



Fiscal Impact Statement for Proposed Legislation

Virginia Criminal Sentencing Commission

House Bill 1272 (Patron—Hayes)

LD#: 26104592

Date: 01/13/2026

Topic: Skill game machines

Fiscal Impact Summary:

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| <ul style="list-style-type: none"> • State Adult Correctional Facilities: \$50,000 * • Local Adult Correctional Facilities: Cannot be determined • Adult Community Corrections Programs: Cannot be determined | <ul style="list-style-type: none"> • Juvenile Direct Care: None (\$0) ** • Juvenile Detention Facilities: None (\$0) ** <p>** Provided by the Department of Juvenile Justice</p> |
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* The estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 725 of the Acts of Assembly of 2025 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* in order to establish the Virginia Small Business Economic Development Act for the purpose of providing a regulatory and taxation scheme for skill game machines in the Commonwealth. The proposed § 4.1-1700 defines “skill game” or “skill game machine” and other related terms.

The proposal sets forth administrative procedures, licensing frameworks, and operation requirements for skill game machines, and establishes new offenses relating to skill game machines. It designates the Board of Directors of the Virginia Alcoholic Beverage Control Authority to promulgate regulations for skill game machines. Respective licenses issued by the Board would be required to distribute, operate, or run an establishment that hosts skill game machines.

The proposal defines several offenses punishable as Class 1 misdemeanors including: making a false statement in any skill game machine license application; operating, etc. a skill game machine in any unregulated location; distributing, operating, etc. a skill game machine without a license; being under the age of 21 and operating a skill game machine; permitting a person under the age of 21 to play a skill game machine or redeeming any winnings from the operation of a skill game machines by such person; giving a reward for an unauthorized skill game machine, giving a reward that is redeemable off the host location’s premises, or accepting any inducement from a distributor licensee.

The proposal also defines several offenses that would be punishable as Class 6 felonies including: a third or subsequent offense for operating, etc. a skill game machine in an unregulated location; a third or subsequent offense for offering for play in any location that is not licensed as an establishment; a third or subsequent offense for offering for play any unregistered skill game machines; and a third or subsequent offense for offering for play, in a single location, a skill game machine that is in excess of the licensing requirements or statutory limits.

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 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) 2020 through FY2025, one offender was convicted of a felony under § 18.2-328 for operating an illegal gambling operation. However, an illegal gambling under § 18.2-328 was not the primary, or most serious, offense. The offender was given a local-responsible (jail) term to serve after sentencing.

Under § 58.1-4018, fraudulently tampering with lottery machinery is a Class 3 felony subject to imprisonment for 5 to 20 years. According to the Circuit Court CMS data, during the same six-year period, there were three convictions for this offense. It was not the most serious offense in any of these cases. While two offenders (66.7%) were given local-responsible terms, one offender received a state-responsible (prison) term to serve after sentencing.

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. 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. Since the proposal defines 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. If enacted, the new felonies would not be defined as violent in § 17.1-805(C) for the purposes of the Guidelines. No adjustment to the Guidelines is necessary under the proposal.

Juvenile direct care. According to the Department of Juvenile Justice, the proposal is not expected to impact direct care (juvenile correctional center or alternative commitment placement) bed space needs.

Juvenile detention facilities. The Department of Juvenile Justice reports that the proposal is not expected to impact the bed space needs of juvenile detention facilities.

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 725 of the Acts of Assembly of 2025 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 is \$0 for periods of commitment to the custody of the Department of Juvenile Justice.

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