

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB1092

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

2. Patron: Filler-Corn

3. Committee: General Laws

4. Title: Charitable Gaming Board; powers and duties.

5. Summary: This bill vests the Charitable Gaming Board with control of all charitable gaming in the Commonwealth and sets out the powers and duties of the Board. Currently the control of charitable gaming is vested in the Department of Agriculture and Consumer Services (VDACS). The bill establishes the Charitable Gaming Fund as a special fund for the administration of charitable gaming to be used solely for administering and enforcing charitable gaming laws and Board regulations, educating charitable organizations and players, and promoting charitable gaming in Virginia. The bill also (i) authorizes the Board to investigate any gaming activity not specifically authorized by law or Board regulations, including illegal gambling as defined by § 18.2-325; (ii) authorizes the Board to enter into an agreement with the Department of State Police to provide up to two law-enforcement officers employed by the department to be assigned to investigate alleged violations of charitable gaming laws and illegal gambling as defined by § 18.2-325; and (iii) requires the Board to revise the fees levied by it for issuing charitable gaming permits and supplier registrations, or renewal thereof, so that the fees are sufficient to cover expenses but not excessive. The bill contains technical amendments.

6. Budget Amendment Necessary: Yes, Page 1, "Total General Fund Resources Available for Appropriation," and Items 99 and 423 of SB30. See item 8, below

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

General Fund: Department of Agriculture and Consumer Services (Item 99)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	(\$1,282,067)	(19.00)	General
2018	(\$1,282,067)	(19.00)	General
2019	(\$1,282,067)	(19.00)	General
2020	(\$1,282,067)	(19.00)	General
2021	(\$1,282,067)	(19.00)	General
2022	(\$1,282,067)	(19.00)	General

General Fund: Department of State Police (Item 423)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$314,400	(2.00)	General
2018	\$242,721	(2.00)	General
2019	\$242,721	(2.00)	General
2020	\$242,721	(2.00)	General
2021	\$242,721	(2.00)	General
2022	\$242,721	(2.00)	General

Nongeneral Fund: Department of Agriculture and Consumer Services (Item 99)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$1,607,067	19.00	Nongeneral fund
2018	\$1,607,067	19.00	Nongeneral fund
2019	\$1,607,067	19.00	Nongeneral fund
2020	\$1,607,067	19.00	Nongeneral fund
2021	\$1,607,067	19.00	Nongeneral fund
2022	\$1,607,067	19.00	Nongeneral fund

7b. Revenue Impact:**General Fund**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	(\$2,470,000)	General fund
2018	(\$2,470,000)	General fund
2019	(\$2,470,000)	General fund
2020	(\$2,470,000)	General fund
2021	(\$2,470,000)	General fund
2022	(\$2,470,000)	General fund

Non-general Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$1,607,067	Nongeneral fund
2018	\$1,607,067	Nongeneral fund
2019	\$1,607,067	Nongeneral fund
2020	\$1,607,067	Nongeneral fund
2021	\$1,607,067	Nongeneral fund
2022	\$1,607,067	Nongeneral fund

- 8. Fiscal Implications:** This bill is estimated to result in a \$1.19 million annual decrease in general fund revenue. Item 96 of the 2015 Appropriation Act (Chapter 665, 2015 Acts of Assembly) directs that all fees paid by any organization conducting charitable gaming under permit from the Department of Agriculture and Consumer Services (VDACS) be deposited to the general fund. HB30 also directs that all fees paid by any organization conducting charitable gaming under permit from VDACS be deposited to the general fund. VDACS collects \$2.47 million per year in fees from permitted charitable gaming organizations, and

the fees are deposited to the general fund. The program is supported by an annual general fund appropriation of approximately \$1.28 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 \$1.19 million per year.

The nongeneral fund cost to operate the charitable gaming program as proposed in the provisions of this bill is estimated at \$1,607,067. The provisions of this bill authorize the assessment of fees on charitable organizations to cover the operating costs of the program. The estimated \$325,000 increase to operate the program is the result of requirements in the bill to hire marketing staff, as well as enter into contracts with external marketing professionals to help promote charitable gaming, and enter into an agreement with the Virginia Department State Police to provide up to two law-enforcement officers to investigate illegal gambling and alleged violations of the Charitable Gaming Law, Va. Code §18.2 – 340.15 et seq. 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.

This bill may have a fiscal impact to the Department of State Police. The bill authorizes the Board to enter into an agreement with the State Police to investigate alleged violations of the Charitable Gaming statute. If the Board does so, to support this program as authorized in the provisions of the bill, the Department of State Police anticipates the need to hire two law-enforcement officers, with salary, benefits, and one-time operational costs totaling approximately \$314,400 in FY 2017, and \$242,721 in FY 2018 and onward.

Currently, employees who staff the charitable gaming program are employees 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; Department of State Police.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is the companion to SB242 as introduced.