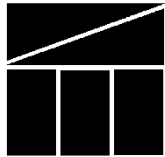


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

11 VAC 15-40 – Charitable Gaming Regulations
Virginia Department of Agriculture and Consumer Services
Town Hall Action/Stage: 4458/7610
August 10, 2016

Summary of the Proposed Amendments to Regulation

As a result of a petition for rulemaking¹, the Charitable Gaming Board (Board) proposes to amend its regulation to increase the number of electronic pull-tab devices allowed for private social quarters.

Result of Analysis

Benefits likely outweigh costs for this proposed change.

Estimated Economic Impact

This regulatory action affects private social quarters. Charitable gaming at private social quarters is where entrance to the premises is limited to members of the organization operating the social quarters and their guests.

This action increases the number of electronic pull-tab devices permitted at private social quarters. According to 11 VAC 15-40-10, an electronic pull-tab device may “take the form of an upright cabinet or a handheld device or may be of any other composition as approved by the department.”² More recent versions of the devices resemble tablet computers.³

¹ <http://townhall.virginia.gov/L/viewpetition.cfm?petitionid=224>

² <http://law.lis.virginia.gov/admincode/title11/agency15/chapter40/section10/>

Current regulation allows a maximum of 10 stand-alone (cabinet style) electronic pull-tab devices⁴ and 50 handheld electronic pull-tab devices in premises where bingo sessions open to the public are conducted. Private social quarters are currently limited to a total of five electronic pull-tab devices, regardless of device type. The Board now proposes to increase the number of pull-tab devices allowed in private social quarters to nine.

This change increases the number of devices allowed, but not required, for private social quarters. Accordingly, charitable organizations that have private social quarters are unlikely to incur the costs of procuring additional devices unless they expect the revenue from having extra gaming devices available would outweigh the costs. This regulatory change does not increase regulatory compliance costs for any entity. Charitable organizations with private social quarters may see increased revenues if they increase the number of pull-tab devices available at gatherings for members and their guests. Revenue, and profits, for manufacturers of electronic pull-tab devices may also increase as this regulatory change may increase demand for electronic pull-tab devices.

Businesses and Entities Affected

Board staff reports that there are approximately 330 charitable organizations in the Commonwealth that are allowed to conduct gaming open to the public and that there are seven manufacturers of electronic pull-tab devices that sell such devices in Virginia. All of these entities, as well as any charitable organizations that only have private social quarters gaming for members and their guests, will be affected by this proposed regulatory change.

Localities Particularly Affected

No locality will be particularly affected by this regulatory change.

Projected Impact on Employment

This proposed regulatory change is unlikely to have any impact on employment in the Commonwealth.

³ VTabs, the company that initiated the petition for this action, has some examples of current devices on its website. See <http://www.v-tabs.com/>.

⁴ Electronic pull-tabs are defined in the regulation as “an electronic version of a single instant bingo card or pull-tab. An electronic pull-tab is a predetermined game outcome in electronic form, distributed on-demand from a finite number of game outcomes by a distributed pull-tab system.” Electronic pull-tab devices are upright cabinet style gaming devices or hand-held gaming devices that allow gamers to play pull-tab style instant bingo games. For examples of electronic pull-tab devices, see here: <http://www.v-tabs.com/>

Effects on the Use and Value of Private Property

This proposed regulation is unlikely to have any impact on the use or value of private property.

Real Estate Development Costs

This proposed regulation is unlikely to affect real estate development costs.

Small Businesses:**Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

No small business is likely to incur compliance costs on account of this proposed regulatory change.

Alternative Method that Minimizes Adverse Impact

No small business is likely to incur compliance costs on account of this proposed regulatory change.

Adverse Impacts:**Businesses:**

No business is likely to incur compliance costs on account of this proposed regulatory change.

Localities:

No locality is likely to be adversely affected by this proposed regulatory change.

Other Entities:

No other entities are likely to suffer any adverse impact on account of this proposed regulation.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 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: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) 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, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 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 shall be notified.