

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1127

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

2. Patron: Reeves

3. Committee: General Laws and Technology

4. Title: Charitable gaming; conduct of instant bingo, network bingo, pull tabs, and seal cards.

5. Summary: Removes the requirement that an organization qualified to conduct bingo games may only play instant bingo, network bingo, pull tabs, or seal cards as part of such bingo games and at such times designated in a permit, if any, for regular bingo games.

6. Budget Amendment Necessary: Yes, to Item 105 of SB1100.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021			
2022	\$817,290	9 FTE	General Fund
2023	\$817,290	9 FTE	General Fund
2024	\$817,290	9 FTE	General Fund
2025	\$817,290	9 FTE	General Fund
2026	\$817,290	9 FTE	General Fund
2027	\$817,290	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.

This bill removes the requirement that an organization qualified to conduct bingo games may only play instant bingo, network bingo, pull tabs, or seal cards as part of such bingo games and at such times designated in a permit, if any, for regular bingo games. This action removes all restrictions on where charitable organizations can conduct gaming activities, thereby increasing the availability of these games to the general public, to be held at locations including restaurants, bars and other retail establishments.

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 \$505,241 to conduct the inspections. This estimate only includes retail licensees that sell alcoholic beverages; the potential number of other locations where these gaming activities could be held is indeterminate.

Charitable organizations will continue to file financial reports and undergo audits or financial reviews from the agency to ensure compliance. VDACS estimates three auditors at an annual cost of \$312,049 for this expanded activity.

The proceeds generated from these devices are subject to the 1.375 percent audit and administration fee paid by organizations with charitable gaming licenses. Budget language in Item 105 of HB1800/SB1100 directs that all fees paid by permitted organizations are deposited into the general fund. VDACS is unable to estimate the revenue impact as it is unknown as to the volume of sales that may occur at the unlimited number of possible locations that could offer instant bingo, seal cards, pull-tabs and network apart from a bingo session.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.