

**Special Subcommittees Studying Charitable Gaming Laws  
Issues for Consideration  
Subcommittees' Action  
November 16, 2009 Meeting**

**Category I. Division of Charitable Gaming\***

	<b>Issue</b>	<b>Source</b>	<b>Comment</b>	<b>Subcommittee Action</b>
<b>1</b>	Provide that the percentage that a qualified organization (QO) must use for charitable purposes be based on net receipts rather than gross receipts	HB 1702 Cosgrove SB 1518 Stolle (Failed 2009)	Some organizations assert unable to meet use of proceeds requirement at 10% level without considering expenses <sup>1</sup>	<b>NO ACTION</b>
<b>2</b>	Allow proceeds from charitable gaming to be used for expenses related to acquisition, construction, maintenance, or repair of real or personal property involved in the operation of the QO and used for lawful purposes  Base the annual audit fee on net receipts rather than gross receipts	HB 2025 Marshall, D.W. (Failed 2009)	Currently limited to acquisition, construction, maintenance, or repair of real property	<b>NO ACTION</b>
<b>3</b>	Authorize a QO to sell raffle tickets and provide that the proceeds from the sale not be included in determining the gross receipts for a QO	HB 2331 Athey (Failed 2009)		<b>NO ACTION</b>
<b>4</b>	Authorize a QO to conduct 50/50 raffles and provide that the proceeds from such raffles not be included in determining the gross receipts of the QO provided gaming is (i) limited exclusively to	SB 1121 Colgan (Failed 2009)		<b>NO ACTION</b>

\* Effective January 1, 2010, the Division of Charitable Gaming will be merged into the Division of Consumer Protection, Department of Agriculture and Consumer Services

<sup>1</sup> According to the DCG, in 2008, 551 organizations filed annual reports reflecting total gross receipts of \$297 million with a total use of proceeds at \$38.9 million or 13.1% of gross receipts. Ultimately 53 organizations, or 9.6% of the total, did not generate sufficient revenue from gaming to meet the 10%.

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	members and their guests, (ii) is not open to the general public, and (iii) there is no public solicitation or advertisement regarding the games			
<b>5</b>	Review the permit exemption threshold for QOs authorized to conduct charitable gaming. Threshold recent raised from \$25,000 to \$40,000	HB 2595 Lewis (Passed 2009)		<b>NO ACTION</b>

**Category I. Division of Charitable Gaming (Cont.)**

	<b>Issue</b>	<b>Source</b>	<b>Comment</b>	<b>Subcommittee Action</b>
<b>6</b>	Establish the Division of Charitable Gaming (DCG) as a special fund agency	Public hearings; VCBA #1*	Would be similar to other state entities charged with regulating activities	<b>NO ACTION</b>
<b>7</b>	<b>Require DCG to competitively bid new independent laboratory testers. Successful bids should include at least three preferred testing laboratories</b>	VCBA # 9	Reduce DCG costs; promote competition; and speed approval process for new games	<b>VDACS WAS REQUESTED REVIEW ISSUE. VDACS AGREED TO DO SO.</b>
<b>8</b>	Direct/encourage the DCG to create new easier to use reporting forms and establish an online system whereby charities may conduct all licensing and reporting business electronically	Public hearings; VCBA #10		<b>NO ACTION</b>

\* *Virginia Charitable Bingo Association. Note: The VCBA provided a twelve-item list of priorities to the Joint Committee. The items were listed in rank order in terms of importance and are attached as Appendix A.*

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<b>9</b>	Provide that for a QO to conduct gaming in Virginia at least 60% of the QO's board of directors must be bona fide members of the QO and that 60% of the membership must be Virginia residents	VCBA # 12 HB 2053 Gear (Failed 2009)	Currently at least 50% of the membership must be Virginia residents	<b>NO ACTION</b>
<b>10</b>	Review ten percent threshold for use or proceeds to ensure that it adequately includes all expenses related to gaming and makes appropriate allowance for the size of the operation and whether the organization owns or rents the gaming location	Public hearings		<b>NO ACTION</b>



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	<p><b>on paper and in existing card mining devices like all other bingo games as they are currently being played</b></p> <p>-----</p> <p>If the number of progressive games is increased to six games per session, then reduce the number of winner-take-all games to one per session</p>	VCBA #3		<p>-----</p> <p><b>REJECTED IN FAVOR OF #3 BELOW</b></p>
3	<p><b>Remove winner-take all games and increase Lucky Seven games from one to three per session</b></p>	Public hearings		<p><b>ADOPTED</b></p>

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**Category II. Game Play (Cont.)**

	<b>Issue</b>	<b>Source</b>	<b>Comment</b>	<b>Subcommittee Action</b>
<b>4</b>	Approve audio and video graphic representations of game winners	VCBA #6	Such representations would be for entertainment purposes only	<b>NO ACTION</b>
<b>5</b>	Authorize full auto-daub for Virginia charitable bingo	VCBA #7	Will assist play by the elderly and the visually or physically disabled	<b>NO ACTION</b>
<b>6</b>	Authorize two \$500 jackpot games rather than one \$1,000 jackpot game	Public hearings	Attracts more players	<b>NO ACTION; NOTHING IN CURRENT LAW TO PROHIBIT</b>
<b>7</b>	<b>Decrease the amount of time between gaming sessions from one hour to 1/2 hour. Permissive.</b>	Public Hearings	May increase revenue by decreasing the number of players who leave between sessions; assist the flow of the games; reduce expenses; and ease pressure on volunteers working the games	<b>ADOPTED</b>

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**Category III. Electronic Games**

	<b>Issue</b>	<b>Source</b>	<b>Comment</b>	<b>Subcommittee Action</b>
<b>1</b>	Support/encourage DCG's effort to enact protective regulations to allow for electronic game play	VCBA # 4		<b>NO ACTION</b>
<b>2</b>	Repeal authority for using electronic pull tab machines	Delegate Abbitt		<b>NO ACTION</b>
<b>3</b>	Consider requesting Charitable Gaming Board to suspend regulatory action until Subcommittee study is complete	Charitable Gaming Board		<b>NO ACTION</b>

**Category IV. Bingo Hall Owners**

	<b>Issue</b>	<b>Source</b>	<b>Comment</b>	<b>Subcommittee Action</b>
<b>1</b>	Exempt bingo halls from any smoking ban effective December 1, 2009.	VCBA #5		<b>NO ACTION</b>

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<b>2</b>	Allow the owner of a bingo hall to require tenants to use specific security service as long as the services consists of uniformed employees of the locality in which the hall is located or the state police	VCBA #8	<b>NO ACTION</b>
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Appendix A



## Virginia Charitable Bingo Association

*"A Virginia association dedicated to the protection and enhancement of Charitable Gaming"*

October 19, 2009

The Honorable Chris Jones  
Chairman  
Joint Subcommittee Studying Charitable Gaming Laws  
Post Office Box 5059  
Suffolk, Virginia 23435-0059

Dear Chairman Jones:

**Special Subcommittees Studying Charitable Gaming Laws**  
**Issues for Consideration**  
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On behalf of the Virginia Charitable Bingo Association (“VCBA”) thank you for all the hard work you and your committee continue to conduct to help address the pressing needs of charities across the Commonwealth. The VCBA is dedicated to helping charities take home more bingo proceeds to be used for their stated purpose.

Virginia charities have been suffering tremendously over the last few years as a result of several factors including; the down turn in the economy, a drop in direct giving, attendance at charitable bingo games and the overall amount of money spent per player during charitable bingo games. Additionally, the federal government is considering lowering tax deductions on charitable giving from 35 percent to 28 percent which could equate to a much larger burden on all charities.

VCBA’s recommendations to the subcommittee are based on significant work including; sending out a survey and newsletter to all registered charities in Virginia (as attached), holding direct meetings and phone conferences with groups all over the Commonwealth, attending all the subcommittee meetings and public hearings and numerous conversations with our members, non-members and other stakeholders.

To be clear we are not supportive of any laws which would; create new competition in the industry, casino like games or an increase any charitable prize award.

Below are a list of priorities the VCBA encourages you to support during this upcoming Session of the Virginia General Assembly. They are rank ordered in terms of importance to the charities:

1. The Virginia Department of Charitable Gaming (“VDCG”) in 2008 collected a total \$3,203,324 of fees and revenue from licensed charities however the department only spent \$2,799,918 on its stated purpose, the remainder, \$403,406 went into the state’s general fund. Our charities strongly believe that the department should be allowed to keep all of the

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revenue as is done with all other regulatory agencies within the Department of Professional and Occupational Regulation and the Department of Health Professions.

2. Increase the number of allowed progressive bingo games including; Lucky 7, Shaded paper or other custom games to six games per session and allow them to be played on paper and in existing card mining devices like all other bingo games as they are currently being played.
3. Assuming approval of expansion of progressive games to six reduce the number of winner take all games to one per session.
4. Support the Virginia Department of Charitable Gaming's effort to enact protective regulations to allow for electronic game play.
5. That Virginia's charitable bingo halls be held exempt from any smoking laws.
6. Approve audio and video graphic representations of game winners. This is for entertainment purposes only.
7. That full auto-daub be allowed for Virginia charitable bingo play to particularly help play by the elderly, visually or physically handicapped.
8. Allow the owner of a bingo hall to require their tenants to use a specific security service as long as they are a uniformed employee of a local or state police force in which the charitable hall is located.
9. That the VDCG be required to competitively bid new independent laboratory

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testers. Successful bids shall include at least three preferred testing laboratories. This will reduce VDCG costs, promote competition and speed approval processes.

10. That the VDCG at its very earliest opportunity create new easier to use reporting forms and establish an online system whereby charities can conduct all licensing and reporting business electronically. We understand that the VDCG is currently working on this item.

11. Allow persons who are not bona fide members of a charity playing bingo to volunteer as long as they are supervised by a bona fide official member of the charity.

12. For a charity to conduct bingo games in the Commonwealth of Virginia 60% of their board of directors shall be bona fide members and 60 percent shall be Virginia residents.

We will continue to work very hard on behalf of our charities and coordinate with the subcommittee, the full legislature and the executive branch.

Thank you very much for your attention to the charitable bingo industry and your support of VCBA recommendations.

If you have any questions please feel free to contact me directly or our lobbyist Matt Benka at (804) 240-7984.

Sincerely,

Chuck Lessin

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Legislative Director  
Virginia Charitable Bingo Association

CC: Members of the Subcommittees Studying Charitable Gaming Laws  
Board of Directors, Virginia Department of Charitable Gaming  
Maria Everett, Legislative Services  
Betty Bowman, Director, Virginia Department of Charitable Gaming  
Andy Alvarez, Virginia Department of Agriculture and Consumer Affairs  
Matt Benka, MDB Strategies

Enclosure: VCBA June – September Newsletter and Survey