

## Department of Planning and Budget 2002 Fiscal Impact Statement

**1. Bill Number** HB931

**House of Origin**     ☐ Introduced     ☒ Substitute     ☐ Engrossed

**Second House**     ☐ In Committee     ☐ Substitute     ☒ **Enrolled**

**2. Patron** Joannou

**3. Committee** Passed both houses

**4. Title** Charitable Gaming Commission; fair market rental value.

**5. Summary/Purpose:**

The bill as passed adds a definition of "fair market rental value" as it relates to rent paid by gaming organizations for commercial premises for the conduct of charitable gaming, but removes the requirement in the original bill that the Charitable Gaming Commission adopt a formula to determine fair market rental value. The bill also extends until December 31, 2002, the moratorium that prevents the Charitable Gaming Commission from denying, revoking, or suspending a gaming organization's permit to operate on the basis of failure to meet "use of proceeds" requirements.\* In addition, the bill clarifies conditions related to jackpots of "winner take-all" bingo games.

**6. No Fiscal Impact**

**7. Budget amendment necessary:** No

**8. Fiscal implications :** The bill has no direct fiscal impact on the Charitable Gaming Commission (CGC) or on the gaming organizations it regulates.

The original bill, which required the CGC to adopt a formula to determine fair market value of rents for commercial bingo halls, would have had the likely effect of increasing the ability of charitable gaming organizations to meet the "use of proceeds" requirement\* while still enabling landlords of bingo halls to earn a reasonable profit. Some 65 percent of gaming organizations that conduct bingo in commercial bingo halls do not meet "use of proceeds" requirements. The substitute bill has no impact on organizations that rent commercial bingo halls.

The provision in the substitute bill that prevents the CGC from revoking the permit of a gaming organization that does not meet "use of proceeds" requirements may have an indirect negative effect on the charities that receive contributions from gaming organizations, but it is not possible to quantify or determine the exact impact.

\*Use of proceeds: The requirement that a certain percentage of gaming receipts be donated to a legitimate charity.

**9. Specific agency or political subdivisions affected:** Charitable Gaming Commission and all charitable gaming organizations

**10. Technical amendment necessary :** No

**11. Other comments:** The bill has no regulatory impact.

**Date:** 3/15/02 vrm

**Document:** g:\2002legislation\hb931h1.doc vrm

cc: Secretary of Administration