

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 893

Short Title: Regulating Charitable Bingo.

(Public)

Sponsors: Senators Weinstein; Ballance, Carpenter, Cochrane, Conder, Cooper, Dalton, Kincaid, Ledbetter, Odom, Soles, and Warren.

Referred to: Judiciary.

April 16, 1997

A BILL TO BE ENTITLED

AN ACT TO REGULATE CHARITABLE BINGO.

The General Assembly of North Carolina enacts:

Section 1. G.S. 14-309.5 reads as rewritten:

"§ 14-309.5. Bingo.

(a) The purpose of the conduct of bingo is to insure a maximum availability of the net proceeds exclusively for application to the charitable, nonprofit causes and undertakings specified ~~herein;~~ in this Part; that the only justification for this Part is to support ~~such these~~ charitable, nonprofit causes; and ~~such this~~ purpose should be carried out to prevent the operation of bingo by professionals for profit, prevent commercialized gambling, prevent the disguise of bingo and other game forms or promotional schemes, prevent participation by criminal and other undesirable elements, and prevent the diversion of funds for the purpose herein authorized.

(b) It is lawful for an exempt organization to conduct bingo games in accordance with the provisions of this Part. Any licensed exempt organization who conducts a bingo game in violation of any provision of this Part shall be guilty of a Class 2 misdemeanor. Upon conviction ~~such the licensed exempt organization and any person affiliated, in any way, with the licensed exempt organization~~ shall not conduct a bingo game for a period of one year. It is lawful to participate in a bingo game conducted pursuant to this Part. It

1 shall be a Class I felony for any person: (i) to operate a bingo game without a license; (ii)
2 to operate a bingo game while license is revoked or suspended; (iii) to willfully misuse or
3 misapply any moneys received in connection with any bingo game; or (iv) to contract
4 with or provide consulting services to any licensee. If the Department of Human
5 Resources finds that any licensed exempt organization who conducts a bingo game is in
6 violation of any provision of this Part, the Secretary, or his designee, may immediately
7 suspend that license for at least 30 days. Within 30 days, the licensed exempt
8 organization may initiate a contested case pursuant to Chapter 150B of the General
9 Statutes by which an administrative law judge may determine whether there was, in fact,
10 a violation of this Part and whether the Department's actions were proper. The
11 Department may initiate a contested case pursuant to Chapter 150B of the General
12 Statutes by which an administrative law judge may determine if grounds exist to extend
13 the suspension or to permanently revoke the license based on the evidence. It shall not
14 constitute a violation of any State law to advertise a bingo game conducted in accordance
15 with this Part.

16 (c) It is lawful for an exempt organization to conduct charity game ticket games in
17 accordance with the provisions of this Part. Any licensed exempt organization that
18 conducts a charity game ticket game in violation of this Part shall be guilty of a Class 2
19 misdemeanor. Upon conviction, that exempt organization shall not conduct a bingo game
20 or charity game ticket game for a period of one year. It is lawful to participate in a
21 charity game ticket game conducted pursuant to this Part. It shall be a Class I felony for
22 any person:

23 (1) To sell or otherwise furnish charity game tickets other than in a charity
24 game ticket game conducted by a licensed exempt organization in
25 accordance with the provisions of this Part;

26 (2) To operate a charity game ticket game without a license;

27 (3) To operate a charity game ticket game while a license is revoked or
28 suspended;

29 (4) To willfully misuse or misapply any moneys received in connection
30 with any charity game ticket game;

31 (5) To contract with or provide consulting services to any licensee.

32 If the Department of Human Resources finds that any licensed exempt organization
33 that conducts a charity game ticket game is in violation of any provision of this Part, the
34 Secretary, or his designee, may immediately suspend that license for at least 30 days.
35 Within 30 days, the licensed exempt organization may initiate a contested case pursuant
36 to Chapter 150B of the General Statutes by which an administrative law judge may
37 determine whether there was, in fact, a violation of this Part and whether the
38 Department's actions were proper. The Department may initiate a contested case
39 pursuant to Chapter 150B of the General Statutes by which an administrative law judge
40 may determine if grounds exist to extend the suspension or to permanently revoke the
41 license based on the evidence. It shall not constitute a violation of any State law to
42 advertise a charity game ticket game conducted in accordance with this Part."

43 Section 2. G.S. 14-309.6 reads as rewritten:

1 **"§ 14-309.6. Definitions.**

2 For purposes of this Part, the term:

- 3 (1) 'Exempt organization' means an organization that has been in
4 continuous existence in the county of operation of the bingo game for at
5 least one year and that is exempt from taxation under section 501(c)(3),
6 501(c)(4), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the Internal
7 Revenue Code and is exempt under similar provisions of the General
8 Statutes as a bona fide nonprofit charitable, civic, religious, fraternal,
9 patriotic or veterans' organization or as a nonprofit volunteer fire
10 department, or as a nonprofit volunteer rescue squad or a bona fide
11 homeowners' or property owners' association. (If the organization has
12 local branches or chapters, the term 'exempt organization' means the
13 local branch or chapter operating the bingo game);
- 14 (2) 'Bingo game' means a specific game of chance played with individual
15 cards having numbered squares ranging from one to 75, in which prizes
16 are awarded on the basis of designated numbers on ~~such~~the cards
17 conforming to a predetermined pattern of numbers ~~(but shall not include~~
18 ~~"instant bingo" which is a game of chance played by the selection of one or~~
19 ~~more prepackaged cards, with winners determined by the appearance of a~~
20 ~~preselected designation on the card);~~ numbers;
- 21 (3) Repealed by Session Laws 1983 (Regular Session 1984), c. 1107, s. 5.
- 22 (4) 'Local law-enforcement agency' means for any bingo game conducted
23 outside the corporate limits of a municipality or inside the corporate
24 limits of a municipality having no municipal police force:
- 25 a. The county police force; or
26 b. The county sheriff's office in a county with no county police
27 force;
- 28 (5) 'Local law-enforcement agency' means the municipal police for any
29 bingo game conducted within the corporate limits of a municipality
30 having a police force;
- 31 ~~(6) 'Beach bingo games' means bingo games which have prizes of ten~~
32 ~~dollars (\$10.00) or less or merchandise that is not redeemable for cash~~
33 ~~and that has a value of ten dollars (\$10.00) or less; and~~
- 34 (7) 'Licensed exempt organization' means an exempt organization which
35 possesses a currently valid ~~license~~license;
- 36 (8) 'Charity game ticket' means a folded or banded ticket or card with
37 perforated break-open tabs, made completely of paper or paper
38 products, the face of which is covered or otherwise hidden from view to
39 conceal a number, letter, or symbol, or set of numbers, letters, or
40 symbols, some of which have been designated in advance as
41 prizewinners with the maximum amount which can be charged for each
42 card being fifty cents (50¢);

1 (9) 'Charity game ticket game' means the sale of a separate package or
2 series of packages consisting of one complete set of charity game tickets
3 in which all tickets in the set bear the same serial number; and

4 (10) 'Jackpot bingo game' means a type of bingo game which may be played
5 only once during any session of bingo in which a player must cover a
6 specified number of spaces to win."

7 Section 3. G.S. 14-309.7 reads as rewritten:

8 **"§ 14-309.7. Licensing procedure.**

9 (a) An exempt organization may not operate a bingo game at a location without a
10 license. Application for a bingo license shall be made to the Department of Human
11 Resources on a form prescribed by the Department. The Department shall charge an
12 annual application fee of ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) for a
13 Class A bingo license and three hundred dollars (\$300.00) for a Class B bingo license to
14 defray the cost of issuing bingo licenses ~~and licenses~~, handling bingo audit ~~reports-reports~~,
15 and regulating the operation of bingo games. The fees collected shall be deposited in the
16 ~~General Fund of the State.~~ placed in a special fund known as the Bingo Regulation
17 Enforcement Fund to be used to implement this Part. This Each class of bingo license
18 shall expire one year after the granting of the license. This Each class of bingo license
19 may be renewed yearly, if the applicant pays the application fee and files an audit with
20 the Department pursuant to G.S. 14-309.11. A copy of the application and license shall
21 be furnished to the local law-enforcement agency in the county or municipality in which
22 the licensee intends to operate before bingo is conducted by the licensee. The day or
23 days of the week and the time of day a session of bingo shall be operated by an exempt
24 organization shall appear on the face of the license. The license shall be posted in a
25 conspicuous location on the premises at all times when bingo is being played.

26 (a1) An exempt organization may not operate a charity game ticket game at a
27 location without a license. Application for a charity game ticket game license shall be
28 made to the Department of Human Resources on a form prescribed by the Department.
29 The Department shall charge an annual application fee of two hundred dollars (\$200.00)
30 for a Class A charity game ticket game license and three hundred dollars (\$300.00) for a
31 Class B charity game ticket game license to defray the cost of issuing charity game ticket
32 game licenses, handling charity game ticket game audit reports, and regulating the
33 operation of charity game ticket games. An exempt organization shall hold a Class A or
34 Class B bingo license in order to make application to the Department of Human
35 Resources for and to hold a Class A charity game ticket game license. An exempt
36 organization shall hold a Class B bingo license in order to make application to the
37 Department of Human Resources for and to hold a Class B charity game ticket game
38 license. The fees collected shall be placed in a special fund known as the Bingo
39 Regulation Enforcement Fund to be used to implement this Part. Each class of charity
40 game ticket game license shall expire one year after the granting of the license. Each
41 class of charity game ticket game license may be renewed yearly, if the applicant pays the
42 application fee and files an audit with the Department pursuant to G.S. 14-309.11. A
43 copy of the application and license shall be furnished to the local law enforcement agency

1 in the county or municipality in which the licensee intends to operate before charity game
2 ticket games are conducted in conjunction with a bingo game conducted by the licensee.
3 The day or days of the week and the time of day charity game ticket games are conducted
4 by an exempt organization shall appear on the face of the license. The license shall be
5 posted in a conspicuous location on the premises at all times when bingo is being played
6 or charity game ticket games are conducted.

7 (b) Each application and renewal application for a Class A or Class B bingo
8 license and a Class A or Class B charity game ticket game license shall contain the
9 following information:

10 (1) The name and address of the applicant and if the applicant is a
11 corporation, association or other similar legal entity, the name and home
12 address of each of the officers of the organization as well as the name
13 and address of the directors, or other persons similarly situated, of the
14 organization.

15 (2) The name and home address of each of the members of the special
16 committee.

17 (3) A copy of the application for recognition of exemptions and a
18 determination letter from the Internal Revenue Service and the
19 Department of Revenue that indicates that the organization is an exempt
20 organization and stating the section under which that exemption is
21 granted; except that if the organization is a State or local branch, lodge,
22 post, or chapter of a national organization, a copy of the determination
23 letter of the national organization satisfies this requirement.

24 (4) The location at which the applicant will conduct the bingo games. If the
25 premises are leased, a copy of the lease or rental agreement.

26 (5) The day or days of the week on which the applicant will conduct the
27 bingo games and charity game ticket games.

28 (6) The time of day at which the applicant will begin a bingo game and the
29 time of day by which the bingo game will end.

30 (c) In order for an exempt organization to have a member familiar with the
31 operation of bingo present on the premises at all times when bingo is being played and
32 for this member to be responsible for the receiving, reporting and depositing of all
33 revenues received, the exempt organization may pay one member for conducting a bingo
34 game. ~~Such~~ The pay shall be on an hourly basis only for the time bingo is actually being
35 played and shall not exceed one and one-half times the existing minimum wage in North
36 Carolina. The member paid under this provision shall be a member in good standing of
37 the exempt organization for at least one year and shall not be the lessor or an employee or
38 agent of the lessor. No other person may be compensated for conducting a bingo game
39 from funds derived from any activities occurring in, or simultaneously with, the playing
40 of bingo, including funds derived from concessions. An exempt organization shall not
41 contract with any person for the purpose of conducting a bingo game. No person who
42 shall have been convicted of a felony that was designed or intended to obtain or dispose
43 of money or property through false pretenses, including fraud, embezzlement, theft, and

1 racketeering, or who shall have been convicted of or pleaded nolo contendere to any
2 illegal gambling activity or forfeited bond for not appearing while charged with any of
3 these offenses may participate in the operation or conduct of the bingo activities of an
4 exempt organization. Except as provided in subsection (e) of this section, an exempt
5 organization may hold a bingo game only in or on property owned (either legally or
6 equitably and the buildings ~~must~~ shall be of a permanent nature with approved plumbing
7 for bathrooms and not movable or of a temporary nature such as a tent or lean-to) or
8 leased by the organization from the owner or bona fide property management agent (no
9 subleasing is permitted) at a total monthly rental in an amount not to exceed one and ~~one-~~
10 ~~quarter percent (1 1/4%)~~ one-half percent (1 1/2%) of the total assessed ad valorem tax
11 value of the portion of the building actually used for the bingo games and the land value
12 on which the building is located (not to exceed two acres) for all activities conducted
13 therein including the playing of bingo for a period of not less than one year and actually
14 occupied and used by that organization on a regular basis for purposes other than bingo
15 for at least six months before the game; and all equipment used by the exempt
16 organization in conducting the bingo game ~~must~~ shall be owned by the organization.
17 Unless the exempt organization leases the property in accordance with this subsection, an
18 exempt organization may conduct a bingo game only in or on property that is exempt
19 from property taxes levied under Subchapter II of Chapter 105 of the General Statutes, or
20 that is classified and not subject to any property taxes levied under Subchapter II of
21 Chapter 105 of the General Statutes. ~~It shall be unlawful for any person to operate beach~~
22 ~~bingo games at a location which is being used by any licensed exempt organization for the~~
23 ~~purpose of conducting bingo games.~~

24 (d) Conduct of a bingo game or raffle under this Part on ~~such that~~ that property shall
25 not operate to defeat an exemption or classification under Subchapter II of Chapter 105 of
26 the General Statutes.

27 (e) An exempt organization that wants to conduct only an annual or semiannual
28 bingo game may apply to the Department of Human Resources for a limited occasion
29 permit. The Department of Human Resources may require ~~such any~~ any information ~~as that~~ that is
30 reasonable and necessary to determine that the bingo game is conducted in accordance
31 with the provisions of this Part but may not require more information than previously
32 specified in this section for application of a regular license. The application shall be made
33 to the Department on prescribed forms at least 30 days prior to the scheduled date of the
34 bingo game. The Department shall charge an application fee of one hundred dollars
35 (\$100.00) to defray the cost of issuing the permit, handling the bingo report, and
36 regulating the operation of bingo games. In lieu of the reporting requirements of G.S. 14-
37 309.11(b) the exempt organization shall file with the licensing agency and local law-
38 enforcement a report on prescribed forms no later than 30 days following the conduct of
39 the bingo game for which the permit was obtained. ~~Such~~ The report may require ~~such any~~
40 information ~~as that~~ that is reasonable and necessary to determine that the bingo game was
41 conducted in accordance with the provisions of this Part but may not require more
42 information than specified in G.S. 14-309.11(b). Any licensed exempt organization may
43 donate or loan its equipment or use of its premises to an exempt organization which has

1 secured a limited occasion permit provided ~~such~~ that the arrangement is disclosed in the
2 limited occasion permit application and is approved by the Department of Human
3 Resources. An exempt organization conducting only an annual or semiannual bingo
4 game under this subsection may not apply for a charity game ticket game license, conduct
5 charity game ticket games, or sell or furnish charity game tickets in any manner at any
6 time. Except as stated above, all provisions of this Part shall apply to any exempt
7 organization operating a bingo game under this provision."

8 Section 4. G.S. 14-309.8 reads as rewritten:

9 "**§ 14-309.8. Limit on sessions.**

10 (a) The number of sessions of bingo conducted ~~or sponsored~~ by an exempt
11 organization shall be limited to one session per week for those exempt organizations
12 operating with a Class A bingo license and two sessions per week for those exempt
13 organizations operating with a Class B bingo license and ~~such~~ these sessions must shall
14 not exceed a period of ~~five~~ six hours each per session. No two sessions of bingo shall be
15 held within a ~~48-hour~~ 15-hour period of time. No more than two sessions of bingo shall be
16 operated or conducted in any one building, hall or structure during any one calendar week
17 and if two sessions are held, they ~~must~~ shall be held by the same exempt organization.
18 An exempt organization operating with a Class A bingo license may conduct a bingo
19 session only on the day of the week and at the time of day selected by that exempt
20 organization in its application for a Class A bingo license and listed on the face of the
21 Class A bingo license issued by the Department. An exempt organization operating with
22 a Class B bingo license may conduct bingo sessions only on one or more of the two days
23 and at the time of day selected by that exempt organization in its application for a Class B
24 bingo license and listed on the face of the Class B bingo license issued by the
25 Department. Upon 10 days' prior notice to the Department of Human Resources, a
26 licensed exempt organization holding either class of bingo license may conduct a session
27 of bingo on a day other than that which appears on the face of the bingo license, provided
28 that the conduct of the bingo session would not cause that exempt organization to exceed
29 the session limits during any one calendar week set forth in this section for the class of
30 bingo license held by that exempt organization or to violate any other provision of this
31 Part. A separate notice shall be required by the Department of Human Resources for
32 each session which will be conducted on a day other than that which appears on the face
33 of the bingo license. ~~This section shall not apply to bingo games conducted at a fair or other~~
34 exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

35 (b) Charity game ticket games shall be conducted during and in conjunction with a
36 session of bingo and may only be conducted by the same exempt organization conducting
37 the session of bingo and at the same location where the bingo session is being conducted.
38 The number of sessions of bingo conducted by an exempt organization at which charity
39 game ticket games may be conducted shall be limited to one session per week for those
40 exempt organizations operating with a Class A charity game ticket game license and two
41 sessions per week for those exempt organizations operating with a Class B charity game
42 ticket game license.

1 (c) This section shall not apply to bingo games conducted at a fair or other
2 exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes."

3 Section 5. G.S. 14-309.9 reads as rewritten:

4 **"§ 14-309.9. Bingo and charity game ticket game prizes.**

5 (a) The maximum prize in cash or merchandise that may be offered or paid for any
6 one game of ~~bingo~~ bingo, excluding a once-per-session jackpot bingo game, is five
7 hundred dollars (\$500.00). The maximum aggregate amount of prizes, in cash and/or
8 merchandise, that may be offered or paid at any one session of bingo is ~~one thousand five~~
9 ~~hundred dollars (\$1,500)~~ three thousand five hundred dollars (\$3,500), excluding cash or
10 merchandise that may be offered or paid for charity game tickets sold during the session
11 in charity game ticket games. Prizes in cash or merchandise that may be offered or paid
12 for a jackpot bingo game shall be excluded from this maximum aggregate amount.
13 Provided, however, that if an exempt organization holds only one session of bingo during a
14 calendar week, the maximum aggregate amount of prizes, in cash and/or merchandise, that may
15 be offered or paid at any one session is two thousand five hundred dollars (\$2,500).

16 (b) Repealed by Session Laws 1983 (Regular Session 1984), c. 1107, s. 8.

17 (c) This section shall not apply to bingo games conducted at a fair or other
18 exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

19 (d) The maximum prize in cash or merchandise that may be offered or paid for any
20 one charity game ticket is one hundred dollars (\$100.00).

21 (e) The maximum prize in cash or merchandise that may be offered or paid for any
22 one jackpot bingo game at any one session of bingo is two thousand five hundred dollars
23 (\$2,500). One jackpot bingo game may be held by a licensed exempt organization at
24 each session of bingo. If a jackpot bingo game is not won and a prize is not awarded at a
25 particular bingo session, the jackpot bingo game may be carried over to the next bingo
26 session and increased in value, provided that the maximum prize in cash or merchandise
27 that may be offered or paid never exceeds two thousand five hundred dollars (\$2,500) at
28 any one session of bingo."

29 Section 6. G.S. 14-309.10 reads as rewritten:

30 **"§ 14-309.10. Operation of ~~bingo~~ bingo and charity game ticket games.**

31 The operation of bingo games and the sale of charity game ticket games shall be the
32 direct responsibility of, and controlled by, a special committee selected by the governing
33 body of the exempt organization in the manner provided by the rules of the exempt
34 organization."

35 Section 7. G.S. 14-309.11 reads as rewritten:

36 **"§ 14-309.11. Accounting Accounting, enforcement, and use of proceeds.**

37 (a) All funds received in connection with a bingo game or charity game ticket
38 game shall be placed in a separate bank account. No funds may be disbursed from this
39 account except the exempt organization may expend proceeds for prizes, advertising,
40 utilities, and the purchase of supplies and equipment used in playing ~~bingo~~ bingo and the
41 sale of charity game ticket games, taxes and license fees related to bingo and the sale of
42 charity game ticket games and the payment of compensation as authorized by G.S. 14-
43 309.7(c) and for the purposes set forth below for the remaining proceeds. ~~Such~~ These

1 payments shall be made by consecutively numbered checks. Any proceeds available in
2 the account after payment of the above expenses shall inure to the exempt organization to
3 be used for religious, charitable, civic, scientific, testing, public safety, literary, or
4 educational purposes or for purchasing, constructing, maintaining, operating or using
5 equipment or land or a building or improvements thereto owned by and for the exempt
6 organization and used for civic purposes or made available by the exempt organization
7 for use by the general public from time to time, or to foster amateur sports competition,
8 or for the prevention of cruelty to children or animals, provided that no proceeds shall be
9 used or expended for social functions for the members of the exempt organization.

10 (b) An audit of the account required by subsection (a) of this section shall be
11 prepared annually for the period of January 1 through December 31 or otherwise as
12 directed by the Department of Human Resources and shall be filed with the Department
13 of Human Resources ~~and the local law enforcement agency~~ at a time directed by the
14 Department of Human Resources. The audit shall be prepared on a form approved by the
15 Department of Human Resources and shall include the following information:

- 16 (1) The number of bingo games conducted ~~or sponsored~~ by the exempt
17 organization;
- 18 (2) The location and date at which each bingo game was conducted and the
19 prize awarded;
- 20 (3) The gross receipts of each bingo game;
- 21 (4) The cost or amount of any prize given at each bingo game;
- 22 (5) The amount paid in prizes at each ~~session~~; session of bingo;
- 23 (6) The net return to the exempt organization; and
- 24 (7) The disbursements from the separate account and the purpose of those
25 disbursements, including the date of each transaction and the name and
26 address of each payee.

27 (b1) The audit shall also contain, on a separate form approved by the Department of
28 Human Resources, the following information:

- 29 (1) The serial number of each charity game ticket game;
- 30 (2) The gross receipts of each charity game ticket game;
- 31 (3) The amount paid in prizes at each charity game ticket game; and
- 32 (4) The net return to the exempt organization from each charity game ticket
33 game.

34 (c) Any person who shall willfully furnish, supply, or otherwise give false
35 information in any audit or statement filed pursuant to this section shall be guilty of a
36 Class 2 misdemeanor.

37 (d) All books, papers, records and documents relevant to determining whether an
38 organization has acted or is acting in compliance with this section shall be maintained by
39 an exempt organization for three years and shall be open to inspection by the law-
40 enforcement agency or its designee, or the district attorney or his designee, or the
41 Department of Human Resources at reasonable times and during reasonable hours. The
42 Department of Human Resources, any district attorney or his designee, or the Attorney
43 General, or any local law enforcement agency may conduct inspections of premises

1 where bingo is conducted or bingo equipment and supplies or charity game tickets are
2 stored and inspect the records of any registrant to ensure compliance with this section."

3 Section 8. G.S. 14-309.12 reads as rewritten:

4 **"§ 14-309.12. Violation is gambling.**

5 A bingo game or charity game ticket game conducted otherwise than in accordance
6 with the provisions of this Part is 'gambling' within the meaning of G.S. 19-1 et seq., and
7 proceedings against ~~such~~ that bingo game or charity game ticket game may be instituted
8 as provided for in Chapter 19 of the General Statutes."

9 Section 9. G.S. 14-309.13 reads as rewritten:

10 **"§ 14-309.13. Public sessions.**

11 Any exempt organization operating a bingo game or charity game ticket game which
12 is open to persons other than members of the exempt organization, their spouses, and
13 their children shall make ~~such~~ that bingo game or charity game ticket game open to the
14 general public."

15 Section 10. G.S. 14-309.14 is repealed.

16 Section 11. To implement the transition in regulating charitable bingo from
17 the prior law to the statutes made effective by this act, the Department of Human
18 Resources shall issue transitional rules providing for the conversion of the licenses issued
19 under the prior applicable laws and the new licenses required by this act. The rules shall
20 provide, inter alia:

- 21 (1) That exempt organizations licensed on the effective date of this act may
22 immediately apply for new licenses that shall expire when the licenses
23 held on the effective date of this act would have expired;
- 24 (2) For the staggered expiration of licenses issued pursuant to this act; and
- 25 (3) For prorated payment of the new fees required by this act based on the
26 expiration date of the license held on the effective date of this act.

27 The Department of Human Resources shall develop and issue the rules prior to October
28 1, 1997.

29 Section 12. Sections 11 and 12 of this act are effective when they become law.

30 The remaining sections of this act become effective December 1, 1997.