

1 HOUSE BILL NO. 766
 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE
 3 (Proposed by the House Committee on General Laws
 4 on _____)
 5 (Patron Prior to Substitute—Delegate Krizek)

6 A BILL to amend and reenact § 18.2-340.16 of the Code of Virginia and to amend the Code of Virginia
 7 by adding a section numbered 18.2-340.35:1 and by adding in Title 52 a chapter numbered 13,
 8 consisting of sections numbered 52-53 and 52-54, relating to enforcement of illegal gaming laws;
 9 Charitable Gaming Fund established; Illegal Gaming Enforcement Coordinator established.

10 **Be it enacted by the General Assembly of Virginia:**

11 **1. That § 18.2-340.16 of the Code of Virginia is amended and reenacted and that the Code of Virginia**
 12 **is amended by adding a section numbered 18.2-340.35:1 and by adding in Title 52 a chapter**
 13 **numbered 13, consisting of sections numbered 52-53 and 52-54, as follows:**

14 **§ 18.2-340.16. Definitions.**

15 As used in this article, unless the context requires a different meaning:

16 "Bingo" means a specific game of chance played with (i) individual cards having randomly
 17 numbered squares ranging from one to 75, (ii) Department-approved electronic devices that display
 18 facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as
 19 numbers are called, or (iii) Department-approved cards, in which prizes are awarded on the basis of
 20 designated numbers on such cards conforming to a predetermined pattern of numbers selected at random.

21 "Board" means the Charitable Gaming Board created pursuant to § 2.2-2455.

22 "Bona fide member" means an individual who participates in activities of a qualified organization
 23 other than such organization's charitable gaming activities.

24 "Charitable gaming" or "charitable games" means those raffles, Texas Hold'em poker tournaments,
 25 and games of chance explicitly authorized by this article.

26 "Charitable gaming supplies" includes bingo cards or sheets, devices for selecting bingo numbers,
27 instant bingo cards, pull-tab cards and seal cards, playing cards for Texas Hold'em poker, poker chips, and
28 any other equipment or product manufactured for or intended to be used in the conduct of charitable
29 games. However, for the purposes of this article, charitable gaming supplies shall not include items
30 incidental to the conduct of charitable gaming such as markers, wands, or tape.

31 "Commissioner" means the Commissioner of the Department of Agriculture and Consumer
32 Services.

33 "Conduct" means the actions associated with the provision of a gaming operation during and
34 immediately before or after the permitted activity, which may include, but not be limited to, (i) selling
35 bingo cards or packs, electronic devices, instant bingo or pull-tab cards, or raffle tickets, (ii) calling bingo
36 games, (iii) distributing prizes, and (iv) any other services provided by volunteer workers.

37 "Department" means the Department of Agriculture and Consumer Services.

38 "Fair market rental value" means the rent that a rental property will bring when offered for lease
39 by a lessor who desires to lease the property but is not obligated to do so and leased by a lessee under no
40 necessity of leasing.

41 "Fund" means the Charitable Gaming Fund established under § 18.2-340.35:1.

42 "Gaming expenses" means prizes, supplies, costs of publicizing gaming activities, audit and
43 administration or permit fees, and a portion of the rent, utilities, accounting and legal fees and such other
44 reasonable and proper expenses as are directly incurred for the conduct of charitable gaming.

45 "Gross receipts" means the total amount of money generated by an organization from charitable
46 gaming before the deduction of expenses, including prizes.

47 "Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random
48 selection of one or more individually prepacked cards, including Department-approved electronic versions
49 thereof, with winners being determined by the preprinted or predetermined appearance of concealed
50 letters, numbers or symbols that must be exposed by the player to determine wins and losses and may
51 include the use of a seal card which conceals one or more numbers or symbols that have been designated
52 in advance as prize winners. Such cards may be dispensed by electronic or mechanical equipment.

53 "Jackpot" means a bingo game that the organization has designated on its game program as a
54 jackpot game in which the prize amount is greater than \$100.

55 "Landlord" means any person or his agent, firm, association, organization, partnership, or
56 corporation, employee, or immediate family member thereof, which owns and leases, or leases any
57 premises devoted in whole or in part to the conduct of bingo games, and any person residing in the same
58 household as a landlord.

59 "Management" means the provision of oversight of a gaming operation, which may include, but is
60 not limited to, the responsibilities of applying for and maintaining a permit or authorization, compiling,
61 submitting and maintaining required records and financial reports, and ensuring that all aspects of the
62 operation are in compliance with all applicable statutes and regulations.

63 "Network bingo" means a specific bingo game in which pari-mutuel play is permitted.

64 "Network bingo provider" means a person licensed by the Department to operate network bingo.

65 "Operation" means the activities associated with production of a charitable gaming activity, which
66 may include, but not be limited to (i) the direct on-site supervision of the conduct of charitable gaming;
67 (ii) coordination of volunteers; and (iii) all responsibilities of charitable gaming designated by the
68 organization's management.

69 "Organization" means any one of the following:

70 1. A volunteer fire department or volunteer emergency medical services agency or auxiliary unit
71 thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the
72 political subdivision where the volunteer fire department or volunteer emergency medical services agency
73 is located as being a part of the safety program of such political subdivision;

74 2. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
75 Code, is operated, and has always been operated, exclusively for educational purposes, and awards
76 scholarships to accredited public institutions of higher education or other postsecondary schools licensed
77 or certified by the Board of Education or the State Council of Higher Education for Virginia;

- 78 3. An athletic association or booster club or a band booster club established solely to raise funds
79 for school-sponsored athletic or band activities for a public school or private school accredited pursuant
80 to § 22.1-19 or to provide scholarships to students attending such school;
- 81 4. An association of war veterans or auxiliary units thereof organized in the United States;
- 82 5. A fraternal association or corporation operating under the lodge system;
- 83 6. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
84 Code and is operated, and has always been operated, exclusively to provide services and other resources
85 to older Virginians, as defined in § 51.5-116;
- 86 7. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
87 Code and is operated, and has always been operated, exclusively to foster youth amateur sports;
- 88 8. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
89 Code and is operated, and has always been operated, exclusively to provide health care services or conduct
90 medical research;
- 91 9. An accredited public institution of higher education or other postsecondary school licensed or
92 certified by the Board of Education or the State Council of Higher Education for Virginia that is exempt
93 from income tax pursuant to § 501(c)(3) of the Internal Revenue Code;
- 94 10. A church or religious organization that is exempt from income tax pursuant to § 501(c)(3) of
95 the Internal Revenue Code;
- 96 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the
97 Internal Revenue Code and is operated, and has always been operated, exclusively to (i) create and foster
98 a spirit of understanding among the people of the world; (ii) promote the principles of good government
99 and citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare of the
100 community; (iv) provide a forum for the open discussion of matters of public interest; (v) encourage
101 individuals to serve the community without personal financial reward; and (vi) encourage efficiency and
102 promote high ethical standards in commerce, industries, professions, public works, and private endeavors;
- 103 12. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
104 Code and is operated, and has always been operated, exclusively to (i) raise awareness of law-enforcement

105 officers who died in the line of duty; (ii) raise funds for the National Law Enforcement Officers Memorial
106 and Museum; and (iii) raise funds for the charitable causes of other organizations that are exempt from
107 income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

108 13. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
109 Code and is operated, and has always been operated, exclusively to (i) promote the conservation of the
110 environment, caves, or other natural resources; (ii) promote or develop opportunities for the use of science
111 and technology to advance the conservation of the environment, caves, or other natural resources; and (iii)
112 raise funds for the conservation of the environment, caves, or other natural resources or provide grant
113 opportunities to other nonprofit organizations that are devoted to such conservation efforts;

114 14. A local chamber of commerce; or

115 15. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the
116 Internal Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal
117 cards that generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less
118 expenses and prizes, are used exclusively for charitable, educational, religious or community purposes.
119 Notwithstanding § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included
120 when calculating an organization's annual gross receipts for the purposes of this subdivision.

121 "Pari-mutuel play" means an integrated network operated by a licensee of the Department
122 comprised of participating charitable organizations for the conduct of network bingo games in which the
123 purchase of a network bingo card by a player automatically includes the player in a pool with all other
124 players in the network, and where the prize to the winning player is awarded based on a percentage of the
125 total amount of network bingo cards sold in a particular network.

126 "Qualified organization" means any organization to which a valid permit has been issued by the
127 Department to conduct charitable gaming or any organization that is exempt pursuant to § 18.2-340.23.

128 "Raffle" means a lottery in which the prize is won by (i) a random drawing of the name or
129 prearranged number of one or more persons purchasing chances or (ii) a random contest in which the
130 winning name or preassigned number of one or more persons purchasing chances is determined by a race
131 involving inanimate objects floating on a body of water, commonly referred to as a "duck race."

132 "Reasonable and proper business expenses" means business expenses actually incurred by a
133 qualified organization in the conduct of charitable gaming and not otherwise allowed under this article or
134 under Board regulations on real estate and personal property tax payments, travel expenses, payments of
135 utilities and trash collection services, legal and accounting fees, costs of business furniture, fixtures and
136 office equipment and costs of acquisition, maintenance, repair or construction of an organization's real
137 property. For the purpose of this definition, salaries and wages of employees whose primary responsibility
138 is to provide services for the principal benefit of an organization's members shall not qualify as a business
139 expense. However, payments made pursuant to § 51.1-1204 to the Volunteer Firefighters' and Rescue
140 Squad Workers' Service Award Fund shall be deemed a reasonable and proper business expense.

141 "Supplier" means any person who offers to sell, sells or otherwise provides charitable gaming
142 supplies to any qualified organization.

143 "Texas Hold'em poker game" means a variation of poker in which (i) players receive two cards
144 facedown that may be used individually, (ii) five cards shown face up are shared among all players in the
145 game, (iii) players combine any number of their individual cards with the shared cards to make the highest
146 five-card hand to win the value wagered during the game, and (iv) the ranking of hands and the rules of
147 the game are governed by the official rules of the Poker Tournament Directors Association.

148 "Texas Hold'em poker tournament" or "tournament" means an organized competition of players
149 (i) who pay a fixed fee for entry into the competition and for a certain amount of poker chips for use in
150 the competition; (ii) who may be allowed to pay an additional fee, during set preannounced times of the
151 competition, to receive additional poker chips for use in the competition; (iii) who may be seated at one
152 or more tables simultaneously playing Texas Hold'em poker games; (iv) who upon running out of poker
153 chips are eliminated from the competition; and (v) a pre-set number of whom are awarded prizes of value
154 according to how long such players remain in the competition.

155 **§ 18.2-340.35:1. Charitable Gaming Fund.**

156 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
157 Charitable Gaming Fund. The Fund shall be established on the books of the Comptroller. All funds
158 accruing to the Fund under the provisions of this article, all funds appropriated to the Fund, and any gifts,

159 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and
160 credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.
161 Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not
162 revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used or distributed as
163 provided in subsection C. Expenditures and disbursements from the Fund, except funds accruing to the
164 Department of State Police pursuant to subdivision C 2, to the Problem Gambling Treatment and Support
165 Fund under subdivision C 3, or to the general fund under subdivision C 4, shall be made by the State
166 Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner or his
167 designee.

168 B. All fees and penalties collected by the Department pursuant to the provisions of this article shall
169 accrue to the Fund.

170 C. Moneys in the Fund shall be distributed as follows:

171 1. Fifty percent shall be allocated to the Department to fund costs of administration of this article;

172 2. Five percent shall be allocated to the Department of State Police to fund the costs of the office
173 of the Illegal Gaming Enforcement Coordinator established under § 52-54;

174 3. One percent shall be allocated to the Problem Gambling Treatment and Support Fund
175 established pursuant to § 37.2-314.2; and

176 4. Forty-four percent shall be allocated to the general fund.

177 CHAPTER 13.

178 ILLEGAL GAMING ENFORCEMENT.

179 § 52-53. Definitions.

180 As used in this chapter, unless the context requires a different meaning:

181 "Coordinator" means the position of the Illegal Gaming Enforcement Coordinator established
182 pursuant to § 52-54.

183 "Department" means the Department of State Police.

184 "Illegal gaming laws" means the laws regulating gambling under Article 1 (§ 18.2-325 et seq.) of
185 Chapter 8 of Title 18.2, charitable gaming under Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title

186 18.2, lottery games under Article 1 (§ 58.1-4000 et seq.) of Chapter 40 of Title 58.1, sports betting under
187 Article 2 (§ 58.1-4030 et seq.) of Chapter 40 of Title 58.1, casino gaming under Chapter 41 (§ 58.1-4100
188 et seq.) of Title 58.1, fantasy contests under Chapter 51 (§ 59.1-556 et seq.) of Title 59.1, horse racing and
189 pari-mutuel wagering under Chapter 29 (§ 59.1-364 et seq.) of Title 59.1, any regulations promulgated
190 pursuant to such laws, and any other federal, state, or local laws the Illegal Gaming Enforcement
191 Coordinator deems relevant.

192 "Superintendent" means the Superintendent of State Police.

193 **§ 52-54. Office of the Illegal Gaming Enforcement Coordinator established; purpose; duties.**

194 A. The Superintendent shall designate a Department employee to serve as the Illegal Gaming
195 Enforcement Coordinator. The purpose of the office of the Coordinator shall be to synchronize the
196 enforcement of illegal gaming laws by state and local law enforcement, and to serve as a liaison between
197 such agencies and federal law enforcement.

198 B. The Coordinator shall have the following duties:

199 1. Coordinating enforcement of the Commonwealth's illegal gaming laws by the Department, the
200 Department of Agriculture and Consumer Services, and all other state agencies; attorneys for the
201 Commonwealth; and local law enforcement;

202 2. Acting as a liaison between the federal government and the agencies identified in subdivision 1
203 for purposes of any federal investigation into illegal gaming activities;

204 3. Establishing, advertising, and administering a tip line, which may be accessed by phone and by
205 Internet, for members of the public to report concerns about, or suspected instances of, illegal gaming
206 activities; and

207 4. Performing any other duties as are necessary to promote and enable the equitable enforcement
208 of illegal gaming laws in the Commonwealth.

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