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**HOUSE BILL NO. 134**

House Amendments in [ ] - February 7, 2008

A *BILL to amend and reenact § 18.2-340.33 of the Code of Virginia, relating to the Department of Charitable Gaming; prohibited practices.*

Patron Prior to Engrossment—Delegate Albo

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:****1. That § 18.2-340.33 of the Code of Virginia is amended and reenacted 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) of the Internal Revenue Code and (b) the membership of the qualified organization is identical to such holding entity.

2. Except as provided in § 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 management and operation but not 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 charitable gaming 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 or operation 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. For any organization that is not composed of members, a person who is not a bona fide member may volunteer in the conduct of a charitable game as long as that person is directly supervised by a bona fide official 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

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59 conduct of any charitable game, except that:

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

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

66 c. Remuneration may be paid to off-duty law-enforcement officers from the jurisdiction in which  
67 such bingo games are played for providing uniformed security for such bingo games even if such officer  
68 is a member of the sponsoring organization, provided the remuneration paid to such member is in  
69 accordance with off-duty law-enforcement personnel work policies approved by the local  
70 law-enforcement official and further provided that such member is not otherwise engaged in the  
71 management, operation or conduct of the bingo games of that organization, or to private security  
72 services businesses licensed pursuant to § 9.1-139 providing uniformed security for such bingo games,  
73 provided that employees of such businesses shall not otherwise be involved in the management,  
74 operation, or conduct of the bingo games of that organization;

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

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

82 7. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the  
83 conduct, management, or operation of any bingo games; (ii) sell, lease or otherwise provide for  
84 consideration any bingo supplies, including, but not limited to, bingo cards, instant bingo cards, or other  
85 game pieces; or (iii) require as a condition of the lease or by contract that a particular manufacturer,  
86 distributor or supplier of bingo supplies or equipment be used by the organization.

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

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

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

93 a. No bingo door prize shall exceed \$50 for a single door prize or \$250 in cumulative door prizes in  
94 any one session;

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

96 c. No instant bingo, pull tab, or seal card prize for a single card shall exceed \$599; and

97 d. No bingo jackpot of any nature whatsoever shall exceed \$1,000, nor shall the total amount of  
98 bingo jackpot prizes awarded in any one session exceed \$1,000. [ *Bingo Proceeds from the sale of*  
99 *bingo* ] cards and the sheets used for bingo jackpot games shall be sold *accounted for* separately from  
100 the bingo cards or sheets used for any other bingo games [ ; and the organization shall separately  
101 account for the proceeds from such sales ] .

102 10. The provisions of subdivision 9 shall not apply to:

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

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

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

120 The provisions of this subdivision shall not apply to a raffle conducted no more than once per

121 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501 (c) of  
122 the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where 100  
123 percent of the moneys received from such a raffle, less deductions for the fair market value for the cost  
124 of acquisition of the land and materials, are donated to lawful religious, charitable, community, or  
125 educational organizations specifically chartered or organized under the laws of the Commonwealth and  
126 qualified as a § 501 (c) tax-exempt organization.

127 12. No qualified organization composed of or for deaf or blind persons which employs a person not  
128 a member to provide clerical assistance in the management and operation but not the conduct of any  
129 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in  
130 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

131 13. No person shall participate in the management or operation of any charitable game if he has ever  
132 been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or  
133 financial crimes within the preceding five years. No person shall participate in the conduct of any  
134 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the  
135 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial  
136 crimes. In addition, no person shall participate in the management, operation or conduct of any  
137 charitable game if that person, within the preceding five years, has participated in the management,  
138 operation, or conduct of any charitable game which was found by the Department or a court of  
139 competent jurisdiction to have been operated in violation of state law, local ordinance or Board  
140 regulation.

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

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

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

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