

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 870

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

2. Patron: Cosgrove

3. Committee: Agriculture, Conservation, and Natural Resources

4. Title: Charitable gaming; limits audit and administration fee, adjusted gross receipts.

5. Summary: The bill modifies the basis on which certain charitable gaming fees are calculated. Currently, charitable gaming organizations are required to pay audit and administration fees based on gross receipts. Those fees are capped at one and one-quarter percent of gross receipts. The bill retains the cap percentage but provides that the fees shall be calculated on the basis of “adjusted gross receipts,” which the bill defines as “the total amount of money generated by an organization from charitable gaming before the deduction of expenses, excluding prizes”.

6. Budget Amendment Necessary: Yes, Page 1 of SB 800, “Total General Fund Resources Available for Appropriation.”

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact: None.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	(\$1.8 million)	General fund
2017	(\$1.8 million)	General fund
2018	(\$1.8 million)	General fund
2019	(\$1.8 million)	General fund
2020	(\$1.8 million)	General fund
2021	(\$1.8 million)	General fund

8. Fiscal Implications: Item 96 of the 2014 Appropriation Act (Chapter 3, 2014 Acts of Assembly, Special Session 1) directs that, “Notwithstanding § 18.2-340.31, Code of Virginia, any and all fees paid by any organization conducting charitable gaming under a permit issued by the Department [of Agriculture and Consumer Services], including audit and administrative fees and permit fees, shall be deposited to the general fund.” This language is continued in the introduced budget bill, Senate Bill 800.

Assuming (i) the level of charitable gaming sales activity remains the same going forward, and (ii) that the future calculation of audit and administration fees is based on adjusted gross receipts rather than gross receipts, the Department of Agriculture and Consumer Services

estimates that the administrative and audit fees collected will decrease by approximately \$1.8 million to an estimated \$700,000 per year. This will decrease general fund revenue by \$1.8 million per year.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.