

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

In Virginia, iLottery began on July 1, 2020, and has quickly grown to over half of total lottery sales activity - and is critical to the achievement of revenue estimates included in the budget for K-12 education. Casinos authorized in Virginia may offer onsite mobile gaming, but are not authorized to operate outside of their land based casino. Sports betting in Virginia is mobile only, with the exception of on-premise sports wagering at authorized casino locations.

The Lottery indicates licensing fees as set out in the bill would not be sufficient to cover the regulatory costs of this program, therefore a share of the tax revenues in addition to licensing fees, or having an additional percentage-based fee assessment to licensed operators that is directed to the Gaming Regulatory Fund, would be necessary to support the program's costs.

Legalization of iGaming will create new tax revenue from that activity, but is not projected to outpace the reduction in revenues from iLottery profits and taxes on casino gaming. Mobile sports wagering and resulting tax revenues could also be affected by the offering of iGaming; because sports betting taxes are directed to the General Fund (same as this bill directing taxes from iGaming), those impacts would be more directly offsetting. Reduction of transfers to the Lottery Proceeds Fund could have a potential impact to the general fund.

The impact to the Department of Taxation is unknown at this time. As information becomes available we will update the fiscal impact statement.

This bill creates a Class 5 felony and a Class 6 felony. Anyone convicted of a class 5 felony is subject to a term of imprisonment of not less than one year nor more than 10 years, or in the discretion of the jury or the court trying the case without a jury, confinement in jail for not more than 12 months and a fine of not more than \$2,500, either or both. Anyone convicted of a class 6 felony is subject to a term of imprisonment of not less than one year nor more than five years, or in the discretion of the jury or the court trying the case without a jury, confinement in jail for not more than 12 months and a fine of not more than \$2,500, either or both. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$5.00 a day for each misdemeanor or otherwise local-responsible prisoner held in a jail and \$15.00 a day for each state-responsible prisoner. It also funds a considerable portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2024), the estimated total state support for local jails averaged \$56.38 per inmate, per day in FY 2023.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to § 30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 2, 2024 Acts of Assembly, Special Session I, requires that a minimum impact of \$50,000 be assigned to the bill.

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Other: Identical to SB827