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SENATE BILL NO. 156

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws
on January 24, 1996)

(Patron Prior to Substitute—Senator Colgan)

A BILL to amend and reenact §§ 18.2-340.33 and 18.2-340.34 of the Code of Virginia, relating to the Virginia Charitable Gaming Commission; conduct of charitable gaming.

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.33 and 18.2-340.34 of the Code of Virginia are amended and reenacted as follows:

§ 18.2-340.33 (Effective July 1, 1996) Prohibited practices.

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

1. No part of the gross receipts derived by a qualified organization may be used for any purpose other than (i) reasonable and proper operating costs, (ii) publicizing the time and date of charitable gaming, (iii) prizes, (iv) those lawful religious, charitable, community or educational purposes for which the organization is specifically chartered or organized, and (v) 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.

2. 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 conduct of charitable gaming.

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

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

4. No building or other premises shall be utilized in whole or in part for the purpose of conducting bingo games more frequently than two calendar days in any one calendar week. However, no building or other premises owned by a qualified organization and qualified as a tax-exempt organization pursuant to § 501 (c) of the Internal Revenue Code shall be utilized in whole or in part for the purpose of conducting bingo games more frequently than four calendar days in any one calendar week.

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

5. No person shall participate in the management, operation or conduct of any charitable game unless such person is and, for a period of at least ninety days immediately preceding such participation, has been a bona fide member of the organization; however, 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; or (iii) the spouse of any such bona fide member of a qualified organization provided at least one bona fide member is present.

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

a. Persons employed by organizations composed of or for deaf or blind persons may receive remuneration not to exceed thirty dollars per event for providing clerical assistance in the conduct of charitable games only for such organizations; ~~and~~

b. Persons under the age of nineteen 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; *and*

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.*

60 7. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the
61 conduct, management, or operation of any bingo games; (ii) sell, lease or otherwise provide for
62 consideration any bingo supplies, including, but not limited to, bingo cards, instant bingo cards, markers,
63 or other game pieces; or (iii) require as a condition of the lease or by contract that a particular
64 manufacturer, distributor or supplier of bingo supplies or equipment be used by the organization. If
65 equipment or services are included by a landlord in any lease or contract, the lease or contract shall
66 itemize the amount attributable to the rent of the premises, equipment, and each service to be provided
67 by the landlord.

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

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

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

74 a. No bingo door prize shall exceed \$25;

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

76 c. No instant bingo prize for a single card shall exceed \$500; and

77 d. No bingo jackpot of any nature whatsoever shall exceed \$1,000, nor shall the total amount of
78 bingo jackpot prizes awarded in any one calendar day exceed \$1,000.

79 The provisions of this subdivision shall not apply to any bingo game in which all the gross receipts
80 from players for that game are paid as prize money back to the players provided there is no more than
81 one such game per calendar day of play and the prize money from any such game does not exceed
82 \$1,000, such games being commonly referred to as "winner-take-all" games.

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

84 The provisions of this subdivision shall not apply to (i) a raffle conducted no more than once per
85 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501 (c) (3)
86 of the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where
87 100 percent of the moneys received from such a raffle, less deductions for the fair market value for the
88 cost of acquisition of the land and materials, are donated to lawful religious, charitable, community, or
89 educational organizations specifically chartered or organized under the laws of the Commonwealth and
90 qualified as a § 501 (c) (3) tax-exempt organization or (ii) pull-tab devices when played as permitted in
91 § 18.2-340.26, which prize award for a single card shall not exceed \$500.

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

96 12. No person shall participate in the management, operation or conduct of any charitable game if,
97 within the preceding five years, he has been convicted of a felony or crime of moral turpitude. In
98 addition, no person shall participate in the management, operation or conduct of any charitable game if
99 that person, within the preceding five years, has participated in the management, operation, or conduct
100 of any charitable game which was found by the Commission or a court of competent jurisdiction to
101 have been operated in violation of state law, local ordinance or Commission regulation.

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

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

110 § 18.2-340.34 (Effective July 1, 1996) Suppliers of charitable gaming supplies; registration;
111 qualification; suspension, revocation or refusal to renew certificate; maintenance and production of
112 records.

113 A. No person shall offer to sell, sell or otherwise provide charitable gaming supplies to any qualified
114 organization unless and until such person has made application for and has been issued a registration
115 certificate by the Commission. An application for registration shall be made on forms prescribed by the
116 Commission and shall be accompanied by a fee in the amount of \$500. Each registration certificate shall
117 remain valid for a period of one year from the date of issuance. Application for renewal of a registration
118 certificate shall be accompanied by a fee in the amount of \$500 and shall be made on forms prescribed
119 by the Commission.

120 B. The Commission shall have authority to prescribe by regulation reasonable criteria consistent with
121 the provisions of this article for the registration of suppliers. The Commission may refuse to register any

supplier 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 which, if committed in the Commonwealth, would be a felony; (ii) been convicted of or pleaded nolo contendere to a crime involving gambling; (iii) had any license, permit, certificate or other authority related to activities defined as charitable gaming in the Commonwealth suspended or revoked in the Commonwealth or in any other jurisdiction; or (iv) *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.

C. The Commission may suspend, revoke or refuse to renew the registration certificate of any supplier for any conduct described in subsection B or for any violation of this article or regulation of the Commission. Before taking any such action, the Commission shall give the supplier a written statement of the grounds upon which it proposes to take such action and an opportunity to be heard.

D. Each supplier shall document each sale of charitable gaming supplies to a qualified organization on an invoice which clearly shows (i) the name and address of the qualified organization to which the supplies 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 ~~quality~~*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 items of charitable gaming supplies as the Commission may prescribe by regulation. A legible copy of the invoice shall accompany the charitable gaming supplies when delivered to the qualified organization.

E. Each supplier 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 shall make such documents immediately available for inspection and copying to any agent or employee of the Commission upon request made during normal business hours. This subsection shall not limit the right of the Commission to require the production of any other documents in the possession of the supplier which relate to its transactions with qualified organizations.