

**CERTIFIED MAIL NO. 7000 0520 0025 5830 8841
RETURN RECEIPT REQUESTED**

BAO # 2007-0723-0021

September 17, 2007

Mr. Jeffrey L. Minch
President, CEO
Littlefield Corporation
2501 North Lamar Blvd.
Austin, TX 78705

Re: Bingo Advisory Opinion No. 2007-0723-0021; Bingo Equipment

Dear Mr. Minch:

This advisory opinion responds to your request received on July 23, 2007, regarding bingo equipment. Specifically, you requested:

Scenario: A Commercial Lessor is developing a bingo hall and desires to outfit it in a manner to accommodate the conduct of bingo by authorized and licensed charities. The Commercial Lessor does not want the charities to undertake any construction work in the bingo hall (i.e. making alterations to the building's electrical system or structure).

Question: Can a Commercial Lessor outfit the bingo hall with bingo equipment (i.e. a bingo blower/machine/console, flash boards) for the exclusive use by authorized and licensed charities?

Discussion: The Commercial Lessor would obtain the bingo equipment from a licensed distributor and would hold the equipment subject to a trust (or other acceptable agreement showing the equipment is being held for the exclusive benefit of the authorized and licensed charities) for the benefit of the charities. The Commercial Lessor would donate the bingo equipment to the charities upon their initiation of the conduct of bingo.

ANSWER:

Tex. Occ. Code § 2001.002 (5) (A) defines bingo equipment to include:

- (i) a machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;
- ...
- (vi) any other device commonly used in the direct operation of a bingo game;
- ...

A bingo blower/machine/console and flash board fall within this definition.

Tex. Occ. Code § 2001.407 (b) provides:

A licensed distributor may not furnish by sale, lease, or otherwise, bingo equipment or supplies to a person other than a licensed authorized organization, another licensed distributor, or a person authorized to conduct bingo under Section 2001.551(b)(3) or (4).

In accordance with Tex. Occ. Code § 2001.407 (b), a licensed distributor may not sell, lease or otherwise furnish bingo equipment to a commercial lessor. Therefore, a commercial lessor may not outfit the bingo hall with bingo equipment (i.e. a bingo blower/machine/console, flash boards) that it holds subject to a trust or other agreement for exclusive use by authorized and licensed charities.

SUMMARY

In accordance with Tex. Occ. Code § 2001.407 (b), a licensed distributor may not sell, lease or otherwise furnish bingo equipment to a commercial lessor. Therefore, a commercial lessor may not outfit the bingo hall with bingo equipment (i.e. a bingo blower/machine/console, flash boards) that it holds subject to a trust or other agreement for exclusive use by authorized and licensed charities.

This advisory opinion cannot be construed as a tax ruling or otherwise interpretive of the Internal Revenue Code. The information provided is completely limited to the context of the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

This advisory opinion is based on the laws, rules and regulations in effect at the time of its issuance. All of the information provided herein is subject to change in law.

This opinion is purely advisory in nature and is limited to the particular questions at issue and to the facts presented in the request. Therefore, this opinion must not be relied upon as a previous determination regarding any conduct which is not substantially consistent with the opinions and facts stated in the request.

Yours truly,

Philip D. Sanderson, Director
Charitable Bingo Operations Division

cc: James A. Cox, Jr., Chairman
C. Tom Clowe, Jr., Commissioner
Anthony J. Sadberry, Executive Director
Kimberly L. Kiplin, General Counsel