



Joint Subcommittee to Study the Feasibility of Establishing the Virginia Gaming Commission

November 20, 2023, at 10:00 a.m.

General Assembly Building, Senate Subcommittee Room 300

<https://studies.viriniageneralassembly.gov/studies/667>

The Joint Subcommittee to Study the Feasibility of Establishing the Virginia Gaming Commission (the Joint Subcommittee) met in Richmond with Senator Bryce E. Reeves, chair, presiding.¹ The meeting began with introductions and opening remarks followed by presentations and discussion. Additionally, Senator Reeves appointed Tad Berman as a liaison to the Joint Subcommittee. Materials presented at the meeting are accessible through the [*Joint Subcommittee's meetings webpage*](#).

Presentation: Gaming Compliance: Sports Betting and Casino Update

Tony Russell, Interim Director, Virginia Lottery

Mr. Russell updated the Joint Subcommittee on the status of gaming compliance in sports betting in the Commonwealth, which was legalized in 2021. Mr. Russell explained the tax rate, distribution of tax revenue, and revenue generated from sports betting activity for fiscal years 2022 and 2023. Mr. Russell addressed the number and categories of sports betting violations that have occurred since 2021 and the total fines to date that have been assessed.

Mr. Russell also provided the Joint Subcommittee with an update on gaming compliance in casinos. He explained the tax on adjusted gaming revenue and the distribution of tax revenue. Mr. Russell analyzed the three casinos operating in the Commonwealth: Hard Rock in Bristol, VA, which opened in July 2022; Rivers in Portsmouth, which opened in January 2023; and Caesars in Danville, which opened in May 2023. This analysis included the (i) number and types of games and (ii) revenue breakdown from each facility. Mr. Russell addressed the number and categories of casino violations that have occurred since 2022 and the total fines to date that have been assessed.

Mr. Russell ended the presentation by reiterating that the Virginia Lottery is the regulatory agency for casinos and sports betting, while law-enforcement agencies handle any criminal investigation matters. The Virginia Lottery has handed four cases to the Virginia State Police, and the Lottery works closely with the State Police and Office of the Attorney General as necessary for criminal activity.

¹ **Members Present:** Senator Bryce E. Reeves (chair), Delegate Paul E. Krizek (vice-chair), Senator Adam P. Ebbin, Senator Jeremy S. McPike, Delegate Terry L. Austin

Members Absent: Senator Frank M. Ruff, Jr., Delegate Barry D. Knight, Delegate James A. "Jay" Leftwich, Jr.

Presentation: Virginia Racing Commission

David Lermond, Executive Secretary, Virginia Racing Commission

Mr. Lermond provided an update on the status of the Virginia Racing Commission's oversight of horse racing with pari-mutuel wagering, including historical horse racing, in the Commonwealth. This update addressed some of the concerns raised by the Joint Legislative Audit and Review Commission (JLARC) in its [2022 Oversight and Administration of Gaming in the Commonwealth report](#) that was presented at the October 2023 meeting of the Joint Subcommittee. Mr. Lermond also informed the Joint Subcommittee that the Virginia Racing Commission has engaged a professional consulting firm to review the JLARC report and this review would be ready in December 2023.

Presentation: Virginia ABC Update

Chris Curtis, Interim Chief Executive Officer, Virginia Alcoholic Beverage Control Authority

Thomas Kirby, Chief Law Enforcement Officer, Virginia Alcoholic Beverage Control Authority

John Daniel, Government Affairs Officer, Virginia Alcoholic Beverage Authority

Mr. Curtis presented on Virginia ABC's oversight of skill games regulation across the Commonwealth from July 1, 2020, until skill games were suspended on June 30, 2021. Mr. Curtis addressed the machines and distributors regulated, types of violations handled, and tax revenue generated during this time period.

Presentation: Office of the Gaming Enforcement Coordinator

First Sergeant Kevin Johnson, Gaming Enforcement Coordinator, Virginia State Police

Lieutenant Colonel Timothy D. Lyon, Director, Bureau of Criminal Investigations, Virginia State Police

First Sergeant Johnson began by explaining the purposes of the Office of the Gaming Enforcement Coordinator (OGEC), which include to: (i) coordinate the enforcement of the Commonwealth's gaming laws by the State Police, Virginia Department of Agriculture and Consumer Services (VDACS), attorneys for the Commonwealth, and local law enforcement; (ii) liaison with federal law enforcement to assist in their investigations into gaming activities; and (iii) establish, advertise, and administer a tip line for the public to report concerns about gaming activities.

In coordinating with state agencies, First Sergeant Johnson explained how OGEC works with the Office of Charitable and Regulatory Programs at VDACS, the Office of Gaming Compliance at the Virginia Lottery, and the Virginia Racing Commission. First Sergeant Johnson provided an overview of investigative activity with these organizations from October 2022 to present. OGEC provides liaison and outreach services to local and federal law enforcement throughout the Commonwealth, as well as to the Virginia Department of Behavioral Health and Developmental Services, for education and expertise related to gaming laws and enforcement.

First Sergeant Johnson ended the presentation by explaining the Virginia State Police gaming tip line, which was first advertised in January 2023. The tip line offers citizens two methods of reporting: by phone or an online complaint form. First Sergeant Johnson provided a breakdown of the tip line data from January 2023 to present.



Public Comment and Next Meeting

Public comment was provided by select members of relevant business associations interested in the future of skill games (also known as "gray" games) in the Commonwealth. Speakers represented small business owners who utilized skill games in their small businesses, namely convenience stores. The speakers voiced agreement with the Joint Subcommittee members on the need to regulate, tax, and enforce compliance associated with skill games. The Joint Subcommittee members thanked the speakers for their time, support, and willingness to work with the Joint Committee.

This was the last meeting of the Joint Subcommittee for the 2023 interim. Should legislation pass to extend the Joint Subcommittee, meetings will resume during the 2024 interim.

For more information, see the [*Joint Subcommittee's website*](#) or contact the Division of Legislative Services staff:

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