

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact §§ 18.2-340.16 and 18.2-340.28:2 of the Code of Virginia, relating to*
 3 *charitable gaming; Texas Hold'em poker tournaments.*

4 [H 396]

5 Approved

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

7 **1. That §§ 18.2-340.16 and 18.2-340.28:2 of the Code of Virginia are amended and reenacted as follows:**
 8 **§ 18.2-340.16. Definitions.**

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

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

15 "Bona fide member" means an individual who participates in activities of a qualified organization other
 16 than such organization's charitable gaming activities.

17 "Charitable gaming" or "charitable games" means those raffles, Texas Hold'em poker tournaments, and
 18 games of chance explicitly authorized by this article. Unless otherwise specified, "charitable gaming"
 19 includes electronic gaming authorized by this article.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

71 "Organization" means any one of the following:

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

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

80 3. An athletic association or booster club or a band booster club established solely to raise funds for
81 school-sponsored athletic or band activities for a public school or private school accredited pursuant to
82 § 22.1-19 or to provide scholarships to students attending such school;

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

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

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

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

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

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

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

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

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

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

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

119 15. An organization (i) established on or before December 31, 1963, as a result of its members being
120 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
121 1926, which required the racial segregation of all public events in the Commonwealth; (ii) that is exempt
122 from income tax pursuant to § 501(c)(7) of the Internal Revenue Code; and (iii) that is operated, and has
123 always been operated, for community awareness and action through educational, economic, and cultural
124 service activities;

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

129 17. A local chamber of commerce; or

130 18. Any other nonprofit organization that is exempt from income tax pursuant to § 501(c) of the Internal
131 Revenue Code and that raises funds by conducting raffles, bingo, instant bingo, pull tabs, or seal cards that
132 generate annual gross receipts of \$40,000 or less, provided that such gross receipts, less expenses and prizes,
133 are used exclusively for charitable, educational, religious, or community purposes. Notwithstanding
134 § 18.2-340.26:1, proceeds from instant bingo, pull tabs, and seal cards shall be included when calculating an
135 organization's annual gross receipts for the purposes of this subdivision.

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

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

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

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

158 "Social organization" means any qualified organization that provides certification to the Department that
159 it is:

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

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

167 3. An organization established on or before December 31, 1963, as a result of its members being
168 prohibited from joining similar existing organizations because of laws such as the Public Assemblages Act of
169 1926, which required the racial segregation of all public events in the Commonwealth, that is qualified under
170 § 501(c)(7) of the Internal Revenue Code;

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

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

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

179 7. A post or organization of past or present members of the Armed Forces of the United States, or an
180 auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under §

181 501(c)(19) of the Internal Revenue Code.

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

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

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

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

207 **§ 18.2-340.28:2. Conduct of Texas Hold'em poker tournaments by qualified organizations;**
 208 **limitation of operator fee; conditions.**

209 A. Any organization qualified to conduct bingo games on or after July 1, 2019, may conduct Texas
 210 Hold'em poker tournaments; however, no such organization may conduct individual Texas Hold'em poker
 211 games. The Commissioner shall promulgate regulations establishing circumstances under which
 212 organizations qualified to conduct bingo games prior to July 1, 2019, may conduct Texas Hold'em poker
 213 tournaments.

214 B. A qualified organization may contract with an operator to administer Texas Hold'em poker
 215 tournaments. Limitations on operator fees shall be established by Department regulations.

216 C. A qualified organization shall accept only cash or, at its option, checks in payment of any charges or
 217 assessments for players to participate in Texas Hold'em poker tournaments. However, no such organization
 218 shall accept postdated checks in payment of any charges or assessments for players to participate in Texas
 219 Hold'em poker tournaments.

220 D. No qualified organization or any person on the premises shall extend lines of credit or accept any credit
 221 or debit card or other electronic fund transfer in payment of any charges or assessments for players to
 222 participate in Texas Hold'em poker tournaments.

223 E. No qualified organization shall allow any individual younger than ~~18~~ 21 years of age to participate in
 224 Texas Hold'em poker tournaments.

225 F. *No qualified organization may conduct Texas Hold'em poker tournaments (i) at a location outside of*
 226 *the county, city, or town in which its principal office, as registered with the State Corporation Commission, is*
 227 *located or in an adjoining county, city, or town or (ii) at an establishment that has been granted a license*
 228 *pursuant to Chapter 2 (§ 4.1-200 et seq.) of Title 4.1 unless such license is held by the qualified organization.*

229 G. *For purposes of this subsection:*

230 "Add-ons" means an optional purchase of additional poker chips, usually available once per tournament
 231 at the end of the rebuy period or during a specific break, allowing players to boost their stack regardless of
 232 their current chip count.

233 "Rebuy" means an optional purchase during a specific period and under certain conditions of additional
 234 poker chips equivalent to the same amount of chips as provided with the original tournament entry fee.

235 Unlimited rebuys shall only be permitted within the first two hours of tournament play or until the first
 236 break, whichever occurs first. A rebuy shall only be allowed if a player has lost all of his poker chips or when
 237 a player's total amount of poker chips is less than his starting stack. Rebuys shall be equivalent to the amount
 238 of poker chips provided with the original tournament entry fee.

239 One add-on shall be permitted at the end of the rebuy period before play resumes at the end of the first
 240 break. Only players that still have poker chips in play after the first break shall be eligible to purchase an
 241 add-on. Players shall be limited to the purchase of one add-on per player per tournament.