

**REPORT OF THE VIRGINIA
CHARITABLE GAMING BOARD**

**Report of the 2020 Charitable
Gaming Prize Amount Work
Group (Chapter 980, 2020)**

TO THE GENERAL ASSEMBLY OF VIRGINIA



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Report of the 2020 Charitable Gaming Prize Amount Work Group

Charitable Gaming Board

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Legislative Mandate

Chapter 980 of the 2020 Acts of Assembly

EXECUTIVE SUMMARY

Chapter 980 (HB 1690) of the 2020 Acts of Assembly mandates that the Charitable Gaming Board convene a stakeholder work group to review the current limitations on prize amounts and provide any recommendations to the General Assembly by November 30, 2020. Some of the work group supported the idea of raising the prize amount limits for charitable bingo games, with discussion on exactly how to implement such an increase. Opposition from the work group to raising the prize amounts for charitable bingo games focused on the negative impact such increase in prize amounts may have on the smaller and mid sized charitable gaming organizations.

BACKGROUND

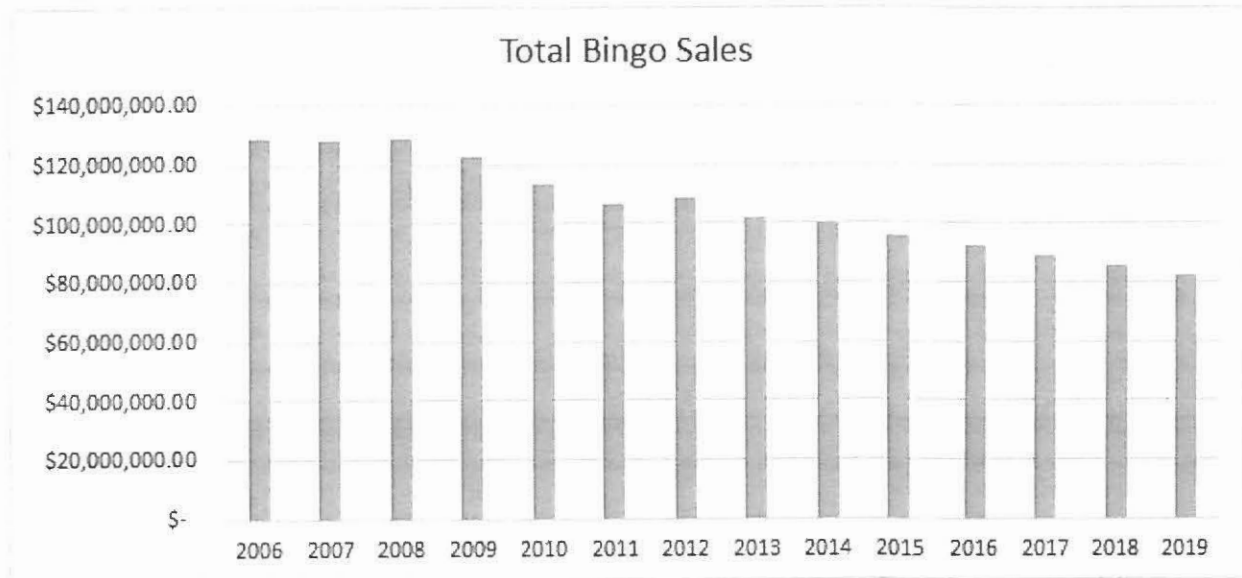
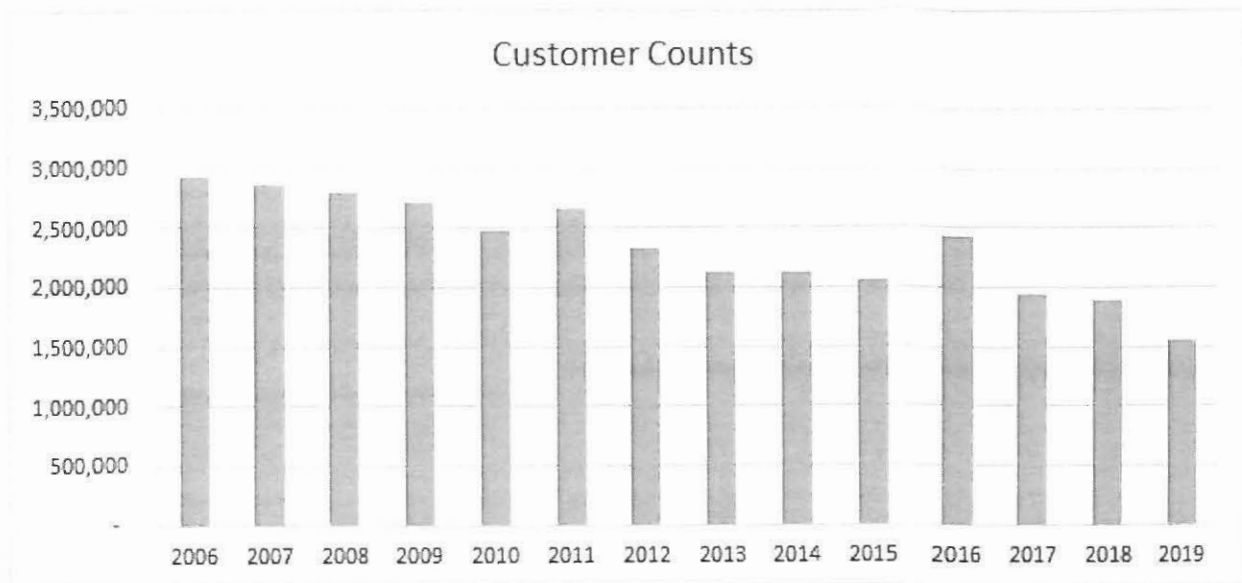
In 1996, the Commonwealth began statewide oversight of charitable gaming in lieu of local oversight and established the prize amounts for certain games in the Charitable Gaming Law (Law). The 1996 Law included prize limitations of:

- Door Prizes: \$25
- Regular or Special Bingo Prizes: \$100
- Instant Bingo/Seal Cards/Pull-Tab Prizes: \$500
- Jackpot Bingo Prizes: \$1,000 per a calendar day
- Winner-Take-All Bingo Prizes: \$1,000 per calendar day
- Raffle Prizes: \$100,000 except for a house if given as a prize

Changes to prize limits in the Law have been passed by the General Assembly at various times since 1996. The changes include:

- In 2004, the General Assembly added a new bingo game, Lucky Seven, and limited the prize amount to \$5,000;
- In 2006, the General Assembly increased the Door Prize amount to \$50 for a single prize but limited the cumulative prize to \$250. Also in 2016, the General Assembly increased the Instant Bingo/Seal Cards/Pull-Tab prizes to \$599 and the allowed Jackpot Bingo and Lucky Seven bingo game prizes to be awarded once per bingo session (rather than once per calendar day);
- In 2007, the General Assembly approved the Winner-Take-All Bingo prize to be awarded twice per bingo session (rather than once per calendar day); and
- In 2010, the General Assembly eliminated the Winner-Take-All Bingo prize and the Lucky Seven bingo games and the Law was modified to allow up to six progressive bingo games, each with a prize limit of \$5,000. In addition, the prize amount for Instant Bingo/Seal Cards/Pull Tabs games was increased to \$1,000 and a new bingo game was created called Network Bingo. The prize amount for Network Bingo was capped at \$25,000.

While bingo sales and player counts have declined steadily since 2006, total bingo sales revenue stayed relatively flat from 2006 to 2007 and customer counts went down by two percent. Total bingo sales in 2011 dropped slightly from 2010; however, player counts increased that year by over seven percent. (See Customer Counts and Total Bingo Sales graphs below and Appendix 1 on Page 6). Electronic bingo sales have stayed relatively flat, as have raffle sales, with yearly fluctuations up and down. The Virginia Department of Agriculture and Consumer Services (VDACS) Office of Charitable and Regulatory Programs is unable to determine the cause of this decline, and the decline could be related to any number of factors.



HOUSE BILL 1690

Delegate Mark Keam introduced HB 1690 during the 2020 Session of the General Assembly at the request of a volunteer fire department that uses proceeds from charitable gaming to support its operations. The intent of raising the maximum prize amounts, some of which had not changed since 1996, was to increase participation and the associated revenue generated from charitable gaming. HB 1690 increases:

- The maximum allowable amount for a single bingo door prize from \$50 to \$250 and the maximum allowable cumulative door prizes in any one bingo session from \$250 to \$500;
- The maximum allowable regular bingo or special bingo game prize from \$100 to \$200;
- The maximum prize for a single Instant Bingo/Seal Card/Pull-Tab from \$1,000 to \$2,000;
- The maximum allowable prize for a bingo jackpot from \$1,000 to \$2,000 and the total allowable amount of Jackpot Bingo prizes awarded in any one session from \$1,000 to \$2,000; and
- The maximum allowable amount for certain progressive bingo game prize amount from

\$100 to \$200.

Several of the prize amounts addressed in HB 1690 had not been changed since 1996. HB 1690 passed unanimously through the House with no opposition voiced. During committee hearings in the Senate, concern was raised during public testimony that this may negatively impact smaller charitable gaming operations. The bill was eventually passed with a reenactment clause for the 2021 Session of the General Assembly requiring the Charitable Gaming Board to convene a stakeholder workgroup to provide any recommendations to the General Assembly regarding increases in prize amounts.

CHARITABLE GAMING PRIZE AMOUNT WORK GROUP

The stakeholder work group met via electronic meeting on September 10, 2020. The work group consisted of 12 members representing various organizations that conduct charitable gaming in the Commonwealth.

The work group members provided insight into the positive and negative aspects associated with raising the prize limit amounts. Some of the work group supported increasing the Charitable Gaming Law prize limits. The primary reason cited for supporting increased prize limits was to retain current players and attract new players, all of which would result in an increase in the organizations' revenue and increased funding for their charitable causes.

Some work group members felt that they would need to raise the prize limits for bingo games in order to compete with legal gambling in the form of casinos entering into the Virginia market. The bill also takes into account that some of the limits have not been raised in quite a few years, and some workgroup members felt that, in an effort to keep up with the cost of living and other increases, it would be prudent to simultaneously raise the amounts the organizations may pay out in prizes. As the bill would not mandate an organization pay the maximum amount, an organization may still set a prize limit that is under the maximum limit set in the Law.

As stated earlier, members noted that the prize limits have not been increased for some time. The sentiment was shared by some members that this action would allow greater flexibility and would help modernize the industry. They also raised concerns over the effect that legal gambling and casinos would have on the charitable gaming industry. Raising the prize limits would enable charities to compete in the new market. On this topic, the consensus was split among the group as to whether the casinos would truly affect bingo in the Commonwealth. Several members believed bingo was more of a social game and that the introduction of casinos would have little impact on charitable gaming.

Several members supported the concept of the bill but differed in their opinions regarding the way it should be implemented. For instance, the support was strong for raising the limits on certain games such as door prizes. Flexibility was key, and raising the prize limits allowed that flexibility. These members were receptive to the idea of raising some prize limits but possibly not every game or every bingo session. Several of these same members expressed concern over the effect the increase may have on the smaller charitable gaming organizations. The suggestion was made that perhaps an incremental approach to raising the limits over the next few years might assuage the impact on the smaller organizations.

Some workgroup members were strictly opposed to the increases. The primary concern is that although the bill's concept seems as though it would result in increased participation, increasing the prize amounts will hinder the small and mid-sized organizations from competing with the larger, better-funded charities. It was suggested that after similar increases in the prize limits in previous years, the attendance at bingo games did not increase.

It was also suggested that organizations could use treasure chest games, given their ability to use increased prize amounts over a number of sessions. However, these treasure chest games are not bingo games. Instead, they are considered raffles, as defined by 11 VAC 15-40-10, Charitable Gaming Regulations, and revenue generated is nominal since raffle sales have stayed relatively flat with yearly fluctuations up and down. In addition, the prize amounts from treasure chest games are not guaranteed based on the current standards of play, unlike the other forms of charitable gaming.

Recommendations

HB 1690 was passed by both chambers during the 2020 Session of the General Assembly and requires a reenactment during the 2021 legislative session. Given this, and the sentiments of the work group and the Boards review of the workgroup session, the Board recommends the raising of a single Instant Bingo/Seal Card/Pull-Tab from \$1,000 to \$2,000. This shall include the prizes allowed in electronic pull tab devices. The Board noted that in 2010 prize limits were raised by way of 6 newly permitted "progressive games." Prizes of the progressive games start at \$500 and may not exceed \$5000. This increase of prize amounts did not achieve any increase in attendance statewide, in fact the numbers of patrons attending bingo events from 2010 until the present has shown a precipitous decline as recorded in appendix 1 of this document. The overarching sentiment of the Board was to protect all of the charities gaming in the Commonwealth and a structural change that would raise prize limits would likely damage efforts of the small and mid-sized gaming organizations which comprise the vast majority of the charities that are gaming. The increase in the instant bingo/pull tab/seal card/electronic pull tab prizes is easily managed by charities regardless of their size or their attendance. Any sized game may introduce these higher paying instant bingo/pull tab/seal card/electronic pull tab prizes as their attendance permits. These games are isolated and may be controlled by a manager as opposed to a universal rise in prize limits that would force the payment of higher prizes regardless of crowd size.

Year	Bingo Paper Sales	Electronic Bingo Sales	Total Bingo Sales	Instant Sales	Session Raffle Sales	Misc. Sales	Total Receipts	Discounts	Adjusted Receipts	Customer Count
2006	\$ 111,569,081.03	\$ 17,227,212.00	\$ 128,796,293.03	\$ 190,542,370.65	\$ 2,701,412.68	\$ 538,916.21	\$ 322,578,992.57	\$ 1,719,554.63	\$ 320,859,437.94	2,933,991
2007	\$ 109,183,999.19	\$ 19,290,148.60	\$ 128,474,147.79	\$ 190,274,160.21	\$ 3,062,221.85	\$ 649,617.21	\$ 322,460,147.06	\$ 1,287,988.50	\$ 321,172,158.56	2,868,084
2008	\$ 106,491,309.09	\$ 22,206,323.05	\$ 128,697,632.14	\$ 180,546,289.25	\$ 2,901,224.84	\$ 442,591.14	\$ 312,587,737.37	\$ 1,342,248.49	\$ 311,245,488.88	2,802,582
2009	\$ 100,395,303.32	\$ 22,681,700.50	\$ 123,077,003.82	\$ 168,060,315.12	\$ 3,053,776.17	\$ 428,451.83	\$ 294,619,546.94	\$ 1,377,549.13	\$ 293,241,997.81	2,710,348
2010	\$ 91,919,819.83	\$ 21,151,754.20	\$ 113,071,574.03	\$ 157,574,194.46	\$ 3,644,566.85	\$ 414,349.00	\$ 274,704,684.34	\$ 1,457,831.70	\$ 273,246,852.64	2,482,520
2011	\$ 86,674,831.95	\$ 19,978,913.13	\$ 106,653,745.08	\$ 152,136,534.29	\$ 4,611,433.13	\$ 396,708.16	\$ 263,798,420.66	\$ 1,296,923.29	\$ 262,501,497.37	2,666,279
2012	\$ 86,244,748.24	\$ 22,062,947.72	\$ 108,307,695.96	\$ 156,058,607.95	\$ 4,110,039.31	\$ 364,093.96	\$ 268,840,437.18	\$ 1,188,685.25	\$ 267,651,751.93	2,333,444
2013	\$ 81,546,795.99	\$ 20,628,305.25	\$ 102,175,101.24	\$ 149,622,327.13	\$ 3,928,888.45	\$ 365,311.35	\$ 256,091,628.17	\$ 1,187,378.65	\$ 254,904,249.52	2,120,587
2014	\$ 77,257,512.30	\$ 22,470,742.21	\$ 99,728,254.51	\$ 148,399,450.51	\$ 4,165,293.46	\$ 349,989.07	\$ 252,642,987.55	\$ 1,164,205.59	\$ 251,478,781.96	2,126,120
2015	\$ 75,163,138.26	\$ 20,868,441.89	\$ 96,031,580.15	\$ 161,509,057.87	\$ 3,429,531.54	\$ 299,380.17	\$ 261,269,549.73	\$ 1,131,126.11	\$ 260,138,423.62	2,059,469
2016	\$ 71,885,981.92	\$ 20,395,105.82	\$ 92,281,087.74	\$ 164,078,319.64	\$ 3,900,958.69	\$ 292,100.67	\$ 260,552,466.74	\$ 1,038,262.79	\$ 259,514,203.95	2,427,996
2017	\$ 67,916,263.27	\$ 21,097,454.67	\$ 89,013,717.94	\$ 163,998,830.81	\$ 3,177,833.77	\$ 319,473.24	\$ 256,509,855.76	\$ 1,197,977.74	\$ 255,311,878.02	1,944,526
2018	\$ 63,479,959.83	\$ 22,338,207.81	\$ 85,818,167.64	\$ 163,748,153.70	\$ 3,245,275.58	\$ 268,082.00	\$ 253,079,678.92	\$ 1,091,131.97	\$ 251,988,546.95	1,883,062
2019	\$ 59,564,433.43	\$ 22,667,000.79	\$ 82,231,434.22	\$ 155,097,865.61	\$ 3,239,938.34	\$ 238,145.81	\$ 240,807,383.98	\$ 1,045,144.28	\$ 239,762,239.70	1,560,524
Totals	\$ 1,189,293,177.65	\$ 295,064,257.64	\$ 1,484,357,435.29	\$ 2,301,646,477.20	\$ 49,172,394.66	\$ 5,367,209.82	\$ 3,840,543,516.97	\$ 17,526,008.12	\$ 3,823,017,508.85	32,919,532

