



Fiscal Impact Statement for Proposed Legislation

Virginia Criminal Sentencing Commission

Senate Bill No. 1250 (Patron – Bell)

LD#: 23102231

Date: 01/05/2023

Topic: Video gaming terminals

Fiscal Impact Summary:

- **State Adult Correctional Facilities:**
\$50,000 *
- **Local Adult Correctional Facilities:**
Cannot be determined
- **Adult Community Corrections Programs:**
Cannot be determined

- **Juvenile Direct Care:**
Cannot be determined (likely negligible)**
- **Juvenile Detention Facilities:**
Cannot be determined (likely negligible)**

** Provided by the Department of Juvenile Justice

* The estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 2 of the Acts of Assembly of 2022, Special Session I, requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000.

Pursuant to § 30-19.1:4, fiscal impact statements prepared by the Virginia Criminal Sentencing Commission only include the estimated increase in operating costs associated with additional state-responsible prison beds and do not reflect any other costs or savings that may be associated with the proposed legislation.

Summary of Proposed Legislation:

The proposal adds several sections to the *Code of Virginia* relating to video gaming terminals. The proposed § 58.1-4048 defines “video gaming terminal” as follows:

“[A]n 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 entirely by chance through the use of a random number generator, and that may deliver or entitle the person playing or operating the terminal to receive cash in excess of the cost of operating, activating, or playing the game.”

The proposal sets forth administrative procedures, licensing frameworks, and operation requirements for video gaming terminals, and establishes new criminal offenses relating to video gaming terminals in Virginia. It would rename the Virginia Lottery Board to the Virginia Lottery and Gaming Oversight Board (VLGOB) and designate the VLGOB to regulate the gaming terminals. It would also rename the Virginia Lottery to the Virginia Lottery and Gaming Department. Licenses issued by the Department would be required to manufacture, distribute, or operate video gaming terminals or run an establishment that hosts such terminals in the Commonwealth.

The proposal defines several offenses that would be punishable as Class 1 misdemeanors, including: playing a video gaming terminal while under the age of 21 or redeeming evidence of winnings from a person under the age of 21; making a false statement in any video gaming terminal application; and

giving a reward (as a host) for an unauthorized video gaming terminal, giving a reward that is redeemable off the host location's premises, or permitting a person under the age of 21 to play a video gaming terminal.

The proposal also defines several offenses that would be punishable as Class 6 felonies, including: manufacturing, distributing, operating, or hosting a video gaming terminal without a license; soliciting, offering, or entering into any contract or agreement for the placement of a video gaming terminal before the operator, host location, and procurement agent, if applicable, are all issued a license; possessing a key to a video gaming terminal by a person who is not the operator licensee, tampering with a gaming terminal; and conspiring, confederating, or combining with another to commit any felony prohibited under the proposed Article 3 in Chapter 40 of Title 58.1.

Currently, under § 18.2-328, operating an illegal gambling enterprise is a Class 6 felony. An operator who engages in an illegal gambling operation that is in continuous operation for more than 30 days or who has a gross revenue of \$2,000 or more in a single day is subject to imprisonment for one to ten years.

Analysis:

According to the Circuit Court Case Management System (CMS) for fiscal year (FY) 2017 and FY2022, four offenders were convicted of a felony under § 18.2-328 for operating an illegal gambling operation. It was the primary, or most serious, offense in three of these cases. None of these individuals received an active term of incarceration to serve after sentencing.

Under § 58.1-4018, fraudulently tampering with lottery machinery is a Class 3 felony subject to imprisonment for five to twenty years. According to the Circuit Court CMS data, during the same six-year period, there were two convictions for this offense. It was not the most serious offense in either case.

Existing data do not contain sufficient detail to determine the number of felony convictions that may occur as the result of the proposal.

Impact of Proposed Legislation:

State adult correctional facilities. Because it creates new felony offenses, the proposal may increase the future state-responsible (prison) bed space needs of the Commonwealth. However, existing databases do not provide sufficient detail to estimate the number of new felony convictions likely to result from enactment of the proposal. Therefore, the magnitude of the impact on prison beds cannot be quantified.

Local adult correctional facilities. Similarly, the proposal may also increase the local-responsible (jail) bed space needs of the Commonwealth. However, the magnitude of the impact cannot be determined.

Adult community corrections programs. Because the proposal could result in felony and misdemeanor convictions and subsequent supervision requirements for an additional number of offenders, the proposal may increase the need for adult community corrections resources. Since the number of cases that may be affected cannot be determined, the potential impact on community corrections resources cannot be quantified.

Virginia's Sentencing Guidelines. As new felony offenses, convictions under the proposed sections of the *Code* would not be covered by the Sentencing Guidelines as the primary, or most serious, offense. Such a conviction, however, could augment the Guidelines recommendation (as an additional offense) if the most serious offense at sentencing is covered by the Guidelines. No adjustment to the Guidelines is necessary under the proposal.

Juvenile direct care. According to the Department of Juvenile Justice, the impact of the proposal on direct care (juvenile correctional center or alternative commitment placement) bed space needs cannot be determined, but it is likely negligible.

Juvenile detention facilities. The Department of Juvenile Justice reports that the proposal's impact on the bed space needs of juvenile detention facilities cannot be determined, but it is likely negligible.

Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 2 of the Acts of Assembly of 2022, Special Session I, requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000.

Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.

gaming01_2231