

## Department of Planning and Budget 2016 Fiscal Impact Statement

**1. Bill Number:** SB100

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

**2. Patron:** Cosgrove

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

**4. Title:** Charitable gaming; limits audit and administration fee of charitable organization.

**5. Summary:** This bill limits the audit and administration fee to no more than 1.25 percent of the adjusted gross receipts of a charitable organization, defined as the total amount of money received by the organization from charitable gaming before the deduction of expenses and excluding prizes paid out. Under current law, such fee is limited to 1.25 percent of the gross receipts, which includes prizes.

**6. Budget Amendment Necessary:** Yes, Page 1 of SB30, "Total General Fund Resources Available for Appropriation."

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$30,000	0	General Fund

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	0	N/A
2017	(\$1.87 million)	General Fund
2018	(\$1.87 million)	General Fund
2019	(\$1.87 million)	General Fund
2020	(\$1.87 million)	General Fund
2021	(\$1.87 million)	General Fund
2022	(\$1.87 million)	General Fund

**8. Fiscal Implications:** Item 96 of the 2015 Appropriation Act (Chapter 665, 2015 Acts of Assembly) directs that, "Notwithstanding § 18.2-340.31, Code of Virginia, any and all fees paid by any organization conducting charitable gaming under a permit issued by the Department [of Agriculture and Consumer Services], including audit and administrative fees and permit fees, shall be deposited to the general fund." This language is continued in the introduced budget bill, SB30. Assuming (i) the level of charitable gaming sales activity remains the same going forward and (ii) that the future calculation of audit and administration fees is based on the proposed adjusted gross receipts rather than gross

receipts, the Department of Agriculture and Consumer Services (VDACS) estimates that the amount of audit and administration fees collected will decrease from \$2.47 million to \$600,000 per year. This would result in an estimated \$1.87 million decrease in general fund revenue per year. The calculation is based on calendar year 2014 data.

Charitable gaming organizations report to VDACS on a calendar year basis, and all related information technology and accounting systems are designed accordingly. If the bill becomes effective on July 1, 2016, VDACS will need to track the audit and administration fees that were based on gross receipts during the first half of the calendar year and on adjusted gross receipts the second half of the year. Reprogramming of the reporting systems will be necessary to accommodate the change in the calculation of the audit and administration fee. The estimated cost to update the systems is \$30,000, which may be absorbed in the department's existing appropriation.

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

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

**11. Other Comments:** None.