



Joint Subcommittee to Study the Percentage of Charitable Gaming Receipts to Be Used for Required Purposes

July 19, 2021, at 1:00 p.m.

Pocahontas Building, Senate Committee Room A

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The Joint Subcommittee to Study the Percentage of Charitable Gaming Receipts to Be Used for Required Purposes (the Subcommittee) met in Richmond with Delegate Paul E. Krizek, chair, presiding.¹ The meeting began with elections of the chair and vice-chair, followed by presentations and discussion. Materials presented at the meeting are accessible through the [Commission's meetings webpage](#).

Election of Officers and Opening Remarks

Senator Bryce E. Reeves nominated Delegate Paul E. Krizek as chair of the Subcommittee and Senator John J. Bell as vice-chair. The Subcommittee unanimously approved each nomination.

Senator Reeves, the patron of the legislation that created the Subcommittee (SB 1127, 2021 Special Session I), delivered remarks on his intentions in introducing it, as well as his views on the Subcommittee's mission. The Subcommittee is tasked with the following five goals:

1. Identifying the problem and investigating criminal activity in the gaming industry, utilizing sworn testimony and subpoena power if necessary, and partnering with state and local law-enforcement authorities to gather facts and evidence in order to stop the spread of illegal gaming by criminal elements;
2. Crafting new, meaningful statutes with clear delineations of who, what, when, and how organizations can participate in charitable gaming, along with strict reporting, accounting, and oversight standards that are unambiguous and completely enforceable;
3. Looking at the rules, regulations, and standards governing the Charitable Gaming Board and ensuring that no member of the Board has a conflict by having a vested interest in the rulings and decisions of the Board;
4. Making sure the enforcement agency that oversees charitable gaming has the financial means and staffing requirements to investigate, audit, enforce, and terminate contracts, licenses, and permits when laws are broken; and
5. Ensuring that the moneys generated by charitable electronic games are getting to the charities themselves, that all tax revenues at both the state and local level are being duly collected, and that illegitimate charities and criminal organizations are driven out of Virginia.

The Subcommittee unanimously voted to incorporate Senator Reeves' five points into its work plan.

¹ **Members Present:** Delegate Paul E. Krizek (chair), Senator John J. Bell (vice-chair), Senator Adam P. Ebbin, Senator Bryce E. Reeves, Delegate Terry L. Austin, Delegate Lashrecse D. Aird, Delegate David A. Reid

Members Absent: Senator Emmett W. Hanger, Jr.

Presentation: Overview of SB 1127 (Reeves, 2021 Special Session I)

Connor Garstka, Attorney, Division of Legislative Services

Mr. Garstka gave an overview of the changes that SB 1127 as enacted made to charitable gaming policy. The presentation covered the legislation's stricter eligibility requirements for charitable organizations, tighter restrictions on permitted locations for charitable gaming, increased oversight of gross receipts reporting, and new limitations on Charitable Gaming Board actions.

Members of the Subcommittee asked staff to research and report back on several questions: what percentage of organizations make more than \$40,000 in annual gross receipts (organizations above this threshold are subject to more regulatory requirements); whether other states require a stipulated percentage of gross receipts to be used exclusively for charitable purposes (Virginia's is 10 percent); the types of purposes for which organizations use receipts; and whether an organization may appeal or reapply if its permit is revoked due to illegal gaming activity.

Presentation: Study Overview and Proposed Work Plan

Ashley Binns, Attorney, Division of Legislative Services

Ms. Binns reviewed the policy questions that the Subcommittee's enabling legislation charges it with investigating, and she proposed a work plan to accomplish those legislative goals. Earlier in the meeting, the Subcommittee added to those goals and voted to incorporate Senator Reeves' five points into its work plan. Subcommittee members requested that staff research how other states' charitable gaming requirements compare with Virginia's, particularly in states located near Virginia, and to what extent state and local law-enforcement agencies enforce current charitable gaming laws.

Public Comment

Several members of the public spoke during the comment period. Chris Petersen of the Virginia Charitable Gaming Council stated that current enforcement problems are due to overlapping jurisdiction among law-enforcement agencies. Tad Berman of Virginians For Integrity in Horse Racing and Casino Gambling expressed concerns about conflicts of interest in the regulation and operation of charitable gaming.

David Bailey of the Virginia State Firefighters Association stated that the lack of enforcement of gaming laws is due to underfunding of the enforcing agency, the Department of Agriculture and Consumer Services (VDACS). According to Mr. Bailey, funding for enforcement used to be based on a percentage of gross receipts from charitable gaming in Virginia, so the enforcement budget was commensurate with the amount of gaming activity. However, in 2008, the budget was changed such that VDACS received a fixed amount, which has not increased to keep pace with the proliferation of gaming activity.

Chuck Lessin, chair of the Virginia Charitable Gaming Board, also was of the opinion that VDACS' budget for enforcement is too low. In response to a question from a Subcommittee member, Mr. Lessin discussed the Board's efforts to adopt regulations related to Texas hold 'em pursuant to SB 936 (Petersen, 2020) as enacted.

Next Meeting

Delegate Krizek announced that staff is currently polling Subcommittee members for their availability for a potential next meeting in late August.



For more information, see the [*Commission's website*](#) or contact the Division of Legislative Services staff:

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