



The Most Reverend Charles C. Thompson
Archdiocese of Indianapolis
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**Decree of Promulgation of the
Charitable Gaming Policy for the Archdiocese of Indianapolis**

I, the undersigned, the Most Reverend Charles C. Thompson, D.D., J.C.L., Archbishop of Indianapolis, in accordance canon 8 §2 of the 1983 Code of Canon Law and after consultation with the priests and parish life coordinators of the Archdiocese of Indianapolis,

hereby decree that,

the following attached *Charitable Gaming Policy for the Archdiocese of Indianapolis*, is to be implemented on 1 January 2018 as particular law for the Archdiocese of Indianapolis.

Furthermore, this particular law is to be communicated to the parties directly affected as well as being posted to the website of the Archdiocese of Indianapolis.

Dated this 5th day of December, 2017.

+ *Charles C. Thompson*

Most Reverend Charles C. Thompson, D.D., J.C.L.
Archbishop of Indianapolis

Annette "Mickey" Lentz

Annette "Mickey" Lentz
Chancellor

CHARITABLE GAMING POLICY FOR THE ARCHDIOCESE OF INDIANAPOLIS

TABLE OF CONTENTS

- A. License Types and Related Activities
- B. Conduct of Allowable Events
- C. Records of Qualified Organization
- D. Bingo Accountability
- E. Pull Tab Accountability
- F. Other Games and Concession Accountability
- G. Concession Sales
- H. Oversight by Finance Council
- I. IRS Reporting Requirements
- J. Exemptions and Limitations
- K. Illegal Activities and Penalties
- L. Sales Tax
- M. Lease of Event Space

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A. LICENSE TYPES AND RELATED ACTIVITIES

Gambling is illegal in Indiana unless it is conducted by "qualified organizations", i.e., churches, schools, and other organizations listed in the law. Qualified organizations may engage in certain types of gambling as a fund-raising activity but only for the lawful purposes of the organization and only in the county where the organization is located. The Indiana Gaming Commission is vested with the authority to enforce compliance with the charity gaming laws.

Parishes, schools and agencies of the Archdiocese of Indianapolis each qualify as a "qualified organization" by the Indiana Gaming Commission. Before any charitable gaming activities may be undertaken the entity **must** apply for the following licenses:

1. **Annual Bingo License.** IC 4-32.2-4-5, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-17, IC 4-32.2-5-18.

An annual bingo license allows an organization to conduct the following activities under that license:

- Conduct bingo events
- Conduct raffle drawings
- Conduct door prize drawings
- Sell pull-tabs, punchboards, and tip boards.

Payout limitation at the allowable event:

- Each bingo game is \$1,000.00
- Each progressive bingo game is \$2,000
- Each bingo event is \$6,000.00¹
- The total value of all raffle prizes may not exceed \$5,000²
- The total value of all door prizes may not exceed \$1,500

A bingo license:

- License is effective for one year
- Conduct up to three (3) events per calendar week
- Cannot conduct more than one event per day
- Cannot conduct more than two (2) consecutive days

2. Special Bingo License. IC 4-32.2-4-6, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-17, IC 4-32.2-5-18. A special bingo license allows an organization to conduct one bingo event at only one time and location the following activities under that license:

- Conduct bingo events
- Conduct raffle drawings
- Conduct door prize drawings
- Sell pull-tabs, punchboards, and tip boards at the allowable event

Payout limitation are the same as for an Annual Bingo License.

3. Charity Game Night License. IC 4-32.2-4-7, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-14, IC 4-32.2-5-18. A charity game night license allows an organization to conduct six (6) Charity Game Night events per year. The following activities are permitted under that license:

- Conduct a card game
- Conduct a dice game
- Conduct a roulette wheel
- Conduct a spindle game
- Conduct raffle drawings
- Conduct door prize drawings
- Sell pull-tabs, punchboards, and tip boards

Payout limitation at the allowable event:

¹ A qualified organization may request special permission to increase the bingo prize payout of an event from \$6,000 to \$10,000 two (2) times per year.

² A qualified organization may request special permission to increase the total value of a raffle prize payout to \$25,000 if conducted at another allowable event one (1) time per year

- Total value of all raffle prizes may not exceed \$5,000³
- The total value of all door prizes may not exceed \$1,500

4. Annual Raffle License. IC 4-32.2-4-9, IC 4-32.2-4-13, IC 4-32.2-5-18. An annual raffle license allows an organization to conduct the following activities under that license:

- Conduct raffle drawings
- Conduct door prize drawings
- Sell pull-tabs, punchboards, and tip boards

Payout limitation at the allowable event:

- No limitation to raffle prize payout
- The total prizes awarded for one (1) pull tab, punchboard, or tip board game may not exceed ten thousand dollars (\$10,000)
- A single prize awarded for one (1) winning ticket in a pull tab, punchboard, or tip board game may not exceed five hundred ninety-nine dollars (\$599.00)
- The maximum payout for one (1) winning pull tab ticket in a game using a seal card is \$1,000
- The maximum payout for one winning ticket in a progressive pull tab game is \$5,000
- The selling price for one (1) ticket for a pull tab, punchboard, or tip board game may not exceed one dollar (\$1.00)
- The total value of all door prizes may not exceed \$1,500
- A raffle prize may not be a credit or reduction on school tuition. No gaming proceeds may inure to the private benefit of any individual persons. Any lotteries conducted to reduce school tuition are illegal.

An Annual Raffle License is:

- Effective for one year
- The event must be conducted on the premises owned or leased by the qualified organization and regularly used for the activities of the qualified organization
- The event may be held everyday event (24/7)

5. Raffle License. IC 4-32.2-4-8, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-18. A raffle license allows an organization to one raffle event at only one time and location. The Raffle License permits the conduct the following activities:

- Conduct raffle drawings
- Conduct door prize drawings
- Sell pull-tabs, punchboards, and tip boards

³ A qualified organization may request special permission to increase the total value of a raffle prize payout to \$25,000 if conducted at another allowable event one (1) time per year

Payout limitation at the allowable event:

- No limitation to raffle prize payout
- The total value of all door prizes may not exceed \$1,500

6. **Annual Door Prize License.** IC 4-32.2-4-11, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-18, IC 4-32.2-5-19. An annual door prize license allows an organization to conduct the following activities under that license:

- Conduct door prize drawings
- Conduct raffle drawings
- Sell pull-tabs, punchboards, and tip boards

Payout limitation at the allowable event:

- Total value of all door prize payouts may not exceed \$5,000.00 per event⁴
- The total value of all raffle prizes may not exceed \$5,000⁵

An Annual Door Prize License is:

- Effective for one year
- Cannot conduct more than one (1) event per day
- Cannot conduct more than two (2) consecutive day
- Can conduct up to three (3) events per calendar week.

7. **Door Prize License.** IC 4-32.2-4-10, IC 4-32.2-4-13, IC 4-32.2-5-6, IC 4-32.2-5-18, IC 4-32.2-5-19. A Door Prize license allows an organization to conduct one event at one time and location. The Door Prize license permits the conduct the following activities:

- Conduct door prize drawings
- Conduct raffle drawings
- Sell pull-tabs, punchboards, and tip boards

Payout limitation at the allowable event:

- Total value of all door prizes may not exceed \$5,000⁶
- The total value of all raffle prizes may not exceed \$5,000⁷

⁴ A qualified organization may receive special permission to increase the total value of all prize payouts not to exceed \$20,000.00 per event one (1) time per year

⁵ A qualified organization may request special permission to increase the total value of a raffle prize payout to \$25,000 if conducted at another allowable event one (1) time per year

⁶ A qualified organization may receive special permission to increase the total value of all prize payouts not to exceed \$20,000.00 per event one (1) time per year.

8. **Festival License.** IC 4-32.2-4-12, IC 4-32.2-5-6, IC 4-32.2-5-14, IC 4-32.2-5-17. A Festival License allows an organization to conduct the following activities under that license:

- Conduct bingo events
- Conduct charity game nights
- Conduct raffle drawings
- Conduct door prize drawings
- Conduct guessing games
- Conduct water races
- Sell pull-tabs, punchboards, and tip boards

Payout limitation at the allowable event:

- Each bingo game is \$1,000.00
- Each progressive bingo game is \$2,000
- Limitation per bingo event is \$6,000.00
- No limitation on raffle prize payout
- Total value of all door prize payouts may not exceed \$5,000

A Festival License is:

- Effective for one year
- Only one (1) festival event per calendar year⁸ Festival cannot exceed five (5) consecutive days per event

9. **Annual PPT (Pull-tabs, Punchboards and Tip Boards) License.** IC 4-32.2-4-13, IC 4-32.2-4-16.5, IC 4-32.2-5-20, IC 4-32.2-5-26 An Annual PPT License allows an organization to conduct the following activities under that license:

- Sell pull-tabs, punchboards and tip boards
- Conduct a winner take all drawing and/or qualified drawing where the qualified organization retains no portion of the amount wagered

An Annual PPT License

- Total prizes awarded for one (1) pull tab, punchboard, or tip board game may not exceed ten thousand dollars (\$10,000)
- A single prize awarded for one (1) winning ticket in a pull tab, punchboard, or tip board game may not exceed five hundred ninety-nine dollars (\$599.00)

⁷ A qualified organization may request special permission to increase the total value of a raffle prize payout to \$25,000 if conducted at another allowable event one (1) time per year.

⁸ A qualified organization may conduct one (1) additional festival event during each six (6) months of a calendar year (total of three (3) events per year).

- The maximum payout for one (1) winning pull tab ticket in a game using a seal card is \$1,000⁹
- The maximum payout for one winning ticket in a progressive pull tab game is \$5,000
- The selling price for one (1) ticket for a pull tab, punchboard, or tip board game may not exceed one dollar (\$1.00)
- Winner take all and qualified drawing prize awarded not to exceed \$300 ⍈ Not more than one daily drawing each day (Special rules apply to Winner Take All and qualified drawing prize).

An Annual PPT License Festival License is:

- Effective for one year
- Everyday event (24/7)

10. Multiple Licenses. IC 4-32.2-4-14. A qualified organization may hold more than one (1) license at a time.

B. CONDUCT OF ALLOWABLE EVENTS

1. Designation of Operator. IC 4-32.2-5-1.5, IC 4-32.2-5-10, 68 Ind. Admin. Code 21-1-15. A qualified organization shall designate an individual to serve as the operator of the allowable event.

The operator must be qualified to serve as an operator.

- The operator must be a member in good standing of the qualified organization that is conducting the allowable event for at least one (1) year at the time of the allowable event.
- An operator or a worker may not be a person who has been convicted of or entered a plea of nolo contendere to a felony committed in the preceding ten (10) years, regardless of the adjudication.
- Each operator is requested to attend a charitable gaming in-service or seminar at least annually.
- “Operator”, as defined in IC 4-32.2-2-21, means either:
 - (1) a member of a qualified organization who has oversight of or is responsible for performing functions directly associated with critical aspects of gaming activities, including, but not limited to:
 - (A) Accounting for money received and disbursed at the charity gaming event;
 - (B) Keeping records of the charity gaming event;
 - (C) Announcing the letter-number combination at a bingo event;

⁹ “Seal Card”: a board or placard used with pull tabs that contains one or more seals that reveal a pre-designated winning number, letter, symbol, or monetary denomination when opened. Ind. Code 4-32.2-2-27.3.

- (D) Conducting:
 - (i) the winning draw for a raffle;
 - (ii) a qualified drawing;
 - (iii) a winner take all drawing; or
 - (iv) a door prize drawing;
- (E) Determining the winner in a guessing game or a water race;
- (F) Determining the flare and seal card winner;
- (G) Controlling the mixing and distributing of pull-tabs;
- (H) Redeeming a pull-tab, punchboard, or tip board valued at more than fifty dollars (\$50); or
- (I) performing a task of a worker; or
- (2) a remunerated bartender designated on a qualified organization's annual PPT license or annual raffle license

2. Worker membership requirement. IC 4-32.2-5-16. A worker at an allowable event must be a member in good standing of the qualified organization that is conducting the allowable event for at least thirty (30) days at the time of the allowable event.

- “Worker”, as defined in IC 4-32.2-2-30, means a member of a qualified organization who assists in conducting gaming activities, including, but not limited to, the following:
 - (1) Selling pull-tabs, punchboards, and tip boards.
 - (2) Selling bingo supplies.
 - (3) Dealing cards at a card game other than a qualified card game.
 - (4) Selling tickets or chances to an allowable event.

* Note that a qualified organization may use a nonmember as a worker if the individual is a member of another qualified organization and the participation is approved in advance by the Commission using the Non-Member Participation Approval Form (Form CG-NPA), available on the Commission website at www.in.gov/igc. Every operator or worker that who assists in conducting gaming activities should be reported to the Commission.

3. Management and conduct of events. IC 4-32.2-5-2. A qualified organization shall use only operators and workers meeting the requirements of this chapter to manage and conduct an allowable event.

4. Remuneration of operators, workers, volunteer ticket agents, and certain employees prohibited. IC 4-32.2-5-12. An operator, a worker, or a volunteer ticket agent who is not a full-time employee may not receive remuneration for: (1) conducting; or (2) assisting in conducting; an allowable event.

5. Participation of operators and workers prohibited. IC 4-32.2-5-14. An operator or a worker may not directly or indirectly participate, other than in a capacity as an operator or a worker, in an allowable event that the operator or worker is conducting

6. Prohibited participants. IC 4-32.2-5-21. The following persons may not play or participate in any manner in an allowable event:

- (1) A member or an employee of the commission.
- (2) A person less than eighteen (18) years of age
 - (b) A person less than eighteen (18) years of age may sell tickets or chances for a raffle.

7. Patron information; information required to award pull tab, punchboard, or tip board prizes of \$250 or more; information for federal income tax reporting. IC 4-32.2-5-24 A prize of two hundred fifty dollars (\$250) or more may not be awarded to a winner of a pull tab, punchboard, or tip board game unless:

- (1) the winner provides the winner's printed name, signature, and date of birth to the qualified organization conducting the pull tab, punchboard, or tip board game; and
- (2) the qualified organization verifies the identity of the prize winner using any reasonable means the qualified organization considers necessary.
 - If a qualified organization is required to report a patron's gambling winnings to the Internal Revenue Service for federal income tax purposes, the winning patron shall provide the qualified organization with the information necessary to comply with all applicable state and federal tax laws.

8. Acceptance of credit cards. IC 4-32.2-5-28. A qualified organization may not accept credit cards or extend credit to a player for the purchase of a: (1) chance to play any game of chance offered at an allowable event.

9. No Tipping sign. 68 Ind. Admin. Code 21-3-2. A sign printed with a font size legible from a distance of at least ten (10) feet must be prominently posted near each entrance and registration area throughout the event stating that the operators and workers are not allowed to accept tips.

10. Security. 68 Ind. Admin. Code 21-3-2(k). Security for an event shall be provided by nonmember Indiana law enforcement officers or private detectives properly licensed in Indiana. An organization may employ not more than three (3) nonmember Indiana law enforcement officers or private detectives properly licensed in Indiana to perform security services during an allowable event.

11. Disposal of gaming supplies. 68 Ind. Admin. Code 21-3-2(m). An organization may dispose of unused bingo supplies, punchboards, pull-tabs, tip boards, and other licensed supplies specified by the commission by shredding, burning, or otherwise destroying them. The organization must notify the commission that such items are to be destroyed thirty (30) days in advance of the destruction and must provide the following information:

- (1) The date the items will be destroyed.
- (2) The manner of destruction.
- (3) A description of the items to be destroyed.
- (4) The quantity of the items to be destroyed.
- (5) The serial numbers of the items to be destroyed.
- (6) The trade name of the items.
- (7) The reason for destruction.

- Destruction of unused licensed supplies must be certified by one (1) officer of the qualified organization on a form prescribed by the commission.

12. Lost or destroyed gaming supplies. 68 Ind. Admin. Code 21-3-2(n). If an organization has lost licensed supplies through theft, fire, flood, or other disaster, the organization must notify the commission in writing of the loss and provide the following information within ten (10) days of discovering the loss:

- (1) The date the items were lost.
- (2) The manner of loss and a description of the items lost.
- (3) The serial numbers of the items lost.
- (4) The trade name of the items.
- (5) Copies of all insurance forms submitted for the loss.
- (6) Police or fire department reports created in connection to the loss.
- (7) Other information required by the commission or the executive director.

13. Gaming proceeds. 68 Ind. Admin. Code 21-3-2(z). An organization must deposit gaming proceeds from an allowable event into its separate and segregated checking account within five (5) business days after the conclusion of the event. Monies deposited into the separate and segregated checking account must not be transferred into another account.

14. Affiliated person's agreements. IC 4-32.2-3-3; IC 4-32.2-5-22. A qualified organization shall not enter into a formal or informal agreement relating to an allowable event, including, but not limited to:

- (1) hiring or contracting operators and workers;
- (2) leasing real or tangible personal property; or
- (3) concessions and retail sales;

with a person affiliated with that organization. Such affiliations include, but are not limited to, members, officers, directors, or members of their family.

15. Restrictions Applicable to All Events.

1. A qualified organization cannot agree to let a third party conduct an allowable event for the qualified organization
2. A qualified organization must conduct allowable events only with its own parish, school or agency members.
3. All bingo cards and supplies and PPTs must be purchased from entities licensed by IGC.
4. If a qualified organization rents the space where an allowable event is held, the rent paid may not be based on a percentage.

5. If a qualified organization rents the equipment, the rent paid may not be based on a percentage.
6. A qualified organization must conduct allowable events only in the county of the organization's principal office.
7. No gaming proceeds may inure to the private benefit of any individual persons. Licensed gaming proceeds must be used by the by the parish, school, or archdiocesan agency for bona fide church purposes.
8. All licensed charitable gambling must be held on property owned or leased by the qualified organization.

C. RECORDS OF QUALIFIED ORGANIZATION

1. **Financial Records.** IC 4-32.2-4-3; IC 4-32.2-5-16. A qualified organization must maintain records of all financial aspects of each allowable event for a period of not less than 3 years.

The records that must be kept and the information that must be submitted on the forms prescribed by the commission include, but are not limited to, the following:

- (1) Gross receipts from each type of activity conducted at each allowable event.
- (2) Prize payouts.
- (3) Net receipts to the organization.
- (4) The rental costs associated with conducting an allowable event.
- (3) Receipts for the purchase or lease of all licensed supplies.

2. **Bank Records.** The organization must set up a separate and segregated checking account to account for the proceeds and expenditures of the allowable event.

3. **Cash Receipts.** All goods sold, including doobers, concessions and other merchandise shall be sold through a cash register or other point of service device that provides a receipt and stores the sales data.

D. BINGO ACCOUNTABILITY

1. **Inventory controls.** Strict inventory controls shall be implemented for bingo cards and packets, to include the recording of the serial numbers of all game cards sold, including bingo and pull tab cards.

2. **Free bingo packs.** In the event that free bingo packets are provided to players, the name and address of the recipient of the free packets shall be recorded and maintained as a record.

3. **Bingo prize sheet.** A bingo prize sheet listing the games to be played at an event and the prize amount for each game shall be made available to players. Prize payouts should not vary from night to night without an explanation for any changes. The prize sheet shall be maintained as a bingo record.

4. **Changes to prize sheet.** The operators shall establish an attendance parameter where if attendance falls below the parameter, the total prizes will be reduced by an established percentage. For example, if the attendance parameter is 100 players and only 70 players attend, then the prize amount will be reduced by a pre-established value not greater than 70%. Prize payouts should never be increased over the amounts listed on the prize sheets.

5. **Bingo payouts.** For each bingo game played the operators shall record that name of the game played and the amount of the payout. If a player receives total payouts of more than \$600 during a single event, the operators shall record the name, address and Tax Identification Number (TIN). For an individual, this will be the social security number (SSN). As verification of the name, address, and TIN of the person receiving the winnings, must enter the identification numbers from a driver's license, social security card, voter registration or government issued identification card. (If the winner of reportable gambling winnings does not provide a TIN, the operators is to withhold at the rate of 28% on any such winnings). Withholdings will be reported on the Event Summary Report. ("ESR").

E. PULL TAB ACCOUNTABILITY

1. **Inventory controls.** Strict inventory controls shall be implemented for all pull tabs, to include the recording of the serial numbers of all on the Bingo Event Summary Report ("ESR"). (State Form 54736). Serial numbers should be recorded during the game as the games are played.

2. **Free pull tabs.** No free pull tabs are permitted. All pull tab prizes shall be paid in cash.

3. **Pull tab payouts.** For each pull tab game played the operators shall record that name of the game played and the amount of the payout. If a player receives total payouts of more than \$600 during any event, the operators shall record the name, address and Tax Identification Number (TIN). For an individual, this will be the social security number (SSN). As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from a driver's license, social security card, voter registration or other government issued identification card. (If the winner of reportable gambling winnings does not provide a TIN or SSN, you must withhold at the rate of 28% on any such winnings). Payouts shall be made according to the directions set forth on the reverse side of the pull tab.

4. **Progressive and jackpot games.** For progressive and jackpot games, the Operators shall identify and record games where there is not a jackpot winner. If there are amounts not paid that roll over to another game, each payout not paid out shall be recorded. Progressive and jackpot games end at the end of each event and may not roll over to another event. (If there are no payouts on progressive or jackpot games, the operators shall make a notation on the ESR).

5. **Event Summary Reports.** Event Summary Reports ("ESR") shall be completed in full for each event. At least three operators shall be familiar with the preparation of the ESR. The

operators shall rotate the responsibility for preparation of the ESR. All operators at each event shall sign the ESR and the conclusion of the event.

6. Pull tab games. No pull tab board shall be opened until all pull tabs for the game are sold. When calling a winner, the worker or operator will make an announcement that the winners are to be called. The worker or operator will then in front to the players open the pull tab and announce the winning numbers. No worker or operator may participate in pull tab games.

F. OTHER GAMES AND CONCESSION ACCOUNTABILITY.

1. Other games. The operators shall report on the ESR the names and address of all winners of the following:

- Raffle drawings
- Door prize drawings
- Cookie jar; Hot number, Hot ball or Pickle jar

In the event there is no winner of the games and no payout is made, the ESR shall reflect that the game was played but no payouts were made. Any amounts that roll over to the next event shall be noted on the ESR.

2. Sports betting. Sports betting is not an allowable charity gaming event.

2. Alcohol as a prize: A qualified organization may award alcohol as a prize at an allowable event if the requirements. (I.C. 7.1-3-6.1, I.C. 4-32.2-4-13.5.

(1) A qualified organization that holds a charity gaming license may award alcohol as a prize at an allowable event without obtaining an alcoholic beverage permit, provided:

- Alcohol must have been purchased by the organization or donated to the organization;
- be in sealed bottles or cases; and
- be provided for consumption off the premises only.

(2) The winner must be present at the event to receive an alcoholic beverage prize, and must be given the alcoholic beverage prize in person by an individual designated by the qualified organization.

(3) The individual designated by the qualified organization to award an alcoholic beverage prize must be at least twentyone (21) years of age, but does not need to hold a bartender's permit.

(4) When giving away the alcoholic beverage prize, the designated individual shall comply with Ind. Code 7.1-5- 10-15; Ind. Code 7.1-5-10-23; and any other provision of Ind. Code 7.1 that applies to the furnishing of alcoholic beverages for consumption off the premises. Ind. Code 7.1- 3-6.1(6)(c).

- (5) An allowable event which awards an alcoholic beverage as a prize may be conducted on premises that are not otherwise licensed for the sale of alcoholic beverages.

G. Concession sales. The right to provide concessions and sale of merchandise is a right owned by the qualified organization. This right may not be offered to any private person or organization, other than a tax-exempt organization. The qualified organization may provide its own concession operations. Separate financial reports shall be maintained for concession sales.

H. Oversight by Finance Council. All gaming activities shall be reported to the Finance Council. A least quarterly, a report of the gaming activities shall be presented to the Finance Council. The Finance Committee shall apply this policy in supervising the organization's gaming activities.

I. IRS REPORTING REQUIREMENTS.

1. Reporting Raffle Prizes. Generally, a qualified organization must report raffle prizes if (a) the amount paid reduced by the wager (the amount a person paid for the chance to win a prize), is \$600 or more; and (b) the payout is at least 300 times the amount of the wager. The organization uses Form W-2G for this report.

Example 1: Wendy purchased a \$1 ticket for a raffle conducted by X, an exempt organization. On October 31, 2004, the drawing was held and Wendy won \$900. X must file Form W-2G with the IRS and give a copy of Form W-2G to Wendy.

A person receiving gambling winnings must furnish the exempt organization a statement on Form 5754 made under penalties of perjury stating his or her identity and the identity of any others entitled to the winnings (and their shares of the winnings.) When the person receiving winnings is not the actual winner, or is a member of a group of two or more winners on a single ticket, the recipient must furnish the exempt organization information listed on Form 5754, Statement by Person(s) Receiving Gambling Winnings, and the organization must file Forms W-2G based on that information.

The exempt organization must file Forms W-2G with the IRS by the last day of February of the year after the year of the raffle. Use Form 1096, Annual Summary and Transmittal of U.S. Information Returns, to transmit Forms W-2G to the IRS. The organization must also issue Forms W-2G to prize recipients by January 31 of the year after the year of the raffle.

2. Withholding Tax on Raffle Prizes and Regular Gambling Withholding: An organization that pays raffle prizes must withhold 25% from the winnings and report this amount to the IRS on Form W-2G. This regular gambling withholding applies to winnings of more than \$5,000. If the organization fails to withhold correctly, it is liable for the tax.

Example 2: Lou purchased a \$1 ticket for a raffle conducted by X, a qualified organization. On October 31, 2004, the drawing was held and Lou won \$6,000. Because the proceeds from the wager are greater than \$5,000 (\$6,000 prize minus \$1 ticket cost), X must withhold \$1,499.75 (\$5,999 x

25%) from Lou's winnings. If X fails to withhold \$1,499.75 before distributing the prize, X is liable for the withholding tax.

3. Backup Withholding: An organization is required to withhold 28 percent of the total proceeds if (1) the prize is otherwise subject to reporting (i.e., the amount of the prize, less the amount wagered, is \$600 or more and 300 times the amount of the wager), and (2) the winner fails to furnish a correct taxpayer identification number (social security number, individual taxpayer identification number, or employer identification number).

4. Noncash Prizes: For noncash prizes, the winner must pay the organization 25% of the fair market value of the prize minus the amount of the wager.

Example 3: Jason purchased a \$1 ticket for a raffle conducted by X, a qualified organization. On October 31, 2004, the drawing was held and Jason won a car worth \$10,000 (fair market value). Because the prize exceeds \$5,000 and the fair market value of the car is \$10,000, the tax on the fair market value of the prize is \$2,499.75 [(\$10,000 minus \$1 ticket cost) x 25%]. Jason must pay \$2,499.75 to X to remit to the IRS on his (Jason's) behalf. X would indicate the fair market value of the prize (\$10,000) in box 1 and the amount of the withholding tax paid (\$2,499.75) in box 2 on Form W-2G. **Organization Pays Withholding Tax:** If the organization, as part of the prize, pays the taxes required to be withheld, it must pay tax not only on the fair market value of the prize less the wager, but also on the taxes it pays on behalf of the winner. This results in a grossed up prize requiring the use of an algebraic formula. Under this formula, the organization must pay withholding tax of 33.33% of the prize's fair market value. The organization reports the grossed up amount of the prize (fair market value of prize plus amount of taxes paid on behalf of winner) in box 1 of Form W-2G, and the withholding tax in box 2 of Form W-2G.

Example 4: If in Example 3, X pays the withholding tax on Jason's behalf, the withholding tax is \$3,332.67 [(\$10,000 fair market value of prize minus \$1 ticket cost) x 33.33%]. X must report \$13,333 as the gross winnings in box 1 of Form W-2G, and \$3,334.67 withholding tax in box 2.

5. Reporting and Paying Tax to the IRS. The organization must use Form 945, Annual Return of Withheld Federal Income Tax, to report and send withheld amounts to the IRS. This is NOT the same form used to report Federal income tax withheld and FICA with respect to employees. Form 945 is an annual return, and is due January 31 of the year after the year in which the taxes were withheld (for example, for taxes withheld in 2004, the return would be due January 31, 2005). Separate tax deposits are required for payroll and non-payroll withholding. Be sure to mark the Form 945 checkbox on Form 8109, the Federal tax deposit coupon. The organization must list the EIN (employer identification number) of the organization conducting the raffle on Forms W-2G, 1096, and 945.

J. EXEMPTIONS AND LIMITATIONS

1. Exempt Activities. A qualified organization may conduct certain minor gambling activities without obtaining a license from IGC. You do not need a license if you do not charge a fee for the bingo event, charity game night, raffle event, or door prize event if the value of all prizes awarded at the event, including prizes from pull tabs, punch boards and tip boards (PPT) does not exceed \$100.00.

In addition, A qualified organization may conduct a raffle event or a door prize event if the total aggregate market value of the prize or prizes does not exceed \$1,000.00.

2. Limits on Number of Events.

Following are the rules limiting the number of events that a qualified organization may conduct:

- A. A qualified organization may not conduct more than three allowable events during a calendar week.
- B. A qualified organization may not conduct more than one allowable event each day.
- C. A qualified organization may not conduct allowable events on more than two consecutive days (except that a festival may be conducted for up to four consecutive days).

K. ILLEGAL ACTIVITIES AND PENALTIES

All other forms of gambling are still illegal in Indiana, including the following:

- 1. **Illegal Activities.** Bookmaking, Slot machines, One-ball machine, Pinball machines that award anything other than an immediate and unrecorded right of replay, A policy or numbers game or A banking or percentage game played with cards or counters, including the acceptance of a fixed share of the stakes in a game, are illegal.

L. SALES TAX.

Churches must collect the Indiana sales tax on the sale of food and other goods. If a qualified organization sells goods, or food and drink, for more than thirty days per calendar year, the organization must collect the Indiana sales tax on the sales and remit that tax to the Indiana Department of Revenue.

It is common practice for churches to open their kitchens and sell food, snacks and refreshments at bingo nights and other gaming events. These sales are subject to the Indiana sales tax. The sale of all goods is subject to the tax except the sale of religious items, such as prayer books, Bibles, rosaries, and religious education materials.

If the organization does not conduct taxable sales for more than thirty days per year, the sales are exempt under the "thirty-day test". Keep in mind, however, that sales by all your parish organizations must be tacked together in calculating the thirty-day exemption.

M. CONCESSION SALES: 68 Ind. Admin. Code 21-5-1 provides that "a qualified organization shall not enter into a formal or informal agreement relating to... concessions with a person affiliated with that organization. Such affiliations include, but are not limited to, members, officers, directors, or

members of their family.” Therefore, concession operations should be for the benefit of the parish or other charitable organization designated by the parish. No operator, worker, parish members or family members may receive direct benefit from concession sales. Concessions workers shall be unpaid volunteers.

N. LEASE OF EVENT SPACE: No lease for event space shall be for a period of more than three (3) years. Each lease shall contain a provision that states: “In the event that a parish or agency has a disciplinary action taken by the IGC in respect to the charitable gaming license, the Archbishop in his discretion may terminated charitable gaming activities at the parish or agency and terminate the lease without penalty or cost.”

Effective as of the 1st day of January, 2018.

+ Charles C. Thompson

Most Reverend Charles C. Thompson, D.D., J.C.L.
Archbishop of Indianapolis

Annette "Mickey" Lentz
Annette "Mickey" Lentz
Chancellor