

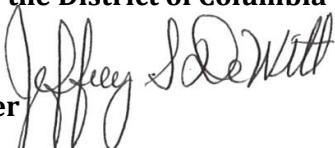
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 25, 2019

SUBJECT: Fiscal Impact Statement - Games of Skill Consumer Protection Emergency Amendment Act of 2019

REFERENCE: Draft Bill as shared with the Office of Revenue Analysis on November 13, 2019

Conclusion

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. This fiscal impact statement accounts for the implementation of this emergency bill and a temporary version of the bill. At this time, a permanent version of the bill is not being introduced and any resource needs beyond the expiration of the temporary bill are unknown at this time.¹

Background

The Alcoholic Beverage Regulation Administration (ABRA) and the Alcoholic Beverage Control Board (Board) control, regulate, enforce, and adjudicate alcoholic beverages, laws governing alcoholic beverages and establishments that serve them, and violations of those laws. The bill creates a "game of skill" endorsement for entities licensed by the Board, defines a game of skill, and establishes the parameters for the operations of games of skill in endorsed establishments.

The bill defines a game of skill as a mechanical or electronic game that rewards a player with cash or cash equivalents. These games do not include: games of chance where success is tied a ratio of prior wins to prior losses; the outcome is controlled by something other than the player or by a chance

¹ Emergency legislation is in effect for 90 days and temporary legislation is in effect for 225 days.

The Honorable Phil Mendelson

FIS: "Games of Skill Consumer Protection Emergency Amendment Act of 2019," Draft Bill as shared with the Office of Revenue Analysis on November 13, 2019

event; features of the game unknown to the player impact the outcome; or the skill level is such that no reasonable player could achieve success.

The bill requires holders of a manufacturer's license with an on-site sales, consumption, or retailer's license to obtain a game of skills endorsement prior to hosting games of skill. An establishment must include, in its endorsement application, a detailed analysis of the games, a diagram of where the games would be located in the establishment, and information about the games' manufacturer. The Board requires an opinion from the Office of the Attorney General (OAG) attesting that an establishment's proposed games are games of skill prior to approving the endorsement application. The bill sets the minimum cost of a game of skill endorsement at \$200.

Establishments must post a notice at their points of entry that indicates the presence of games of skill, the minimum age for playing a game of skill,² and the contact information for the District's gambling hotline and the OAG's Consumer Protection Division. The games cannot be placed in any outdoor public or private space unless the Board permits an exception and authorizes placement in private outdoor space that is secure and not visible from public streets and sidewalks. The establishments are also required to verify that all players are of the appropriate playing age and are not under the influence of alcohol or narcotics. The bill limits each establishment with this endorsement to no more than three games of skill.

Manufacturers or distributors of the games of skill must be registered to do business and pay taxes in the District. These entities are also prohibited from sharing in the profits of alcohol sales at establishments where their devices are present unless authorized by the Board.

The bill authorizes ABRA to enforce the bill's requirements and makes it illegal for anyone to install or operate games of skill without a game of skill endorsement.³

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. ABRA and the Board can issue game of skill endorsements and enforce violations of the endorsement conditions with its existing licensing and enforcement personnel. OAG personnel can also evaluate and opine on whether a game is one of skill or chance within the agency's existing budgeted resources over the time period in which the emergency and temporary legislation are in effect.

ABRA will collect additional revenues from game of skill endorsements, but we do not have sufficient information at this time to determine how many establishments will seek the endorsement.

² The minimum age for playing a game of skill is eighteen years of age.

³ Violators can be imprisoned for 180 days, fined up to \$1,000, or both.