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**HOUSE BILL NO. 1272**

Offered January 14, 2026

Prefiled January 14, 2026

*A BILL to amend and reenact §§ 18.2-325, 18.2-331.1, 18.2-334, and 18.2-513 of the Code of Virginia and to amend the Code of Virginia by adding in Title 4.1 a subtitle numbered III, containing a chapter numbered 17, consisting of sections numbered 4.1-1700 through 4.1-1722, by adding in Chapter 3 of Title 11 a section numbered 11-16.3, and by adding sections numbered 18.2-331.2, 18.2-331.3, 18.2-331.4, and 18.2-334.7, relating to Virginia Small Business Economic Development Act established; Virginia Alcoholic Beverage Control Authority; regulation and taxation of skill game machines; penalties.*

Patron—Hayes

Committee Referral Pending

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

**1. That §§ 18.2-325, 18.2-331.1, 18.2-334, and 18.2-513 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 4.1 a subtitle numbered III, containing a chapter numbered 17, consisting of sections numbered 4.1-1700 through 4.1-1722, by adding in Chapter 3 of Title 11 a section numbered 11-16.3, and by adding sections numbered 18.2-331.2, 18.2-331.3, 18.2-331.4, and 18.2-334.7 as follows:**

**SUBTITLE III.****VIRGINIA SMALL BUSINESS ECONOMIC DEVELOPMENT ACT.****CHAPTER 17.****SKILL GAME MACHINES.****§ 4.1-1700. Definitions.**

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

*"Authority" means the Virginia Alcoholic Beverage Control Authority created pursuant to Subtitle I (§ 4.1-100 et seq.) and responsible for the administration and regulation of skill game machines pursuant to the provisions of this chapter.*

*"Board" means the same as that term is defined in § 4.1-100.*

*"Chief Executive Officer" means the Chief Executive Officer of the Authority.*

*"Commercial motor vehicle" means the same as that term is defined in § 46.2-341.4.*

*"Distributor" means any person licensed by the Board that sells, leases, offers, or provides and distributes skill game machines to an operator for use or play in the Commonwealth.*

*"Establishment" means a business establishment at which skill game machines are placed, operated, and offered to the public for play by an operator licensee. "Establishment" includes truck stops.*

*"Gross revenue" means the total of cash or cash equivalents received by a skill game machine minus the total of cash or cash equivalents paid out to players as a result of playing a skill game machine. "Gross revenue" does not include counterfeit cash or cash taken in a fraudulent act perpetrated against an operator or establishment for which the operator or establishment is not reimbursed. "Gross revenue" also does not include any tax or fee imposed on the operation of skill game machines as imposed by this chapter. Such fees or taxes shall be shared proportionally among those who may share in the gross revenue from a skill game machine, unless specifically contracted otherwise.*

*"Independent testing laboratory" means a laboratory selected by the Board with a national reputation for honesty, independence, and timeliness that is demonstrably competent and qualified to scientifically test and evaluate skill game machines for compliance with this chapter and to otherwise perform the functions assigned to it by this chapter. No operator, distributor, or establishment licensee shall have any ownership interest in any independent testing laboratory approved by the Board.*

*"Individual" means a natural person.*

*"Inducement" means (i) consideration paid, directly or indirectly, from a distributor or operator, or another person on behalf of a distributor or operator, to an establishment, or an employee of the establishment, directly or indirectly, as an enticement to solicit or maintain the establishment's business or (ii) cash, incentive, marketing and advertising cost, gift, food, beverage, loan, prepayment of skill game revenue, or other contribution or payment that offsets an establishment's operational costs, or as otherwise determined by the Board.*

*"Licensee" or "license holder" means any person holding a distributor, operator, or establishment license pursuant to § 4.1-1703.*

*"Locality" means a county, city, or town, as those terms are defined in § 15.2-102.*

*"Operator" means a person licensed by the Board to place or service skill game machines at the premises*

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of an establishment by (i) purchasing or leasing skill game machines from a licensed distributor; (ii) providing the placement, repair, maintenance, replacement, or removal of skill game machines to establishments; (iii) maintaining and servicing such skill game machines; and (iv) facilitating data collection and data and financial reporting as required by this chapter and as determined by the Board.

"Person" means any individual, group of individuals, firm, company, corporation, partnership, business, trust, association, or other legal entity.

"Player" means an individual who plays a skill game machine.

"Predominantly by the skill of the player" means the game outcome is determined primarily by the skill of the player.

"Procurement agent" means a person licensed by the Board that acts as an agent, either as an employee or as an independent contractor of a distributor or operator and shares in the gross profits, is paid a commission, or is otherwise compensated for the purpose of soliciting or procuring a use agreement among two or more licensees in different categories.

"Single play" means the period beginning when a player activates and pays for the interactive gameplay function of a skill game machine and ending at the time when the gameplay function or series of free subgames thereunder will not continue without payment by the player of additional consideration.

"Skill game" or "skill game machine" means an electronic, computerized, or mechanical contrivance, terminal, machine, or other device that requires consideration to play, whether or not it requires the insertion of a coin, currency, ticket, token, or similar object to operate, activate, or play a game, the outcome of which is determined by the predominant skill of the player and that may deliver or entitle the person playing or operating the skill game machine to receive cash or cash equivalents, gift cards, vouchers, billets, tickets, tokens, or electronic credits to be exchanged for cash or cash equivalents whether the payoff is made automatically from the skill game machine or manually. "Skill game" or "skill game machine" includes (i) any device that contains a meter or measurement device that records the number of free games or portions of games that are rewarded and (ii) any device designed or adapted to enable a person using the device to increase the chances of winning free games or portions of games by paying more than the amount that is ordinarily required to play the game. Skill game machines shall be programmed so that the maximum consideration to play is \$5 and the maximum winnings per a single play does not exceed \$5,000.

"Successful player" means an individual who wins a payout on one or more plays of a skill game machine.

"Ticket redemption terminal" means a terminal where a voucher dispensed by a skill game machine may be redeemed for cash or a cash equivalent.

"Truck stop" means an establishment that (i) is equipped with diesel islands used for fueling commercial motor vehicles; (ii) has sold, on average, at least 50,000 gallons of diesel or biodiesel fuel each month for the previous 12 months, or is projected to sell an average of at least 50,000 gallons of diesel or biodiesel fuel each month for the next 12 months; (iii) has parking spaces dedicated to commercial motor vehicles; (iv) has a convenience store; and (v) is situated on not less than three acres of land that the establishment owns or leases.

"Use agreement" means a written agreement conforming to the regulations established by the Board and those minimum requirements set forth in this chapter among two or more licensees in different categories.

**§ 4.1-1701. Powers and duties of the Board related to skill game machines.**

A. The Board shall promulgate regulations governing the ownership, placement, use, and operation of skill game machines and any associated equipment.

B. The Board shall designate three nationally recognized and accredited laboratories to conduct the requisite skill game machine and software evaluation and approval pursuant to the requirements in subsection B of § 4.1-1703.

C. The Board shall require that each distributor submit a monthly report detailing the following:

1. The total number of skill game machines provided for play in the Commonwealth by the operator;
2. The address of each location where skill game machines are provided for play by the operator;
3. The total number of skill game machines provided for play by the operator at each respective location;
4. The total amount wagered during the previous month on each skill game machine provided for play by the operator at each establishment where the skill game machine was provided; and
5. The total amount of prizes or winnings awarded during the previous month on each skill game machine provided for play by the operator at each establishment where the skill game machine was provided.

D. The Board shall issue decals for each skill game machine registered pursuant to this chapter bearing the seal of the Commonwealth that include the words "Certified Skill Game Machine" and bear the effective dates of registration. Such decals shall be affixed by the operator on each registered skill game machine provided to each establishment for play.

E. The Board shall establish rules and regulations for the licensing of procurement agents.

F. Whenever it appears to the Board that any person has violated any provision of this chapter, the Chief Executive Officer may apply to the appropriate circuit court for an injunction against such person. Any order granting or refusing such injunction shall be subject to appeal as in other cases in equity.

G. Whenever the Board has reasonable cause to believe that a violation of this chapter may have

occurred, the Board, upon its own motion or upon complaint of any person, may investigate any distributor, operator, or establishment to determine whether such distributor, operator, or establishment has violated the provisions of this chapter.

**§ 4.1-1702. Powers and duties of the Board related to skill game machines; reporting.**

A. The Board shall have the following powers and duties related to the regulation of skill game machines:

1. Issue licenses pursuant to § 4.1-1703 and supervise all activities licensed under the provisions of this chapter, including the distribution, operation, hosting, and playing of skill game machines;

2. Suspend, revoke, or refuse to renew any license issued pursuant § 4.1-1703 or the rules and regulations adopted pursuant to this chapter;

3. Inspect, investigate, and have free access to the offices, facilities, or other places of business of any licensee and compel the production of any books, documents, records, or memoranda of any licensee for the purpose of satisfying himself that this chapter and Board regulations are strictly complied with;

4. Order such audits and inspections as deemed necessary;

5. Certify monthly to the State Comptroller a full and complete statement of skill game machine revenues for the previous month;

6. Assess and collect civil penalties for violations of this chapter and Board regulations;

7. Report monthly to the Governor, the Secretary of Finance, and the Chairs of the Senate Committee on Finance and Appropriations, House Committee on Finance, and House Committee on Appropriations the total skill game machine revenues and expenses for the previous month and make an annual report, which shall include a full and complete statement of skill game machine revenues and expenses and a list of all licensees licensed pursuant to this chapter, to the Governor and the General Assembly, including recommendations for changes in this chapter as the Board deems prudent;

8. Require training for establishment licensees and the employees of any establishment licensee as necessary on any topic the Board deems appropriate, including technical operations, security, problem gambling identification measures, and age verification procedures;

9. Establish monthly reporting requirements for each skill game machine on the amounts wagered and amounts awarded on the last 500 plays and the last 100 plays for each skill game machine; and

10. Do all acts necessary and advisable to carry out the purposes and provisions of this chapter.

B. Upon request by the assessing official of a locality, the Board shall provide to such assessing official of such locality a statement of the amount of the gaming tax collected in such locality from each skill game machine, from each establishment, and from all skill game machines and establishments in the aggregate.

**§ 4.1-1703. Licensure of distributors, operators, and establishments required; certification of skill game machines required; recordkeeping; application fees; penalties.**

A. The Board may grant the following licenses, with each license granted for one year and which may be renewable:

1. Distributor license, which shall authorize the licensee to sell or lease skill game machines to operator licensees.

2. Operator license, which shall authorize the licensee to (i) place or service skill game machines at establishments, (ii) buy or lease skill game machines from a distributor licensee, (iii) provide skill game machines to establishment licensees, (iv) maintain and service such skill game machines, and (v) facilitate the data requirements and data reporting as required by this chapter.

3. Establishment license, which shall authorize the licensee to allow the placement and offering for play of skill game machines at such licensee's establishment.

An applicant for a distributor, operator, or establishment license shall submit an application to the Authority on forms provided by the Board. Each establishment shall be separately licensed and such license shall designate the physical location where the business of the licensee will be carried out.

B. No operator shall place any skill game machine in the Commonwealth without first being licensed by the Board. No distributor shall sell, lease, offer, or provide any skill game machine to an operator for use or play in the Commonwealth without first being licensed by the Board. No establishment shall offer any skill game machine for play without first being licensed by the Board. The Board shall require each distributor that submits an application pursuant to this section to certify that any skill game machine such distributor seeks to sell, lease, offer, or provide for use or play in the Commonwealth has received proper certification from an independent testing laboratory certifying that such skill game machine and any associated equipment aligns with the definition of skill game.

C. Every license application submitted pursuant to this chapter shall be accompanied by a nonrefundable fee as follows:

1. \$250,000 shall be paid by an applicant for a distributor license to the Authority upon issuance of such license, and annually thereafter as a condition of licensure renewal or continued licensure.

2. \$25,000 shall be paid by an applicant for an operator license to the Authority upon issuance of such license, and annually thereafter as a condition of licensure renewal or continued licensure.

3. \$1,000 shall be paid by an applicant for an establishment license that does not meet the definition of a truck stop to the Authority upon issuance of such license, and annually thereafter as a condition of licensure

183 *renewal or continued licensure.*

184 4. \$2,500 shall be paid by an applicant for an establishment license that meets the definition of a truck  
185 stop to the Authority upon issuance of such license, and annually thereafter as a condition of licensure  
186 renewal or continued licensure.

187 All fees collected by the Authority pursuant to this subsection shall be deposited into the Virginia Small  
188 Business Economic Development Fund established pursuant to § 4.1-1708.

189 D. Each application for licensure as a distributor shall be accompanied by a bond with surety for \$1  
190 million to be filed with the Board. Such bonds shall be for the purpose of covering any indebtedness by such  
191 licensees to the Board.

192 E. The Authority shall conduct a background investigation, to include a criminal history records search,  
193 which may include a fingerprint-based national criminal history records search, on each applicant for a  
194 license. However, the Authority may waive, for good cause shown, the requirement for a criminal history  
195 records search and completed personal data form for officers, directors, nonmanaging members, or limited  
196 partners of any applicant corporation, limited liability company, or limited partnership. The Board may  
197 refuse to issue a license to any person or entity that has engaged in conduct prejudicial to public confidence  
198 in the Authority or been (i) convicted of a crime involving moral turpitude, (ii) convicted of any form of  
199 illegal gambling, or (iii) convicted of a felony. The Board may refuse to issue a license or may suspend,  
200 revoke, or refuse to renew any license issued pursuant to this chapter to a corporation, limited liability  
201 company, or partnership if the Board determines that any officer, director, manager, or general or limited  
202 partner has engaged in conduct prejudicial to public confidence in the Authority or been (a) convicted of a  
203 crime involving moral turpitude, (b) convicted of any form of illegal gambling, or (c) convicted of a felony.

204 F. Any person that knowingly falsifies, conceals, or misrepresents a material fact or knowingly makes a  
205 false, fictitious, or fraudulent statement or representation in any application for licensure to the Authority is  
206 guilty of a Class 1 misdemeanor. The Board shall revoke the license of a licensee if, subsequent to the  
207 issuance of the license, the Board determines that the licensee knowingly or recklessly made a false statement  
208 of material fact to the Board in applying for the license.

209 G. The Board shall refuse to grant a license or shall suspend, revoke, or refuse to renew a license issued  
210 pursuant to this chapter to any person who has been (i) convicted of a crime involving moral turpitude, (ii)  
211 convicted of bookmaking or other forms of illegal gambling, (iii) found guilty of any fraud or  
212 misrepresentation in any connection, or (iv) convicted of a felony.

213 H. The Board shall refuse to grant a license or shall suspend, revoke, or refuse to renew a license issued  
214 pursuant to this chapter to a partnership or corporation if it determines that any general or limited partner,  
215 or officer or director of such partnership or corporation, has been (i) convicted of a crime involving moral  
216 turpitude, (ii) convicted of bookmaking or other forms of illegal gambling, (iii) found guilty of any fraud or  
217 misrepresentation in any connection, or (iv) convicted of a felony.

218 I. The Board may also refuse to grant a license pursuant to this chapter if:

219 1. The Board reasonably believes that the applicant's prior activities, criminal record, reputation, or  
220 associations are likely to either (i) pose a threat to the public interest, (ii) impede the regulation of skill game  
221 machines, or (iii) promote unfair or illegal activities in the conduct of skill game machines;

222 2. The applicant or any general or limited partner or any officer or director of such applicant knowingly  
223 makes a false statement of material fact or deliberately fails to disclose information requested by the Board;

224 3. The applicant or any general or limited partner or any officer or director of such applicant knowingly  
225 fails to comply with the provisions of this chapter or any requirements of the Board;

226 4. The applicant's license to manufacture, distribute, operate, or offer to the public for play a skill game  
227 machine issued by any other jurisdiction has been suspended or revoked; or

228 5. The applicant's application is incomplete.

229 J. Each distributor and operator licensed pursuant to this chapter shall maintain complete, accurate, and  
230 separate records for a period of two years of all funds expended for play in each skill game machine and all  
231 game outcomes, including information sufficient to ensure the collection of the tax required by § 4.1-1715.  
232 The records shall be available for inspection and copying by the Board during reasonable hours. Each skill  
233 game machine shall be made available for the Board to conduct periodic audits.

234 **§ 4.1-1704. Prohibition against the issuance of multiple licenses.**

235 A. For purposes of this section, "interest" means the direct or indirect ownership of any equity ownership  
236 interest or a partial equity ownership interest or any other type of financial interest, including being an  
237 investor, shareholder, member, lender, or employee.

238 B. No person licensed as a distributor shall be eligible to be licensed as an operator or an establishment  
239 or have any interest in any person licensed as an operator or an establishment pursuant to the provisions of  
240 this chapter.

241 C. No person licensed as an operator shall be eligible to be licensed as a distributor or an establishment  
242 or have any interest in any person licensed as a distributor or establishment pursuant to the provisions of this  
243 chapter.

244 D. No person licensed as an establishment shall be eligible to be licensed as an operator or a distributor

or have any interest in any person licensed as an operator or a distributor pursuant to the provisions of this chapter.

**§ 4.1-1705. Prohibition against transferring licenses or interests.**

No licensee shall transfer its license or assign responsibility for compliance with the conditions of its license to any party, including a transfer of effective control of the licensee. No distributor licensee shall transfer any skill game machine or any interest in a use agreement without approval by the Board.

**§ 4.1-1706. Suspension or revocation of license; civil penalty.**

A. After a hearing with 15 days' notice, the Board may suspend or revoke any license or impose on such distributor, operator, or establishment a civil penalty of not more than \$25,000 for each violation of this chapter, not to exceed \$100,000, in any case where a violation of this chapter has been shown by a preponderance of the evidence.

B. If any such license is suspended or revoked, the Board shall state its reasons for doing so, which shall be entered of record. Such action shall be final unless appealed in accordance with § 4.1-1707. Suspension or revocation of a license issued by the Board for any violation shall not preclude civil liability for such violation.

C. All civil penalties shall be paid into the Virginia Small Business Economic Development Fund established pursuant to § 4.1-1708.

**§ 4.1-1707. Hearing and appeal.**

Any person aggrieved by a denial of the Board to issue a license, the suspension or revocation of a license, the imposition of any fine or civil penalty, or any other action of the Board may seek review of such action in accordance with Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act in the Circuit Court of the City of Richmond. Further appeals shall also be in accordance with Article 5 of the Administrative Process Act.

**§ 4.1-1708. Virginia Small Business Economic Development Fund.**

There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Small Business Economic Development Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All fees, charges, and civil penalties collected by the Authority as provided in this chapter shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of financing the administration and operation of skill game machines pursuant to the provisions of this chapter. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Chief Executive Officer.

**§ 4.1-1709. Approval of skill game machines; submission to Board.**

A. No skill game machine shall be offered for play by the public in the Commonwealth unless such skill game machine has first been approved by the Board, consistent with the requirements of this chapter. The Board shall not approve more than 35,000 skill game machines in the aggregate, as measured by skill game machines approved for establishment licensees for operation at any one time in the Commonwealth, and such approvals shall be determined by the Board.

B. Before selling, leasing, or otherwise providing a skill game machine to an operator, a distributor shall provide a prototype or production sample of such skill game machine to an independent testing laboratory that has been approved by the Board, which shall evaluate and certify whether such skill game machine meets the definition of skill game under § 4.1-1700.

C. Along with the prototype or production sample of the skill game machine, the distributor shall provide any additional information concerning the skill game machine necessary for the certification, as determined by the independent testing laboratory.

D. Along with the prototype or production sample of the skill game machine, the manufacturer shall provide the following information concerning the skill game machine to the independent testing laboratory:

1. The available wagering denominations;
2. The minimum wager amount;
3. The maximum wager amount per play, which shall not exceed \$5;
4. The method of calculating winning payouts, including skill level achieved; and
5. The payout calculations set forth in sufficient detail to audit a payout through manual calculation.

E. The report of the independent testing laboratory shall be submitted by the distributor to the Board. The Board shall rely on this report in evaluating whether the skill game machine shall be approved pursuant to the provisions of this chapter.

F. If at any time a distributor makes a substantive change to any skill game machine that has previously been approved by the Board, such distributor shall resubmit such skill game machine to the Board in a manner prescribed by Board regulations.

G. The distributor shall pay the cost of the independent testing laboratory's review and testing, and the reports of the same shall be delivered to the distributor and the Board.

**§ 4.1-1710. Voluntary exclusion program.**

A. The Board shall adopt regulations to establish and implement a voluntary exclusion program.

B. Except as provided by regulation of the Board, a person who participates in the voluntary exclusion program agrees to refrain from (i) playing any skill game machine authorized under the provisions of this chapter; (ii) participating in charitable gaming, as defined in § 18.2-340.16; (iii) playing any account-based lottery game authorized under the provisions of Chapter 40 (§ 58.1-4000 et seq.) or Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1; (iv) participating in sports betting, as defined in § 58.1-4030; (v) engaging in any form of casino gaming authorized under the provisions of Chapter 41 of Title 58.1; (vi) participating in fantasy contests, as defined in § 59.1-556; or (vii) wagering on horse racing, as defined in § 59.1-365. Any state agency, at the request of the Authority, shall assist in administering the voluntary exclusion program pursuant to the provisions of this section.

C. A person who participates in the voluntary exclusion program may choose an exclusion period of two years, five years, or lifetime.

D. Except as provided by regulation of the Board, a person who participates in the voluntary exclusion program may not petition the Board for removal from the voluntary exclusion program for the duration of his exclusion period.

E. The name of a person participating in the voluntary exclusion program shall be included on a list of excluded persons. The list of persons entering the voluntary exclusion program and the personal information of the participants shall be confidential, except that dissemination of such information by the Board to any parties the Authority deems necessary for purposes of enforcement shall be allowed. The list and the personal information of participants in the voluntary exclusion program shall not be subject to disclosure under the Virginia Freedom of Information Act (§ 2.2-3700 et seq.). In addition, the Board may disseminate the list to other parties upon request by the participant and agreement by the Board.

**§ 4.1-1711. Operator and distributor licensees.**

A. No operator licensee shall place or maintain a skill game machine at any establishment where it is offered to the public for play for a charge, directly or indirectly, unless such establishment is an establishment licensee and has a use agreement with standard terms.

B. The distributor of each skill game machine shall cause to be adhered to the face of each skill game machine a label as prescribed by the Board prior to the placement of such skill game machine in an establishment. The Authority shall provide the required labels. All labels shall be adhered on the face of all skill game machines in a conspicuous and visible location to the Authority, law-enforcement agents and officers, and players of the game. Any skill game machine offered for play without the requisite label adhered to the skill game machine shall be, in addition to any other penalty provided by law, in violation of this chapter.

**§ 4.1-1712. Establishment licensees.**

A. Only the following locations are eligible to receive an establishment license:

1. Establishments that do not meet the definition of a truck stop and that (i) hold a retail license issued by the Board or (ii) are licensed as an agent to sell lottery tickets or shares pursuant to Article 1 (§ 58.1-4000 et seq.) of Chapter 40 of Title 58.1;

2. Establishments that meet the definition of truck stop and that (i) hold a retail license issued by the Board or (ii) are licensed as an agent to sell lottery tickets or shares pursuant to Article 1 (§ 58.1-4000 et seq.) of Chapter 40 of Title 58.1; and

3. Organizations that are qualified as social organizations and that hold a valid charitable gaming permit pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2.

B. No more than four skill game machines may be located in an establishment listed in subdivision A 1, (ii) no more than 10 skill game machines may be located in an establishment listed in subdivision A 2, and (iii) no more than 10 skill game machines may be located in the social quarters of an organization listed in subdivision A 3.

C. No establishment licensee shall allow a skill game machine to be placed upon the premises of such licensee's establishment unless such skill game machine is owned or leased, placed, and maintained by an operator licensee. The primary business of an establishment licensee shall not be the offering for play of skill game machines.

D. No establishment licensee shall use the term "casino" in its entity name, in any advertisement in association with its product or service, or in any manner prohibited by Board regulation. Any establishment licensee that violates the provisions of this subsection shall be subject to a civil penalty established by the Board. The Chief Executive Officer shall enforce the provisions of this subsection. All penalties collected pursuant to this subsection shall accrue to the Literary Fund.

E. In an effort to promote responsible gaming by players, establishment licensees shall:

1. Affix to a clearly visible and conspicuous location on each skill game machine a label that bears a toll-free number for problem gambling assistance that has been approved by the Virginia Council on Problem Gambling or other organizations that provide assistance to problem gamblers;

2. Provide informational leaflets or other similar materials within two feet of each skill game machine on

the dangers associated with problem gambling; and

3. Comply with, and require its employees to comply with, any applicable Board regulations, including regulations regarding player self-exclusion programs, player identification, and player age verification.

Nothing contained in this subsection shall be construed to create any cause of action against the Board or Authority for the failure of an establishment licensee to comply with the requirements of this section.

F. Each license shall be posted in a location conspicuous to the public at the place where the licensee carries out the business for which the license is granted.

G. All establishment licensees shall comply with the provisions of this chapter and regulations adopted by the Board.

**§ 4.1-1713. Minimum requirements for use agreements among two or more categories of licensees; division of revenue.**

A. The Board shall promulgate regulations determining the minimum requirements and terms for use agreements among licensees, including timelines for submitting use agreements to the Authority.

B. A copy of the use agreement shall be maintained in the business office of both the operator and the establishment and shall be available at all times for inspection by the Authority. An operator shall file a copy of any such use agreement with the Authority within 30 days after the execution of such agreement.

C. The use agreement between the operator and establishment shall provide that the establishment shall receive 40 percent of the gross revenue received from the play of skill games placed at its location.

D. No person shall receive any portion of gross profits generated from skill game machines located at an establishment's premises except for the distributor, operator, and establishment that are parties to the use agreement, except as approved by the Board in compliance with applicable rules and regulations adopted by the Board.

**§ 4.1-1714. Minimum requirements of skill game machines.**

In addition to meeting the definition of skill game machine established in § 4.1-1700, skill game machines shall:

1. Show the rules of play for each game in a way that adequately describes or displays such information so that a reasonable person could understand the game prior to playing a game;

2. Accept only cash wagers or tickets generated from skill game machines that may be redeemed for play at another skill game machine located on the same premises;

3. Prohibit the modification of the software or rules of play for a game once a game is initiated;

4. Prohibit the remote modification or manipulation of games, except as required or approved by the Board pursuant to the provisions of this chapter;

5. Pay out no more than \$5,000 in winnings for a single play of a game;

6. Have an identification badge or sufficient integrity affixed to the exterior of the skill game machine by the manufacturer that is not removable without leaving evidence of tampering;

7. Have a currency storage area that is secured by two locks before the currency can be removed and that is only accessible by the operator licensee;

8. Make payments to successful players by issuing a voucher that can be redeemed for cash at the establishment's ticket redemption terminal or by the establishment licensee;

9. Have the ability to allow for an independent integrity check by an independent testing laboratory approved by the Board of all software that may affect the integrity of the game;

10. Have the ability to detect and display the skill game machine's complete play history and winnings for the previous 100 games;

11. Contain a non-resettable meter, which shall be located in a locked area of the skill game machine that is accessible only by a key;

12. Have the capability of storing the meter information for a minimum of 180 days after a power loss to the skill game machine; and

13. Conspicuously display the required registration label on the face of the skill game machine issued in accordance with the provisions of subsection D of § 4.1-1701.

**§ 4.1-1715. Gaming tax.**

A. 1. Distributors shall remit to the Authority a monthly gaming tax equal to \$800 per month for each skill game machine that such distributor provided for play in the Commonwealth during the previous month.

2. The gaming tax imposed pursuant to this section shall not apply to any activity regulated under Article 2 (§ 58.1-4030 et seq.) of Chapter 40 or Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1.

B. All gaming taxes collected pursuant to the provisions of this section shall accrue to the Virginia Small Business Economic Development Fund and be allocated as provided in subsection D.

C. The gaming tax collected pursuant to this section shall be accompanied by forms and returns prescribed by the Board. The Board may suspend or revoke a license for willful failure to submit any such payments or associated returns within the specified time.

D. Revenues from the Virginia Small Business Economic Development Fund shall be apportioned by the Comptroller as follows:

1. Fifteen percent to the Department of Taxation for distribution to the locality in which the establishment



operates;

2. Two percent to the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2;

3. Seventy-five percent to the general fund;

4. One percent to the Department of State Police to be used by the Office of the Gaming Enforcement Coordinator established pursuant to § 52-54;

5. One percent to the law-enforcement agencies that have primary law-enforcement responsibility in any locality in which skill game machines are located; and

6. Six percent to the Authority to cover the costs incurred in administering and implementing the provisions of this chapter.

E. Allocation of funds pursuant to this section shall occur no later than 60 days after such funds are collected and only after the Department has verified the accuracy of the collected balances.

**§ 4.1-1716. Illegal distribution or hosting; penalties.**

A. No person shall:

1. Distribute, sell, or lease to any person skill game machines or major components or parts, including software or hardware, for skill game machines, or purchase, own, operate, possess, or place in the Commonwealth skill game machines, or maintain and service such skill game machines without a distributor license issued by the Board.

2. Operate an establishment where one or more skill game machines are made available for play by the public without an establishment license issued by the Board.

3. Solicit, offer, or enter into any contract or agreement for the placement of a skill game machine until the distributor, operator, establishment, and procurement agent, if applicable, are all issued a license by the Board pursuant to this chapter.

B. A violation of this section is a Class 1 misdemeanor and further is subject to a civil penalty not to exceed \$50,000.

**§ 4.1-1717. Underage play prohibited; penalty.**

A. No person younger than 21 years of age shall be eligible to operate a skill game machine regulated pursuant to this chapter. A distributor shall adhere to the front of all skill game machines a notice in 16-point Times New Roman bold font the following notice: "It is unlawful for any person younger than 21 years of age to play this game."

B. No establishment licensed by the Board shall knowingly allow any person younger than 21 years of age to play any skill game machine or redeem any winnings from the operation of a skill game machine.

C. A violation of this section is a Class 1 misdemeanor.

**§ 4.1-1718. Prohibited acts by establishment licensees; penalty.**

A. No establishment licensee or its employees or agents shall:

1. Knowingly permit any person who is not 21 years of age or older to play any skill game machine;

2. Give any reward for the play of a skill game machine that is not authorized by this chapter;

3. Give any reward for the play of a skill game machine that is redeemable at a location other than the establishment's ticket redemption terminal or by staff at an establishment;

4. Accept any inducement from a distributor licensee; or

5. Extend credit to any person for the purpose of playing any skill game machine.

B. A violation of this section is a Class 1 misdemeanor.

**§ 4.1-1719. Illegal tampering with skill game machines; penalties.**

No person other than an operator licensee shall possess or use any key or device designed for the purpose of opening, entering, or affecting the operation of a skill game machine or otherwise tamper with a skill game machine. A violation of this section is a Class 1 misdemeanor and further is subject to imposition of a civil penalty not to exceed \$50,000.

**§ 4.1-1720. Seizure of unlawful skill game machines; penalties.**

A. In addition to the penalties provided for in § 4.1-1706, any person or employee of such person who knowingly violates any provision of this chapter shall be liable for a civil penalty of not more than \$25,000 for each such violation. Such amount shall be recovered in a civil action brought by the Authority and paid into the Virginia Small Business Economic Development Fund established pursuant to § 4.1-1708.

B. In the event that a law-enforcement agency or the Authority makes a determination that, other than as expressly provided for in this chapter or otherwise allowed by law, any other skill game machine is placed, exists, or is in operation in any establishment in violation of this chapter or the laws of the Commonwealth, including the operation of more than the maximum number of skill game machines authorized pursuant to § 4.1-1712, the law-enforcement agency or the Authority may seize any such skill game machine pursuant to § 18.2-331.1, and the distributor, operator, or establishment shall be subject to a civil penalty of not less than \$25,000 nor more than \$100,000 per skill game machine. In addition, all money used in connection with illegal skill game activity that are lawfully seized by any law-enforcement officer or that shall lawfully come into his custody, shall be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2.



C. It is unlawful for any person to operate, place, or possess a skill game machine in any unregulated location. Any skill game machine operated, placed, or possessed in an unregulated location may be inferred, subject to rebuttal, to be in violation of this section and is subject to immediate seizure by law enforcement and may be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2. Any person violating this section is guilty of a Class 1 misdemeanor. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the warrant, indictment, or information that such person has been before convicted of two or more offenses under this section and such prior convictions occurred before the date of the offense alleged in the warrant, indictment, or information, is guilty of a Class 6 felony. Any person who is convicted of a felony offense under this section shall have his license suspended for a period of two years. Any person who is convicted of a second felony offense under this section shall have his license suspended for a period of 10 years, and any person who is convicted of a third or subsequent felony offense shall have his license permanently suspended. The court shall order the suspension of such license upon conviction.

D. It is unlawful for any person to offer for play in any location that is not licensed as an establishment. Any skill game machine without a registration label displayed as required by subsection D of § 4.1-1701 may be inferred, subject to rebuttal, to be in violation of this section and is subject to immediate seizure by law enforcement and may be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2. Any person violating this section is guilty of a Class 1 misdemeanor. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the warrant, indictment, or information that such person has been before convicted of two or more offenses under this section and such prior convictions occurred before the date of the offense alleged in the warrant, indictment, or information, is guilty of a Class 6 felony. Any person who is convicted of a felony offense under this section shall have his license suspended for a period of two years. Any person who is convicted of a second felony offense under this section shall have his license suspended for a period of 10 years, and any person who is convicted of a third or subsequent felony offense shall have his license permanently suspended. The court shall order the suspension of such license upon conviction.

E. It is unlawful for any person to offer for play, in a single location, a skill game machine that is in excess of the licensing requirements or statutory limits prescribed in § 4.1-1712 regardless of whether such skill game machine is properly licensed. A skill game machine may be relocated from one location to another location or warehoused and subsequently placed in an establishment provided that the number of skill game machines offered for play in a single establishment does not exceed the licensing requirements or statutory limits for the number of machines that may be offered for play at that location. Any skill game machines, whether registered or not, that are operating in excess of such licensing requirements or statutory limits are subject to immediate seizure and may be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2. Any person violating this section is guilty of a Class 1 misdemeanor. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the warrant, indictment, or information that such person has been before convicted of two or more offenses under this section and such prior convictions occurred before the date of the offense alleged in the warrant, indictment, or information, is guilty of a Class 6 felony. Any person who is convicted of a felony offense under this section shall have his license suspended for a period of two years. Any person who is convicted of a second felony offense under this section shall have his license suspended for a period of 10 years, and any person who is convicted of a third or subsequent felony offense shall have his license permanently suspended. The court shall order the suspension of such license upon conviction.

**§ 4.1-1721. Skill game machines operated pursuant to this chapter not illegal gambling.**

Nothing contained in Article 1 (§ 18.2-325 et seq.) of Chapter 8 of Title 18.2 shall be applicable to a skill game machine operated in accordance with this chapter. The award of any prize money for the operation of any skill game machine shall not be deemed to be part of any gaming contract within the purview of § 11-14.

**§ 4.1-1722. Conspiracies and attempts to commit violations; penalties.**

A. Any person who conspires, confederates, or combines with another, either within or outside of the Commonwealth, to commit a criminal offense prohibited by this chapter is guilty of a Class 1 misdemeanor and further is subject to imposition of a civil penalty not to exceed \$50,000.

B. Any person who attempts to commit any act prohibited by this chapter is guilty of a criminal offense and shall be punished as provided in § 18.2-26, 18.2-27, or 18.2-28, as appropriate.

**§ 11-16.3. Exemption; play of authorized skill game machines.**

This chapter shall not apply to the play of skill game machines or related activity that is lawful under Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1 or to any contract, conduct, or transaction arising from conduct lawful thereunder.

**§ 18.2-325. Definitions.**

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

"Gambling device" means (i) any device, machine, paraphernalia, equipment, or other thing, including books, records, and other papers, that are actually used in an illegal gambling operation or activity and (ii) any machine, apparatus, implement, instrument, contrivance, board, or other thing, or electronic or video

555 *version thereof, including those dependent upon the insertion of a coin or other object for their operation,*  
556 *which operates, either completely automatically or with the aid of some physical act by the player or*  
557 *operator, in such a manner that, depending upon elements of chance, it may eject something of value or*  
558 *determine the prize or other thing of value to which the player is entitled, provided, however, that the return*  
559 *to the user of nothing more than additional chances or the right to use such machine is not deemed something*  
560 *of value within the meaning of this definition; and provided further, that machines that only sell, or entitle the*  
561 *user to obtain, items of merchandise of equivalent value that may differ from each other in composition, size,*  
562 *shape, or color, shall not be deemed gambling devices within the meaning of this definition. Such devices*  
563 *no less gambling devices if they indicate beforehand the definite result of one or more operations but not all*  
564 *the operations; nor are they any less a gambling device because, apart from their use or adaptability as such,*  
565 *they may also sell or deliver something of value on a basis other than chance. "Gambling device" does not*  
566 *include a skill game machine authorized pursuant to the provisions of Chapter 17 (§ 4.1-1700 et seq.) of Title*  
567 *4.1.*

568 "Illegal gambling" means the making, placing, or receipt of any bet or wager in the Commonwealth of  
569 money or other consideration or thing of value, made in exchange for a chance to win a prize, stake, or other  
570 consideration or thing of value, dependent upon the result of any game, contest, or any other event the  
571 outcome of which is uncertain or a matter of chance, whether such game, contest, or event occurs or is to  
572 occur inside or outside the limits of the Commonwealth.

573 For the purposes of this ~~subdivision~~ definition and notwithstanding any provision in this section to the  
574 contrary, the making, placing, or receipt of any bet or wager of money or other consideration or thing of  
575 value ~~shall include~~ includes the purchase of a product, ~~Internet internet~~ access, or other thing made in  
576 exchange for a chance to win a prize, stake, or other consideration or thing of value by means of the operation  
577 of a gambling device as described in ~~subdivision 3 b~~, clause (ii) of the definition of "gambling device,"  
578 regardless of whether the chance to win such prize, stake, or other consideration or thing of value may be  
579 offered in the absence of a purchase.

580 "Illegal gambling" ~~also means~~ does not include the playing or offering for play of any skill game machine  
581 authorized pursuant to the provisions of Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1.

582 2. "Interstate gambling" means the conduct of an enterprise for profit that engages in the purchase or sale  
583 within the Commonwealth of any interest in a lottery of another state or country whether or not such interest  
584 is an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of such  
585 interest.

586 3. "Gambling device" includes:

587 a. Any device, machine, paraphernalia, equipment, or other thing, including books, records, and other  
588 papers, which are actually used in an illegal gambling operation or activity;

589 b. Any machine, apparatus, implement, instrument, contrivance, board, or other thing, or electronic or  
590 video versions thereof, including but not limited to those dependent upon the insertion of a coin or other  
591 object for their operation, which operates, either completely automatically or with the aid of some physical  
592 act by the player or operator, in such a manner that, depending upon elements of chance, it may eject  
593 something of value or determine the prize or other thing of value to which the player is entitled, provided,  
594 however, that the return to the user of nothing more than additional chances or the right to use such machine  
595 is not deemed something of value within the meaning of this subsection; and provided further, that machines  
596 that only sell, or entitle the user to, items of merchandise of equivalent value that may differ from each other  
597 in composition, size, shape, or color, shall not be deemed gambling devices within the meaning of this  
598 subsection; and

599 c. Skill games.

600 Such devices are no less gambling devices if they indicate beforehand the definite result of one or more  
601 operations but not all the operations. Nor are they any less a gambling device because, apart from their use or  
602 adaptability as such, they may also sell or deliver something of value on a basis other than chance.

603 4. "Operator" includes any person, firm, or association of persons; who conducts, finances, manages,  
604 supervises, directs, or owns all or part of an illegal gambling enterprise, activity, or operation.

605 5. "Skill" means the knowledge, dexterity, or any other ability or expertise of a natural person.

606 6. "Skill game" or "skill game machine" means the same as that term is defined in § 4.1-1700 an  
607 electronic, computerized, or mechanical contrivance, terminal, machine, or other device that requires the  
608 insertion of a coin, currency, ticket, token, or similar object to operate, activate, or play a game, the outcome  
609 of which is determined by any element of skill of the player and that may deliver or entitle the person playing  
610 or operating the device to receive cash or cash equivalents, gift cards, vouchers, billets, tickets, tokens, or  
611 electronic credits to be exchanged for cash or cash equivalents whether the payoff is made automatically from  
612 the device or manually. "Skill game" includes (i) a device that contains a meter or measurement device that  
613 records the number of free games or portions of games that are rewarded and (ii) a device designed or  
614 adapted to enable a person using the device to increase the chances of winning free games or portions of  
615 games by paying more than the amount that is ordinarily required to play the game. "Skill game" does not  
616 include any amusement device, as defined in § 18.2-334.6.

7. "Unregistered skill game machine" means any device that does not conspicuously display on the face of the skill game machine a required registration label pursuant to the provisions of Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1. Any skill game machine without such a registration label displayed may be inferred, subject to rebuttal, to be unregistered.

"Unregulated location" means any location that is not fully or partially regulated or operated by the Virginia Lottery or the Virginia Lottery Board, the Department of Agriculture and Consumer Services, the Virginia Alcoholic Beverage Control Authority, or the Virginia Racing Commission.

**§ 18.2-331.1. Operation of gambling devices and skill game machines at unregulated locations; civil penalty.**

A. In addition to any other penalty provided by law, any person who conducts, finances, manages, supervises, directs, sells, or owns a gambling device or skill game machine that is located in an unregulated location is subject to a civil penalty of up to \$25,000 for each gambling device or skill game machine located in such unregulated location.

B. The Attorney General, an attorney for the Commonwealth, or the attorney for any locality may cause an action in equity to be brought in the name of the Commonwealth or of the locality, as applicable, to immediately enjoin the operation of a gambling device or skill game machine in violation of this section and to request an attachment against all such devices and machines and any moneys within such devices and machines pursuant to Chapter 20 (§ 8.01-533 et seq.) of Title 8.01, and to recover the civil penalty of up to \$25,000 per device.

C. In any action brought under this section, the Attorney General, the attorney for the Commonwealth, or the attorney for the locality may recover reasonable expenses incurred by the state or local agency in investigating and preparing the case, and attorney fees.

D. Any civil penalties assessed under this section in an action in equity brought in the name of the Commonwealth shall be paid into the Literary Fund. Any civil penalties assessed under this section in an action in equity brought in the name of a locality shall be paid into the general fund of the locality.

**§ 18.2-331.2. Operating, placing, or possessing a skill game machine in an unregulated location; penalties.**

A. It is unlawful for any person to operate, place, or possess a skill game machine in any unregulated location.

B. Any skill game machine operated, placed, or possessed in an unregulated location may be inferred, subject to rebuttal, to be in violation of this section and is subject to immediate seizure by law enforcement and may be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2.

C. Any person violating this section is guilty of a Class 1 misdemeanor.

D. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the warrant, indictment, or information that such person has been before convicted of two or more offenses under this section and such prior convictions occurred before the date of the offense alleged in the warrant, indictment, or information, is guilty of a Class 6 felony.

E. Any person who is convicted of a felony offense under this section shall have his license issued pursuant to § 4.1-1703 suspended for a period of two years. Any person who is convicted of a second felony offense under this section shall have his license issued pursuant to § 4.1-1703 suspended for a period of 10 years, and any person who is convicted of a third or subsequent felony offense shall have his license issued pursuant to § 4.1-1703 permanently suspended. The court shall order the suspension of such license upon conviction.

**§ 18.2-331.3. Operating, placing, or possessing any unregistered skill game machine in any location; penalties.**

A. It is unlawful for any person to offer for play in any location any unregistered skill game machine.

B. Any skill game machine without a registration label displayed as required by Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1 may be inferred, subject to rebuttal, to be in violation of this section and is subject to immediate seizure by law enforcement and may be forfeited to the Commonwealth in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2.

C. Any person violating this section is guilty of a Class 1 misdemeanor.

D. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the warrant, indictment, or information that such person has been before convicted of two or more offenses under this section and such prior convictions occurred before the date of the offense alleged in the warrant, indictment, or information, is guilty of a Class 6 felony.

E. Any person who is convicted of a felony offense under this section shall have his license issued pursuant to § 4.1-1703 suspended for a period of two years. Any person who is convicted of a second felony offense under this section shall have his license issued pursuant to § 4.1-1703 suspended for a period of 10 years, and any person who is convicted of a third or subsequent felony offense shall have his license issued pursuant to § 4.1-1703 permanently suspended. The court shall order the suspension of such license upon conviction.

679       **§ 18.2-331.4. Offering for play skill game machines in excess of statutory limits; penalties.**

680       A. It is unlawful for any person to offer for play, in a single location, a skill game machine that is in  
681 excess of the licensing requirements or statutory limits prescribed in Chapter 17 (§ 4.1-1700 et seq.) of Title  
682 4.1 regardless of whether such skill game machine is properly registered.

683       A skill game machine may be relocated from one location to another location or warehoused and  
684 subsequently placed in a host location provided that the number of skill game machines offered for play in a  
685 single prescribed location does not exceed the licensing requirements or statutory limits for the number of  
686 games that may be offered for play at that location.

687       B. Any skill game machines, whether registered or not, that are operating in excess of such licensing  
688 requirements or statutory limits are subject to immediate seizure and may be forfeited to the Commonwealth  
689 in accordance with the procedures contained in Chapter 22.1 (§ 19.2-386.1 et seq.) of Title 19.2.

690       C. Any person violating this section is guilty of a Class 1 misdemeanor.

691       D. Any person who is convicted of a third or subsequent offense under this section, and it is alleged in the  
692 warrant, indictment, or information that such person has been before convicted of two or more offenses  
693 under this section and such prior convictions occurred before the date of the offense alleged in the warrant,  
694 indictment, or information, is guilty of a Class 6 felony.

695       E. Any person who is convicted of a felony offense under this section shall have his license issued  
696 pursuant to § 4.1-1703 suspended for a period of two years. Any person who is convicted of a second felony  
697 offense under this section shall have his license issued pursuant to § 4.1-1703 suspended for a period of 10  
698 years, and any person who is convicted of a third or subsequent felony offense shall have his license issued  
699 pursuant to § 4.1-1703 permanently suspended. The court shall order the suspension of such license upon  
700 conviction.

701       **§ 18.2-334. Exception to article; private residences.**

702       Nothing in this article shall be construed to make it illegal to participate in a game of chance conducted in  
703 a private residence, provided that such private residence is not commonly used for such games of chance and  
704 there is no operator as defined in subsection 4 of § 18.2-325.

705       **§ 18.2-334.7. Exemptions to article; skill game machines.**

706       Nothing in this article shall be construed to make it illegal to play any skill game machine or conduct any  
707 related activity that is lawful under Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1.

708       **§ 18.2-513. Definitions.**

709       As used in this chapter:

710       "Criminal street gang" means the same as that term is defined in § 18.2-46.1.

711       "Enterprise" includes any of the following: sole proprietorship, partnership, corporation, business trust,  
712 criminal street gang, or other group of three or more individuals associated for the purpose of criminal  
713 activity.

714       "Proceeds" means the same as that term is defined in § 18.2-246.2.

715       "Racketeering activity" means to commit, attempt to commit, or conspire to commit or to solicit, coerce,  
716 or intimidate another person to commit two or more of the following offenses: Article 2.1 (§ 18.2-46.1 et  
717 seq.) of Chapter 4, § 18.2-460; a felony offense of § 3.2-4212, 3.2-4219, 10.1-1455, 18.2-31, 18.2-32,  
718 18.2-32.1, 18.2-33, or 18.2-35, Article 2.2 (§ 18.2-46.4 et seq.) of Chapter 4, § 18.2-47, 18.2-48, 18.2-48.1,  
719 18.2-49, 18.2-51, 18.2-51.2, 18.2-52, 18.2-53, 18.2-55, 18.2-58, 18.2-59, 18.2-77, 18.2-79, 18.2-80, 18.2-89,  
720 18.2-90, 18.2-91, 18.2-92, 18.2-93, 18.2-95, 18.2-96, or 18.2-103.1, Article 4 (§ 18.2-111 et seq.) of Chapter  
721 5, Article 1 (§ 18.2-168 et seq.) of Chapter 6, § 18.2-178 or 18.2-186, Article 6 (§ 18.2-191 et seq.) of  
722 Chapter 6, Article 9 (§ 18.2-246.1 et seq.) of Chapter 6, § 18.2-246.13, Article 1 (§ 18.2-247 et seq.) of  
723 Chapter 7, § 18.2-279, 18.2-286.1, 18.2-289, 18.2-300, 18.2-308.2, 18.2-308.2:1, 18.2-328, 18.2-331.2, 18.2-  
724 331.3, 18.2-331.4, 18.2-346, 18.2-346.01, 18.2-348, 18.2-348.1, 18.2-349, 18.2-355, 18.2-356, 18.2-357,  
725 18.2-357.1, 18.2-368, 18.2-369, or 18.2-374.1, Article 8 (§ 18.2-433.1 et seq.) of Chapter 9, Article 1  
726 (§ 18.2-434 et seq.) of Chapter 10, Article 2 (§ 18.2-438 et seq.) of Chapter 10, Article 3 (§ 18.2-446 et seq.)  
727 of Chapter 10, Article 1.1 (§ 18.2-498.1 et seq.) of Chapter 12, § 3.2-6571, 18.2-516, 32.1-314, 58.1-1008.2,  
728 58.1-1017, or 58.1-1017.1; or any substantially similar offenses under the laws of any other state, the District  
729 of Columbia, or the United States or its territories.

730       **2. That, by January 1, 2027, the Board of Directors of the Virginia Alcoholic Beverage Control**  
731 **Authority (the Board) shall adopt regulations necessary to implement the provisions of this act. The**  
732 **Board's initial adoption of such regulations shall be exempt from the Administrative Process Act**  
733 **(§ 2.2-4000 et seq. of the Code of Virginia), provided that, prior to the final adoption of such**  
734 **regulations, the Board publishes in the Virginia Register of Regulations and posts on the Virginia**  
735 **Regulatory Town Hall an action that provides (i) a 30-day comment period; (ii) a summary of the**  
736 **proposed regulations, the text of the proposed regulations, and the name, address, email address, and**  
737 **telephone number of the agency contact person responsible for receiving public comments; and (iii) the**  
738 **statutory authority to promulgate the regulations.**

739       **3. That, notwithstanding the provisions of the first enactment of this act to the contrary, until the**  
740 **Board of Directors of the Virginia Alcoholic Beverage Control Authority (the Board) adopts the**

regulations necessary to implement the provisions of this act pursuant to the second enactment of this act, the provisions of the first enactment of this act shall be administered by the Virginia Alcoholic Beverage Control Authority (the Authority), which may issue a provisional license to any entity that certifies that the game being distributed, operated, or placed in an establishment is a skill game machine as defined in § 4.1-1700 of the Code of Virginia, as created by this act. During the Authority's administration of such provisions, the Authority shall be vested with all powers and duties of the Board that are necessary for such administration of the provisions of the first enactment of this act. The Authority shall adopt guidelines for the issuance and administration of any provisional licensure that are consistent with the provisions of Chapter 17 (§ 4.1-1700 et seq.) of Title 4.1 of the Code of Virginia, as created by this act, with such guidelines to be effective on July 15, 2026. The Authority's guidelines shall be exempt from the Administrative Process Act (§ 2.2-4200 et seq. of the Code of Virginia), except that the Authority shall provide an opportunity for public comment on the guidelines prior to adoption. Each application for a provisional license shall be accompanied by a provisional license fee payable to the Authority to defray the costs associated with the implementation, monitoring, monthly reporting, and enforcement associated with provisional licensees. The provisional license fees and, thereafter, annual license fees shall be as follows: (i) \$250,000 for a distributor; (ii) \$25,000 for an operator; (iii) \$1,000 for an establishment that does not meet the definition of a "truck stop" as defined in § 4.1-1700 of the Code of Virginia, as created by this act; and (iv) \$2,500 for an establishment license that meets the definition of a "truck stop" as defined in § 4.1-1700 of the Code of Virginia, as created by this act. During the time period when the Authority's guidelines are effective, it shall receive six percent of the gross receipts tax to further defray the costs associated with the implementation, monitoring, monthly reporting, and enforcement associated with provisional licensees. The Authority's guidelines for the provisional licensure shall expire upon the final adoption of the regulations adopted by the Board pursuant to the second enactment of this act. Any valid and active provisional licenses issued by the Authority pursuant to this enactment shall remain valid until their expiration date and shall be considered to have been issued by the Board. Distributing, operating, or hosting any skill game machine at any time between July 1, 2026, and the date upon which the regulations necessary to implement the provisions of this act are adopted by the Board pursuant to the second enactment of this act without obtaining a provisional license from the Authority pursuant to this enactment may permanently disqualify a person from obtaining a license from the Board pursuant to the first enactment of this act. Any such disqualification shall be within the sole discretion of the Board. After a hearing with 15 days' notice, the Authority may suspend or revoke any license or impose on any distributor, operator, or establishment a civil penalty of not more than \$25,000 for each violation of this enactment, not to exceed \$100,000, in any case where a violation has been shown by a preponderance of the evidence. If any such license is suspended or revoked, the Authority shall state its reasoning for doing so, which shall be entered of record. Such action shall be final unless appealed in accordance with § 4.1-1707 of the Code of Virginia, as created by this act. Suspension or revocation of a license issued by the Authority for any violation shall not preclude civil liability for such violation. All civil penalties shall be paid to the Authority to defray the costs associated with enforcement. In addition to the aforementioned suspension and revocation of licensure and levy of civil penalties, any person or employee of such person who knowingly violates any provision of this enactment shall be liable for a civil penalty of not more than \$25,000 for each such violation. Such amount shall be recovered in a civil action brought by the Authority and paid to the Authority to defray the costs associated with enforcement. In the event that a law-enforcement agency or the Authority makes a determination that, other than as expressly provided for in this enactment or otherwise allowed by law, any other skill game machine is placed, exists, or is in operation in any establishment in violation of this enactment or the laws of the Commonwealth, including the operation of more than the maximum number of skill game machines authorized pursuant to this enactment, the law-enforcement agency or the Authority may seize any such skill game machine pursuant to § 18.2-331.1 of the Code of Virginia, as amended by this act, and the distributor, operator, or establishment shall be subject to a civil penalty of not less than \$25,000 nor more than \$100,000 per machine, which shall be paid to the Authority to defray the costs associated with enforcement.

4. That beginning July 15, 2026, and each month following until the Board of Directors of the Virginia Alcoholic Beverage Control Authority (the Board) adopts the regulations necessary to implement the provisions of the first enactment of this act, the Virginia Alcoholic Beverage Control Authority (the Authority) shall require each distributor to (i) remit the monthly gaming tax equal to \$800 per month for each skill game machine that such distributor provided for play in the Commonwealth during the previous month in accordance with § 4.1-1715 of the Code of Virginia, as created by this act, and (ii) provide a report to the Authority, in such form as required by the Authority, detailing (a) the total number skill game machines provided for play in the Commonwealth by such distributor, (b) the address of each location where the skill game machines are provided for play in the Commonwealth by such distributor, (c) the total number of skill game machines provided for play in the Commonwealth

803 by such distributor at each respective location, (d) the total amount wagered during the previous  
804 month on each skill game machine provided for play in the Commonwealth by such distributor at each  
805 respective location where the skill game machine was provided, and (e) the total amount of prizes or  
806 winnings awarded during the previous month on each skill game machine provided for play in the  
807 Commonwealth by such distributor at each respective location where the skill game machine was  
808 provided.

809 5. That the Board of Directors of the Virginia Alcoholic Beverage Control Authority (the Board) is  
810 authorized to begin accepting applications for licensure in accordance with the provisions of Chapter  
811 17 (§ 4.1-1700 et seq.) of Title 4.1 of the Code of Virginia, as created by this act, as of July 1, 2026. Any  
812 applicant that has submitted a completed application to the Board shall be authorized to begin  
813 manufacturing, distributing, placing, or operating skill game machines 10 days after the effective date  
814 of this act, even if such applicant's application for licensure with the Board is still pending. If, after  
815 review of an application, the Board fails to grant a license to an applicant, such applicant shall  
816 immediately cease all skill game machine operations in the Commonwealth. Notwithstanding the  
817 provisions of § 4.1-1705 of the Code of Virginia, as created by this act, the Board may, for an amount  
818 of time to be determined by the Board, require an applicant for licensure to pay all application fees at  
819 the time the applicant submits its application to the Board. Any applicant that, during such period,  
820 submits an application and accompanying fee but is not granted a license by the Board shall be  
821 reimbursed.

822 6. That the provisions of this act may result in a net increase in periods of imprisonment or  
823 commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary  
824 appropriation cannot be determined for periods of imprisonment in state adult correctional facilities;  
825 therefore, Chapter 725 of the Acts of Assembly of 2025 requires the Virginia Criminal Sentencing  
826 Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-19.1:4 of the Code of  
827 Virginia, the estimated amount of the necessary appropriation cannot be determined for periods of  
828 commitment to the custody of the Department of Juvenile Justice.