

1 AN ACT relating to charitable gaming.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 238.505 is amended to read as follows:

4 As used in this chapter, unless the context requires otherwise:

- 5 (1) "Department" means the Department of Charitable Gaming within the Public
6 Protection Cabinet;
- 7 (2) "Charitable gaming" means bingo, charity game tickets, raffles, and charity
8 fundraising events conducted for fundraising purposes by charitable organizations
9 licensed and regulated under the provisions of this chapter. "Charitable gaming"
10 shall not include slot machines, electronic video gaming devices, wagering on live
11 sporting events, or simulcast broadcasts of horse races;
- 12 (3) "Charitable organization" means a nonprofit entity organized for charitable,
13 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 14 (4) "Bingo" means a specific game of chance in which participants use cards or paper
15 sheets, or card-minding device representations thereof, divided into horizontal and
16 vertical spaces, each of which is designated by a letter and a number, and prizes are
17 awarded on the basis of the letters and numbers on the card conforming to a
18 predetermined and preannounced configuration of letters and numbers selected at
19 random;
- 20 (5) "Charity game ticket" means a game of chance using a folded or banded paper
21 ticket, or a paper card with perforated break-open tabs, or electronic pulltab device
22 representations thereof, the face of which is covered or otherwise hidden from view
23 to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of
24 which have been designated in advance as prize winners and shall include charity
25 game tickets that utilize a seal card. "Charity game ticket" shall include pulltabs,
26 both paper and electronic representations thereof;
- 27 (6) "Seal card" means a board or placard used in conjunction with charity game tickets,

1 that contains a seal or seals which, when removed or opened, reveal predesignated
2 winning numbers, letters, or symbols;

3 (7) "Raffle" means a game of chance in which a participant is required to purchase a
4 ticket for a chance to win a prize, with the winner to be determined by a random
5 drawing;

6 (8) "Charity fundraising event" means an activity of limited duration at which games of
7 chance approved by the department are conducted, including bingo, raffles, charity
8 game tickets, special limited charitable games, and wagering on prerecorded horse
9 races, KRS Chapter 230 notwithstanding. Examples of such activities include
10 events that attract patrons for community, social, and entertainment purposes apart
11 from charitable gaming, such as fairs, festivals, carnivals, licensed charitable
12 gaming organization conventions, bazaars, and banquets. For the purposes of this
13 subsection, "banquet" shall mean a formal meal or feast held by a charitable
14 organization for community, social, or entertainment purposes apart from charitable
15 gaming;

16 (9) "Manufacturer" means a person who assembles from raw materials or subparts any
17 charitable gaming equipment or supplies used in the conduct of charitable gaming,
18 including a person who converts, modifies, and adds to or removes parts from,
19 charitable gaming equipment and supplies. The term shall not include:

20 (a) Any person who services or repairs charitable gaming supplies and equipment,
21 so long as that person replaces or repairs an incidental, malfunctioning, or
22 nonfunctioning part with a similar or identical part; and

23 (b) Any distributor who cuts, collates, and packages for distribution any gaming
24 supplies and equipment purchased in bulk;

25 (10) "Distributor" means a person who sells, markets, leases, or otherwise furnishes to a
26 charitable organization charitable gaming equipment or supplies, or both, used in
27 the conduct of charitable gaming. "Distributor" shall not include:

- 1 (a) A resident printer who prints raffle tickets at the request of a licensed
2 charitable organization; and
- 3 (b) A licensed charitable organization that affects a one-time donation of
4 charitable gaming supplies or equipment to another licensed charitable
5 organization if the donation is first approved by the department.
- 6 (11) "Charitable gaming facility" means a person, including a licensed charitable
7 organization, that owns or is a lessee of premises which are leased or otherwise
8 made available to two (2) or more licensed charitable organizations, other than
9 itself, during a one (1) year period for the conduct of charitable gaming;
- 10 (12) "Gross receipts" means all moneys collected or received from the conduct of
11 charitable gaming;
- 12 (13) "Adjusted gross receipts" means gross receipts less all cash prizes and the amount
13 paid for merchandise prizes purchased;
- 14 (14) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and
15 deductions authorized under this chapter;
- 16 (15) "Charitable gaming supplies and equipment" means any material, device, apparatus,
17 or paraphernalia customarily used in the conduct of charitable gaming, including
18 bingo cards and paper, charity game tickets, and other apparatus or paraphernalia
19 used in conducting games of chance at charity fundraising events subject to
20 regulation under this chapter. The term shall not include any material, device,
21 apparatus, or paraphernalia incidental to the game, such as pencils, daubers, playing
22 cards, or other supplies that may be purchased from normal sources of supply;
- 23 (16) "Door prize" means a prize awarded to a person based solely upon the person's
24 attendance at an event or the purchase of a ticket to attend an event;
- 25 (17) "Special limited charitable game" means roulette; blackjack; poker; keno; money
26 wheel; baccarat; pusher-type games; any dice game where the player competes
27 against the house; and any other game of chance as identified, defined, and

- 1 approved by administrative regulation of the department;
- 2 (18) "Special limited charity fundraising event" means any type of charity fundraising
3 event, commonly known as and operated as a "casino night," "Las Vegas night," or
4 "Monte Carlo night," at which the predominant number or types of games offered
5 for play are special limited charitable games;
- 6 (19) "Session" or "bingo session" means a single gathering at which a bingo game or
7 series of successive bingo games are played, excluding bingo played at a charity
8 fundraising event;
- 9 (20) "Immediate family" means:
- 10 (a) Spouse and parents-in-law;
- 11 (b) Parents and grandparents;
- 12 (c) Children and their spouses; and
- 13 (d) Siblings and their spouses;
- 14 (21) "Affiliate" means any corporation, partnership, association, or other business or
15 professional entity or any natural person that directly or indirectly, through one or
16 more intermediaries, controls, or is controlled by, or is under common control with
17 a licensed manufacturer, distributor, or charitable gaming facility;
- 18 (22) "Secretary" means the secretary of the Public Protection Cabinet;
- 19 (23) "Commissioner" means the commissioner of the Department of Charitable Gaming
20 within the Public Protection Cabinet;
- 21 (24) "Chairperson" means the chief executive officer and any officer, member, or
22 employee of a licensed charitable organization who will be involved in the
23 management and supervision of charitable gaming as designated in the
24 organization's charitable gaming license application under KRS 238.535(13)(g);
- 25 (25) "Year" means calendar year except as used in subsection (11) of this section and
26 KRS 238.535(11), 238.545(4), 238.547(1), and 238.555(7), when "year" means the
27 licensee's license year; and

1 (26) "Card-minding device" means any mechanical, electronic, electromechanical, or
2 computerized device that is interfaced with or connected to equipment used to
3 conduct a game of bingo and that allows a player to store, display, and mark a bingo
4 card face. A card-minding device shall not be designed and manufactured to
5 resemble any electronic gaming device that utilizes a video display monitor, such as
6 a video lottery terminal, video slot machine, video poker machine, or any similar
7 video gaming device;

8 (27) "Electronic pulltab device" means an electronic device used only for charitable
9 gaming to facilitate the play of an electronic pulltab. An electronic pulltab device
10 shall be a tablet or other personal computing device, other than a mobile phone or
11 similar handheld device, as approved by the department. An electronic pulltab
12 device may only operate on a closed network or intranet that is confined to the
13 licensee's premises, and shall not be Internet accessible by patrons, but shall be
14 connected to a central server system solely for the purposes of monitoring,
15 reporting, accounting, and software maintenance. An electronic pulltab device shall
16 not be designed and manufactured to resemble any electronic gaming device that
17 utilizes a video display monitor, such as a video lottery terminal, video slot
18 machine, video poker machine, or any similar video gaming device; ~~and~~

19 (28) "Electronic video gaming device," as used in this chapter and the related
20 administrative regulations, means any device that possesses a video display and
21 computer mechanism for playing a game. Electronic video gaming device shall not
22 mean any electronic representation of charitable gaming games identified, defined,
23 and approved by statute and by administrative regulation of the department; and

24 **(29) "Networked national charitable organization" means an organization operating**
25 **in at least five (5) states that is exempt from federal income taxation under 26**
26 **U.S.C. sec. 501(c)(3), (4), (8), (10), or (19), or is covered by a group ruling by the**
27 **Internal Revenue Service under authority of 26 U.S.C. sec. 501(c)(3), (4), (8), (10,**

1 or (19), and that:

2 (a) Has chapters or satellite offices operating in at least three (3) Kentucky
3 counties;

4 (b) Has a single, state-wide charitable gaming account into which all chapters
5 or satellite offices transfer funds from charitable gaming events;

6 (c) Has an annual independent financial audit conducted and made available
7 to the department;

8 (d) Has been licensed by the department as a charitable organization for at
9 least three (3) years; and

10 (e) Files a single federal tax return under which all chapters or satellite offices
11 within the Commonwealth are included.

12 ➔Section 2. KRS 238.535 is amended to read as follows:

13 (1) Any charitable organization conducting charitable gaming in the Commonwealth of
14 Kentucky shall be licensed by the department. A charitable organization qualifying
15 under subsection (12) of this section but not exceeding the limitations provided in
16 this subsection shall be exempt from the licensure requirements when conducting
17 the following charitable gaming activities:

18 (a) Bingo in which the gross receipts do not exceed a total of twenty-five
19 thousand dollars (\$25,000) per year;

20 (b) A raffle or raffles for which the gross receipts do not exceed twenty-five
21 thousand dollars (\$25,000) per year; and

22 (c) A charity fundraising event or events that do not involve special limited
23 charitable games and the gross gaming receipts for which do not exceed
24 twenty-five thousand dollars (\$25,000) per year.

25 However, at no time shall a charitable organization's total limitations under this
26 subsection exceed twenty-five thousand dollars (\$25,000).

27 (2) (a) Any charitable organization exempt from the process of applying for a license

1 under subsection (1) of this section, shall notify the department in writing, on
2 a simple form issued by the department, of its intent to engage in exempt
3 charitable gaming and the address at which the gaming is to occur. Any
4 charitable organization exempt from the process of applying for a license
5 under subsection (1) of this section, shall comply with all other provisions of
6 this chapter relating to the conduct of charitable gaming, except:

- 7 1. Payment of the fee imposed under the provisions of KRS 238.570; and
- 8 2. The quarterly reporting requirements imposed under the provisions of
9 KRS 238.550(7), unless the exempt charitable organization obtains a
10 retroactive license pursuant to subsection (9) of this section.

11 (b) Before January 31 of the year immediately following the year of exemption, a
12 charitable organization exempt from licensure under the provisions of
13 subsection (1) of this section shall file a financial report with the department,
14 on a form issued by the department, that contains the following information:

- 15 1. The type of gaming activity in which it engaged during that year;
- 16 2. The total gross receipts derived from gaming;
- 17 3. The amount of charitable gaming expenses paid;
- 18 4. The amount of net receipts derived; and
- 19 5. The disposition of those net receipts.

20 (3) An exemption that has been granted to a charitable organization for the preceding
21 calendar year shall be automatically renewed on January 1 of the following year.

22 (4) If upon receipt of the financial report the department determines that the
23 information appearing on the financial report renders the charitable organization
24 ineligible to possess an exemption, the department shall notify the charitable
25 organization that its exemption is rescinded. The organization may request an
26 appeal of this rescission pursuant to KRS 238.565.

27 (5) If the annual financial report is not received by January 31, the exemption is

1 automatically rescinded unless an extension of no more than thirty (30) days is
2 granted by the department. The organization may request an appeal of this
3 rescission pursuant to KRS 238.565.

4 (6) If an exemption is revoked because an organization has exceeded the limit imposed
5 in subsection (1) of this section, the organization shall apply for a retroactive license
6 in accordance with subsection (7) of this section.

7 (7) If an organization exceeds the limit imposed by any subsection of this section it
8 shall:

9 (a) Report the amount to the department; and

10 (b) Apply for a retroactive charitable gaming license.

11 (8) Upon receipt of a report and application for a retroactive charitable gaming license,
12 the department shall investigate to determine if the organization is otherwise
13 qualified to hold the license.

14 (9) If the department determines that the applicant is qualified, it shall issue a charitable
15 gaming license retroactive to the date on which the exemption limit was exceeded.
16 The retroactive charitable gaming license shall be issued in the same manner as
17 regular charitable gaming licenses.

18 (10) If the department determines that the applicant is not qualified it shall deny the
19 license and take enforcement action, if appropriate.

20 (11) Once a retroactive or regular gaming license is issued to an organization, that
21 organization shall not be eligible for exempt status in the future and shall maintain a
22 charitable gaming license if it intends to continue charitable gaming activities,
23 unless the charitable organization has not exceeded the exemption limitations of
24 subsection (1) of this section for a period of two (2) years prior to its exemption
25 request.

26 (12) (a) In order to qualify for licensure, a charitable organization shall:

27 1. a. Possess a tax exempt status under 26 U.S.C. ~~sec.~~ 501(c)(3),

1 ~~501(e)(4), 501(e)(8), 501(e)(10), or 501(e)(19),~~ or be
2 covered under a group ruling issued by the Internal Revenue
3 Service under authority of 26 U.S.C. sec. 501(c)(3), (4), (8), (10),
4 or (19)~~[those sections]~~; or

5 b. Be organized within the Commonwealth of Kentucky as a
6 common school as defined in KRS 158.030, as an institution of
7 higher education as defined in KRS 164A.305, or as a state college
8 or university as provided for in KRS 164.290;

9 2. Have been established and continuously operating within the
10 Commonwealth of Kentucky for charitable purposes, other than the
11 conduct of charitable gaming, for a period of three (3) years prior to
12 application for licensure. For purposes of this paragraph, an applicant
13 shall demonstrate establishment and continuous operation in Kentucky
14 by its conduct of charitable activities from an office physically located
15 within Kentucky both during the three (3) years immediately preceding
16 its application for licensure and at all times during which it possesses a
17 charitable gaming license. However, a charitable organization that
18 operates for charitable purposes in more than ten (10) states and whose
19 principal place of business is physically located in a state other than
20 Kentucky may satisfy the requirements of this paragraph if it can
21 document that it has:

22 a. Been actively engaged in charitable activities and has made
23 reasonable progress, as defined in subparagraph 3. of this
24 paragraph, in the conduct of charitable activities or the expenditure
25 of funds within Kentucky for a period of three (3) years prior to
26 application for licensure; and

27 b. Operated for charitable purposes from an office or place of

1 business in the Kentucky county where it proposes to conduct
2 charitable gaming for at least one (1) year prior to application for
3 licensure, in accordance with subparagraph 4. of this paragraph
4 and paragraph (c) of this subsection;

5 3. Have been actively engaged in charitable activities during the three (3)
6 years immediately prior to application for licensure and be able to
7 demonstrate, to the satisfaction of the department, reasonable progress in
8 accomplishing its charitable purposes during this period. As used in this
9 paragraph, "reasonable progress in accomplishing its charitable
10 purposes" means the regular and uninterrupted conduct of activities
11 within the Commonwealth or the expenditure of funds within the
12 Commonwealth to accomplish relief of poverty, advancement of
13 education, protection of health, relief from disease, relief from suffering
14 or distress, protection of the environment, conservation of wildlife,
15 advancement of civic, governmental, or municipal purposes, or
16 advancement of those purposes delineated in KRS 238.505(3). In order
17 to demonstrate reasonable progress in accomplishing its charitable
18 purposes when applying to renew an existing license, a licensed
19 charitable organization shall additionally provide to the department a
20 detailed accounting regarding its expenditure of charitable gaming net
21 receipts for the purposes described in this paragraph; and

22 4. Have maintained an office or place of business, other than for the
23 conduct of charitable gaming, for at least one (1) year in the county in
24 which charitable gaming is to be conducted. The office or place of
25 business shall be a separate and distinct address and location from that
26 of any other licensee of the Department of Charitable Gaming; except
27 that up to three (3) licensed charitable organizations may have the same

1 address if they legitimately share office space.

2 (b) 1. A charitable organization that has established and maintained an office
3 or place of business in the county for a period of at least one (1) year
4 may hold a raffle drawing or a charity fundraising event, including
5 special limited charity fundraising events, in a Kentucky county other
6 than that in which the organization's office or place of business is
7 located.

8 2. For raffles, the organization shall notify the Department of Charitable
9 Gaming in writing of the organization's intent to change the drawing's
10 location at least thirty (30) days before the drawing takes place. This
11 written notification:

12 a. May be transmitted in any commercially reasonable means,
13 authorized by the department, including facsimile and electronic
14 mail; and

15 b. Shall set out the place and the county in which the drawing will
16 take place.

17 Approval by the department shall be received prior to the conduct of the
18 raffle drawing at the new location.

19 (c) Any charitable organization that was registered with the county clerk to
20 conduct charitable gaming in a county on or before March 31, 1992, shall
21 satisfy the requirement contained in paragraph (a)4. of this subsection if it
22 maintained a place of business or operation, other than for the conduct of
23 charitable gaming, for one (1) year prior to application in a Kentucky county
24 adjoining the county in which they were registered.

25 **(d) Individual chapters or satellite offices of a networked national charitable**
26 **organization shall be exempt from the three (3) year establishment**
27 **requirements under paragraph (a) of this subsection and the one (1) year**

1 *establishment requirements under paragraph (b) of this subsection if they*
2 *maintain the networked financial arrangements stipulated in subsection*
3 *(11) of this section and the financial reporting requirements authorized by*
4 *subsection (3)(e) of Section (3) of this Act.*

- 5 (13) In applying for a license, the information to be submitted shall include but not be
6 limited to the following:
- 7 (a) The name and address of the charitable organization;
 - 8 (b) The date of the charitable organization's establishment in the Commonwealth
9 of Kentucky and the date of establishment in the county or counties in which
10 charitable gaming is to be conducted;
 - 11 (c) A statement of the charitable purpose or purposes for which the organization
12 was organized. If the charitable organization is incorporated, a copy of the
13 articles of incorporation shall satisfy this requirement;
 - 14 (d) A statement explaining the organizational structure and management of the
15 organization. For incorporated entities, a copy of the organizations' bylaws
16 shall satisfy this requirement;
 - 17 (e) A detailed accounting of the charitable activities in which the charitable
18 organization has been engaged for the three (3) years preceding application for
19 licensure;
 - 20 (f) The names, addresses, dates of birth, and Social Security numbers of all
21 officers of the organization;
 - 22 (g) The names, addresses, dates of birth, and Social Security numbers of all
23 employees and members of the charitable organization who will be involved
24 in the management and supervision of charitable gaming. No fewer than two
25 (2) employees or members of the charitable organization who are involved in
26 the management and supervision of charitable gaming, along with the chief
27 executive officer or the director of the applicant organization, shall be

- 1 designated as chairpersons;
- 2 (h) The address of the location at which charitable gaming will be conducted and
3 the name and address of the owner of the property, if it is owned by a person
4 other than the charitable organization;
- 5 (i) A copy of the letter or other legal document issued by the Internal Revenue
6 Service to grant tax-exempt status;
- 7 (j) A statement signed by the presiding or other responsible officer of the
8 charitable organization attesting that the information submitted in the
9 application is true and correct and that the organization agrees to comply with
10 all applicable laws and administrative regulations regarding charitable
11 gaming;
- 12 (k) An agreement that the charitable organization's records may be released by the
13 Federal Internal Revenue Service to the department; and
- 14 (l) Any other information the department deems appropriate.
- 15 (14) An organization or a group of individuals that does not meet the licensing
16 requirements of subsection (12) of this section may hold a raffle if the gross receipts
17 do not exceed one hundred fifty dollars (\$150) and all proceeds from the raffle are
18 distributed to a charitable organization. The organization or group of individuals
19 may hold up to three (3) raffles each year, and shall be exempt from complying with
20 the notification, application, and reporting requirements of subsections (2) and (13)
21 of this section.
- 22 (15) The department may issue a license for a specified period of time, based on the type
23 of charitable gaming involved and the desired duration of the activity.
- 24 (16) The department shall charge a fee for each license issued and renewed, not to
25 exceed three hundred dollars (\$300). Specific fees to be charged shall be prescribed
26 in a graduated scale promulgated by administrative regulations and based on type of
27 license, type of charitable gaming, actual or projected gross receipts, or other

1 applicable factors, or combination of factors.

2 (17) (a) A licensed charitable organization may place its charitable gaming license in
3 escrow if:

- 4 1. The licensee notifies the department in writing that it desires to place its
5 license in escrow; and
- 6 2. The license is in good standing and the department has not initiated
7 disciplinary action against the licensee.

8 (b) During the escrow period, the licensee shall not engage in charitable gaming,
9 and the escrow period shall not be included in calculating the licensee's
10 retention rate under KRS 238.536.

11 (c) A charitable organization may apply for reinstatement of its active license and
12 the license shall be reinstated provided:

- 13 1. The charitable organization continues to qualify for licensure;
- 14 2. The charitable organization has not engaged in charitable gaming during
15 the escrow period; and
- 16 3. The charitable organization pays a reinstatement fee established by the
17 department.

18 ➔Section 3. KRS 238.550 is amended to read as follows:

19 (1) All adjusted gross receipts from charitable gaming shall be handled only by
20 chairpersons, officers, or employees of the licensed charitable organization.

21 (2) (a) Within two (2) business days after the completion of a charitable gaming
22 event or session, all gross receipts and adjusted gross receipts shall be
23 deposited into one checking account devoted exclusively to charitable gaming.

24 (b) This checking account shall be designated the "charitable gaming account,"
25 and the licensed charitable organization shall maintain its account at a
26 financial institution located in the Commonwealth of Kentucky.

27 (c) No other funds may be deposited or transferred into the charitable gaming

1 account.

2 (3) (a) All payments for charitable gaming expenses, payments made for prizes
3 purchased, and any charitable donations from charitable gaming receipts shall
4 be made from the charitable gaming account and the payments or donations
5 shall be made only by bona fide officers of the organization by checks having
6 preprinted consecutive numbers and made payable to specific persons or
7 organizations.

8 (b) No check drawn on the charitable gaming account may be made payable to
9 "cash," or "bearer," except that a licensed charitable organization may
10 withdraw start-up funds for a charitable gaming event or session from the
11 charitable gaming account by check made payable to "cash" or "bearer," if
12 these start-up funds are redeposited into the charitable gaming account
13 together with all adjusted gross receipts derived from the particular event or
14 session.

15 (c) Checks shall be imprinted with the words "charitable gaming account" and
16 shall contain the organization's license number on the face of each check.

17 (d) Payments for charitable gaming expenses, prizes purchased, and charitable
18 donations may be made by electronic funds transfer if the payments are made
19 to specific persons or organizations.

20 (e) The department may by administrative regulation adopt alternative reporting
21 requirements for:

22 1. Charitable gaming of limited scope or duration; and

23 2. *Networked national charitable organizations;*~~[-]~~

24 if these requirements are sufficient to ensure accountability for all moneys
25 handled.

26 (4) A licensed charitable organization shall expend net receipts exclusively for
27 purposes consistent with the charitable, religious, educational, literary, civic,

1 fraternal, or patriotic functions or objectives for which the licensed charitable
2 organization received and maintains federal tax-exempt status, or consistent with its
3 status as a common school, an institution of higher education, or a state college or
4 university. No net receipts shall inure to the private benefit or financial gain of any
5 individual.

6 (5) (a) Accurate records and books shall be maintained by each organization exempt
7 from licensure under KRS 238.535(1) and each licensed charitable
8 organization for a period of three (3) years.

9 (b) Department staff shall have access to these records at reasonable times.

10 (c) Licensed charitable organizations and exempt organizations shall maintain
11 their charitable gaming records at their offices or places of business within the
12 Commonwealth of Kentucky as identified in their license applications or
13 applications for exempt status.

14 (d) An exempt organization shall submit a yearly financial report in accordance
15 with KRS 238.535(2), and failure to file this report shall constitute grounds
16 for revocation of the organization's exempt status.

17 (6) All licensed charitable organizations that have annual gross receipts of two hundred
18 thousand dollars (\$200,000) or less and do not have a weekly bingo session shall
19 report to the department annually at the time and on a form established in
20 administrative regulations promulgated by the department.

21 (7) All other licensed charitable organizations shall submit reports to the department at
22 least quarterly at the time and on a form established in administrative regulations
23 promulgated by the department.

24 (8) Failure by a licensed charitable organization to file reports required under this
25 chapter shall constitute grounds for revocation of the organization's license or denial
26 of the organization's application to renew its license in accordance with KRS
27 238.560(3). Reports filed by a licensed charitable organization shall include but

1 shall not be limited to the following information:

2 (a) All gross receipts received from charitable gaming for the reporting period,
3 classified by type of gaming activity;

4 (b) The names and addresses of all persons who are winners of prizes having a
5 fair market value of six hundred dollars (\$600) or more;

6 (c) All expenses paid and the names and addresses of all persons to whom
7 expenses were paid;

8 (d) All net receipts retained and the names and addresses of all charitable
9 endeavors that received money from the net receipts; and

10 (e) Any other information the department deems appropriate.

11 (9) No licensed charitable organization shall incur charitable gaming expenses, except
12 as provided in this chapter. No licensed charitable organization shall be permitted to
13 expend amounts in excess of prevailing market rates for the following charitable
14 gaming expenses:

15 (a) Charitable gaming supplies and equipment;

16 (b) Rent;

17 (c) Utilities;

18 (d) Insurance;

19 (e) Advertising;

20 (f) Janitorial services;

21 (g) Bookkeeping and accounting services;

22 (h) Security services;

23 (i) Membership dues for its participation in any charitable gaming trade
24 organization; and

25 (j) Any other expenses the department may determine by administrative
26 regulation to be legitimate.

27 (10) No licensed charitable organization shall expend receipts from charitable gaming

1 activities nor incur expenses to form, maintain, or operate as a labor organization.

2 (11) Notwithstanding subsections (2) and (3) of this section, chapters or satellite
3 offices of a networked national charitable organization may maintain a single
4 checking account for the receipt of gross receipts and adjusted gross receipts and
5 other sources of income, and from which operating and other expenses may be
6 paid if:

7 (a) The chapter or satellite office maintains its account at a financial
8 institution located in the Commonwealth of Kentucky;

9 (b) All gross receipts and adjusted gross receipts deposited into the account are
10 transferred to a single, state-wide account maintained by the parent
11 networked national charitable organization within five (5) business days;
12 and

13 (c) The chapter or satellite office complies with reporting requirements
14 established by the department as authorized under subsection (3)(e) of this
15 section.