

## Department of Planning and Budget 2022 Fiscal Impact Statement

**1. Bill Number:** SB488

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** McClellan

**3. Committee:** Finance and Appropriations

**4. Title:** Transit Transition Fund and Program; established.

**5. Summary:** Establishes the Transit Transition Fund and Program, administered by the Department of Rail and Public Transportation, to provide grants to state, regional, and local public entities to support the transition of public transit fleets to zero-emission and low-emission fleets. The Director of the Department of Rail and Public Transportation is directed by the bill to report annually to the Governor and the chairmen of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations by November 1 of each year. The bill also directs 7.5 percent of the revenues collected from the tax on sports betting permittees to the Fund, reducing the share of the tax revenue allocated to the general fund.

**6. Budget Amendment Necessary:** No. The final amount of revenues attributable to sports betting taxes in FY 2023 and FY 2024 is unclear, making it difficult to estimate any adjustments to general fund revenues on the front page. Any appropriation needed to spend funding from the newly created Transit Transition Fund can be appropriated administratively or at the next General Assembly Session.

**7. Fiscal Impact Estimates:** Preliminary. See item 8 below.

**8. Fiscal Implications:** The Department of Rail and Public Transportation (DRPT) would be required to manage the Transit Transition program and complete the required reporting on the use of the fund. The bill does not provide that DRPT would be allowed to use a portion of the Fund to cover administrative expenses. It is anticipated that DRPT would be able to manage any costs associated with program management and reporting within existing resources.

Currently, 2.5 percent of the revenue generated from taxes on sports betting revenue is directed to the Problem Gambling Treatment and Support Fund; the remaining 97.5 percent is directed to the general fund. This bill does not change the allocation to the Problem Gambling Treatment and Support Fund. The bill directs 7.5 percent of the revenues to the Transit Transition Fund and would reduce the allocation to the general fund to 90 percent of sports betting tax revenues.

The official general fund revenue estimates appropriated in the 2022 Budget Bill (HB30/SB30) include \$11.7 million in FY 2023 and \$11.7 million in FY 2024 in revenues from sports betting taxes. However, a 2019 Joint Audit and Legislative Review Commission (JLARC) report on gaming in the Commonwealth estimated up to \$48.0 million annually in sports betting tax revenue when the market is fully developed. Additionally, year-to-date FY 2022 revenues collected from sports betting taxes are currently on track to exceed the amount included in the official estimate for FY 2022. The sports betting market in the Commonwealth is still developing; therefore, the extent to which revenues from taxes on sports betting may be collected at levels above or below the official estimates remains to be determined. As a result, the full impact to the general fund from a reallocation of sports betting tax revenues is indeterminate. Until a more definitive estimate of the sports betting market and associated tax revenue is known, no adjustments to the Introduced Budget are recommended at this time.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Lottery, Department of Rail and Public Transportation.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.