



Ralph S. Northam, Governor Kevin Hall, Executive Director

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July 29, 2020

The Honorable Ralph S. Northam
Governor
Commonwealth of Virginia
Patrick Henry Building, 3rd floor
Richmond, VA 23219

Re: June 2020 Lottery Results

Dear Governor Northam:

I am pleased to provide our report of monthly activities and financial update for the month of June 2020, as required in §58.1-4006 of the *Code of Virginia*, as well as a report on unaudited sales and revenue figures for FY20.

June sales totaled \$199.1 million, up \$26.1 million (+15.1%) compared to the same month last year. Lottery sales for the fiscal year ending June 30 totaled \$2.15 billion, a decline of \$145.0 million (-6.3%) from last year. Compared to the forecast, however, sales finished the year \$1.7 million (+0.1%) more than expected.

While Lottery results are currently being audited and will not be official until mid-August, our preliminary results show that the FY20 profit forecast of \$586.6 million will be surpassed and the Lottery completed its \$613.4 million transfer to the Lottery Proceeds Fund as included in Chapter 1283. After the FY20 results are certified by the Auditor of Public Accounts next month, we anticipate an additional residual profit transfer of over \$8 million to the Lottery Proceeds Fund, or over \$595 million in profits from FY20 sales. As always, this residual transfer amount will become part of the updated forecast of transfers that will be available to support K-12 public education in FY21. This residual amount will help reduce the anticipated FY21 budget gap in the Lottery Proceeds Fund which will result from the one-year moratorium on the ban of skill machines currently operating in more than one-third of our licensed retail locations.

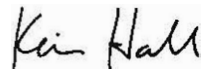
We continue to keep in close contact with the legislative money committee staff and your administration related to the status of lottery sales and profits. While the Lottery Proceeds Fund is not expressly part of the required reforecast of General Funds, we continue to work to deliver lottery products and services in a responsible, secure and effective manner. This includes the launch of online sales of certain Lottery products on July 1, the very first day such activity was permitted under legislation passed with broad, bipartisan majorities of the 2020 General Assembly.

July 29, 2020
Page Two

Additionally, we continue to make steady progress in crafting regulations and creating a regulatory infrastructure around expanded gaming. In early July, we provided pre-certification approval of submissions from the cities of Bristol, Danville, Norfolk and Portsmouth -- four of the five eligible host localities for casino gaming. As you are aware, the City of Richmond is on a different timeline for potential casino gaming. This pre-certification approval was required by statute in order for local referenda to be held in each jurisdiction during this November's general election. In addition, we posted a significant portion of proposed sports betting regulations on July 15 for public and stakeholder comment, with the remaining draft regulations scheduled to be posted for comment in August. These regulations, and the public comments received in response to the proposed regulations, will be reviewed by the Lottery Board and approved by September 15, 2020, as required in the sports wagering statute.

Please let me know if you have any questions or if you would like more information.

Very truly yours,



Kevin Hall

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations
 Committee
 The Honorable Luke E. Torian, Chairman, House Appropriations Committee
 The Honorable Vivian E. Watts, Chairwoman, House Finance Committee
 The Honorable Clark Mercer, Chief of Staff, Office of the Governor
 The Honorable Aubrey Layne, Secretary of Finance
 Daniel S. Timberlake, Director, Department of Planning & Budget
 David A. Von Moll, State Comptroller
 April Kees, Director, Senate Finance & Appropriations Committee
 Anne E. Oman, Staff Director, House Appropriations Committee
 Ferhan Hamid, Chairman, Virginia Lottery Board