



Virginia Lottery

Lottery Update

House Appropriations Committee
Nov. 17, 2020

Kevin Hall
Executive Director



Virginia Lottery

Certified FY20 Financial Results

Sales = \$2.15 Billion
Player Prizes = \$1.3 Billion
Retailer Commissions = \$120 Million
Operating Expenses = \$117 Million

FY20 Profits for K-12 = \$595 Million

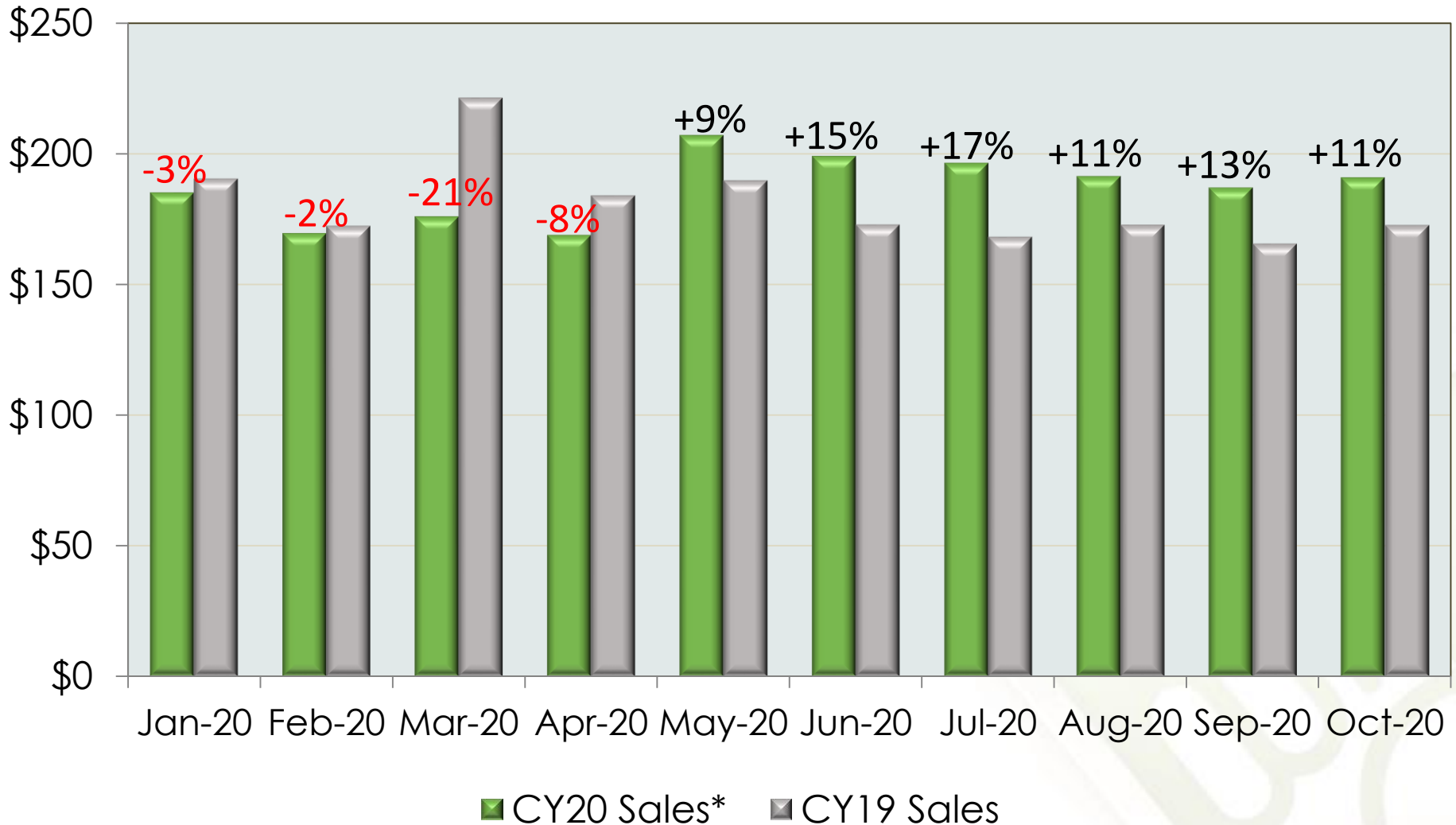
Unclaimed Prizes to Literary Fund = \$14 Million
State Income Tax withheld from prizes = \$4 Million
Debt Set-off Program = \$2 Million

Auditor of Public Accounts/Aug. 12, 2020



Sales of Retail Products CY20 vs CY19

** Excluding iLottery*





You can now play Virginia Lottery on your phone, tablet, computer

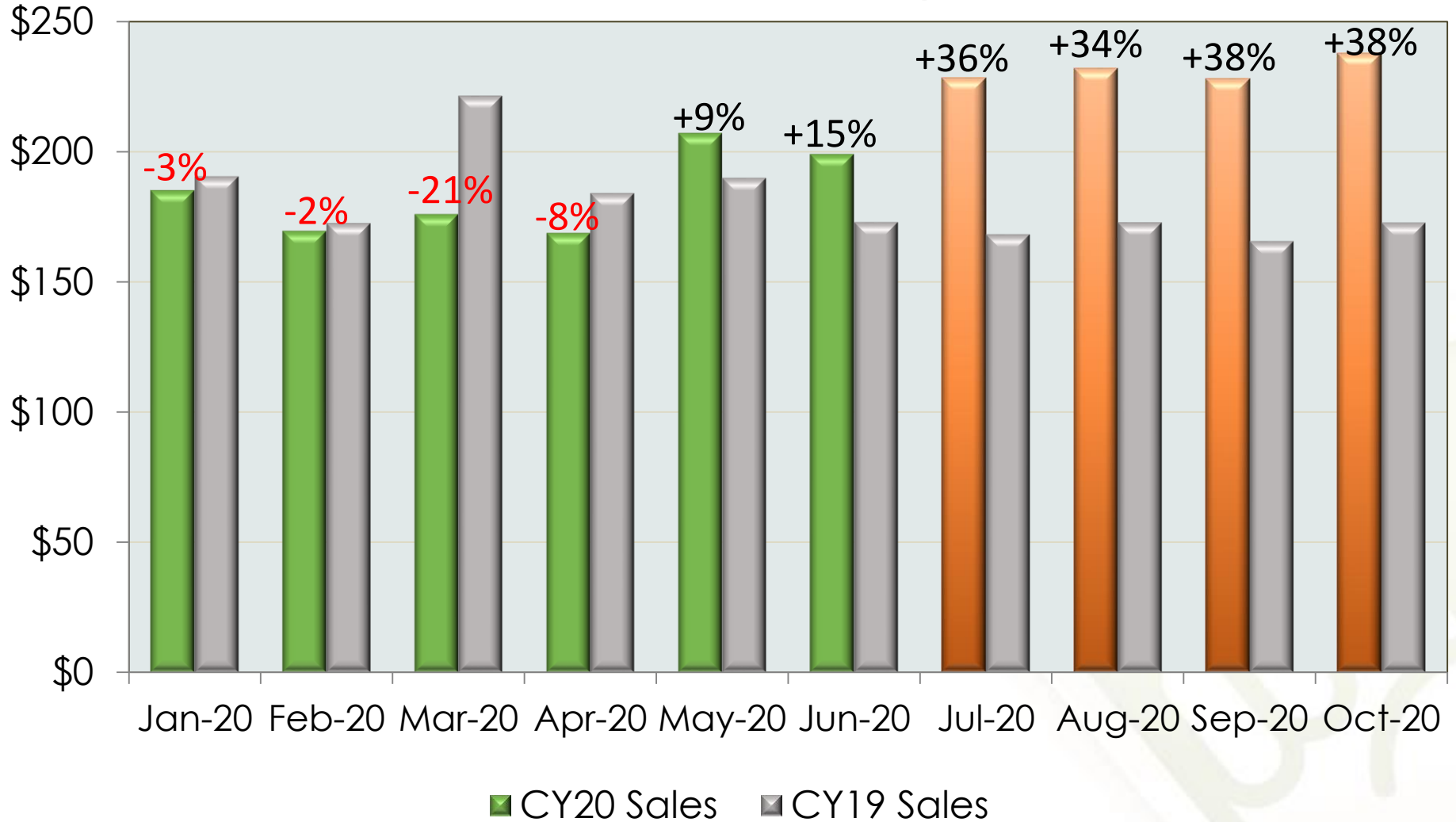
July 1, 2020 – *“The Virginia Lottery has begun selling some of its most popular games online, including Mega Millions, Powerball, Cash4Life, and all-new instant-win games.”*





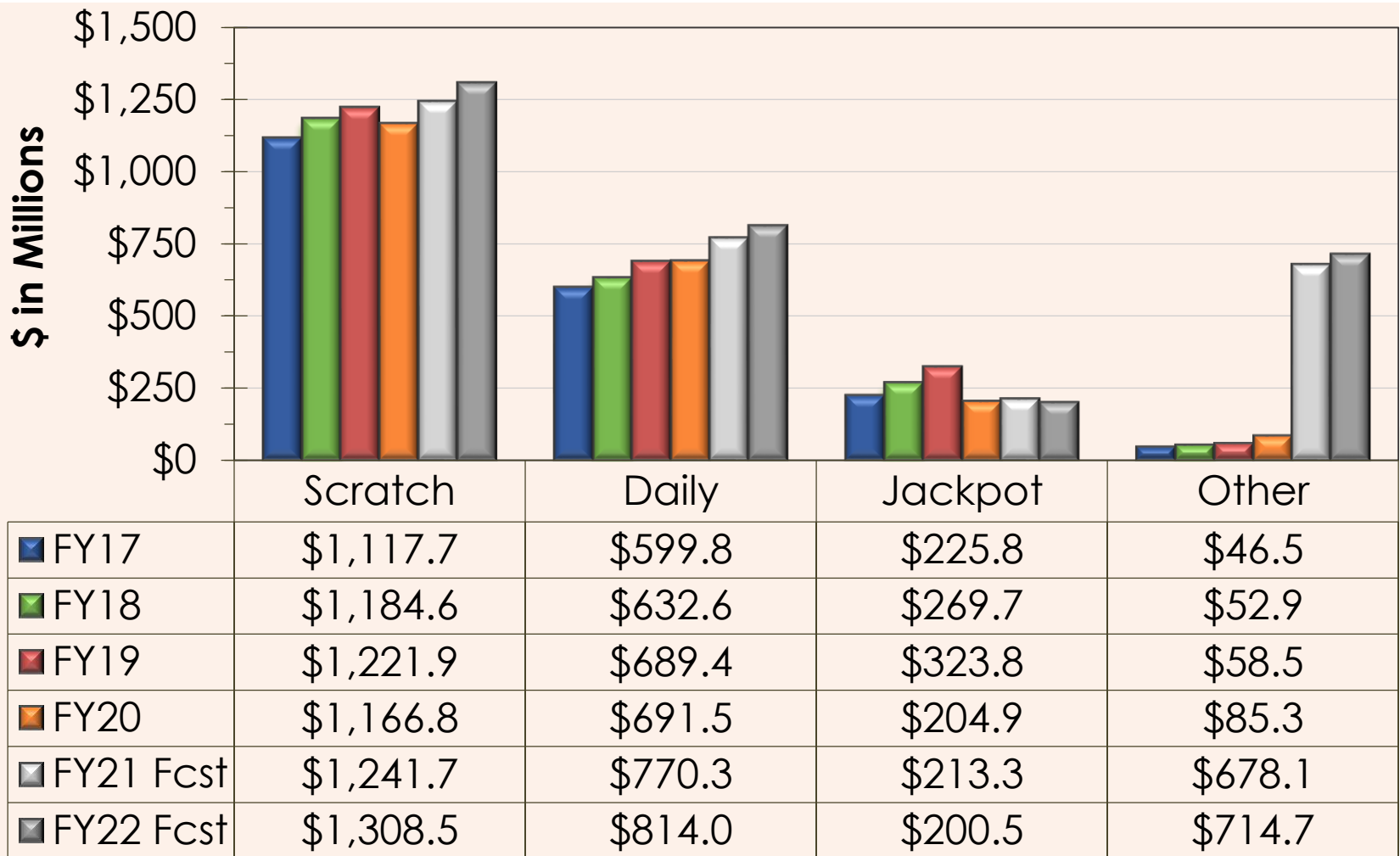
Total Sales CY20 vs CY19

Retail + iLottery





Sales Forecast





Lottery Proceeds Fund

Updated Forecast of Transfers vs. Enrolled Budget

	Fiscal Year 2021	Fiscal Year 2022
Current Estimate in Ch. 1289	\$657,959,397	\$666,104,670
Reforecast of Profits from Sales	\$676,249,757	\$690,903,334
Total Available to the Lottery Proceeds Fund	\$685,031,123 <i>[\$8,781,366 from FY20 residual transfer]</i>	\$690,903,334
Additional Lottery Proceeds Fund Availability	+\$27,071,726	+\$24,798,664



Risks

Luck of the Draw: since the basis of many Lottery products is a random drawing, a wide range of outcomes can occur

- Draw games with large fixed prizes -- Cash 4 Life, Bank a Million
- Daily games – up to \$16 million at risk each draw, twice-a-day
- Powerball, MegaMillions -- if jackpots are won with more frequency than expected, sales will be lower due to smaller jackpots
- Scratch tickets -- more controllable product, but consumers trending towards higher price points with larger prize payouts
- **Gaming Competition from Skill Games, Historical Horse Racing, Sports and Casino Gaming**
 - Continued presence of 10,000 skill machines, mostly in VaLottery-licensed retail locations, thru July 1, 2021
 - Historical Horse Racing expansion into heavily populated Northern Virginia
 - Expanded gaming in Virginia, Maryland, D.C., West Virginia, Tennessee, North Carolina



Mobile Sports Betting

Casino Gaming





Regulatory Infrastructure

Recruitment and Hiring

- ✓ Deputy Director for Gaming Compliance
- ✓ Deputy General Counsel for Gaming Compliance
- ✓ Director of Licensing & Investigations
 - ✓ Manager of Gaming Investigations
 - *Currently posted: investigator positions*
 - ✓ Manager of Financial Investigations
 - *Currently posted: investigator positions*
- Director of Audit – *interviews underway*
- Responsible Gaming Coordinator – *screening applicants*

eLicensing System

- ✓ Successfully launched online portal in Oct. 2020 for sportsbook permit applications, modeled on Maryland's casino eLicensing system; will be used to process gaming license applications from casino/sportsbook operators, suppliers and employees

Workspace for Expanded Gaming Oversight

- ✓ Adapting workspace within existing VaLottery HQ for new functions and ~100 add'l personnel; build-out scheduled to be completed in Spring 2021



Mobile Sports Betting

✓ **July 1, 2020**

Sports wagering legislation became law

✓ **July 15 & Aug. 10, 2020**

Draft regulations released for public and stakeholder comment

✓ **September 15, 2020**

VaLottery Board successfully meets statutory deadline to review and approve regulations

✓ **October 12, 2020**

Regulations take effect upon publication in *Virginia Register*

✓ **October 15-31, 2020**

Application period for operator licenses: 25 applicants for max. 12 licenses;
VaLottery to conduct suitability reviews of applicants

❑ **Q1 CY2021**

VaLottery expected to award first sports betting operator licenses



Casino Gaming

✓ **September 2020**

VaLottery begins drafting emergency casino gaming regulations

✓ **November 3, 2020 Referenda**

Va. Dept. of Elections unofficial results:

Bristol 71% - Danville 69% - Portsmouth 67% - Norfolk 65%

❑ **February 3, 2021**

VaLottery Board to review and vote on emergency casino gaming regulations, to be followed by Executive Branch review

❑ **April 7, 2021**

Statutory deadline for emergency casino gaming regulations to take effect; VaLottery to begin drafting permanent regulations through regular rulemaking process

❑ **Late Spring/Summer 2021**

Submission of license applications may begin; VaLottery granted ~12 months to conduct background investigations of casino operators, key personnel

❑ **Q2 CY2022**

First casino gaming licenses may be issued