

Fiscal Impact Review 2026 General Assembly Session

Bill number: HB 145 (Introduced); Fantasy Contests Act; regulation and taxation

Review requested by: Chair Torian; House Appropriations Committee

Date: February 9, 2026

JLARC Staff Fiscal Estimates

JLARC staff concur with the fiscal impact statement that HB 145 would increase costs for the Virginia Department of Agriculture and Consumer Services (VDACS) by approximately \$130,000 (nongeneral fund) annually. These costs would be offset in the near term by a permit fee and an existing fund balance. JLARC staff also estimate that HB 145 would result in an increase in general fund revenue of approximately \$1.25 million annually and an increase of \$66,000 in revenue annually for the Problem Gambling Treatment and Support Fund.

HB 145 would impose a 10 percent tax on fantasy contest operators' revenue and would require fantasy contest operators to apply and receive a permit from VDACS before offering a fantasy contest in Virginia.

An explanation of the JLARC staff review is included on the pages that follow.

Bill summary

HB 145 would impose a 10 percent tax on fantasy contest operators' net revenue, with 95 percent of the revenue being allocated to the general fund (GF) and 5 percent of the revenue being allocated to the Problem Gambling Treatment and Support Fund. The bill also limits the definition of "fantasy contest."

In addition, fantasy contest operators would be required to apply and receive a permit from the Department of Agriculture and Consumer Services (VDACS) before offering a fantasy contest in the Commonwealth. Operators would be required to pay an initial \$50,000 permit fee and a one-time \$50,000 Problem Gambling Treatment and Support Fund fee, followed by a \$25,000 permit renewal fee every three years.

Fiscal implications

HB 145 would increase VDACS's costs by requiring the agency to add an auditor position to handle reporting, tax disbursements, and auditing related to the new tax on fantasy contest revenue. However, VDACS's existing fund balance and permit fee revenue would cover the cost of the program, including the new auditor position, in the near term.

HB 145 would also result in an estimated \$1.32 million in revenue from the 10 percent tax on fantasy contest revenue, most of which would be for the general fund.

Finally, HB 145 would produce a one-time influx of funds for the Problem Gambling Treatment and Support Fund and modest additional funding thereafter.

Fiscal impact of HB 145 on VDACS

HB 145 is estimated to increase the VDACS fantasy contests program's costs by \$130,694 annually, for a total program cost of \$242,181 in FY27 and similar, but increasing, costs in subsequent years. This total cost would result from 1) a new auditor staff position to handle reporting, tax disbursements, and auditing related to fantasy sports contests at an estimated cost of \$130,694, and 2) the existing cost of a compliance analyst who is currently assigned to registration of fantasy sports operators ("permitting" operators if HB 145 is adopted) at a cost of \$111,487.

The program costs related to HB 145 could be covered by the fantasy contest program fund in the near term. HB 145 would generate revenue for the fantasy contest program

fund¹ through permit fees. Fantasy contest operators would be required to pay a one-time \$50,000 initial permit application fee and a \$25,000 permit renewal fee every three years thereafter, all of which would be allocated to the fund. The fantasy contest program fund had a balance of \$710,185 at the end of FY25, and FY26 revenue from current registration fees is expected to cover the FY26 program costs, for an estimated fund balance of about \$709,000 at the conclusion of FY26.

JLARC estimates that six to 10 fantasy contest operators would continue to operate in Virginia if HB 145's permit fees and tax rate were adopted. Currently, 17 fantasy contest operators are registered with VDACS to operate in Virginia. However, the number of operators is expected to decrease because HB 145 permit fees are higher than the current registration fee (\$6,500 annually), and the tax on fantasy contest revenue would be a new expense for operators. These changes would make operating fantasy contests in Virginia less profitable. JLARC's estimated range of six to 10 operators is based on examining which operators have consistently operated in Virginia's market over the past three years, as well as assessing the range of total operators (four to 19) and the specific operators in other states that charge a license fee and levy a tax on fantasy contest revenue.

With 10 operators, the fantasy contest program fund is projected to cover program costs through FY31 because of the existing fund balance and future permit fee revenue (Table 1). Initial permit fees would generate \$500,000 in FY27, followed by \$250,000 every three years thereafter from permit renewals, assuming 10 operators applied for and received a permit.

The fantasy contest fund balance would be depleted sooner if only six operators continued to offer fantasy contests in the Commonwealth, because the state would receive less revenue from initial permit fees and permit renewal fees. JLARC projects that the fund could cover costs through FY30, under this scenario.

Under either scenario, to offset ongoing programmatic costs once the fund balance is depleted, permit fees would need to increase or a new revenue source would need to be identified.

¹ Fund (09301) is used to pay VDACS fantasy contest program costs; it comprises entirely non-general funds generated by revenue from registration fees paid by fantasy sports contest operators in Virginia.

TABLE 1

VDACS fantasy contest program is projected to be self-sustaining through FY31 with 10 operators (\$1,000's)

	FY27	FY28	FY29	FY30	FY31	FY32
Fund balance (beginning of FY)	\$709 ^a	\$967	\$713	\$446	\$415	\$121
New permits revenue	\$500					
Permit renewal revenue				\$250		
Fund expenditure ^b	(\$242)	(\$254)	(\$267)	(\$280)	(\$294)	(\$309)
Fund balance (end of FY)	\$967	\$713	\$446	\$415	\$121	(\$188)

VDACS fantasy contest program is projected to be self-sustaining through FY30 with six operators (\$1,000's)

	FY27	FY28	FY29	FY30	FY31	FY32
Fund balance (beginning of FY)	\$709 ^a	\$767	\$513	\$246	\$115	(\$179)
New permits revenue	\$300					
Permit renewal revenue				\$150		
Fund expenditure ^b	(\$242)	(\$254)	(\$267)	(\$280)	(\$294)	(\$309)
Fund balance (end of FY)	\$767	\$513	\$246	\$115	(\$179)	(\$488)

NOTE: Virginia Department of Agriculture and Consumer Services (VDACS) non-general fantasy contest program fund 09301. Assumes the same number of fantasy contest operators each year beginning in FY27.

SOURCE: ^aFY27 beginning fund balance is estimated based on \$710,185 FY25 year-end balance, and an estimated \$111,487 in VDACS fantasy contest programs costs and \$110,500 registration fee revenue in FY26, resulting in a year end fund balance of \$709,198 in FY26. VDACS estimates fund expenditure of \$242,181 for personnel services in FY27; JLARC staff estimated a 5 percent annual increase in fund expenditures based on the statewide 10-year average increase in personnel services (FY16–FY25).

Estimated increase in revenue from HB 145

HB 145 is expected to generate state revenue from the 10 percent tax applied to operators' fantasy contest revenue. VDACS does not collect information on Virginia operators' fantasy contest revenue, so JLARC used fantasy contest revenue in 13 other states (AZ, AR, CT, DE, IA, LA, ME, MD, MA, MI, NJ, NY, and PA) to inform revenue projections.

JLARC estimates \$1.32 million in new annual revenue from the 10 percent tax on fantasy contest revenue, of which \$1.25 million would be allocated to the general fund. JLARC

used two metrics of fantasy contest gaming operator revenue in other states to produce this estimate. These metrics include calculating (1) each state's fantasy contest revenue per gambling age resident and (2) each state's fantasy contest revenue as a percentage of its sports wagering revenue². Both metrics were calculated for each comparison state for both FY24 and FY25 (when available³). JLARC calculated the median of each metric across the 13 states and applied the median to Virginia's gambling age population and sports wagering revenue. This resulted in a projected range of \$12.3 million to \$14.1 million in annual fantasy contest revenue for Virginia. JLARC used the midpoint of this range (\$13.2 million) to estimate that HB 145's 10 percent tax on fantasy contest revenue would generate \$1.32 million of annual tax revenue. Under HB 145, 95 percent of this tax revenue (\$1.25 million) would be allocated to the general fund.

The Problem Gambling Treatment and Support Fund is expected to experience increased revenue if HB 145 is adopted. A projected \$300,000 (six operators) to \$500,000 (10 operators) one-time contribution to the fund would be expected from the initial \$50,000 Problem Gambling Treatment and Support Fund fee. In addition, a projected \$66,000 (5 percent of the \$1.32 million annual tax revenue) would be allocated to the fund annually.

The projected decrease in the number of fantasy contest operators in Virginia is not anticipated to have a meaningful impact on projected tax revenue because the larger operators are expected to remain in the market. Analysis of publicly available operator-specific fantasy contest revenue data in four other states (AZ, ME, MA, PA) indicates that two to four large fantasy contest operators typically account for about 93 percent or more of overall revenue. These large operators already operate in Virginia and are expected to continue operating in Virginia's market if HB 145 is adopted. Therefore, any impact on projected tax revenue from other operators leaving the market is expected to be minimal. Other factors that could affect fantasy contest revenue, such as changes in consumer preferences or competition from new forms of gaming, are excluded from this analysis.

² JLARC staff used other states' sports wagering revenue to estimate the size of the market for fantasy contests in absence of Virginia specific data. Sports wagering and fantasy sports contests are similar types of gaming with similar player markets. Many sports wagering operators also offer fantasy contests, both in other states and Virginia. The ratio of fantasy contest revenue as a percentage of sports wagering revenue tends to be about 1 percent to 4 percent in other states.

³ Fantasy contest revenue information was available for 13 states for FY24 (AZ, AR, CT, DE, IA, LA, ME, MD, MA, MI, NJ, NY, and PA) and 10 states for FY25 (AZ, AR, CT, LA, ME, MD, MA, MI, NJ, and PA).

Budget amendment necessary? Yes

Agencies affected: VDACS, Department of Taxation

Patron: Delegate Krizek

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