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## SENATE BILL NO. 1512

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology  
on February 3, 2017)

(Patron Prior to Substitute—Senator Surovell)

*A BILL to amend and reenact §§ 18.2-340.25, 18.2-340.27 and 18.2-340.33 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 18.2-340.27:1, relating to charitable gaming; conduct of games; special permits.*

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 18.2-340.25, 18.2-340.27 and 18.2-340.33 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 18.2-340.27:1 as follows:**

**§ 18.2-340.25. Permit required; application fee; form of application.**

A. Except as provided for in § 18.2-340.23, prior to the commencement of any charitable game, an organization shall obtain a permit from the Department.

B. All complete applications for a permit shall be acted upon by the Department within 45 days from the filing thereof. Upon compliance by the applicant with the provisions of this article, and at the discretion of the Department, a permit may be issued. All permits when issued shall be valid for the period specified in the permit unless it is sooner suspended or revoked. No permit shall be valid for longer than two years. The application shall be a matter of public record.

All permits shall be subject to regulation by the Department to ensure the public safety and welfare in the operation of charitable games. The permit shall only be granted after a reasonable investigation has been conducted by the Department. The Department may require any prospective employee, permit holder or applicant to submit to fingerprinting and to provide personal descriptive information to be forwarded along with employee's, licensee's or applicant's fingerprints through the Central Criminal Records Exchange to the Federal Bureau of Investigation for the purposes of obtaining criminal history record information regarding such prospective employee, permit holder or applicant. The Central Criminal Records Exchange upon receipt of a prospective employee, licensee or applicant record or notification that no record exists, shall forward the report to the Commissioner of the Department or his designee, who shall belong to a governmental entity. However, nothing in this subsection shall be construed to require the routine fingerprinting of volunteer bingo workers.

C. In no case shall an organization receive more than one permit allowing it to conduct charitable gaming; however, nothing in this section shall be construed to prohibit granting special permits pursuant to § 18.2-340.27 18.2-340.27:1.

D. Application for a charitable gaming permit shall be made on forms prescribed by the Department and shall be accompanied by payment of the fee for processing the application.

E. Applications for renewal of permits shall be made in accordance with Board Regulations. If a complete renewal application is received 45 days or more prior to the expiration of the permit, the permit shall continue to be effective until such time as the Department has taken final action. Otherwise, the permit shall expire at the end of its term.

F. The failure to meet any of the requirements of § 18.2-340.24 shall cause the automatic denial of the permit, and no organization shall conduct any charitable gaming until the requirements are met and a permit is obtained.

**§ 18.2-340.27. Conduct of bingo games.**

A. 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 bingo games. However, no such organization shall accept postdated checks in payment of any charges or assessments for players to participate in bingo games.

B. 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 bingo games.

C. Bingo games may be held by qualified organizations no more frequently than two calendar days in any calendar week, except in accordance with ~~subsection E~~ § 18.2-340.27:1.

D. No more than two sessions of bingo games may be held by qualified organizations in any calendar day, nor shall there be more than 55 bingo games per session.

E. A special permit may be granted a qualified organization which entitles it to conduct more frequent operations of bingo games during carnivals, fairs and state, federal or religious holidays, which shall be designated in the permit.

F. Any organization may conduct bingo games only in the county, city or town or in any adjoining

county, city or town in which they regularly have been in existence or met. The Department may approve exceptions to this requirement where there is a special circumstance or documented need.

**§ 18.2-340.27:1. Special permits.**

A. A special permit may be granted to a qualified organization that entitles it to conduct more frequent operations of bingo games during carnivals, fairs, and state, federal, or religious holidays, which shall be designated in the permit.

B. A special permit may be granted to a qualified organization to conduct gaming to replace an approved game that falls on a state, federal, or religious holiday. The special permit shall designate a date for the replacement game to occur within either (i) 90 days before or (ii) 90 days after the state, federal, or religious holiday for which the special permit is requested.

C. A special permit may be granted to a qualified organization to conduct gaming to replace an approved game that has been canceled by the qualified organization on account of severe weather conditions in the locality in which the approved game was scheduled to occur, provided that (i) the qualified organization notifies the Department within 24 hours of the canceled approved game and (ii) the Department is satisfied that the severe weather conditions warranted cancellation. The special permit shall designate a date for the replacement game to occur within 90 days after the date of the canceled game for which the special permit is requested.

**§ 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~~ 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; and

*f. Remuneration may be paid to volunteers of the qualified organization. Such remuneration shall not exceed \$50 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 \$1,000;

d. Except as provided in subdivision 9, 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

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

189 12. No qualified organization composed of or for deaf or blind persons which employs a person not  
190 a member to provide clerical assistance in the management and operation but not the conduct of any  
191 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in  
192 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

193 13. No person shall participate in the management or operation of any charitable game if he has ever  
194 been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or  
195 financial crimes within the preceding five years. No person shall participate in the conduct of any  
196 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the  
197 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial  
198 crimes. In addition, no person shall participate in the management, operation or conduct of any  
199 charitable game if that person, within the preceding five years, has participated in the management,  
200 operation, or conduct of any charitable game which was found by the Department or a court of  
201 competent jurisdiction to have been operated in violation of state law, local ordinance or Board  
202 regulation.

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

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

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