



Virginia Lottery

Overview

Emergency Casino Regulations

Presented by:
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February 3, 2021



Organization of casino regulations

- Licenses and permits
- Facility operations & internal controls
- Games

Facility Operator License

- \$50K/principal background investigation fee
- \$15 million issuance fee
- 10-year license (from date of issuance)



Supplier permits

4 standard categories:

- Contractors
- Key Managers
- Manufacturers
- Slot machine management system provider





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Supplier permits in general

- 1-year permit with 4 automatic renewals
- \$5,000 application fee
- \$50,000 background investigation fee per principal (including key managers)
- \$5,000 annual permit fee
- Portability

Service permits

4 standard categories:

- Gaming employee
- Non-gaming employee
- Vendor – major
- Vendor – minor



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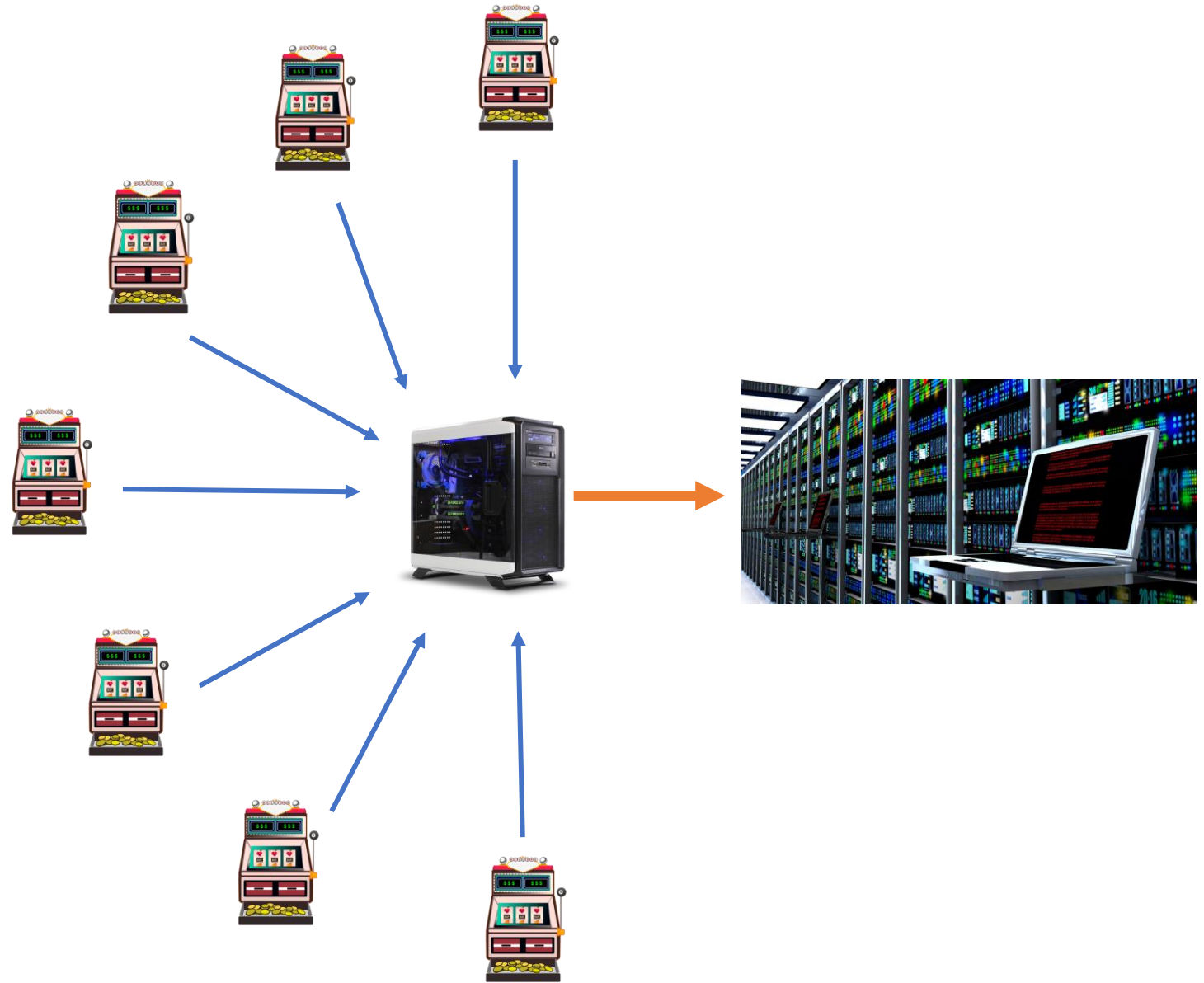
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Service permits in general

- 5-year term
- \$500 per applicant
- \$50,000 background investigation fee per principal (as applicable)
- Portability

Casino operations: central monitoring

Each casino game that operates electronically shall be connected to a central monitor and control system established and operated by the department



Casino operations: No cash wagers or credit

- Casino gaming wagers shall be conducted only with tokens, chips, or electronic cards purchased from the facility operator.
- Casinos may not extend credit to players.



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**ABSOLUTELY
NO ONE UNDER
THE AGE OF 21
PERMITTED IN THE
GAMING AREA.**

Casino operations: Responsible gaming

- No one under the age of 21 allowed in areas where casino games are located
- Voluntary self-exclusion list
- Mandatory exclusion list
- Responsible gaming plan

Casino operations: Taxes, fees, penalties

- 18%-30% graduated tax on AGR imposed pursuant to Va. Code § 58.1-4124
- Invoice to operators for slot machine AGR monthly
- Operator to certify AGR other than slots monthly
- Taxes, fees and civil penalties paid as established by Code of Virginia





Allocation of casino gaming taxes, penalties and fees

All tax revenues go to the Gaming Proceeds Fund, from which are allocated:

- Graduated percentages to the localities
- 1% tax on AGR of casino operated by Virginia Indian tribe to Virginia Indigenous People's Trust Fund
- .08% to the Problem Gambling Treatment and Support Fund
- .02% to the Family and Children's Trust Fund

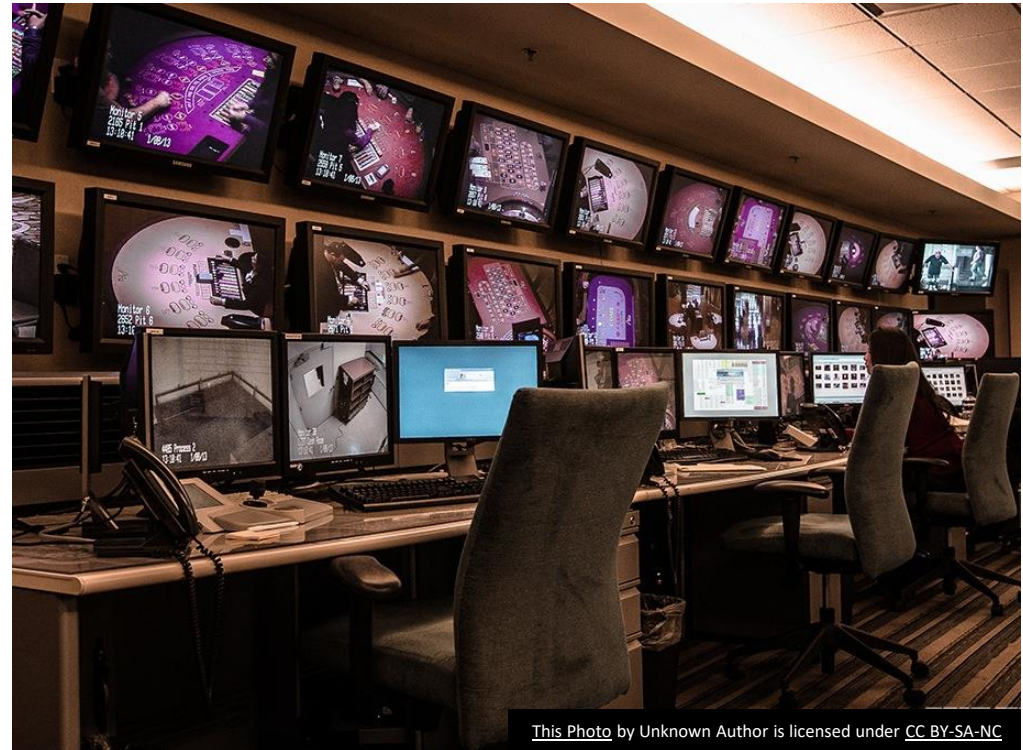
Civil penalties are payable to the General Fund

Application fees cover costs of background investigations

Licensing and permit issuance fees are applied to cover the Department's casino regulatory activities. If these amounts are insufficient, money from the General Fund would need to be allocated.

Internal Controls: Approved by Department prior to commencing operations

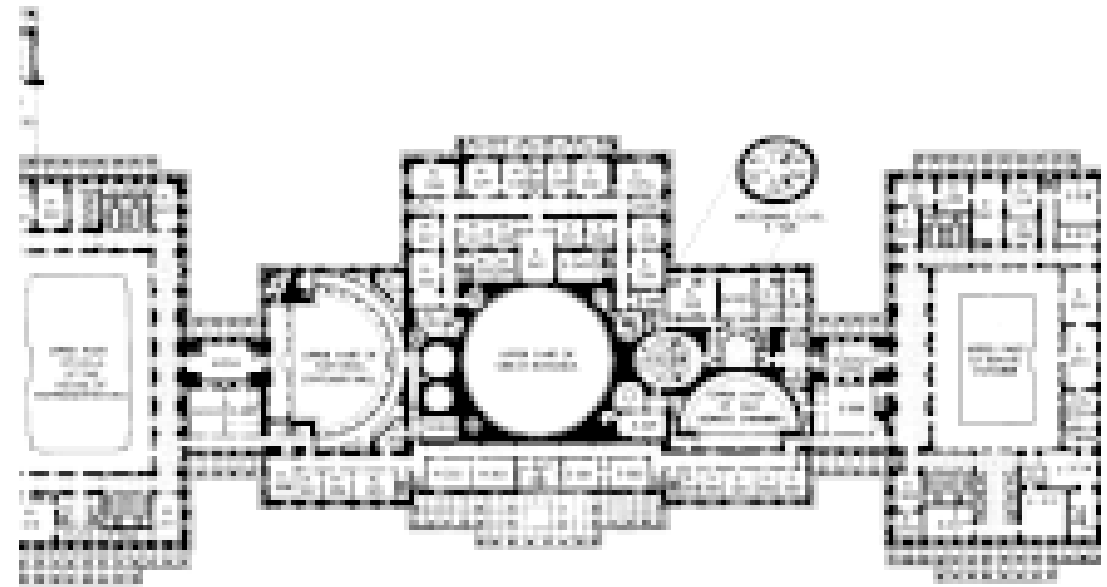
- Administrative controls and record keeping requirements
- Accounting controls
- Suspicious Activity Reports
- Compliance program
- Surveillance, security and internal audit standards



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Casino facility standards

- Secure, surveilled, climate-controlled computer space for central monitor and control system contractor
- Minimum 1,000 sq ft office space for Department staff immediately adjacent to gaming floor
- Table games surveillance requirements
- Architect-certified detailed gaming floor plan approved by Department



THIRD (GALLERY) FLOOR PLAN

2011-2012

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Slot machines

- Average payout percentage between 89% and 94%
- Minimum bet on single game event: \$.01
- Maximum bet \$500 (with exceptions)
- Slot machine lock-up settings
- Random number generator testing and security against outside interference
- Rules of play and record keeping



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Table games

- Broad range of table games allowed
- Standard rules pre-approved by the Department
- Minimum bet: \$5
- Maximum bet: \$50,000
- Detailed procedures for equipment
- Start-up procedures for dealers
- Accounting for cards, chips, tiles, etc.



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APPROXIMATE TIMELINE TO COMPLETE PERMANENT CASINO REGULATIONS

February 3, 2021	Board adopts emergency regulations and they are submitted for Executive Branch review.
April 7, 2021	Emergency regulations become effective.
April 26, 2021	Emergency regulations published in Virginia Register along with Notice of Intended Regulatory Action (NOIRA) for proposed casino regulations. 30-day public comment period on the intended regulatory action begins.
May 26, 2021	Public comment period on intended regulatory action closes. Staff prepare proposed permanent regulations for Board approval—which must occur within 180 days (by November 22, 2021).
<u>After</u> Governor’s approval of proposed permanent regulations	60-day public comment period begins on the proposed permanent regulations.
At least 15 days (but no later than 180 days) after 60-day public comment period closes	Board adopts proposed regulations as final and they are submitted for Executive Branch review.
October 7, 2022	Outside date upon which final regulations become effective.

