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SENATE BILL NO. 757

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws

(Patron Prior to Substitute—Senator Colgan)

Senate Amendments in [] — February 4, 1997

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, 18.2-340.25, 18.2-340.26, 18.2-340.28, and 18.2-340.30 through 18.2-340.34 of the Code of Virginia and to repeal Article 1.1:1 (§§ 18.2-340.15 through 18.2-340.38) of Chapter 8 of Title 18.2 of the Code of Virginia, relating to charitable 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, 18.2-340.25, 18.2-340.26, 18.2-340.28, and 18.2-340.30 through 18.2-340.34 of the Code of Virginia are amended and reenacted 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 individual cards having randomly numbered squares ranging from one to seventy-five *or Commission-approved electronic devices which display facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as numbers are called*, 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 seal cards*, and any other equipment or product manufactured for or intended to be used in the conduct of charitable games.

"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. Such cards may be dispensed by electronic or mechanical equipment.

"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.

"Organization" means any one of the following:

1. A voluntary fire department or rescue squad or auxiliary unit thereof which has been recognized by an ordinance or resolution of the political subdivision where the voluntary fire department or rescue squad is located as being a part of the safety program of such political subdivision;

2. An organization operated exclusively for religious, charitable, community or educational purposes;

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

4. A fraternal association or corporation operating under the lodge system.

"Qualified organization" means any organization to which a valid permit has been issued by the Commission to conduct charitable gaming or any organization which 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."

For the purpose of this article, "raffle" shall include the use of individually prepackaged cards made

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60 completely of paper or paper products, with winners being determined by the appearance of preprinted
61 concealed letters, numbers or symbols that must be exposed by the player to determine wins and losses,
62 such cards being commonly referred to as "pull tabs;" or *"seal cards" which conceal one or more*
63 *numbers or symbols that have been designated in advance as prize winners.* Such cards may be
64 dispensed by electronic or mechanical equipment.

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

67 § 18.2-340.18. Powers and duties of the Commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

114 13. *The Commission may, by regulation, approve variations to the card formats for bingo games*
115 *provided such variations result in bingo games which are conducted in a manner consistent with the*
116 *provisions of this article.*

117 [14. *The Commission, upon request of a local governing body, may delegate its authority to*
118 *administer and enforce the provisions of this article and its regulations to such local governing body,*
119 *provided such local governing body can demonstrate, to the satisfaction of the Commission, that it has*
120 *the requisite staff and resources to administer a regulatory program which is substantially equivalent to*
121 *that of the Commission.*]

§ 18.2-340.19. Regulations of the Commission.

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 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~~ *members who participate in the management, operation or conduct of charitable gaming*, 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 for charitable gaming permits. Such fees may reflect the nature and extent of the charitable gaming activity proposed to be conducted.

4. Establish requirements for the audit of all reports required in accordance with § 18.2-340.30.

5. Define electronic and mechanical equipment used in the conduct of charitable gaming.

6. *Establish 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 and (ii) permit members who participate in the management, operation or conduct of bingo to play bingo.*

7. *Prescribe the conditions under which a qualified organization located in the Northern Virginia Planning District may sell raffle tickets for a raffle drawing which will be held outside the Commonwealth pursuant to subsection C of § 18.2-340.26.*

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

A. The Commission 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 Commission. *The action of the Commission in denying, suspending, or revoking any permit shall be subject to the Administrative Process Act (§ 9-6.14:1 et seq.).*

B. ~~No~~ *Except as provided in §§ 18.2-340.30 and 18.2-340.36, no* permit to conduct charitable 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 Commission, 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 Commission may refuse to issue or may suspend or revoke any such permit if it determines that the organization has not complied with the provisions of this article or the regulations of the Commission.

C. Any person aggrieved by a refusal of the Commission to issue any permit, the suspension or revocation of a permit, or any other action of the Commission, may seek review of such action in accordance with Article 4 (§ 9-6.14:15 et seq.) of the Administrative Process Act.

§ 18.2-340.22. 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 *or Commission regulations adopted in accordance with § 18.2-340.18* 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. Organizations exempt from certain permit, financial reporting and audit requirements.

A. Any organization that, *based on prior charitable gaming annual results or any other quantifiable method*, reasonably expects to realize gross receipts of \$25,000 or less in any twelve-month period ~~and a volunteer fire department or rescue squad or auxiliary unit thereof which has been recognized by an ordinance or resolution of the political subdivision where the voluntary fire department or rescue squad is located as being a part of the safety program of such political subdivision~~ shall be exempt from the requirements of § 18.2-340.25 if, prior to conducting charitable gaming, it notifies the Commission, on a

183 form prescribed by the Commission, that it will conduct charitable gaming. Any such ~~organizations~~
184 ~~organization~~ also shall be exempt from the financial reporting and audit requirements of this article and
185 the payment of audit fees but shall file with the Commission, at such time ~~or times~~ as may be required
186 by the Commission, a resolution of its board of directors stating that the organization has complied with
187 the provisions of this article. ~~If any of the organization's~~ *Organizations whose* actual gross receipts for
188 the twelve-month period exceed \$25,000, ~~may be required by the Commission may require the~~
189 ~~organization~~ to file by a specified date the report required by § 18.2-340.30. ~~Nothing in this section~~
190 ~~shall prevent the Commission from conducting any investigation or audit it deems appropriate to ensure~~
191 ~~the organization's compliance with the provisions of this article or the Commission's regulations.~~

192 *B. No organization that reasonably expects to realize gross receipts of \$15,000 or less in any*
193 *twelve-month period shall be required to (i) notify the Commission of its intention to conduct charitable*
194 *gaming, (ii) file a resolution of its board of directors as required by subsection A, or (iii) comply with*
195 *Commission regulations.*

196 *C. Nothing in this section shall prevent the Commission from conducting any investigation or audit it*
197 *deems appropriate to ensure an organization's compliance with the provisions of this article or the*
198 *Commission's regulations.*

199 § 18.2-340.25. Annual permit required; application fee; form of application.

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

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

207 All permits shall be subject to regulation by the Commission to ensure the public safety and welfare
208 in the operation of charitable games. The permit shall only be granted after a reasonable investigation
209 has been conducted by the Commission.

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

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

215 § 18.2-340.26. Sale of raffle tickets; drawings.

216 A. *Except as provided in subsection C, a* qualified organization may sell raffle tickets both in and
217 out of the jurisdiction designated in its permit and shall conduct the drawing within the Commonwealth;
218 ~~however pull-tab devices.~~

219 *B. Pull tabs or seal cards* used as part of a raffle as defined in § 18.2-340.16 may be sold only upon
220 the premises owned or exclusively leased by the organization and at such times as the portion of the
221 premises in which the ~~pull-tab devices~~ *pull tabs or seal cards* are sold is open only to members and
222 their guests.

223 *C. A qualified organization located in the Northern Virginia Planning District may sell raffle tickets*
224 *for a raffle drawing which will be held outside the Commonwealth, provided the raffle is conducted in*
225 *accordance with (i) the regulations of the Commission and (ii) the laws and regulations of the*
226 *jurisdiction in which the raffle drawing will be held.*

227 § 18.2-340.28. Conduct of instant bingo.

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

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

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

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

242 § 18.2-340.30. Reports of gross receipts and disbursements required; form of reports; failure to file.

243 A. Each qualified organization shall keep a complete record of all receipts from its charitable gaming
244 operation and all disbursements related to such operation. ~~Each~~ *Except as provided in § 18.2-340.23,*

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 *D. Except as provided in § 18.2-340.23*, 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.

FE. Each qualified organization shall maintain (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.

GF. 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.

§ 18.2-340.31. Audit of reports; exemption; fee.

A. Except as provided in § 18.2-340.23, all reports filed pursuant to § 18.2-340.30 shall be subject to audit by the Commission in accordance with Commission regulations. *The Commission may engage the services of independent certified public accountants to perform any audits deemed necessary to fulfill the Commission's responsibilities under this article.*

B. The Commission shall prescribe a reasonable audit fee ~~not to exceed the actual cost of the audit if the audit is conducted by an independent auditor or accountant, or if the audit is conducted by the Commission, to be paid by any organization conducting gaming operations under a permit issued by the Commission unless the organization is exempt from such fee pursuant to § 18.2-340.23. Such fee shall not exceed two percent of (i) the gross receipts which an organization reports pursuant to § 18.2-340.30 and (ii) the interest income on money the organization has received from charitable gaming operations.~~ The audit fee shall accompany each annual report *or a three-month report if such report is required by the Commission pursuant to § 18.2-340.30.*

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

§ 18.2-340.32. Authority of local governments; proceeds exempt from local taxation.

A. The governing body of any county, city or town may adopt an ordinance consistent with this article and the regulations of the Commission which (i) prohibits the playing of instant bingo and (ii) establishes reasonable hours during which bingo games may be played within such jurisdiction. If the governing body of any town adopts an ordinance pursuant to the provisions of this section, such town shall not be subject to any ordinance adopted by the county within which such town lies.

B. *No governing body of any county, city or town may impose a gross receipts, entertainment, admission or any other tax based on revenues of qualified organizations derived from the conduct of charitable gaming.*

§ 18.2-340.33. Prohibited practices.

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

1. No part of the gross receipts derived by a qualified organization may be used for any purpose other than (i) reasonable and proper 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. *For the purposes of clause (v), 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) (3), (7) or (10) of the Internal Revenue Code and (b) the membership of the qualified organization is identical to such holding entity.*

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 (i) a qualified organization which is exempt from taxation pursuant to § 501 (c) of the Internal Revenue Code or (ii) any county, city or town shall be utilized in whole or in part for the purpose of conducting bingo games more frequently than four calendar days in any one calendar week.

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

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~~ thirty 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;

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; *and*

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 Commission regulations.*

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, up to \$1,000, 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.

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~~ pull tabs or seal cards 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 the Commission as a supplier pursuant to § 18.2-340.34.

§ 18.2-340.34. Suppliers of charitable gaming supplies; registration; 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 unless and until such person has made application for and has been issued a registration certificate by the Commission. An application for registration shall be made on forms prescribed by the Commission and shall be accompanied by a fee in the amount of \$500. Each registration certificate shall remain valid for a period of one year from the date of issuance. Application for renewal of a registration certificate shall be accompanied by a fee in the amount of \$500 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 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

429 related to activities defined as charitable gaming in the Commonwealth suspended or revoked in the
430 Commonwealth or in any other jurisdiction; or (iv) failed to file or has been delinquent in excess of one
431 year in the filing of any tax returns or the payment of any taxes due the Commonwealth.

432 C. The Commission may suspend, revoke or refuse to renew the registration certificate of any
433 supplier for any conduct described in subsection B or for any violation of this article or regulation of
434 the Commission. Before taking any such action, the Commission shall give the supplier a written
435 statement of the grounds upon which it proposes to take such action and an opportunity to be heard.
436 *Every hearing in a contested case shall be conducted in accordance with the Administrative Process Act*
437 *(§ 9-6.14:1 et seq.).*

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

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

453 **2. That Article 1.1:1 (§§ 18.2-340.15 through 18.2-340.38) of Chapter 8 of Title 18.2 of the Code of**
454 **Virginia is repealed effective July 1, 1999.**