



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

October 14, 2021, at 10:00 a.m.

Pocahontas Building, House Committee Room

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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 remarks by the chair followed by presentations and discussion. Materials presented at the meeting are accessible through the [Subcommittee's meetings webpage](#).

Presentation: Review of the Regulatory Structure of Charitable Gaming in Virginia

Adam Tagert, Audit Manager, Office of the State Inspector General

Mr. Tagert presented a [recent report](#) by the Office of the State Inspector General (OSIG) reviewing the regulation of charitable gaming in Virginia, as required by Budget Item 105-D.1 of the 2021 Appropriation Act. First, he described current permitting requirements as administered by the Office of Charitable and Regulatory Programs within the Virginia Department of Agriculture and Consumer Services (VDACS). Next, he discussed VDACS' current regulations, which require charities to use at least 10 percent of gross receipts for charitable purposes. He noted that the regulations allow charities to conduct charitable gaming outside of their home jurisdiction. He reviewed the enforcement of laws governing charitable gaming in social quarters, which is where the majority of charitable gaming receipts are generated from the use of electronic pull tab machines. He compared receipts that are required by law to be reported to VDACS with actual receipts and stated that the majority of receipts are not required to be reported. In reviewing OSIG's research on each subject, Mr. Tagert provided a number of detailed policy recommendations, which are available in the report.

Presentation: Perspective as a Charitable Gaming Operator

Gary Opdyke, President, St. Gregory the Great Catholic Church Men's Club

Mr. Opdyke described his experience working to develop his church's bingo program for the purpose of raising money for charitable purposes. He stated that it was difficult to determine which practices are illegal until he consulted with VDACS staff. He gave his opinion that many charities are not only operating charitable gaming in a way that fails to comply with charitable gaming statutes and regulations but also are brazenly advertising their noncompliant programs. Mr. Opdyke opined that the current regulatory requirement that charities use at least 10 percent of gross receipts for charitable purposes is easy to meet for a legitimate charity and added that his church easily achieves a percentage that is almost twice the regulatory threshold. Finally, he

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

Members Absent: None

stated that charitable gaming operators that push the boundaries of the law are making it harder for legitimate charities to raise money from gaming.

Discussion

Delegate Krizek initiated a discussion of possible legislative proposals based on the Subcommittee's work so far. He indicated that the Subcommittee would not vote at this meeting to finalize the recommendations because they were still subject to change based on the input of Subcommittee members. Nevertheless, he intended to get the sense of the members' position on each point and planned to work with members and staff to develop the proposals into legislative drafts for introduction during the 2022 Session. The Subcommittee discussed legislative ideas related to the types of charities eligible to conduct charitable gaming, the locations where they may do so, methods of preventing conflicts of interest affecting Charitable Gaming Board members, the percentage of gross receipts that should be required to be dedicated for charitable purposes, the types of Texas Hold'em games that should be allowed as charitable gaming, and ways to improve enforcement of charitable gaming laws. Staff then presented a 50-state review of laws that require a percentage of gross receipts to be dedicated for charitable purposes.

Next Meeting

Delegate Krizek announced that this would be the final meeting of the Subcommittee. He indicated he would work with staff, while also soliciting input from Subcommittee members, to prepare the Subcommittee's final report.

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

Ashley Binns, Attorney, DLS
abinns@dls.virginia.gov
804-698-1812

Connor Garstka, Attorney, DLS
cgarstka@dls.virginia.gov
804-698-1869

