

## 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

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

**5. Summary:** The bill modifies the list of organizations that may conduct charitable gaming and requires such organizations to obtain a permit from the Department of Agriculture and Consumer Services; however, the bill exempts certain organizations from the permit application fee and audit fee. The bill removes provisions that allowed an organization to exclude from its gross receipts proceeds from instant bingo, pull tabs, seal cards, and Texas Hold'em. The bill specifies the locations at which an organization may conduct bingo, network bingo, instant bingo, pull tabs, or seal cards. The bill prohibits the holding of a permit by a supplier or manufacturer that commits certain violations or offenses after July 1, 2021. The bill prohibits the Charitable Gaming Board from adjusting the percentage of gross receipts that an organization must use for religious, charitable, community, or educational purposes or for certain real property expenses until a study is completed by a joint subcommittee created in the bill.

**6. Budget Amendment Necessary:** Yes, to Item 105 of HB1800/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.

The bill removes the permitting exemption for organizations grossing less than \$40,000, According to the Internal Revenue Service, there are currently 48,066 nonprofits in the Commonwealth of Virginia. As a result of this bill, any of 48,066 nonprofits which conduct charitable gaming activities, including a raffle, will be required to obtain a permit from the VDACS prior to doing so. VDACS currently permits approximately 300 organizations. In addition, permitted organizations will be subject to routine inspections by the agency to ensure compliance with the Charitable Gaming Law and regulations. VDACS estimates a need for six inspectors at an annual general fund cost of \$505,241 to conduct the inspections.

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. Additional revenue resulting from this bill cannot be determined at this time.

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

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

**11. Other Comments:** None.