

James A. Cox, Jr.
Chairman

C. Tom Clowe, Jr.
Commissioner



TEXAS LOTTERY COMMISSION

Anthony J. Sadberry, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

CERTIFIED MAIL NO. 7004 0750 0001 3234 0725
RETURN RECEIPT REQUESTED

BAO # 2007-0904-0027

November 5, 2007

Koshy Alexander, CPA
1307 South First Street
P.O. Box 1388
Lufkin, TX 75902-1388

Re: Bingo Receipts

Dear Mr. Alexander:

This advisory opinion responds to your request which was received by the Texas Lottery Commission (Commission) on September 4, 2007. Specifically, you requested:

On behalf of the Disabled American Veterans Chapter No. 84, I would like to request clarification on the manner in which payments may be received from those who wish to participate in a bingo session.

At a recent convention, members of our chapter were informed that payments by bingo players via credit card are prohibited. We reviewed the Bingo Enabling Act and could not determine if credit card payments were an acceptable or prohibited method of payment.

Please provide us a list of acceptable payment methods to provide further clarity on this issue.

ANSWER:

All payment for the purchase of bingo paper must comply with relevant provisions of the Bingo Enabling Act (Tex. Occ. Code ch. 2001) and Charitable Bingo Administrative Rules. Tex. Occ. Code §2001.414(b) provides:

An organization conducting bingo must record on a cash register all transactions for which it receives bingo gross receipts in conformance with commission rules relating to transaction recording specifications.

In addition, Tex. Occ. Code §2001.451 pertaining to bingo accounts provides the following:

...

(b) A licensed authorized organization shall deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes Except as provided by Subsection (b-1), a deposit must be made not later than the next business day after the day of the bingo occasion on which the receipts were obtained.

(b-1) A licensed authorized organization may deposit funds derived from the conduct of bingo that are paid through a debit card transaction in the bingo fund not later than 72 hours after the transaction.

...

The Bingo Enabling Act does not prohibit purchases of bingo products with a credit card or any other type of payment method provided the organization appropriately records all transactions and timely deposits the funds in the bingo account in accordance with the requirements of Tex. Occ. Code §§2001.414(b) and 2001.451. Pursuant to this conclusion, this opinion supersedes BAO #2007-1002-0003 (2006) to the extent it is inconsistent with this opinion.

SUMMARY

The Bingo Enabling Act does not prohibit purchases of bingo products with a credit card or any other type of payment method provided the organization appropriately records all transactions and timely deposits the funds in the bingo account in accordance with the requirements of Tex. Occ. Code §§2001.414(b) and 2001.451.

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
David J. Schenck, Commissioner
Anthony J. Sadberry, Executive Director
Kimberly L. Kiplin, General Counsel