

106TH CONGRESS  
1ST SESSION

# S. 490

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 SENATE OF THE UNITED STATES

FEBRUARY 25, 1999

Mr. GRAMS introduced the following bill; which was read twice and referred to the Committee on Finance

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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 of the Internal Revenue Code of 1986 (relating to certain  
8 bingo games) is amended by inserting before the period  
9 “or qualified games of chance”.

1 (b) QUALIFIED GAMES OF CHANCE.—Subsection (f)  
 2 of section 513 of the Internal Revenue Code of 1986 (re-  
 3 lating to unrelated trade or business) is amended by add-  
 4 ing at the end the following:

5 “(3) QUALIFIED GAMES OF CHANCE.—For pur-  
 6 poses of paragraph (1), the term ‘qualified game of  
 7 chance’ means any game of chance (other than  
 8 bingo) conducted by an organization if—

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

11 “(B) only organizations which are orga-  
 12 nized as nonprofit corporations or are exempt  
 13 from tax under section 501(a) may be so li-  
 14 censed to conduct such game within the State,  
 15 and

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

18 (c) CONFORMING AMENDMENT.—The subsection  
 19 heading of section 513(f) of the Internal Revenue Code  
 20 of 1986 is amended by striking “BINGO GAMES” and in-  
 21 serting “GAMES OF CHANCE”.

22 (d) EFFECTIVE DATE.—The amendments made by  
 23 this section shall apply to games conducted after the date  
 24 of enactment of this Act.

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