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SENATE BILL NO. 452

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology
on February 6, 2012)

(Patron Prior to Substitute—Senator Vogel)

A BILL to amend and reenact §§ 18.2-334.2, 18.2-340.16, 18.2-340.19, 18.2-340.22, 18.2-340.28, 18.2-340.33, and 58.1-3732.1 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 18.2-340.28:1 and 18.2-340.34:2, relating to charitable gaming; network bingo.

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-334.2, 18.2-340.16, 18.2-340.19, 18.2-340.22, 18.2-340.28, 18.2-340.33, and 58.1-3732.1 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 18.2-340.28:1 and 18.2-340.34:2 as follows:

§ 18.2-334.2. Same; bingo games, raffles and duck races conducted by certain organizations.

Nothing in this article shall apply to any bingo game, instant bingo, *network bingo*, raffle, or duck race conducted solely by organizations as defined in § 18.2-340.16 which have received a permit as set forth in § 18.2-340.25, or which are exempt from the permit requirement under § 18.2-340.23.

§ 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) Department-approved electronic devices that display facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as numbers are called, or (iii) Department-approved cards, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of numbers selected at random.

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

"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.

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

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

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

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

"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 generated by an organization from charitable gaming before the deduction of expenses, including prizes.

"Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random selection of one or more individually prepacked cards, including Department-approved electronic versions thereof, with winners being determined by the preprinted or predetermined 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 that the organization has designated on its game program as a jackpot game in which the prize amount is greater than \$100.

"Landlord" means any person or his agent, firm, association, organization, partnership, or corporation, employee, or immediate family member thereof, which owns and leases, or leases any premises devoted

60 in whole or in part to the conduct of bingo games, and any person residing in the same household as a
61 landlord.

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

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

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

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

72 "Organization" means any one of the following:

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

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

78 3. An athletic association or booster club or a band booster club established solely to raise funds for
79 school-sponsored athletic or band activities for a public school or private school accredited pursuant to
80 § 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. A local chamber of commerce; or

84 7. Any other nonprofit organization that raises funds by conducting raffles that generate annual gross
85 receipts of \$40,000 or less, provided such gross receipts from the raffle, less expenses and prizes, are
86 used exclusively for charitable, educational, religious or community purposes.

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

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

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

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

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

110 § 18.2-340.19. Regulations of the Board.

111 A. The Board shall adopt regulations ~~which~~ *that*:

112 1. Require, as a condition of receiving a permit, that the applicant use a predetermined percentage of
113 its gross receipts for (i) those lawful religious, charitable, community or educational purposes for which
114 the organization is specifically chartered or organized or (ii) those expenses relating to the acquisition,
115 construction, maintenance or repair of any interest in real property involved in the operation of the
116 organization and used for lawful religious, charitable, community or educational purposes. The
117 regulation may provide for a graduated scale of percentages of gross receipts to be used in the foregoing
118 manner based upon factors the Board finds appropriate to and consistent with the purpose of charitable
119 gaming.

120 2. Specify the conditions under which a complete list of the organization's members who participate
121 in the management, operation or conduct of charitable gaming may be required in order for the Board to

ascertain the percentage of Virginia residents in accordance with subdivision A 3 of § 18.2-340.24.

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

3. Prescribe fees for processing applications for charitable gaming permits. Such fees may reflect the nature and extent of the charitable gaming activity proposed to be conducted.

4. Establish requirements for the audit of all reports required in accordance with § 18.2-340.30.

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

6. Prescribe the conditions under which a qualified organization may (i) provide food and nonalcoholic beverages to its members who participate in the management, operation or conduct of bingo; (ii) permit members who participate in the management, operation or conduct of bingo to play bingo; and (iii) subject to the provisions of subdivision 13 of § 18.2-340.33, permit nonmembers to participate in the conduct of bingo so long as the nonmembers are under the direct supervision of a bona fide member of the organization during the bingo game.

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

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

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

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

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

B. In addition to the powers and duties granted pursuant to § 2.2-2456 and this article, the Board may, by regulation, approve variations to the card formats for bingo games provided such variations result in bingo games that are conducted in a manner consistent with the provisions of this article. Board-approved variations may include, but are not limited to, bingo games commonly referred to as player selection games and 90-number bingo.

§ 18.2-340.22. Only raffles, bingo, network bingo, and instant bingo games permitted; prizes not gaming contracts.

A. This article permits qualified organizations to conduct raffles, bingo, *network bingo*, and instant bingo games. All games not explicitly authorized by this article or Board regulations adopted in accordance with § 18.2-340.18 are prohibited.

B. The award of any prize money for any charitable game shall not be deemed to be part of any gaming contract within the purview of § 11-14.

C. Nothing in this article shall prohibit an organization from using the State Lottery Department's Pick-3 number or any number or other designation selected by the State Lottery Department in connection with any lottery, as the basis for determining the winner of a raffle.

§ 18.2-340.28. Conduct of instant bingo, network bingo, pull tabs and seal cards.

A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may play instant bingo, *network bingo*, pull tabs, or seal cards as a part of such bingo game and, if a permit is required pursuant to § 18.2-340.25, such games shall be played only at such location and at such times as designated in the permit for regular bingo games.

B. Any organization conducting instant bingo, *network bingo*, pull tabs, or seal cards shall maintain a

record of the date, quantity and card value of instant bingo supplies purchased as well as the name and address of the supplier of such supplies. The organization shall also maintain a written invoice or receipt from a nonmember of the organization verifying any information required by this subsection. Such supplies shall be paid for only by check drawn on the gaming account of the organization. A complete inventory of all such gaming supplies shall be maintained by the organization on the premises where the gaming is being conducted.

C. No qualified organization shall sell any instant bingo, *network bingo*, pull tabs, or seal cards to any individual ~~under~~ *younger than* 18 years of age. No individual ~~under~~ *younger than* 18 years of age shall play or redeem any instant bingo, *network bingo*, pull tabs, or seal cards.

§ 18.2-340.28:1. *Conduct of network bingo.*

A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may sell *network bingo cards* as a part of a regular bingo game and, if a permit is required pursuant to § 18.2-340.25, *network bingo* shall be sold only at such location and at such times as designated in the permit for regular bingo games.

B. Any organization selling *network bingo cards* shall maintain a record of the date and quantity of *network bingo cards* purchased from a licensed *network bingo* provider. The organization shall also maintain a written invoice or receipt from a licensed supplier verifying any information required by this subsection. Such supplies shall be paid for only by check drawn on the gaming account of the organization or by electronic fund transfer. A complete inventory of all such gaming supplies shall be maintained by the organization on the premises where *network bingo cards* are sold.

C. No qualified organization shall sell any *network bingo cards* to any individual younger than 18 years of age. No individual younger than 18 years of age shall play or redeem any *network bingo cards*.

D. A qualified organization shall accept only cash or, at its option, checks or debit cards in payment of any charges or assessments for players to participate in any *network bingo* game. However, no such organization shall accept postdated checks in payment of any charges or assessments for players to participate in *network bingo* games.

E.. No qualified organization or any person on the premises shall extend lines of credit or accept any credit or other electronic fund transfer other than debit cards in payment of any charges or assessments for players to participate in *network bingo* games.

F. No qualified organization shall conduct *network bingo* more frequently than one day in any calendar week, which shall not be the same day of each week.

G. No *network bingo* games shall be permitted in the social quarters of an organization that are open only to the organization's members and their guests.

H. No qualified organization shall sell *network bingo cards* on the Internet or other online service or allow the play of *network bingo* on the Internet or other online service. However, the location where *network bingo* games are conducted shall be equipped with a video monitor, television or video screen, or any other similar means of visually displaying a broadcast or signal, that relay live, real-time video of the numbers as they are called by a live caller. The Internet or other online service may be used to relay information about winning players.

I. Qualified organizations may award *network bingo* prizes on a graduated scale; however no single *network bingo* prize shall exceed \$25,000.

J. Nothing in this article shall be construed to prohibit an organization from participating in more than one *network bingo* network.

§ 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 conduct of any charitable game, except that:

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

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

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

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

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

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

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

8. No qualified organization shall enter into any contract with or otherwise employ or compensate

any member of the organization on account of the sale of bingo supplies or equipment.

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

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

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

c. No instant bingo, pull tab, or seal card prize for a single card shall exceed ~~\$599~~ \$1,000; and

d. ~~No~~ Except as provided in subdivision e, no bingo jackpot of any nature whatsoever shall exceed \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000. Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted for separately from the bingo cards or sheets used for any other bingo games; and

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

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

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

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

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

12. No qualified organization composed of or for deaf or blind persons which employs a person not a member to provide clerical assistance in the management and operation but not 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.

13. No person shall participate in the management or operation of any charitable game if he has ever been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or financial crimes within the preceding five years. No person shall participate in the conduct of any charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial crimes. 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.

14. 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.

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

16. 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.

§ 18.2-340.34:2. Licensing of network bingo providers; qualification; suspension, revocation, or refusal to renew license; maintenance, production, and release of records.

A. No person shall sell or offer to sell or otherwise provide access to a network bingo network to any qualified organization unless and until such person has made application for and has been issued a license by the Department. An application for license shall be made on forms prescribed by the Department and shall be accompanied by a fee in the amount of \$500. Each license shall remain valid for a period of two years from the date of issuance. Application for renewal of a license shall be

368 accompanied by a fee in the amount of \$500 and shall be made on forms prescribed by the Department.

369 B. The Board shall have authority to prescribe by regulation reasonable criteria consistent with the
 370 provisions of this article for the licensure of network bingo providers. The Department may refuse to
 371 issue a license to any network bingo provider who has, or which has any officer, director, partner, or
 372 owner who has (i) been convicted of or pleaded nolo contendere to a felony in any state or federal
 373 court or has been convicted of any offense which, if committed in the Commonwealth, would be a
 374 felony; (ii) been convicted of or pleaded nolo contendere to a crime involving gambling; (iii) had any
 375 license, permit, certificate, or other authority related to activities defined as charitable gaming in the
 376 Commonwealth suspended or revoked in the Commonwealth or in any other jurisdiction; (iv) failed to
 377 file or been delinquent in excess of one year in the filing of any tax returns or the payment of any taxes
 378 due the Commonwealth; or (v) failed to establish a registered office or registered agent in the
 379 Commonwealth if so required by § 13.1-634 or 13.1-763.

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

386 D. The Department by regulation shall require network bingo providers to have onsite independent
 387 supervision of network bingo games as the numbers are called.

388 E. Each network bingo provider shall document each sale of network bingo supplies and other items
 389 incidental to the conduct of network bingo to a qualified organization on an invoice that clearly shows
 390 (i) the name and address of the qualified organization to which such supplies or items were sold; (ii)
 391 the date of the sale; (iii) the name or form and serial number of each network bingo card, the quantity
 392 of cards sold, and the price per card paid by the qualified organization; and (iv) any other information
 393 required by the Department. A legible copy of the invoice shall accompany the network bingo supplies
 394 when delivered to the qualified organization.

395 F. Each network bingo provider shall maintain a legible copy of each invoice required by subsection
 396 D for a period of three years from the date of sale. Each network bingo provider shall make such
 397 documents immediately available for inspection and copying to any agent or employee of the
 398 Department upon request made during normal business hours. This subsection shall not limit the right
 399 of the Department to require the production of any other documents in the possession of the network
 400 bingo provider that relate to its transactions with qualified organizations. All documents and other
 401 information of a proprietary nature furnished to the Department in accordance with this subsection shall
 402 be exempt from disclosure under the provisions of the Freedom of Information Act (§ 3591; 2.2-3700 et
 403 seq.).

404 § 58.1-3732.1. Limitation on gross receipts; pari-mutuel wagering.

405 Gross receipts for license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of this title shall not
 406 include the license and admission taxes established under §§ 59.1-392 and 59.1-393, respectively, nor
 407 shall it include pari-mutuel wagering pools as established under Article 1.1:1 (§ 18.2-340.15 et seq.) of
 408 Chapter 8 of Title 18.2 or § 59.1-392.

409 2. That the provisions of this act shall become effective on January 1, 2013, except that the
 410 provisions of § 18.2-340.19 of this act shall become effective on July 1, 2012.