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## SENATE BILL NO. 675

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology  
on January 24, 2024)

(Patron Prior to Substitute—Senator Marsden)

A *BILL to amend and reenact §§ 58.1-4032, 58.1-4100, 58.1-4101, 58.1-4107, 58.1-4107.1, 58.1-4109, 58.1-4110, 58.1-4111, 58.1-4123, and 58.1-4125 of the Code of Virginia, relating to casino gaming; eligible host localities.*

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

**1. That §§ 58.1-4032, 58.1-4100, 58.1-4101, 58.1-4107, 58.1-4107.1, 58.1-4109, 58.1-4110, 58.1-4111, 58.1-4123, and 58.1-4125 of the Code of Virginia are amended and reenacted as follows:**

**§ 58.1-4032. Application for a sports betting permit; penalty.**

A. An applicant for a sports betting permit shall:

1. Submit an application to the Director, on forms prescribed by the Director, containing the information prescribed in subsection B; and

2. Pay to the Department a nonrefundable fee of \$50,000 for each principal at the time of filing to defray the costs associated with the background investigations conducted by the Department. If the reasonable costs of the investigation exceed the application fee, the applicant shall pay the additional amount to the Department. The Board may establish regulations calculating the reasonable costs to the Department in performing its functions under this article and allocating such costs to the applicants for licensure at the time of filing. The fees for each principal and any additional investigation costs paid to the Department shall be deposited into the Gaming Regulatory Fund established pursuant to § 58.1-4048.

B. An application for a sports betting permit shall include the following information:

1. The applicant's background in sports betting;

2. The applicant's experience in wagering activities in other jurisdictions, including the applicant's history and reputation of integrity and compliance;

3. The applicant's proposed internal controls, including controls to ensure that no prohibited or voluntarily excluded person will be able to participate in sports betting;

4. The applicant's history of working to prevent compulsive gambling, including training programs for its employees;

5. If applicable, any supporting documentation necessary to establish eligibility for substantial and preferred consideration pursuant to the provisions of this section;

6. The applicant's proposed procedures to detect and report suspicious or illegal betting activity; and

7. Any other information the Director deems necessary.

C. The Department shall conduct a background investigation on the applicant. The background investigation shall include a credit history check, a tax record check, and a criminal history records check.

D. 1. The Director shall not issue any permit pursuant to this article until the Board has established a consumer protection program and published a consumer protection bill of rights pursuant to the provisions of subdivision A 14 of § 58.1-4007.

2. The Director shall issue no fewer than four and no more than 12 permits pursuant to this section; however, if an insufficient number of applicants apply for the Director to satisfy the minimum, this provision shall not be interpreted to direct the Director to issue a permit to an unqualified applicant. A permit shall not count toward the minimum or maximum if it (i) is issued pursuant to subdivision 4 or 5 to a major league sports franchise or to the operator of a facility; (ii) is issued pursuant to subdivision 6 to an applicant that operates or intends to operate a casino gaming establishment; or (iii) is revoked, expires, or otherwise becomes not effective.

3. In issuing permits to operate sports betting platforms and sports betting facilities, the Director shall consider the following factors:

a. The contents of the applicant's application as required by subsection B;

b. The extent to which the applicant demonstrates past experience, financial viability, compliance with applicable laws and regulations, and success with sports betting operations in other states;

c. The extent to which the applicant will be able to meet the duties of a permit holder, as specified in § 58.1-4034;

d. Whether the applicant has demonstrated to the Department that it has made serious, good-faith efforts to solicit and interview a reasonable number of investors that are minority individuals, as defined in § 2.2-1604;

e. The amount of adjusted gross revenue and associated tax revenue that an applicant is expected to generate;

60 f. The effect of issuing an additional permit on the amount of gross revenue and associated tax  
61 revenue generated by all existing permit holders, considered in the aggregate; and

62 g. Any other factor the Director considers relevant.

63 4. In issuing permits to operate sports betting platforms prior to July 1, 2025, the Director shall give  
64 substantial and preferred consideration to any applicant that is a major league sports franchise  
65 headquartered in the Commonwealth that remitted personal state income tax withholdings based on  
66 taxable wages in the Commonwealth in excess of \$200 million for the 2019 taxable year. Any permit  
67 holder granted a permit pursuant to this subdivision shall receive substantial and preferred consideration  
68 of its first, second, and third applications for renewal pursuant to the provisions of § 58.1-4033;  
69 however, such permit holder shall not receive substantial and preferred consideration of its fourth and  
70 subsequent applications for renewal. Any permit granted pursuant to this subdivision shall expire if the  
71 permit holder ceases to maintain its headquarters in the Commonwealth.

72 5. In issuing permits to operate sports betting platforms prior to July 1, 2025, the Director shall give  
73 substantial and preferred consideration to any applicant that is a major league sports franchise that plays  
74 five or more regular season games per year at a facility in the Commonwealth or that is the operator of  
75 a facility in the Commonwealth where a major league sports franchise plays five or more regular season  
76 games per year; however, the Director shall give such substantial and preferred consideration only if the  
77 applicant (i) is headquartered in the Commonwealth, (ii) has an annualized payroll for taxable wages in  
78 the Commonwealth that is in excess of \$10 million over the 90-day period prior to the application date,  
79 and (iii) the total number of individuals working at the facility in the Commonwealth where the major  
80 league sports franchise plays five or more regular season games is in excess of 100.

81 6. If casino gaming is authorized under the laws of the Commonwealth, then in issuing permits to  
82 operate sports betting platforms and sports betting facilities, the Director shall give substantial and  
83 preferred consideration to any applicant that (i) has made or intends to make a capital investment of at  
84 least \$300 million in a casino gaming establishment, including the value of the real property upon which  
85 such establishment is located and all furnishings, fixtures, and other improvements; (ii) has had its name  
86 submitted as a preferred casino gaming operator to the Department by an eligible host ~~city~~ locality; and  
87 (iii) has been certified by the Department to proceed to a local referendum on whether casino gaming  
88 will be allowed in the locality in which the applicant intends to operate a casino gaming establishment.

89 7. In issuing permits to operate sports betting platforms prior to July 1, 2025, the Director shall give  
90 substantial and preferred consideration to any applicant that demonstrates in its application (i) a  
91 description of any equity interest owned by minority individuals or minority-owned businesses, (ii) a  
92 detailed plan to achieve increased minority equity investment, (iii) a description of all efforts made to  
93 seek equity investment from minority individuals or minority-owned businesses, or (iv) a plan detailing  
94 efforts made to solicit participation of minority individuals or minority-owned businesses in the  
95 applicant's purchase of goods and services related to the sports betting platform or to provide assistance  
96 to a historically disadvantaged community or historically black colleges and universities located within  
97 the Commonwealth. As used in this subdivision, "historically black colleges and universities," "minority  
98 individual," and "minority-owned business" mean the same as those terms are defined in § 2.2-1604.

99 8. In a manner as may be required by Board regulation, any entity that applies pursuant to  
100 subdivision 4, 5, 6, or 7 may demonstrate compliance with the requirements of an application, the duties  
101 of a permit holder, and any other provision of this article through the use of a partner, subcontractor, or  
102 other affiliate of the applicant.

103 E. The Director shall make a determination on an initial application for a sports betting permit within  
104 90 days of receipt. The Director's action shall be final unless appealed in accordance with § 58.1-4007.

105 F. The following shall be grounds for denial of a permit or renewal of a permit:

106 1. The Director reasonably believes the applicant will be unable to satisfy the duties of a permit  
107 holder as described in subsection A of § 58.1-4034;

108 2. The Director reasonably believes that the applicant or its directors lack good character, honesty, or  
109 integrity;

110 3. The Director reasonably believes that the applicant's prior activities, criminal record, reputation, or  
111 associations are likely to (i) pose a threat to the public interest, (ii) impede the regulation of sports  
112 betting, or (iii) promote unfair or illegal activities in the conduct of sports betting;

113 4. The applicant or its directors knowingly make a false statement of material fact or deliberately fail  
114 to disclose information requested by the Director;

115 5. The applicant or its directors knowingly fail to comply with the provisions of this article or any  
116 requirements of the Director;

117 6. The applicant or its directors were convicted of a felony, a crime of moral turpitude, or any  
118 criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date  
119 of the permit application;

120 7. The applicant's license, registration, or permit to conduct a sports betting operation issued by any  
121 other jurisdiction has been suspended or revoked;

122 8. The applicant defaults in payment of any obligation or debt due to the Commonwealth; or  
123 9. The applicant's application is incomplete.

124 G. The Director shall have the discretion to waive any of the grounds for denial of a permit or  
125 renewal of a permit if he determines that denial would limit the number of applicants or permit holders  
126 in a manner contrary to the best interests of the Commonwealth.

127 H. Prior to issuance of a permit, each permit holder shall either (i) be bonded by a surety company  
128 entitled to do business in the Commonwealth in such amount and penalty as may be prescribed by the  
129 regulations of the Board or (ii) provide other surety, letter of credit, or reserve as may be satisfactory to  
130 the Director. Such surety shall be prescribed by Board regulations and shall not exceed a reasonable  
131 amount.

132 I. Any person who knowingly and willfully falsifies, conceals, or misrepresents a material fact or  
133 knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in any  
134 application pursuant to this article is guilty of a Class 1 misdemeanor.

135 J. In addition to the fee required pursuant to subdivision A 2, any applicant to which the Department  
136 issues a permit shall pay a nonrefundable fee of \$250,000 to the Department prior to the issuance of  
137 such permit. Such fees shall be deposited by the Department into the Gaming Regulatory Fund  
138 established pursuant to § 58.1-4048.

139 **§ 58.1-4100. Definitions.**

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

141 "Adjusted gross receipts" means the gross receipts from casino gaming less winnings paid to winners.

142 "Board" means the Virginia Lottery Board established in the Virginia Lottery Law (§ 58.1-4000 et  
143 seq.).

144 "Casino gaming" or "game" means baccarat, blackjack, twenty-one, poker, craps, dice, slot machines,  
145 roulette wheels, Klondike tables, Mah Jongg, electronic table games, hybrid table games, punchboards,  
146 faro layouts, numbers tickets, push cards, jar tickets, or pull tabs, or any variation of the aforementioned  
147 games, and any other activity that is authorized by the Board as a wagering game or device under this  
148 chapter. "Casino gaming" or "game" includes on-premises mobile casino gaming.

149 "Casino gaming establishment" means the premises, including the entire property, *such as a*  
150 *conference center, hotel, or entertainment district or large-scale concert venue*, located at the address of  
151 the licensed casino, upon which lawful casino gaming is authorized and licensed as provided in this  
152 chapter. "Casino gaming establishment" does not include a riverboat or similar vessel.

153 "Casino gaming operator" means any person issued a license by the Board to operate a casino  
154 gaming establishment.

155 "Cheat" means to alter the selection criteria that determine the result of a game or the amount or  
156 frequency of payment in a game for the purpose of obtaining an advantage for one or more participants  
157 in a game over other participants in a game.

158 "Counter check" means an interest-free negotiable instrument for a specified amount executed by a  
159 player and held by the casino that serves as evidence of the casino gaming patron's obligation to pay the  
160 casino and that can be exchanged by the casino gaming patron for the specified amount in chips, tokens,  
161 credits, electronic credits, electronic cash, or electronic cards.

162 "Department" means the independent agency responsible for the administration of the Virginia  
163 Lottery created in the Virginia Lottery Law (§ 58.1-4000 et seq.).

164 "Director" means the Director of the Virginia Lottery.

165 "Eligible host ~~city~~ *locality*" means any ~~city~~ *locality* described in § 58.1-4107 in which a casino  
166 gaming establishment is authorized to be located.

167 "Entity" means a person that is not a natural person.

168 "Gaming operation" means the conduct of authorized casino gaming within a casino gaming  
169 establishment.

170 "Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens,  
171 electronic credits, electronic cash, or electronic cards by casino gaming patrons. "Gross receipts" shall  
172 not include the cash value of promotions or credits provided to and exchanged by casino gaming patrons  
173 for chips, tokens, electronic credits, electronic cash, or electronic cards. "Gross receipts" shall also not  
174 include uncollectable counter checks.

175 "Immediate family" means (i) a spouse and (ii) any other person residing in the same household as  
176 an officer or employee and who is a dependent of the officer or employee or of whom the officer or  
177 employee is a dependent.

178 "Individual" means a natural person.

179 "Licensee" or "license holder" means any person holding an operator's license under § 58.1-4111.

180 "On-premises mobile casino gaming" means casino gaming offered by a casino gaming operator at a  
181 casino gaming establishment using a computer network of both federal and nonfederal interoperable  
182 packet-switched data networks through which the casino gaming operator may offer casino gaming to

183 individuals who have established an on-premises mobile casino gaming account with the casino gaming  
 184 operator and who are physically present on the premises of the casino gaming establishment, as  
 185 authorized by regulations promulgated by the Board.

186 "Permit holder" means any person holding a supplier or service permit pursuant to this chapter.

187 "Person" means an individual, partnership, joint venture, association, limited liability company, stock  
 188 corporation, or nonstock corporation and includes any person that directly or indirectly controls or is  
 189 under common control with another person.

190 "Preferred casino gaming operator" means the proposed casino gaming establishment and operator  
 191 thereof submitted by an eligible host ~~city~~ *locality* to the Board as an applicant for licensure.

192 "Prepaid access instrument" means a system device that allows a casino gaming patron access to  
 193 funds that have been paid in advance and can be retrieved or transferred at some point in the future  
 194 through such a device. In order to transfer funds for gaming purposes, a prepaid access instrument shall  
 195 be redeemed for tokens, chips, credits, electronic credits, electronic cash, electronic cards, or used in  
 196 conjunction with an approved cashless wagering system or interactive gaming account.

197 "Principal" means any individual who solely or together with his immediate family members (i) owns  
 198 or controls, directly or indirectly, five percent or more of the pecuniary interest in any entity that is a  
 199 licensee or (ii) has the power to vote or cause the vote of five percent or more of the voting securities  
 200 or other ownership interests of such entity, and any person who manages a gaming operation on behalf  
 201 of a licensee.

202 "Professional sports" means the same as such term is defined in § 58.1-4030.

203 "Security" has the same meaning as provided in § 13.1-501. If the Board finds that any obligation,  
 204 stock, or other equity interest creates control of or voice in the management operations of an entity in  
 205 the manner of a security, then such interest shall be considered a security.

206 "Sports betting" means the same as such term is defined in § 58.1-4030.

207 "Sports betting facility" means an area, kiosk, or device located inside a casino gaming establishment  
 208 licensed pursuant to this chapter that is designated for sports betting.

209 "Supplier" means any person that sells or leases, or contracts to sell or lease, any casino gaming  
 210 equipment, devices, or supplies, or provides any management services, to a licensee.

211 "Voluntary exclusion program" means a program established by the Board pursuant to § 58.1-4103  
 212 that allows individuals to voluntarily exclude themselves from engaging in the activities described in  
 213 subdivision B 1 of § 58.1-4103 by placing their names on a voluntary exclusion list and following the  
 214 procedures set forth by the Board.

215 "Youth sports" means the same as such term is defined in § 58.1-4030.

216 **§ 58.1-4101. Regulation and control of casino gaming; limitation.**

217 A. Casino gaming shall be licensed and permitted as herein provided to benefit the people of the  
 218 Commonwealth. The Board is vested with control of all casino gaming in the Commonwealth, with  
 219 authority to prescribe regulations and conditions under this chapter. The purposes of this chapter are to  
 220 assist economic development, promote tourism, and provide for the implementation of casino gaming  
 221 operations of the highest quality, honesty, and integrity and free of any corrupt, incompetent, dishonest,  
 222 or unprincipled practices.

223 B. The conduct of casino gaming shall be limited to the qualified locations established in  
 224 § 58.1-4107. The Board shall be limited to the issuance of a single operator's license for each such  
 225 qualified location.

226 C. The conduct of any casino gaming and entrance to such establishment is a privilege that may be  
 227 granted or denied by the Board or its duly authorized representatives in its discretion in order to  
 228 effectuate the purposes set forth in this chapter. Any proposed site for a casino gaming establishment  
 229 shall be privately owned property subject to the local land use and property taxation authority of the  
 230 eligible host ~~city~~ *locality* in which the casino gaming establishment is located.

231 Article 2.

232 Eligible Host ~~City~~ *Locality*; Certification of Preferred Casino Gaming Operator.

233 **§ 58.1-4107. Eligible host locality; certification of preferred casino gaming operator.**

234 A. The conduct of casino gaming shall be limited to the following eligible host ~~cities~~ *localities*:

235 1. Any city (i) in which at least 40 percent of the assessed value of all real estate in such city is  
 236 exempt from local property taxation, according to the Virginia Department of Taxation Annual Report  
 237 for Fiscal Year 2018, and (ii) that experienced a population decrease of at least seven percent from 1990  
 238 to 2016, according to data provided by the U.S. Census Bureau;

239 2. Any city that had (i) an annual unemployment rate of at least five percent in 2018, according to  
 240 data provided by the U.S. Bureau of Labor Statistics; (ii) an annual poverty rate of at least 20 percent in  
 241 2017, according to data provided by the U.S. Census Bureau; and (iii) a population decrease of at least  
 242 20 percent from 1990 to 2016, according to data provided by the U.S. Census Bureau;

243 3. Any city that (i) had an annual unemployment rate of at least 3.6 percent in 2018, according to  
 244 data provided by the U.S. Bureau of Labor Statistics; (ii) had an annual poverty rate of at least 20

245 percent in 2017, according to data provided by the U.S. Census Bureau; (iii) experienced a population  
246 decrease of at least four percent from 1990 to 2016, according to data provided by the U.S. Census  
247 Bureau; and (iv) is located adjacent to a state that has adopted a Border Region Retail Tourism  
248 Development District Act;

249 4. Any city (i) with a population greater than 200,000 according to the 2018 population estimates  
250 from the Weldon Cooper Center for Public Service of the University of Virginia; (ii) in which at least  
251 24 percent of the assessed value of all real estate in such city is exempt from local property taxation,  
252 according to the Virginia Department of Taxation Annual Report for Fiscal Year 2018; and (iii) that  
253 experienced a population decrease of at least five percent from 1990 to 2016, according to data provided  
254 by the U.S. Census Bureau; and

255 5. Any city (i) with a population greater than 200,000 according to the 2018 population estimates  
256 from the Weldon Cooper Center for Public Service of the University of Virginia; (ii) in which at least  
257 24 17 percent of the assessed value of all real estate in such city is exempt from local property taxation,  
258 according to the Virginia Department of Taxation Annual Report for Fiscal Year 2018 2016; and (iii)  
259 (ii) that had a poverty rate of at least 24 21 percent in 2017 2019, according to data provided by the  
260 U.S. Census Bureau; and (iii) that had an annual unemployment rate of at least 13 percent in 2020,  
261 according to data provided by the U.S. Bureau of Labor Statistics.

262 6. Any county (i) with a population greater than 1.15 million in 2020 according to data provided by  
263 the U.S. Census Bureau; (ii) in which at least six percent of the assessed value of all real estate in such  
264 county is exempt from local property taxation, according to the Virginia Department of Taxation Annual  
265 Report for Fiscal Year 2021; and (iii) that has adopted the urban county executive form of government.

266 B. In selecting a preferred casino gaming operator, an eligible host ~~city~~ locality shall have considered  
267 and given substantial weight to factors such as:

- 268 1. The potential benefit and prospective revenues of the proposed casino gaming establishment.
- 269 2. The total value of the proposed casino gaming establishment.
- 270 3. The proposed capital investment and the financial health of the proposer and any proposed  
271 development partners.
- 272 4. The experience of the proposer and any development partners in the operation of a casino gaming  
273 establishment.
- 274 5. Security plans for the proposed casino gaming establishment.

275 6. The economic development value of the proposed casino gaming establishment and the potential  
276 for community reinvestment and redevelopment in an area in need of such.

277 7. Availability of ~~city-owned~~ locality-owned assets and privately owned assets, such as real property,  
278 including where there is only one location practicably available or land under a development agreement  
279 between a potential operator and the ~~city~~ locality, incorporated in the proposal.

280 8. The best financial interest of the ~~city~~ locality.

281 9. The proposer's status as a minority-owned business as defined in § 2.2-1604 or the proposer's  
282 commitment to solicit equity investment in the proposed casino gaming establishment from one or more  
283 minority-owned businesses and the proposer's commitment to solicit contracts with minority-owned  
284 businesses for the purchase of goods and services.

285 C. The Department shall, upon request of any eligible host ~~city~~ locality, provide a list of resources  
286 that may be of assistance in evaluating the technical merits of any proposal submitted pursuant to this  
287 section, provided that selection of the preferred casino gaming operator shall be at the ~~city's~~ locality's  
288 sole discretion.

289 D. The eligible host ~~city~~ locality described in subdivision A 4 shall provide substantial and preferred  
290 consideration to a proposer who is a Virginia Indian tribe recognized in House Joint Resolution No. 54  
291 (1983) and acknowledged by the Assistant Secretary-Indian Affairs for the U.S. Department of the  
292 Interior as an Indian tribe within the meaning of federal law that has the authority to conduct gaming  
293 activities as a matter of claimed inherent authority or under the authority of the Indian Gaming  
294 Regulatory Act (25 U.S.C. § 2701 et seq.).

295 E. The eligible host ~~city~~ locality described in subdivision A 5 may provide preferred consideration to a  
296 proposer who is a Virginia Indian tribe recognized in House Joint Resolution No. 54 (1983) and  
297 acknowledged by the Assistant Secretary-Indian Affairs for the U.S. Department of the Interior as an  
298 Indian tribe within the meaning of federal law that has the authority to conduct gaming activities as a  
299 matter of claimed inherent authority or under the authority of the Indian Gaming Regulatory Act (25  
300 U.S.C. § 2701 et seq.).

301 F. *The eligible host locality described in subdivision A 6 shall be limited to a proposed site for a*  
302 *casino gaming establishment that is (i) located within one-quarter of a mile of an existing station on the*  
303 *metro Silver Line, (ii) part of a coordinated mixed-use project development, (iii) within two miles of a*  
304 *regional enclosed mall containing not less than 1.5 million square feet of gross building area, and (iv)*  
305 *outside of the Interstate 495 Beltway.*

306 F. 1. An eligible host *city locality* shall promptly submit its preferred casino gaming operator to the  
307 Department for review prior to scheduling the referendum required by § 58.1-4123. An eligible host *city*  
308 *locality* shall include with the submission any written or electronic documentation considered as part of  
309 the criteria in subsection B, including any memorandums of understanding, incentives, development  
310 agreements, land purchase agreements, or local infrastructure agreements.

311 2. The Department shall conduct a preliminary review of the financial status and ability of the  
312 preferred casino gaming operator to operate and properly support ongoing operations in an eligible host  
313 *city locality*, as well as current casino operations in other states and territories. The Department shall  
314 conduct such review within 45 days of receipt of the submission by the eligible host *city locality*. An  
315 eligible host *city locality* and preferred casino gaming operator shall fully cooperate with all necessary  
316 requests by the Department in that regard. Upon successful preliminary review, the Department shall  
317 certify approval for the eligible host *city locality* to proceed to the referendum required by § 58.1-4123.  
318 The Department shall develop guidelines establishing procedures and criteria for conducting the  
319 preliminary review required by this subsection. Certification by the Department to proceed to referendum  
320 shall in no way entitle the preferred casino gaming operator to approval of any application to operate a  
321 casino gaming establishment.

322 **§ 58.1-4107.1. Regional Improvement Commission.**

323 There is hereby established the Regional Improvement Commission (the Commission). The  
324 membership of the Commission shall consist of one member appointed by the local governing body of  
325 each jurisdiction composing the transportation district created pursuant to the Transportation District Act  
326 of 1964 (§ 33.2-1900 et seq.) that includes the eligible host *city locality* described in subdivision A 3 of  
327 § 58.1-4107. Each member shall be appointed to serve a two-year term. Notwithstanding the provisions  
328 of subdivision B 1 of § 58.1-4125, for a casino gaming establishment located in the eligible host *city*  
329 *locality* described in subdivision A 3 of § 58.1-4107, such transfer, otherwise returned to the *city locality*  
330 where it was collected, shall instead be made to the Commission. The purpose of the Commission shall  
331 be to (i) receive disbursements made to it; (ii) establish funding priorities for member localities related  
332 to improvements in the areas of education, transportation, and public safety; and (iii) make annual  
333 payments divided equally among the jurisdictions to fund the established priorities as determined by the  
334 Commission.

335 **§ 58.1-4109. Submission of preferred casino gaming operator by eligible host locality;**  
336 **application for operator's license; penalty.**

337 A. If a majority of those voting in a referendum held pursuant to § 58.1-4123 vote in the affirmative,  
338 the eligible host *city locality* shall certify its preferred casino gaming operator and submit such  
339 certification to the Department within 30 days.

340 B. Any preferred casino gaming operator desiring to operate a casino gaming establishment shall file  
341 with the Department an application for an operator's license. Such application shall be filed at the place  
342 prescribed by the Department and shall be in such form and contain such information as prescribed by  
343 the Department, including but not limited to the following:

344 1. The name and address of such person; if a corporation, the state of its incorporation, the full name  
345 and address of each officer and director thereof, and, if a foreign corporation, whether it is qualified to  
346 do business in the Commonwealth; if a partnership or joint venture, the name and address of each  
347 general partner thereof; if a limited liability company, the name and address of each manager thereof;  
348 or, if another entity, the name and address of each person performing duties similar to those of officers,  
349 directors, and general partners;

350 2. The name and address of each principal and of each person who has contracted to become a  
351 principal of the applicant, including providing management services with respect to any part of gaming  
352 operations; the nature and cost of such principal's interest; and the name and address of each person who  
353 has agreed to lend money to the applicant;

354 3. Such information as the Department considers appropriate regarding the character, background, and  
355 responsibility of the applicant and the principals, officers, and directors of the applicant;

356 4. A description of the casino gaming establishment in which such gaming operations are to be  
357 conducted, the *city locality* where such casino gaming establishment will be located, and the applicant's  
358 capital investment plan for the site. The Board shall require such information about a casino gaming  
359 establishment and its location as it deems necessary and appropriate to determine whether it complies  
360 with the minimum standards provided in this chapter and whether gaming operations at such location  
361 will be in furtherance of the purposes of this chapter;

362 5. Such information relating to the financial responsibility of the applicant, including the applicant's  
363 financing plan for the casino gaming establishment, and the applicant's ability to perform under its  
364 license as the Department considers appropriate;

365 6. If any of the facilities necessary for the conduct of gaming operations are to be leased, the terms  
366 of such lease;

367 7. Evidence of compliance by the applicant with the economic development and land use plans and

368 design review criteria of the local governing body of the ~~city~~ *locality* in which the casino gaming  
369 establishment is proposed to be located, including certification that the project complies with all  
370 applicable land use ordinances pursuant to Chapter 22 (§ 15.2-2200 et seq.) of Title 15.2;

371 8. Such information necessary to enable the Department to review the application based upon the  
372 best financial interests of the Commonwealth;

373 9. Such information necessary to enable the Department to authorize on-premises mobile casino  
374 gaming pursuant to Article 11 (§ 58.1-4131 et seq.);

375 10. Submission of the following: (i) a minority investment plan disclosing any equity interest owned  
376 by a minority individual or minority-owned business or the applicant's efforts to seek equity investment  
377 from minority individuals or minority-owned businesses and (ii) a plan for the participation of minority  
378 individuals or minority-owned businesses in the applicant's purchase of goods and services related to the  
379 casino gaming establishment. As used in the subdivision, "minority individual" and "minority-owned  
380 business" mean the same as those terms are defined in § 2.2-1604; and

381 11. Any other information that the Department in its discretion considers appropriate.

382 C. A nonrefundable application fee of \$50,000 shall be paid for each principal at the time of filing to  
383 defray the costs associated with the background investigation conducted for the Department. If the  
384 reasonable costs of the investigation exceed the application fee, the applicant shall pay the additional  
385 amount to the Department. The Board may establish regulations calculating the reasonable costs to the  
386 Department in performing its functions under this chapter and allocating such costs to the applicants for  
387 licensure at the time of filing.

388 D. Any license application from an Indian tribe as described in subsection D of § 58.1-4107 shall  
389 certify that the material terms of the relevant development agreements between the Indian tribe and any  
390 development partner have been determined in the opinion of the Office of General Counsel of the  
391 National Indian Gaming Commission after review not to deprive the Indian tribe of the sole proprietor  
392 interest in the gaming operations for purposes of federal Indian gaming law.

393 E. Any application filed hereunder shall be verified by the oath or affirmation of the applicant. Any  
394 person who knowingly makes a false statement on an application is guilty of a Class 4 felony.

395 F. The licensed operator shall be the person primarily responsible for the gaming operations under its  
396 license and compliance of such operations with the provisions of this chapter.

397 G. The Department may use or rely on any application, supporting documentation, or information  
398 submitted pursuant to § 58.1-4032, in reviewing and verifying an application submitted pursuant to this  
399 chapter.

400 **§ 58.1-4110. Issuance of operator's license to preferred casino gaming operator; standards for**  
401 **licensure; temporary casino gaming allowed under certain conditions.**

402 A. If a preferred casino gaming operator, as certified by the applicable eligible host ~~city~~ *locality*,  
403 submits an application that meets the standards for licensure set forth in this article, the Board shall  
404 issue an operator's license to such preferred casino gaming operator. The Board shall not consider an  
405 application from any applicant that has not been certified as a preferred casino gaming operator by an  
406 eligible host ~~city~~ *locality*.

407 B. The Board may issue an operator's license to an applicant only if it finds that:

408 1. The applicant submits a plan for addressing responsible gaming issues, including the goals of the  
409 plan, procedures, and deadlines for implementation of the plan;

410 2. The applicant has established a policy requiring all license and permit holders who interact directly  
411 with the public in the casino gaming establishment to complete a training course acceptable to the  
412 Department in how to recognize and report suspected human trafficking;

413 3. The casino gaming establishment the applicant proposes to use on a permanent basis is or will be  
414 appropriate for gaming operations consistent with the purposes of this chapter;

415 4. The ~~city~~ *locality* where the casino gaming establishment will be located certifies that the proposed  
416 project complies with all applicable land use ordinances pursuant to Chapter 22 (§ 15.2-2200 et seq.) of  
417 Title 15.2;

418 5. Any required local infrastructure or site improvements, including necessary sewerage, water,  
419 drainage facilities, or traffic flow, are to be paid exclusively by the applicant without state or local  
420 financial assistance;

421 6. If the applicant is an entity, its securities are fully paid and, in the case of stock, nonassessable  
422 and have been subscribed and will be paid for only in cash or property to the exclusion of past services;

423 7. All principals meet the criteria of this subsection and have submitted to the jurisdiction of the  
424 Virginia courts, and all nonresident principals have designated the Director as their agent for receipt of  
425 process;

426 8. If the applicant is an entity, it has the right to purchase at fair market value the securities of, and  
427 require the resignation of, any person who is or becomes disqualified under subsection C;

428 9. The applicant meets any other criteria established by this chapter and the Board's regulations for

429 the granting of an operator's license;

430 10. The applicant is qualified to do business in Virginia or is subject to the jurisdiction of the courts  
431 of the Commonwealth; and

432 11. The applicant has not previously been denied a license pursuant to subsection C.

433 C. The Board shall deny a license to an applicant if it finds that for any reason the issuance of a  
434 license to the applicant would reflect adversely on the honesty and integrity of the casino gaming  
435 industry in the Commonwealth or that the applicant, or any officer, principal, manager, or director of the  
436 applicant:

437 1. Is or has been guilty of any illegal act, conduct, or practice in connection with gaming operations  
438 in this or any other state or has been convicted of a felony;

439 2. Has had a license or permit to hold or conduct a gaming operation denied for cause, suspended, or  
440 revoked, in this or any other state or country, unless the license or permit was subsequently granted or  
441 reinstated;

442 3. Has at any time during the previous five years knowingly failed to comply with the provisions of  
443 this chapter or any Department regulation;

444 4. Has knowingly made a false statement of material fact to the Department or has deliberately failed  
445 to disclose any information requested by the Department;

446 5. Has defaulted in the payment of any obligation or debt due to the Commonwealth and has not  
447 cured such default; or

448 6. Has operated or caused to be operated a casino gaming establishment for which a license is  
449 required under this chapter without obtaining such license.

450 D. The Board shall make a determination regarding whether to issue the operator's license within 12  
451 months of the receipt of a completed application.

452 E. The Board shall be limited to the issuance of one operator's license for each eligible host ~~city~~  
453 *locality*.

454 F. If, at the time of application, the applicant has not satisfied the capital investment requirement of  
455 at least \$300 million pursuant to subsection B of § 58.1-4108 but otherwise meets the standards for  
456 licensure set forth in this article, the Department shall issue the operator's license, which, prior to  
457 satisfying the capital investment requirement, may not be used to conduct gaming other than temporary  
458 casino gaming pursuant to subsection G.

459 G. The Department may authorize casino gaming to occur on a temporary basis for a period of one  
460 year under the following conditions:

461 1. The request to authorize casino gaming is made by a preferred casino gaming operator that has  
462 been issued a license consistent with this section.

463 2. The preferred casino gaming operator has submitted as a part of its application for licensure a  
464 construction schedule for a casino gaming establishment that has been approved by the eligible host ~~city~~  
465 *locality* and the Department.

466 3. The temporary casino gaming is to be conducted at the same site referenced in the referendum  
467 held pursuant to § 58.1-4123.

468 4. The preferred casino gaming operator has secured suppliers and employees holding the appropriate  
469 permits required by this chapter and sufficient for the routine operation of the site where the temporary  
470 casino gaming is authorized.

471 5. A performance bond is posted in an amount acceptable to the Board.

472 H. No portion of any facility developed with the assistance of any grants or loans provided by a  
473 redevelopment and housing authority created pursuant to § 36-4 shall be used as a casino gaming  
474 establishment.

475 The Department may renew the authorization to conduct temporary casino gaming for an additional  
476 year if it determines that the preferred casino gaming operator has made a good faith effort to comply  
477 with the approved construction schedule.

478 I. An operator issued a license under this chapter shall not be precluded from operating a sports  
479 betting facility for individuals to participate in sports betting activities in a casino gaming establishment,  
480 which may include in-person sports betting where the bettor places a bet directly with an employee of  
481 the casino or the sports betting permit holder, or through a kiosk or device.

482 **§ 58.1-4111. Duration and form of operator's license; bond.**

483 A. A casino gaming operator license under this chapter shall be valid for a period of 10 years from  
484 its date of issuance but shall be reviewed no less frequently than annually to determine compliance with  
485 this chapter and Department regulations. Such annual review shall include a certification by the eligible  
486 host ~~city~~ *locality* of the status of the operator's compliance with local ordinances and regulations. If the  
487 certification states that the operator is not in compliance, the Department shall require the operator to  
488 submit a plan of compliance, corrective action, or request for variance.

489 B. The Board shall establish by regulation the criteria and procedures for license renewal and for  
490 amending licenses to conform to changes in a licensee's gaming operations. Such regulations shall



491 require the operator to submit to the Board any updates or revisions to the capital investment plan  
492 provided with the initial license application pursuant to subdivision B 4 of § 58.1-4109. Renewal shall  
493 not be unreasonably refused.

494 C. The Department shall require a bond with surety acceptable to it, and in an amount determined by  
495 it, to be sufficient to cover any indebtedness incurred by the licensee to the Commonwealth.

496 **§ 58.1-4123. Local referendum required.**

497 A. The Department shall not grant any initial license to operate a gaming operation in an eligible  
498 host *city locality* until a referendum on the question of whether casino gaming shall be permitted in  
499 such *city locality* is approved by the voters of such *city locality*.

500 B. The governing body of any *city locality* containing an eligible host *city locality* shall petition the  
501 court, by resolution, asking that a referendum be held on the question of whether casino gaming shall be  
502 permitted within the *city locality*. The court, by order entered of record in accordance with Article 5  
503 (§ 24.2-681 et seq.) of Chapter 6 of Title 24.2, shall require the regular election officials of the *city*  
504 *locality* to open the polls and take the sense of the voters on the question as herein provided.

505 C. The clerk of such court of record of such *city locality* shall publish notice of such election in a  
506 newspaper of general circulation in such *city locality* once a week for three consecutive weeks prior to  
507 such election.

508 D. The regular election officers of such *city locality* shall open the polls at the various voting places  
509 in such *city locality* on the date specified in such order and conduct such election in the manner  
510 provided by law. The election shall be by ballot, which shall be prepared by the electoral board of the  
511 *city locality* and on which shall be printed the following question:

512 "Shall casino gaming be permitted at a casino gaming establishment in \_\_\_\_\_  
513 (name of *city locality* and location) as may be approved by the Virginia Lottery Board?

514 [ ] Yes

515 [ ] No"

516 In the blank shall be inserted the name of the *city locality* in which such election is held and the  
517 proposed location of the casino gaming establishment. Any voter desiring to vote "Yes" shall mark in  
518 the square provided for such purpose immediately preceding the word "Yes," leaving the square  
519 immediately preceding the word "No" unmarked. Any voter desiring to vote "No" shall mark in the  
520 square provided for such purpose immediately preceding the word "No," leaving the square immediately  
521 preceding the word "Yes" unmarked.

522 E. The ballots shall be counted, the returns made and canvassed as in other elections, and the results  
523 certified by the electoral board to the court ordering such election. Thereupon, such court shall enter an  
524 order proclaiming the results of such election and a duly certified copy of such order shall be  
525 transmitted to the Department and to the governing body of such *city locality*.

526 F. A subsequent local referendum shall be required if a license has not been granted by the Board  
527 within five years of the court order proclaiming the results of the election.

528 **§ 58.1-4125. Gaming Proceeds Fund.**

529 A. There is hereby created in the state treasury a special nonreverting fund to be known as the  
530 Gaming Proceeds Fund, referred to in this section as "the Fund." The Fund shall be established on the  
531 books of the Comptroller. All moneys required to be deposited into the Fund pursuant to this chapter  
532 shall be paid into the state treasury and credited to the Fund. Any moneys remaining in the Fund,  
533 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall  
534 remain in the Fund.

535 B. Revenues from the Fund shall be apportioned by the Comptroller as follows:

536 1. The following amounts shall be distributed to the *city locality* in which they were collected by  
537 warrants of the Comptroller drawn on the Treasurer of Virginia on a quarterly basis:

538 a. An amount equal to a six percent tax on the first \$200 million of adjusted gross receipts;

539 b. An amount equal to a seven percent tax on the adjusted gross receipts that exceed \$200 million  
540 but do not exceed \$400 million; and

541 c. An amount equal to an eight percent tax on the adjusted gross receipts that exceed \$400 million.

542 2. For any casino gaming establishment operated by a Virginia Indian tribe recognized in House  
543 Joint Resolution No. 54 (1983) and acknowledged by the Assistant Secretary-Indian Affairs of the U.S.  
544 Department of the Interior as an Indian tribe within the meaning of federal law that has the authority to  
545 conduct gaming activities as a matter of claimed inherent authority or under the authority of the Indian  
546 Gaming Regulatory Act (25 U.S.C. § 2701 et seq.), an amount equal to a tax of one percent on the  
547 adjusted gross receipts of such establishment shall be deposited in the Virginia Indigenous People's Trust  
548 Fund established pursuant to § 2.2-401.01.

549 3. Eight-tenths of one percent of the Fund shall be deposited in the Problem Gambling Treatment  
550 and Support Fund established pursuant to § 37.2-314.2.

551 4. Two-tenths of one percent of the Fund shall be deposited in the Family and Children's Trust Fund

**552** established pursuant to § 63.2-2100.

**553** 5. Any remaining revenues not apportioned pursuant to subdivisions 1 through 4 shall be deposited

**554** in the School Construction Fund established pursuant to § 22.1-140.1.