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HOUSE BILL NO. 527

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology
on February 14, 2024)

(Patron Prior to Substitute—Delegate Krizek)

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

Be it enacted by the General Assembly of Virginia:

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

§ 18.2-340.16. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

60 electronic gaming.

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

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

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

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

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

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

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

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

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

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

91 "Organization" means any one of the following:

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

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

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

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

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

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

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

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

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

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

118 11. An organization that is exempt from income tax pursuant to § 501(c)(3) or 501(c)(4) of the
119 Internal Revenue Code and is operated, and has always been operated, exclusively to (i) create and
120 foster a spirit of understanding among the people of the world; (ii) promote the principles of good
121 government and citizenship; (iii) take an active interest in the civic, cultural, social, and moral welfare

122 of the community; (iv) provide a forum for the open discussion of matters of public interest; (v)
123 encourage individuals to serve the community without personal financial reward; and (vi) encourage
124 efficiency and promote high ethical standards in commerce, industries, professions, public works, and
125 private endeavors;

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

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

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

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

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

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

154 18. A local chamber of commerce; or

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

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

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

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

172 "Reasonable and proper business expenses" means business expenses actually incurred by a qualified
173 organization in the conduct of charitable gaming and not otherwise allowed under this article or under
174 Department regulations on real estate and personal property tax payments, travel expenses, payments of
175 utilities and trash collection services, legal and accounting fees, costs of business furniture, fixtures and
176 office equipment and costs of acquisition, maintenance, repair, or construction of an organization's real
177 property. For the purpose of this definition, salaries and wages of employees whose primary
178 responsibility is to provide services for the principal benefit of an organization's members may qualify
179 as a business expense, if so determined by the Department. However, payments made pursuant to
180 § 51.1-1204 to the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund shall be
181 deemed a reasonable and proper business expense.

182 "Social organization" means any qualified organization that provides certification to the Department

183 that it is:

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

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

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

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

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

199 6. A post or organization of past or present members of the Armed Forces of the United States, or
200 an auxiliary unit or society of, or a trust or foundation for, any such post or organization qualified under
201 § 501(c)(19) of the Internal Revenue Code.

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

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

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

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

226 **§ 18.2-340.19. Regulations of the Department.**

227 A. The Department shall adopt regulations that:

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

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

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

238 2. Specify the conditions under which a complete list of the organization's members who participate
239 in the management, operation, or conduct of charitable gaming may be required in order for the
240 Department to ascertain the percentage of Virginia residents in accordance with subdivision A 3 of
241 § 18.2-340.24.

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

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

248 4. Establish requirements for the audit of all reports required in accordance with §§ 18.2-340.30 and
249 18.2-340.30:2.

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

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

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

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

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

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

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

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

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

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

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

298 **§ 18.2-340.23. Organizations exempt from certain fees and reports.**

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

304 B. Any organization that reasonably expects, on the basis of prior charitable gaming annual results or
305 any other quantifiable method, to realize gross receipts of \$40,000 or less from all charitable gaming

306 other than raffles on a total of no more than seven days per calendar year shall be required to register
307 with the Department pursuant to the provisions of § 18.2-340.24:1.

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

313 D. Any (i) organization described in subdivision ~~18~~ 19 of the definition of "organization" in
314 § 18.2-340.16 or (ii) volunteer fire department or volunteer emergency medical services agency or
315 auxiliary unit thereof that has been recognized in accordance with § 15.2-955 by an ordinance or
316 resolution of the political subdivision where the volunteer fire department or volunteer emergency
317 medical services agency is located as being part of the safety program of such political subdivision shall
318 be exempt from the payment of application fees required by § 18.2-340.25 and the payment of audit fees
319 required by § 18.2-340.31. Any such organization, department, agency, or unit that conducts electronic
320 gaming shall be subject to such application fees and audit fees for its electronic gaming activities;
321 however, in accordance with the provisions of § 18.2-340.31, any audit fees may be paid by either the
322 organization or the electronic gaming manufacturer whose electronic gaming devices are present on the
323 premises of the organization, department, agency, or unit. Nothing in this subsection shall be construed
324 as exempting any organizations described in subdivision ~~18~~ 19 of the definition of "organization" in
325 § 18.2-340.16, volunteer fire departments, or volunteer emergency medical services agencies from any
326 other provisions of this article or other Department regulations.

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

330 **§ 18.2-340.28:3. Conduct of athletic event drawings; use of funds; unclaimed prizes;
331 recordkeeping; civil penalties.**

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

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

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

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

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

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

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

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

347 5. Nonprofit youth sports activities;

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

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

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

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

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

362 C. An affiliated nonprofit organization conducting an athletic event drawing shall disclose to each
363 ticket purchaser the designated charitable organization for which the athletic event drawing is being
364 conducted. No affiliated nonprofit organization may conduct more than one athletic event drawing per
365 home game or team event or simultaneously conduct any other raffle during any such home game or
366 team event. No such organization may sell tickets for an athletic event drawing in any seating area
367 designated as a family section or to any individual under 18 years of age. No person under 18 years of

368 age may manage, operate, conduct, or purchase a ticket for an athletic event drawing. An affiliated
 369 nonprofit organization may conduct an athletic event drawing utilizing a mechanical or electronic device
 370 in accordance with Department regulations.

371 D. An athletic event drawing may be conducted by an affiliated nonprofit organization during a
 372 charitable event held within the same arena, stadium, grandstand, bleachers, or other facility during a
 373 home game, team event, or motor vehicle race of the athletic team. Drawings may only be held within
 374 spectator areas within the arena, stadium, grandstand, or bleachers where the home game, team event,
 375 or motor vehicle race is being conducted. No athletic event drawing shall be held at any ancillary areas
 376 or facilities, including parking areas, restaurants and bars, or areas outside the arena, stadium,
 377 grandstand, or bleachers or areas where the sport is being shown on remote electronic equipment.

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

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

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

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

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

401 **§ 18.2-340.33. Prohibited practices.**

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

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

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

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

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

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

425 The provisions of this subdivision shall not apply to (i) persons employed as clerical assistants by
 426 qualified organizations composed of or for deaf or blind persons; (ii) employees of a corporate sponsor
 427 of a qualified organization, provided such employees' participation is limited to the management,
 428 operation, or conduct of no more than one raffle per year; (iii) the spouse or family member of any such

429 bona fide member of a qualified organization provided at least one bona fide member is present; or (iv)
430 persons employed by a qualified organization authorized to sell pull tabs or seal cards in accordance
431 with § 18.2-340.16, provided (a) such sales are conducted by no more than two on-duty employees and
432 (b) such employees receive no compensation for or based on the sale of the pull tabs or seal cards.

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

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

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

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

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

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

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

459 *g. An affiliated nonprofit organization that conducts athletic event drawings in accordance with*
460 *§ 18.2-340.28:3 may utilize nonprize money collected to employ or provide payment to individuals 18*
461 *years of age or older to sell athletic event drawing tickets; however, such expenditure may not exceed*
462 *two percent of the total amount collected from the sale of such athletic event drawing tickets.*

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

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

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

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

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

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

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

479 d. Except as provided in this subdivision 8, no bingo jackpot of any nature whatsoever shall exceed
480 \$1,000, nor shall the total amount of bingo jackpot prizes awarded in any one session exceed \$1,000.
481 Proceeds from the sale of bingo cards and the sheets used for bingo jackpot games shall be accounted
482 for separately from the bingo cards or sheets used for any other bingo games; and

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

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

486 Any progressive bingo game, in which (i) a regular or special prize, not to exceed \$100, is awarded
487 on the basis of predetermined numbers or patterns selected at random and (ii) a progressive prize, not to
488 exceed \$500 for the initial progressive prize and \$5,000 for the maximum progressive prize, is awarded
489 if the predetermined numbers or patterns are covered when a certain number of numbers is called,
490 provided that (a) there are no more than six such games per session per organization, (b) the amount of

491 increase of the progressive prize per session is no more than \$200, (c) the bingo cards or sheets used in
 492 such games are sold separately from the bingo cards or sheets used for any other bingo games, (d) the
 493 organization separately accounts for the proceeds from such sale, and (e) such games are otherwise
 494 operated in accordance with the Department's rules of play.

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

496 The provisions of this subdivision shall not apply to a raffle conducted no more than three times per
 497 calendar year by a qualified organization qualified as a tax-exempt organization pursuant to § 501(c) of
 498 the Internal Revenue Code for a prize consisting of a lot improved by a residential dwelling where 100
 499 percent of the moneys received from such a raffle, less deductions for the fair market value for the cost
 500 of acquisition of the land and materials, are donated to lawful religious, charitable, community, or
 501 educational organizations specifically chartered or organized under the laws of the Commonwealth and
 502 qualified as a § 501(c) tax-exempt organization. No more than one such raffle shall be conducted in any
 503 one geographical region of the Commonwealth.

504 11. No qualified organization composed of or for deaf or blind persons which employs a person not
 505 a member to provide clerical assistance in the management and operation but not the conduct of any
 506 charitable games shall conduct such games unless it has in force fidelity insurance, as defined in
 507 § 38.2-120, written by an insurer licensed to do business in the Commonwealth.

508 12. No person shall participate in the management or operation of any charitable game if he has ever
 509 been convicted of any felony or if he has been convicted of any misdemeanor involving fraud, theft, or
 510 financial crimes within the preceding five years. No person shall participate in the conduct of any
 511 charitable game if, within the preceding 10 years, he has been convicted of any felony or if, within the
 512 preceding five years he has been convicted of any misdemeanor involving fraud, theft, or financial
 513 crimes. In addition, no person shall participate in the management, operation, or conduct of any
 514 charitable game if that person, within the preceding five years, has participated in the management,
 515 operation, or conduct of any charitable game which was found by the Department or a court of
 516 competent jurisdiction to have been operated in violation of state law, local ordinance, or Department
 517 regulation.

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

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

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

528 16. No organization qualified to conduct Texas Hold'em poker tournaments pursuant to
 529 § 18.2-340.28:2 shall conduct any Texas Hold'em poker games where the game has no predetermined
 530 end time and the players wager actual money or poker chips that have cash value.

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