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February 1, 2024

**Re: Senate Bill 212 & House Bill 590, Efforts to Legalize “Skill” Game Machines**

Dear Members of the Virginia General Assembly:

The American Gaming Association (AGA) strongly opposes Senate Bill 212 and House Bill 590, legislation to legalize so-called “skill” game machines and urges the General Assembly to reject attempts to do so. Based on the evidence in Virginia and in other states across the country, it is crystal clear that legalizing these devices puts the most vulnerable Virginians at significant risk and severely undermines the future economic impact of the other forms of regulated gaming that the General Assembly has previously approved with careful consideration and constituent input.

The AGA is the premier national trade group representing the legal, regulated gaming industry in the U.S., which supports 1.8 million jobs across the country. Our membership consists of more than 70 commercial and tribal casino and sportsbook operators, gaming suppliers and equipment manufacturers who operate in highly regulated distributed gaming markets, payment processors, testing labs and other key stakeholders. The gaming industry is one of the most highly regulated in the country at various levels, including by federal, state and tribal agencies. Our members uphold the highest standards of consumer protection while providing significant contributions to our communities.

The same cannot be said for the companies that manufacture, operate, or sell so-called “skill” game machines in unregulated markets, including Virginia. These machines closely resemble regulated slot machines in their appearance and operation but are not licensed or regulated and are intentionally designed to circumvent state gambling laws. Rather than seeking authorization and licensure prior to operating in Virginia and many other states, purveyors of these devices unilaterally decided to introduce their products into communities across the country.

Despite the great lengths undertaken to obfuscate the true nature of their business, distributors and operators of these machines cannot escape the indisputable fact that to play these machines users must risk their own money for the chance to win a greater sum. As a result, most recognize that these are in fact gambling devices and should be treated accordingly— a view that the General Assembly has rightly validated twice through legislation and that the Virginia Supreme Court recently upheld.

The General Assembly should not reverse course by enacting legislation that would legalize and lightly regulate these devices. Doing so would reward the arrogant and irresponsible gambit undertaken by unregulated machine distributors and operators, put residents of the Commonwealth at risk, and diminish the significant investment and economic impact of both the Lottery and regulated casino gaming industry in Virginia. The [expert witness report](#) prepared for the Commonwealth by the non-partisan, independent research firm Spectrum Gaming Group underscores the negative impact of unregulated gaming in Virginia along with the dangers associated with simply authorizing and lightly-regulating these devices in order to generate tax revenue.

Unvetted employees at locations where these machines operate also lack the training to effectively adhere to anti-money laundering and responsible gambling protocols – two critical areas where the legal, regulated

industry invests hundreds of millions of dollars annually. In the proposed legislation, there would not be any central monitoring system to connect and monitor the machines for financial, technical and security reasons as required in the vast majority of states that have a regulated distributed gaming market. These machines are also easily accessed by minors and there are no resources or protocols in place to identify those who may have a gambling problem and provide them with the resources that they need as the National Council on Problem Gambling and Virginia Council on Problem Gambling [emphasizes](#).

The dispersion and prevalence of unregulated machines also attracts criminal activity, which has been [well-documented](#) in Virginia and other jurisdictions where distributors and operators of these devices have flooded the market. The presence of these machines creates significant vulnerabilities for businesses employees and customers that far exceed the purported financial benefits they receive. Ignoring these risks will have tragic consequences, as evidenced by the 2020 [murder](#) of a Pennsylvania store clerk by an individual who frequently played these unregulated games in his store and knew there would be thousands of dollars on site to pay winnings from the machines. For these reasons, [Kentucky](#) enacted a ban on “skill” machines, and [Florida](#) and [Michigan](#) are ramping up enforcement to eradicate these devices from their states.

Proponents of this legislation claim the lawfully enacted ban on “skill” machines will hurt the viability of small businesses. The reality is these same businesses were successful before the unlawful introduction of “skill” games and already benefit from gambling operations through lottery sales. The desire for more revenue should not eclipse the important responsibility of protecting the public.

The AGA appreciates past legislative efforts to rightly clarify the definition of “skill” game machines as illegal gambling devices, and how they differ from traditional arcade-style devices. It would be a grave mistake to subsequently legitimize these machines. Allowing these machines to operate will only reward bad behavior, increase the risks for Virginians, and erode the investments made by the legal industry in the Commonwealth.

The AGA appreciates your leadership and welcomes the opportunity to serve as a resource to ensure Virginia maintains a safe and well-regulated gaming industry that protects consumers, creates jobs and generates positive economic impact.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. C. Miller, Jr.', with a stylized flourish at the end.

William C. Miller, Jr.  
President & CEO