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HOUSE BILL NO. 527**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on General Laws and Technology
on February 14, 2024)

(Patron Prior to Substitute—Delegate Krizek)

A *BILL to amend and reenact §§ 18.2-340.16, 18.2-340.19, 18.2-340.23, and 18.2-340.33 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 18.2-340.28:3, relating to charitable gaming; conduct of athletic event drawings; civil penalties.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.16, 18.2-340.19, 18.2-340.23, and 18.2-340.33 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 18.2-340.28:3 as follows:

§ 18.2-340.16. Definitions.

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

"Athletic event drawing" means a 50/50 drawing that is conducted in accordance with § 18.2-340.28:3 and Department regulations by any organization described in subdivision 17 of the definition of "organization."

"Athletic team" means a sports team or motor vehicle racing facility that is (i) a member of Major League Baseball, the National Hockey League, the National Basketball Association, the National Football League, or Major League Soccer; (ii) a professional sports team affiliated with a team under clause (i); (iii) any other professional sports team that has a sports facility or an agreement with a sports facility to conduct home games at such facility; (iv) a stadium, grandstand, bleacher, or contiguous parking lot at a closed-course motor vehicle racing facility where spectators directly observe motor vehicle races with NASCAR, Indy, stock, or drag racing cars; or (v) a collegiate team that competes on behalf of an institution of higher education.

"Bingo" means a specific game of chance played with (i) individual cards having randomly numbered squares ranging from one to 75, (ii) Department-approved electronic devices that display facsimiles of bingo cards and are used for the purpose of marking and monitoring players' cards as numbers are called, or (iii) Department-approved cards, in which prizes are awarded on the basis of designated numbers on such cards conforming to a predetermined pattern of numbers selected at random.

"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 *athletic event drawings*, raffles, Texas Hold'em poker tournaments, and games of chance explicitly authorized by this article. Unless otherwise specified, "charitable gaming" includes electronic gaming authorized by this article.

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

"Charitable gaming supplies" includes bingo cards or sheets, devices for selecting bingo numbers, instant bingo cards, pull-tab cards and seal cards, playing cards for Texas Hold'em poker, poker chips, and any other equipment or product manufactured for or intended to be used in the conduct of charitable games. However, for the purposes of this article, charitable gaming supplies shall not include items incidental to the conduct of charitable gaming such as markers, wands, or tape.

"Charitable organization" means an organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code and that has been in existence and fulfilling its charitable purposes, as defined in § 18.2-340.28:3, for at least two years prior to an athletic event drawing. "Charitable organization" does not include any political subdivision.

"Commissioner" means the Commissioner of the Department of Agriculture and Consumer Services.

"Conduct" means the actions associated with the provision of a gaming operation during and immediately before or after the permitted activity, which may include (i) selling bingo cards or packs, electronic devices, instant bingo or pull-tab cards, or raffle tickets, (ii) calling bingo games, (iii) distributing prizes, and (iv) any other services provided by volunteer workers.

"Department" means the Department of Agriculture and Consumer Services.

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

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

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

60 gaming.

61 "Fair market rental value" means the rent that a rental property will bring when offered for lease by a
62 lessor who desires to lease the property but is not obligated to do so and leased by a lessee under no necessity
63 of leasing.

64 "Gaming expenses" means prizes, supplies, costs of publicizing gaming activities, audit and
65 administration or permit fees, and a portion of the rent, utilities, accounting and legal fees, and such other
66 reasonable and proper expenses as are directly incurred for the conduct of charitable gaming.

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

69 "Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random
70 selection of one or more individually prepacked cards with winners being determined by the preprinted or
71 predetermined appearance of concealed letters, numbers, or symbols that must be exposed by the player to
72 determine wins and losses and may include the use of a seal card that conceals one or more numbers or
73 symbols that have been designated in advance as prize winners. Such cards may be dispensed by mechanical
74 equipment.

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

77 "Landlord" means any person or his agent, firm, association, organization, partnership, or corporation,
78 employee, or immediate family member thereof, which owns and leases, or leases any premises devoted in
79 whole or in part to the conduct of bingo games or other charitable gaming pursuant to this article, and any
80 person residing in the same household as a landlord.

81 "Management" means the provision of oversight of a gaming operation, which may include the
82 responsibilities of applying for and maintaining a permit or authorization, compiling, submitting, and
83 maintaining required records and financial reports, and ensuring that all aspects of the operation are in
84 compliance with all applicable statutes and regulations.

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

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

87 "Operation" means the activities associated with production of a charitable gaming or electronic gaming
88 activity, which may include (i) the direct on-site supervision of the conduct of charitable gaming and
89 electronic gaming; (ii) coordination of volunteers; and (iii) all responsibilities of charitable gaming and
90 electronic gaming designated by the organization's management.

91 "Organization" means any one of the following:

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

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

100 3. An athletic association or booster club or a band booster club established solely to raise funds for
101 school-sponsored athletic or band activities for a public school or private school accredited pursuant to §
102 22.1-19 or to provide scholarships to students attending such school;

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

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

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

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

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

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

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

118 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the Internal
119 Revenue Code and is operated, and has always been operated, exclusively to (i) create and foster a spirit of
120 understanding among the people of the world; (ii) promote the principles of good government and

121 citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare of the community; (iv)
 122 provide a forum for the open discussion of matters of public interest; (v) encourage individuals to serve the
 123 community without personal financial reward; and (vi) encourage efficiency and promote high ethical
 124 standards in commerce, industries, professions, public works, and private endeavors;

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

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

136 14. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code
 137 that manages a museum that is operated, and has always been operated, exclusively for the purposes of
 138 musical heritage and the legacy of the "1927 Bristol Sessions";

139 15. An organization (i) established on or before December 31, 1963, as a result of its members being
 140 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
 141 1926, which required the racial segregation of all public events in the Commonwealth; (ii) that is exempt
 142 from income tax pursuant to § 501(c)(7) of the Internal Revenue Code; and (iii) that is operated, and has
 143 always been operated, for community awareness and action through educational, economic, and cultural
 144 service activities;

145 16. An organization established on or before December 31, 1977, that is exempt from income tax pursuant
 146 to § 501(c)(7) of the Internal Revenue Code and is incorporated, in part, to raise funds for donation to
 147 organizations whose missions include promoting early detection of and public education about and
 148 supporting research and treatment options for heart disease and various cancers;

149 17. *An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code*
 150 *and is established by or affiliated with an athletic team for the purpose of raising funds for a charitable*
 151 *organization;*

152 18. A local chamber of commerce; or

153 ~~18.~~ 19. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the
 154 Internal Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal
 155 cards that generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less expenses
 156 and prizes, are used exclusively for charitable, educational, religious, or community purposes.
 157 Notwithstanding § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included
 158 when calculating an organization's annual gross receipts for the purposes of this subdivision.

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

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

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

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

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

182 1. An accredited public institution of higher education or other postsecondary school licensed or certified

183 by the Board of Education or the State Council of Higher Education for Virginia qualified under § 501(c)(3)
184 of the Internal Revenue Code;

185 2. An organization established on or before December 31, 1963, as a result of its members being
186 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
187 1926, which required the racial segregation of all public events in the Commonwealth, that is qualified under
188 § 501(c)(7) of the Internal Revenue Code;

189 3. An organization established on or before December 31, 1977, that is qualified under § 501(c)(7) of the
190 Internal Revenue Code and is incorporated, in part, to raise funds for donation to organizations whose
191 missions include promoting early detection of and public education about and supporting research and
192 treatment options for heart disease and various cancers;

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

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

197 6. A post or organization of past or present members of the Armed Forces of the United States, or an
198 auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under §
199 501(c)(19) of the Internal Revenue Code.

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

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

211 "Texas Hold'em poker game" means a variation of poker in which (i) players receive two cards facedown
212 that may be used individually, (ii) five cards shown face up are shared among all players in the game, (iii)
213 players combine any number of their individual cards with the shared cards to make the highest five-card
214 hand to win the value wagered during the game, and (iv) the ranking of hands and the rules of the game are
215 governed by the official rules of the Poker Tournament Directors Association.

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

223 § 18.2-340.19. Regulations of the Department.

224 A. The Department shall adopt regulations that:

225 1. Require, as a condition of receiving a charitable gaming permit or authorization to conduct electronic
226 gaming, that the applicant use a predetermined percentage of its receipts for (i) those lawful religious,
227 charitable, community, or educational purposes for which the organization is specifically chartered or
228 organized or (ii) those expenses relating to the acquisition, construction, maintenance, or repair of any
229 interest in real property involved in the operation of the organization and used for lawful religious, charitable,
230 community, or educational purposes, as follows:

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

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

235 2. Specify the conditions under which a complete list of the organization's members who participate in the
236 management, operation, or conduct of charitable gaming may be required in order for the Department to
237 ascertain the percentage of Virginia residents in accordance with subdivision A 3 of § 18.2-340.24.

238 Membership lists furnished to the Department in accordance with this subdivision shall not be a matter of
239 public record and shall be exempt from disclosure under the provisions of the Freedom of Information Act (§
240 2.2-3700 et seq.).

241 3. Prescribe fees for processing applications for charitable gaming permits and authorizing social
242 organizations to conduct electronic gaming. Such fees may reflect the nature and extent of the charitable
243 gaming activity proposed to be conducted.

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

245 340.30:2.

246 5. Define electronic and mechanical equipment used in the conduct of charitable gaming. Department
 247 regulations shall include capacity for such equipment to provide full automatic daubing as numbers are
 248 called. For the purposes of this subdivision, electronic or mechanical equipment for instant bingo, pull tabs,
 249 or seal cards shall include such equipment that displays facsimiles of instant bingo, pull tabs, or seal cards
 250 and are used solely for the purpose of dispensing or opening such paper or electronic cards, or both; but shall
 251 not include (i) devices operated by dropping one or more coins or tokens into a slot and pulling a handle or
 252 pushing a button or touchpoint on a touchscreen to activate one to three or more reels marked into horizontal
 253 segments by varying symbols, where the predetermined prize amount depends on how and how many of the
 254 symbols line up when the rotating reels come to rest, or (ii) other similar devices that display flashing lights
 255 or illuminations, or bells, whistles, or other sounds, solely intended to entice players to play. Such regulations
 256 shall not prohibit the use of multiple video monitors or touchscreens on an electronic gaming device.

257 6. Prescribe the conditions under which a qualified organization may (i) provide food and nonalcoholic
 258 beverages to its members who participate in the management, operation, or conduct of bingo; (ii) permit
 259 members who participate in the management, operation, or conduct of bingo to play bingo; and (iii) subject to
 260 the provisions of subdivision 12 of § 18.2-340.33, permit nonmembers to participate in the conduct of bingo
 261 so long as the nonmembers are under the direct supervision of a bona fide member of the organization during
 262 the bingo game.

263 7. Prescribe the conditions under which a qualified organization may sell raffle tickets for a raffle drawing
 264 that will be held outside the Commonwealth pursuant to subsection B of § 18.2-340.26.

265 8. Prescribe the conditions under which persons who are bona fide members of a qualified organization or
 266 a child, above the age of 13 years, of a bona fide member of such organization may participate in the conduct
 267 or operation of bingo games.

268 9. Prescribe the conditions under which a person below the age of 18 years may play bingo, provided that
 269 such person is accompanied by his parent or legal guardian.

270 10. Require all qualified organizations that are subject to Department regulations to post in a conspicuous
 271 place in every place where charitable gaming is conducted a sign which bears a toll-free telephone number
 272 for "Gamblers Anonymous" or other organization which provides assistance to compulsive gamblers.

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

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

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

285 *14. Prescribe, in accordance with the provisions of § 18.2-340.28:3, the requirements and fees for*
 286 *registration of affiliated nonprofit organizations, requirements for the conduct of athletic event drawings, and*
 287 *the requirements related to recordkeeping by and audits of affiliated nonprofit organizations.*

288 B. The Commissioner may, by regulation, approve variations to the card formats for bingo games,
 289 provided that such variations result in bingo games that are conducted in a manner consistent with the
 290 provisions of this article. Department-approved variations may include bingo games commonly referred to as
 291 player selection games and 90-number bingo.

292 **§ 18.2-340.23. Organizations exempt from certain fees and reports.**

293 A. No organization that reasonably expects, on the basis of prior charitable gaming annual results or any
 294 other quantifiable method, to realize gross receipts of \$40,000 or less in any 12-month period from raffles
 295 conducted in accordance with the provisions of this article shall be required to (i) notify the Department of its
 296 intention to conduct raffles or (ii) comply with Department regulations governing raffles.

297 B. Any organization that reasonably expects, on the basis of prior charitable gaming annual results or any
 298 other quantifiable method, to realize gross receipts of \$40,000 or less from all charitable gaming other than
 299 raffles on a total of no more than seven days per calendar year shall be required to register with the
 300 Department pursuant to the provisions of § 18.2-340.24:1.

301 C. If any organization's actual gross receipts from raffles for the 12-month period exceed \$40,000 as
 302 described in subsection A or actual gross receipts from all charitable gaming other than raffles conducted on a
 303 total of no more than seven days per calendar year exceed \$40,000 as described in subsection B, the
 304 Department shall require the organization to obtain a permit pursuant to the provisions of § 18.2-340.25 and
 305 file by a specified date the report required by § 18.2-340.30.

306 D. Any (i) organization described in subdivision ~~18~~ 19 of the definition of "organization" in § 18.2-340.16

307 or (ii) volunteer fire department or volunteer emergency medical services agency or auxiliary unit thereof that
308 has been recognized in accordance with § 15.2-955 by an ordinance or resolution of the political subdivision
309 where the volunteer fire department or volunteer emergency medical services agency is located as being part
310 of the safety program of such political subdivision shall be exempt from the payment of application fees
311 required by § 18.2-340.25 and the payment of audit fees required by § 18.2-340.31. Any such organization,
312 department, agency, or unit that conducts electronic gaming shall be subject to such application fees and audit
313 fees for its electronic gaming activities; however, in accordance with the provisions of § 18.2-340.31, any
314 audit fees may be paid by either the organization or the electronic gaming manufacturer whose electronic
315 gaming devices are present on the premises of the organization, department, agency, or unit. Nothing in this
316 subsection shall be construed as exempting any organizations described in subdivision 18 19 of the definition
317 of "organization" in § 18.2-340.16, volunteer fire departments, or volunteer emergency medical services
318 agencies from any other provisions of this article or other Department regulations.

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

322 **§ 18.2-340.28:3. Conduct of athletic event drawings; use of funds; unclaimed prizes; recordkeeping;
323 civil penalties.**

324 A. As used in this section, unless the context requires otherwise:

325 "Affiliated nonprofit organization" means any organization described in subdivision 17 of the definition of
326 "organization" in § 18.2-340.16.

327 "Institution of higher education" means any nonprofit private institution of higher education and any
328 public institution of higher education as defined in § 23.1-100.

329 "Public interest purpose" means one or more of the following:

330 1. Activities and operations of a nonprofit organization that provide a benevolent, charitable, religious,
331 educational, philanthropic, humane, scientific, patriotic, social welfare, social advocacy, public health,
332 public safety, emergency response, environmental, historic, or civic objective;

333 2. Activities that initiate, perform, or foster worthy public works or enable or further the erection or
334 maintenance of public structures;

335 3. Activities that lessen the burdens borne by government or voluntarily support, augment, or supplement
336 the services that government would normally render to people;

337 4. Activities that improve, expand, maintain, or repair real property owned or leased by a nonprofit
338 organization and related operational expenses used for purposes specified in subdivision 1, 2, or 3;

339 5. Nonprofit youth sports activities;

340 6. Activities relating to the provision of volunteer fire services, emergency medical services, or emergency
341 medical services vehicles; or

342 7. Activities conducted by any association of war veterans or auxiliary units thereof organized in the
343 United States, including (i) scholarships, (ii) services to economically or socially support veterans, (iii)
344 activities to honor veterans, or (iv) other activities that qualify under subdivisions 1 through 6.

345 "Public interest purpose" does not include the erection or acquisition of real property, unless such
346 property will be used exclusively for one or more of the purposes specified in this definition.

347 "Team event" means a practice, scrimmage, or exhibition or similar event at the home stadium or training
348 camp facility of an athletic team.

349 B. A person may purchase one or more athletic event drawing tickets at a home game or team event. Each
350 ticket purchased shall represent one entry in the drawing for a winner. A single ticket shall be randomly
351 chosen as the winner after a certain number of tickets are sold or a specified time period expires as
352 designated by the affiliated nonprofit organization. Athletic event drawing tickets may be purchased using
353 cash, credit card, or debit card.

354 C. An affiliated nonprofit organization conducting an athletic event drawing shall disclose to each ticket
355 purchaser the designated charitable organization for which the athletic event drawing is being conducted. No
356 affiliated nonprofit organization may conduct more than one athletic event drawing per home game or team
357 event or simultaneously conduct any other raffle during any such home game or team event. No such
358 organization may sell tickets for an athletic event drawing in any seating area designated as a family section
359 or to any individual under 18 years of age. No person under 18 years of age may manage, operate, conduct,
360 or purchase a ticket for an athletic event drawing. An affiliated nonprofit organization may conduct an
361 athletic event drawing utilizing a mechanical or electronic device in accordance with Department
362 regulations.

363 D. An athletic event drawing may be conducted by an affiliated nonprofit organization during a charitable
364 event held within the same arena, stadium, grandstand, bleachers, or other facility during a home game, team
365 event, or motor vehicle race of the athletic team. Drawings may only be held within spectator areas within
366 the arena, stadium, grandstand, or bleachers where the home game, team event, or motor vehicle race is
367 being conducted. No athletic event drawing shall be held at any ancillary areas or facilities, including

368 parking areas, restaurants and bars, or areas outside the arena, stadium, grandstand, or bleachers or areas
369 where the sport is being shown on remote electronic equipment.

370 E. The prize amount of an athletic event drawing shall be 50 percent of the total amount collected from
371 the sale of athletic event drawing tickets. The Department shall adopt regulations that require affiliated
372 nonprofit organizations to donate a certain percentage of the remaining 50 percent of the total amount
373 collected from the sale of athletic event drawing tickets within seven days from the date of such drawing to
374 one or more designated charitable organizations for which the drawing was conducted.

375 F. Except as provided in subsection E, an affiliated nonprofit organization may utilize nonprize money
376 collected for administrative expenses directly related to the conduct of the athletic event drawing in
377 accordance with this section.

378 G. An institution of higher education that is exempt from income tax pursuant to § 115 or 501(c)(3) of the
379 Internal Revenue Code and that has been in existence for at least two years prior to the drawing may conduct
380 an athletic event drawing and receive the proceeds therefrom as the designated charitable organization at
381 any home game or athletic event of any of its own collegiate athletic teams provided that such proceeds are
382 used exclusively for public interest purposes or for any of the purposes permitted under subsection F.

383 H. Any prize from an athletic event drawing that remains unclaimed by a winner at the end of the athletic
384 team's season shall be donated within 30 days from the end of the season by the affiliated nonprofit
385 organization to the designated charitable organization for which the athletic event drawing was conducted.

386 I. Any person or affiliated nonprofit organization that conducts an athletic event drawing in violation of
387 the provisions of this section or Department regulations shall be subject to a civil penalty of not less than
388 \$500 for a first violation, not less than \$1,000 for a second violation, and up to \$1,500 for a third or
389 subsequent violation. Any civil penalties collected pursuant to this subsection shall be payable to the State
390 Treasurer for remittance to the Department.

391 **§ 18.2-340.33. Prohibited practices.**

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

393 1. No part of the gross receipts or electronic gaming adjusted gross receipts derived by a qualified
394 organization may be used for any purpose other than (i) gaming expenses; (ii) reasonable and proper business
395 expenses; and (iii) those lawful religious, charitable, community, or educational purposes for which the
396 organization is specifically chartered or organized.

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

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

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

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

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

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

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

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

429 organization;

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

438 d. A member of a qualified organization lawfully participating in the management, operation, or conduct
439 of a bingo game may be provided food and nonalcoholic beverages by such organization for on-premises
440 consumption during the bingo game provided the food and beverages are provided in accordance with
441 Department regulations;

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

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

447 g. *An affiliated nonprofit organization that conducts athletic event drawings in accordance with § 18.2-*
448 *340.28:3 may utilize nonprize money collected to employ or provide payment to individuals 18 years of age*
449 *or older to sell athletic event drawing tickets; however, such expenditure may not exceed two percent of the*
450 *total amount collected from the sale of such athletic event drawing tickets.*

451 6. No landlord shall, at bingo games conducted on the landlord's premises, (i) participate in the conduct,
452 management, or operation of any bingo games; (ii) sell, lease, or otherwise provide for consideration any
453 bingo supplies, including bingo cards, instant bingo cards, or other game pieces; or (iii) require as a condition
454 of the lease or by contract that a particular manufacturer, distributor, or supplier of bingo supplies or
455 equipment be used by the organization.

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

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

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

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

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

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

467 d. Except as provided in this subdivision 8, no bingo jackpot of any nature whatsoever shall exceed
468 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.
469 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted for
470 separately from the bingo cards or sheets used for any other bingo games; and

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

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

474 Any progressive bingo game, in which (i) a regular or special prize, not to exceed \$100, is awarded on the
475 basis of predetermined numbers or patterns selected at random and (ii) a progressive prize, not to exceed
476 \$500 for the initial progressive prize and \$5,000 for the maximum progressive prize, is awarded if the
477 predetermined numbers or patterns are covered when a certain number of numbers is called, provided that (a)
478 there are no more than six such games per session per organization, (b) the amount of increase of the
479 progressive prize per session is no more than \$200, (c) the bingo cards or sheets used in such games are sold
480 separately from the bingo cards or sheets used for any other bingo games, (d) the organization separately
481 accounts for the proceeds from such sale, and (e) such games are otherwise operated in accordance with the
482 Department's rules of play.

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

484 The provisions of this subdivision shall not apply to a raffle conducted no more than three times per
485 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501(c) of the
486 Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where 100 percent of
487 the moneys received from such a raffle, less deductions for the fair market value for the cost of acquisition of
488 the land and materials, are donated to lawful religious, charitable, community, or educational organizations
489 specifically chartered or organized under the laws of the Commonwealth and qualified as a § 501(c) tax-

490 exempt organization. No more than one such raffle shall be conducted in any one geographical region of the
491 Commonwealth.

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

496 12. No person shall participate in the management or operation of any charitable game if he has ever been
497 convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or financial
498 crimes within the preceding five years. No person shall participate in the conduct of any charitable game if,
499 within the preceding 10 years, he has been convicted of any felony or if, within the preceding five years he
500 has been convicted of any misdemeanor involving fraud, theft, or financial crimes. In addition, no person
501 shall participate in the management, operation, or conduct of any charitable game if that person, within the
502 preceding five years, has participated in the management, operation, or conduct of any charitable game which
503 was found by the Department or a court of competent jurisdiction to have been operated in violation of state
504 law, local ordinance, or Department regulation.

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

510 14. A qualified organization shall not purchase any charitable gaming supplies for use in the
511 Commonwealth from any person who is not currently registered with the Department as a supplier pursuant
512 to § 18.2-340.34.

513 15. Unless otherwise permitted in this article, no part of an organization's charitable gaming gross receipts
514 shall be used for an organization's social or recreational activities.

515 16. No organization qualified to conduct Texas Hold'em poker tournaments pursuant to § 18.2-340.28:2
516 shall conduct any Texas Hold'em poker games where the game has no predetermined end time and the
517 players wager actual money or poker chips that have cash value.

518 *17. No person shall participate in the management or operation of any athletic event drawing, conducted*
519 *pursuant to § 18.2-340.28:3, if that person has ever been convicted of any felony or if he has been convicted*
520 *of any misdemeanor involving fraud, theft, or financial crimes within the preceding five years. No person*
521 *shall participate in the management or operation of any athletic event drawing, conducted pursuant to §*
522 *18.2-340.28:3, if that person, within the preceding five years, has participated in the management or*
523 *operation of any athletic event drawing or charitable game that was found by the Department or a court of*
524 *competent jurisdiction to have been operated in violation of state law, local ordinance, or Department*
525 *regulation.*