Department of Planning and Budget
2019 Fiscal Impact Statement

1. **Bill Number:** SB1671

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

2. **Patron:** McPike

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

4. **Title:** Charitable gaming; special permit for the play of electronic versions of instant bingo, pull tabs.

5. **Summary:** This bill creates a special permit that shall be granted to a qualified organization that has already received a general permit for the conduct of charitable gaming from the Department of Agriculture and Consumer Services to allow such organization to place department-approved electronic versions of instant bingo, pull tabs, or seal cards on the licensed premises of an entity licensed to sell alcoholic beverages for on-premises consumption with the consent of such licensee. The bill also exempts qualified organizations that are granted such a special permit from certain requirements relating to (i) limits on the number of organizations for which a person may manage, operate, or conduct charitable games; (ii) prohibitions on providing compensation or any other remuneration to persons for organizing, managing, or conducting charitable games; or (iii) the use of proceeds derived from the conduct of charitable games, as those requirements relate to the management, operation, or conduct of charitable games pursuant to such special permit.

6. **Budget Amendment Necessary**: Yes, to Item 96 of HB1700/SB1100.

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

7a. Expenditure Impact:

Fiscal Year	***Dollars***	***Positions***	***Fund***
2020	$777,327	9 FTE	General Fund
2021	$777,327	9 FTE	General Fund
2022	$777,327	9 FTE	General Fund
2023	$777,327	9 FTE	General Fund
2024	$777,327	9 FTE	General Fund
2025	$777,327	9 FTE	General Fund

7b. Revenue Impact: Indeterminate. See item 8.

8. **Fiscal Implications:** It is anticipated that this bill will have a general fund expenditure impact to the Virginia Department of Agriculture and Consumer Services (VDACS) and a general fund revenue impact. It is anticipated that VDACS will require additional resources to implement the provisions of this bill.

This bill allows qualified organizations that already hold charitable gaming permits to obtain a special permit to place electronic pull-tab devices in any location licensed to sell on-premises consumption of alcoholic beverages, such as bars, hotels, cinemas, wineries, and restaurants. Currently, the Virginia Department of Agriculture and Consumer Services (VDACS) inspects locations conducting charitable gaming activities and audits the financial activities related to them. According to the Alcoholic Beverage Control Authority, there are 9,500 retail licenses issued to sell alcoholic beverages for on-premises consumption.

VDACS anticipates that all or most of the 9,500 retail licensees will place electronic pull-tab devices within their locations and VDACS will conduct an annual inspection on those locations. VDACS estimates a need for six inspectors at an annual general fund cost of $489,000 to conduct the inspections.

Under this special permit, the qualified organization will continue to file financial reports and undergo audits and financial reviews by the agency to ensure compliance. VDACS estimates a need for three auditors at an annual general fund cost of $288,327 for the expanded activity.

The proceeds generated from these devices are subject to the 1.125 percent audit and administration fee paid by organizations with charitable gaming licenses. Budget language in Item 96, Chapter 2, 2018 Acts of Assembly, Special Session I and continued in HB1700/SB1100 directs that all fees paid by permitted organizations are deposited into the general fund. VDACS is unable to estimate the revenue impact because the volume of sales that may occur at the potentially 9,500 locations is unknown.

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

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

11. **Other Comments:** This bill is the companion to HB2302, as introduced.