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HOUSE BILL NO. 927

Offered January 8, 2014

Prefiled January 8, 2014

A BILL to amend and reenact §§ 18.2-340.18, 58.1-4022, and 59.1-370.1 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 37.2-312.2 and 37.2-312.3, relating to the Problem Gambling Treatment Fund.

Patron—Greason

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.18, 58.1-4022, and 59.1-370.1 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 37.2-312.2 and 37.2-312.3 as follows:

§ 18.2-340.18. Powers and duties of the Department.

A. The Department shall have all powers and duties necessary to carry out the provisions of this article and to exercise the control of charitable gaming as set forth in § 18.2-340.15. Such powers and duties shall include but not be limited to the following:

1. The Department is vested with jurisdiction and supervision over all charitable gaming authorized under the provisions of this article and including all persons that conduct or provide goods, services or premises used in the conduct of charitable gaming. It may employ such persons as are necessary to ensure that charitable gaming is conducted in conformity with the provisions of this article and the regulations of the Board. The Department shall designate such agents and employees as it deems necessary and appropriate who shall be sworn to enforce the provisions of this article and the criminal laws of the Commonwealth and who shall be law-enforcement officers as defined in § 9.1-101.

2. The Department, its agents and employees and any law-enforcement officers charged with the enforcement of charitable gaming laws shall have free access to the offices, facilities or any other place of business of any organization, including any premises devoted in whole or in part to the conduct of charitable gaming. These individuals may enter such places or premises for the purpose of carrying out any duty imposed by this article, securing records required to be maintained by an organization, investigating complaints, or conducting audits.

3. The Department may compel the production of any books, documents, records, or memoranda of any organizations or supplier involved in the conduct of charitable gaming for the purpose of satisfying itself that this article and its regulations are strictly complied with. In addition, the Department may require the production of an annual balance sheet and operating statement of any person granted a permit pursuant to the provisions of this article and may require the production of any contract to which such person is or may be a party.

4. The Department may issue subpoenas for the attendance of witnesses before it, administer oaths, and compel production of records or other documents and testimony of such witnesses whenever, in the judgment of the Department, it is necessary to do so for the effectual discharge of its duties.

5. The Department may compel any person conducting charitable gaming to file with the Department such documents, information or data as shall appear to the Department to be necessary for the performance of its duties.

6. The Department may enter into arrangements with any governmental agency of this or any other state or any locality in the Commonwealth or any agency of the federal government for the purposes of exchanging information or performing any other act to better ensure the proper conduct of charitable gaming.

7. The Department may issue interim certification of tax-exempt status and collect a fee therefor in accordance with subsection B of § 18.2-340.24.

8. The Department shall report annually to the Governor and the General Assembly, which report shall include a financial statement of the operation of the Department and any recommendations for legislation applicable to charitable gaming in the Commonwealth.

9. The Department, its agents and employees may conduct such audits, in addition to those required by § 18.2-340.31, as they deem necessary and desirable.

10. The Department may limit the number of organizations for which a person may manage, operate or conduct charitable games.

11. The Department may report any alleged criminal violation of this article to the appropriate attorney for the Commonwealth for appropriate action.

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59 *B. In accordance with § 37.2-312.2, an amount equal to two-tenths of one percent (0.002) of the*
60 *permit and registration application fees received by the Department shall be deposited to the Problem*
61 *Gambling Treatment Fund for the prevention and treatment of gambling addiction and other problems*
62 *related to gambling.*

63 **§ 37.2-312.2. Problem Gambling Treatment Fund.**

64 *There is hereby created in the state treasury a special nonreverting fund to be known as the Problem*
65 *Gambling Treatment Fund, referred to in this section as "the Fund." The Fund shall be established on*
66 *the books of the Comptroller. An amount equal to two-tenths of one percent (0.002) of (i) the State*
67 *Lottery Fund, (ii) the State Racing Operations Fund, and (iii) the moneys received by the Department of*
68 *Agriculture and Consumer Services from permit and registration application fees for charitable gaming*
69 *shall be paid into the state treasury and credited to the Fund annually. Such funds derived from the*
70 *State Lottery Fund shall be offset by a reduction in existing expenses in the State Lottery Fund, ensuring*
71 *no reduction to the Lottery Proceeds Fund that is used solely for the purposes of public education in the*
72 *Commonwealth. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it.*
73 *Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not*
74 *revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the*
75 *prevention and treatment of gambling addiction and other problems related to gambling and for the*
76 *administration of such programs. Expenditures and disbursements from the Fund shall be made by the*
77 *State Treasurer on warrants issued by the Comptroller upon written request signed by the*
78 *Commissioner.*

79 **§ 37.2-312.3. Department to develop problem gambling treatment plan.**

80 *The Department shall, by July 1, 2014, develop a plan for the coordination and administration of*
81 *statewide prevention and treatment programs for gambling addiction and other problems related to*
82 *gambling, and for the delivery of program services.*

83 **§ 58.1-4022. State Lottery Fund.**

84 *A. All moneys received from the sale of lottery tickets or shares, less payment for prizes and*
85 *compensation of agents as authorized by regulation and any other revenues received under this chapter,*
86 *shall be placed in a special fund known as the "State Lottery Fund." Notwithstanding any other*
87 *provisions of law, interest earned from moneys in the State Lottery Fund shall accrue to the benefit of*
88 *such Fund.*

89 *B. The total costs for the operation and administration of the lottery shall be funded from the State*
90 *Lottery Fund and shall be in such amount as provided in the general appropriation act. Appropriations to*
91 *the Department during any fiscal year beginning on and after July 1, 1989, exclusive of agent*
92 *compensation, shall at no time exceed ten percent of the total annual estimated gross revenues to be*
93 *generated from lottery sales. However, should it be anticipated at any time by the Director that such*
94 *operational and administrative costs for a fiscal year will exceed the limitation provided herein, the*
95 *Director shall immediately report such information to the Board, the Governor and the Chairmen of*
96 *Senate Finance and House Appropriations Committees. From the moneys in the Fund, the Comptroller*
97 *shall establish a special reserve fund in such amount as shall be provided by regulation of the*
98 *Department for (i) operation of the lottery, (ii) use if the game's pay-out liabilities exceed its cash on*
99 *hand, or (iii) enhancement of the prize pool with income derived from lending securities held for*
100 *payment of prize installments, which lending of securities shall be conducted in accordance with lending*
101 *programs approved by the Department of the Treasury.*

102 *C. The Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1,*
103 *less the special reserve fund, the audited balances of the State Lottery Fund at the close of each fiscal*
104 *year. The transfer for each year shall be made in two parts: (i) on or before June 30, the Comptroller*
105 *shall transfer balances of the State Lottery Fund for the fiscal year, based on an estimate determined by*
106 *the State Lottery Department, and (ii) no later than ten days after receipt of the annual audit report*
107 *required by § 58.1-4023, the Comptroller shall transfer to the Lottery Proceeds Fund the remaining*
108 *audited balances of the State Lottery Fund for the fiscal year. If such annual audit discloses that the*
109 *actual revenue is less than the estimate on which the transfer was based, the State Comptroller shall*
110 *transfer the difference between the actual revenue and the estimate from the Lottery Proceeds Fund to*
111 *the State Lottery Fund.*

112 *D. In addition to such other funds as may be appropriated, 100 percent of the lottery revenues*
113 *transferred to the Lottery Proceeds Fund shall be appropriated entirely and solely for the purpose of*
114 *public education in the Commonwealth unless otherwise redirected pursuant to Article X, Section 7-A of*
115 *the Constitution of Virginia. The additional appropriation of lottery revenues to local school divisions*
116 *for public education purposes consistent with this provision shall be used for operating, capital outlay, or*
117 *debt service expenses, as determined by the appropriation act. The additional appropriation of lottery*
118 *revenues shall not be used by any local school division to reduce its total local expenditures for public*
119 *education in accordance with the provisions of the general appropriation act.*

120 *E. As a function of the administration of this chapter, funds may be expended for the purposes of*

reasonably informing the public concerning (i) the facts embraced in the subjects contained in subdivisions A 1 through 7 of ~~subsection A~~ of § 58.1-4007 and, (ii) the fact that the net proceeds are paid into the Lottery Proceeds Fund of the Commonwealth, *and (iii) program services available for the prevention and treatment of gambling addiction and other problems related to gambling in accordance with § 37.2-312.2*; but no funds shall be expended for the primary purpose of inducing persons to participate in the lottery.

§ 59.1-370.1. State Racing Operations Fund.

A. All moneys and revenues received by the Commission under this chapter shall be placed in a special fund known as the State Racing Operations Fund. Notwithstanding any other provision of law, interest earned from moneys in the State Racing Operations Fund shall accrue to the benefit of such fund.

B. The total costs for the operation and administration of the Virginia Racing Commission *and the contribution for the prevention and treatment of gambling addiction and other problems related to gambling in accordance with § 37.2-312.2* shall be funded from the State Racing Operations Fund and shall be in such amount as provided in the general ~~appropriations~~ *appropriation* act.

2. That the provisions of this act shall become effective on January 1, 2015.