



# GAMING COMPLIANCE

Sports Betting Update





# Taxes from Sports Betting

- 15% tax - Distribution of tax revenue:
  - 97.5% to the General Fund
  - 2.5% to the Problem Gambling Treatment and Support Fund
- 2023 Appropriations Act included limits on the deductions for bonus and promotional play, when operators calculate their taxes for sports betting activity - no deductions allowed after an operator's first year.
- Tax collections for General Fund more than doubled in FY23
  - \$67M in FY23 vs \$27M in FY22
- Language continued in the recently approved budget



# Sports Betting Activity and Taxes

FY23 / FY22



	FY23 (July - June)	FY22 (July - June)	% change
Total wagers	\$5,125,603,623	\$4,297,794,203	19.3%
Cash winnings	(\$4,578,714,606)	(\$3,913,893,356)	17.0%
Bonus and Promotions (NonCash)	(\$22,993,298)	(\$152,343,649)	-84.9%
Other Deductions	(\$51,204,168)	(\$48,308,074)	6.0%
Total, Virginia Adjusted Gross Revenues	\$472,691,552	\$183,249,124	158.0%

	FY23 Taxes	FY22 Taxes	% change
General Fund	\$67,254,931.53	\$27,415,773.96	
Problem Gambling Treatment and Support Fund	\$1,724,485.43	\$702,968.58	
Total Taxes	\$68,979,416.96	\$28,118,742.54	145.3%



# Approved Operators

Sports Betting Operator	Date of First Wager
Betfair Interactive US, LLC (d/b/a FanDuel)	January 20, 2021
Crown Virginia Gaming, LLC (Draft Kings)	January 24, 2021
BetMGM, LLC	January 27, 2021
Rivers Portsmouth Gaming, LLC d/b/a Rivers Casino Portsmouth	January 27, 2021
Caesars Virginia, LLC	February 3, 2021
WSI, US LLC	March 9, 2021
Unibet Interactive, Inc.	April 28, 2021
Penn Sports Interactive, LLC	August 10, 2021
Bally's Interactive, LLC	November 24, 2021
Colonial Downs Group, LLC	December 15, 2021
HR Bristol, LLC	March 31, 2022
VHL, VA LLC a/k/a 888	May 9, 2022
Digital Gaming Corporation VA, LLC	May 17, 2022
DC Sports Facilities Entertainment, LLC	December 19, 2022
Hillside (Virginia), LLC a/k/a Bet365	January 31, 2023
Betr VA, LLC	September 6, 2023
PlayLive Virginia LLC	October 13, 2023



# Sports Betting Violations

16 Violations since go live in 2021

- 9 of 16 Violations Self-Reported
- 6 of 16 Violations Lottery Audits
- 1 of 16 External Reporting

## Categories of Violations

- Voluntary Exclusion Program
- Unauthorized Wagers/Events
- Failure to license a vendor
- SEC Disclosure
- Failure to timely file certain tax reports
- Known Results
- Geolocation



# Sports Betting Violations

Full & Fair Investigation conducted in all cases

Issue Report to Sports Betting permit holder to include recommended fine(s)

Meeting with Sports Betting permit holder to hear their side

Consent Agreement negotiated with Sports Betting Permit holder

\$274,451 Total Fines to date

No appeals to date

All Sports Betting permit holders cooperative during investigations



# GAMING COMPLIANCE

Casino Update





# Taxes from Casinos

18/23/30% tax on Adjusted Gaming Revenue - Distribution of tax revenue:

6/7/8% of AGR to host locality

0.8% of total tax to the Problem Gambling Treatment and Support Fund

0.2% to the Family and Children's Trust Fund

1% to the Virginia Indigenous People's Trust Fund (if casino operated by tribe)

Any remaining revenues shall be appropriated for public school construction, renovations, or upgrades

HR Bristol opened in July 2022

Rivers Portsmouth opened in January 2023

Caesars Danville opened in May 2023





# Current Casino Floor

	Slot Machines	Table Games	Total
Bristol Hard Rock	897	29	926
Portsmouth Rivers	1,461	81	1542
Danville Ceasars	822	33	855
Total	3,180	143	3,323



# HR Bristol

2019 JLARC gaming study estimated \$130 million in annual net gaming revenues from a Bristol casino *at maturity*

First year of operations, Bristol's taxable revenues totaled **\$157M** (gaming activity July 2022 – June 2023)

	FY23 Total	YTD FY24 (July - Oct Activity)
Total Taxes	\$25,969,910	\$9,507,353
Bristol RIC	\$8,656,637	\$3,169,118
Problem Gambling Treatment	\$207,759	\$76,059
FACT – Family and Children's Trust Fund	\$51,940	\$19,015
Gaming Proceeds Fund – School Construction Fund	\$17,053,574	\$6,243,162



# Rivers Portsmouth

2019 JLARC gaming study estimated \$167 million in annual net gaming revenues from a Portsmouth casino *at maturity*

In first partial-year operations, revenues totaled \$120M (January 2023 – June 2023)

	FY23 Total	YTD FY24 (July - Oct Activity)
Total Taxes	\$17,870,011	\$15,393,865
Portsmouth	\$5,956,670	\$5,105,962
Problem Gambling Treatment	\$142,960	\$123,151
FACT – Family and Children’s Trust Fund	\$35,740	\$30,788
Gaming Proceeds Fund – School Construction Fund	\$11,734,641	\$10,133,964



# Caesars Danville

2019 JLARC gaming study estimated \$190 million in annual net gaming revenues from a Danville casino *at maturity*

In first partial-year operations, revenues totaled \$31M (May 2023 – June 2023)

	FY23 Total	YTD FY24 (July - Oct Activity)
Total Taxes	\$2,146,565	\$13,827,221
Danville	\$715,522	\$4,609,074
Problem Gambling Treatment	\$17,173	\$110,618
FACT – Family and Children’s Trust Fund	\$4,293	\$27,654
Gaming Proceeds Fund – School Construction Fund	\$1,409,578	\$9,079,875



# Casino Violations

8 Violations since go live in 2022

- 6 of 8 Violations Self-Reported
- 2 of 8 Violations Lottery Audits

## Categories of Violations

- Underaged
- Voluntary Exclusion Program
- Slot Machine violations



# Casino Violations

Full & Fair Investigation conducted in all cases

Issue Report to Casino Operator to include recommended fine(s)

Meeting with Casino operator to hear their side

Consent Agreement negotiated with Casino operator

\$405,000 Total Fines to date

No appeals to date

All Casino Operators cooperative during investigations



# Criminal Activity

Virginia Lottery is the regulatory agency

Law enforcement agencies handle criminal investigation matters

Virginia Lottery handed 4 cases to VSP

Virginia Lottery works closely with VSP & OAG, as necessary



Questions?