

DELAWARE

Strong growth in internet gaming and sports betting revenue drove Delaware commercial casino gaming revenue up 10.4 percent to \$554.5 million in 2024, the state's highest annual total since 2010.

KEY STATE INFORMATION

NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Racinos

NOTABLE FORMS OF GAMING

iGaming; Sports Betting

REGULATORY AUTHORITY

Delaware Lottery;
Delaware Division of
Gaming Enforcement

GROSS CASINO GAMING REVENUE 2024

\$554.5M

GAMING TAX REVENUE 2024

\$250.4M



Market Overview

Delaware offers commercial casino gaming at three racinos, each of which operates electronic gaming devices, table games, sports betting and iGaming under the authority of the Delaware Lottery.

In 1994, the Delaware legislature approved the Horseracing Redevelopment Act, which authorized racetracks to install electronic gaming devices. Table games and limited sports betting (parlay wagers on professional football games) were approved by the legislature in 2009 and 2010, respectively. Internet gaming was approved in 2012.

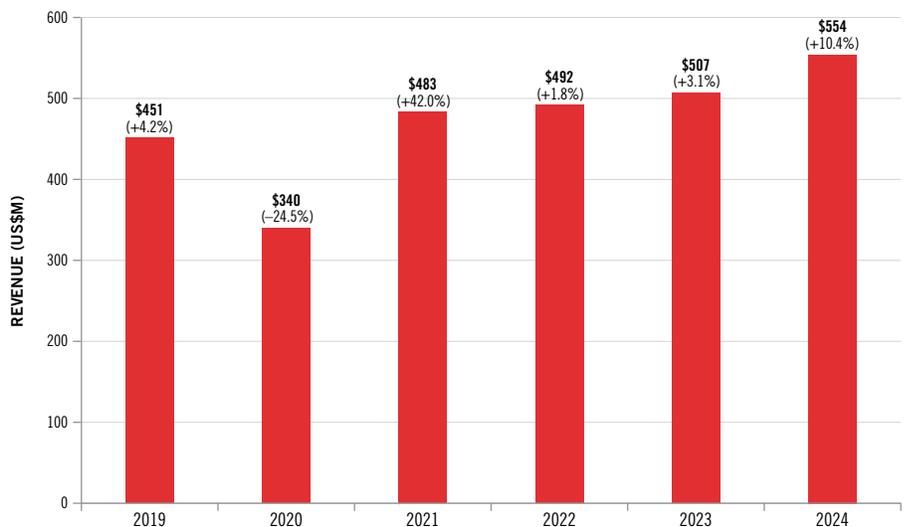
After the U.S. Supreme Court ruling overturned federal prohibitions on expanded sports wagering, Delaware racinos in June 2018 expanded their sports betting operations to include a full range of single-game and proposition wagers on all sports, not just football. The state's first mobile sports betting platform was officially launched in January 2024.

Alongside full sportsbook operations at racinos and the lottery's mobile platform, the Delaware Lottery also offers football parlay cards at certain retail outlets, including liquor and grocery stores.

Market Performance

In 2024, total statewide commercial casino gaming revenue was \$554.5 million, an increase of 10.4 percent against the previous year. The annual total was the state's highest since 2010, when commercial casinos were opened for the first time in neighboring Maryland.

DELAWARE: COMMERCIAL CASINO GAMING REVENUE (US\$M) 2019 to 2024



SOURCE: Delaware Lottery

Delaware

The overall performance reflected strong growth in both internet gaming and sports betting revenue since the Delaware Lottery launched its first mobile sportsbook at the start of the year along with a rebranded online casino offering through new partner Rush Street Interactive.

Total revenue from iGaming amounted to \$62.6 million in 2024, compared to just \$14.1 million the previous year. Meanwhile, sports betting revenue inclusive of mobile sports wagering totaled \$24.7 million, an increase of 146.9 percent against 2023.

In contrast, revenue from traditional casino games offered at Delaware's three racinos was \$467.1 million, down 2.4 percent. Total statewide revenue from electronic gaming devices was \$416.7 million, down 1.9 percent, while table game revenue was \$50.4 million, down 6.1 percent.

Gaming Tax Distribution

Delaware's commercial casinos are subject to an effective tax rate of approximately 56-57 percent on their gross revenue from electronic gaming devices and a 20 percent tax on their gross table game revenue, both inclusive of payments used to subsidize race purses.

The effective taxation structure applied to iGaming offerings is roughly the same as the structure applied to the equivalent games in racinos. However, racinos are entitled to a share of internet gaming revenue only after the total amount generated in any year surpasses \$3.75 million.

Meanwhile, sports betting revenue is subject to an effective tax rate of around 27.5 percent, with proceeds after payments of vendor fees and other commissions shared between the state and Delaware's racing industry.

In 2024, Delaware's racinos and sports lottery retailers generated total gaming tax revenue of approximately \$250.4 million, up 6.4 percent versus the previous year.

Of the total tax revenue generated by commercial gaming operations in 2024, approximately \$196.3 million was returned to Delaware's General Fund and appropriated annually for various purposes, including public and higher education, health and social services and public safety. Approximately \$54.1 million was allocated to Delaware's racing industry to supplement race purses.

Competitive Landscape

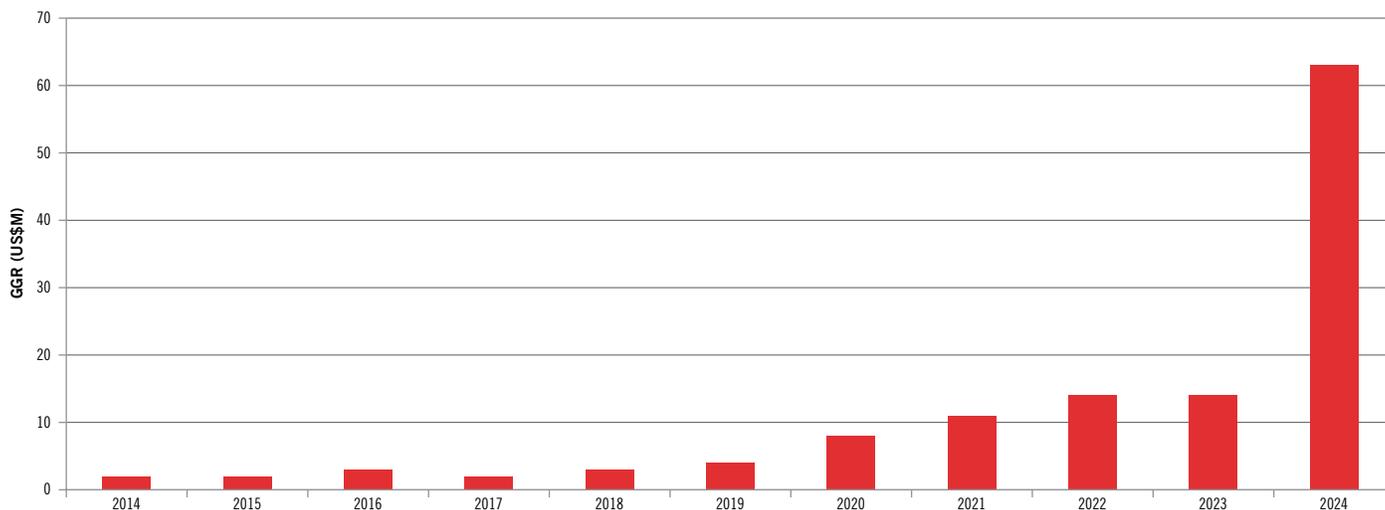
Delaware racinos compete in a crowded Mid-Atlantic market that includes more than two-dozen commercial casinos in Maryland, Pennsylvania and Atlantic City, New Jersey. Delaware Park Casino, located near Wilmington, directly competes for patrons in a Greater Philadelphia market served by five casinos and racinos.

While Delaware became the first state outside of Nevada to offer legal sports betting following the 2018 ruling of the U.S. Supreme Court, land-based and online sportsbook operations are now available in all three of its bordering states since the launch of mobile sports wagering in Maryland in late 2022. In part due to the

DELAWARE: ANNUAL IGAMING REVENUE (US\$M)

2014 to 2024

Delaware's iGaming market was transformed in 2024 after the launch of a new online casino platform with an accompanying online sportsbook. Total annual iGaming revenue increased by some 350 percent to \$62.6 million.



SOURCE: Delaware Lottery

Delaware

expanded regional competition, the Delaware Lottery officially launched its own online sports betting operation in early 2024.

Policy & Regulatory Review

Sports Betting

After being soft-launched on a pilot basis over the final few days of 2023, the Delaware Lottery and partner Rush Street Interactive in January announced the official launch of the state's first regulated mobile sports betting platform, branded as BetRivers.

Still, the launch of mobile sports wagering did not end debate in the state legislature about the appropriate regulatory structure for Delaware's sports betting market.

In May, a group of nine members of Delaware's House of Representatives introduced a bill to authorize up to six operators to be licensed to offer mobile sports betting in the state through partnerships with incumbent racinos. The bill was approved by one House committee

a few weeks later but did not advance before lawmakers adjourned their 2024 session at the end of June.

The competitive market structure was a recommendation of a task force of lawmakers that was formed in 2023 to study the potential operation of online sports betting in Delaware. However, state officials cautioned that allowing multiple operators to become licensed would conflict with the Delaware Lottery's contractual terms with its sports betting partner.

Regulatory Reform

In May, then-Gov. John Carney (D) signed a bill to enable Delaware's three commercial racinos to deduct greater amounts in capital investments from the annual fees they are required to pay to operate table games.

The bill, which was approved unanimously by both the House and Senate, also removed provisions that had previously specified which types of expenses could be considered capital investments for tax purposes.