

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: SB646

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

2. Patron: McDougle

3. Committee: General Laws

4. Title: Fantasy Contests Act; registration required; conditions of registration; civil penalty.

5. Summary: The bill creates the Fantasy Contests Act (the Act), which applies to fantasy contests with an entry fee offered in Virginia. The bill defines "fantasy contest" as any fantasy or simulated game or contest in which (i) the value of all prizes and awards offered to winning participants is established and made known to the participants in advance of the contest; (ii) all winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sports events; and (iii) no winning outcome is based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in any single actual event. The bill requires operators of fantasy contests to register annually with the Department of Agriculture and Consumer Services. The bill sets forth the conditions for registration and penalties for violation of the Act. In addition, the bill specifies powers and duties of the department regarding the Act, including investigations and proceedings against violators and suspension or revocation of registrations. Lastly, the bill provides that such contests are not illegal gambling.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: This bill requires a fantasy contest operator to register annually with the Department of Agriculture and Consumer Services (VDACS) and to pay an initial fee of \$50,000 for such application of registration. The second enactment of the bill states that after the first year, the fee for an application of registration shall be set by VDACS. Revenue generated from the fee, and from all charges and penalties, will be deposited to a special fund and used to administer the program.

As substituted, this bill requires some enforcement action by VDACS. Because the number of fantasy contest operators that will register is unknown, the department cannot determine the cost associated with necessary enforcement actions. Provisions of the bill require the agency to increase registration fees if expenses resulting from its administration are more than 10 percent greater or less than the fees collected.

In addition to the penalties under Section 59.1-561, the bill establishes a civil penalty of not more than \$1,000 for each violation of the bill's provisions, which amount shall be paid into the State Literary Fund. Revenue from civil penalties cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB775 as passed by the House.