

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB726

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

2. Patron: Lucas, L. L.

3. Committee: General Laws and Technology

4. Title: Poker; definition of illegal gambling and charitable gaming, etc.

5. Summary: This bill seeks to provide a framework for the conduct of poker games and poker tournaments in Virginia. The bill defines the term “gambling device” and provides that poker is a game of skill and therefore not illegal gambling. The terms “poker game” and “poker tournament” are defined.

The Charitable Gaming Board is authorized to promulgate regulations regarding both poker games and poker tournaments. Poker games are added to the list of permissible gaming activities that qualified charitable organizations may conduct, provided that no poker game prize exceeds \$100. Poker tournaments are defined as larger competitions organized for the purpose of conducting poker games where the total prize amount awarded to all players in the tournament exceeds \$50,000. Qualified charitable gaming organizations may not conduct poker tournaments. Poker tournament sponsors are required to obtain a permit before conducting a tournament and tournament managers, operators and suppliers must register with the Virginia Department of Agriculture and Consumer Services.

6. Budget Amendment Necessary: No. A budget amendment, if necessary, can be provided by the 2014 General Assembly, as provisions of the bill (other than regulation development) have an effective date of July 1, 2014, or FY 2015.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2013	0	0	N/A
2014	0	0	N/A
2015	\$250,000	4	GF
2016	\$250,000	4	GF
2017	\$250,000	4	GF
2018	\$250,000	4	GF
2019	\$250,000	4	GF

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	0	N/A

2014	0	N/A
2015	unknown	GF
2016	unknown	GF
2017	unknown	GF
2018	unknown	GF
2019	unknown	GF

- 8. Fiscal Implications:** From a regulatory perspective, the conduct of poker games by permitted organizations as prescribed in the bill should not require additional inspection or auditing resources. However, the permitting and overseeing of poker tournaments would be a new gaming activity in Virginia for which no historical data is available to forecast needed resources. Consequently, a precise fiscal impact cannot be estimated at this time, but the Department of Agriculture and Consumer Services anticipates that it would need an additional registration analyst, an additional auditor, and two additional field inspectors, 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 needed positions will cost approximately \$250,000.

The revenue that will be generated through the payment of poker tournaments and other fees, such as permit processing, audit, and administration fees, cannot be estimated at this time. The bill provides that one percent of gross receipts will be paid from the tournament sponsor to the department for deposit to the general fund.

Further, the bill provides that any violation of the provisions of the article is subject to a Class 1 misdemeanor. As such, the legislation could result in an increase in the jail population since Class 1 misdemeanor outcomes result in sentences of up to 12 months in jail (and a fine up to \$2,500). Any increase in jail population will increase costs to the state. The Commonwealth presently pays the localities \$4.00 a day for each misdemeanant or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's FY 2012 Jail Cost Report (November 1, 2012), the estimated total state support for local and regional jails averaged \$26.54 per state inmate, per day in FY 2011.

Finally, the bill establishes a provision by which the Department of State Police, upon request from the Department of Agriculture and Consumer Services, shall assist in the conduct of investigations of poker tournaments. Per the State Police, the impact of this provision is indeterminate, but it is likely to be immaterial to the agency.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Agriculture and Consumer Services; Department of State Police; state and local courts, jails, correctional facilities.

- 10. Technical Amendment Necessary:** No.

11. Other Comments: None.

Date: 1/10/13

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