

Joint Subcommittee on Charitable Gaming

July 19, 2021 Meeting Materials



Virginia Division of Legislative Services

How SB 1127 Changed Charitable Gaming Policy

Policy	Before SB 1127	After SB 1127	Code Section
<i>What are some of the organizations that are allowed to offer charitable gaming?¹</i>	<ul style="list-style-type: none"> • Veterans associations • Fraternal lodges • Local chambers of commerce • Charitable organizations, <i>broadly</i> defined 	<ul style="list-style-type: none"> • Veterans associations • Fraternal lodges • Local chambers of commerce • Charitable organizations, <i>more narrowly</i> defined 	§ 18.2-340.16 (definition of "Organization")
<i>What restrictions apply to the charitable organization category?</i>	• Operated exclusively for religious, charitable, community or educational purposes	<ul style="list-style-type: none"> • 501(c) status² • For certain organizations, limited to \$40,000 or less in annual gross receipts³ 	§ 18.2-340.16 (definition of "Organization")
<i>Is an organization with \$40,000 or less in gross receipts required to get a permit and follow regulations?</i>	No	<ul style="list-style-type: none"> • For organizations conducting raffles, no • For other organizations, yes 	§ 18.2-340.23
<i>Is an organization with \$40,000 or less in gross receipts required to pay application and audit fees?</i>	No	No	§ 18.2-340.23
<i>Are receipts from instant bingo, pull tabs, and seal cards included in gross receipts?</i>	No	Generally no, except for the purpose of determining whether an organization meets the \$40,000 threshold	§ 18.2-340.16 (definition of "Organization", subdivision 15)

¹ This list is not comprehensive, for purposes of brevity. See the definition of "organization" in § 18.2-340.16 of the Code of Virginia for the complete list of 15 categories of organizations.

² SB 1127 did not impose a new 501(c)(3) certification requirement on certain types of organizations: volunteer fire departments, EMS agencies, athletic associations, band booster clubs, veterans associations, fraternal lodges, and local chambers of commerce.

³ The \$40,000 limit does not apply to the organizations listed in subdivisions 1 through 14 of the definition; therefore, it does not restrict churches, conservation organizations, and other organizations, which may offer gaming that is not subject to the \$40,000 limit.

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<i>May an organization offer bingo, pull tabs, and seal cards outside its home locality?</i>	Yes	No, unless the organization is a veterans association or fraternal lodge ⁴	§§ 18.2-340.26:1 and 18.2-340.27
<i>May an organization offer bingo, pull tabs, and seal cards at an ABC-licensed location?</i>	Yes	No, unless the license is held by the organization itself ⁵	§§ 18.2-340.26:1 and 18.2-340.27
<i>What percentage of proceeds must an organization dedicate for charitable purposes?</i>	Board authorized to set percentage by regulation	Percentage is frozen at its current number (10% per 11 VAC 15-40-20) until the Charitable Gaming Subcommittee completes its study	§ 18.2-340.19 and fourth enactment of SB 1127
<i>May an organization that compensates a third-party Texas Hold'em operator for expenses deduct that compensation from its gross receipts total?</i>	Yes	No	§ 18.2-340.19
<i>May the Board exempt an organization from the 18-device limit for electronic versions of instant bingo, pull tabs, or seal cards?</i>	Yes	No	§ 18.2-340.26:1
<i>Is the Board required to deny or revoke a gaming permit for specific legal violations?</i>	Permissive	Mandatory	§ 18.2-340.34

⁴ The third enactment grandfathers organizations currently offering games outside their home locality, but only for one year. Also, this restriction does not apply to fraternal lodges and veterans organizations. See subsection E of § 18.2-340.27.

⁵ This restriction does not apply to fraternal lodges and veterans organizations. See subsection E of § 18.2-340.27.