

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1400

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

2. Patron: Lucas

3. Committee: General Laws

4. Title: Poker; definition of illegal gambling and charitable gaming; poker games authorized; regulation of poker tournaments

5. Summary: The bill provides that poker is a game of skill and therefore not illegal gambling. The bill allows a qualified charitable organization to conduct poker games in conjunction with its charitable gaming activities, but does not allow a charitable organization to conduct poker tournaments. The bill defines a poker tournament 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. The bill requires poker tournament sponsors to obtain a permit before conducting a tournament and tournament managers and operators to be registered with the Department of Agriculture and Consumer Services (VDACS). The bill requires the Charitable Gaming Board to establish regulations relating to poker tournaments and VDACS to regulate poker games and poker tournaments. Individuals conducting poker tournaments must pay 1.25 percent of gross receipts to cover VDACS' expenses related to regulation of poker tournaments. The bill contains technical amendments. The bill, as passed by the Senate, states that the Department of State Police may assist in the conduct of investigations by VDACS. The bill has a delayed effective date of July 1, 2018, except as it pertains to the regulation of poker tournaments.

6. Budget Amendment Necessary: No, not in the current biennium.

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

7a. Expenditure Impact: Preliminary.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$0	0	NGF
2019	\$95,000	1	NGF
2020	\$70,000	1	NGF
2021	\$70,000	1	NGF
2022	\$70,000	1	NGF
2023	\$70,000	1	NGF

7b. Revenue Impact: Indeterminate, see item 8.

- 8. Fiscal Implications:** The bill expands VDACS' existing regulatory responsibility for charitable gaming activities to include poker games. Under the provisions of Item 99 A of the 2016 Appropriation Act (Chapter 780, 2016 Acts of Assembly), the charitable gaming audit and administrative and permitting fees are deposited to the general fund, and the regulation of charitable gaming is supported by a general fund appropriation. The bill will have an indeterminate general fund fiscal impact on the agency related to VDACS' expanded regulatory role. It is anticipated that new charitable organizations will seek licenses to conduct poker games, and existing charitable organizations will expand their game offerings to include poker. As a result of the increased workload, the interval between the VDACS' inspections and audits of charitable gaming organizations may increase, affecting the agency's ability to adequately regulate the industry.

The bill requires that those individuals conducting poker tournaments outside of charitable gaming organizations pay a fee of up to 1.25 percent of gross receipts to be used by VDACS for the auditing and regulating poker tournaments. This would create a new nongeneral fund responsibility for VDACS. It is anticipated that one nongeneral fund FTE will be required beginning in FY 2019 to audit and regulate poker tournaments. VDACS anticipates \$70,000 including salary and benefits for the position, and a one-time cost in FY 2019 for purchase of a vehicle for the position to conduct compliance activities across the state. Additional FTEs may be needed if the workload associated with monitoring poker tournaments is significant. However, the revenue which would support such positions and expenses cannot be estimated; as such, the nongeneral fund expenditure impact is preliminary at this time.

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

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None