

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB799

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

2. Patron: Cosgrove

3. Committee: General Laws and Technology

4. Title: Virginia Gaming Commission; regulation of charitable gaming; administration of fantasy contest.

5. Summary: This bill establishes the Virginia Gaming Commission (Commission) and vests the Commission with the control and regulation of charitable gaming in the Commonwealth and the administration of fantasy contest registrations. Currently, the control of charitable gaming and the administration of fantasy contest registrations is vested in the Department of Agriculture and Consumer Services and the promulgation of regulations for charitable gaming is vested with the Charitable Gaming Board. The bill establishes the Virginia Gaming Fund as a special fund to be used solely for (i) administering and enforcing charitable gaming laws and regulations and fantasy contest registrations, (ii) educating charitable organizations and players, and (iii) promoting charitable gaming in Virginia. This bill also requires the Commission 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 Commission is required to enter into a memorandum of understanding with the Department of State Police, who will investigate any illegal gaming or gambling activity prohibited by Article 1 (§ 18.2-325 et seq.) of Chapter 8 of Title 18.2 and the expense of the investigation will be paid for by the Commission.

6. Budget Amendment Necessary: Yes, to Page 1, “Total General Fund Resources Available for Appropriation,” and Item 96 of HB30/SB30.

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

7a. Expenditure Impact: Item 96 – Department of Agriculture and Consumer Services

General Fund:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	(\$1,116,859)	(17 FTE)	General fund
2020	(\$1,116,859)	(17 FTE)	General fund
2021	(\$1,116,859)	(17 FTE)	General fund
2022	(\$1,116,859)	(17 FTE)	General fund
2023	(\$1,116,859)	(17 FTE)	General fund
2024	(\$1,116,859)	(17 FTE)	General fund

Nongeneral Fund: Item 96 – Department of Agriculture and Consumer Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	\$1,800,000	17 FTE	Nongeneral fund
2020	\$1,800,000	17 FTE	Nongeneral fund
2021	\$1,800,000	17 FTE	Nongeneral fund
2022	\$1,800,000	17 FTE	Nongeneral fund
2023	\$1,800,000	17 FTE	Nongeneral fund
2024	\$1,800,000	17 FTE	Nongeneral fund

7b. Revenue Impact:

General Fund: Front Page

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	(\$2,700,000)	General fund
2020	(\$2,700,000)	General fund
2021	(\$2,700,000)	General fund
2022	(\$2,700,000)	General fund
2023	(\$2,700,000)	General fund
2024	(\$2,700,000)	General fund

Non-general Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$1,800,000	Nongeneral fund
2020	\$1,800,000	Nongeneral fund
2021	\$1,800,000	Nongeneral fund
2022	\$1,800,000	Nongeneral fund
2023	\$1,800,000	Nongeneral fund
2024	\$1,800,000	Nongeneral fund

- 8. Fiscal Implications:** This bill is estimated to result in a \$2.7 million decrease in general fund revenue. Item 99, paragraph A, Chapter 836, 2017 Acts of Assembly, directs that all fees paid by any organization conducting charitable gaming under permits from the Virginia Department of Agriculture and Consumer Services (VDACS) be deposited to the general fund. This direction is continued in HB30/SB30. The charitable gaming program collects approximately \$2.7 million per year in fees from permitted organizations, which is deposited to the general fund. The program, in turn, receives an annual general fund appropriation of approximately \$1.2 million. If the general fund revenue deposit and general fund appropriation for support are replaced by nongeneral fund revenue and support as outlined in the bill, the net general fund impact will be a decrease of \$1.5 million per year.

The cost to operate the charitable gaming and fantasy contest programs as proposed in the provisions of this bill is estimated at \$1.8 million. The provisions of this bill authorize the assessment of fees on charitable organizations, suppliers, and fantasy contest operators to cover the operating costs of the program, including any investigations into illegal gaming or gambling activities as defined by § 18.2-325, Code of Virginia. The bill calls for hiring marketing and development staff to promote and expand charitable gaming in Virginia. VDACS does not currently have these staff positions. VDACS estimates that the cost associated with these positions will be approximately \$300,000. 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 that are currently included in the department's general fund operating budget. As such, the anticipated operating costs are higher as a nongeneral fund supported program, since centralized efficiencies will no longer be achieved.

Currently, employees who staff the charitable gaming program are classified VDACS employees. Under the provisions of the bill, the Virginia Gaming Commission will appoint the programs employees and agents. At this time, the impact on employees' status and related transition costs are unknown.

The bill also specifies that the Commission will enter into a memorandum of understanding with the Department of State Police to provide investigative resources for any violations related to gaming or gambling and that such work will be at the expense of the Commission. According to the Department of State Police, this bill will not result in a fiscal impact.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of State Police; Office of the Attorney General.

10. Technical Amendment Necessary: No.

11. Other Comments: SB424 is identical to this bill.