



Economic Impact Analysis Virginia Department of Planning and Budget

11 VAC 15-22 – Charitable Gaming Rules and Regulations
Department of Charitable Gaming
April 25, 2008

Summary of the Proposed Amendments to Regulation

The Charitable Gaming Board (Board) proposes several amendments to these regulations to reflect changes to the Code of Virginia pursuant to the 2007 Acts of Assembly. Additionally, the Board proposes to 1) specify that paid callers and managers may not play bingo at any session they have worked and may not purchase instant bingo, pull-tab, or seal card products from organizations they assist on the day they have worked or later from any deal they have helped sell, 2) no longer allow organizations to substitute an annual financial report for a quarterly report, 3) cap cumulative late fees for report filing at \$750, and 4) add clarifying definitions.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The current regulations specify that

Volunteer game workers may not play bingo at any session they have worked after the session has started. Volunteer game workers may not purchase directly or through others instant bingo, pull-tab, or seal card products from organizations they assist on the day they have volunteered or from any deal they have helped sell, whichever is later.

There have been some reported instances where paid callers and managers have played bingo at sessions where they have worked.¹ According to the Department of Charitable Gaming

¹ Source: Department of Charitable Gaming

(Department), it was not the intent of the Board to ban volunteer game workers from playing bingo at sessions where they work, but permit paid workers to do so. Having paid workers be possible winners does put the fairness of the games into question. Therefore the Board proposes to specify that paid callers and managers may not play bingo at any session they have worked and may not purchase instant bingo, pull-tab, or seal card products from organizations they assist on the day they have worked or later from any deal they have helped sell. Specifying this in the regulations will make it easier for the Board to enforce this prohibition. Thus adding this language to these regulations should produce a net benefit.

Under both the current and proposed regulations, organizations realizing any gross gaming receipts in any calendar quarter are required to file a quarterly report of receipts and disbursements on a form prescribed by the department. The current regulations allow the annual financial report to substitute for a quarterly report if the organization has no further charitable gaming income during the remainder of the reporting period and the annual report is filed by the due date for the applicable calendar quarter. The Board proposes to no longer permit the annual report to substitute for a quarterly report. According to the Department, it is not uncommon for charitable organizations staffed by volunteers to lose track of their administrative duties. The Department believes that requiring organizations to report quarterly without exception will make it less likely that they will have to shutdown charitable games due to poor management. The Department estimates that if organizations file their quarterly reports through the Department website it should only take about five minutes of their time, and perhaps an hour for those without Internet access. If requiring organizations to report quarterly without exception does in fact make it less likely that some charitable games will have to be shutdown due to poor management, then the proposal will likely produce a net benefit since the cost of complying is so small.

Under both the current and proposed regulations, organizations failing to file required reports, request an extension or make fee payments when due are charged a penalty of \$25 per day. The current regulations place no limit on accumulated fees. The Board proposes to no longer add to late fees beyond 30 days and \$750. The Board believes that greater penalties do not significantly add to the incentive for organizations to submit reports and take away from the benefits to the public of these charitable organizations. Thus capping late fees late will likely produce a net benefit.

Businesses and Entities Affected

The proposed amendments affect the 560 charitable organizations in the Commonwealth.²

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendments will not significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendments will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendments will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not significantly affect small businesses.

Real Estate Development Costs

The proposed amendments will not significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such

² Datum source: Department of Charitable Gaming

economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.