

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

Virginia Department of Agriculture and Consumer Services (Item 94)	\$0	(\$2,170,863)	(\$2,170,863)	(\$2,170,863)	(\$2,170,863)	(\$2,170,863)
Virginia Gaming Commission	\$0	TBD	TBD	TBD	TBD	TBD
TOTAL	\$0	TBD	TBD	TBD	TBD	TBD

General Fund Revenue Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Virginia Department of Agriculture and Consumer Services (Item 94)	\$0	(\$2,616,421)	(\$2,616,421)	(\$2,616,421)	(\$2,616,421)	(\$2,616,421)
Virginia Gaming Commission	\$0	TBD	TBD	TBD	TBD	TBD
TOTAL	\$0	TBD	TBD	TBD	TBD	TBD

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Virginia Department of Agriculture and Consumer Services (Item 90)	\$0	\$263,437	\$263,437	\$263,437	\$263,437	\$263,437
Virginia Department of Agriculture and Consumer Services (Item 94)	\$0	(\$111,487)	(\$111,487)	(\$111,487)	(\$111,487)	(\$111,487)
Virginia Racing Commission (Item 98)	\$0	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)
Virginia Racing Commission (Item 98)	\$0	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)
Virginia Lottery	\$0	TBD	TBD	TBD	TBD	TBD
Virginia Gaming Commission	\$0	TBD	TBD	TBD	TBD	TBD
TOTAL	\$0	TBD	TBD	TBD	TBD	TBD

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

Nongeneral Fund Revenue Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Virginia Department of Agriculture and Consumer Services (Item 94)	\$0	(\$151,703)	(\$151,703)	(\$151,703)	(\$151,703)	(\$151,703)
Virginia Racing Commission (Item 98)	\$0	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)
Virginia Racing Commission (Item 98)	\$0	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)	(\$4,661,561)
Virginia Lottery	\$0	TBD	TBD	TBD	TBD	TBD
Virginia Gaming Commission	\$0	TBD	TBD	TBD	TBD	TBD
TOTAL	\$0	TBD	TBD	TBD	TBD	TBD

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
Virginia Department of Agriculture and Consumer Services (Item 94)	0	(27)	(27)	(27)	(27)	(27)
Virginia Department of Agriculture and Consumer Services (Item 90)	0	2	2	2	2	2
Virginia Racing Commission (Item 99)	0	(10)	(10)	(10)	(10)	(10)
Virginia Lottery	0	TBD	TBD	TBD	TBD	TBD
Virginia Gaming Commission	0	TBD	TBD	TBD	TBD	TBD
TOTAL	0	TBD	TBD	TBD	TBD	TBD

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

Fiscal Analysis:

This bill consolidates established gaming regulatory activities into a single agency. Charitable gaming and fantasy sports, currently under the Virginia Department of Agriculture and Consumer Services (VDACS); the Virginia Racing Commission (VRC); and sports betting and casino oversight, currently under the Virginia Lottery, will all move to the Virginia Gaming Commission (VGC).

It is anticipated that all VDACS positions and appropriation related to charitable gaming and fantasy sports (Item 94 in the introduced budget) will move to VGC. Currently, VDACS has 16 filled positions and 11 vacant positions in charitable gaming, and the program is actively recruiting for four of those vacant positions. VDACS has one filled position that is paid out of fantasy sports. This position is a supervisor that also oversees the regulatory programs unit. The regulatory programs unit includes two additional compliance positions that would not transfer to VGC. Two additional positions are necessary to continue the management of charitable solicitations and regulatory programs. This would require additional nongeneral fund appropriation in Item 90 (introduced budget) at a cost of \$263,437. There is sufficient annual revenue and cash to fund the new positions. The charitable solicitations program already has one vacant position that could be used for one of the positions, however, an additional FTE would be needed for the second position.

The charitable gaming unit maintains significant data in both databases and hard copy files that would need to be transferred to VGC. This could require additional fiscal resources to effectuate the transfer, but the cost unknown at this time.

Currently, charitable gaming at VDACS is supported with general fund appropriation. Per Item 94 of the appropriation act, VDACS is required to deposit any and all fees paid by any organization conducting charitable gaming under a permit issued by VDACS to the general fund. Without this language, VGC may be able to retain fees to support administration and operation of the Commission without general fund support. The fiscal year 2025 general fund support for charitable gaming is \$2.2 million, while fiscal year 2024 deposits to the General Fund for charitable gaming were over \$2.6 million. Fantasy sports is currently funded with nongeneral funds, and the fiscal year 2025 appropriation is \$111,487, while fiscal year 2024 revenues were \$151,703. It is anticipated that if VGC is not funded with general fund support the revenue generated by charitable gaming and fantasy sports would be sufficient to cover the operation and administration of those activities.

It is anticipated that all VRC positions and appropriation (Items 98 and 99 in the introduced budget) will move to the new agency. In fiscal year 2026 all appropriation and positions are supported by nongeneral funds. It is anticipated that if the Commission is not funded with general fund support the revenue generated by live horse racing, historical horse racing, and simulcast horse racing would be sufficient to cover the operation and administration of those activities. Per Item 98 of the appropriation act, VRC is required to deposit any fund balances at the end of each fiscal year in excess of \$900,000 to the general fund. Without this language VGC will retain year end balances and this could reduce total annual transfers to the general fund.

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

The Virginia Lottery indicates positions will need to move from the Lottery to the newly created Virginia Gaming Commission to support sports betting and casinos, however, those exact positions are not known at this time. In fiscal year 2024, over \$5 million in proceeds from application and renewal fees related to sports betting and casino operations were deposited to the Gaming Regulatory Fund at the Virginia Lottery to offset the Lottery's costs associated with sports betting and casino regulations. The Lottery notes that while there are currently sufficient balances to support program costs, this may not be a sufficient source of revenue long-term as casinos pay a \$15 million fee for a 10-year license. This bill would require those proceeds to be deposited to the Commonwealth Gaming Operations Fund rather than the Gaming Regulatory Fund. Taxation on gross receipts of casinos are required to be deposited to the Gaming Proceeds Fund. There are no provisions in the *Code* to allow the Lottery to retain these funds for operation and administration costs. This bill also does not allow VGC to retain funds from the Gaming Proceeds Fund for operation and administration costs.

It is unclear if streams of revenue to the Virginia Gaming Commission will be sufficient for fiscal recovery of expenditures. Per § 58.1-4022 of the *Code*, the Virginia Lottery currently has language in place to allow up to 10 percent of the total annual estimated gross revenues generated from lottery sales be used for the administration and execution of lottery activities, and ensures consistent funding for the goal of consistent, appropriate, effective and responsible gaming regulation. If a similar approach is taken with VGC it would also ensure that no general fund revenues would be necessary to support these specialized regulatory oversight functions.

This bill repeals §§ 2.2-2455 and 2.2-2456 for the Charitable Gaming Board and creates the Charitable Gaming Advisory Board. The Charitable Gaming Board consist of nine members appointed by the Governor and subject to confirmation by the General Assembly, while the Charitable Gaming Advisory Board consists of 11 members appointed by the Governor and subject to confirmation by the General Assembly. Compensation and expenses for members shall be paid by the Board. The Charitable Gaming Board is currently paid from funds at VDACS and those funds will be moving to the new Virginia Gaming Commission, if the Charitable Gaming Advisory Board meets four times per year it is estimated an additional \$2,920 in nongeneral funds will be needed to fund the new Charitable Gaming Advisory Board.

This bill creates the Virginia Gaming Oversight Commission consisting of six members of the House of Delegates and four members of the Senate of Virginia. The Commission shall expire on July 1, 2026, or upon the appointment of all members of the Virginia Gaming Commission Board. It is unknown how many times the Virginia Gaming Oversight Commission will meet, however, a commission of this nature typically meets four times a year. The compensation for members of the House of Delegates on the Commission is estimated to be \$7,200, and compensation for members of the Senate of Virginia is estimated to be \$4,800. Travel, lodging, and incidentals is estimated to be \$8,808 for the members of the House of Delegates, and \$5,872 for members of the Senate of Virginia.

The bill also creates the Legislative Transition Executive Committee consisting of two members of the House of Delegates and two members of the Senate of Virginia serving on the Virginia Gaming Oversight Commission

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

that will meet more frequently than the Virginia Gaming Oversight Commission. If the Legislative Transition Executive Committee were to meet four times per year, the compensation for members of the House of Delegates on the commission is estimated to be \$2,400, and compensation for members of the Senate of Virginia is estimated to be \$2,400. Travel, lodging, and incidentals is estimated to be \$2,936 for the members of the House of Delegates, and \$2,936 for members of the Senate of Virginia.

This bill creates the Gaming Commission Board consisting of nine nonlegislative members and two ex officio members. Members shall be compensated for their duties and reimbursed for reasonable and necessary expenses. Funds for the costs of compensation and expenses will be provided by VGC. It is unknown how many times the Gaming Commission Board will meet, however, a Board of this nature typically meets four times per year. For the nine nonlegislative members, compensation and expenses are estimated to be approximately \$13,140 per year.

It is unknown at this time if any employees of the Commonwealth will be eligible for severance benefits covered by the Workforce Transition Act due to the provisions of this bill, and what the fiscal impact of those severance benefits will be.

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

The Virginia State Police indicates this bill creates no additional fiscal impact.

Other: The introduced budget authorized a treasury loan for the costs associated with the implementation of a potential gaming commission in Item 480. However, a source for repayment was not identified.

If § 58.1-4048 of the *Code* is repealed it is unclear where the money in the Gaming Regulatory Fund will be deposited.

This bill is similar to HB2498.