

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** SB992

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

**2. Patron:** Lucas

**3. Committee:** Finance

**4. Title:** Charitable Gaming Board; Texas Hold'em poker events.

**5. Summary:** This bill allows a qualified organization to conduct Texas Hold'em poker tournaments in conjunction with its charitable gaming activities. The conditions under which a qualified organization may manage, operate or contract with operators of, or conduct Texas Hold'em poker tournaments shall be prescribed by the Charitable Gaming Board. The bill provides that the initial regulations adopted by the Charitable Gaming Board pertaining to the conduct of Texas Hold'em events shall be exempt from the requirements of Article 2 (§ 2.2-4006 et seq.) of the Administrative Process Act (§ 2.2-4000 et seq.).

The bill also creates the Problem Gambling Treatment and Support Fund to be administered by the Department of Behavioral Health and Developmental Services. One-half of one percent of the total gross receipts from Texas Hold'em poker tournaments shall be paid to the Fund.

**6. Budget Amendment Necessary:** Yes, to Items 96 and 310 of HB30/SB30.

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

**7a.1 Expenditure Impact:** Item 96 – Virginia Department of Agriculture and Consumer Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	n/a	n/a	n/a
2019	\$250,000	4	General fund
2020	\$250,000	4	General fund
2021	\$250,000	4	General fund
2022	\$250,000	4	General fund
2023	\$250,000	4	General fund
2024	\$250,000	4	General fund

**7a.2 Expenditure Impact:** Item 310 - Department of Behavioral Health and Developmental Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	n/a	n/a	n/a
2019	\$3,050,000	1	NGF
2020	\$3,050,000	1	NGF

2021	\$3,050,000	1	NGF
2022	\$3,050,000	1	NGF
2023	\$3,050,000	1	NGF
2024	\$3,050,000	1	NGF

**7b. Revenue Impact:** Indeterminate.

- 8. Fiscal Implications:** It is anticipated that this bill will result in an expenditure impact to the Department of Agriculture and Consumer Services (VDACS). The permitting and overseeing of Texas Hold'em poker tournaments would be a new gaming activity in Virginia. Currently, there are approximately 300 licensed bingo operators that could expand game offerings to include Texas Hold'em events. Additionally, the bill provides for qualified organizations to contract with operators to conduct Texas Hold'em poker tournaments, which may increase the number of charities participating in charitable gaming. According to VDACS, there are approximately 12,000 registered charities in Virginia. The bill also provides that qualified organizations may conduct these events up to three times per week and allows such events to be conducted outside of the conduct of bingo sessions.

As a result, VDACS anticipates that this bill will increase the number of qualified organizations conducting events, as well as the frequency and duration of such events. VDACS anticipates that four positions, including two licensing analysts and two auditors, will be required to properly oversee this new activity. As a result of ongoing budget reductions in the Charitable Gaming Regulation program, the additional responsibilities cannot be absorbed using existing resources. The department estimates that the total cost of the needed positions, including operating expenses, will be approximately \$250,000.

The bill also establishes the Problem Gambling Treatment and Support Fund to be administered by the Department of Behavioral Health and Developmental Services (DBHDS). One-half of one percent of the total gross receipts from Texas Hold'em poker tournaments shall be paid to the Fund. Moneys in the Fund shall be used solely for the purposes of providing counseling and other support services for compulsive and problem gamblers, developing and implementing problem gambling treatment and prevention programs, and providing grants to supporting organizations that provide assistance to compulsive gamblers. At this time, the revenue to support the Fund cannot be determined. However, according to DBHDS, \$3.1 million and 25 positions will be required to administer the program.

Currently, DBHDS does not provide any counseling or rehabilitative services for gambling addiction. Based on the population density of Virginia, this legislation is estimated to require funding for 24 positions through the Community Services Boards and one position at the DBHDS central office at a total cost of \$1.9 million per year in staffing. Additionally, using the costs of administering the Mental Health First Aid program as a blueprint, DBHDS projects the need for an additional \$600,000 per year for the costs of regional training programs and \$500,000 in additional support to the CSBs for locally administered programs. Consequently, according to DBHDS, a nongeneral fund budget amendment to Item 310 of

HB30/SB30 of \$3.05 million and one position in each year is required to allow DBHDS to administer the program. Again, the revenue to be deposited to the Fund and to support this program is indeterminate.

The revenue that will be generated through the payment of poker event fees, such as permits, and audit and administration fees, cannot be estimated at this time. Budget language in Item 99, Chapter 836, 2017 Acts of Assembly, and continued in HB30/SB30, directs that all fees paid by permitted organizations are to be deposited into the general fund.

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

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

**11. Other Comments:** HB1509 also addresses Texas Hold'em poker tournaments.