

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1574

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: Norment

3. Committee: Finance

4. Title: Revenue sharing; gaming in the Commonwealth.

5. Summary: Creates a revenue sharing program, if gaming is authorized in the Commonwealth, that would require the owner or operator of any gaming establishment to share 40 percent of its adjusted gross receipts with the Commonwealth. The revenues would be distributed as follows: 40 percent would be used to support higher education affordability initiatives, forty percent would be used to support elementary and primary school construction, and twenty percent would be used to supporting the marketing and promotion of Virginia tourism destinations.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary – see Item 8.

8. Fiscal Implications: The proposed legislation would require the owner, operator, and licensee of a gaming establishment or operation to participate in a revenue sharing program in the Commonwealth. "Gaming", as defined in the proposed legislation, includes baccarat, blackjack, twenty-one, poker, craps, dice, slot machines, sports betting, roulette wheels, Klondike tables, punchboards, faro layouts, keno layouts, numbers tickets, push cards, jar tickets, or pull tabs, and any other activity that is authorized by the General Assembly as a wagering game or device. For the purposes of this legislation, "gaming" does not include lottery games authorized pursuant to Chapter 40 (§ 58.1-4000 et seq.) of Title 58.1 of the Code of Virginia or horse racing and pari-mutuel wagering authorized pursuant to Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia. The creation of the revenue sharing program is contingent upon the General Assembly authorizing any gaming activities through separate legislation.

The proposed legislation would require 40 percent of the adjusted gross receipts, defined as the gross receipts from gaming less winnings paid to winners, to be deposited into the general fund. The adjusted gross receipts would be distributed as follows: 40 percent into a special nonreverting fund known as the Higher Education Affordability Reserve Fund, to be appropriated by the General Assembly in a general appropriations act to support initiatives to limit increases in tuition and fees at public institutions of higher education in the

Commonwealth; 40 percent into a special nonreverting fund known as the School Construction and Modernization Fund, to be appropriated by the General Assembly in a general appropriations act to support initiatives to construct or modernize primary and secondary public schools in the Commonwealth; and 20 percent into a special nonreverting fund known as the Virginia Tourism Reserve Fund, to be appropriated by the General Assembly in a general appropriations act to market and promote tourism destinations in the Commonwealth.

Senate Bill 1574 establishes the revenue sharing program upon the approval of the General Assembly authorizing any gaming activity through separate legislation and transfers 40 percent of the adjusted gross receipts from gaming to the general fund. The number of gaming operations, as defined in the proposed legislation, that would be required to participate in the revenue sharing program is not known; therefore, the additional revenue deposited into the general fund cannot be determined.

9. Specific Agency or Political Subdivisions Affected: Local school divisions, institutions of higher education, and Virginia Tourism Corporation.

10. Technical Amendment Necessary: Line 14, after "tabs", insert "and".

11. Other Comments: There are several casino gaming bills that are similar to Senate Bill 1574: Senate Bill 1126-S1 (Lucas), House Bill 1890 (James), House Bill 2536 (O'Quinn), and House Bill 2698 (Knight).

The casino gaming bills and Senate Bill 1574 include a similar definition of "game", except the casino gaming bills provide the Virginia Lottery Board with the authority of determining whether an activity or device is considered a "game". Senate Bill 1574 would provide the General Assembly with the authority of determining whether an activity or device is considered a "game".

The proceeds from the tax rate in the casino gaming bills would be distributed among several different funds, including the Virginia Public School Construction Grants Program Fund, which is authorized in § 22.1-175.1, Code of Virginia, to provide grants to eligible school divisions for school construction, additions, infrastructure, site acquisition for public school buildings and facilities, and renovations, including the costs of retrofitting or enlarging public school buildings. The casino gaming bills would also distribute proceeds from the tax rate to the Problem Gambling Treatment and Support Fund, administered by the Department of Behavioral Health and Developmental Services, and the State Local Casino Gaming Proceeds Fund.