

# The Vermont Statutes Online

## Title 13: Crimes and Criminal Procedure

### *Chapter 51: GAMBLING AND LOTTERIES*

#### **§ 2143. Nonprofit organizations**

(a) Notwithstanding the provisions of this chapter, a nonprofit organization, as defined in subdivision 10201(5) of Title 32, may organize and execute, and an individual may participate in lotteries, raffles or other games of chance for the purpose of raising funds to be used in charitable, religious, educational and civic undertakings or used by fraternal organizations to provide direct support to charitable, religious, educational, or civic undertakings with which they are affiliated. Except as provided in subsection (d) of this section, gambling machines and other mechanical devices described in section 2135 of this title shall not be utilized under authority of this section.

(b) A nonprofit organization may, notwithstanding the provisions of Title 7, distribute or utilize alcoholic beverages as prizes, rewards, winnings in any lottery, raffle or other game of chance.

(c) A person shall not conduct a bingo game in which the numbers picked are communicated electronically or by satellite to players at another location.

(d) Casino events shall be limited as follows:

(1) A location may be the site of no more than:

(A) one casino event in any calendar quarter; or

(B) three casino events in any calendar year, as long as there are at least 15 days between each event.

(2) A location that is owned by a nonprofit, as defined in 32 V.S.A. § 10201(5), may be the site of no more than three casino events in any calendar quarter and no more than 12 casino events in any calendar year as long as there are at least 15 days between each event.

(3) A nonprofit organization, as defined in 32 V.S.A. § 10201(5), may organize and execute no more than:

(A) one casino event in any calendar quarter; or

(B) three casino events in any calendar year, as long as there are at least 15 days between each event.

(4) For the purposes of this subsection, "casino event" means an event held during any 24-hour period at which any game of chance is conducted except those prohibited by 13 V.S.A. § 2135(a)(1) or (2). A "casino event" shall not include a fair, bazaar, field days, chuck-a-luck or other such games commonly conducted at such events, or break-open tickets, bingo, a lottery or a raffle.

(e) Games of chance shall be limited as follows:

(1) All proceeds raised by a game of chance shall be used exclusively for charitable, religious, educational and civic undertakings after deducting:

(A) reasonable expenses, as determined by fair market value, of purchasing or renting materials and equipment used for the game of chance and of printing advertisements, and of the direct purchase of advertising through established media, such as newspapers, radio and television; and

(B) reasonable expenses, as determined by fair market value, for rent for the premises on which the game of chance is executed, except that rent paid prior to August 1, 1994, pursuant to a written lease in effect on June 1, 1994, and not subject to cancellation, may be deducted, whether or not such rent is reasonable, and repairs and upkeep to the premises for nonprofit organizations having ownership in premises; and

(C) prizes awarded to players as limited in subdivision (4) of this subsection; and

(D) payments to persons as limited in subdivision (2) of this subsection.

(2) A nonprofit organization that organizes and executes a game of chance shall not pay any person, and no person shall receive, any fee, commission, wage, salary, reward, tip, donation or other compensation in excess of \$2,000.00 in any calendar year for organizing or executing games of chance or for working at the site of a game of chance. Refreshments or meals provided to a volunteer while working at the site shall not be considered compensation. Notwithstanding the provisions of this subdivision, a nonprofit organization that organizes and executes games of chance may pay not more than \$15,000.00 in any calendar year, in the aggregate, to all persons for organizing, executing or working at a game of chance. In calculating the limitations on payments to persons contained in this subdivision, only that portion of a person's compensation attributable to gaming shall be considered.

(3) A nonprofit organization shall not permit any person who has not attained the age of majority to organize or execute a game of chance. A person who has not reached the age of majority may work performing services at a game of chance which are not related to the execution of the game of chance.

(4) A nonprofit organization may offer a prize worth not more than \$400.00 in value for a single game of chance, except that the nonprofit organization may offer a prize worth not more than \$1,000.00 in value for one game per day, a prize worth not more than \$5,000.00 in value for one game per calendar month and a prize of

a motor vehicle, firearm, motorcycle or watercraft worth not more than \$50,000.00 for one game per calendar year. A nonprofit organization may exceed the above prize limitations on four days per calendar year, if the days are at least 20 days apart and the total prize money offered for all games executed on the day does not exceed \$20,000.00.

(5) A nonprofit organization shall not permit a person who organizes, executes or works at a game of chance to play in any game of chance organized or executed by that nonprofit on the same day.

(6) A nonprofit organization shall not organize and execute games of chance on more than two days in any calendar week, nor shall games of chance be organized and executed at any location on more than two days in any calendar week, except that:

(A) Casino events may be conducted only as permitted under subsection (d) of this section.

(B) Break-open tickets may be purchased and distributed only as provided in 32 V.S.A. chapter 239.

(C) A nonprofit organization may organize and execute games of chance on three consecutive days not more than twice in any calendar year as long as there are at least 90 days between each event.

(D) Agricultural fairs qualified to receive a state stipend pursuant to 31 V.S.A. § 617 may organize and execute games of chance for not more than 12 consecutive days during the fair once each calendar year.

(E) A nonprofit organization may organize and execute games of chance at a location used by another nonprofit organization which results in the location being used on more than two days a week if all the nonprofit organizations using the location were in existence as of January 1, 1994, and are not affiliated with each other or under common control.

(7) A nonprofit organization shall not knowingly permit any person who has been convicted of a crime, within the last 10 years, under the laws of this state or of any other state, government or country which, if committed in this state, would be a felony criminal offense to organize or execute a game of chance. No person who has been convicted of such a crime shall organize or execute a game of chance.

(f) A nonprofit organization which organizes and executes a game of chance under subsection (a) of this section shall file financial reports with the commissioner of taxes as follows:

(1) For a nonprofit organization that is required to file federal tax forms 990 or 990T, or both, copies of those forms within 30 days of the filing date required by the Internal Revenue Service.

(2) For a nonprofit organization that has raised more than \$10,000.00 during the preceding year from organizing and executing games of chance and is not required to file federal tax forms 990 or 990T, a financial report for the preceding year, by June 15 of each year, which contains all the following information:

(A) An itemized list of all expenditures made for purchasing or renting materials and equipment used for games of chance and of printing advertisements, and of the direct purchase of advertising through established media, such as newspapers, radio and television.

(B) An itemized list of all expenditures made to all persons for organizing, executing or working at a game of chance and made for rent for premises on which games of chance are executed.

(C) The amount of all prizes awarded.

(D) An itemized list of all disbursements for charitable, religious, educational and civic undertakings.

(E) An itemized list of all funds raised from organizing and executing games of chance.

(3) For a nonprofit organization that is required to withhold Vermont income taxes from gambling winnings pursuant to 32 V.S.A. § 5841(a), a financial report describing the amounts withheld, within 30 days of the filing date required by the Internal Revenue Service or by June 15 of each year, as applicable.

(4) If the required financial report is not filed within 30 days after the report is due or does not contain the information required by this subsection, the commissioner of taxes may bring an action in superior court against the nonprofit organization for injunctive relief to restrain the organization and execution of games of chance by that organization. The state shall not be required to demonstrate immediate and irreparable injury in order to be granted injunctive relief.

(g) The commissioner of taxes shall design the financial forms required by subsection (f) of this section and make them available on request.

(h) The commissioner of taxes shall provide the financial reports required by subsection (f) of this section to the attorney general upon request, notwithstanding the provisions of 32 V.S.A. § 3102.

(i) A person who intentionally violates subsection (a) of this section shall be fined not more than \$500.00.

(j) A person who intentionally violates subsection (c), (d), (e) or (f) of this section shall be fined not more than \$10,000.00 for the first offense and fined not more than \$100,000.00 or imprisoned not more than three years, or both, for each subsequent offense.

(k) A nonprofit organization which organizes and executes a game of chance under subsection (a) of this section shall permit its members to examine the financial books and records relating to gambling activities of the organization at any reasonable time and, upon request, shall provide photocopies of these records to its members at cost. (Added 1973, No. 215 (Adj. Sess.), § 2, eff. April 3, 1974; amended 1975, No. 41, § 1, eff. April 15, 1975; 1991, No. 267 (Adj. Sess.), § 1; 1993, No. 183 (Adj. Sess.), §§ 1-3; No. 221 (Adj. Sess.), §§ 33, 34; 2009, No. 16, § 1, eff. May 12, 2009.)