

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** SB172

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:**        Petersen, J. C.

**3. Committee:** General Laws and Technology

**4. Title:**         Poker; definition of illegal gambling and charitable gaming, etc.

**5. Summary:** This bill establishes poker as a game of skill and therefore not illegal gambling. The bill also allows a qualified organization to conduct poker games in conjunction with its charitable gaming activities, but does not allow charitable organizations to conduct poker tournaments.

The bill requires the Virginia Department of Agriculture and Consumer Services and the Charitable Gaming Board to regulate poker tournaments, defined in the bill as a competition organized for the purpose of conducting poker games at one or multiple tables where (i) competitors play a series of poker games, (ii) prizes are awarded to winning players on a fixed or proportional payout basis, and (iii) the total prize amount awarded to all winning players at the event is \$50,000 or more. Finally, the bill requires poker tournament sponsors to obtain a permit before conducting a tournament, and tournament manager and operators to be registered with the department. The bill contains technical amendments.

The bill contains an effective date for regulations by the Department of Agriculture and Consumer Services of July 1, 2012. All other provisions of the bill will be effective July 1, 2013.

**6. Budget Amendment Necessary:** No. A budget amendment, if necessary, can be provided to the 2013 General Assembly, as provisions of the bill (other than regulation development) have an effective date of July 1, 2013, or FY 2014.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8.

**8. Fiscal Implications:** With respect to the management of poker tournaments by sponsors other than organizations permitted by the Department of Agriculture and Consumer Services Office of Charitable Gaming, the bill appears to set adequate parameters to facilitate regulation by the department of this new gaming activity. The operation of a poker tournament will require an application and a registration fee of \$100. The bill allows for the establishment of other fees by regulation, including permit processing fees, audit, and administration fees not to exceed 1.25 percent of gross receipts. One percent of gross receipts

will be paid from the tournament sponsor to the department for deposit to the general fund. However, since this would be an entirely new gaming activity in the Commonwealth, there is no historical data or other information available to estimate the fee revenue or the resource needs, including positions and support costs, for regulation of poker tournaments. Consequently, the fiscal impact of this bill cannot be determined at this time.

Further, the bill provides that any violation of the provisions of the article is subject to a Class 1 misdemeanor. As such, the legislation could result in an increase in the jail population since Class 1 misdemeanor outcomes result in sentences of up to 12 months in jail (and a fine up to \$2,500). Any increase in jail population will increase costs to the state. The Commonwealth presently pays the localities \$4.00 a day for each misdemeanant or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's FY 2010 Jail Cost Report (November 1, 2011), the estimated total state support for local and regional jails averaged \$29.98 per state inmate, per day in FY 2010.

Finally, the bill establishes a provision by which the Department of State Police, upon request from the Department of Agriculture and Consumer Services, shall assist in the conduct of investigations of poker tournaments. Per the State Police, the impact of this provision is indeterminate, but it is likely to be immaterial to the agency.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Agriculture and Consumer Services; Department of State Police; state and local courts, jails, correctional facilities.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 01/23/12

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