

April 1, 2021

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

**Re: February 2021 Sports Betting Report**

Dear Governor Northam:

I am pleased to provide our report of legal sports betting activity for the month of February 2021, as required in Virginia Code § 58.1-4031 (2020).

During the month of February, five operators were active and accepting mobile sports wagers in Virginia. During the month, eligible players wagered over \$265 million on sports activities ranging from darts to the 2021 NFL Super Bowl. We anticipate additional operators will complete their requirements and begin actively accepting wagers over the course of the remainder of the calendar year.

Sports betting activity is taxed based on a permit holder's adjusted gross revenue. Adjusted gross revenue is calculated as wagers **minus** cash and noncash winnings, voided and cancelled wagers, Federal excise taxes, and certain allowable adjustments. Virginia's sports betting statute defines noncash winnings to include the value of wager bonuses and promotions used to attract and retain registered account holders. That means the adjusted gross revenue for operators may be negative for a month, and if so, that negative balance is carried forward to the following month. These calculations adhere to the statutory provisions in Virginia Code §58.1-4030 et seq., as enacted by the General Assembly in the 2020 Regular Session.

Virginia aggregate numbers:

	February Activity
Total wagers	\$265,778,306.19
Cash and noncash winnings	(\$266,727,085.75)
Void and Cancelled wagers	(\$1,482,013.52)
Federal excise taxes	(\$660,303.79)
Adjustments	(\$140,654.78)
Total, Virginia Adjusted Gross Revenues	(\$3,231,751.65)

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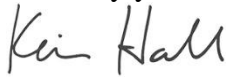
Due to the combined \$13.2 million in promotional bonuses and credits offered in February, and the significant negative carryforward balance from January, the total adjusted gross revenue for February continued to be negative for four of the five active operators, meaning that tax collections occurred from only one permit holder. It is anticipated that promotional expenses will level-off over time and monthly tax revenue will reach a more sustainable level.

For the month of February, one permitted operator reported positive adjusted gross revenue of \$2,003,959.41. At the 15% statutory tax rate (Virginia Code § 58.1-4037), total sports betting tax collections in March were \$300,593.91. From these taxes, the required 2.5% was apportioned to the Problem Gambling Treatment and Support Fund, with the remaining 97.5% directed to the general fund as required by Virginia Code § 58.1-4038.

	March 2021	FY2021 Year to Date
General Fund	\$293,079.06	\$331,796.61
Problem Gambling Treatment and Support Fund	\$7,514.85	\$8,507.61
Total Taxes	\$300,593.91	\$340,304.22

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

Sincerely 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