

## Department of Planning and Budget 2023 Fiscal Impact Statement

**1. Bill Number:** SB1235

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:**    Obenshain

**3. Committee:** General Laws and Technology

**4. Title:**    Charitable gaming; exemptions from certain requirements for specified organizations.

**5. Summary:** Requires qualified organizations that reasonably expect, on the basis of prior charitable gaming annual results or any other quantifiable method, to realize gross receipts of \$40,000 or less from all charitable gaming other than raffles, conducted on a total of no more than seven days per calendar year, to register with the Department of Agriculture and Consumer Services (VDACS) on a form prescribed by VDACS. Such form shall only require the organization to provide (i) proof of the organization's nonprofit status, (ii) contact information for the chief executive officer of the organization or his designee, (iii) the location of any expected charitable gaming activity, (iv) a description of the general nature of the anticipated charitable gaming activity, and (v) a signed attestation that the organization (a) does not reasonably expect to realize more than \$40,000 in gross receipts for the charitable gaming activities listed on the registration form and (b) understands that should the organization exceed the \$40,000 threshold, it will be required to file a report of its receipts and disbursements. Under current law, any such organization is required to apply for a permit with VDACS before conducting any charitable gaming. The bill also provides that any qualified organization may, as part of its annual fundraising activities, sell instant bingo, pull tabs, or seal cards provided that any such instant bingo, pull tabs, or seal cards are dispensed by mechanical equipment only and the sale of the same is limited to two events of no more than 14 days each per calendar year. Under current law, only athletic associations, booster clubs, or band booster clubs may, as part of their annual fundraising event, sell instant bingo, pull tabs, or seal cards, and such sales are limited to a single event in a calendar year. Finally, the bill prohibits VDACS from requiring a qualified organization that realizes annual gross receipts of \$40,000 or less to file a report of its receipts and disbursements.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** It is anticipated that this bill will have an indeterminate expenditure impact on VDACS and an indeterminate general fund revenue impact. The number of

organizations that will obtain a permit or registration to sell instant bingo, seal cards, or pull-tabs outside of a bingo session pursuant to the provisions proposed in this bill is unknown.

The allowance for certain organizations to obtain a registration instead of a permit will not have a fiscal impact on the agency, as those organizations generating \$40,000 or less in charitable gaming revenue are currently exempted from paying licensing and audit and administration fees pursuant to § 18.2-340.23(B), Code of Virginia. The bill provides that registered organizations, which, pursuant to § 18.2-340.23(B), Code of Virginia, are exempt from the payment of fees, can generate in excess of \$40,000 annually for two years before becoming ineligible for a registration and needing a permit instead. If the registered organization exceeds \$40,000 but does not have to pay audit and administration fees, then it is anticipated that there may be a loss of revenue to the general fund; however, the number of organizations that may be affected by this provision in the bill is unknown.

Budget language in Item 106 of Chapter 2, 2022 Acts of Assembly, Special Session I (the 2022 Appropriation Act) and in the Introduced Budget Bill direct that any and all fees paid by any organization conducting charitable gaming under a permit issued by the department, including audit and administrative fees and permit fees, shall be deposited to the general fund.

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

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

**11. Other Comments:** This is the companion to HB2125.