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HOUSE BILL NO. 1233

Offered January 17, 2002

A BILL to amend and reenact § 18.2-340.16 of the Code of Virginia, relating to charitable gaming; definition of reasonable and proper business expenses.

 Patron—Gear

 Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 18.2-340.16 of the Code of Virginia is amended and reenacted as follows:**

§ 18.2-340.16. Definitions.

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

"Bingo" means a specific game of chance played with (i) individual cards having randomly numbered squares ranging from one to seventy-five, (ii) Commission-approved electronic devices which display facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as numbers are called, or (iii) Commission-approved cards pursuant to subdivision 13 of § 18.2-340.18, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of numbers selected at random. Such cards shall have five columns headed respectively by the letters B.I.N.G.O.

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

"Charitable gaming" or "charitable games" means those raffles and games of chance explicitly authorized by this article.

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

"Commission" means the Charitable Gaming Commission.

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

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

"Instant bingo" means a specific game of chance played by the random selection of one or more individually prepacked cards, made completely of paper or paper products, with winners being determined by the preprinted appearance of concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses and may include the use of a seal card which conceals one or more numbers or symbols that have been designated in advance as prize winners. Such cards may be dispensed by electronic or mechanical equipment.

"Jackpot" means a bingo game, exclusive of a "winner-take-all" bingo game, in which (i) all numbers on the card are covered, each number being selected at random, and with no more than one free space and (ii) the prize amount is greater than \$100.

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

"Organization" means any one of the following:

1. A volunteer fire department or rescue squad or auxiliary unit thereof which has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the political subdivision where the volunteer fire department or rescue squad is located as being a part of the safety program of such political subdivision;

2. An organization operated exclusively for religious, charitable, community or educational purposes;

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

4. A fraternal association or corporation operating under the lodge system;

5. A local chamber of commerce; or

6. A nonprofit organization that raises funds by conducting raffles which generate annual gross receipts of less than \$75,000, provided such gross receipts from the raffle, less expenses and prizes, are used exclusively for charitable, educational, religious or community purposes.

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59 "Qualified organization" means any organization to which a valid permit has been issued by the
60 Commission to conduct charitable gaming or any organization which is exempt pursuant to
61 § 18.2-340.23.

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

66 For the purpose of this article, "raffle" shall include the use of individually prepackaged cards made
67 completely of paper or paper products, with winners being determined by the appearance of preprinted
68 concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses,
69 such cards being commonly referred to as "pull tabs" or "seal cards" which conceal one or more
70 numbers or symbols that have been designated in advance as prize winners. Such cards may be
71 dispensed by electronic or mechanical equipment.

72 "Reasonable and proper business expenses" means business expenses actually incurred by a qualified
73 organization and not otherwise allowed under this article or under Commission regulations on real estate
74 and personal property tax payments, travel expenses, payments of utilities and trash collection services,
75 legal and accounting fees, costs of business furniture, fixtures and office equipment and costs of
76 acquisition, maintenance, repair or construction of an organization's real property. For the purpose of this
77 definition, salaries and wages of employees whose primary responsibility is to provide services for the
78 principal benefit of an organization's members shall not qualify as a business expense. *However,*
79 *payments made pursuant to § 51.1-1204 to the Volunteer Firefighters' and Rescue Squad Workers'*
80 *Service Award Fund shall be deemed a reasonable and proper business expense.*

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