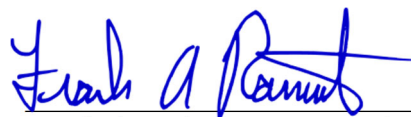
good standing with the National Veterans Association. Furthermore, it is unknown how many veteran's organizations currently hold an existing class of bingo license and whether current veterans organization license holders will obtain the new Class G license. Therefore, the number of veteran's organizations in the state that may apply for the Class G bingo license and remit the Class G bingo card tax is unknown, and thus, the net impact on the General Fund and Other revenue is undetermined.

### **Local Expenditure**

N/A

### **Local Revenue**

This bill may reduce local revenue by an undetermined amount due to the new bingo license fee and the new bingo card tax. Revenue from bingo licenses and bingo card taxes is currently distributed to the General Fund, Other Funds, and counties, and refunded back to nonprofit organizations. In this bill, no portion of the revenue retained from Class G license holders is distributed to counties. Thus, revenue retained from Class G license holders may shift from being distributed to counties to being distributed to the Veterans' Trust Fund and the four specified veteran's organizations. The number of veteran's organizations in the state that may purchase the Class G bingo license and remit the Class G bingo card tax is unknown, and therefore, the potential decrease in local revenue is undetermined.



Frank A. Rainwater, Executive Director