

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB971-S2

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

**2. Patron:** Howell

**3. Committee:** General Laws

**4. Title:** Gaming in Virginia; penalties.

**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. The bill incorporates Senate Bill 908 (Norment) and Senate Bill 909 (Norment). The bill also exempts truck stops from the prohibition against the playing or offering of any skill game, but limits the number of skill games operated at a truck stop to no more than 10 and prohibits persons under the age of 21 from playing such skill games or redeeming evidence of winnings. The bill imposes a 25 percent tax on all gross profits from the play of skill games at any truck stop to be remitted by the Department of Taxation and deposited in the Virginia Lottery Fund. The Virginia Lottery Board shall promulgate regulations to implement the provisions of this bill.

**6. Budget Amendment Necessary:** Indeterminate – see Item 8. 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.

**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 at 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.

The bill prohibits a truck stop, as defined in the bill, from operating more than 10 skill games and anyone under the age of 21 from playing skill games or redeeming evidence of winnings. The bill also imposes a 25 percent tax on all gross profits of skill games operated at any truck stop to be collected by the Department of Taxation and deposited in the Virginia Lottery Fund. The revenue collected from the taxation of skill games operated at truck stops is not known at this time. Pursuant to § 58.1-4022, balances in the Virginia Lottery Fund are transferred to the Lottery Proceeds Fund to support local public education. The Department of Taxation does not expect to incur any costs as a result of the passage of this legislation.

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

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

**11. Other Comments:** This bill is similar to HB 881 (Bulova),