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HOUSE BILL NO. 2379

Offered January 9, 2019

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A BILL to amend and reenact §§ 18.2-340.19, 18.2-340.28, 18.2-340.28:1, and 18.2-340.33 of the Code of Virginia, relating to charitable gaming; regulations of the Charitable Gaming Board; prohibited acts.

Patron—Heretick

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.19, 18.2-340.28, 18.2-340.28:1, and 18.2-340.33 of the Code of Virginia are amended and reenacted as follows:

§ 18.2-340.19. Regulations of the Board.

A. The Board shall adopt regulations that:

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

2. Specify the conditions under which a complete list of the organization's members who participate 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 10 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

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59 number for "Gamblers Anonymous" or other organization which provides assistance to compulsive
60 gamblers.

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

66 12. *Prescribe limits on the amount and types of prizes, jackpots, or merchandise that may be*
67 *awarded by a qualified organization for any charitable game.*

68 13. *Prescribe the conditions under which an organization qualified to conduct bingo games pursuant*
69 *to the provisions of this article may permit the play of Department-approved electronic versions of*
70 *instant bingo, pull tabs, or seal cards when bingo is not in play.*

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

76 **§ 18.2-340.28. Conduct of instant bingo, network bingo, pull tabs and seal cards.**

77 A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may
78 play instant bingo, network bingo, pull tabs, or seal cards as a part of such bingo game and, if a permit
79 is required pursuant to § 18.2-340.25, such games shall be played only at such location and at such
80 times as designated in the permit for regular bingo games. *However, a qualified organization shall be*
81 *permitted to allow the play of Department-approved electronic versions of instant bingo, pull tabs, or*
82 *seal cards at the location at which bingo is regularly played when bingo is not in play in accordance*
83 *with Board regulations promulgated pursuant to subdivision A 13 of § 18.2-340.19.*

84 B. Any organization conducting instant bingo, network bingo, pull tabs, or seal cards shall maintain a
85 record of the date, quantity and card value of instant bingo supplies purchased as well as the name and
86 address of the supplier of such supplies. The organization shall also maintain a written invoice or receipt
87 from a nonmember of the organization verifying any information required by this subsection. Such
88 supplies shall be paid for only by check drawn on the gaming account of the organization. A complete
89 inventory of all such gaming supplies shall be maintained by the organization on the premises where the
90 gaming is being conducted.

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

94 **§ 18.2-340.28:1. Conduct of network bingo.**

95 A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may
96 sell network bingo cards as a part of a regular bingo game and, if a permit is required pursuant to
97 § 18.2-340.25, network bingo shall be sold only at such location and at such times as designated in the
98 permit for regular bingo games.

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

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

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

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

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

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

118 H. No qualified organization shall sell network bingo cards on the Internet or other online service or
119 allow the play of network bingo on the Internet or other online service. However, the location where
120 network bingo games are conducted shall be equipped with a video monitor, television, or video screen,

121 or any other similar means of visually displaying a broadcast or signal, that relays live, real-time video
122 of the numbers as they are called by a live caller. The Internet or other online service may be used to
123 relay information about winning players.

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

126 J. Nothing in this section shall be construed to prohibit an organization from participating in more
127 than one network bingo network.

128 **§ 18.2-340.33. Prohibited practices.**

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

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

141 2. Except as provided in § 18.2-340.34:1, no qualified organization shall enter into a contract with or
142 otherwise employ for compensation any person for the purpose of organizing, managing, or conducting
143 any charitable games. However, organizations composed of or for deaf or blind persons may use a part
144 of their gross receipts for costs associated with providing clerical assistance in the management and
145 operation but not the conduct of charitable gaming.

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

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

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

159 The provisions of this subdivision shall not apply to the playing of bingo games pursuant to a special
160 permit issued in accordance with § 18.2-340.27:1.

161 5. No person shall participate in the management or operation of any charitable game unless such
162 person is and, for a period of at least 30 days immediately preceding such participation, has been a bona
163 fide member of the organization. For any organization that is not composed of members, a person who
164 is not a bona fide member may volunteer in the conduct of a charitable game as long as that person is
165 directly supervised by a bona fide official member of the organization.

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

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

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

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

182 organization;

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

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

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

199 f. Volunteers of a qualified organization may be reimbursed for their reasonable and necessary travel
200 expenses, not to exceed \$50 per session.

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

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

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

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

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

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

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

216 d. Except as provided in subdivision 9, no bingo jackpot of any nature whatsoever shall exceed
217 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.
218 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted
219 for separately from the bingo cards or sheets used for any other bingo games; and

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

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

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

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

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

241 12. No qualified organization composed of or for deaf or blind persons which employs a person not
242 a member to provide clerical assistance in the management and operation but not the conduct of any
243 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in

244 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

245 ~~13.~~ 10. No person shall participate in the management or operation of any charitable game if he has
246 ever been convicted of any felony or if he has been convicted of any misdemeanor involving fraud,
247 theft, or financial crimes within the preceding five years. No person shall participate in the conduct of
248 any charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within
249 the preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial
250 crimes. In addition, no person shall participate in the management, operation or conduct of any
251 charitable game if that person, within the preceding five years, has participated in the management,
252 operation, or conduct of any charitable game which was found by the Department or a court of
253 competent jurisdiction to have been operated in violation of state law, local ordinance or Board
254 regulation.

255 ~~14.~~ 11. Qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 shall not
256 circumvent any restrictions and prohibitions which would otherwise apply if a single organization were
257 conducting such games. These restrictions and prohibitions shall include, but not be limited to, the
258 frequency with which bingo games may be held, the value of merchandise or money awarded as prizes,
259 or any other practice prohibited under this section.

260 ~~15.~~ 12. A qualified organization shall not purchase any charitable gaming supplies for use in the
261 Commonwealth from any person who is not currently registered with the Department as a supplier
262 pursuant to § 18.2-340.34.

263 ~~16.~~ 13. Unless otherwise permitted in this article, no part of an organization's charitable gaming gross
264 receipts shall be used for an organization's social or recreational activities.