

**State of Delaware**

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**Video Lottery Advisory Council**

October 31, 2023

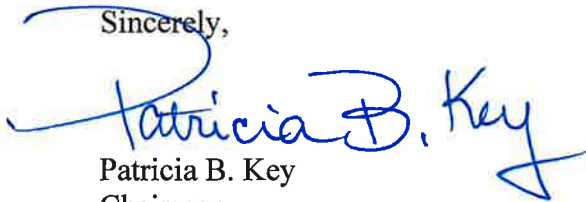
Rick Geisenberger  
Secretary of Finance  
State of Delaware  
Carvel State Office Building  
820 N. French Street  
8<sup>th</sup> Floor  
Wilmington, DE 19801

Dear Secretary Geisenberger,

In accordance with Title 29, Chapter 29, Paragraph 4824 of the Delaware Code, attached is the 2023 Report of the Video Lottery Advisory Council (VLAC). The recommendations in this report were voted on and approved of by a majority of members of the VLAC at our October 17, 2023 meeting.

Members of the VLAC are appreciative of the action that has been taken in the past as a result of the recommendations made in the annual Report. We look forward to discussing the recommendations in the near future.

Sincerely,



Patricia B. Key  
Chairman  
Attachment

# State of Delaware

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Video Lottery Advisory Council

## 2023 Report

October 31, 2023

State of Delaware

**Video Lottery Advisory Council  
2023 Report**

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### **What is the competitive outlook for Delaware gaming?**

The Mid-Atlantic gaming market continues to see increased competition and saturation with the opening of two Virginia casinos. There is another mega-casino projected to open in Norfolk, VA in 2025.

Sports betting has proliferated throughout the region with Pennsylvania, Maryland, New Jersey, and DC offering numerous choices in retail and online options. iGaming is currently only in Delaware, West Virginia, New Jersey, and Pennsylvania. Currently Maryland is attempting to pass iGaming.

### **Legislative and Administrative Recommendations**

**Recommendation #1: Permanently change the Table Game fee relief requirements to allow a credit for excess qualified capital expenditures.**

*Justification: As a result of the COVID-19 pandemic, gaming establishments have had to adapt their business models to account for changes in the post pandemic economy. Despite extensive recruitment and retention efforts, the properties in Delaware are still enduring significant staffing shortages, causing modifications, or in some cases, the discontinuance, of certain amenities and services. The increased capital expenditure requirement will help the Delaware casinos further reinvest in their respective properties to remain competitive in the Mid-Atlantic region and generate incremental revenue growth for the State.*

**Recommendation #2: The industry believes that the law mandating that the State retains the initial \$3.75 million in net iGaming revenues before any revenues are shared with the gaming operators should be removed.**

*Justification: Since the inception of iGaming, the casinos have incurred payroll and other costs related to the accounting and operation. With the implementation of the new platform provider and addition of online sports betting, the industry believes all revenues should be shared amongst the State, respective horsemen groups and casinos.*

**Recommendation #3: Change the Gaming Employee license (for dealers, slot attendants, cashiers, etc.) to a one-time license with no renewal requirement. Consider reverting back to the prior (pre table games) Lottery/VLEU license application and process. The application cost should reflect the simplified application form.**

*Justification: Gaming Employee Licenses initial term is currently three (3) years with renewals for a term of (4) years. The simplified process and costs will help attract prospective employees. The casinos have difficulty attracting qualified candidates for the various licensed positions. The initial cost of \$285 (\$200 application fee plus \$85 finger printing fee) is a financial burden many applicants with other viable job options do not want to undertake.*

**Recommendation #4: Change the Key Employee License initial term to (5) five years with a renewal term of (5) five years. The renewal should consist of updating the key employee's picture, criminal background check and submittal of current tax returns.**

*Justification: Key Employee Licenses initial term is (2) two years with a (3) three-year renewal period. Key Employee Licenses in nearby states (e.g., New Jersey) have longer renewal requirements.*

### **What is the VLAC?**

The Video Lottery Advisory Council (VLAC) (aka the Advisory Council on Video Lottery Planning) was formed under House Bill #269 on June 19, 2003 to serve in a planning and advisory capacity to the Secretary of Finance.

### **What is the purpose of the VLAC?**

*Per Title 29, Chapter 48 of the Delaware Code:*

The purpose of the VLAC is to consider matters relating to the growth and competitive vitality of the video lottery industry in the State, including but not limited to the following:

- (1) The status of video lottery game development issues in the State;
- (2) The status of known game problem resolution;
- (3) Personnel issues and concerns affecting the industry;
- (4) The effectiveness of current operational procedures and recommendations for new operational procedures or regulations;
- (5) The competitive vitality of the video lottery industry in the state, and recommendations for marketing and technological improvements;
- (6) Issues and concerns relating to the repair and maintenance of video lottery machines and related equipment, including preventive maintenance programs;
- (7) Video lottery agent or manufacturer specific projects that will impact the operation of the video lottery; and
- (8) Issues and concerns of the State Lottery Office relating to the video lottery operations and the status of internal control approvals.

The VLAC shall submit a report on its activities to the Secretary of Finance by November 5 of each year, together with recommendations for legislative and/or administrative changes it deems desirable. (Emphasis added.)

### **What is the Mission Statement of the VLAC?**

*"To provide a forum for video lottery officials, agents, and vendors to routinely address and resolve issues related to maintaining and improving the utmost in program integrity and operational efficiency. The VLAC shall render an annual report to the State on the results of its efforts and include recommendations to improve the program's viability and to maximize the program's growth in an increasingly competitive regional market. "*

**Who serves on the VLAC?**

*Per Title 29, Chapter 48 of the Delaware Code:*

Membership on the VLAC consists of:

Lloyd Boulter	Scientific Games	302-678-7733
Mark Casto	Light & Wonder	702-532-6789
Terry Glebocki	Delaware Park	302-994-2521 ext. 7001
Patricia Key	Harrington Raceway & Casino	302-398-5913
Helene Keeley	Director of the State Lottery Office	302-744-1605
Michelle Lewis	Aristocrat Technologies	609-553-5799
Nick Polcino	Bally’s Dover Casino & Resort	302-857-3219

The Governor shall designate one member to serve as Chairperson of the Council, who shall serve in capacity for two years and shall be eligible for reappointment.

(Patricia Key — CEO for Harrington Raceway, Inc. — Term 2023-2024).

**How often does the VLAC meet?**

*Per Title 29, Chapter 48 of the Delaware Code:*

The VLAC meets annually, and a meeting can be called by the Director, the Chairperson, or a majority of the members.

**When & where did the VLAC meet in 2023?**

VLAC meetings during 2023 were as follows:

<u>Date</u>	<u>Time</u>	<u>Place</u>
October 17, 2023	1:00 p.m.	Bally’s Dover 1131 N. DuPont Hwy Dover, DE 19901

All of the VLAC meetings are open public meetings. Minutes of the VLAC meetings are available on the State of Delaware website.