

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

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ORIGINAL

Bill Number: SB129ER

Patron: Ebbin

Bill Title: Fantasy contests; regulation and taxation, civil penalty, repeals fantasy contests act.

Bill Summary: Imposes (i) a 10 percent tax on a fantasy contest operator's fantasy contest revenue, with 2.5 percent of the tax revenue being allocated to the Problem Gambling Treatment and Support Fund and the remaining 97.5 percent being allocated to the general fund, and (ii) a 2.6 percent fee on a fantasy contests operator's fantasy contest revenue to be utilized by the Virginia Lottery to cover the costs of administration and regulation of fantasy contests in the Commonwealth. The bill also limits the definition of "fantasy contest" and requires fantasy contest operators to apply to the Virginia Lottery for a permit before offering any fantasy contest in the Commonwealth. This bill is identical to HB 145.

Budget Amendment Necessary: No

Items Impacted: N/A

Explanation: This bill involves the Virginia Department of Agriculture and Consumer Services (VDACS) and the Virginia Lottery (Lottery); however, a budget amendment is not required.

Fiscal Summary: This bill repeals VDACS' regulatory authority of Fantasy Contests and establishes the program under Virginia Lottery, with Virginia Lottery adopting regulations and beginning the program by January 1, 2029, likely delaying full implementation and associated revenue and expenditure impacts until FY 2029 or later.

Fiscal Analysis: This impact statement is final. This bill shifts responsibility of the Fantasy Contests Act from VDACS to Lottery, with Lottery adopting regulations and beginning the program by January 1, 2029. The third enactment of the bill specifies that regulations promulgated by VDACS shall remain in effect until Lottery adopts its regulations. Budget amendments may be required in future years to implement this bill.

The bill establishes an initial application fee of \$50,000 to be deposited to the Problem Gambling Treatment and Support Fund, which is administered by the Department of Behavioral Health and Developmental Services. The Fund is subject to appropriation and is not anticipated to require additional resources from DBHDS without additional appropriation. The bill provides for a renewal fee of \$25,000 which shall be remitted to Virginia Lottery for administration of the program. At this time, revenues from the initial application and renewal fees are unknown.

The bill also establishes a ten percent tax on an operator's fantasy contest revenue. Of this tax, 2.5 percent shall be allocated to the Problem Gambling Treatment and Support Fund, and 97.5 percent shall be deposited to the general fund. The bill also imposes an additional fee of 2.6 percent on an operator's fantasy contest revenue, which shall be utilized by Lottery to cover costs of the administration and regulation of this bill. Any revenue remaining after Lottery has covered such costs shall be remitted to the general fund. The tax and fee revenue cannot be determined at this time.

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Currently, VDACS administers the Fantasy Contests Act through registration fees and charges that are deposited to a nongeneral fund and support one position. This position is a supervisor that also oversees the regulatory programs unit. It is anticipated that this position will be retained and supplanted with other nongeneral fund revenue from other regulatory programs.

Any person who knowingly and willfully falsifies, conceals, or misrepresents information on the permit application would be guilty of a Class 1 misdemeanor. Those convicted of a Class 1 misdemeanor are subject to a sentence of up to 12 months in jail and a fine of not more than \$2,500, either or both.

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.

In addition, anyone who knowingly violates any provision of the chapter would also be liable for a civil penalty of not more than \$1,000 per violation. Proceeds of all fines and penalties collected for offenses committed against the Commonwealth are paid into the state treasury to the credit of the Literary Fund.

A language-only amendment to HB30 adopted by the Senate requires Lottery to submit to the Governor and the General Assembly no later than October 15, 2026 the necessary statutory and Appropriation Act language to assume regulatory authority over sports betting, casino gaming, charitable gaming, fantasy contests, and horse racing activities as the Virginia Lottery and Gaming Authority and also develop an implementation plan identifying budgetary and revenue impacts and options to ensure sufficient and sustainable revenue to support regulation of all gaming in the Commonwealth.

The Department of Taxation does not anticipate any impact from this legislation.

Other: None.