

**Revenue Ruling No. 08-010**  
**July 3, 2008**

**Sales Tax Treatment of Electronic Bingo Dabber Devices**

The purpose of this Revenue Ruling is to clarify the sales tax treatment of electronic bingo card dabber devices which are provided for the use of bingo players at charitable bingo gaming sessions.

**Issue**

Whether the electronic bingo card dabber devices provided during bingo gaming sessions for the use of bingo players are subject to lease tax.

**Facts**

An electronic bingo card dabber device or an electronic dabber device (“dabber”) is an electronic device used by a bingo player to monitor bingo cards purchased and electronically mark bingo cards downloaded into the device during the licensed charitable bingo session. At each gaming session, a charitable organization (“Charity”) may offer options to allow bingo players to play many bingo cards (“bingo faces”) at one time for a set amount. For example, the Charity’s game pricing structure may offer 18 games for \$20, 36 games for \$35, 54 games for \$50 or 72 games for \$60. If a player selects 54 or more bingo games, then the player has the option of playing the bingo games by using an electronic dabber. The player does not have to pay an extra fee to use the dabber. The player does not acquire ownership of the dabber. The dabber offers an extra convenience to the player, because it provides the means for the bingo player to electronically mark numbers announced by the bingo caller, compare numbers called to the numbers contained on bingo cards for that session, identify winning bingo patterns, and signal the bingo player when a winning bingo pattern is waiting or received.

Although the Charity will issue the dabber to the player, the law requires that the Distributor’s agent download the bingo faces into the dabber device. No more than two dabbers may be issued to any one player. At the conclusion of each session, the player must return the dabber, and then all bingo cards or faces previously downloaded into the device are erased. The Distributor typically charges the Charity a set fee for each dabber utilized during each gaming session.

**Analysis**

Louisiana Revised Statute 4:739(C)(1) provides that a distributor shall sell, rent, lease, or otherwise supply or provide any electronic dabber device only to a licensed charitable organization, a qualified association of licensed charitable organizations, or a licensed distributor. Per La. R.S. 4:739(C)(3), each distributor shall have at least one employee on site during the use of its devices. The licensed distributor shall request payment from the licensed organization immediately after each session in an amount equal to the rental price multiplied by the number of devices used, rented, leased, or otherwise supplied or provided at the session, plus applicable taxes and fees. Payment must be made by the licensed charitable organization immediately after each session and only to the licensed distributor. Per La. R.S. 4:739(B)(1), manufacturers of the dabbers shall sell, rent, lease or supply the devices only to a licensed distributor with delivery of the devices to be made directly to the distributor’s facility.

A “lease or rental” is defined in La. R.S. 47:301(7)(a) as “the leasing or rental of tangible personal property and the possession thereof by the lessee or renter, for consideration without transfer of the title of such property.” La. R.S. 47:301(16)(a) defines “tangible personal property” in part as “personal property which may be seen, weighed, measured, felt or touched, or is in any other manner perceptible to the senses.” The dabber is an item of tangible personal property. Due to statutory requirements, manufacturers of the dabbers cannot sell or lease directly to charitable organizations in Louisiana. The manufacturers must sell or lease the dabbers to a licensed Distributor.

If a Distributor leases the dabbers to the Charity, which in turn re-leases the electronic dabbers to a player, both transactions would be considered a taxable lease of tangible personal property. In *Central Marine Service, Inc., v. Collector of Revenue*, 162 So. 2d 81 (La. App. 4 Cir. 1964), the taxpayer rented barges to its customers, who in turn subleased the barges to the ultimate users within the state. The Court found that the lease and sublease were both taxable and held that the act of subleasing was an exercise of any right over tangible personal property.

### **Ruling**

In this scenario, the Distributor has leased the dabbers to the Charity. The Charity then exercises its right of use over the dabbers by re-leasing them to the player. The Charity pays a fee to the Distributor for every dabber used during each gaming session. Since the Charity pays a fee for every dabber, this is the consideration paid for the lease of an item of tangible personal property. The licensed charitable organization has possession of the dabber but does not take title thereto. The transaction between the Charity and the player is a re-lease, sublease or re-rental, which is a taxable transaction; therefore, four percent state lease tax is due thereon.

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