



Virginia Department of Planning and Budget **Economic Impact Analysis**

11 VAC 15-40 Charitable Gaming Regulations
Department of Agriculture and Consumer Services
January 23, 2015

Summary of the Proposed Amendments to Regulation

Pursuant to a 2013 legislative mandate,¹ the Charitable Gaming Board (Board) proposes to prescribe the conditions, procedures, and rules under which charitable organizations may run network bingo. Network bingo is a concept in which several locations throughout the Commonwealth are networked together to play a single bingo game for a chance at winning a large prize. A portion of the money generated from the network bingo game is pooled together to create the large prize.

Result of Analysis

Whether the benefits exceed the costs depend on the policy views of the observer.

Estimated Economic Impact

Network bingo allows games in several locations throughout the Commonwealth to be counted as a single bingo game to increase the chances of winning a larger prize. A portion of the money generated from the network bingo game is pooled together to create the large prize. Network bingo would be an entirely new bingo offering in Virginia. Charitable gaming organizations will not be required to offer network bingo to their gaming patrons. Organizations that choose to do so would need to contract with registered suppliers to secure the required equipment. According to the Department of Agriculture and Consumer Services, there is no historical information to estimate how much providers will charge the organizations for the equipment to support network bingo and for the maintenance of such equipment, or how those costs would be passed on to the gaming patrons.

¹ Chapters 36 and 350 of the 2013 Acts of Assembly.

Since offering network bingo would be optional, the proposed introduction of the game will not be costly for charitable organizations. The higher potential payouts may encourage additional players to participate in charitable gaming or may entice existing participants to play more. Thus, there may be additional revenue raised for charitable organizations. Firms that provide network bingo equipment and services would likely benefit by being able to sell more of their products and services.

On the other hand, some citizens consider gambling to be a negative for society. To the extent that the introduction of network bingo may increase the participation in gambling, these citizens would likely consider the proposed addition of network bingo to produce a net cost. Thus, whether or not the proposed amendments to this regulation produce a net benefit depends upon the policy views of the observer.

Businesses and Entities Affected

Currently, there are approximately 330 charitable organizations that are permitted to conduct gaming.² There is no historical information to estimate how many network bingo providers will enter the market, but the Department of Agriculture and Consumer Services estimates that the majority of the network bingo providers are small businesses.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendments may moderately increase employment at firms that provide goods and services for network bingo.

Effects on the Use and Value of Private Property

The proposed amendments will provide the potential for additional business for firms that provide network bingo products and services. The value of some of these firms may increase.

Small Businesses: Costs and Other Effects

The proposed amendments will provide the potential for additional business for small firms that provide network bingo. The proposed amendments do not increase costs.

² Data Source: Department of Agriculture and Consumer Services

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments are unlikely to adversely affect small businesses.

Real Estate Development Costs

The proposed amendments are unlikely to affect real estate development costs.

Legal Mandate

General: The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed regulatory action would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

Small Businesses: If the proposed regulatory action will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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