



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

**Fiscal Analysis:** This bill authorizes the Virginia Lottery (Lottery) to approve up to 25,000 electronic gambling devices with a gaming tax of 25% of gross profits. The tax shall be allocated as follows: 15% to the Department of Taxation for distribution to the locality in which the host location operates; 2.5% to the Problem Gambling Treatment and Support Fund; 1% to the Office of the Gaming Enforcement Coordinator at the Department of State Police; 6.5% to the Lottery to cover the costs incurred in administering and implementing regulations for electronic skill game devices; and the remaining 75% to be deposited to the general fund.

The estimated gaming tax revenues are unknown at this time. The Joint Legislative Audit and Review Commission (JLARC) studied gaming in the Commonwealth in 2022. According to JLARC’s study, the net revenue per day per device from 2020 was \$152 as self-reported by the machine manufacturers to the Virginia Alcoholic Beverage Control Authority (ABC) in 2020. The same study included ABC estimates of 9,000 electronic gaming devices in Virginia in 2020. Below are tables showing estimated tax revenues if devices generate \$152 per day and there are 9,000 devices (as estimated by ABC in 2020) or 25,000 devices (maximum allowable per this bill). It is worth noting that when Georgia switched from self-reporting to a central accounting system (as also required in this bill) the reported revenues doubled. The Lottery indicates that it is unknown how many electronic gaming devices or machines are in play in the commonwealth, and some estimates are around 90,000.

Estimated Tax Revenues (9,000 devices @ \$152 per day)	
15% of total gaming tax – distributed to locality of host location	\$18,724,500
2.5% total gaming tax - Problem Gambling Treatment and Support Fund	\$3,120,750
1% total gaming tax – Office of Gaming Enforcement Coordinator at VSP	\$1,248,300
6.5% total gaming tax – Lottery for skill game administration and implementation	\$8,113,950
75% total gaming tax – General Fund	\$93,622,500
<b>Total Gaming Tax (25% of gross profits)</b>	<b>\$124,830,000</b>

Estimated Tax Revenues (25,000 devices @ \$152 per day)	
15% of total gaming tax – distributed to locality of host location	\$52,012,500
2.5% total gaming tax - Problem Gambling Treatment and Support Fund	\$8,668,750
1% total gaming tax – Office of Gaming Enforcement Coordinator at VSP	\$3,467,500
6.5% total gaming tax – Lottery for skill game costs	\$22,538,750
75% total gaming tax – General Fund	\$260,062,500
<b>Total Gaming Tax (25% of gross profits)</b>	<b>\$346,750,000</b>

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

---

The bill also authorizes the Lottery to grant licenses for manufacturers, distributors, operators, and hosts. The annual fee for manufacturers is \$250,000; the annual fee for distributors is \$250,000; the annual fee for operators is \$25,000; the annual fee for a non “truck stop” host is \$1,000; and the annual host fee for a “truck stop” is \$2,500. All fees shall be deposited into the Gaming Regulatory Fund at the Lottery. No more than 25,000 electronic gaming devices can be approved to operate in the Commonwealth at any one time. It is unknown how much revenue the license fees will generate.

Additional staffing and spending authority will be necessary for the Lottery to promulgate regulations, establish the oversight and enforcement of this activity, and establish a central accounting system. The cost of the central accounting system, as well as staffing and regulatory costs, is unknown, but estimated to exceed the allocation of tax revenues as set out in the bill (6.5% of the gaming tax revenues) and licensing fees. Additionally, substantial costs would be associated with seizing, transporting and storing illegal machines. The expenditure impacts shown in the table above are based solely on potential projected tax revenues from the JLARC study, and do not reflect the estimated expenditures necessary for the program.

According to the Office of Gaming Compliance at the Lottery, a central accounting system will likely take 12-18 months to implement, however, there is potentially at least one vendor with a possible solution that may reduce the implementation phase. The central accounting system will also likely cost close to the Lottery’s 6.5% allocation of the gaming tax, but an administrative fee per machine could help cover costs.

It is unknown at this time if authorization of this gaming activity will reduce lottery profits and transfers to the Lottery Proceeds Fund. A reduction of transfers to the Lottery Proceeds Fund could result in the need for additional general fund support for K-12 education.

It is unknown at this time how much revenue will be deposited to the Literary fund due to civil penalties assessed due to the provisions of this bill.

The Problem Gambling Treatment and Support Fund is subject to appropriation and is not anticipated to require additional resources from DBHDS without additional appropriation.

According to the Office of the Attorney General and Department of Law (OAG), the fiscal impact to OAG is indeterminate. OAG indicates it is possible that there would be a high up-front enforcement cost to OAG if there are a large volume of unlicensed machines, however, the Lottery anticipates potentially significant attorney resources from OAG will be required to handle appeals of staff decisions to the Virginia Lottery Board and to the Circuit Court, as well as civil actions brought by the Lottery against individual violators. The OAG can invoice for legal services to agencies wholly or partially non-generally funded. The cost of one staff attorney is \$160,226 annually, including salary and benefits.

The Department of Taxation will incur an estimated one-time expenditure of \$153,620 and on-going annual expenditure of \$12,500 to update technology systems and implement changes as required by this legislation to distribute the gaming tax revenues to localities.

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

---

The Virginia Alcoholic and Beverage Control Authority (ABC) indicates they can absorb the impact of this bill with current resources.

The Virginia Department of Agriculture and Consumer Services (VDACS) indicates they can absorb the impact of this bill with current resources.

The provisions of this bill appear to expand the office of the Gaming Enforcement Coordinator at Virginia State Police (VSP) and may require additional resources, however, the cost is unknown at this time.

This bill creates a Class 1 misdemeanor and Class 6 felony. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail and a fine of not more than \$2,500, either or both. Anyone convicted of a class 6 felony is subject to a term of imprisonment of not less than one year nor more than five years, or in the discretion of the jury or the court trying the case without a jury, confinement in jail for not more than 12 months and a fine of not more than \$2,500, either or both. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays localities \$5.00 a day for each misdemeanant or otherwise local-responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2025), the estimated total state support for local jails averaged \$58.25 per inmate, per day in FY 2024.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 725, 2025 Acts of Assembly, requires that a minimum impact of \$50,000 be assigned to the bill.

**Other:** None.