

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number HB387

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Reid

3. Committee General Laws

4. Title Department of Charitable Gaming; regulation of charitable small card tournaments.

5. Summary/Purpose:

Adds charitable small card tournaments to the games of chance that may be conducted as part of charitable gaming, which tournaments will be regulated by the Department of Charitable Gaming. A charitable small card tournament is defined as a game of chance involving a series of card games in which players are eliminated until one player is declared the overall winner and prizes may be awarded to the tournament winner and other runners up. The bill specifies the conditions under which this new type of charitable gaming may be conducted and requires the Board of Charitable Gaming to adopt regulations governing the management, operation, and conduct of such gaming. The bill limits the conduct of charitable small card tournaments to charitable organizations that are required to obtain a permit to conduct charitable gaming generally. The bill requires all card dealers to be registered with the department and allows for them to be paid remuneration not to exceed \$75. The bill provides that no person participating in a charitable small card tournament as a card dealer shall serve as a charitable gaming manager during any charitable small card tournament in which he participates as a card dealer. The Board of Charitable Gaming is required to adopt emergency regulations to implement the provisions of this bill.

6. Fiscal Impact Estimates are Preliminary:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	0	0	General
2006-07	\$687,500	15	General
2007-08	\$2,750,000	30	General
2008-09	\$2,750,000	30	General
2009-10	\$2,750,000	30	General
2010-11	\$2,750,000	30	General
2011-12	\$2,750,000	30	General

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	0		General
2006-07	\$937,500		General
2007-08	\$3,750,000		General

2008-09	\$3,750,000	General
2009-10	\$3,750,000	General
2010-11	\$3,750,000	General
2011-12	\$3,750,000	General

7. Budget amendment necessary: Yes

8. Fiscal implications:

Expenditures

The proposed bill authorizes charitable small card tournaments (poker), which has the potential to equal and perhaps eclipse bingo in popularity with the public. The largest expenditure in this venture is the increase in staffing requirements to regulate and monitor poker games through the Department of Charitable Gaming. The integration of poker into the present bingo games doubles the amount of regulation, paperwork, tracking, licensing, and enforcement. Poker is played with a dealer that is required to be registered (\$75 fee), and strictly monitored during the games, as cheating is more prevalent in poker. Admission tickets will be required for all participants. There will be an increase in audits and inspections, as well as the time an audit and inspection takes. Increase in staffing by five auditors, 15 inspectors, and five enforcement officers and five additional licensing technicians will provide regulation of the tournaments. It is anticipated that 15 staff will be hired in the first year, with the remaining 15 in the second. Potentially each of the 550 organizations can apply to have poker approved on their license. If all 550 participate in poker, then this has the potential to increase enforcement and training requirements. Research with other states has shown that the potential is high to have all organizations participate in bingo and poker for charitable purposes.

Annual Calculation of increased expenditures

Auditors	5
Inspectors	15
Enforcement Officers	5
Licensing technicians	5
Total number of additional staff:	30
Average salary and benefits:	\$75,000
Space rental:	\$97,650
Computers and maintenance (one time):	\$82,500
Travel reimbursement:	\$112,500
Record checks and dealer training:	\$150,000
Training organizational personnel:	\$30,000
Administrative costs, law enforcement certification:	\$27,350
Total annual staffing cost:	\$2,750,000

Revenues

Revenue generation has the potential to double if all present 550 organizations participate in poker. Research from other states participating in poker has indicated this trend. The increase in revenue will be seen once the Charitable Gaming Board adopts and implements the regulations for poker, which could occur March 2007. The proposed bill allows any organization that conducts bingo to also conduct poker. Estimates indicate that poker has the potential to generate a gross amount of \$300 million annually for Virginia, with 1.25 percent

of audits and administration fees going to the state as revenues, calculating at \$3.75 million. An increase in revenue provides an increase to charitable organizations to the tune of \$90 million. Presently bingo generates \$326 million gross, with \$45 million going to charities. The amount generated is greater than the requested budget for Charitable Gaming, (see above table), providing the general fund with \$250,000 the first year, and \$1 million annually there after. All dealers must be registered at an organizational cost of \$75. There are more dealers for poker than callers for bingo, so this estimate calculates at about \$400,000.

Annual Calculation of increased revenues

1.25 percent gross:	\$3.75 million
Gross amount generated:	\$300 million
Charitable amount:	\$90 million
Total revenues generated:	\$3,750,000

9. Specific agency or political subdivisions affected:

10. Technical amendment necessary:

11. Other comments:

Date: 1/18/06 CAB

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cc: Secretary of Administration