

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB145 **Patron:** Krizek
Bill Title: Fantasy Contests Act; regulation and taxation.

Bill Summary: Imposes a 10 percent tax on a fantasy contest operator's fantasy contest revenue, with five percent of the tax revenue being allocated to the Problem Gambling Treatment and Support Fund and the remaining 95 percent being allocated to the general fund. The bill also limits the definition of "fantasy contest" and requires fantasy contest operators to apply to the Virginia Department of Agriculture and Consumer Services for a permit before offering any fantasy contest in the Commonwealth.

This bill requires operators to pay an initial \$50,000 permit fee, a \$50,000 Problem Gambling Treatment and Support Fund fee, and a monthly tax. This bill establishes a \$25,000 permit renewal application fee. The initial permit and permit renewal application fees are to be retained by department to support the administration of this program.

Budget Amendment Necessary: Yes. **Items Impacted:** 94

Explanation: It is anticipated that the Virginia Department of Agriculture and Consumer Services (VDACS) may require additional funding to implement the provisions of this bill.

Fiscal Summary: It is anticipated that this bill will result in an additional nongeneral fund expenditure of \$130,694 each year and an indeterminate change to general and nongeneral fund revenues. VDACS anticipates the need to hire an additional auditor position due to the 10 percent tax on fantasy contest revenue established in this bill and the requirement that VDACS collect and disburse this new tax revenue.

Nongeneral Fund Expenditure Impact:

| Agency | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 |
|--------------------------|--------|------------------|------------------|------------------|------------------|------------------|
| 301 (VDACS) – fund 09301 | - | \$130,694 | \$130,694 | \$130,694 | \$130,694 | \$130,694 |
| TOTAL | - | \$130,694 | \$130,694 | \$130,694 | \$130,694 | \$130,694 |

Fiscal Analysis: This impact statement is preliminary. In 2025, the department registered 17 fantasy contest operators, and in July 2025, the agency adjusted registration fees based on the number of operators and determined that the registration fee of \$6,500 per year is sufficient to support fantasy contest program expenses. In 2025, VDACS received \$166,000 in revenue from registration fees for fantasy contest operators, and the fantasy contest program expended \$106,551. No penalty revenue was collected in 2025, and there have been no hearings or appeals in the program so far.

This bill requires operators to pay an initial \$50,000 permit fee, a \$50,000 Problem Gambling Treatment and Support Fund fee, and a monthly tax. The bill also establishes a three-year renewal permit fee of \$25,000.

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VDACS is unable to estimate this bill's impact on annual revenue, as the number of operators that will apply for the new permit and the amount of revenue these operators will collect is unknown. Any reduction in the number of operators permitted could result in a decrease in average yearly revenue. VDACS estimates that if at least 10 operators continue to participate, the fantasy contest program could be self-sustaining.

VDACS currently has one compliance analyst position assigned to fantasy contests. Due to this bill's requirement that VDACS be responsible for ensuring operators pay the required 10 percent of their revenue to the department, VDACS anticipates needing to hire one additional auditor at an estimated annual cost of \$130,694. Current compliance analysts at VDACS do not have the skill set required to audit companies involved in fantasy contests. None of the current auditors at VDACS handles tax auditing or disbursements. With the addition of this auditor, VDACS estimates its total annual fantasy sports operations expenses to be \$242,181.

Other: This bill is the companion to SB129.