

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB199

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

2. Patron: Barker

3. Committee: Finance and Appropriations

4. Title: Conduct of charitable gaming.

5. Summary: Removes restrictions regarding (i) the number of calendar days that charitable gaming may be conducted, (ii) the number of bingo sessions that may be played in any calendar day and the number of bingo games that may be played during each session, and (iii) the locations at which games may be played.

As substituted, the bill also 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 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 105 of HB30/SB30.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$908,766	10 FTE	General Fund
2022	\$908,766	10 FTE	General Fund
2023	\$908,766	10 FTE	General Fund
2024	\$908,766	10 FTE	General Fund
2025	\$908,766	10 FTE	General Fund
2026	\$908,766	10 FTE	General Fund

7b. Revenue Impact: N/A

- 8. Fiscal Implications:** The bill will allow charitable organizations to conduct an unlimited number of bingo games during the day and unlimited number of days an organization may conduct bingo games during the week. The bill also (i) removes the limits of 55 bingo games per bingo session and two bingo sessions per calendar day for a qualified organization; (ii) removes the restriction regarding where a qualified organization may hold bingo games; and (iii) removes the restrictions regarding the number of calendar days within a given week that bingo games may be conducted at buildings or other premises.

Currently, there are approximately 300 licensed bingo operators and approximately 10,300 registered charities in Virginia that could expand game offerings as a result of this bill. It is estimated that the inspection requirement for the Department of Agriculture and Consumer Services (VDACS) will increase in order to adequately monitor the additional days of the week during which bingo can be conducted. To manage the increased workload, the department estimates the need of one position at an annual cost for salary and fringes of \$75,000 with an additional \$6,500 to lease a vehicle.

In addition, 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, VDACS inspects locations conducting charitable gaming activities and audits the financial activities related to them. According to the Alcoholic Beverage Control Authority, there were 9,500 retail licenses issued to sell alcoholic beverages for on-premises consumption in 2018.

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 \$507,134 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 \$320,132 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 105 of HB30/SB30 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:** None.