

Department of Planning and Budget

2015 Fiscal Impact Statement

1. Bill Number: SB1309

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

2. Patron: Ruff, Jr.

3. Committee: General Laws and Technology

4. Title: Charitable gaming.

5. Summary: This bill seeks to (i) change the current name of the Charitable Gaming Board to the Board for Charitable Gaming (Board); (ii) change the Board's level of authority and corresponding classification from policy to supervisory status; (iii) empower the Board to oversee the day-to-day operations of the charitable gaming unit in the Virginia Department of Agriculture and Consumer Services (VDACS); (iv) reduce the number of Board members from nine to eight and prescribe the manner in which those members will be appointed to their seats; (v) provide that charitable gaming staff is subordinate to the Board. (vi) provide that the Board shall advise the Governor, rather than VDACS, on the conduct of charitable gaming in the Commonwealth; (vii) codify the Office of Charitable Gaming and provide that the Board shall appoint all employees in the charitable gaming program, including marketing and development staff to promote and expand charitable gaming in Virginia; (viii) empower the board to conduct hearings and investigations, and to authorize any member of the Board to conduct hearing, issue subpoenas, administer oaths and take testimony, and make summary decisions on cases brought before the Board; (ix) authorize the Board to charge fees for requests for statistical information; (x) authorize the Board to grant, suspend, or revoke permits to conduct charitable gaming; (xi) establish the Charitable Gaming Fund and provide that expenditures from the Fund shall be made by the Board's chair or vice-chair; and (xi) authorize the Board to periodically adjust the fees paid by charitable gaming organizations so that the fees are sufficient to cover but not exceed the operating expenses of the charitable gaming program. The bill also deletes most references to VDACS in the Charitable Gaming Statute (Statute), Virginia Code § 18.2-340.15 et seq., and replaces them with the Board. Finally, the bill grants authority to the Board, its agents and employees, to investigate any gaming activity not specifically authorized in the statute or regulation of the Board. The bill contains technical amendments.

6. Budget Amendment Necessary: Yes to Item 96 of HB1400/SB800.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

General Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	n/a	n/a	n/a

2016	(1,370,447)	(19.00)	General fund
2017	(1,370,447)	(19.00)	General fund
2018	(1,370,447)	(19.00)	General fund
2019	(1,370,447)	(19.00)	General fund
2020	(1,370,447)	(19.00)	General fund
2021	(1,370,447)	(19.00)	General fund

Nongeneral Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	n/a	n/a	n/a
2016	\$1,695,447	19.00	Nongeneral fund
2017	\$1,695,447	19.00	Nongeneral fund
2018	\$1,695,447	19.00	Nongeneral fund
2019	\$1,695,447	19.00	Nongeneral fund
2020	\$1,695,447	19.00	Nongeneral fund
2021	\$1,695,447	19.00	Nongeneral fund

7b. Revenue Impact:

General Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	(\$2,500,000)	General fund
2017	(\$2,500,000)	General fund
2018	(\$2,500,000)	General fund
2019	(\$2,500,000)	General fund
2020	(\$2,500,000)	General fund
2021	(\$2,500,000)	General fund

Nongeneral Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	\$1,695,447	Nongeneral fund
2017	\$1,695,447	Nongeneral fund
2018	\$1,695,447	Nongeneral fund
2019	\$1,695,447	Nongeneral fund
2020	\$1,695,447	Nongeneral fund
2021	\$1,695,447	Nongeneral fund

- 8. Fiscal Implications:** This bill is estimated to result in a \$1.1 million annual decrease in general fund revenue. Item 96, paragraph A of Chapter 3, 2014 Acts of Assembly, Special Session I, directs that all fees paid by any organization conducting charitable gaming under permit from the Department of Agriculture and Consumer Services be deposited to the general fund. The charitable gaming program collects approximately \$2.5 million per year in fees from permitted organizations, which is deposited to the general fund. The program, in turn, receives an annual appropriation of approximately \$1.4 million. If the general fund revenue deposit and the general fund appropriation for support are replaced by nongeneral fund revenue and appropriation as outlined in the bill, the general fund impact will decrease by \$1.1 million per year.

The nongeneral fund cost to operate the charitable gaming program as stated in the bill is estimated at \$1,696,447. As provided in the bill, the Board is authorized to charge fees paid by charitable organizations to cover the expenses of the program. The estimated cost to operate the program is approximately \$325,000 more than the current budget of the program. The bill calls for the hiring of marketing staff, as well as entering into contracts with external marketing professionals, to help promote charitable gaming. In addition, similar to other nongeneral fund supported activities, the program will be responsible for expenses related to administrative support, including information technology and rent, which are currently included in the department's general fund operating costs.

Currently, employees who staff the charitable gaming program are employees of VDACS and are classified employees. Under the provisions of the bill, the Board will appoint all of the program's agents and employees. At this time, what, if any change, this would have on the employees' status 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 bill to HB1932 as introduced.