

108TH CONGRESS  
1ST SESSION

# H. R. 3073

To amend the Internal Revenue Code of 1986 to provide that the conducting of certain games of chance shall not be treated as an unrelated trade or business.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2003

Mr. RAMSTAD (for himself, Mr. GUTKNECHT, Mr. KLINE, Ms. MCCOLLUM, Mr. SABO, Mr. KENNEDY of Minnesota, Mr. PETERSON of Minnesota, and Mr. OBERSTAR) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the conducting of certain games of chance shall not be treated as an unrelated trade or business.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CONDUCT OF CERTAIN GAMES OF CHANCE NOT**  
4 **TREATED AS UNRELATED TRADE OR BUSI-**  
5 **NESS.**

6 (a) IN GENERAL.—Paragraph (1) of section 513(f)  
7 (relating to certain bingo games) is amended to read as  
8 follows:

1           “(1) IN GENERAL.—The term ‘unrelated trade  
2 or business’ does not include—

3                   “(A) any trade or business which consists  
4 of conducting bingo games, and

5                   “(B) any trade or business which consists  
6 of conducting qualified games of chance if the  
7 net proceeds from such trade or business are  
8 paid or set aside for payments for purposes de-  
9 scribed in section 170(c)(2)(B), for the pro-  
10 motion of social welfare (within the meaning of  
11 section 501(c)(4)), or for a purpose for which  
12 State law specifically authorizes the expenditure  
13 of such proceeds.”.

14           (b) QUALIFIED GAMES OF CHANCE.—Subsection (f)  
15 of section 513 is amended by adding at the end the fol-  
16 lowing new paragraph:

17                   “(3) QUALIFIED GAMES OF CHANCE.—For pur-  
18 poses of paragraph (1), the term ‘qualified game of  
19 chance’ means any game of change (other than  
20 bingo) conducted by the organization if—

21                   “(A) such organization is licensed pursu-  
22 ant to State law to conduct such game,

23                   “(B) only organizations which are orga-  
24 nized as nonprofit corporations or are exempt  
25 from tax under section 501(a) may be so li-

1 censed to conduct such game within the State,  
2 and

3 “(C) the conduct of such game does not  
4 violate State or local law.”

5 (c) CLERICAL AMENDMENT.—The subsection head-  
6 ing of section 513(f) is amended by striking “BINGO  
7 GAMES” and inserting “GAMES OF CHANCE”.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to games conducted after Decem-  
10 ber 31, 2003.

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