

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB387

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

2. Patron: McPike

3. Committee: Finance and Appropriations

4. Title: Charitable gaming; special permit for the play of electronic versions of instant bingo, pull tabs.

- 5. Summary:** Creates a special permit that shall be granted to a qualified organization that has already received a general permit for the conduct of charitable gaming from the Department of Agriculture and Consumer Services to allow such organization to place Department-approved electronic versions of instant bingo, pull tabs, or seal cards on the licensed premises of an entity licensed to sell alcoholic beverages for on-premises consumption with the consent of such licensee. The bill also exempts qualified organizations that are granted such special permit from certain requirements relating to (i) limits on the number of organizations for which a person may manage, operate, or conduct charitable games; (ii) prohibitions on providing compensation or any other remuneration to persons for organizing, managing, or conducting charitable games; or (iii) the use of proceeds derived from the conduct of charitable games, as those requirements relate to the management, operation, or conduct of charitable games pursuant to such special permit.

The substitute bill eliminates other special permits currently authorized in statute. The second enactment clause states that the provisions of this act shall not become effective unless legislation regulating electronic gaming devices is passed during the 2020 Regular Session of the General Assembly that becomes law.

6. Budget Amendment Necessary: Yes, to Item 105 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$827,266	9 FTE	General Fund
2022	\$827,266	9 FTE	General Fund
2023	\$827,266	9 FTE	General Fund
2024	\$827,266	9 FTE	General Fund
2025	\$827,266	9 FTE	General Fund
2026	\$827,266	9 FTE	General Fund

7b. Revenue Impact: Indeterminate.

- 8. Fiscal Implications:** It is anticipated that this bill will have a general fund expenditure impact to the Virginia Department of Agriculture and Consumer Services (VDACS) and a general fund revenue impact. It is anticipated that VDACS will require additional resources to implement the provisions of this bill. While the bill eliminates other special permits, there is no offset in workload to address that of this bill.

This bill allows qualified organizations that already hold charitable gaming permits to obtain a special permit to place electronic pull-tab devices in any location licensed to sell on-premises consumption of alcoholic beverages, such as bars, hotels, cinemas, wineries, and restaurants. Currently, VDACS inspects locations conducting charitable gaming activities and audits the financial activities related to them. According to the Alcoholic Beverage Control Authority, there were 9,500 retail licenses issued to sell alcoholic beverages for on-premises consumption in 2018.

VDACS anticipates that all or most of the 9,500 retail licensees will place electronic pull-tab devices within their locations and VDACS will conduct an annual inspection on those locations. VDACS estimates a need for six inspectors at an annual general fund cost of \$507,134 to conduct the inspections.

Under this special permit, the qualified organization will continue to file financial reports and undergo audits and financial reviews by the agency to ensure compliance. VDACS estimates a need for three auditors at an annual general fund cost of \$320,132 for the expanded activity.

The proceeds generated from these devices are subject to the 1.125 percent audit and administration fee paid by organizations with charitable gaming licenses. Budget language in Item 105 of HB30/SB30 directs that all fees paid by permitted organizations are deposited into the general fund. VDACS is unable to estimate the revenue impact because the volume of sales that may occur at the potentially 9,500 locations is unknown.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.