



## Notice of Intended Regulatory Action (NOIRA) Agency Background Document

<b>Agency name</b>	Virginia Charitable Gaming Board
<b>Virginia Administrative Code (VAC) citation</b>	11 VAC 15 - 40
<b>Regulation title</b>	Charitable Gaming Regulations
<b>Action title</b>	Consolidates two separate regulations, <i>Charitable Gaming Rules and Regulations</i> , 11VAC15-22, and <i>Supplier Regulations</i> , 11VAC15-31, into one regulation that will also establish guidelines regarding electronic games of chance systems for charitable gaming
<b>Date this document prepared</b>	August 13, 2010

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 14 (2010) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

### Purpose

*Please describe the subject matter and intent of the planned regulatory action. Also include a brief explanation of the need for and the goals of the new or amended regulation.*

The consolidation of the two current regulations, *Charitable Gaming Rules and Regulations*, 11VAC15-22, and *Supplier Regulations*, 11VAC15-31, into one single regulation will eliminate duplicative administrative burden. Depending on its nature, a single amendment to the Charitable Gaming statute, § 18.2-340.15 et seq., Code of Virginia (Code), could effectively require that changes be made to both current charitable gaming regulations. This was the case with the passage of HB 1998 (Chapter 264 of the 2007 Acts of Assembly) which amended the statute and required the agency to promulgate regulations pertaining to electronic games of chance systems for charitable gaming in the Commonwealth. The promulgation of a single encompassing regulation will also promote better understanding of the applicable requirements and facilitate compliance by all charitable gaming stakeholders.

### Legal basis

*Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.*

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§ 18.2-340.15 of the Code of Virginia authorizes the Charitable Gaming Board to prescribe regulations and conditions under which charitable gaming is to be conducted in Virginia to ensure consistency with the provisions of the Charitable Gaming statute. Additionally, Chapter 264 (HB 1998) of the 2007 Acts of Assembly amended the statute by requiring changes to the charitable gaming regulations in order to implement electronic games of chance systems. The Charitable Gaming Board approved the promulgation of a single regulation that will consolidate the two current regulations and provide for the implementation of regulations regarding electronic games of chance systems.

### Need

*Please detail the specific reasons why the agency has determined that the proposed regulatory action is essential to protect the health, safety, or welfare of citizens. In addition, delineate any potential issues that may need to be addressed as the regulation is developed.*

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The existence of two separate but closely interrelated regulations governing charitable gaming has resulted in duplicative, burdensome and lengthy efforts when the agency has had to amend both regulations in response to a single change in the statute, as was the case with the passage of HB 1998 (Chapter 264 of the 2007 Acts of Assembly). The promulgation of a single, consolidated regulation will greatly facilitate the agency's administration of the charitable gaming program. Likewise, the inclusion in the consolidated regulation of guidelines pertaining to electronic games of chance systems will provide charitable gaming organizations a new and unique option to promote greater attendance at their gaming events. Greater attendance should increase the revenue organizations generate from their charitable gaming activities, which in turn should facilitate compliance with applicable requirements regarding the charitable use of proceeds. The agency expects that issues of a technical nature related to electronic games of chance, such as system integrity and tamper-proof attributes, will require significant dialogue and discussion with prospective providers of such games.

### Substance

*Please detail any changes that will be proposed. For new regulations, include a summary of the proposed regulatory action. Where provisions of an existing regulation are being amended, explain how the existing regulation will be changed.*

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The proposed regulation will consist of three sections pertaining to (1) charitable gaming organizations and the conduct of charitable gaming, (2) charitable gaming suppliers, and (3) electronic games of chance systems.

The section pertaining to charitable gaming organizations and the conduct of charitable gaming will reflect the substance of the current regulation titled *Charitable Gaming Rules and Regulations*, 11VAC15-22. The section pertaining to charitable gaming suppliers will reflect the substance of the current regulation titled *Supplier Regulations*, 11VAC15-31. The section pertaining to electronic games of chance systems will include applicable definitions, rules for the conduct of electronic games of chance, requirements for manufacturers and suppliers of electronic games of chance systems, construction and other standards for electronic games of chance systems, and reporting violations regarding electronic games of chance.

**Alternatives**

*Please describe all viable alternatives to the proposed regulatory action that have been or will be considered to meet the essential purpose of the action. Also, please describe the process by which the agency has considered or will consider other alternatives for achieving the need in the most cost-effective manner.*

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The promulgation of charitable gaming regulations governing electronic games was required by HB 1998 by the 2007 General Assembly; therefore, no alternatives to this proposed action exist.

**Public participation**

*Please indicate whether the agency is seeking comments on the intended regulatory action, including ideas to assist the agency in the development of the proposal and the costs and benefits of the alternatives stated in this notice or other alternatives. Also, indicate whether a public hearing is to be held to receive comments on this notice.*

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The agency is seeking comments on the intended regulatory action, including but not limited to (1) ideas to assist in the development of a proposal and (2) potential impacts of the regulation. The agency is also seeking information on impacts on small businesses as defined in § 2.2-4007.1 of the Code of Virginia. Information may include (1) projected reporting, recordkeeping and other administrative costs, (2) probable effect of the regulation on affected small businesses, and (3) description of less intrusive or costly alternative methods of achieving the purpose of the regulation.

Anyone wishing to submit comments may do so via the Regulatory Townhall website, [www.townhall.virginia.gov](http://www.townhall.virginia.gov), or by mail, email, or fax to:

**Erin Williams**  
**Policy & Planning Coordinator**  
**VDACS, Division of Consumer Protection**  
**PO Box 1163**  
**Richmond, VA 23218**

[Erin.Williams@vdacs.virginia.gov](mailto:Erin.Williams@vdacs.virginia.gov)

Written comments must include the name and address of the commenter. In order to be considered, comments must be received by the last day of the public comment period.

A public hearing will not be held during the NOIRA stage.

**Participatory approach**

*Please indicate, to the extent known, if advisers (e.g., ad hoc advisory committees, regulatory advisory panels) will be involved in the development of the proposed regulation. Indicate that 1) the agency is not using the participatory approach in the development of the proposal because the agency has authorized proceeding without using the participatory approach; 2) the agency is using the participatory approach in the development of the proposal; or 3) the agency is inviting comment on whether to use the participatory approach to assist the agency in the development of a proposal.*

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The agency is using the participatory approach in the development of this proposal. A group comprised of stakeholders representing charitable organizations, charitable gaming suppliers, and charitable gaming manufacturers, will be involved in the discussions leading to the development of the proposed regulation.

**Family impact**

*Assess the potential impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.*

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The proposed regulation will have no potential impact on the institution of the family and family stability.