

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

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
BUREAU OF LAW ENFORCEMENT

SKILL GAME MACHINE LABEL

INSTRUCTIONS: Fill in blanks with a ballpoint ink pen. All information on this label must be legible. Peel off sticker and place on a dry and conspicuous surface of the machine.

Name of Distributor: _____ Distributor Registration No. _____
Distributor Representative Name: _____ Phone Number: _____
Distributor Email Address: _____ City/County: _____ State: _____ Zip Code: _____
Distributor Address: _____ Date: _____
Representative Signature: _____

In accordance with § VAC 5-80-40 of the Code of Virginia, this label must be affixed to each skill game placed in a truck stop or ABC retail establishment which has been registered pursuant to § VAC 5-80-50. This label shall be adhered to the side of all skill games in a conspicuous and visible location to the Authority, its law enforcement agents, and players of the game. Any skill game without this requisite label adhered to the skill game machine by July 30, 2020, shall be in violation of this chapter. A civil penalty of at least \$25,000 per violation shall be assessed for each skill game not possessing this requisite label. Each incident shall constitute a separate offense.

Owner: _____
Trade Name: _____
ABC License No. (if applicable): _____ City/County: _____ State: _____ Zip Code: _____
Establishment Address: _____
Licensee/Owner Name: _____
Licensee/Owner Signature: _____

By signing this label, I hereby certify that the information contained therein is true and accurate pursuant to the ALCOHOLIC BEVERAGE CONTROL ACT AND regulations of the Virginia Alcoholic Beverage Control Authority.

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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