



Fiscal Impact Statement for Proposed Legislation

Virginia Criminal Sentencing Commission

House Bill 1272 Amendment in the Nature of a Substitute (Patron prior to substitute – Hayes)

LD#: 26110090

Date: 03/14/2026

Topic: Electronic skill gaming devices

Fiscal Impact Summary:

- **State Adult Correctional Facilities:**
\$50,000 *
- **Local Adult Correctional Facilities:**
Cannot be determined
- **Adult Community Corrections Programs:**
Cannot be determined

- **Juvenile Direct Care:**
Cannot be determined **
- **Juvenile Detention Facilities:**
Cannot be determined **

** Provided by the Department of Juvenile Justice

* 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* to provide a regulatory and taxation scheme for electronic skill gaming devices. The proposed § 58.1-4200 defines “electronic skill gaming device” and other related terms.

The proposal sets forth administrative procedures, licensing frameworks, and operation requirements for electronic skill gaming devices, and establishes new offenses relating to electronic skill gaming devices. It designates the Virginia Lottery Board (“the Board”) to promulgate regulations for electronic skill gaming devices. Respective licenses issued by the Board would be required to manufacture, distribute, operate, or run an establishment that hosts electronic skill gaming devices.

The proposal defines several offenses punishable as Class 1 misdemeanors including: making a false statement in any electronic skill gaming device license application; being under the age of 21 and playing an electronic skill gaming device; permitting a person under the age of 21 to play an electronic skill gaming device or redeeming any winnings from the operation of an electronic skill gaming device by such person; giving a reward for an unauthorized electronic skill gaming device; giving a reward that is redeemable off the host location’s premises; accepting any inducement from a distributor licensee; or operating, placing, or possessing an electronic skill gaming device in an unregulated location.

The proposal also defines several offenses that would be punishable as Class 6 felonies including: manufacturing, distributing, operating, etc. electronic skill gaming devices without a license; illegal tampering with electronic skill gaming devices; conspiring or attempting to commit a felony prohibited by the proposal; and third or subsequent offense for operating, placing or possessing an electronic skill gaming device in an unregulated location.

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. Two offenders (66.7%) were given local-responsible terms, and one offender received a state-responsible (prison) term to serve.

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 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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