

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB971-ER

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Enrolled

**2. Patron:** Howell

**3. Committee:** Passed Both Houses

**4. Title:** Illegal gambling; skill games; exception.

**5. Summary:** Includes the playing or offering for play of any skill game in the definition of "illegal gambling." The bill also includes skill games within the definition of "gambling devices." The bill defines a "skill game" as an electronic, computerized, or mechanical contrivance, terminal, machine, or other device that requires the insertion of a coin, currency, ticket, token, or similar object to operate, activate, or play a game, the outcome of which is determined by any element of skill of the player and that may deliver or entitle the person playing or operating the device to receive cash, cash equivalents, gift cards, vouchers, billets, tickets, tokens, or electronic credits to be exchanged for cash, merchandise, or anything of value whether the payoff is made automatically from the device or manually. The bill exempts family entertainment centers from the prohibition against the playing or offering of any skill game, provided the prize won or distributed to a player by the skill games offered by such centers is a noncash, merchandise prize or a voucher, billet, ticket, token, or electronic credit redeemable only for a noncash, merchandise prize that also meets certain other requirements.

**6. Budget Amendment Necessary:** The proposed legislation is expected to impact lottery profits, which are constitutionally dedicated to support local public education, and deposited into the Lottery Proceeds Fund, from which appropriated expenditures are made by the Virginia Department of Education.

The Conference Report reflects an increase in the Lottery Proceeds Fund of \$40 million in fiscal years 2021 and 2022 based on the prohibition of skill games.

**7. Fiscal Impact Estimates:** Indeterminate – see Item 8.

**8. Fiscal Implications:** The proposed legislation defines playing or offering to play any "skill games" as illegal gambling. The Virginia Lottery expects its sales and profits to increase as a result of banning "skill games" from the marketplace, including its Lottery retail locations and other locations throughout Virginia where lottery products are not sold. Based on Lottery's official revenue forecast completed in October 2019, the projected increase in lottery profits beginning in fiscal year 2021 would be approximately \$40 million each year as a result of the passage of this legislation.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Lottery, Department of Education, and localities.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is identical to HB 881-ER (Bulova).