



Fiscal Impact Statement for Proposed Legislation
Virginia Criminal Sentencing Commission

House Bill 161
Amendment in the Nature of a Substitute
(Patron prior to substitute – Simon)

LD#: 26109035

Date: 03/03/2026

Topic: Internet gaming authorized

Fiscal Impact Summary:

<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: Cannot be determined ** • Juvenile Detention Facilities: Cannot be determined ** <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 authorizes internet gaming in the Commonwealth to be regulated by the Virginia Lottery Board. The proposal permits the Board to issue an internet gaming operator license to a casino gaming operator who submits an application on forms approved by the Board, meets certain qualifications, and pays an initial licensing fee. Such internet gaming operator license shall be issued as an amendment to a casino gaming operator’s license issued pursuant to § 58.1-4108. The proposal also creates a special nonreverting fund to be known as the Casino Gaming Hold Harmless Fund (the Fund) that would be used solely for the purposes of distributing equal monthly payments to casino gaming operators licensed to operate a casino gaming establishment in the eligible host cities described under § 58.1-4107.

The proposal specifies that the provisions of this act shall become effective on July 1, 2027.

The proposal defines a number of new felony offenses which parallel those currently applicable to casino gaming (Article 11, Chapter 41 of Title 58.1, effective July 1, 2020). Under the proposed § 58.1-4149, operating, conducting, or offering internet gaming without a license would be a Class 6 felony. Tampering with equipment used to conduct internet gaming to alter the odds or the payout of a game would be a Class 5 felony under the proposed § 58.1-4150. Finally, any person who knowingly operates, conducts, or offers any internet game that has been tampered with in a way that affects the odds or the payout of the game would be guilty of a Class 5 felony under the proposed § 58.1-4151.¹

¹ The proposed felonies would be eligible for the enhanced sentence credits specified in § 53.1-202.3, whereby offenders serve a minimum of 67% of the sentence ordered by the court.

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 up to 10 years.

Analysis:

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

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. This conviction was not the primary, or most serious, offense in the sentencing event. The offender was given a local-responsible (jail) term to serve after sentencing.

Currently, 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.

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. Thus, the magnitude of the impact on prison beds cannot be determined.

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

Adult community corrections programs. Because the proposal could result in felony 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 estimated.

Virginia’s Sentencing Guidelines. The proposed new felonies would not be covered by the Sentencing Guidelines as the primary, or most serious, offense. Such convictions, however, could augment the Guidelines recommendation (as additional offenses) 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 impact of the proposal on direct care (juvenile correctional center or alternative commitment placement) bed space needs cannot be determined.

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.

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 cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.

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