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## SENATE BILL NO. 133

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws)

(Patron Prior to Substitute—Senator Colgan)

Senate Amendments in [ ] — January 14, 1994

A *BILL to amend and reenact §§ 18.2-340.15, 18.2-340.16, 18.2-340.18, 18.2-340.19, 18.2-340.22, 18.2-340.23, 18.2-340.24, 18.2-340.25, 18.2-340.26, 18.2-340.28, 18.2-340.29, 18.2-340.30, 18.2-340.33, 18.2-340.34, 18.2-340.37, 18.2-340.38, and 58.1-3 of the Code of Virginia, relating to the Charitable Gaming Commission; penalty.*

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

**1. That §§ 18.2-340.15, 18.2-340.16, 18.2-340.18, 18.2-340.19, 18.2-340.22, 18.2-340.23, 18.2-340.24, 18.2-340.25, 18.2-340.26, 18.2-340.28, 18.2-340.29, 18.2-340.30, 18.2-340.33, 18.2-340.34, 18.2-340.37, 18.2-340.38, and 58.1-3 of the Code of Virginia are amended and reenacted as follows:**

§ 18.2-340.15 (Effective July 1, 1996) State control of charitable gaming; purpose.

A. Charitable gaming as authorized herein shall be permitted in the Commonwealth as a means of ~~funding~~ enabling qualified organizations to raise funds for legitimate purposes while avoiding the commercial aspects of gaming. It is the purpose of this article to protect the public interest by providing for the equitable regulation of charitable gaming throughout the Commonwealth and to enhance the integrity of charitable gaming by requiring accountability by all participants in the activity and maximizing the returns to qualified organizations. The Charitable Gaming Commission is vested with control of all charitable gaming in the Commonwealth, with plenary power to prescribe regulations and conditions under which such gaming shall be conducted to ensure that it is conducted in a manner consistent with the purpose for which it is permitted.

B. The conduct of any charitable gaming is a privilege which may be granted or denied by the Charitable Gaming Commission or its duly authorized representatives in its discretion in order to effectuate the purposes set forth in this article.

§ 18.2-340.16. Definitions.

As used in this article unless the context requires a different meaning:

"Adjusted gross receipts" means the total amount of money received by an organization from charitable gaming after the deduction of prizes.

"Bingo" means a specific game of chance played with individual cards having randomly numbered squares ranging from one to seventy-five, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of numbers selected at random. Such cards shall have five columns headed respectively by the letters B.I.N.G.O., with each column having five randomly numbered squares, except the center column which shall contain one free space.

"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 and games of chance explicitly authorized by this article.

"Charitable gaming supplies" includes bingo cards or sheets, devices for selecting bingo numbers, instant bingo cards, pull-tab cards, and any other equipment or product manufactured for or intended to be used in the conduct of charitable games, which may be dispensed by electronic or mechanical means.

"Commission" means the Charitable Gaming Commission.

"Gross receipts" means the total amount of money received by an organization from charitable gaming before the deduction of expenses, including prizes.

"Instant bingo" means a specific game of chance played by the random selection of one or more individually prepacked cards, made completely of paper or paper products, with winners being determined by the preprinted appearance of concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses and may include the use of a seal card which conceals one or more numbers or symbols that have been designated in advance as prize winners.

"Jackpot" means a bingo game, exclusive of a "winner-take-all" bingo game, in which (i) all numbers on the card are covered, each number being selected at random, and with no more than one free space and (ii) the prize amount is greater than \$100.

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

"Management, operation, or conduct of charitable gaming" includes the provision of oversight and supervision of charitable gaming; purchase authority for charitable gaming equipment and supplies; deposit of proceeds from charitable gaming activities; check writing or approval authority; purchase

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60 *authority for charitable gaming equipment or supplies; preparation of daily, quarterly or annual*  
61 *financial reports or negotiation of contracts or leases unless performed by non-member professionals at*  
62 *reasonable costs; service as a volunteer worker or assistant, or involvement in charitable gaming in any*  
63 *manner other than as a player.*

64 "Organization" means any one of the following:

- 65 1. A voluntary fire department or rescue squad or auxiliary unit thereof which has been recognized  
66 by an ordinance or resolution of the political subdivision where the voluntary fire department or rescue  
67 squad is located as being a part of the safety program of such political subdivision;
- 68 2. An organization operated exclusively for religious, charitable, community or educational purposes;
- 69 3. An association of war veterans or auxiliary units thereof organized in the United States; or
- 70 4. A fraternal association or corporation operating under the lodge system.

71 "Qualified organization" means any organization to which a valid permit has been issued by the  
72 Commission to conduct charitable gaming or any organization which is exempt pursuant to  
73 § 18.2-340.23.

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

78 For the purpose of this article, "raffle" shall include the use of individually prepackaged cards made  
79 completely of paper or paper products, with winners being determined by the appearance of preprinted  
80 concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses,  
81 such cards being commonly referred to as "pull tabs."

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

84 § 18.2-340.18. Powers and duties of the Commission.

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

88 1. The Commission is vested with jurisdiction and supervision over all charitable gaming authorized  
89 under the provisions of this article and including all persons that conduct or provide goods, services or  
90 premises used in the conduct of charitable gaming. It may employ such persons as are necessary to  
91 ensure that charitable gaming is conducted in conformity with the provisions of this article and the  
92 regulations of the Commission. The Commission may designate such agents and employees as it deems  
93 necessary and appropriate to be vested with like power to enforce the provisions of this article and the  
94 criminal laws of the Commonwealth as is vested in the chief law-enforcement officer of any county, city  
95 or town.

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

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

107 4. The Commission shall promulgate regulations under which charitable gaming shall be conducted  
108 in the Commonwealth and all such other regulations that it deems necessary and appropriate to effect  
109 the purposes of this article. Such regulations may include penalties for violations. The regulations shall  
110 be subject to the Administrative Process Act (§ 9-6.14:1 et seq.).

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

114 6. The Commission may compel any person holding a permit to file with the Commission such  
115 documents, information or data as shall appear to the Commission to be necessary for the performance  
116 of its duties.

117 7. The Commission may enter into arrangements with any governmental agency of this or any other  
118 state or any locality in the Commonwealth for the purposes of exchanging information or performing  
119 any other act to better ensure the proper conduct of charitable gaming.

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

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

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

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

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

13. *In addition to the fees authorized pursuant to §§ 18.2-340.31 and 18.2-340.34, the Commission may levy and collect reasonable fees sufficient to cover all expenses for the administration and operation of the Commission.*

14. *The Commission shall require a background investigation to include a Virginia criminal history record information check of the following persons: (i) every person applying for a permit to conduct charitable gaming or license to sell charitable gaming supplies and equipment and (ii) all employees of the Commission. Employees of the Commission shall be fingerprinted before and as a condition of employment. Persons convicted of a felony or crime of moral turpitude shall not be employed by the Commission.*

15. *The Commission may issue provisional permits or licenses which shall be valid for no more than 180 days pending completion of background investigations.*

16. *The Commission may request verification of compliance with state and federal tax law by persons applying for permits and licenses, or holders thereof seeking renewal of such permits or licenses.*

§ 18.2-340.19. Regulations of the Commission.

A. The Commission shall adopt regulations which:

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 lease, 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 Commission finds appropriate to and consistent with the purpose of charitable gaming.

2. Require the organization to have at least fifty percent of its membership consist of residents of the Commonwealth and specify the conditions under which a complete list of the organization's membership may be required in order for the Commission to ascertain the percentage of Virginia residents; however, if an organization (i) does not consist of bona fide members and (ii) is exempt under § 501 (c) (3) of the United States Internal Revenue Code, the Commission shall exempt such organizations from the regulations adopted pursuant to this subdivision.

Membership lists furnished to the Commission 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 (§ 2.1-340 et seq.).

3. Prescribe fees for processing applications *and* for charitable gaming permits. Such fees may reflect the nature and extent of the charitable gaming activity proposed to be conducted *and the cost of the administration and operation of the Commission.*

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.*

B. *The Commission may adopt regulations which define a limit for reasonable rent paid by organizations to lease premises to conduct charitable gaming.*

§ 18.2-340.22 (Effective July 1, 1996) Only raffles, bingo and instant bingo games permitted; prizes not gaming contracts.

A. This article permits qualified organizations ~~and organizations exempted under § 18.2-340.23 from obtaining a permit~~ to conduct raffles, bingo and instant bingo games. All games not explicitly authorized by this article are prohibited.

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

§ 18.2-340.23 (Effective July 1, 1996) Organizations exempt from certain permit, financial reporting and audit requirements.

183 Any organization that reasonably expects to realize gross receipts of \$25,000 or less in any  
184 twelve-month period and a volunteer fire department or rescue squad or auxiliary unit thereof which has  
185 been recognized by an ordinance or resolution of the political subdivision where the voluntary fire  
186 department or rescue squad is located as being a part of the safety program of such political subdivision  
187 shall be exempt from the requirements of § 18.2-340.25 if, prior to conducting charitable gaming, it  
188 notifies the Commission, on a form prescribed by the Commission, that it will conduct charitable  
189 gaming. Any such organizations [ , *including only those volunteer fire departments or rescue squads or*  
190 *auxiliary units thereof which are subject to audit by the political subdivision,* ] also shall be exempt  
191 from the financial reporting and audit requirements of this article and the payment of audit fees but shall  
192 file with the Commission, at such time or times as may be required by the Commission, a resolution of  
193 its board of directors stating that the organization has complied with the provisions of this article. ~~If any~~  
194 ~~of the organization's actual gross receipts for the twelve-month period exceed \$25,000, the Commission~~  
195 ~~may require the organization to file by a specified date the report required by § 18.2-340.30. The~~  
196 ~~Commission may require any organization which anticipated gross receipts for a twelve-month period to~~  
197 ~~be \$25,000 or less, but which realized gross receipts of more than \$25,000 in such period, to file by a~~  
198 ~~specified date the report required by § 18.2-340.30.~~ Nothing in this section shall prevent the  
199 Commission from conducting any investigation or audit it deems appropriate to ensure ~~the~~ *an exempt*  
200 organization's compliance with the provisions of this article or the Commission's regulations.

201 § 18.2-340.24 (Effective July 1, 1996) Eligibility for permit; exceptions; where valid.

202 A. To be eligible for a permit to conduct charitable gaming, an organization shall:

203 1. Have been in existence and met on a regular basis in the county, city or town or in a county, city  
204 or town adjacent to the county, city or town wherein the organization proposes to conduct charitable  
205 gaming for a period of at least three years immediately prior to applying for a permit.

206 The three-year residency requirement shall not apply (i) to any lodge or chapter of a national or  
207 international fraternal order or ~~to~~ *of* a national or international civic organization which is exempt under  
208 § 501 (c) (3) of the United States Internal Revenue Code and which has a lodge or chapter holding a  
209 charitable gaming permit issued under the provisions of this article anywhere within the Commonwealth;  
210 (ii) to booster clubs which have been operating for less than three years and which have been  
211 established solely to raise funds for school-sponsored activities in public schools which are less than  
212 three years old; (iii) to recently established volunteer fire and rescue companies or departments, after  
213 county, city or town approval; or (iv) to an organization which relocates its meeting place on a  
214 permanent basis from one jurisdiction to another, complies with the requirements of subdivision 2 of this  
215 section, and was the holder of a valid permit at the time of its relocation.

216 2. Be operating currently and have always been operated as a nonprofit organization.

217 B. Any organization whose gross receipts from all charitable gaming exceeds or can be expected to  
218 exceed \$75,000 in any calendar year shall have been granted tax-exempt status pursuant to § 501 (c) of  
219 the United States Internal Revenue Code. At the same time tax-exempt status is sought from the Internal  
220 Revenue Service, the same documentation may be filed with the Commission for an interim certification  
221 of tax-exempt status. If such documentation is filed, the Commission may, after reviewing such  
222 documentation it deems necessary, issue its determination of tax-exempt status within sixty days of  
223 receipt of such documentation. The Commission may charge a reasonable fee, not to exceed \$500. This  
224 interim certification of tax-exempt status shall be valid until the Internal Revenue Service issues its  
225 determination of tax-exempt status, or for eighteen months, whichever is earlier.

226 C. A permit shall be valid only for the locations designated in the permit.

227 § 18.2-340.25 (Effective July 1, 1996) Annual permit required; application fee; form of application.

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

230 B. All *completed* applications for a permit shall be acted upon by the Commission within sixty days  
231 from the filing thereof. Upon compliance by the applicant with the provisions of this article, and at the  
232 discretion of the Commission, a permit may be issued. All permits when issued shall be valid for the  
233 period specified in the permit unless it is sooner suspended or revoked. The application shall be a matter  
234 of public record.

235 All ~~permits~~ *organizations, except those exempted pursuant to § 18.2-340.23,* shall be subject to  
236 regulation by the Commission to ensure the public safety and welfare in the operation of charitable  
237 games. The permit shall only be granted after a reasonable investigation has been conducted by the  
238 Commission.

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

242 D. Application for a charitable gaming permit shall be made on forms prescribed by the Commission  
243 and shall be accompanied by payment of the ~~fee~~ *fees for the permit applied for and for processing the*  
244 application.

§ 18.2-340.26 (Effective July 1, 1996) Sale of raffle tickets; drawings.

A qualified organization may sell raffle tickets both in and out of the jurisdiction designated in its permit and shall conduct the drawing within the Commonwealth; however, pull-tab devices used as part of a raffle as defined in § 18.2-340.16 may be sold only upon the premises owned or exclusively leased by the organization and at such times as the portion of the premises in which the pull-tab devices are sold is open only to members and their guests.

§ 18.2-340.28. (Effective July 1, 1996) Conduct of instant bingo.

A. Any organization qualified to conduct bingo games pursuant to the provisions of this article may play instant bingo as a part of such bingo game ~~and~~, only at such location and at such times as designated in the permit for regular bingo games.

B. The gross receipts in the course of a reporting year from the playing of instant bingo shall not exceed fifty percent of the gross receipts of an organization's bingo operation.

C. Any organization conducting instant bingo shall maintain a record of the date, quantity and card value of instant bingo supplies purchased as well as the name and address of the supplier of such instant bingo supplies. The organization shall also maintain a written invoice or receipt from a nonmember of the organization verifying any information required by this subsection. Instant bingo supplies shall be paid for only by check drawn on an account of the organization. During the conduct of instant bingo, the supplier's invoice, or a legible true copy thereof, for the instant bingo supplies being used shall be maintained by the organization on the premises where the instant bingo is being conducted.

D. No qualified organization shall sell any instant bingo card to any individual under eighteen years of age.

§ 18.2-340.29 (Effective July 1, 1996) Joint operation of bingo games; written reports; special permit required.

A. Any two qualified organizations may jointly organize and conduct bingo games provided both have fully complied with all other provisions of this article.

B. Any two qualified organizations jointly conducting such games shall be (i) subject to the same restrictions and prohibitions contained in this article that would apply to a single organization conducting bingo games and (ii) required to furnish to the Commission a written report setting forth the location where such games will be held, *and* the division of manpower, costs, and proceeds for each game to be jointly conducted.

Upon a finding that the division of manpower and costs for each game bears a reasonable relationship to the division of proceeds, the Commission shall issue a special permit for the joint conduct of all approved games.

C. No bingo game shall be jointly conducted until the special permit issued pursuant to subsection B is obtained by the organizations.

§ 18.2-340.30 (Effective July 1, 1996) Reports of gross receipts and disbursements required; form of reports; failure to file.

A. Each qualified organization shall keep a complete record of all receipts from its charitable gaming operation and all disbursements related to such operation. Each qualified organization shall file at least annually, on a form prescribed by the Commission, a report of all such receipts and disbursements, 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 Commission may require. In addition, the Commission, by regulation, may require any qualified organization whose 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 per this section shall be a matter of public record.

B. All reports required by this section shall be acknowledged in the presence of a notary public and filed on or before the date prescribed by the Commission.

C. The *annual* financial report shall be accompanied by a certificate, verified under oath, by the board of directors or the executive committee, if any, of the organization stating that the proceeds of charitable gaming have been used only for those purposes specified in § 18.2-340.19 and that the operation of the charitable games has been in accordance with the provisions of this article.

D. Any qualified organization having annual gross receipts from charitable gaming in excess of \$250,000, as shown on its annual financial report, shall attach to such report an opinion of a licensed independent certified public accountant that in all material respects (i) the annual financial report fairly presents beginning cash, receipts, operating costs, use of proceeds, and ending cash; (ii) the proceeds of all charitable games have been used for those purposes specified in § 18.2-340.19; and (iii) the gross receipts have been used in accordance with the provisions of this article. The opinion required by this subsection shall be in addition to any other opinion that may be required by the Commission.

E. Each qualified organization shall designate an individual 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 Commission 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 Commission.

F. Each qualified organization shall maintain *for three years* (i) ~~for three years~~ a written record of the dates on which bingo games are played, the number of people in attendance on each date and the amount of the gross receipts and prizes paid on each day; (ii) a record of the name and address of each individual to whom a regular or special bingo game prize or jackpot from the playing of bingo is awarded, 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.

G. The failure to file reports when due and, when required, the opinion of a licensed independent certified public accountant in accordance with subsection D, shall cause the automatic revocation of the permit, and no organization shall conduct any bingo game or raffle thereafter until the report or the opinion is properly filed and a new permit is obtained.

§ 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~~ *reasonable* 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, *unless permitted by regulation of the Commission*.

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 [ *public or private* ] 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.

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

equipment or services are included by a landlord in any lease or contract, the lease or contract shall itemize the amount attributable to the rent of the premises, equipment, and each service to be provided by the landlord.

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

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

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

- a. No bingo door prize shall exceed \$25;
- b. No regular bingo or special bingo game prize shall exceed \$100;
- c. No instant bingo prize for a single card shall exceed \$500; and
- d. No bingo jackpot of any nature whatsoever shall exceed \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one calendar day exceed \$1,000.

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

10. No organization shall award any raffle prize valued at more than \$100,000, *or in the case of a pull-tab raffle, any prize valued in excess of \$500.*

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

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

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

13. Qualified organizations jointly conducting bingo games pursuant to § 18.2-340.29 shall not circumvent any restrictions and prohibitions which would otherwise apply if a single organization were 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 this Commonwealth from any person who is not currently ~~registered with~~ *licensed by* the Commission as a supplier pursuant to § 18.2-340.34.

15. *No person under the age of 18 years shall play bingo or participate in the management, operation or conduct of bingo games.*

§ 18.2-340.34 (Effective July 1, 1996) Suppliers of charitable gaming supplies; licensure; qualification; suspension, revocation or refusal to issue or renew license; maintenance and production of records.

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

B. The Commission shall have authority to prescribe by regulation reasonable criteria consistent with the provisions of this article for the ~~registration~~ *licensing* of suppliers. The Commission may refuse to

429 register license any supplier who has, or which has any officer, director, partner, or owner who has (i)  
430 been convicted of or pleaded nolo contendere to a felony in any state or federal court or has been  
431 convicted of any offense which, if committed in the Commonwealth, would be a felony; (ii) been  
432 convicted of or pleaded nolo contendere to a crime involving gambling; (iii) had any license, permit,  
433 certificate or other authority related to activities defined as charitable gaming in the Commonwealth  
434 suspended or revoked in the Commonwealth or in any other jurisdiction; or (iv) been delinquent in the  
435 filing of any tax returns or the payment of any taxes due the Commonwealth.

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

441 D. Each supplier shall document each sale of charitable gaming supplies to a qualified organization  
442 on an invoice which clearly shows (i) the name and address of the qualified organization to which the  
443 supplies were sold; (ii) the date of the sale; (iii) the name or form and serial number of each deal of  
444 instant bingo cards and pull-tab raffle cards, the ~~quality~~ quantity of deals sold and the price per deal paid  
445 by the qualified organization; (iv) the serial number of the top sheet in each packet of bingo paper, the  
446 serial number for each series of uncollated bingo paper, and the cut, color and quantity of bingo paper  
447 sold; and (v) any other information with respect to items of charitable gaming supplies as the  
448 Commission may prescribe by regulation. A legible copy of the invoice shall accompany the charitable  
449 gaming supplies when delivered to the qualified organization.

450 E. Each supplier shall maintain a legible copy of each invoice required by subsection D for a period  
451 of three years from the date of sale. Each supplier shall make such documents immediately available for  
452 inspection and copying to any agent or employee of the Commission upon request made during normal  
453 business hours. This subsection shall not limit the right of the Commission to require the production of  
454 any other documents in the possession of the supplier which relate to its transactions with qualified  
455 organizations.

456 § 18.2-340.37 (Effective July 1, 1996) Criminal penalties.

457 A. Any person who *willfully and knowingly files, or causes to be filed, a false application, report or*  
458 *other document or who willfully and knowingly makes a false statement, or causes a false statement to*  
459 *be made, on any application, report or other document required to be filed with or made to the*  
460 *Commission shall be guilty of a Class 6 felony.*

461 B. *Except as provided in subsection A, any person who violates the provisions of this article shall be*  
462 *guilty of a Class 1 misdemeanor.*

463 B- C. Each day in violation shall constitute a separate offense.

464 § 18.2-340.38 (Effective July 1, 1996) Transitional provisions.

465 A. In order to implement the statewide regulation of charitable gaming expeditiously, ~~the initial~~ rules  
466 and regulations shall be adopted by the Commission but shall not be subject to the Administrative  
467 Process Act (§ 9-6.14:1 et seq.) during the first ~~twelve-month~~ twenty-four-month period following the  
468 earliest effective date of any portion of this article. Thereafter, all rules and regulations shall fully  
469 comply with the provisions of the Administrative Process Act; *provided that such rules and regulations*  
470 *are adopted after a public hearing held by the Commission at least thirty days after providing notice to*  
471 *interested parties of the proposed rules and regulations.*

472 B. The Commission may issue temporary licenses upon conditions as ~~its~~ it deems necessary, subject  
473 however to all limitations set forth in this article, for a term which shall not extend beyond one year  
474 after the latest effective ~~day~~ date of any portion of this article.

475 § 58.1-3. Secrecy of information; penalties.

476 A. Except in accordance with proper judicial order or as otherwise provided by law, the Tax  
477 Commissioner or agent, clerk, commissioner of the revenue, treasurer, or any other state or local tax or  
478 revenue officer or employee, or any former officer or employee of any of the aforementioned offices  
479 shall not divulge any information acquired by him in the performance of his duties with respect to the  
480 transactions, property, including personal property, income or business of any person, firm or  
481 corporation. Such prohibition specifically includes any copy of a federal return or federal return  
482 information required by Virginia law to be attached to or included in the Virginia return. Any person  
483 violating the provisions of this section shall be guilty of a Class 2 misdemeanor. The provisions of this  
484 subsection shall not be applicable, however, to:

485 1. Matters required by law to be entered on any public assessment roll or book;

486 2. Acts performed or words spoken or published in the line of duty under the law;

487 3. Inquiries and investigations to obtain information as to the process of real estate assessments by a  
488 duly constituted committee of the General Assembly, or when such inquiry or investigation is relevant to  
489 its study, provided that any such information obtained shall be privileged;

490 4. The sales price, date of construction, physical dimensions or characteristics of real property, or to



any information required for building permits.

B. Nothing contained in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof or the publication of delinquent lists showing the names of taxpayers who are currently delinquent, together with any relevant information which in the opinion of the Department may assist in the collection of such delinquent taxes. This section shall not be construed to prohibit a local tax official from disclosing whether a person, firm or corporation is licensed to do business in that locality and divulging, upon written request, the name and address of any person, firm or corporation transacting business under a fictitious name.

C. Notwithstanding the provisions of subsection A or B or any other provision of this title, the Tax Commissioner is authorized to: (i) divulge tax information to any commissioner of the revenue, director of finance or other similar collector of county, city or town taxes who, for the performance of his official duties, requests the same in writing setting forth the reasons for such request; (ii) provide to the Commissioner of the Department of Social Services, upon written request, information on the amount of income reported by persons on their state income tax returns who have applied for public assistance benefits as defined in § 63.1-87; (iii) provide to the Executive Director of the State Education Assistance Authority, upon written request, the names and home addresses of those persons identified by the Authority as having defaulted on loans guaranteed by the Authority; (iv) provide current address information upon request to state agencies and institutions for their confidential use in facilitating the collection of accounts receivable, and to the clerk of a circuit or district court for their confidential use in facilitating the collection of fines, penalties and costs imposed in a proceeding in that court; (v) provide to the Commissioner of the Virginia Employment Commission, after entering into a written agreement, such tax information as may be necessary to facilitate the collection of unemployment taxes and overpaid benefits; (vi) provide to the Alcoholic Beverage Control Board, upon entering into a written agreement, such tax information as may be necessary to facilitate the collection of state and local taxes and the administration of the alcoholic beverage control laws; (vii) provide to the Director of the State Lottery Department such tax information as may be necessary to identify those lottery ticket retailers who owe delinquent taxes; (viii) provide to the Department of the Treasury for its confidential use such tax information as may be necessary to facilitate the location of owners of unclaimed property; (ix) provide to the State Corporation Commission, upon entering into a written agreement, such tax information as may be necessary to facilitate the collection of taxes and fees administered by the Commission; and (x) provide to the Executive Director of the Potomac and Rappahannock Transportation Commission for its confidential use such tax information as may be necessary to facilitate the collection of the motor vehicle fuel sales tax; and (xi) provide to the Executive Secretary of the Charitable Gaming Commission such tax information as may be necessary to identify those applicants for charitable gaming permits and licenses who have not filed required returns or who owe delinquent taxes. The Tax Commissioner is further authorized to enter into written agreements with duly constituted tax officials of other states and of the United States for the inspection of tax returns, the making of audits, and the exchange of information relating to any tax administered by the Department of Taxation. Any person to whom tax information is divulged pursuant to this section shall be subject to the prohibitions and penalties prescribed herein as though he were a tax official.

D. Notwithstanding the provisions of subsection A or B or any other provision of this title, the commissioner of revenue is authorized to provide, upon written request stating the reason for such request, the chief executive officer of any county or city with information furnished to the commissioner of revenue by the Tax Commissioner relating to the name and address of any dealer located within the county or city who paid sales and use tax, for the purpose of verifying the local sales and use tax revenues payable to the county or city. Any person to whom tax information is divulged pursuant to this section shall be subject to the prohibitions and penalties prescribed herein as though he were a tax official.

This section shall not be construed to prohibit a local tax official from imprinting or displaying on a motor vehicle local license decal the year, make, and model and any other legal identification information about the particular motor vehicle for which that local license decal is assigned.

E. Notwithstanding any other provisions of law, state agencies and any other administrative or regulatory unit of state government shall divulge to the Tax Commissioner or his authorized agent, upon written request, the name, address, and social security number of a taxpayer, necessary for the performance of the Commissioner's official duties regarding the administration and enforcement of laws within the jurisdiction of the Department of Taxation. The receipt of information by the Tax Commissioner or his agent which may be deemed taxpayer information shall not relieve the Commissioner of the obligations under this section.

F. Additionally, it shall be unlawful for any person to disseminate, publish, or cause to be published any confidential tax document which he knows or has reason to know is a confidential tax document. A

552 confidential tax document is any correspondence, document, or tax return that is prohibited from being  
553 divulged by subsection A, B, C, or D of this section. This prohibition shall not apply if such  
554 confidential tax document has been divulged or disseminated pursuant to a provision of law authorizing  
555 disclosure. Any person violating the provisions of this subsection shall be guilty of a Class 2  
556 misdemeanor.

557 **2. That an emergency exists and the provisions § 18.2-340.38 of this act are in force from its**  
558 **passage.**

559 **3. That the provisions of this act may result in a net increase in periods of imprisonment in state**  
560 **correctional facilities. Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation**  
561 **is \$125,000.**