



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 169

PRINTERS NO. 2694

PRIME SPONSOR: Delozier

REVENUE INCREASE / (DECREASE)

FUND	FY 2011/12	FY 2012/13
General Fund	minimal	\$200,000
Local Government Funds	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 169, Printer's Number 2694, amends the Local Option Small Games of Chance Act further providing for legislative intent; definitions; games of chance and prize limits; limits on sales distributor licenses; registration of manufacturers; regulations; licensing of eligible organizations and special permits; club licensees; revocation of licenses; local option; advertising; penalties; and making editorial changes.

ANALYSIS: This legislation clarifies several definitions by amending the terms civic and service association, club, daily drawing, eligible organization, fraternal organization, games of chance, law enforcement official, public interest purposes, raffle, and weekly drawing. Furthermore, the bill defines the terms club licensee, general operating expense, licensed distributor, monthly drawing, prize, proceeds, and vertical wheel game.

The bill permits an organization to raise funds for general operating expenses. Specifically, not less than 70% of the proceeds shall be used for public interest purposes; up to 30% may be used for general operating expenses; and proceeds may not be used for wages, alcohol or food purchases or for the payment of any fine levied against the organization.

The legislation clarifies that a "club" is an organization that has a liquor license and defines a "club license" as a club that holds a license to conduct small games of chance. Additional requirements are added for club licensees.

Various prize limits are increased in the bill including the amount awarded for any single chance, weekly maximum cash value of prizes, monthly drawings, total prizes awarded within a month, raffles and prize awards under special permits.

Several reporting and record keeping requirements are added to provide better oversight of small games of chance licensees. Background checks are required by each manufacturer and distributor for all officers, managers and other responsible persons. The Department of Revenue is required to review the act and regulations and submit a report on a biennial basis to the General Assembly with suggestions of legislative action.

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Language is added allowing organizations to advertise prizes awarded for games if the advertisements contain the date, time, location, prizes to be awarded and the name of the organization.

License fees are increased including the small games of chance license, special permits, and distributor and manufacturer licenses.

The act takes effect in 60 days.

FISCAL IMPACT: The legislation primarily impacts restrictions and reporting for licensees and prize limits and advertising for small games of chance. There is no adverse fiscal impact to Commonwealth or local government funds for these provisions of the bill.

The increased fee for small games of chance licenses and special permits are retained by the local licensing authority. This additional revenue is assumed to be sufficient to compensate for any additional costs that might be incurred by the licensing authorities.

The additional requirements of the Department of Revenue in preparing forms to be used by licensees, distributors and manufacturers as well as producing a biennial report to the General Assembly are assumed to be accomplished within the current funding levels.

The distributor and manufacturer license fees are collected by the Department of Revenue and deposited into the General Fund. In fiscal year 2010-11 a total of \$193,850 in small games of chance licensing fees was collected. This legislation doubles these licensing fees: distributor fees from \$1,000 to \$2,000 and manufacturer fees from \$2,000 to \$4,000. Therefore, the General Fund will realize an increase in revenues from higher distributor and manufacturer license fees estimated to be minimal in FY2011-12 and \$200,000 annually thereafter.

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House Appropriations Committee (R)

DATE: November 15, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.