

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB936

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

2. Patron: Petersen

3. Committee: Passed both Houses.

4. Title: Charitable Gaming Board; Texas Hold'em poker events.

5. Summary: Allows certain qualified organizations to conduct Texas Hold'em poker events in conjunction with its charitable gaming activities. The conditions under which a qualified organization may manage, operate, or contract with operators of or conduct Texas Hold'em poker games and tournaments shall be prescribed by the Charitable Gaming Board. Increases the audit and administration fee assessed on the gross receipts generated from charitable gaming activities by one-quarter of one percent.

6. Budget Amendment Necessary: Yes to Item 105 of HB/SB30. See item 8, below.

7. Fiscal Impact Estimates: Final. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$389,667	4	General Fund
2022	\$374,667	4	General Fund
2023	\$374,667	4	General Fund
2024	\$374,667	4	General Fund
2025	\$374,667	4	General Fund
2026	\$374,667	4	General Fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2022	\$560,803	General Fund
2023	\$560,803	General Fund
2024	\$560,803	General Fund
2025	\$560,803	General Fund
2026	\$560,803	General Fund
2027	\$560,803	General Fund

8. Fiscal Implications: It is anticipated that this bill will result in an expenditure impact for the Department of Agriculture and Consumer Services (VDACS). The permitting and overseeing of Texas Hold'em poker tournaments would be a new gaming activity in Virginia. The bill provides for qualified organizations to contract with operators to conduct Texas Hold'em poker games and tournaments, which may increase the number of charities participating in

charitable gaming. According to VDACS, there are over 10,000 registered charities in Virginia.

As a result, VDACS anticipates that this bill will increase the number of qualified organizations conducting events, as well as the frequency and duration of such events. VDACS anticipates that four positions, including two inspectors and two auditors will be required to properly oversee this new activity. The department estimates that the total cost of the positions, including operating expenses, will be \$374,667.

This bill also increases the audit and administration fee assessed on the gross receipts generated by qualified organizations from their charitable gaming activities by one-quarter of one percent. Current law exempts volunteer fire departments, volunteer rescue squads and their auxiliaries from paying any fees. Last year, qualified organizations subject to the audit and administration fee generated \$224,321,192 in gross receipts from bingo and raffle activities. The additional one-quarter of one percent will generate an estimated \$560,803 in additional revenue for the general fund. The change in audit and administration fee will require a change to the online financial reporting system, used by qualified organizations to file its reports and pay the fee. VDACS estimates that the total cost to alter this system, including programming and testing, will be \$15,000.

VDACS cannot estimate the revenue generated through the payment of fees from the Texas Hold'Em poker events since this will be a new authorized charitable gaming activity. Budget language in Item 96, Chapter 854, 2019 Acts of Assembly, and continued in HB30/SB30, directs that all fees paid by permitted organizations are to be deposited into the general fund.

Amendments to SB30 adopted by the Senate include \$374,667 in each year from the general fund and four positions for VDACS to implement this bill.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.