



September 30, 2021

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

Re: August 2021 Sports Betting Report

Dear Governor Northam:

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

During the month of August, eight operators were active and accepting mobile sports wagers in Virginia. The eighth operator, Penn Sports Interactive LLC, began accepting wagers during the month of August. During the month, eligible players wagered over \$182 million on sports activities including professional baseball, preseason NFL football, and the Olympics.

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:

	August Activity	FY22 YTD
Total wagers	\$182,418,251.91	\$344,320,206.83
Cash and noncash winnings	(\$171,319,464.47)	(\$317,631,734.73)
Void and Cancelled wagers	(\$1,904,455.11)	(\$4,256,429.26)
Federal excise taxes	(\$420,176.80)	(\$769,670.54)
Adjustments	(\$86,092.03)	(\$283,288.60)
Total, Virginia Adjusted Gross Revenues	\$8,688,063.50	\$21,379,083.70

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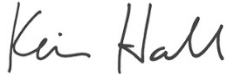
For the month of August, four permitted operators reported cumulative positive taxable adjusted gross revenue of \$9,190,263.52. At the 15% statutory tax rate (Virginia Code § 58.1-4037), total sports betting tax collections in September were \$1,378,539.53. From these taxes, the required 2.5% was apportioned 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.

	September 2021	FY2022 Year to Date
General Fund	\$1,344,076.04	\$5,379,043.31
Problem Gambling Treatment and Support Fund	\$34,463.49	\$137,924.18
Total Taxes	\$1,378,539.53	\$5,516,967.49

In August, FanDuel promptly self-reported violations of the sports betting law and regulations with respect to responsible gaming. FanDuel has taken corrective measures to ensure future compliance and agreed to remit \$10,000 to the Commonwealth as part of a financial settlement, deposited to the Literary Fund as directed by the Code of Virginia. FanDuel further agreed to a separate monetary contribution in support of the work of the Virginia Council on Problem Gambling.

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 F. Joseph Flores, 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