

HOUSE BILL NO. 527

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology

on _____)

(Patron Prior to Substitute--Delegate Krizek)

A BILL to amend and reenact §§ 18.2-340.16, 18.2-340.19, 18.2-340.23, and 18.2-340.33 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 18.2-340.28:3, relating to charitable gaming; conduct of athletic event drawings; civil penalties.

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.16, 18.2-340.19, 18.2-340.23, and 18.2-340.33 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 18.2-340.28:3 as follows:

§ 18.2-340.16. Definitions.

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

"Athletic event drawing" means a 50/50 drawing that is conducted in accordance with § 18.2-340.28:3 and Department regulations by any organization described in subdivision 17 of the definition of "organization."

"Athletic team" means a sports team or motor vehicle racing facility that is (i) a member of Major League Baseball, the National Hockey League, the National Basketball Association, the National Football League, or Major League Soccer; (ii) a professional sports team affiliated with a team under clause (i); (iii) any other professional sports team that has a sports facility or an agreement with a sports facility to conduct home games at such facility; (iv) a stadium, grandstand, bleacher, or contiguous parking lot at a closed-course motor vehicle racing facility where spectators directly observe motor vehicle races with NASCAR, Indy, stock, or drag racing cars; or (v) a collegiate team that competes on behalf of an institution of higher education.

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

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

33 "Charitable gaming" or "charitable games" means those athletic event drawings, raffles, Texas
34 Hold'em poker tournaments, and games of chance explicitly authorized by this article. Unless otherwise
35 specified, "charitable gaming" includes electronic gaming authorized by this article.

36 "Charitable gaming permit" or "permit" means a permit issued by the Department to an
37 organization that authorizes such organization to conduct charitable gaming, and if such organization is
38 qualified as a social organization, electronic gaming.

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

44 "Charitable organization" means an organization that is exempt from income tax pursuant to §
45 501(c)(3) of the Internal Revenue Code and that has been in existence and fulfilling its charitable purposes,
46 as defined in § 18.2-340.28:3, for at least two years prior to an athletic event drawing. "Charitable
47 organization" does not include any political subdivision.

48 "Commissioner" means the Commissioner of the Department of Agriculture and Consumer
49 Services.

50 "Conduct" means the actions associated with the provision of a gaming operation during and
51 immediately before or after the permitted activity, which may include (i) selling bingo cards or packs,

52 electronic devices, instant bingo or pull-tab cards, or raffle tickets, (ii) calling bingo games, (iii)
53 distributing prizes, and (iv) any other services provided by volunteer workers.

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

55 "Electronic gaming" or "electronic games" means any instant bingo, pull tabs, or seal card gaming
56 that is conducted primarily by use of an electronic device. "Electronic gaming" does not include (i) the
57 game of chance identified in clause (ii) of the definition of "bingo" or (ii) network bingo.

58 "Electronic gaming adjusted gross receipts" means the gross receipts derived from electronic
59 gaming less the total amount in prize money paid out to players.

60 "Electronic gaming manufacturer" means a manufacturer of electronic devices used to conduct
61 electronic gaming.

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

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

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

70 "Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random
71 selection of one or more individually prepacked cards with winners being determined by the preprinted or
72 predetermined appearance of concealed letters, numbers, or symbols that must be exposed by the player
73 to determine wins and losses and may include the use of a seal card that conceals one or more numbers or
74 symbols that have been designated in advance as prize winners. Such cards may be dispensed by
75 mechanical equipment.

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

78 "Landlord" means any person or his agent, firm, association, organization, partnership, or
79 corporation, employee, or immediate family member thereof, which owns and leases, or leases any
80 premises devoted in whole or in part to the conduct of bingo games or other charitable gaming pursuant
81 to this article, and any person residing in the same household as a landlord.

82 "Management" means the provision of oversight of a gaming operation, which may include the
83 responsibilities of applying for and maintaining a permit or authorization, compiling, submitting, and
84 maintaining required records and financial reports, and ensuring that all aspects of the operation are in
85 compliance with all applicable statutes and regulations.

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

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

88 "Operation" means the activities associated with production of a charitable gaming or electronic
89 gaming activity, which may include (i) the direct on-site supervision of the conduct of charitable gaming
90 and electronic gaming; (ii) coordination of volunteers; and (iii) all responsibilities of charitable gaming
91 and electronic gaming designated by the organization's management.

92 "Organization" means any one of the following:

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

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

101 3. An athletic association or booster club or a band booster club established solely to raise funds
102 for school-sponsored athletic or band activities for a public school or private school accredited pursuant
103 to § 22.1-19 or to provide scholarships to students attending such school;

104 4. An association of war veterans or auxiliary units thereof organized in the United States;

- 105 5. A fraternal association or corporation operating under the lodge system;
- 106 6. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
- 107 Code and is operated, and has always been operated, exclusively to provide services and other resources
- 108 to older Virginians, as defined in § 51.5-116;
- 109 7. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
- 110 Code and is operated, and has always been operated, exclusively to foster youth amateur sports;
- 111 8. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
- 112 Code and is operated, and has always been operated, exclusively to provide health care services or conduct
- 113 medical research;
- 114 9. An accredited public institution of higher education or other postsecondary school licensed or
- 115 certified by the Board of Education or the State Council of Higher Education for Virginia that is exempt
- 116 from income tax pursuant to § 501(c)(3) of the Internal Revenue Code;
- 117 10. A church or religious organization that is exempt from income tax pursuant to § 501(c)(3) of
- 118 the Internal Revenue Code;
- 119 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the
- 120 Internal Revenue Code and is operated, and has always been operated, exclusively to (i) create and foster
- 121 a spirit of understanding among the people of the world; (ii) promote the principles of good government
- 122 and citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare of the
- 123 community; (iv) provide a forum for the open discussion of matters of public interest; (v) encourage
- 124 individuals to serve the community without personal financial reward; and (vi) encourage efficiency and
- 125 promote high ethical standards in commerce, industries, professions, public works, and private endeavors;
- 126 12. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
- 127 Code and is operated, and has always been operated, exclusively to (i) raise awareness of law-enforcement
- 128 officers who died in the line of duty; (ii) raise funds for the National Law Enforcement Officers Memorial
- 129 and Museum; and (iii) raise funds for the charitable causes of other organizations that are exempt from
- 130 income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

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

137 14. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
138 Code that manages a museum that is operated, and has always been operated, exclusively for the purposes
139 of musical heritage and the legacy of the "1927 Bristol Sessions";

140 15. An organization (i) established on or before December 31, 1963, as a result of its members
141 being prohibited from joining similar existing organizations because of laws such as the Public
142 Assemblages Act of 1926, which required the racial segregation of all public events in the Commonwealth;
143 (ii) that is exempt from income tax pursuant to § 501(c)(7) of the Internal Revenue Code; and (iii) that is
144 operated, and has always been operated, for community awareness and action through educational,
145 economic, and cultural service activities;

146 16. An organization established on or before December 31, 1977, that is exempt from income tax
147 pursuant to § 501(c)(7) of the Internal Revenue Code and is incorporated, in part, to raise funds for
148 donation to organizations whose missions include promoting early detection of and public education about
149 and supporting research and treatment options for heart disease and various cancers;

150 17. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
151 Code and is established by or affiliated with an athletic team for the purpose of raising funds for a
152 charitable organization;

153 18. A local chamber of commerce; or

154 ~~18.~~ 19. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of
155 the Internal Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or
156 seal cards that generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less
157 expenses and prizes, are used exclusively for charitable, educational, religious, or community purposes.

158 Notwithstanding § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included
159 when calculating an organization's annual gross receipts for the purposes of this subdivision.

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

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

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

171 "Reasonable and proper business expenses" means business expenses actually incurred by a
172 qualified organization in the conduct of charitable gaming and not otherwise allowed under this article or
173 under Department regulations on real estate and personal property tax payments, travel expenses,
174 payments of utilities and trash collection services, legal and accounting fees, costs of business furniture,
175 fixtures and office equipment and costs of acquisition, maintenance, repair, or construction of an
176 organization's real property. For the purpose of this definition, salaries and wages of employees whose
177 primary responsibility is to provide services for the principal benefit of an organization's members may
178 qualify as a business expense, if so determined by the Department. However, payments made pursuant to
179 § 51.1-1204 to the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund shall be
180 deemed a reasonable and proper business expense.

181 "Social organization" means any qualified organization that provides certification to the
182 Department that it is:

183 1. An accredited public institution of higher education or other postsecondary school licensed or
184 certified by the Board of Education or the State Council of Higher Education for Virginia qualified under
185 § 501(c)(3) of the Internal Revenue Code;

186 2. An organization established on or before December 31, 1963, as a result of its members being
187 prohibited from joining similar existing organizations because of laws such as the Public Assemblages
188 Act of 1926, which required the racial segregation of all public events in the Commonwealth, that is
189 qualified under § 501(c)(7) of the Internal Revenue Code;

190 3. An organization established on or before December 31, 1977, that is qualified under § 501(c)(7)
191 of the Internal Revenue Code and is incorporated, in part, to raise funds for donation to organizations
192 whose missions include promoting early detection of and public education about and supporting research
193 and treatment options for heart disease and various cancers;

194 4. A fraternal beneficiary society, order, or association qualified under § 501(c)(8) of the Internal
195 Revenue Code;

196 5. A domestic fraternal society, order, or association qualified under § 501(c)(10) of the Internal
197 Revenue Code; or

198 6. A post or organization of past or present members of the Armed Forces of the United States, or
199 an auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under
200 § 501(c)(19) of the Internal Revenue Code.

201 "Social quarters" means, in addition to any specifications prescribed by the Department, an area at
202 a social organization's primary location that (i) such organization designates to be used predominantly by
203 its members for social and recreational activities, (ii) is accessible exclusively to members of the social
204 organization and their guests, and (iii) is not advertised or open to the general public. It shall not disqualify
205 the area from being considered social quarters if guests occasionally accompany members into the area,
206 so long as such guests do not spend their own funds to participate in charitable gaming or electronic
207 gaming activities conducted in the area. In determining if an area is social quarters for purposes of § 18.2-
208 340.26:3, the Department may rely on publications of the Internal Revenue Service regarding the

209 allowable participation of guests in an organization's social and recreational activities for purposes of §
210 501 of the Internal Revenue Code.

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

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

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

225 **§ 18.2-340.19. Regulations of the Department.**

226 A. The Department shall adopt regulations that:

227 1. Require, as a condition of receiving a charitable gaming permit or authorization to conduct
228 electronic gaming, that the applicant use a predetermined percentage of its receipts for (i) those lawful
229 religious, charitable, community, or educational purposes for which the organization is specifically
230 chartered or organized or (ii) those expenses relating to the acquisition, construction, maintenance, or
231 repair of any interest in real property involved in the operation of the organization and used for lawful
232 religious, charitable, community, or educational purposes, as follows:

233 a. With respect to charitable gaming, other than electronic gaming, a predetermined percentage of
234 its gross receipts.

235 b. With respect to electronic gaming, a predetermined percentage of its electronic gaming adjusted
236 gross receipts.

237 2. Specify the conditions under which a complete list of the organization's members who
238 participate in the management, operation, or conduct of charitable gaming may be required in order for
239 the Department to ascertain the percentage of Virginia residents in accordance with subdivision A 3 of §
240 18.2-340.24.

241 Membership lists furnished to the Department in accordance with this subdivision shall not be a
242 matter of public record and shall be exempt from disclosure under the provisions of the Freedom of
243 Information Act (§ 2.2-3700 et seq.).

244 3. Prescribe fees for processing applications for charitable gaming permits and authorizing social
245 organizations to conduct electronic gaming. Such fees may reflect the nature and extent of the charitable
246 gaming activity proposed to be conducted.

247 4. Establish requirements for the audit of all reports required in accordance with §§ 18.2-340.30
248 and 18.2-340.30:2.

249 5. Define electronic and mechanical equipment used in the conduct of charitable gaming.
250 Department regulations shall include capacity for such equipment to provide full automatic daubing as
251 numbers are called. For the purposes of this subdivision, electronic or mechanical equipment for instant
252 bingo, pull tabs, or seal cards shall include such equipment that displays facsimiles of instant bingo, pull
253 tabs, or seal cards and are used solely for the purpose of dispensing or opening such paper or electronic
254 cards, or both; but shall not include (i) devices operated by dropping one or more coins or tokens into a
255 slot and pulling a handle or pushing a button or touchpoint on a touchscreen to activate one to three or
256 more reels marked into horizontal segments by varying symbols, where the predetermined prize amount
257 depends on how and how many of the symbols line up when the rotating reels come to rest, or (ii) other
258 similar devices that display flashing lights or illuminations, or bells, whistles, or other sounds, solely
259 intended to entice players to play. Such regulations shall not prohibit the use of multiple video monitors
260 or touchscreens on an electronic gaming device.

261 6. Prescribe the conditions under which a qualified organization may (i) provide food and
262 nonalcoholic beverages to its members who participate in the management, operation, or conduct of bingo;
263 (ii) permit members who participate in the management, operation, or conduct of bingo to play bingo; and
264 (iii) subject to the provisions of subdivision 12 of § 18.2-340.33, permit nonmembers to participate in the
265 conduct of bingo so long as the nonmembers are under the direct supervision of a bona fide member of
266 the organization during the bingo game.

267 7. Prescribe the conditions under which a qualified organization may sell raffle tickets for a raffle
268 drawing that will be held outside the Commonwealth pursuant to subsection B of § 18.2-340.26.

269 8. Prescribe the conditions under which persons who are bona fide members of a qualified
270 organization or a child, above the age of 13 years, of a bona fide member of such organization may
271 participate in the conduct or operation of bingo games.

272 9. Prescribe the conditions under which a person below the age of 18 years may play bingo,
273 provided that such person is accompanied by his parent or legal guardian.

274 10. Require all qualified organizations that are subject to Department regulations to post in a
275 conspicuous place in every place where charitable gaming is conducted a sign which bears a toll-free
276 telephone number for "Gamblers Anonymous" or other organization which provides assistance to
277 compulsive gamblers.

278 11. Prescribe the conditions under which a qualified organization may sell network bingo cards in
279 accordance with § 18.2-340.28:1 and establish a percentage of proceeds derived from network bingo sales
280 to be allocated to (i) prize pools, (ii) the organization conducting the network bingo, and (iii) the network
281 bingo provider. The regulations shall also establish procedures for the retainage and ultimate distribution
282 of any unclaimed prize.

283 12. Prescribe the conditions under which a qualified organization may manage, operate, or contract
284 with operators of, or conduct Texas Hold'em poker tournaments.

285 13. Prescribe the conditions under which a qualified organization may lease the premises of a
286 permitted social organization for the purpose of conducting bingo, network bingo, instant bingo, pull tabs,
287 seal cards, and electronic gaming permitted under this article and establish requirements for proper

288 financial reporting of all disbursements, gross receipts, and electronic gaming adjusted gross receipts and
289 payment of all fees required under this article.

290 14. Prescribe, in accordance with the provisions of § 18.2-340.28:3, the requirements and fees for
291 registration of affiliated nonprofit organizations, requirements for the conduct of athletic event drawings,
292 and the requirements related to recordkeeping by and audits of affiliated nonprofit organizations.

293 B. The Commissioner may, by regulation, approve variations to the card formats for bingo games,
294 provided that such variations result in bingo games that are conducted in a manner consistent with the
295 provisions of this article. Department-approved variations may include bingo games commonly referred
296 to as player selection games and 90-number bingo.

297 **§ 18.2-340.23. Organizations exempt from certain fees and reports.**

298 A. No organization that reasonably expects, on the basis of prior charitable gaming annual results
299 or any other quantifiable method, to realize gross receipts of \$40,000 or less in any 12-month period from
300 raffles conducted in accordance with the provisions of this article shall be required to (i) notify the
301 Department of its intention to conduct raffles or (ii) comply with Department regulations governing
302 raffles.

303 B. Any organization that reasonably expects, on the basis of prior charitable gaming annual results
304 or any other quantifiable method, to realize gross receipts of \$40,000 or less from all charitable gaming
305 other than raffles on a total of no more than seven days per calendar year shall be required to register with
306 the Department pursuant to the provisions of § 18.2-340.24:1.

307 C. If any organization's actual gross receipts from raffles for the 12-month period exceed \$40,000
308 as described in subsection A or actual gross receipts from all charitable gaming other than raffles
309 conducted on a total of no more than seven days per calendar year exceed \$40,000 as described in
310 subsection B, the Department shall require the organization to obtain a permit pursuant to the provisions
311 of § 18.2-340.25 and file by a specified date the report required by § 18.2-340.30.

312 D. Any (i) organization described in subdivision ~~18~~ 19 of the definition of "organization" in § 18.2-
313 340.16 or (ii) volunteer fire department or volunteer emergency medical services agency or auxiliary unit
314 thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the

315 political subdivision where the volunteer fire department or volunteer emergency medical services agency
316 is located as being part of the safety program of such political subdivision shall be exempt from the
317 payment of application fees required by § 18.2-340.25 and the payment of audit fees required by § 18.2-
318 340.31. Any such organization, department, agency, or unit that conducts electronic gaming shall be
319 subject to such application fees and audit fees for its electronic gaming activities; however, in accordance
320 with the provisions of § 18.2-340.31, any audit fees may be paid by either the organization or the electronic
321 gaming manufacturer whose electronic gaming devices are present on the premises of the organization,
322 department, agency, or unit. Nothing in this subsection shall be construed as exempting any organizations
323 described in subdivision ~~18~~ 19 of the definition of "organization" in § 18.2-340.16, volunteer fire
324 departments, or volunteer emergency medical services agencies from any other provisions of this article
325 or other Department regulations.

326 E. Nothing in this section shall prevent the Department from conducting any investigation or audit
327 it deems appropriate to ensure an organization's compliance with the provisions of this article and, to the
328 extent applicable, Department regulations.

329 **§ 18.2-340.28:3. Conduct of athletic event drawings; use of funds; unclaimed prizes;**
330 **recordkeeping; civil penalties.**

331 A. As used in this section, unless the context requires otherwise:

332 "Affiliated nonprofit organization" means any organization described in subdivision 17 of the
333 definition of "organization" in § 18.2-340.16.

334 "Institution of higher education" means any nonprofit private institution of higher education and
335 any public institution of higher education as defined in § 23.1-100.

336 "Public interest purpose" means one or more of the following:

337 1. Activities and operations of a nonprofit organization that provide a benevolent, charitable,
338 religious, educational, philanthropic, humane, scientific, patriotic, social welfare, social advocacy, public
339 health, public safety, emergency response, environmental, historic, or civic objective;

340 2. Activities that initiate, perform, or foster worthy public works or enable or further the erection
341 or maintenance of public structures;

342 3. Activities that lessen the burdens borne by government or voluntarily support, augment, or
343 supplement the services that government would normally render to people;

344 4. Activities that improve, expand, maintain, or repair real property owned or leased by a nonprofit
345 organization and related operational expenses used for purposes specified in subdivision 1, 2, or 3;

346 5. Nonprofit youth sports activities;

347 6. Activities relating to the provision of volunteer fire services, emergency medical services, or
348 emergency medical services vehicles; or

349 7. Activities conducted by any association of war veterans or auxiliary units thereof organized in
350 the United States, including (i) scholarships, (ii) services to economically or socially support veterans,
351 (iii) activities to honor veterans, or (iv) other activities that qualify under subdivisions 1 through 6.

352 "Public interest purpose" does not include the erection or acquisition of real property, unless such
353 property will be used exclusively for one or more of the purposes specified in this definition.

354 "Team event" means a practice, scrimmage, or exhibition or similar event at the home stadium or
355 training camp facility of an athletic team.

356 B. A person may purchase one or more athletic event drawing tickets at a home game or team
357 event. Each ticket purchased shall represent one entry in the drawing for a winner. A single ticket shall be
358 randomly chosen as the winner after a certain number of tickets are sold or a specified time period expires
359 as designated by the affiliated nonprofit organization. Athletic event drawing tickets may be purchased
360 using cash, credit card, or debit card.

361 C. An affiliated nonprofit organization conducting an athletic event drawing shall disclose to each
362 ticket purchaser the designated charitable organization for which the athletic event drawing is being
363 conducted. No affiliated nonprofit organization may conduct more than one athletic event drawing per
364 home game or team event or simultaneously conduct any other raffle during any such home game or team
365 event. No such organization may sell tickets for an athletic event drawing in any seating area designated
366 as a family section or to any individual under 18 years of age. No person under 18 years of age may
367 manage, operate, conduct, or purchase a ticket for an athletic event drawing. An affiliated nonprofit

368 organization may conduct an athletic event drawing utilizing a mechanical or electronic device in
369 accordance with Department regulations.

370 D. An athletic event drawing may be conducted by an affiliated nonprofit organization during a
371 charitable event held within the same arena, stadium, grandstand, bleachers, or other facility during a
372 home game, team event, or motor vehicle race of the athletic team. Drawings may only be held within
373 spectator areas within the arena, stadium, grandstand, or bleachers where the home game, team event, or
374 motor vehicle race is being conducted. No athletic event drawing shall be held at any ancillary areas or
375 facilities, including parking areas, restaurants and bars, or areas outside the arena, stadium, grandstand, or
376 bleachers or areas where the sport is being shown on remote electronic equipment.

377 E. The prize amount of an athletic event drawing shall be 50 percent of the total amount collected
378 from the sale of athletic event drawing tickets. The Department shall adopt regulations that require
379 affiliated nonprofit organizations to donate a certain percentage of the remaining 50 percent of the total
380 amount collected from the sale of athletic event drawing tickets within seven days from the date of such
381 drawing to one or more designated charitable organizations for which the drawing was conducted.

382 F. Except as provided in subsection E, an affiliated nonprofit organization may utilize nonprize
383 money collected for administrative expenses directly related to the conduct of the athletic event drawing
384 in accordance with this section.

385 G. An institution of higher education that is exempt from income tax pursuant to § 115 or 501(c)(3)
386 of the Internal Revenue Code and that has been in existence for at least two years prior to the drawing
387 may conduct an athletic event drawing and receive the proceeds therefrom as the designated charitable
388 organization at any home game or athletic event of any of its own collegiate athletic teams provided that
389 such proceeds are used exclusively for public interest purposes or for any of the purposes permitted under
390 subsection F.

391 H. Any prize from an athletic event drawing that remains unclaimed by a winner at the end of the
392 athletic team's season shall be donated within 30 days from the end of the season by the affiliated nonprofit
393 organization to the designated charitable organization for which the athletic event drawing was conducted.

394 I. Any person or affiliated nonprofit organization that conducts an athletic event drawing in
395 violation of the provisions of this section or Department regulations shall be subject to a civil penalty of
396 not less than \$500 for a first violation, not less than \$1,000 for a second violation, and up to \$1,500 for a
397 third or subsequent violation. Any civil penalties collected pursuant to this subsection shall be payable to
398 the State Treasurer for remittance to the Department.

399 **§ 18.2-340.33. Prohibited practices.**

400 In addition to those other practices prohibited by this article, the following acts or practices are
401 prohibited:

402 1. No part of the gross receipts or electronic gaming adjusted gross receipts derived by a qualified
403 organization may be used for any purpose other than (i) gaming expenses; (ii) reasonable and proper
404 business expenses; and (iii) those lawful religious, charitable, community, or educational purposes for
405 which the organization is specifically chartered or organized.

406 2. Except as provided in § 18.2-340.34:1, no qualified organization shall enter into a contract with
407 or otherwise employ for compensation any person for the purpose of organizing, managing, or conducting
408 any charitable games. However, organizations composed of or for deaf or blind persons may use a part of
409 their gross receipts for costs associated with providing clerical assistance in the management and operation
410 but not the conduct of charitable gaming.

411 The provisions of this subdivision shall not prohibit the joint operation of bingo games held in
412 accordance with § 18.2-340.29.

413 3. No person shall pay or receive for use of any premises wholly devoted to the conduct of any
414 charitable games, any consideration in excess of the current fair market rental value of such property. Fair
415 market rental value consideration shall not be based upon or determined by reference to a percentage of
416 the proceeds derived from the operation of any charitable games or to the number of people in attendance
417 at such charitable games.

418 4. No person shall participate in the management or operation of any charitable game unless such
419 person is and, for a period of at least 30 days immediately preceding such participation, has been a bona
420 fide member of the organization. For any organization that is not composed of members, a person who is

421 not a bona fide member may volunteer in the conduct of a charitable game as long as that person is directly
422 supervised by a bona fide official member of the organization.

423 The provisions of this subdivision shall not apply to (i) persons employed as clerical assistants by
424 qualified organizations composed of or for deaf or blind persons; (ii) employees of a corporate sponsor of
425 a qualified organization, provided such employees' participation is limited to the management, operation,
426 or conduct of no more than one raffle per year; (iii) the spouse or family member of any such bona fide
427 member of a qualified organization provided at least one bona fide member is present; or (iv) persons
428 employed by a qualified organization authorized to sell pull tabs or seal cards in accordance with § 18.2-
429 340.16, provided (a) such sales are conducted by no more than two on-duty employees and (b) such
430 employees receive no compensation for or based on the sale of the pull tabs or seal cards.

431 5. No person shall receive any remuneration for participating in the management, operation, or
432 conduct of any charitable game, except that:

433 a. Persons employed by organizations composed of or for deaf or blind persons may receive
434 remuneration not to exceed \$30 per event for providing clerical assistance in the management and
435 operation but not the conduct of charitable games only for such organizations;

436 b. Persons under the age of 19 who sell raffle tickets for a qualified organization to raise funds for
437 youth activities in which they participate may receive nonmonetary incentive awards or prizes from the
438 organization;

439 c. Remuneration may be paid to off-duty law-enforcement officers from the jurisdiction in which
440 such bingo games are played for providing uniformed security for such bingo games even if such officer
441 is a member of the sponsoring organization, provided the remuneration paid to such member is in
442 accordance with off-duty law-enforcement personnel work policies approved by the local law-
443 enforcement official and further provided that such member is not otherwise engaged in the management,
444 operation, or conduct of the bingo games of that organization, or to private security services businesses
445 licensed pursuant to § 9.1-139 providing uniformed security for such bingo games, provided that
446 employees of such businesses shall not otherwise be involved in the management, operation, or conduct
447 of the bingo games of that organization;

448 d. A member of a qualified organization lawfully participating in the management, operation, or
449 conduct of a bingo game may be provided food and nonalcoholic beverages by such organization for on-
450 premises consumption during the bingo game provided the food and beverages are provided in accordance
451 with Department regulations;

452 e. Remuneration may be paid to bingo managers or callers who have a current registration
453 certificate issued by the Department in accordance with § 18.2-340.34:1, or who are exempt from such
454 registration requirement. Such remuneration shall not exceed \$100 per session;~~and~~

455 f. Volunteers of a qualified organization may be reimbursed for their reasonable and necessary
456 travel expenses, not to exceed \$50 per session; and

457 g. An affiliated nonprofit organization that conducts athletic event drawings in accordance with §
458 18.2-340.28:3 may utilize nonprize money collected to employ or provide payment to individuals 18 years
459 of age or older to sell athletic event drawing tickets; however, such expenditure may not exceed two
460 percent of the total amount collected from the sale of such athletic event drawing tickets.

461 6. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the
462 conduct, management, or operation of any bingo games; (ii) sell, lease, or otherwise provide for
463 consideration any bingo supplies, including bingo cards, instant bingo cards, or other game pieces; or (iii)
464 require as a condition of the lease or by contract that a particular manufacturer, distributor, or supplier of
465 bingo supplies or equipment be used by the organization.

466 The provisions of this subdivision shall not apply to any qualified organization conducting bingo
467 games on its own behalf at premises owned by it.

468 7. No qualified organization shall enter into any contract with or otherwise employ or compensate
469 any member of the organization on account of the sale of bingo supplies or equipment.

470 8. No organization shall award any bingo prize money or any merchandise valued in excess of the
471 following amounts:

472 a. No bingo door prize shall exceed \$250 for a single door prize or \$500 in cumulative door prizes
473 in any one session;

474 b. No regular bingo or special bingo game prize shall exceed \$100. However, up to 10 games per
475 bingo session may feature a regular bingo or special bingo game prize of up to \$200;

476 c. No instant bingo, pull tab, or seal card prize for a single card shall exceed \$2,000;

477 d. Except as provided in this subdivision 8, no bingo jackpot of any nature whatsoever shall exceed
478 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.

479 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted for
480 separately from the bingo cards or sheets used for any other bingo games; and

481 e. No single network bingo prize shall exceed \$25,000. Proceeds from the sale of network bingo
482 cards shall be accounted for separately from bingo cards and sheets used for any other bingo game.

483 9. The provisions of subdivision 8 shall not apply to:

484 Any progressive bingo game, in which (i) a regular or special prize, not to exceed \$100, is awarded
485 on the basis of predetermined numbers or patterns selected at random and (ii) a progressive prize, not to
486 exceed \$500 for the initial progressive prize and \$5,000 for the maximum progressive prize, is awarded if
487 the predetermined numbers or patterns are covered when a certain number of numbers is called, provided
488 that (a) there are no more than six such games per session per organization, (b) the amount of increase of
489 the progressive prize per session is no more than \$200, (c) the bingo cards or sheets used in such games
490 are sold separately from the bingo cards or sheets used for any other bingo games, (d) the organization
491 separately accounts for the proceeds from such sale, and (e) such games are otherwise operated in
492 accordance with the Department's rules of play.

493 10. No organization shall award any raffle prize valued at more than \$100,000.

494 The provisions of this subdivision shall not apply to a raffle conducted no more than three times
495 per calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501(c)
496 of the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where 100
497 percent of the moneys received from such a raffle, less deductions for the fair market value for the cost of
498 acquisition of the land and materials, are donated to lawful religious, charitable, community, or
499 educational organizations specifically chartered or organized under the laws of the Commonwealth and

500 qualified as a § 501(c) tax-exempt organization. No more than one such raffle shall be conducted in any
501 one geographical region of the Commonwealth.

502 11. No qualified organization composed of or for deaf or blind persons which employs a person
503 not a member to provide clerical assistance in the management and operation but not the conduct of any
504 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in § 38.2-
505 120, written by an insurer licensed to do business in the Commonwealth.

506 12. No person shall participate in the management or operation of any charitable game if he has
507 ever been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft,
508 or financial crimes within the preceding five years. No person shall participate in the conduct of any
509 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the
510 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial crimes.
511 In addition, no person shall participate in the management, operation, or conduct of any charitable game
512 if that person, within the preceding five years, has participated in the management, operation, or conduct
513 of any charitable game which was found by the Department or a court of competent jurisdiction to have
514 been operated in violation of state law, local ordinance, or Department regulation.

515 13. Qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 shall not
516 circumvent any restrictions and prohibitions which would otherwise apply if a single organization were
517 conducting such games. These restrictions and prohibitions shall include the frequency with which bingo
518 games may be held, the value of merchandise or money awarded as prizes, or any other practice prohibited
519 under this section.

520 14. A qualified organization shall not purchase any charitable gaming supplies for use in the
521 Commonwealth from any person who is not currently registered with the Department as a supplier
522 pursuant to § 18.2-340.34.

523 15. Unless otherwise permitted in this article, no part of an organization's charitable gaming gross
524 receipts shall be used for an organization's social or recreational activities.

