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## Exempt Action: Proposed Regulation Agency Background Document

<b>Agency name</b>	Charitable Gaming Board
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	11VAC15-50
<b>VAC Chapter title(s)</b>	Texas Hold'em Poker Tournament Regulations
<b>Action title</b>	Promulgate Texas Hold'em Poker Tournament Regulations
<b>Date this document prepared</b>	October 15, 2020

Although a regulatory action may be exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the *Code of Virginia*, the agency is still encouraged to provide information to the public on the Regulatory Town Hall using this form. However, the agency may still be required to comply with the Virginia Register Act, Executive Order 14 (as amended, July 16, 2018), the Regulations for Filing and Publishing Agency Regulations (1VAC7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.*

Section 18.2-340.15 authorizes the Charitable Gaming Board to prescribe regulations and conditions under which charitable gaming shall be conducted in the Commonwealth. Chapter 982 of the 2020 Acts of Assembly amended the Charitable Gaming Law (Article 1.1:1 of Chapter 8 of Title 18.2 of the Code of Virginia (Va. Code § 18.2-340.15 *et seq.*)) to include Texas Hold'em poker tournaments as a form of charitable gaming in the Commonwealth and to authorize qualified charitable organizations to manage, operate, and conduct Texas Hold'em poker tournaments.

The proposed regulatory action seeks to establish regulations for Texas Hold'em poker tournaments that prescribe the requirements for a qualified organization to obtain a permit to conduct a Texas Hold'em poker tournament, and for an operator to obtain a registration to administer a Texas Hold'em poker tournament on behalf of a qualified organization. Additionally, the regulations establish compliance requirements, such as recordkeeping requirements; requirements regarding use of proceeds and fees to be paid by a qualified organization to an operator; and minimum requirements related to participation in

Texas Hold'em poker tournaments, conduct of poker games, use of mechanical equipment, and penalties for Texas Hold'em poker tournaments.

While the Virginia Department of Agriculture and Consumer Services (VDACS) assisted the Charitable Gaming Board with these regulations, VDACS believes certain provisions in the proposed regulation are insufficient to carry out the provisions of the Charitable Gaming Statute and ensure the integrity of the charitable gaming industry in Virginia. Additionally, VDACS questions whether the Board's proposal to adjust the amount of operator compensation that may be counted towards a qualified organization's minimum use of proceeds (11VAC15-50-20 B), which VDACS understands the Board proposes to do independent from the Texas Hold'em Poker Tournament Regulations, conflicts with the Virginia Administration Process Act. VDACS will continue to review this matter with VDACS counsel.

### **Mandate and Impetus**

*Identify the mandate for this regulatory change, and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, internal staff review, petition for rulemaking, periodic review, or board decision). "Mandate" is defined as "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."*

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Chapter 982 of the 2020 Acts of Assembly (Senate Bill 936) mandated that the Charitable Gaming Board establish regulations that prescribe the conditions under which a qualified organization may manage, operate or contract with operators of, or conduct Texas Hold'em poker tournaments.