

**Budget Hearing on  
Fiscal Year 2022 Proposed Budget**

**Before the  
Committee on Business and Economic Development  
Council of the District of Columbia**

**The Honorable Kenyan R. McDuffie, Chairman**

**June 17, 2021 at 9:00 a.m.  
Virtual Meeting Platform**



**Testimony of  
Ridgely C. Bennett, Interim Executive Director  
Office of Lottery and Gaming  
Office of the Chief Financial Officer**

**Dr. Fitzroy Lee, Interim Chief Financial Officer  
Office of the Chief Financial Officer**

Good morning Chairman McDuffie and members of the Committee on Business and Economic Development. I am Ridgely Bennett, Interim Executive Director of the Office of Lottery and Gaming (OLG). Thank you for the opportunity to present testimony on OLG's Fiscal Year 2022 budget. Joining me virtually today is my colleague Craig Lindsey, Agency Fiscal Officer.

OLG's mission is "to provide revenue-generating entertainment through the sale of innovative lottery products and promotions that directly benefit residents and contribute to the economic vitality of the District of Columbia," and "to efficiently and effectively regulate sports wagering, games of skill and charitable gaming in the District."

Because OLG relies heavily on non-District resident players to generate revenue, the COVID-19 public health emergency had a significant negative effect on lottery and sports wagering revenue. For example:

- There was minimal sports activity that occurred during the launch of GambetDC with all major sports leagues and most colleges and universities suspending sports activities;
- There was a significant reduction in the number of commuters coming into the District to work;
- There was a significant reduction in tourists visiting the District;
- Restrictions placed on activities inside of licensed food and alcoholic beverage establishments and other social settings prevented OLG from moving forward with retail-based sports wagering; and
- Economic insecurity, both actual and perceived, resulted in people spending less of their disposable income on entertainment activities in the District.

While the COVID-19 public health emergency will continue to present challenges until daytime population levels and economic activity in the District return to more normal levels, my team and I remain focused on recovery and opportunity. In December, OLG launched a new *i*Lottery platform giving players located within the District the option and convenience of purchasing lottery tickets directly from the OLG website. Phase 1 of the *i*Lottery project included Powerball, Mega Millions and *e*Instants as product offerings. Later this summer, we will add OLG's numbers games—DC3, DC4 and DC5—to the *i*Lottery platform.

In relation to traditional lottery, OLG has successfully launched new lottery scratch games and promotions at retail to excite players, re-engage our small business partners, and excite tourists and visitors as they return to the District.

OLG is also making changes to its sports wagering platform, including changes to its user interface and adding additional payment options (including PayPal). Most importantly, later this summer OLG will launch retail-based sports wagering. Phase 1 of retail-based sports wagering will begin with five to ten social setting locations (bars/restaurants). Licensed sports wagering/lottery retailers will earn commissions on both sales and prize cashing.

OLG has issued two Class A Sports Wagering Operator licenses. Additionally, we have issued eleven Sports Wagering Supplier licenses and 58 Sports Wagering Occupational licenses. The William Hill sportsbook at Capital One Arena recently moved from a temporary location inside Capital One Arena to its permanent location inside the area formerly occupied by the Green Turtle. William Hill is also operating a sports wagering mobile app within its two-block

exclusionary zone. As of May 31, 2021, William Hill has paid approximately \$1.404 million in sports wagering taxes to the District in fiscal year 2021. BetMGM recently began operating its sports wagering mobile app within the Nationals Park two-block exclusionary zone. BetMGM is expected to open its physical sportsbook at Nationals Park later this summer. FanDuel recently submitted an application to OLG to operate a sportsbook at Audi Field; that application is currently under review by OLG. In addition to the Class A locations, OLG is reviewing one completed Class B Operator license application (Grand Central LLC, 2447 18th Street, NW, Washington DC 20009) and is waiting for a second Class B Operator license application to be completed (476 K LLC., 476 K Street, NW, Washington DC 20001).

In addition to lottery and sports wagering, OLG is responsible for regulating Game of Skill machines and charitable gaming in the District. Game of Skill machines are mechanical or electronic gaming devices that reward winning players with cash, a gift card or a voucher that can be redeemed for cash. Game of Skill machines are not gambling devices because the game outcome is based on the player's skill in playing the game rather than on chance or a random number generator. Game of Skill machines can only be located in on-premises retail establishments licensed by the ABC Board to sell alcoholic beverages. There is currently one approved Game of Skill machine operating in eleven licensed establishments. As COVID-19 restrictions are being lifted, OLG is seeing renewed interest from manufactures and distributors in having their Game of Skill machines approved for use in the District.

In May 2021, OLG adopted amendments to its 50/50 raffle rules to authorize the sale of 50/50 raffle tickets over the internet. 50/50 raffle tickets may be sold by qualified charitable

organizations affiliated with a college or professional sports team. The rule amendments require that a geolocation system be used to ensure the sale of the raffle tickets occur within the boundaries of the District (similar to geolocation requirements for sports wagering and iLottery).

- As reflected in the District of Columbia's revised revenue estimates, released on May 14, 2021, OLG's projected transfer for Fiscal Year 2021, which includes profit from traditional lottery games, games of skill, and sports wagering, is \$44.1 million. As of May 31, 2021, Fiscal Year 2021 lottery sales total \$143.9 million, as compared to \$135.2 million in Fiscal Year 2020.
- This represents an \$8.7 million, or 6.43%, year-over-year increase in lottery sales.
- As of May 31, 2021, Fiscal Year 2021, District operated sports wagering has generated \$30 million in revenue.
- Additionally, as of May 31, 2021, OLG has collected \$886,000 in sports wagering licensing fees (a \$346,000 or 64% year-over-year increase) and \$10,300 in Games of Skill licensing fees in Fiscal Year 2021.
- As of May 31, 2021, OLG has transferred \$31.45 million, or 71% of the Fiscal Year 2021 goal, to the General Fund.
- With four months remaining in the current fiscal year, OLG is cautiously optimistic that it will meet the transfer projection.
- As reflected in the District of Columbia's May 14, 2021 revenue estimate, OLG's projected Fiscal Year 2022 transfer is \$56.6 million.

The OLG team is developing a strategic plan that grows sales and maximizes profit, but also remains keenly aware of uncertainty surrounding timelines associated with the District's COVID-19 economic recovery and, by extension, OLG's ability to generate revenue for the District.

Thank you for this opportunity to testify. I am happy to answer any questions the Committee may have.