

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB936

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

2. Patron: Petersen

3. Committee: Passed the Senate.

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

5. Summary: Allows certain qualified organization to conduct Texas Hold'em poker events 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 games and tournaments shall be prescribed by the Charitable Gaming Board. In addition, the bill establishes the Problem Gambling Treatment and Support Fund administered by the Commissioner of Behavioral Health and Developmental Services to provide counseling and other support services for compulsive and problem gamblers, develop problem gambling treatment and prevention programs, and provide grants to supporting organizations that provide assistance to compulsive gamblers.

As passed by the Senate, the bill includes an enactment clause stating that the provisions of shall not become effective unless an appropriation effectuating the purposes of the bill is included in a general appropriation act passed in 2020 by the General Assembly that becomes law.

6. Budget Amendment Necessary: Yes to Item 105 of HB/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	\$374,667	4	General Fund
2022	\$374,667	4	General Fund
2023	\$374,667	4	General Fund
2024	\$374,667	4	General Fund
2025	\$374,667	4	General Fund
2026	\$374,667	4	General Fund

7b. Revenue Impact: Indeterminate.

8. Fiscal Implications: It is anticipated that this bill will result in an expenditure impact for 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. The bill provides for qualified organizations to contract with operators to conduct Texas Hold'em

poker games and tournaments, which may increase the number of charities participating in charitable gaming. According to VDACS, there are over 10,000 registered charities in Virginia.

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 inspectors and two auditors will be required to properly oversee this new activity. The department estimates that the total cost of the positions, including operating expenses, will be \$374,667.

The revenue that will be generated through the payment of fees for poker events, permits, and audit and administration fees, cannot be estimated at this time. Budget language in Item 96, Chapter 854, 2019 Acts of Assembly, and continued in HB30/SB30, directs that all fees paid by permitted organizations are to be deposited into the general fund.

The bill specifies that one-half of one percent of the total gross receipts shall be paid to the Problem Gambling Treatment and Support Fund also established in the bill. The Fund is to be administered by the Department of Behavioral Health and Developmental Services (DBHDS). The amount of gross receipts cannot be determined.

Currently, DBHDS does not provide any counseling or rehabilitative services for gambling addiction. If DBHDS is expected to establish a comprehensive program for problem gambling, it is anticipated that additional resources may be required. Previous estimates, based on the population density of Virginia, projected that a comprehensive program would require 24 local positions through the Community Services Boards and one central office position at the DBHDS central office at a 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 \$1.1 million for training and treatment services at the regional level.

Expense	Cost	Number of FTEs	Total
CSB Staff	\$75,000 per position	24	\$1,875,000
Central Office Staff	\$75,000 per position	1	\$75,000
Treatment/Training Programs	\$1,100,000	-	\$1,100,000
		25	\$3,050,000

The figures above are in line with average per capita expenditures on problem gambling programs nationwide. Based on a 2016 survey done by the National Council on Problem Gambling, the average per capital allocation for problem gambling services for states that have such programs was \$0.37. The census of Virginia, according to the US Census Bureau, is estimated at approximately 8.5 million. The average allocation applied to the Virginia census equals \$3,145,000, which is in line with the DBHDS estimate.

According to DBHDS, if the legislation is not interpreted to require a comprehensive program, and requires only the disbursement of the funds deposited, there is no fiscal impact; however it is unlikely that the available funds would be adequate to provide any substantial form of treatment or support.

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: HB1125, as introduced, is the companion to this bill.