

The Virgin Islands Consortium

V.I. Online Gaming Market Could Net \$6M in Taxes if Territory Raises Current 1.5% Rate, Experts Say

A market analysis by The Innovation Group finds that internet gambling could generate \$17 million in annual revenue for the U.S. Virgin Islands by 2035—but only if the government retools its outdated tax structure and clarifies key regulatory roles.

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ST. CROIX — Industry analysts say the Virgin Islands could realize up to \$6.5 million in net tax revenue from internet gambling if it updates the existing 1.5% tax rate, a figure they say is far too low to justify implementation of the long-dormant Internet Gaming and Internet Gambling Act.

Brian Wyman, president of The Innovation Group, delivered the projection during the second half of the July 31 Virgin Islands Internet Gaming and Internet Gambling Summit, hosted by the Casino Control Commission at the Carambola Beach Resort. Wyman's firm conducted a comprehensive economic impact analysis of the proposed internet gambling framework for the territory.

According to Wyman, if the territory implemented a tax rate between 15% and 30%—the range used in most competitive jurisdictions—the Virgin Islands could net \$3.2 to \$6.5 million in taxes annually from a \$17 million market by year ten. “The existing 1.5% rate must go,” Wyman stated, noting that at the current rate, the government could lose revenue rather than gain it, especially if consumers shift spending from taxed land-based casinos to under-taxed online platforms.

Wyman warned that the rollout of iGaming and mobile sports betting will inevitably cause some players to migrate from land-based casinos and video lottery terminals (VLTs). His firm estimates that of the projected \$17 million market, about \$5 million would come from cannibalized brick-and-mortar gaming revenue, while the remaining \$12 million would be new revenue captured from current offshore and illegal betting platforms.

That shift could shrink the tax base if online operators are taxed less than casinos. “Someone has an incentive to take all of their land-based players and push them to an online platform,” Wyman said. “We must tie our revenue to building infrastructure.”

While higher tax rates can drive government revenue, they can also discourage operator entry if perceived as overly burdensome. Wyman said the Virgin Islands must strike a balance. “This is a three-legged stool—number of operators, tax rate, and licensing fees. All must align to create a viable market,” he said.

The current proposal allows for Master Service Providers (MSPs) and individual operators to apply for licenses. Wyman said that while two or three operators might be enough to build a functioning market, including local casinos and global players could help maximize tourism, cross-marketing, and brand exposure. However, if not structured carefully, he cautioned that much of the profit would leave the territory.

Wyman emphasized that regulation should also address problem gambling. “Online platforms move faster and are always accessible. That raises the risk of addiction,” he said. Studies cited during the summit show that internet gamblers have problematic behaviors at 1.5 times the rate of land-based players.

He urged policymakers to establish a baseline understanding of local gambling behavior now, so that the effects of internet gambling can be tracked post-implementation. “Only 13% of the social costs are usually covered by government,” he noted, referencing a Swedish study. “The rest is borne by families.”

Responsible gambling features—such as self-exclusion programs, deposit limits, and randomized testing of payout systems—were recommended by both The Innovation Group and Gaming Laboratories International (GLI), which conducted the legislative and technical review of the IGG Act.

Wyman and GLI also discussed “omnichannel” gaming, in which land-based casinos and VLT operators integrate online gaming into their operations. He said this model could

help retain jobs and protect physical locations like Christiansted and VLT lounges.

The IGG Act, originally passed in 2001 [but dormant since then](#), allows the Virgin Islands to structure a flexible online gaming market that includes both domestic and global operators. However, current federal law limits player participation to within the territory. Future federal guidance could open the door to international betting, but as of now, all projections assume a strictly local user base.

Wyman recommended that the Virgin Islands:

- Raise the iGaming tax rate to 15–30%
- Clarify operator roles and responsibilities, especially regarding MSPs
- Establish a strong responsible gambling framework
- Begin immediate baseline research on gambling behaviors
- Ensure regulator staffing and enforcement resources

“The questions we ask today, the framework we build, and the partnerships we forge will determine whether our children inherit an economy of the past or lead in the economy of the future,” said Senate President Milton Potter earlier in the summit.

Casino Control Commission CEO Marvin Pickering closed the event by calling it a pivotal moment in the territory’s gaming history. “Today, we have taken an important step forward,” he said.