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SENATE BILL NO. 403

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Governor
on April 11, 2022)

(Patron Prior to Substitute—Senator Reeves)

A BILL to amend and reenact §§ 18.2-340.16, 18.2-340.18, 18.2-340.19, 18.2-340.20, 18.2-340.22, 18.2-340.23, 18.2-340.26:1, 18.2-340.27, 18.2-340.28, 18.2-340.28:1, 18.2-340.30, 18.2-340.31, 18.2-340.33, and 18.2-340.34 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 18.2-340.25:1, 18.2-340.26:3, 18.2-340.30:2, and 18.2-340.36:1, relating to charitable gaming; social organizations and social quarters; electronic gaming.

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.16, 18.2-340.18, 18.2-340.19, 18.2-340.20, 18.2-340.22, 18.2-340.23, 18.2-340.26:1, 18.2-340.27, 18.2-340.28, 18.2-340.28:1, 18.2-340.30, 18.2-340.31, 18.2-340.33, and 18.2-340.34 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 18.2-340.25:1, 18.2-340.26:3, 18.2-340.30:2, and 18.2-340.36:1 as follows:

§ 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 75, (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, Texas Hold'em poker tournaments, and games of chance explicitly authorized by this article. *Unless otherwise specified, "charitable gaming" includes electronic gaming authorized by this article.*

"Charitable gaming permit" or "permit" means a permit issued by the Department to an organization that authorizes such organization to conduct charitable gaming, and if such organization is qualified as a social organization, electronic gaming.

"Charitable gaming supplies" includes bingo cards or sheets, devices for selecting bingo numbers, instant bingo cards, pull-tab cards and seal cards, playing cards for Texas Hold'em poker, poker chips, 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.

"Electronic gaming" or "electronic games" means any instant bingo, pull tabs, or seal card gaming that is conducted primarily by use of an electronic device. "Electronic gaming" does not include (i) the game of chance identified in clause (ii) of the definition of "bingo" or (ii) network bingo.

"Electronic gaming adjusted gross receipts" means the gross receipts derived from electronic gaming less the total amount in prize money paid out to players.

"Electronic gaming manufacturer" means a manufacturer of electronic devices used to conduct electronic gaming.

"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~~

60 versions thereof, with winners being determined by the preprinted or predetermined appearance of
61 concealed letters, numbers, or symbols that must be exposed by the player to determine wins and losses
62 and may include the use of a seal card ~~which~~ *that* conceals one or more numbers or symbols that have
63 been designated in advance as prize winners. Such cards may be dispensed by ~~electronic or~~ mechanical
64 equipment.

65 "Jackpot" means a bingo game that the organization has designated on its game program as a jackpot
66 game in which the prize amount is greater than \$100.

67 "Landlord" means any person or his agent, firm, association, organization, partnership, or corporation,
68 employee, or immediate family member thereof, which owns and leases, or leases any premises devoted
69 in whole or in part to the conduct of bingo games, and any person residing in the same household as a
70 landlord.

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

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

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

77 "Operation" means the activities associated with production of a charitable gaming *or electronic*
78 *gaming* activity, which may include, ~~but not be limited to~~ (i) the direct on-site supervision of the
79 conduct of charitable gaming *and electronic gaming*; (ii) coordination of volunteers; and (iii) all
80 responsibilities of charitable gaming *and electronic gaming* designated by the organization's
81 management.

82 "Organization" means any one of the following:

83 1. A volunteer fire department or volunteer emergency medical services agency or auxiliary unit
84 thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the
85 political subdivision where the volunteer fire department or volunteer emergency medical services
86 agency is located as being a part of the safety program of such political subdivision;

87 2. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
88 Code, is operated, and has always been operated, exclusively for educational purposes, and awards
89 scholarships to accredited public institutions of higher education or other postsecondary schools licensed
90 or certified by the Board of Education or the State Council of Higher Education for Virginia;

91 3. An athletic association or booster club or a band booster club established solely to raise funds for
92 school-sponsored athletic or band activities for a public school or private school accredited pursuant to
93 § 22.1-19 or to provide scholarships to students attending such school;

94 4. An association of war veterans or auxiliary units thereof organized in the United States;

95 5. A fraternal association or corporation operating under the lodge system;

96 6. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
97 Code and is operated, and has always been operated, exclusively to provide services and other resources
98 to older Virginians, as defined in § 51.5-116;

99 7. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
100 Code and is operated, and has always been operated, exclusively to foster youth amateur sports;

101 8. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
102 Code and is operated, and has always been operated, exclusively to provide health care services or
103 conduct medical research;

104 9. An accredited public institution of higher education or other postsecondary school licensed or
105 certified by the Board of Education or the State Council of Higher Education for Virginia that is exempt
106 from income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

107 10. A church or religious organization that is exempt from income tax pursuant to § 501(c)(3) of the
108 Internal Revenue Code;

109 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the
110 Internal Revenue Code and is operated, and has always been operated, exclusively to (i) create and
111 foster a spirit of understanding among the people of the world; (ii) promote the principles of good
112 government and citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare
113 of the community; (iv) provide a forum for the open discussion of matters of public interest; (v)
114 encourage individuals to serve the community without personal financial reward; and (vi) encourage
115 efficiency and promote high ethical standards in commerce, industries, professions, public works, and
116 private endeavors;

117 12. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue
118 Code and is operated, and has always been operated, exclusively to (i) raise awareness of
119 law-enforcement officers who died in the line of duty; (ii) raise funds for the National Law Enforcement
120 Officers Memorial and Museum; and (iii) raise funds for the charitable causes of other organizations that
121 are exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code;

13. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code and is operated, and has always been operated, exclusively to (i) promote the conservation of the environment, caves, or other natural resources; (ii) promote or develop opportunities for the use of science and technology to advance the conservation of the environment, caves, or other natural resources; and (iii) raise funds for the conservation of the environment, caves, or other natural resources or provide grant opportunities to other nonprofit organizations that are devoted to such conservation efforts;

14. A local chamber of commerce; or

15. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the Internal Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal cards that generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less expenses and prizes, are used exclusively for charitable, educational, religious, or community purposes. Notwithstanding § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included when calculating an organization's annual gross receipts for the purposes of this subdivision.

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

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

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

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

"Social organization" means any qualified organization that provides certification to the Department that it is:

1. An accredited public institution of higher education or other postsecondary school licensed or certified by the Board of Education or the State Council of Higher Education for Virginia qualified under § 501(c)(3) of the Internal Revenue Code;

2. A fraternal beneficiary society, order, or association qualified under § 501(c)(8) of the Internal Revenue Code;

3. A domestic fraternal society, order, or association qualified under § 501(c)(10) of the Internal Revenue Code; or

4. A post or organization of past or present members of the Armed Forces of the United States, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under § 501(c)(19) of the Internal Revenue Code.

"Social quarters" means, in addition to any specifications prescribed by the Department, an area at a social organization's primary location that (i) such organization designates to be used predominantly by its members for social and recreational activities, (ii) is accessible exclusively to members of the social organization and their guests, and (iii) is not advertised or open to the general public. It shall not disqualify the area from being considered social quarters if guests occasionally accompany members into the area, so long as such guests do not spend their own funds to participate in charitable gaming or electronic gaming activities conducted in the area. In determining if an area is social quarters for purposes of § 18.2-340.26:3, the Department may rely on publications of the Internal Revenue Service regarding the allowable participation of guests in an organization's social and recreational activities for purposes of § 501 of the Internal Revenue Code.

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

"Texas Hold'em poker game" means a variation of poker in which (i) players receive two cards facedown that may be used individually, (ii) five cards shown face up are shared among all players in

the game, (iii) players combine any number of their individual cards with the shared cards to make the highest five-card hand to win the value wagered during the game, and (iv) the ranking of hands and the rules of the game are governed by the official rules of the Poker Tournament Directors Association.

"Texas Hold'em poker tournament" or "tournament" means an organized competition of players (i) who pay a fixed fee for entry into the competition and for a certain amount of poker chips for use in the competition; (ii) who may be allowed to pay an additional fee, during set preannounced times of the competition, to receive additional poker chips for use in the competition; (iii) who may be seated at one or more tables simultaneously playing Texas Hold'em poker games; (iv) who upon running out of poker chips are eliminated from the competition; and (v) a pre-set number of whom are awarded prizes of value according to how long such players remain in the competition.

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

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~~ organization, *electronic gaming manufacturer*, 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 a charitable gaming permit while the permittee's tax-exempt status is pending approval by the Internal Revenue Service.

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.

12. Beginning July 1, 2024, and at least once every five years thereafter, the Department shall convene a stakeholder work group to review the limitations on prize amounts and provide any recommendations to the General Assembly by November 30 of the year in which the stakeholder work group is convened.

§ 18.2-340.19. Regulations of the Board.

A. The Board shall adopt regulations that:

1. Require, as a condition of receiving a *charitable gaming permit or authorization to conduct electronic gaming*, 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, *as follows*:

a. With respect to charitable gaming, other than electronic gaming, a predetermined percentage of its gross receipts.

b. With respect to electronic gaming, a predetermined percentage of its electronic gaming adjusted gross receipts.

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 *and authorizing social organizations to conduct electronic gaming*. 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 and 18.2-340.30:2.

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. Such regulations shall not prohibit the use of multiple video monitors or touchscreens on an electronic ~~pull tab~~ gaming device.

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 12 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 that 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.

12. Prescribe the conditions under which a qualified organization may manage, operate or contract with operators of, or conduct Texas Hold'em poker tournaments.

13. Prescribe the conditions under which a qualified organization may lease the premises of a permitted social organization for the purpose of conducting bingo, network bingo, instant bingo, pull tabs, seal cards, and electronic gaming permitted under this article and establish requirements for proper financial reporting of all disbursements, gross receipts, and electronic gaming adjusted gross receipts and payment of all fees required under this article.

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 that 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.

§ 18.2-340.20. Denial, suspension, or revocation of permit; hearings and appeals.

A. The Department may deny, suspend, or revoke the permit of any organization found not to be in strict compliance with the provisions of this article and the regulations of the Board only after the proposed action by the Department has been reviewed and approved by the Board. The action of the Department in denying, suspending, or revoking any permit shall be subject to the Administrative Process Act (§ 2.2-4000 et seq.).

B. Except as provided in §§ 18.2-340.25, 18.2-340.30, 18.2-340.30:2, and 18.2-340.36, no permit to conduct charitable gaming *or authorization to conduct electronic gaming* shall be denied, suspended, or revoked except upon notice stating the proposed basis for such action and the time and place for the hearing. At the discretion of the Department, hearings may be conducted by hearing officers who shall be selected from the list prepared by the Executive Secretary of the Supreme Court. After a hearing on the issues, the Department may refuse to issue or may suspend or revoke any such permit *or authorization* if it determines that the organization has not complied with the provisions of this article or the regulations of the Board.

C. Any person aggrieved by a refusal of the Department to issue any permit, the suspension or revocation of a permit, or any other action of the Department may seek review of such action in accordance with Article 4 (§ 2.2-4025 et seq.) of the Administrative Process Act.

§ 18.2-340.22. Permitted forms of gaming; prizes not gaming contracts.

A. This article permits qualified organizations to conduct (i) raffles, bingo, network bingo, instant bingo games, and Texas Hold'em poker tournaments *and (ii) electronic gaming authorized pursuant to the provisions of § 18.2-340.26:3*. All games not explicitly authorized by this article or Board regulations adopted in accordance with ~~§ 18.2-340.18~~ 18.2-340.19 are prohibited. Nothing herein shall be construed to authorize the Board to approve the conduct of any other form of poker in the Commonwealth.

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 Virginia Lottery's Pick-3 number or any number or other designation selected by the Virginia Lottery in connection with any lottery, as the basis for determining the winner of a raffle.

§ 18.2-340.23. Organizations exempt from certain fees and reports.

A. No organization that reasonably expects, based on prior charitable gaming annual results or any other quantifiable method, to realize gross receipts of \$40,000 or less in any 12-month period from raffles conducted in accordance with the provisions of this article shall be required to (i) notify the Department of its intention to conduct raffles or (ii) comply with Board regulations governing raffles. If any organization's actual gross receipts from raffles for the 12-month period exceed \$40,000, the Department shall require the organization to file by a specified date the report required by § 18.2-340.30.

B. Any (i) organization described in subdivision 15 of the definition of "organization" in § 18.2-340.16 or (ii) volunteer fire department or volunteer emergency medical services agency or auxiliary unit thereof that has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the political subdivision where the volunteer fire department or volunteer emergency medical services agency is located as being part of the safety program of such political subdivision shall be exempt from the payment of application fees required by § 18.2-340.25 and the payment of audit fees required by § 18.2-340.31. *Any such organization, department, agency, or unit that conducts electronic gaming shall be subject to such application fees and audit fees for its electronic gaming activities; however, in accordance with the provisions of § 18.2-340.31, any audit fees may be paid by either the organization or the electronic gaming manufacturer whose electronic gaming devices are present on the premises of the organization, department, agency, or unit.* Nothing in this subsection shall be construed as exempting any organizations described in subdivision 15 of the definition of "organization" in § 18.2-340.16, volunteer fire departments, or volunteer emergency medical services agencies from any other provisions of this article or other Board regulations.

C. Nothing in this section shall prevent the Department from conducting any investigation or audit it deems appropriate to ensure an organization's compliance with the provisions of this article and, to the extent applicable, Board regulations.

§ 18.2-340.25:1. Authorization to conduct electronic gaming required; fee.

A. *In addition to a charitable gaming permit, a social organization shall receive authorization from the Department prior to conducting any electronic gaming pursuant to the provisions of § 18.2-340.26:3. A social organization may request such authorization from the Department by providing certain information, as determined by the Department on a form prescribed by the Department.*

B. All requests for authorization to conduct electronic gaming shall be acted upon by the Department within 45 days from the date of the request. A social organization that meets the necessary requirements pursuant to this article may be, at the discretion of the Department, authorized to conduct electronic gaming pursuant to the provisions of § 18.2-340.26:3. Any such authorization granted by the Department shall be noted on the social organization's charitable gaming permit and shall be valid for the time specified in the permit unless it is sooner suspended or revoked. No authorization to conduct electronic gaming shall be valid for longer than two years. All requests received by the Department shall be a matter of public record.

All authorizations to conduct electronic gaming shall be subject to regulation by the Department to ensure the public safety and welfare in the operation of electronic games. The authorization shall only be granted after a reasonable investigation has been conducted by the Department.

C. In no case shall a social organization be authorized to conduct electronic gaming at more than one location.

D. Requests for authorization to conduct electronic gaming shall be made on forms prescribed by the Department and shall be accompanied by payment of a fee.

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

§ 18.2-340.26:1. Sale of instant bingo, pull tabs, or seal cards.

A. Instant bingo, pull tabs, or seal cards may be sold only (i) by a qualified organization, as defined in § 18.2-340.16, (ii) upon premises that are owned or exclusively and entirely leased by the qualified organization or leased by the qualified organization pursuant to subsection C, and (iii) at such times that the premises in which the instant bingo, pull tabs, or seal cards are sold is open only to members and their guests via controlled access. ~~No~~ Except as provided in subsection C, no organization, except for an association of war veterans or auxiliary units thereof organized in the United States or a fraternal association or corporation operating under the lodge system, may sell instant bingo, pull tabs, or seal cards (a) at a location outside of the county, city, or town in which the organization's principal office, as registered with the State Corporation Commission, is located or in an adjoining county, city, or town or (b) at an establishment that has been granted a license pursuant to Chapter 2 (§ 4.1-200 et seq.) of Title 4.1 unless such license is held by the organization. Nothing in this article shall be construed to prohibit the conduct of games of chance involving the sale of pull tabs, or seal cards, commonly known as last sale games, conducted in accordance with this section or, if such games are electronic games, in accordance with § 18.2-340.26:3.

B. Except as otherwise provided in subdivision 15 of the definition of "organization" in ~~§ 18.2-340.16~~, the proceeds from instant bingo, pull tabs, or seal cards shall not be included in determining the gross receipts for a qualified organization provided the gaming (i) is limited exclusively to members of the organization and their guests, (ii) is not open to the general public, and (iii) there is no public solicitation or advertisement made regarding such gaming. It is prohibited to use an electronic device to conduct instant bingo, pull tabs, or seal cards except as permitted under § 18.2-340.26:3.

C. No more than 18 devices that facilitate the play of electronic versions of instant bingo, pull tabs, or seal cards, commonly referred to as electronic pull tabs, may be used upon the premises owned or exclusively leased by the organization and at such times as the portion of the premises in which the instant bingo, pull tabs, or seal cards are sold is open only to members and their guests. Notwithstanding the provisions of subsection A, a qualified organization may lease the premises of any social organization authorized pursuant to § 18.2-340.26:3 for the purpose of selling instant bingo, pull tabs, or seal cards.

§ 18.2-340.26:3. Electronic gaming; penalty.

A. The Department may authorize a social organization to conduct electronic gaming (i) within its social quarters and (ii) elsewhere on the premises of its primary location. Any such authorized social organization may lease its premises to any qualified organization for the purpose of conducting electronic gaming. A qualified organization that leases the premises of a social organization pursuant to this section shall be subject to the rules and regulations prescribed by the Board. No other electronic gaming shall be allowed under this article. Any person who conducts or participates in electronic gaming that is not authorized under this section shall be subject to the penalties specified in § 18.2-340.37.

B. A social organization may request authorization from the Department to conduct electronic gaming pursuant to this section in accordance with the procedures established under §§ 18.2-340.20 and 18.2-340.25. Any fee charged by the Department for the purpose of such authorization shall be in addition to any fee charged for a charitable gaming permit. Any charitable gaming permit that also authorizes a social organization to conduct electronic gaming shall identify the expiration date of such

429 authorization and the number of electronic gaming devices authorized at the location.

430 C. A social organization and any qualified organization that leases the premises of a social
431 organization pursuant to this section are prohibited from advertising any electronic gaming activities to
432 the general public.

433 D. The Department may authorize a maximum of 18 electronic gaming devices at a location. Each
434 such device shall bear a mark indicating it has been authorized and approved by the Department.

435 E. An electronic gaming manufacturer that has been issued a permit by the Department in
436 accordance with § 18.2-340.34 shall report all electronic gaming adjusted gross receipts pursuant to the
437 provisions of § 18.2-340.30:2.

438 F. The use of electronic gaming devices utilizing multiple video monitors or touchscreens shall be
439 limited to one player at a time.

440 G. No social organization or qualified organization leasing the premises of a social organization
441 shall allow any individual younger than 21 years of age to participate in electronic gaming. No
442 individual younger than 21 years of age shall participate in electronic gaming or otherwise use an
443 electronic device to play or redeem any instant bingo, pull tabs, or seal cards.

444 H. No social organization or any qualified organization leasing the premises of a social organization
445 shall extend lines of credit or accept any credit or other electronic fund transfer other than debit cards
446 in payment of any charges or assessments for players to participate in electronic gaming.

447 **§ 18.2-340.27. Conduct of bingo games.**

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

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

455 C. Bingo games may be held by qualified organizations on any calendar day.

456 D. Qualified organizations may hold an unlimited number of bingo sessions on any calendar day.

457 E. ~~Any Except as provided in subsection F, no organization may conduct bingo games only in (i) at~~
458 ~~a location outside of the county, city, or town in which its principal office, as registered with the State~~
459 ~~Corporation Commission, is located or in an adjoining county, city, or town. An organization shall have~~
460 ~~only one principal office. An organization may not conduct bingo games or (ii) at an establishment that~~
461 ~~has been granted a license pursuant to Chapter 2 (§ 4.1-200 et seq.) of Title 4.1 unless such license is~~
462 ~~held by the organization. This subsection shall not apply to any association of war veterans or auxiliary~~
463 ~~units thereof organized in the United States or any fraternal association or corporation operating under~~
464 ~~the lodge system.~~

465 F. Notwithstanding the provisions of subsection E, a qualified organization may lease the premises of
466 any social organization authorized pursuant to § 18.2-340.26:3 for the purpose of conducting bingo
467 games.

468 **§ 18.2-340.28. Conduct of instant bingo, network bingo, pull tabs, and seal cards.**

469 A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may
470 also play instant bingo, network bingo, pull tabs, or seal cards; however, such games shall be played
471 only at such times designated in the permit for regular bingo games and only at locations at which the
472 organization is authorized to conduct regular bingo games pursuant to ~~subsection~~ subsections E and F of
473 § 18.2-340.27. *It is prohibited to use an electronic device to conduct instant bingo, pull tabs, or seal*
474 *cards except as permitted under § 18.2-340.26:3.*

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

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

485 D. ~~The use of electronic pull tab devices utilizing multiple video monitors or touchscreens shall be~~
486 ~~limited to one player at a time. No qualified organization or any person on the premises shall extend~~
487 ~~lines of credit or accept any credit or other electronic fund transfer other than debit cards in payment~~
488 ~~of any charges or assessments for players to participate in instant bingo, network bingo, pull tabs, or~~
489 ~~seal cards.~~

490 **§ 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 also sell network bingo cards; however, network bingo shall be sold only at such times designated in the permit for regular bingo games and only at locations at which the organization is authorized to conduct regular bingo games pursuant to ~~subsection~~ *subsections E and F* of § 18.2-340.27.

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

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

§ 18.2-340.30. Reports of gross receipts, electronic gaming adjusted gross receipts, and disbursements required; form of reports; failure to file.

A. *1.* Each qualified organization shall keep a complete record of all ~~inventory~~:

a. ~~Inventory~~ of charitable gaming supplies purchased; ~~all receipts~~.

b. ~~Receipts~~ from its charitable gaming operation, ~~and all disbursements including a breakdown of receipts attributable to each type of game offered.~~

c. ~~Electronic gaming adjusted gross receipts.~~

d. ~~Disbursements related to such operation~~ *charitable gaming and electronic gaming operations, including a breakdown of disbursements for each purpose specified in subdivision 1 of § 18.2-340.33.*

2. Except as provided in § §§ 18.2-340.23 and 18.2-340.30:2, each qualified organization shall file at least annually, on a form prescribed by the Department, a report of all ~~such~~ receipts and disbursements *specified in subdivision 1*, the amount of money on hand attributable to charitable gaming as of the end of the period covered by the report, and any other information related to its charitable gaming operation that the Department may require. In addition, the Board, by regulation, may require any qualified organization whose net receipts exceed a specified amount during any three-month period to file a report of its receipts and disbursements for such period. All reports filed pursuant to this section shall be a matter of public record.

B. All reports required by this section shall be filed on or before the date prescribed by the Department. The Board, by regulation, shall establish a schedule of late fees to be assessed for any organization that fails to submit required reports by the due date.

C. Except as provided in § 18.2-340.23, each qualified organization shall designate or compensate an outside individual or group who shall be responsible for filing an annual, and, if required, quarterly, financial report if the organization goes out of business or otherwise ceases to conduct charitable gaming activities. The Department shall require such reports as it deems necessary until all proceeds of any charitable gaming have been used for the purposes specified in § 18.2-340.19 or have been disbursed in a manner approved by the Department.

D. Each qualified organization shall maintain for three years a complete written record of (i) all charitable gaming sessions using Department prescribed forms or reasonable facsimiles thereof approved

by the Department; (ii) the name and address of each individual to whom is awarded any charitable gaming prize or jackpot that meets or exceeds the requirements of Internal Revenue Service Publication 3079, as well as the amount of the award; and (iii) an itemized record of all receipts and disbursements, including operating costs and use of proceeds incurred in operating bingo games.

E. The failure to file reports within 30 days of the time such reports are due shall cause the automatic revocation of the permit, and no organization shall conduct any bingo game or raffle thereafter until the report is properly filed and a new permit is obtained. However, the Department may grant an extension of time for filing such reports for a period not to exceed 45 days if requested by an organization, provided the organization requests an extension within 15 days of the time such reports are due and all projected fees are paid. For the term of any such extension, the organization's permit shall not be automatically revoked, such organization may continue to conduct charitable gaming, or electronic gaming if authorized to do so pursuant to the provisions of this article, and no new permit shall be required.

F. For purposes of this section, the requirement to file a report shall also include the payment of any applicable fees required to accompany such report.

§ 18.2-340.30:2. Reports of electronic gaming adjusted gross receipts by electronic gaming manufacturer required; form of reports; failure to file.

A. Each electronic gaming manufacturer that holds a permit issued by the Department pursuant to § 18.2-340.34 shall keep a complete record of all electronic gaming adjusted gross receipts and shall file at least annually, on a form prescribed by the Department, a report of all such receipts and any other information related to the manufacture of electronic gaming devices that the Department may require.

B. The report required by this section shall be filed on or before the date prescribed by the Department. The Board, by regulation, shall establish a schedule of late fees to be assessed for any electronic gaming manufacturer that fails to submit required reports by the due date.

C. Each electronic gaming manufacturer shall maintain for three years a complete written record of all electronic gaming adjusted gross receipts.

D. The failure to file the report required by this section within 30 days of the time such report is due shall cause the automatic revocation of the electronic gaming manufacturer's permit, and no such manufacturer shall manufacture any new electronic gaming device until the report is properly filed and a new permit is obtained. However, the Department may grant an extension of time for filing such report for a period not to exceed 45 days if requested by a manufacturer, provided that the manufacturer requests an extension within 15 days of the time such report is due and all projected fees are paid. For the term of any such extension, the manufacturer's permit shall not be automatically revoked, such manufacturer may continue to manufacture electronic gaming devices, and no new permit shall be required.

E. For purposes of this section, the requirement to file a report shall also include the payment of any applicable fees required to accompany such report.

§ 18.2-340.31. Audit of reports; exemption; audit and administration fee; additional assessment of gross receipts and electronic gaming adjusted gross receipts.

A. All reports filed pursuant to §§ 18.2-340.30 and 18.2-340.30:2 shall be subject to audit by the Department in accordance with Board regulations. The Department may engage the services of independent certified public accountants to perform any audits deemed necessary to fulfill the Department's responsibilities under this article.

B. The Department shall prescribe a reasonable audit and administration fee to be paid by (i) any organization conducting charitable gaming under a permit issued by the Department unless the organization is exempt from such fee pursuant to § 18.2-340.23 or (ii) any electronic gaming manufacturer that holds a permit issued by the Department pursuant to § 18.2-340.34. Such fee shall not exceed one-half of one and one-quarter percent of the gross receipts which that an organization reports pursuant to § 18.2-340.30 or one-half of one percent of the electronic gaming adjusted gross receipts that an electronic gaming manufacturer reports pursuant to § 18.2-340.30:2. The audit and administration fee shall accompany each report for each calendar quarter.

C. The audit and administration fee shall be payable to the Treasurer of Virginia. All such fees received by the Treasurer of Virginia shall be separately accounted for and shall be used only by the Department for the purposes of auditing and regulating charitable gaming.

D. In addition to the fee imposed under subsection B, an additional fee of (i) one-quarter of one percent of the gross receipts that an organization reports pursuant to § 18.2-340.30 shall be paid by the organization or (ii) one-quarter of one percent of the electronic gaming adjusted gross receipts that an electronic gaming manufacturer reports pursuant to § 18.2-340.30:2 shall be paid by the electronic gaming manufacturer to the Treasurer of Virginia. All such amounts shall be collected and deposited in the same manner as prescribed in subsections B and C and shall be used for the same purposes.

§ 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 *or electronic gaming adjusted 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 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.

5. 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;

e. Remuneration may be paid to bingo managers or callers who have a current registration certificate

675 issued by the Department in accordance with § 18.2-340.34:1, or who are exempt from such registration
676 requirement. Such remuneration shall not exceed \$100 per session; and

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

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

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

686 7. No qualified organization shall enter into any contract with or otherwise employ or compensate
687 any member of the organization on account of the sale of bingo supplies or equipment.

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

690 a. No bingo door prize shall exceed \$250 for a single door prize or \$500 in cumulative door prizes
691 in any one session;

692 b. No regular bingo or special bingo game prize shall exceed \$100. However, up to 10 games per
693 bingo session may feature a regular bingo or special bingo game prize of up to \$200;

694 c. No instant bingo, pull tab, or seal card prize for a single card shall exceed \$2,000;

695 d. Except as provided in this subdivision 8, no bingo jackpot of any nature whatsoever shall exceed
696 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.
697 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted
698 for separately from the bingo cards or sheets used for any other bingo games; and

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

701 9. The provisions of subdivision 8 shall not apply to:

702 Any progressive bingo game, in which (i) a regular or special prize, not to exceed \$100, is awarded
703 on the basis of predetermined numbers or patterns selected at random and (ii) a progressive prize, not to
704 exceed \$500 for the initial progressive prize and \$5,000 for the maximum progressive prize, is awarded
705 if the predetermined numbers or patterns are covered when a certain number of numbers is called,
706 provided that (a) there are no more than six such games per session per organization, (b) the amount of
707 increase of the progressive prize per session is no more than \$200, (c) the bingo cards or sheets used in
708 such games are sold separately from the bingo cards or sheets used for any other bingo games, (d) the
709 organization separately accounts for the proceeds from such sale, and (e) such games are otherwise
710 operated in accordance with the Department's rules of play.

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

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

720 11. No qualified organization composed of or for deaf or blind persons which employs a person not
721 a member to provide clerical assistance in the management and operation but not the conduct of any
722 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in
723 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

724 12. No person shall participate in the management or operation of any charitable game if he has ever
725 been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or
726 financial crimes within the preceding five years. No person shall participate in the conduct of any
727 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the
728 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial
729 crimes. In addition, no person shall participate in the management, operation or conduct of any
730 charitable game if that person, within the preceding five years, has participated in the management,
731 operation, or conduct of any charitable game which was found by the Department or a court of
732 competent jurisdiction to have been operated in violation of state law, local ordinance, or Board
733 regulation.

734 13. Qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 shall not
735 circumvent any restrictions and prohibitions which would otherwise apply if a single organization were
736 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.

14. 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.

15. 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. Suppliers of charitable gaming supplies; manufacturers of electronic gaming devices; permit; qualification; suspension, revocation, or refusal to renew certificate; maintenance, production, and release of records.

A. No person shall offer to sell, sell, or otherwise provide charitable gaming supplies to any qualified organization and no manufacturer shall distribute electronic ~~games of chance systems~~ *gaming devices* for charitable gaming in the Commonwealth unless and until such person has made application for and has been issued a permit by the Department. An application for permit shall be made on forms prescribed by the Department and shall be accompanied by a fee in the amount of \$1,000. Each permit shall remain valid for a period of one year from the date of issuance. Application for renewal of a permit shall be accompanied by a fee in the amount of \$1,000 and shall be made on forms prescribed by the Department.

B. The Board shall have authority to prescribe by regulation reasonable criteria consistent with the provisions of this article for the registration of suppliers and manufacturers of electronic ~~games of chance systems~~ *gaming devices* for charitable gaming. The Department shall refuse to issue a permit to any supplier or manufacturer who has, or which has any officer, director, partner, or owner who has, (i) been convicted of or pleaded nolo contendere to a felony in any state or federal court or has been convicted of any offense that, if committed in the Commonwealth, would be a felony; (ii) been convicted of or pleaded nolo contendere to a crime involving gambling; (iii) violated the gaming laws of any jurisdiction within the last five years, including violations for failure to register; or (iv) had any license, permit, certificate, or other authority related to charitable gaming suspended or revoked in the Commonwealth or in any other jurisdiction within the last five years. The Department may refuse to issue a permit to any supplier or manufacturer who has, or which has any officer, director, partner, or owner who has, (a) failed to file or has been delinquent in excess of one year in the filing of any tax returns or the payment of any taxes due the Commonwealth or (b) failed to establish a registered office or registered agent in the Commonwealth if so required by § 13.1-634 or 13.1-763.

C. The Department shall suspend, revoke, or refuse to renew the permit of any supplier or manufacturer for any conduct described in clause (i), (ii), (iii), or (iv) of subsection B. The Department may suspend, revoke, or refuse to renew the permit of any supplier or manufacturer for any conduct described in clause (a) or (b) of subsection B or for any violation of this article or regulation of the Board. Before taking any such action, the Department shall give the supplier or manufacturer a written statement of the grounds upon which it proposes to take such action and an opportunity to be heard. Every hearing in a contested case shall be conducted in accordance with the Administrative Process Act (§ 2.2-4000 et seq.).

D. Each supplier shall document each sale of charitable gaming supplies, including electronic ~~games of chance systems~~ *gaming devices*, and other items incidental to the conduct of charitable gaming, such as markers, wands or tape, to a qualified organization on an invoice which clearly shows (i) the name and address of the qualified organization to which such supplies or items were sold; (ii) the date of the sale; (iii) the name or form and serial number of each deal of instant bingo cards and pull-tab raffle cards, the quantity of deals sold, and the price per deal paid by the qualified organization; (iv) the serial number of the top sheet in each packet of bingo paper, the serial number for each series of uncollated bingo paper, and the cut, color, and quantity of bingo paper sold; and (v) any other information with respect to charitable gaming supplies, including electronic ~~games of chance systems~~ *gaming devices*, or other items incidental to the conduct of charitable gaming as the Board may prescribe by regulation. A legible copy of the invoice shall accompany the charitable gaming supplies when delivered to the qualified organization.

Each manufacturer of electronic ~~games of chance systems~~ *gaming devices* shall document each distribution of such ~~systems devices~~ to a qualified organization or supplier on an invoice which clearly shows (a) the name and address of the qualified organization or supplier to which such systems were distributed; (b) the date of distribution; (c) the serial number of each such ~~system device~~; and (d) any other information with respect to electronic ~~games of chance systems~~ *gaming devices* as the Board may prescribe by regulation. A legible copy of the invoice shall accompany the electronic ~~games of chance systems~~ *gaming devices* when delivered to the qualified organization or supplier.

E. Each supplier and manufacturer shall maintain a legible copy of each invoice required by subsection D for a period of three years from the date of sale. Each supplier and manufacturer shall

798 make such documents immediately available for inspection and copying to any agent or employee of the
799 Department upon request made during normal business hours. This subsection shall not limit the right of
800 the Department to require the production of any other documents in the possession of the supplier or
801 manufacturer which relate to its transactions with qualified organizations. All documents and other
802 information of a proprietary nature furnished to the Department in accordance with this subsection shall
803 not be a matter of public record and shall be exempt from disclosure under the provisions of the
804 Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

805 F. Each supplier and manufacturer shall provide to the Department the results of background checks
806 and any other records or documents necessary for the Department to enforce the provisions of
807 subsections B and C.

808 **§ 18.2-340.36:1. Civil penalty.**

809 *A. Any person or organization, whether permitted or qualified pursuant to this article or not, that (i)*
810 *conducts charitable gaming without first obtaining a permit to do so, (ii) continues to conduct such*
811 *games after revocation or suspension of such permit, or (iii) otherwise violates any provision of this*
812 *article shall, in addition to any other penalties provided, be subject to a civil penalty of not less than*
813 *\$25,000 and not more than \$50,000 per incident. Any civil penalties collected pursuant to this section*
814 *shall be payable to the State Treasurer for remittance to the Department.*

815 *B. Any electronic gaming manufacturer, whether permitted pursuant to this article or not, shall, in*
816 *addition to any other penalties provided, be subject to the penalty identified in subsection A for any*
817 *violation of any provision of this article.*

818 **2. That the Charitable Gaming Board's (the Board) initial adoption of regulations necessary to**
819 **implement the provisions of this act shall be exempt from the Administrative Process Act**
820 **(§ 2.2-4000 et seq. of the Code of Virginia), except that the Board shall provide an opportunity for**
821 **public comment on the regulations prior to adoption. The Board shall complete work on such**
822 **regulations no later than September 15, 2022.**

823 **3. That the provisions of this act may result in a net increase in periods of imprisonment or**
824 **commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the**
825 **necessary appropriation cannot be determined for periods of imprisonment in state adult**
826 **correctional facilities; therefore, Chapter 552 of the Acts of Assembly of 2021, Special Session I,**
827 **requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of**
828 **\$50,000. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary**
829 **appropriation cannot be determined for periods of commitment to the custody of the Department**
830 **of Juvenile Justice.**