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HOUSE BILL NO. 2454

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on February 3, 2005)

(Patron Prior to Substitute—Delegate Suit)

A BILL to amend and reenact § 18.2-340.33 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 18.2-340.34:1, relating to the Department of Charitable Gaming; registration of bingo managers and callers; payment of remuneration.

Be it enacted by the General Assembly of Virginia:

1. That § 18.2-340.33 of the Code of Virginia is amended and reenacted and the Code of Virginia is amended by adding a section numbered 18.2-340.34:1, as follows:

§ 18.2-340.33. Prohibited practices.

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

1. No part of the gross receipts derived by a qualified organization may be used for any purpose other than (i) reasonable and proper gaming expenses, (ii) reasonable and proper business expenses, (iii) those lawful religious, charitable, community or educational purposes for which the organization is specifically chartered or organized, and (iv) expenses relating to the acquisition, construction, maintenance, or repair of any interest in the real property involved in the operation of the organization and used for lawful religious, charitable, community or educational purposes. For the purposes of clause (iv), such expenses may include the expenses of a corporation formed for the purpose of serving as the real estate holding entity of a qualified organization, provided (a) such holding entity is qualified as a tax exempt organization under § 501 (c) (3), (7) or (10) of the Internal Revenue Code and (b) the membership of the qualified organization is identical to such holding entity.

2. ~~No~~ Except as provided § 18.2-340.34:1, no qualified organization shall enter into a contract with or otherwise employ for compensation any person for the purpose of organizing, managing, or conducting any charitable games. However, organizations composed of or for deaf or blind persons may use a part of their gross receipts for costs associated with providing clerical assistance in the conduct of charitable gaming.

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

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

4. No building or other premises shall be utilized in whole or in part for the purpose of conducting bingo games more frequently than two calendar days in any one calendar week. However, no building or other premises owned by (i) a qualified organization which is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code or (ii) any county, city or town shall be utilized in whole or in part for the purpose of conducting bingo games more frequently than four calendar days in any one calendar week.

The provisions of this subdivision shall not apply to the playing of bingo games pursuant to a special permit issued in accordance with § 18.2-340.27.

5. No person shall participate in the management, operation or conduct of any charitable game unless such person is and, for a period of at least 30 days immediately preceding such participation, has been a bona fide member of the organization.

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

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

a. Persons employed by organizations composed of or for deaf or blind persons may receive

60 remuneration not to exceed \$30 per event for providing clerical assistance in the conduct of charitable
61 games only for such organizations;

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

65 c. Remuneration may be paid to off-duty law-enforcement officers from the jurisdiction in which
66 such bingo games are played for providing uniformed security for such bingo games even if such officer
67 is a member of the sponsoring organization, provided the remuneration paid to such member is in
68 accordance with off-duty law-enforcement personnel work policies approved by the local
69 law-enforcement official and further provided that such member is not otherwise engaged in the
70 management, operation or conduct of the bingo games of that organization; ~~and~~

71 d. A member of a qualified organization lawfully participating in the management, operation or
72 conduct of a bingo game may be provided food and nonalcoholic beverages by such organization for
73 on-premises consumption during the bingo game provided the food and beverages are provided in
74 accordance with Board regulations; *and*

75 e. *Remuneration may be paid to bingo managers or callers who have a current registration*
76 *certificate issued by the Department in accordance with § 18.2-340.34:1. Such remuneration shall not*
77 *exceed \$100 per session for bingo managers or \$50 per session for bingo callers.*

78 7. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the
79 conduct, management, or operation of any bingo games; (ii) sell, lease or otherwise provide for
80 consideration any bingo supplies, including, but not limited to, bingo cards, instant bingo cards, or other
81 game pieces; or (iii) require as a condition of the lease or by contract that a particular manufacturer,
82 distributor or supplier of bingo supplies or equipment be used by the organization. If equipment or
83 services are included by a landlord in any lease or contract, the lease or contract shall itemize the
84 amount attributable to the rent of the premises, equipment, and each service to be provided by the
85 landlord.

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

88 8. No qualified organization shall enter into any contract with or otherwise employ or compensate
89 any member of the organization on account of the sale of bingo supplies or equipment.

90 9. No organization shall award any bingo prize money or any merchandise valued in excess of the
91 following amounts:

92 a. No bingo door prize shall exceed \$25;

93 b. No regular bingo or special bingo game prize shall exceed \$100;

94 c. No instant bingo prize for a single card shall exceed \$500; and

95 d. No bingo jackpot of any nature whatsoever shall exceed \$1,000, nor shall the total amount of
96 bingo jackpot prizes awarded in any one-calendar day exceed \$1,000.

97 9a. The provisions of subdivision 9 shall not apply to:

98 a. Any bingo game, commonly referred to as "winner-take-all" games, in which all the gross receipts
99 from players for that game, up to \$1,000, are paid as prize money back to the players, provided (i) there
100 are no more than one such game per calendar day of play, (ii) the prize money from any such game
101 does not exceed the lesser of the gross receipts directly attributable to the sale of bingo cards or sheets
102 for such game or \$1,000, (iii) the bingo cards or sheets used for such games are sold separately from
103 the bingo cards or sheets used for any other bingo games, and (iv) the organization separately accounts
104 for the proceeds from such sales; or

105 b. Any bingo game, commonly referred to as "Lucky Seven" games, in which (a) a regular or special
106 prize, not to exceed \$100, is awarded on the basis of seven predetermined numbers selected at random
107 and (b) a progressive prize, not to exceed \$500 for the initial progressive prize and \$5,000 for the
108 maximum progressive prize, is awarded if the seven predetermined numbers are covered when a certain
109 number of numbers is called, provided (i) there is no more than one such game per calendar day per
110 organization, (ii) the amount of increase of the progressive prize per session is no more than \$100, (iii)
111 the bingo cards or sheets used in such games are sold separately from the bingo cards or sheets used for
112 any other bingo games, (iv) the organization separately accounts for the proceeds from such sale, and
113 (v) such games are otherwise operated in accordance with the Department's rules of play.

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

115 The provisions of this subdivision shall not apply to (i) a raffle conducted no more than once per
116 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501 (c) (3)
117 of the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where
118 100 percent of the moneys received from such a raffle, less deductions for the fair market value for the
119 cost of acquisition of the land and materials, are donated to lawful religious, charitable, community, or
120 educational organizations specifically chartered or organized under the laws of the Commonwealth and
121 qualified as a § 501 (c) (3) tax-exempt organization or (ii) pull tabs or seal cards when played as

permitted in § 18.2-340.26, which prize award for a single card shall not exceed \$500.

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

12. No person shall participate in the management, operation or conduct of any charitable game if, within the preceding five years, he has been convicted of a felony or crime of moral turpitude. In addition, no person shall participate in the management, operation or conduct of any charitable game if that person, within the preceding five years, has participated in the management, operation, or conduct of any charitable game which was found by the Department or a court of competent jurisdiction to have been operated in violation of state law, local ordinance or Board regulation.

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

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

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

§ 18.2-340.34:1. Bingo managers and callers; remuneration; registration; qualification; suspension, revocation or refusal to renew certificate.

A. No person shall receive remuneration as a bingo manager or caller from any qualified organization unless and until such person has made application for and has been issued a registration certificate by the Department. Application for registration shall be made on forms prescribed by the Department and shall be accompanied by a fee in the amount of \$75. Each registration certificate shall remain valid for a period of one year from the date of issuance. Application for renewal of a registration certificate shall be accompanied by a fee in the amount of \$75 and shall be made on forms prescribed by the Department.

B. As a condition of registration, the applicant shall (i) have been a bona fide member of the qualified organization for at least 12 consecutive months prior to making application for registration and (ii) be required to complete reasonable training developed and conducted by the Department. The Department may refuse to register any bingo manager or caller who has (a) been convicted of or pleaded nolo contendere to a felony in any state or federal court or has been convicted of any offense which, if committed in the Commonwealth, would be a felony; (b) been convicted of or pleaded nolo contendere to a crime involving gambling; (c) had any license, permit, certificate, or other authority related to activities defined as charitable gaming in the Commonwealth suspended or revoked in the Commonwealth or in any other jurisdiction; or (d) failed to file or has been delinquent in excess of one year in the filing of any tax returns or the payment of any taxes due the Commonwealth.

C. The Department may suspend, revoke, or refuse to renew the registration certificate of any bingo manager or caller for any conduct described in subsection B or for any violation of this article or regulations of the Board. Before taking any such action, the Department shall give the bingo manager or caller a written statement of the grounds upon which it proposes to take such action and an opportunity to be heard. Every hearing in a contested case shall be conducted in accordance with the Administrative Process Act (§ 2.2-4000 et seq.).

2. That notwithstanding the provisions of subsection A (ii) of § 15.2-912.2, the Charitable Gaming Board shall establish the hours during which bingo games may be conducted.