



State of Vermont
Department of Liquor and Lottery
1311 US Route 302, Suite 100
Barre, VT 05641
Division of Liquor Control
Division of Lottery
www.liquorandlottery.vermont.gov

[phone] 802-828-2345 [fax] 802-828-1031
[phone] 802-479-5686 [fax] 802-479-4294

To: Senate Economic Development, Housing, & General Affairs Committee
From: Wendy Knight, Commissioner Department of Liquor and Lottery
Date: March 29, 2023 *Wendy Knight*
Re: Sports Betting H. 127

I appreciated the opportunity to briefly discuss sports wagering, specifically H. 127 and its various amendments, with the Committee on Friday, March 24, 2023.

I flagged two issues for the Committee regarding the current House version of the sports betting bill: problem gambling funding and operator fees.

The current bill funds the Problem Gambling Fund with an appropriation set at \$250K in FY24 and \$500K in FY25. Thereafter, there is no mechanism to fund problem gambling. These dollar amounts were originally established as a floor. The Administration recommended to House Government Operations & Military Affairs that we dedicate 5% of wagering revenue to the Problem Gambling Fund. While they increased the percentage of wagering revenue from 2.5% (recommended by The National Council on Problem Gambling to 5%, they left in the flat dollar floors. At some point along the way, the revenue percentage was removed entirely, eliminating a mechanism to sustain the Problem Gambling Fund or grow the fund organically. The Administration recommends that the Committee fund the Problem Gambling Fund at 5% of the sports betting wagering revenue and eliminate the artificial floor.

Regarding the operator fees that are currently outline in House Ways and Means amendment, the Department has done some additional research and have determined that the cost of regulating multiple sports wagering operators will increase incrementally with the addition of each operator, as was Chair Kornheiser's original question/assumption. For each additional operator, we estimate a 50% increase in our regulatory review and oversight. As such, we propose the following annual fee structure based on the number of operators accepted through the competitive bid process:

- 1) For one operator, \$550,000.00
- 2) For two operators, \$825,000.00
- 3) For three operators, \$1,100,000
- 4) For four operators, \$1,375,000
- 5) For five operators, \$1,650,000
- 6) For six operators, \$1,925,000

I look forward to further discussing sports wagering with the Committee. In the meantime, please let me know if you have questions or need additional information. Thank you.