



November 30, 2022

The Honorable Glenn Youngkin
Governor
Commonwealth of Virginia
Patrick Henry Building, 3rd floor
1111 E. Broad Street
Richmond, VA 23219

Re: October 2022 Sports Betting Report

Dear Governor Youngkin:

I am pleased to provide our report of legal sports betting activity for the month of October 2022, as required in Virginia Code § 58.1-4031 (2020).

During the month of October, thirteen licensed operators accepted sports wagers in Virginia. During the month, eligible players wagered over \$528 million on sports activities. October handle represented a 24% increase from October 2021, when only nine operators were active.

Sports betting activity is taxed based on a permit holder's adjusted gross revenue. Adjusted gross revenue is calculated as wagers **minus** cash winnings, eligible noncash winnings during an operator's first twelve months of operation, voided and cancelled wagers, Federal excise taxes, and certain allowable adjustments. The adjusted gross revenue for operators may be negative for a month, and if so, that negative balance may be carried forward to the following month, for up to one year. 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, and the language included in the 2022 Appropriation Act.

Virginia aggregate numbers:

| | October Activity | FY23 YTD |
|---|--------------------|----------------------|
| Total wagers | \$528,029,938.41 | \$1,489,976,175.05 |
| Winnings | (\$476,865,738.58) | (\$1,321,987,288.01) |
| Noncash Winnings (eligible promotions) | (\$963,187.24) | (\$4,206,447.36) |
| Void and Cancelled wagers | (\$3,570,134.82) | (\$12,994,904.92) |
| Federal excise taxes | (\$1,276,472.08) | (\$3,583,203.70) |
| Adjustments | \$178,593.76 | (\$436,905.07) |
| Total, Virginia Adjusted Gross Revenues | \$45,532,999.45 | \$146,767,425.99 |

November 30, 2022

Page Two

For the month of October, seven permitted operators reported cumulative positive taxable adjusted gross revenue of \$46,377,620.29. At the 15% statutory tax rate (Virginia Code § 58.1-4037), total sports betting tax collections in November were \$6,956,643.04. 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.

| | November 2022 | FY2023 Year to Date |
|--|------------------|------------------------|
| General Fund | \$6,782,726.96 | \$23,029,931.88 |
| Problem Gambling Treatment and Support Fund | \$173,916.08 | \$590,511.06 |
| Total Taxes | \$6,956,643.04 | \$23,620,442.94 |

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

Respectfully,



Kelly T. Gee

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee
The Honorable Barry D. Knight, Chairman, House Appropriations Committee
The Honorable Roxann L. Robinson, Chairwoman, House Finance Committee
The Honorable Jeff Goettman, Chief of Staff, Office of the Governor
The Honorable Stephen E. Cummings, Secretary of Finance
Michael Maul, Director, Department of Planning & Budget
Lewis R. McCabe, State Comptroller
April Kees, Director, Senate Finance & Appropriations Committee
Anne E. Oman, Staff Director, House Appropriations Committee
Ferhan Hamid, Chairman, Virginia Lottery Board