

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB790

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

2. Patron: Carrico

3. Committee: General Laws and Technology

4. Title: Department of Professional and Occupational Regulation; boxing, martial arts, and wrestling events.

5. Summary: This bill provides that amateur boxing, martial arts, and wrestling events and exhibitions and the participants in the events and exhibitions are required to obtain a permit before the event or exhibition can be held. This bill also authorizes the Department of Professional and Occupational Regulation to enter into a contract with a sanctioning organization to carry out all activities of overseeing the amateur events and exhibitions.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	\$0	n/a
2016	\$48,680	Special
2017	\$41,680	Special
2018	\$41,680	Special
2019	\$41,680	Special
2020	\$41,680	Special
2021	\$41,680	Special

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	\$0	n/a
2016	\$152,500	Special
2017	\$152,500	Special
2018	\$152,500	Special
2019	\$152,500	Special
2020	\$152,500	Special
2021	\$152,500	Special

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring DPOR to issue permits for amateur events and exhibitions involving boxing, martial arts, or wrestling

and the promoters and participants in the amateur events and exhibitions. Virginia's existing regulatory program is limited to professional (paid) boxing, martial arts, and wrestling with current law exempting all individuals associated with amateur (unpaid) exhibitions from state licensing requirements.

The following fiscal implications are based on DPOR performing all requirements of this legislation as it currently does for the program regulating professional events/participants. As an alternative, the bill authorizes DPOR to enter into a contract with a sanctioning organization to carry out all necessary activities of overseeing the amateur events and exhibitions. The cost of such a contract is indeterminate at this time. Depending on the terms of the contract, all revenue or any portion thereof, and all costs could be assigned to the sanctioning organization. The contract costs to the state are expected to be less than the above DPOR estimated internal costs.

This bill will require DPOR to amend the Boxing, Wrestling, and Martial Arts regulations and to implement additional processes for the ongoing administration of issuing permits to qualified amateur events, exhibitions, and participants. DPOR estimates that approximately 500 participants, 40 promoters, and 75 amateur events/exhibitions will be required to obtain permits.

Expenditure Impact: This legislation will require one wage Band 3 position to serve as a licensing and regulatory specialist to process new applications for the amateur regulatory program, respond to telephone and e-mail inquiries from the regulants and general public; prepare written correspondence with applicants, permittees, and the public; and process other documents related to minimum health qualifications of participants (e.g. blood testing and physical fitness). The cost of wages and benefits for this position is expected to be \$23,981 annually beginning in FY2016. DPOR will need to purchase furniture and equipment for the new position in FY2016 at an estimated cost of \$7,000.

Other operating costs beginning in FY 2016 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$11,300 each year. This bill charges DPOR with direct oversight of all approved amateur events and exhibitions which will involve staff travel and related expenses estimated at \$6,400 annually.

It is anticipated that the expenditure impact can be absorbed within existing appropriations.

Revenue Impact: In accordance with the provisions of Section 54.1-113 (Callahan Act), Code of Virginia, licensing and certification (permitting) fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs. Approximately 500 participant permit applications, 40 promoter applications, and 75 event/exhibition permit applications are expected each year beginning in FY 2016. Based on the current fees for professional licenses, total revenue from the additional amateur event/exhibition permits is estimated at \$152,500 annually.

Individual amateur participant permits are expected to be \$40 annually. Participants may incur additional costs for other requirements such as physical exams, blood tests, and substance/drug screenings. Amateur promoter permits are expected to be \$500 annually and event/exhibition permits are expected to be \$1,500 per occurrence.

As noted, this legislation authorizes DPOR to enter into a contract with a sanctioning organization to carry out all necessary activities of overseeing the amateur events and exhibitions. The cost of such a contract is indeterminate at this time. Depending on the terms of the contract, all revenue or any portion thereof, and all costs could be assigned to the sanctioning organization. The contract costs to the state are expected to be less than the above DPOR estimated internal costs.

The bill moves the existing criminal penalties that are currently in § 54.1-835 to the proposed § 54.1-828.4. As a result, it is not anticipated that bill will result in additional fines or impact the prison population.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: HB1455 also addresses amateur boxing, martial arts, and wrestling events, exhibitions, and participants.