



PERFORMANCE OVERSIGHT HEARING FY2022 AND FY2023

February 22, 2023

PRESENTATION OVERVIEW

- **OLG OVERVIEW AND MISSION**
- **OLG OVERALL**
 - Contributions Since Inception
 - FY2022
- **STATE OF LOTTERY**
 - FY2022 and FY2023 Year-to-Date
 - FY2023 Initiatives
- **STATE OF SPORTS WAGERING**
 - FY2022 and FY2023 Year-to-Date
 - FY2023 Initiatives
 - The District Per Capita Performance



OLG OVERVIEW



MISSION AND VALUES

To responsibly maximize revenue generation for the District of Columbia through the sale of innovative lottery and sports wagering products while providing gaming regulation and oversight that upholds the highest standards of integrity and public trust.

- Integrity
- Equity and Inclusion
- Customer Centric
- Innovative
- One Team
- Quality
- Responsible Growth



OLG CONTRIBUTIONS SINCE INCEPTION IN 1982

\$8.1 Billion in Sales

\$2.3 Billion in Net Profit for District's General Fund

\$4.4 Billion in Prizes Won

\$475.4 Million in Retailer Commissions

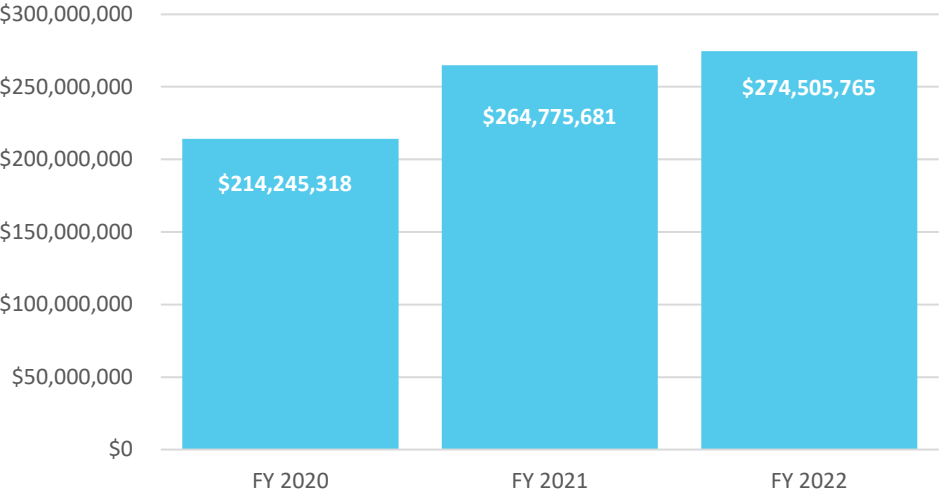
\$136.5 Million raised through Charitable Gaming



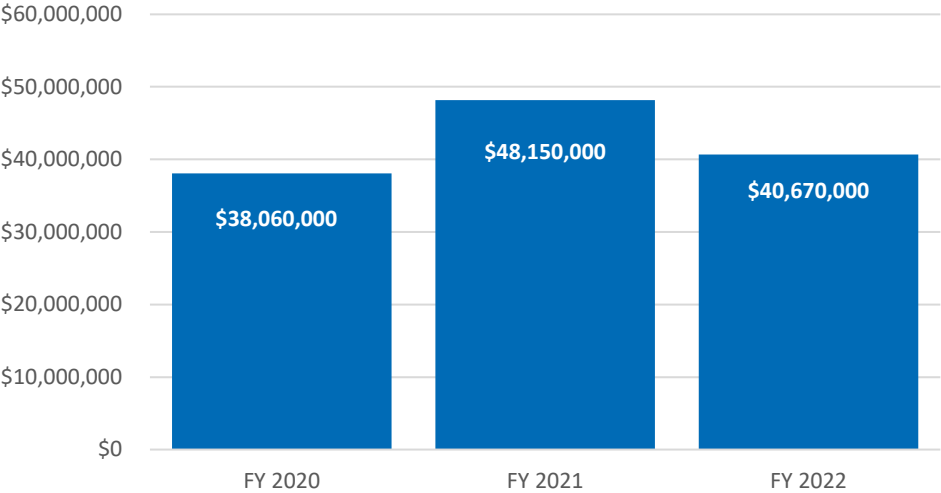
OLG OVERALL – FY2022



TOTAL LOTTERY AND SPORTS WAGERING SALES



TOTAL LOTTERY AND SPORTS WAGERING TRANSFER

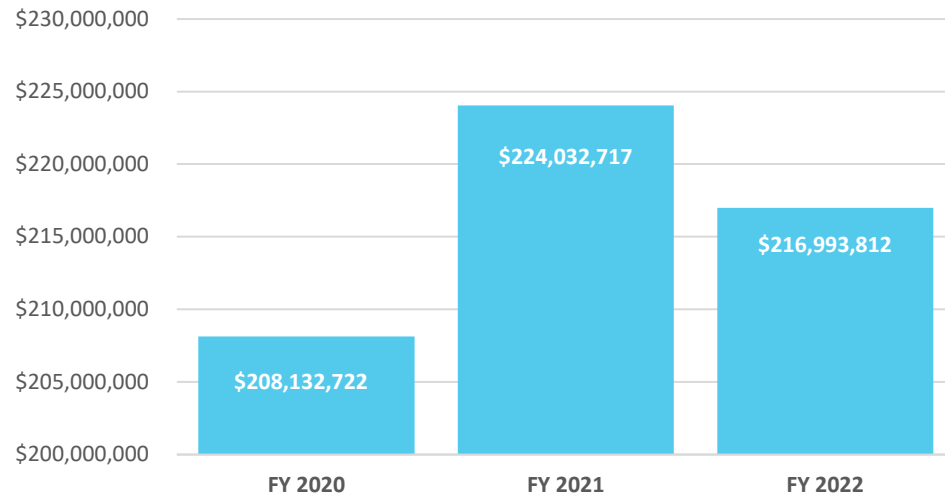


- **FY22 was impacted by a diminished population, record inflation, and gas prices**
- **FY22 OLG sales of \$274.5 million, up 3.7% year-over-year**
- **OLG’s overall transfer in FY22 was \$40.7 million, down 15.4% versus FY21 and 6.9% higher than FY20**

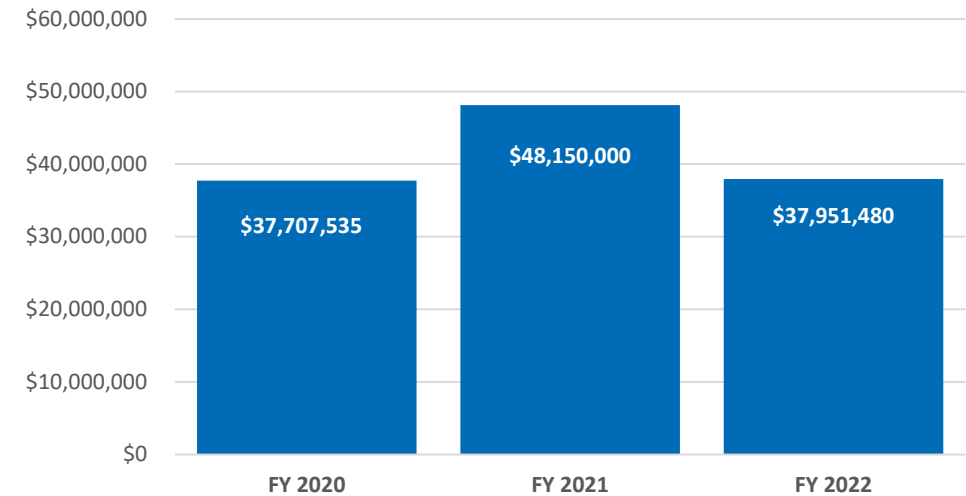


STATE OF LOTTERY – DC LOTTERY FY2022

DC LOTTERY TOTAL LOTTERY SALES



DC LOTTERY TOTAL LOTTERY TRANSFER



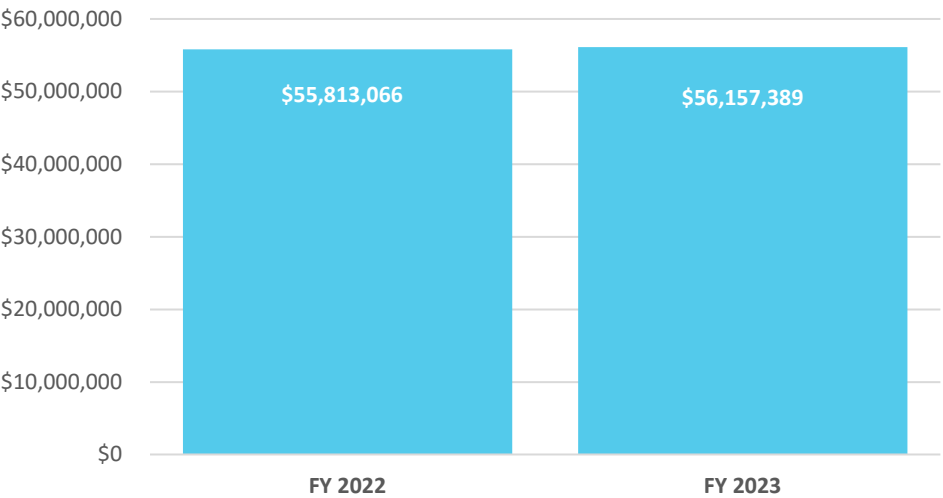
- Lottery industry sales were down overall in FY22, with 69% of jurisdictions with zero to negative growth
- FY22 Lottery sales of \$217 million, down 3.1% year-over-year
- Lottery transfer in FY22 was \$38 million, down 21% versus FY21
 - Increased prize payout in FY22 of 60.4% compared to 55.5% in FY21



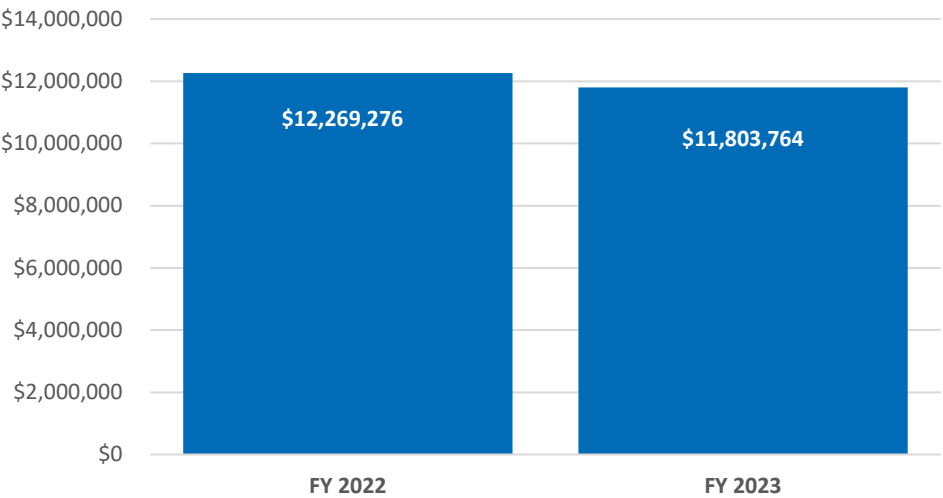
STATE OF LOTTERY – FY2023 YEAR-TO-DATE



TOTAL LOTTERY SALES (YTD)



TOTAL LOTTERY TRANSFER (YTD)

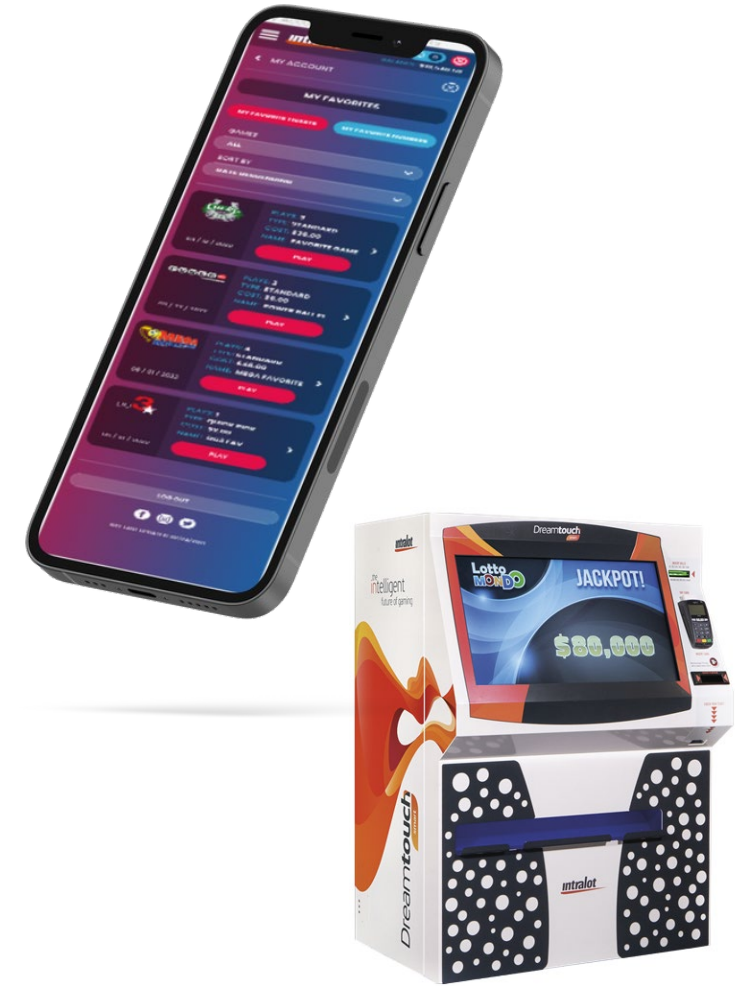


- **FY23 lottery sales year-to-date are \$56.2 million, up 0.6% compared to FY22**
- **FY23 total transfer is \$11.8 million, down 5.3% compared to FY22**
 - FY23 prize payout through December 31, 2022, is 67.7%, as compared to 60.9% for the same period in FY22



STATE OF LOTTERY - FY 2023 INITIATIVES

- **Finalize Equipment Upgrade** - final deployment of new retail point-of-sale terminals, ticket checkers, and multimedia screens
- **Lottery Wise Sales Tool** - new sales tracking tool for sales coordinators to better track retailer performance and sales opportunities
- **Touchscreen Vending Machines** - small pilot of new touchscreen vending machines with more game choices and modern user interface
- **Lottery Mobile App** - allows players to purchase iLottery, check their tickets, and access key lottery functions wherever they go
- **DC Keno Draw Frequency Increased** - will increase the frequency of its drawings from every four minutes to every three and a half minutes, giving players more daily chances to play and win



STATE OF LOTTERY – FY 2023 INITIATIVES (Continued)

- **Instant Ticket Optimization Project** - ticket sizes and prize structures have already been optimized, and new game-planning tools have been implemented
- **35 New Instant Tickets** - increased the number of instant ticket launches to 35 compared to 28 the prior year
- **New \$30 Instant Ticket** - launching a new \$30 instant ticket that will be uniquely positioned within the DMV area
- **Increased Numbers Game Promotions** - the number of promotions for our Numbers Games has more than doubled in Fiscal Year 2023
- **Accelerated e-Instant Game Launches** - increased frequency to launch every two weeks
- **New e-Instant Games Provider** - addition of a new third-party game provider with new unique games



STATE OF SPORTS WAGERING - PRIVATELY OPERATED

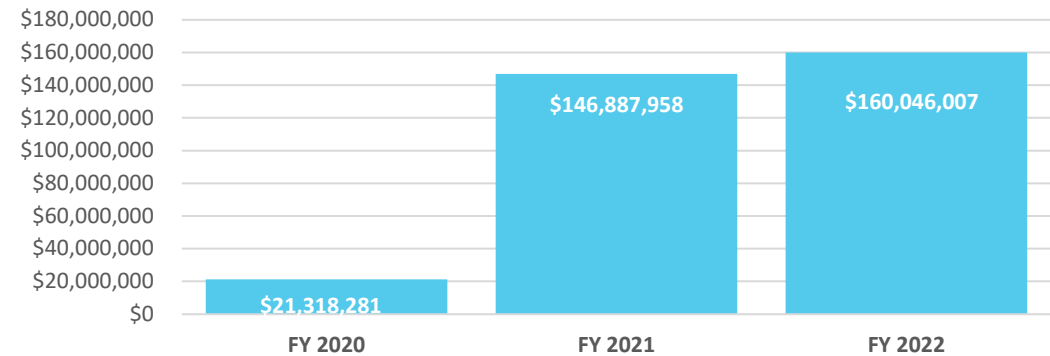
- FY22 Private Sports Operator Results:**

- 2.3 million wagers, up 44% compared to FY21
- \$160 million in handle, up 9%
- \$1.4 million in tax revenue to the District, down 33.3%
- Approved the first Class B license for Grand Central Sportsbook and a third Class A license for Fan Duel at Audi Field

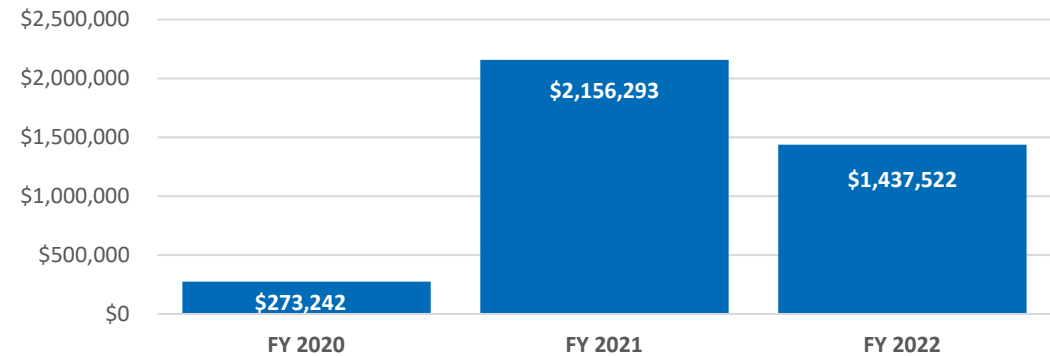
- FY23 Private Sports Operator Results (as of December 31, 2022) :**

- 684,291 wagers placed, up 1.1% compared to FY21
- \$44.4 million in handle, down 13.4%
- \$568,627 in tax revenue, which has increased by 12.3% or \$62,535
- Second Class B License for Over Under Sportsbook was approved and three companies have started new Class B applications

PRIVATE SPORTS OPERATORS TOTAL HANDLE



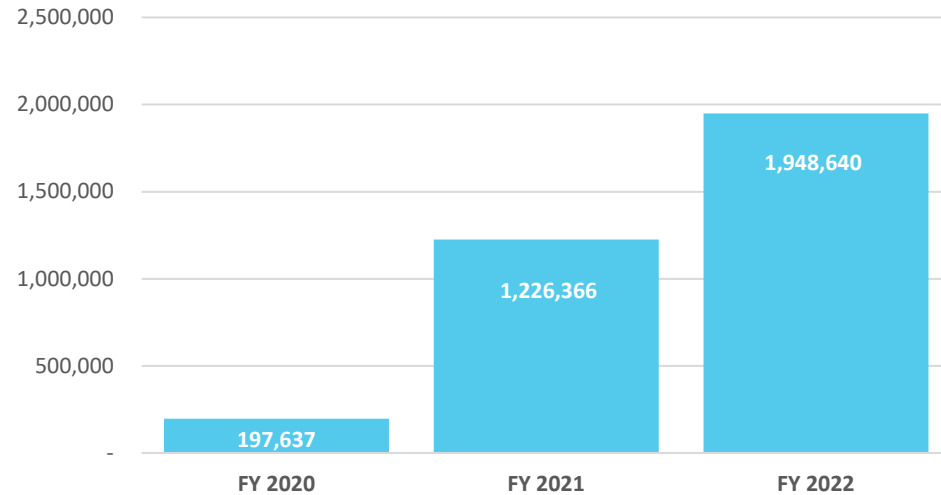
PRIVATE SPORTS OPERATORS TAX REVENUE



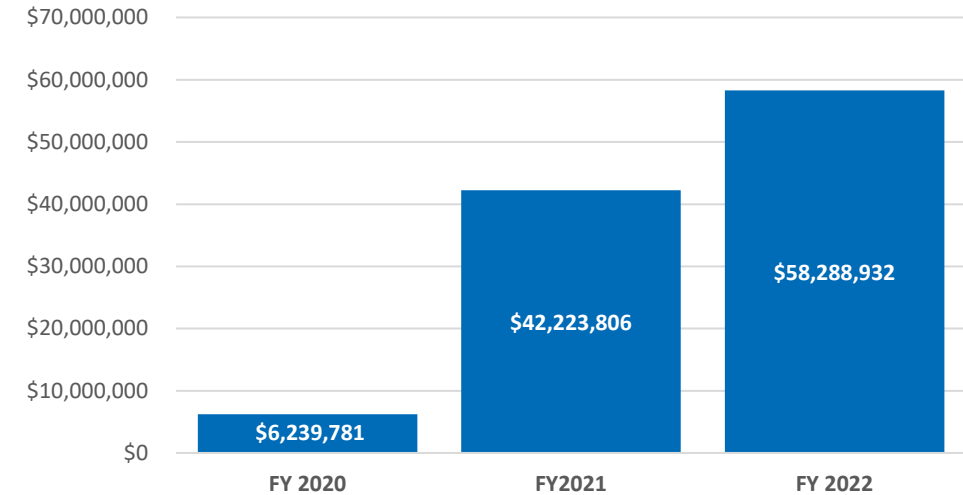
STATE OF SPORTS WAGERING - GAMBETDC FY2022



GAMBETDC TOTAL WAGERS



GAMBETDC TOTAL HANDLE



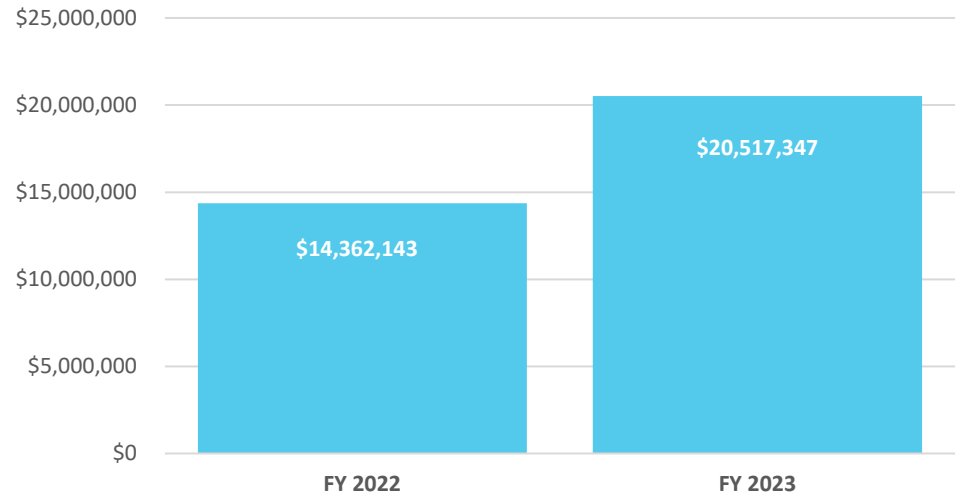
- **1.9 million wagers placed, up 59% compared to FY21**
- **\$58.3 million in handle, up 38%**
- **Net transfer to the District of \$2.7 million**



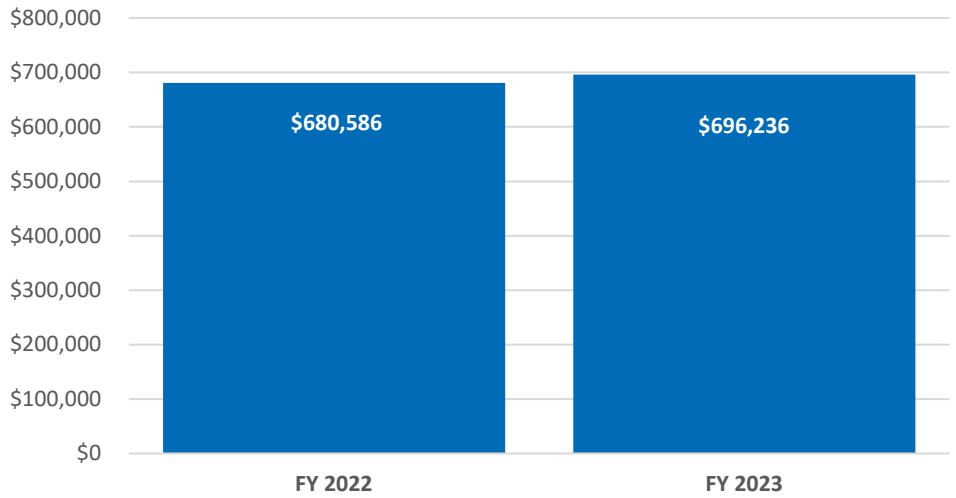
STATE OF SPORTS WAGERING - GAMBETDC FY23



GAMBETDC TOTAL HANDLE (YTD)



GAMBETDC TRANSFER (YTD)

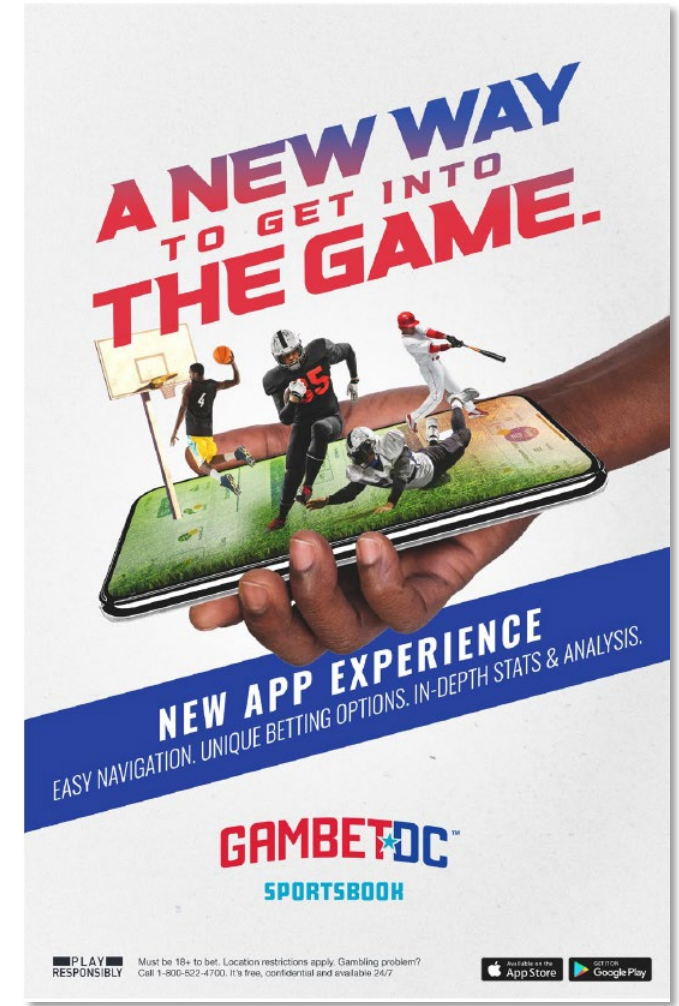


- **692,320 wagers (as of December 31, 2022), up 52.8% compared to FY22**
- **\$20.5 million in handle, up 30%**
- **\$696,236 transferred to the District (as of December 31, 2022), up 2.3%**



STATE OF SPORTS WAGERING - GAMBETDC FY2023 INITIATIVES

- **Revamp of GambetDC User Interface** - completed a total revamp of the mobile app and retail interface that is more intuitive and user friendly for players
- **Update of Web User Interface** - will bring the website user interface inline with the mobile app and retail kiosks
- **New Betting Options** - will continue to launch new betting options, such as same game parlays
- **"Rookie" Mode** - feature that will guide novice sports bettors through the wagering process and reduce angst for new players
- **Enhancing Data Sources and Expand Markets** - continue implementing data feeds from sources that provide access to official data from the four big leagues (MLB, NBA, NFL, and NHL) while also expanding betting options for players with new markets
- **Continue GambetDC Retail Rollout** - added 6 new retailers in FY23 thus far for a total of 62 GambetDC retailers as of February 10, 2023



STATE OF SPORTS WAGERING - DISTRICT PER CAPITA PERFORMANCE

- **Best to measure success on a per capita basis - minimizes bias due to population size**
 - No other jurisdiction has a model like the District
 - The District has the smallest population of all U.S. jurisdictions
- **The District's \$6.20 per capita of sports wagering revenue fares well when compared to other jurisdictions**
 - The District is the highest performing jurisdiction with a 10% tax rate on private operators
 - 42% higher revenue than the \$4.36 per capita in tax revenue provided by Virginia
- **Top two performing jurisdictions have sole operator models with revenue sharing**
 - Models similar to GambetDC structure in the District
 - DC is only jurisdiction with private operators competing with government operated sports wagering

Mobile/Online Sports Wagering Jurisdictions - Transfer/Tax Revenue (October 2021 - September 2022)						
Rank	Jurisdiction	Handle	Tax Rate/ Revenue Share	Transfer/Tax Revenue	Population	Transfer/Tax Revenue per Capita
1	Rhode Island	\$524,510,305	51%	\$22,530,988	1,095,610	\$20.56
2	New Hampshire	\$884,207,098	51%	\$27,131,559	1,388,992	\$19.53
3	New Jersey*	\$11,518,209,151	8.5% / 13%	\$98,822,066	9,267,130	\$10.66
4	Pennsylvania	\$7,198,464,728	36%	\$129,316,970	12,964,056	\$9.98
5	Illinois	\$9,073,548,513	15%	\$109,694,587	12,671,469	\$8.66
6	Tennessee	\$3,648,108,009	20%	\$55,231,170	6,975,218	\$7.92
7	Washington DC	\$218,334,939	10%	\$4,156,042	670,050	\$6.20
8	Indiana	\$4,525,723,276	9.5%	\$34,058,282	6,805,985	\$5.00
9	Virginia	\$4,621,568,703	15%	\$37,708,076	8,642,274	\$4.36
10	Iowa	\$2,466,517,027	6.75%	\$11,643,146	3,193,079	\$3.65
11	Colorado	\$5,012,790,490	10%	\$16,137,392	5,812,069	\$2.78
12	West Virginia	\$601,269,116	10%	\$3,997,714	1,782,959	\$2.24
13	Michigan	\$4,829,531,347	8%	\$13,112,397	10,050,811	\$1.30

*New Jersey is a unique jurisdiction with Atlantic City as a major gambling/sports betting center similar to Nevada. The tax rate is 8.5% for retailer and 13% for Washington DC includes both privately operated sports betting and GambetDC.

Source for Handle and Tax Revenue data: <https://www.legalsportsreport.com/sports-betting/revenue/>

Source for 2021 Population Estimates: https://www.census.gov/data/datasets/time-series/demo/popest/2020s-state-total.html#par_textimage_500989927
Tax revenue numbers do not account for costs associated with regulation and oversight.



