

## Department of Planning and Budget 2021 Fiscal Impact Statement

**1. Bill Number:** SB1127

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input checked="" type="checkbox"/>	In Committee	<input checked="" type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Reeves

**3. Committee:** General Laws

**4. Title:** Charitable gaming; conduct of instant bingo, network bingo, pull tabs, and seal cards.

**5. Summary:** The bill modifies the list of organizations that may conduct charitable gaming and requires such organizations to obtain a permit from the Department of Agriculture and Consumer Services; however, the bill exempts certain organizations from the permit application and audit fees. The bill removes provisions that allowed an organization to exclude from its gross receipts proceeds from instant bingo, pull tabs, seal cards, and Texas Hold'em. The bill specifies the locations at which an organization may conduct bingo, network bingo, instant bingo, pull tabs, or seal cards. The bill prohibits the holding of a permit by a supplier or manufacturer that commits certain violations or offenses after July 1, 2021. The bill prohibits the Charitable Gaming Board from adjusting the percentage of gross receipts that an organization must use for religious, charitable, community, or educational purposes or for certain real property expenses until a study is completed by a joint subcommittee created in the bill.

**6. Budget Amendment Necessary:** Yes, to Item 105 of HB1800/SB1100.

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

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021			
2022	\$407,600	5 FTE	General Fund
2023	\$407,600	5 FTE	General Fund
2024	\$407,600	5 FTE	General Fund
2025	\$407,600	5 FTE	General Fund
2026	\$407,600	5 FTE	General Fund

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021		
2022	(\$531,700)	General Fund
2023	(\$531,700)	General Fund
2024	(\$531,700)	General Fund
2025	(\$531,700)	General Fund
2026	(\$531,700)	General Fund

- 8. Fiscal Implications:** It is anticipated that this bill will have a general fund expenditure impact to the 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.

The substitute bill caps the revenue to \$40,000 in gross receipts generated from charitable gaming activities for certain organizations and exempts such organizations from paying any fees, including the \$200 permit application fee and the audit and administration fee. Based on provisions of the substitute bill, an estimated 46 organizations in 2019 exceeded \$40,000 in annual charitable gaming receipts. These organizations averaged \$820,000 in gross receipts for the year from various charitable gaming activities. The aforementioned organizations would be capped to no more than \$40,000 in gross receipts and exempted from paying permit fees and audit and administration fees. As such, there will be a reduction in the collection of permit application fees of \$9,200, and a reduction in collection of audit and administration fees of \$522,500.

This substitute bill will require an estimated 145 organizations, which are currently conducting bingo activities but are exempted from the permitting requirements to obtain a permit. In addition, an estimated 300 organizations that are currently exempted from the permitting requirements and are selling instant bingo, seal cards, and pull-tabs in their “private social quarter” will also be required to obtain a permit. VDACS estimates a need for two licensing specialists at an annual cost of \$146,000 to process the approximate 445 additional permit applications.

Permitted organizations will be subject to routine inspections by the agency to ensure compliance with the Charitable Gaming Law and the Charitable Gaming Regulations. VDACS estimates a need for three inspectors at an annual general fund cost of \$261,600 to conduct the inspections.

The gross receipts generated from charitable gaming activities are subject to the 1.375 percent audit and administration fee paid by organizations with charitable gaming permits and subject to the fee. Budget language in Item 105 of HB1800/SB1100 directs that all fees paid by permitted organizations be deposited into the general fund.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.