Virginia ABC Update

Prepared for the Joint Subcommittee on Feasibility of Virginia Gaming Commission

November 20, 2023





Executive Summary

- Virginia ABC was asked to have oversight of skill games regulation across the Commonwealth from July 1, 2020 until their suspension June 30, 2021.
- During this period, potential violations were identified and addressed across 87 registered distributors hosting over 10,000 machines.
- Violations ranged from the sharing of labels among sister companies to a failure to pay taxes on machines they claimed were not in use.
- ABC responses included, but were not limited to, cease and desist letters, settlement agreements, hearings and other accountability practices.
- In total, ABC identified \$129,612,700 as taxable, with \$2,621,040 allocated to the Problem Gambling Treatment and Support Fund.









Violation types varied among the 87 Registered **Distributors**

- Sister companies sharing labels and misreporting or mislabeling machines
- Vendors sending payments for non-registered machines
- Distributors failing to pay taxes on machines they claim were not in use (i.e. warehoused games)
- Movement of machines from one location to another without properly notifying ABC
- Payments not paid by the due date set forth in the regulations
- Illegal games in place (no label, multiplayer game; not an ABC-authorized location)









ABC responded with a number of approaches to address compliance gaps

- Demand Letters
- Cease and Desist Letters
- Negotiation / Settlement agreements
- Hearings on disputed taxes owed
- Regional Agent Inspections

Note: Some distributors responded with appeals letters





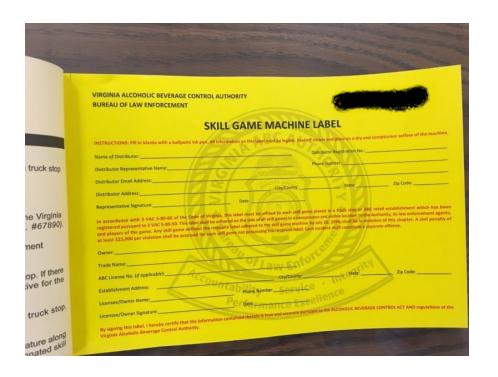






During this time, ABC identified over \$129 million as taxable

Time frame	Taxes Collected
Aug. (July game play)	\$12,049,200
Sept. (Aug. game play)	\$11,458,800
Oct. (Sept. game play)	\$11,100,000
Nov. (Oct. game play)	\$10,748,400
Dec. (Nov. game play)	\$10,161,100
Jan. (Dec. game play)	\$11,151,600
Feb. (Jan. game play)	\$10,326,000
March (Feb. game play)	\$11,138,400
April (March game play)	\$10,455,600
May (April game play)	\$10,384,800
June (May game play)	\$10,506,000
July (June game play)	\$10,132,800
Total	\$129,612,700













Additionally, over \$2.5 million was allocated to the Problem Gambling Treatment and Support Fund.

Time frame	Gambling Addiction Relief
Aug. (July game play)	\$240,984
Sept. (Aug. game play)	\$229,176
Oct. (Sept. game play)	\$229,128
Nov. (Oct. game play)	\$223,584
Dec. (Nov. game play)	\$217,752
Jan. (Dec. game play)	\$216,912
Feb. (Jan. game play)	\$212,832
March (Feb. game play)	\$210,168
April (March game play)	\$211,560
May (April game play)	\$211,128
June (May game play)	\$209,472
July (June game play)	\$208,344
Total	\$2,621,040













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