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HOUSE BILL NO. 2634

Offered January 13, 2025

A BILL to amend and reenact §§ 18.2-340.16 and 18.2-340.19 of the Code of Virginia, relating to charitable gaming; use of proceeds; charitable gaming adjusted gross receipts.

Patron—Wilt

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 18.2-340.16 and 18.2-340.19 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 (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 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 adjusted gross receipts" means the gross receipts derived from charitable gaming other than electronic gaming less the amount of prize money paid out to players.

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

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

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

"Conduct" means the actions associated with the provision of a gaming operation during and immediately before or after the permitted activity, which may include (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 (i) the total amount in prize money paid out to players and (ii) the contractually agreed-upon percentage retained by the electronic gaming manufacturer.

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

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

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

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

"Instant bingo," "pull tabs," or "seal cards" means specific games of chance played by the random selection of one or more individually prepacked cards with winners being determined by the preprinted or predetermined 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 that conceals one or more numbers or

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59 symbols that have been designated in advance as prize winners. Such cards may be dispensed by mechanical
60 equipment.

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

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

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

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

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

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

77 "Organization" means any one of the following:

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

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

86 3. An athletic association or booster club or a band booster club established solely to raise funds for
87 school-sponsored athletic or band activities for a public school or private school accredited pursuant to §
88 22.1-19 or to provide scholarships to students attending such school;

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

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

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

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

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

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

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

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

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

116 13. An organization that is exempt from income tax pursuant to § 501(c)(3) of the Internal Revenue Code
117 and is operated, and has always been operated, exclusively to (i) promote the conservation of the
118 environment, caves, or other natural resources; (ii) promote or develop opportunities for the use of science
119 and technology to advance the conservation of the environment, caves, or other natural resources; and (iii)

120 raise funds for the conservation of the environment, caves, or other natural resources or provide grant
121 opportunities to other nonprofit organizations that are devoted to such conservation efforts;

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

125 15. An organization (i) established on or before December 31, 1963, as a result of its members being
126 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
127 1926, which required the racial segregation of all public events in the Commonwealth; (ii) that is exempt
128 from income tax pursuant to § 501(c)(7) of the Internal Revenue Code; and (iii) that is operated, and has
129 always been operated, for community awareness and action through educational, economic, and cultural
130 service activities;

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

135 17. A local chamber of commerce; or

136 18. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the Internal
137 Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal cards that
138 generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less expenses and prizes,
139 are used exclusively for charitable, educational, religious, or community purposes. Notwithstanding §
140 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included when calculating an
141 organization's annual gross receipts for the purposes of this subdivision.

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

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

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

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

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

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

169 2. An organization established on or before November 10, 1922, that is qualified under § 501(c)(4) of the
170 Internal Revenue Code, is the only federally chartered Marine Corps-related veterans organization in the
171 country, and is operated for the purpose of promoting the interest and preserving the traditions of the United
172 States Marine Corps;

173 3. An organization established on or before December 31, 1963, as a result of its members being
174 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
175 1926, which required the racial segregation of all public events in the Commonwealth, that is qualified under
176 § 501(c)(7) of the Internal Revenue Code;

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

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

182 Code;

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

185 7. A post or organization of past or present members of the Armed Forces of the United States, or an
186 auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under §
187 501(c)(19) of the Internal Revenue Code.

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

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

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

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

211 **§ 18.2-340.19. Regulations of the Department.**

212 A. The Department shall adopt regulations that:

213 1. Require, as a condition of receiving a charitable gaming permit or authorization to conduct electronic
214 gaming, that the applicant use a predetermined percentage of its receipts for those lawful religious, charitable,
215 community, or educational purposes for which the organization is specifically chartered or organized,
216 including (i) those expenses relating to the acquisition, construction, maintenance, or repair of any interest in
217 real property or (ii) expenses related to the rental of real property by an organization as described by
218 subdivision 5, 6, or 7 of the definition of "social organization" in § 18.2-340.16 where such real property is
219 involved in the operation of the organization and used for lawful religious, charitable, community, or
220 educational purposes, as follows:

221 a. With respect to charitable gaming, other than electronic gaming, a predetermined percentage of its
222 *charitable gaming adjusted* gross receipts, *not to exceed 25 percent*.

223 b. With respect to electronic gaming, a predetermined percentage of its electronic gaming adjusted gross
224 receipts, *not to exceed 25 percent; however, at no time shall such predetermined percentage be calculated at*
225 *an amount equal to less than 10 percent of its gross receipts derived from electronic gaming less the amount*
226 *of prize money paid out to players*.

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

230 Membership lists furnished to the Department in accordance with this subdivision shall not be a matter of
231 public record and shall be exempt from disclosure under the provisions of the Freedom of Information Act (§
232 2.2-3700 et seq.).

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

236 4. Establish requirements for the audit of all reports required in accordance with §§ 18.2-340.30 and
237 18.2-340.30:2.

238 5. Define electronic and mechanical equipment used in the conduct of charitable gaming. Department
239 regulations shall include capacity for such equipment to provide full automatic daubing as numbers are
240 called. For the purposes of this subdivision, electronic or mechanical equipment for instant bingo, pull tabs,
241 or seal cards shall include such equipment that displays facsimiles of instant bingo, pull tabs, or seal cards
242 and are used solely for the purpose of dispensing or opening such paper or electronic cards, or both; but shall

243 not include (i) devices operated by dropping one or more coins or tokens into a slot and pulling a handle or
 244 pushing a button or touchpoint on a touchscreen to activate one to three or more reels marked into horizontal
 245 segments by varying symbols, where the predetermined prize amount depends on how and how many of the
 246 symbols line up when the rotating reels come to rest, or (ii) other similar devices that display flashing lights
 247 or illuminations, or bells, whistles, or other sounds, solely intended to entice players to play. Such regulations
 248 shall not prohibit (a) devices that display spinning, rotating, or rolling reels or animations or flashing lights;
 249 (b) devices that accept vouchers; (c) the purchase and play of an electronic pull tab with a single press or
 250 touch of a button; or (d) the use of multiple video monitors or touchscreens on an electronic gaming device.

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

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

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

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

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

267 11. Require all qualified organizations that are subject to Department regulations to post in a conspicuous
 268 place in every place where charitable gaming is conducted a sign that bears the toll-free telephone number
 269 and website for the illegal gaming tip line established and administered by the Office of the Gaming
 270 Enforcement Coordinator in the Department of State Police pursuant to § 52-54 for members of the public to
 271 report concerns about, or suspected instances of, illegal gaming activities.

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

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

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

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

288 **2. That the Department of Agriculture and Consumer Services (the Department) shall promulgate**
 289 **regulations in accordance with subdivision A 1 of § 18.2-340.19 of the Code of Virginia, as amended by**
 290 **this act, that establish uniform standards and metrics for determining a specified amount of expenses**
 291 **relating to (i) the acquisition, construction, maintenance, or repair of any interest in real property or**
 292 **(ii) the rental of real property by an organization as described by subdivision 5, 6, or 7 of the definition**
 293 **of "social organization" in § 18.2-340.16 of the Code of Virginia, as amended by this act, where such**
 294 **real property is involved in the operation of the organization and used for lawful religious, charitable,**
 295 **community, or educational purposes that a qualified organization may count toward meeting their use**
 296 **of proceeds requirements. The Department shall promulgate such regulations to become effective on**
 297 **January 1, 2026.**

3. That the provisions of the first enactment of this act shall become effective on January 1, 2026.