

Caesars-SB 4-Support

Uploaded by: Conroy, Randall

Position: FAV



SB 4 – Gaming-Sports Betting-Implementation – SUPPORT

Maryland Senate Budget and Taxation Committee

January 29, 2020

Randall Conroy, Senior Vice President & General Manager

Horseshoe Baltimore Casino

Good afternoon Chairman Guzzone, Vice Chair Rosapepe and members of the Committee and thank you for inviting me to testify on this important issue.

My name is Randall Conroy and I serve as the Senior Vice President and General Manager of the Horseshoe Casino in Baltimore City which is part of Caesars Entertainment. Caesars owns or operates over 50 casinos and is licensed in 19 jurisdictions in five countries. I currently reside in Clarksville in Howard County, Maryland with my wife and two children.

Please allow me to provide a brief overview of Horseshoe Baltimore's contributions as we recently celebrated our five-year anniversary.

After building a \$400 million state of the art facility with over 2,100 slots and 153 table games supported by dining and entertainment options that include celebrity chefs Giada DeLaurentis, Gordon Ramsey and Guy Fieri, we remain focused on our core mission to provide a world class gaming and entertainment experience to Baltimore and the region.

To name just a few of Horseshoe's contributions:

- Currently employ 1261 people where 75% live in either Baltimore city or Baltimore County
- \$530 million in total Local and State taxes paid
- \$408 million in total vendor spend in Maryland
- \$14 million in annual land lease payments to Baltimore city
- \$7.5 million per year funding for local impact grants

As you know we face significant challenges in Maryland with our regional gaming competitors.

In order to keep pace with our competitors, we recently completed the construction of a \$15 million outdoor gaming area and a \$1.4 million renovation of our food hall. Ground-breaking on an adjacent Topgolf facility will commence this Spring while designs for a 4,000 seat Paramount concert venue also

near the casino are underway. Our vision is to create Baltimore's premiere arts and entertainment district.

However, I do need to point out that the last few years have been challenging. When the General Assembly expanded Maryland's gaming market, it agreed to a tax adjustment provision to benefit casinos who were negatively impacted by the additional supply. In fact, Horseshoe's gaming revenues decreased from \$271 million in 2017 to \$237 million in 2019. Last year, the General Assembly negated the tax reduction provision while we continue to see revenues decline not only for Horseshoe but for Baltimore City and the State.

We hope this session the General Assembly will exercise caution with any gaming expansion and ensure it will not be at the further expense of existing casinos.

Sports Wagering presents a new opportunity for Maryland.

Caesars Entertainment has more than 20 years of sports wagering experience. As an operator, manager, or brand licensor in multiple jurisdictions, our best practices include responsible gaming and anti-money laundering programs, age verification, and know-your-customer protocols. These important protections are part of our daily business routine and are in full compliance with our regulatory obligations.

Caesars Entertainment has also taken the lead role in forming the Sports Wagering Integrity Monitoring Association, which facilitates information sharing among regulated US sports wagering operators and regulators to combat suspicious and unusual betting activity. **Caesars Entertainment takes its role in ensuring the integrity of wagering operations extremely seriously.**

We believe mobile sports wagering will complement all brick and mortar casino operations and provide significant benefits to consumers, the state, and casino operators. Estimates on mobile sports could constitute over 50% of Maryland's potential sports betting revenue and may generate up to \$185 million in gross revenues by the State's 6 casinos.

We support Senate Bill 4 in concept and applaud many of its provisions as it presents an opportunity to attract new customers but want to draw your attention to the following concerns.

First, we must contemplate how we compete against the illegal sports betting market. In doing so, we need to draw from the regulated models of Nevada and New Jersey with their successful oversight and single-digit taxation rates to ensure Maryland can lead a similar path of responsible expansion that will shrink the illegal market.

A single-digit tax rate will provide the necessary resources and tools to market our facilities which has been proven to increase brick and mortar revenues without cannibalization, and provide an attractive, regulated alternative to illegal sports wagering for consumers. A single-digit tax rate is a win-win-win for the state, the industry, and consumers.

Second, we support provisions under the bill that provides all regulatory decisions to be made by the Maryland Lottery and Gaming Control Commission.

Third, we oppose legislatively-restricted categories of sports wagering, such as prohibitions on in-play wagering and betting on collegiate sports. Banning such betting activities will encourage customers to play in illegal markets and websites. Regulators should have the power to enforce and assess all types of wagers to ensure integrity and consumer protections, and operators should be encouraged to collaborate with regulators to determine the types of wagers made available.

We also support allowing customers to sign up and make deposits online as it will help eradicate the illegal market. However, we encourage the General Assembly to allow sports retail operators to have in-person sign-ups for 18 months to ensure fairness among all operators.

To summarize, a single-digit taxation rate and a strong regulatory environment will allow this low margin business to compete against the unregulated operators that do not pay taxes to Maryland.

Our casinos can leverage sports wagering to increase capital investment to create jobs, attract new customers and generate new revenue for the State and Baltimore City.

Thank you and I welcome any questions.

Randall Conroy, Senior Vice President and General Manager

Horseshoe Baltimore

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AFT_FAV_SB4

Uploaded by: English, Marietta

Position: FAV



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Marietta English
PRESIDENT

Kenya Campbell
SECRETARY-TREASURER

**Written Testimony from the AFT-Maryland
SB 4– Gaming – Sports Betting - Implementation
Senate Budget and Taxation Committee
January 29, 2020**

SUPPORT

Good afternoon Mr. Chair and members of the Senate Budget and Taxation Committee. On behalf of the 20,000 state, municipal, and public education workers residing in Maryland, AFT-Maryland enthusiastically calls for a favorable report for SB 4, the bill that will call for a referendum to allow sports betting to take place in Maryland.

As the statewide organization for the Baltimore Teachers Union, as well as unions representing thousands of state employees, AFT-Maryland supports bills that will help bring badly needed revenues into the state. With increased revenues, our state will in a better position to meet the needs of our students and residents who rely on our public school systems.

Members of the committee: I am sure you are aware of the proposed policy changed introduced to you by the Kirwan Commission. This bi-partisan commission found that significant new resources must be committed to our public school systems so that Maryland can once again deliver a quality public education to all students. This particular bill allows for 20% of the proceeds from sports betting to go directly into the Education Trust Fund, which will certainly help the state fulfill its obligations to its children. A number of states have already enacted laws to allow for sports betting since the Supreme Court allowed such activities in 2018. Maryland should also ask voters to consider legalizing this activity, especially as proceeds will help pay the educational policy changes experts have demonstrated our school systems need.

It is for these reasons that we ask that this committee give a favorable report to SB 4, Gaming - Sports Betting – Implementation.

SB 4 - Testimony of Support (1)

Uploaded by: Francaviglia, Joe

Position: FAV



**Testimony in Support of Senate Bill 4
Gaming – Sports Betting – Implementation**

**Budget and Taxation Committee
January 29th, 2020
1:00 pm**

Senate Bill 4 (Gaming – Sports Betting – Implementation) would authorize sports betting in the State of Maryland and dedicate the tax revenues on that activity to the Education Trust Fund. Strong Schools Maryland supports the contribution that sports betting would make towards the several sources of revenue, both current and new, that will be required to fully fund the Kirwan recommendations.

Strong Schools Maryland is a nonpartisan, nonprofit, 501(c)(3) organization whose sole mission is to establish a world-class public education system for every student in Maryland. We are composed of thousands of volunteers and supporters in nearly every county in the state. Our supporters consist of parents, grandparents, small business owners, retirees, students, teachers, and Marylanders from every background and age. We have built support for implementing and fully funding the 10-year phase in of the Kirwan Commission's recommendations.

A strong public school system is critical to the long term success of our state. In order to build strong schools in every Maryland community, we must implement a new, equitable, accountable, and sustainable funding formula based on the Kirwan Commission's recommendations. A sustainable funding source is critical in order to keep the promise our state has made to families as well as meet our constitutional obligation of a thorough and efficient public education system supported and maintained by taxation. To that end, Strong Schools Maryland supports Senate Bill 4 to contribute to the several sources of revenue, both current and new, that will be required to fully fund the Kirwan recommendations.

We are aware of multiple competing proposals about the best way to implement sports betting in the state of Maryland. We are not in a position to independently evaluate each proposal but different proposals can have varied impacts on the total revenue in the Education Trust Fund. Due to the impact on the Education Trust Fund and the states' ability to fully fund the Kirwan Commission recommendations, Strong Schools Maryland urges the committee to adopt the sports betting licensing plan that will maximize revenues to the Education Trust Fund, thus directing the most money into our public schools.

We urge the committee to issue a favorable report for Senate Bill 4.

2020-01-29 MJC Sports Wagering Testimony

Uploaded by: Ritvo, Tim

Position: FAV

Maryland Jockey Club

Comments on Sports Wagering – SB 4

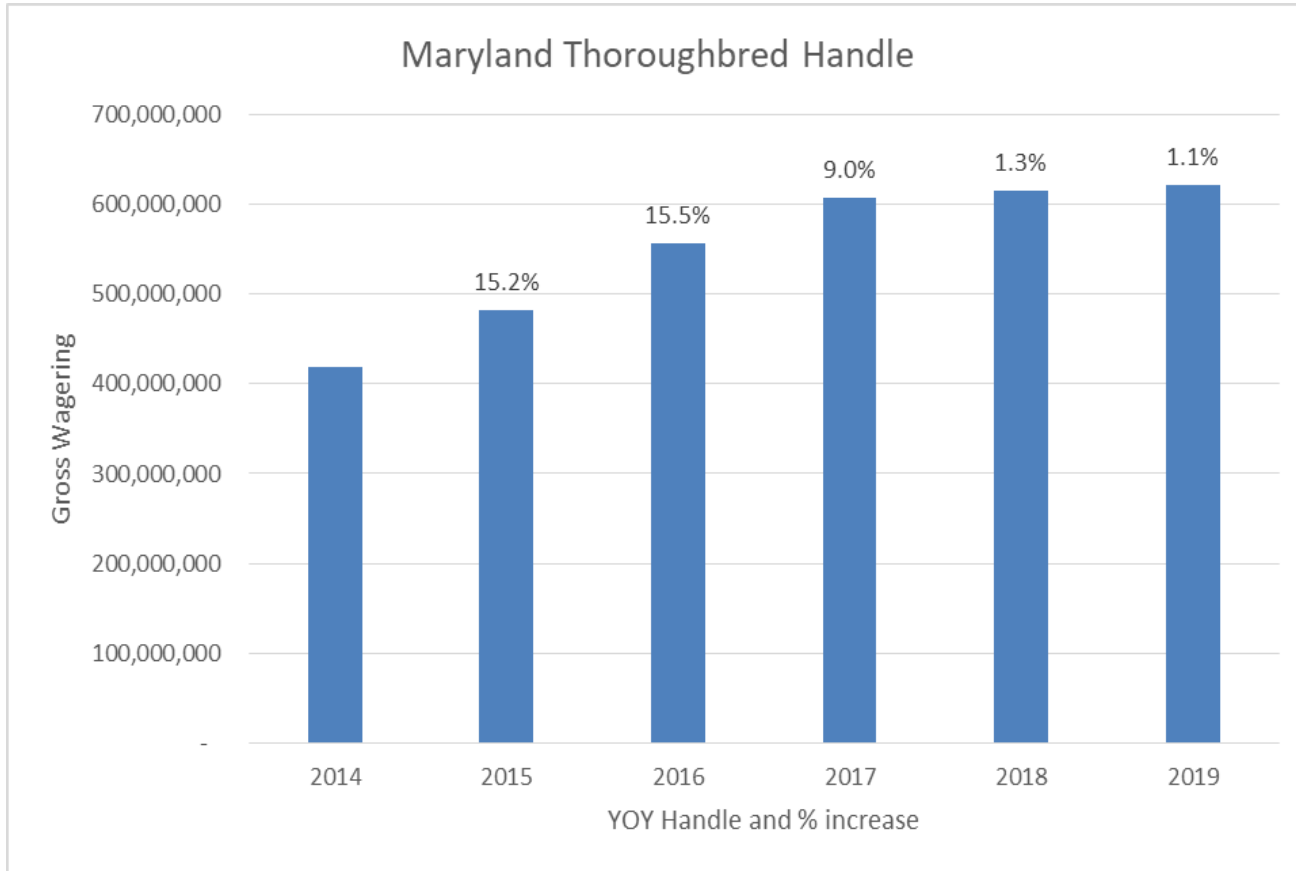
Handle, Race Days and Purses
Percentage increase over 5 years

Tim Ritvo, COO Racing & Gaming
Paul Williams, Chief Technology Officer

Handle, Race Days and Purses – 5 Year Trends

Laurel/Pimlico/Timonium	2014	2015	2016	2017	2018	2019
NUMBER OF LIVE DAYS	134	147	160	169	175	181
YOY % change		9.7%	8.8%	5.6%	3.6%	3.4%
5 year % change						35.1%
NUMBER OF LIVE RACES	1,258	1,362	1,482	1,628	1,694	1,671
YOY % change		8.3%	8.8%	9.9%	4.1%	-1.4%
5 year % change						32.8%
AVG OVERNIGHT PURSES PER DAY	243,911	234,585	230,945	234,079	237,843	278,524
YOY % change		-3.8%	-1.6%	1.4%	1.6%	17.1%
5 year % change						14.2%
In-state Handle	127,633,208	132,807,273	136,894,866	131,795,781	128,043,555	127,044,632
Export Handle	290,892,167	349,162,808	419,800,079	474,938,161	486,632,541	494,186,853
All Sources Handle	418,525,375	481,970,081	556,694,945	606,733,942	614,676,096	621,231,485
YOY % change		15.2%	15.5%	9.0%	1.3%	1.1%
5 year % change						48.4%
Preakness Day (included above)						
In-state Handle	6,881,473	6,645,342	6,989,038	7,496,271	6,241,480	5,984,644
Export Handle	79,095,006	80,575,408	90,090,963	92,874,609	89,739,455	96,847,532
All Sources Handle	85,976,479	87,220,750	97,080,001	100,370,880	95,980,935	102,832,176
YOY % change		1.4%	11.3%	3.4%	-4.4%	7.1%
5 year % change						19.6%

In-State and Export Handle



Horse Racing is the Original “Legal” Sports Betting

- Maryland racetracks have offered wagering on the sport of horse racing since 1743
- Pari-mutuel wagering on horse racing has been permitted under State law since 1920
- Maryland tracks are subject to strong oversight as gaming entities
 - Licensing process reviews track owners and interest holders
 - Audits and on-site supervision by State officials
 - Compliance with federal and state requirements
- Racing has had ‘interstate wagering’ and “mobile betting” for many years

Sports Wagering Does Not Belong to Casinos

- New Jersey is the state that initiated the Supreme Court case leading to states' ability to implement sports betting
- New Jersey is a casino state – and a racing state
- Monmouth Park – a thoroughbred track – has sports betting
 - Casinos do not have a monopoly
- Surrounding States –
 - Pennsylvania – tracks included
 - West Virginia – tracks included
 - Delaware – tracks included
- *If Maryland's racing industry is left out, we will be surrounded by venues with full gaming and now sports betting – a severe competitive disadvantage*

Maryland Racing Will Benefit from Sports Betting

- Tracks need the same tools to attract and retain customers
- Our largest in person crowds, other than main event days, are on Saturdays and Sundays
 - We offer a sports book setting – for wagering on racing – and watching national and local sporting events
 - If our current customers cannot bet on sports in our venue, we will lose customers – and we will lose the onsite betting handle
- Maryland tracks are ideal locations for sports watching and betting
- An increase in foot traffic will generate more interest in the sport of horseracing

As Maryland considers the proposed revitalization of Pimlico and Laurel, this is the perfect time to ensure the Maryland Racing industry has all the tools it needs to grow

SB 4_Senator Zucker_FAV

Uploaded by: Zucker, Senator Craig

Position: FAV

CRAIG J. ZUCKER
Legislative District 14
Montgomery County

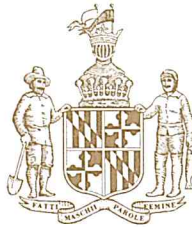
Budget and Taxation Committee

Subcommittees

Vice Chair, Capital Budget

Chair, Education, Business and
Administration

Chair, Senate Democratic Caucus



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill- 4 - Gaming - Sports Betting - Implementation
Senate Budget and Taxation Committee
January 29th, 2020
1:00pm
Position: SUPPORT

Good afternoon Chairman Guzzone, Vice Chairman Rosapepe, and distinguished members of the committee. It is my pleasure to testify today in **support of Senate Bill 4 - Gaming - Sports Betting - Implementation.**

As drafted this legislation, which is subject to voter referendum, authorizes a sports wagering licensee to conduct and operate sports wagering in the State, including online. A video lottery operator may apply to the State Lottery and Gaming Control Commission (SLGCC) for a sports wagering license and pay a one-time application fee of \$2.5million. The license may be renewed annually for \$250,000. Of the sports wagering proceeds, 80% is distributed to the sports wagering licensee and the remaining 20% is distributed to the Education Trust Fund (ETF).

Marylander's continue to be at a disadvantage when it comes to the 14 other states that currently allow sports betting. We have been hearing from our constituents who would like the opportunity to participate in sports betting but are prohibited by law.

This legislation creates an opportunity for Marylander's to decide whether they want sports betting in their state. It also provides safeguards that protect consumers, ensures age appropriate participation and makes sure Maryland receives its fair share of revenue. All of this can help toward funding Marylander's priorities, with the \$22 million in more in revenue we are expecting.

There is still ongoing discussion surrounding what amendments may be offered to this legislation. Ultimately, I am confident we will have legislation that Marylander's want.

I urge a favorable report on Senate Bill 5. Thank you for your kind consideration.

MSF_supportwamendments_sb4

Uploaded by: brewster, gerry

Position: FWA

Maryland State Fair Historical Overview

- I am Gerry Brewster, the Chairman of the Board of the MSF and Agricultural Society and along with Donna Myers, the first female President in the 142-year-history of the MSF, we have the honor of leading our Board of Directors.
- On behalf of our entire Board and our dedicated staff, we would like to welcome you to the 139th MY Maryland State Fair !!! Although the MSF was founded 142 years ago, this is only our 139th Fair because the Fairgrounds were used during World War II in our Nation's time of need as a US Army Truck Depot and Maintenance Facility.
- The first Fair recorded here was in 1879 on 37 acres leased from Dr. Grafton Bosley, though historical accounts reflect that horse racing has existed on this site since 1819.
- In the early years, the Maryland State Fair was principally owned by the Maryland Jockey Club.
- In 1950, a buyer came forward and the Maryland Jockey Club planned to sell the Maryland State Fair so that an electric power tool and parts factory could be built.
- To prevent this, hundreds of Marylanders from every part of Maryland came together to form the Committee to Save the Maryland State Fair. This group included farmers, tradesmen, doctors, lawyers, homemakers, and others from every walk of life, and from all jurisdictions of Maryland.
- This group raised the \$500,000 necessary to prevent the sale, saving the Maryland State Fair.
- The Committee to Save the Maryland State Fair then decided that they never wanted to see the Fairgrounds developed for industrial use, so they chartered a new organization called the Maryland State Fair and Agricultural Society, Inc., with a mission to promote Maryland's #1 industry, Agriculture, the preservation of open space, and the education of Marylanders regarding the importance of agriculture in their daily lives.
- The Maryland State Fair exists today for the benefit of all Marylanders as a 501(c)(3) nonprofit corporation.
- Our Angus show alone brings competitors to the Maryland State Fairgrounds from 24 different states. We also have the #1 Hog show in the Nation.
- In partnership with our horse racing industry partners, we have the #1 OTB in the State of Maryland.
- The Maryland State Fair is a critical partner in Maryland's equine industry, which supports 28,000 Maryland jobs and has a \$2.1 Billion economic impact.
- The Maryland State Fair hosts 2 million people per year on our campus.
- The Maryland State Fair generates some 20,000 entries of fruits and vegetables, quilts and crafts, horses and cows, ponies and calves, sheep, swine, goats, llamas, and so much more, entered by thousands of Marylanders from one end of our great State to the other.
- The MSF's impact on the Maryland economy and quality of life is substantial. This includes:
 - 550,000 Fair visitors from all of Maryland's 23 counties, Baltimore City and beyond
 - 2,000,000 annual visitors
 - nearly 500 full- and part-time employees
 - thousands of children who play sports in our infield
 - Our annual Fasig-Tipton horse sales gross in excess of \$40 million with buyers and sellers coming from around the world.

- We are proud to donate free use and reduced admission in excess of \$1 Million annually to various organizations and groups, including:
 - Maryland School for the Blind
 - ARC
 - 4-H and FFA Youth
 - The American Legion and other veterans' organizations
 - Local elementary school children
 - The Boy Scouts
 - The Red Cross
 - The Baltimore County Fire and Police Departments
 - The MD State Police graduation Ceremonies, K-9 Training, Bomb Squad Training, and Emergency Training
 - Maryland State Highway Training
 - Baltimore County Farmer's Market
 - Community Recycling and Earth Day Cleanup
 - BGE Emergency Staging
- We also award four Grove Miller Scholarships and one Marlon Huff scholarship each year to Maryland's outstanding youth.
- We're excited that the Maryland State fair has embarked on the following environmental initiatives:
 - Going Solar – SolarGaines
 - Cow Palace Insulation
 - Stormwater management
 - Tree planting
 - High-efficiency HVAC and new roof
 - Earth Day Cleanup
 - New LED lights
 - Recycling
 - Manure to mushroom farms
 - Oyster shell replanting
 - Crab shell composting
- Each year's MSF emphasizes Maryland's culture that brings us all together. Driving through beautiful Maryland farmland and by the Chesapeake Bay, we can't help but be thankful for those who work so hard to provide food for our tables, clothing for our backs, and so much more.
- Entertainment at the MSF has included:
 - Interactive LEGOs
 - Helicopter rides
 - Glass blowers
 - Live concerts
 - the U-Learn Center with live births
 - the STEM Innovation Station
 - Animal exhibits
 - Maryland Foods Pavilion
 - a milking clinic
 - a goat mountain
 - Not to mention a midway filled with thrilling rides and challenging games!
 - Horse Land
 - Veteran's Exhibits
 - Mounted police
 - the Negro League Baseball Exhibit
 - Bull riding
 - Barrel racing
 - a mechanical bull
 - Swifty Swine pig racing
- We are happy to report that, thanks to the support of our Governor and our State Legislators, our Baltimore County Executive and County Council members, our Board of Directors and our dedicated and hard-working staff, as well as each and every one of you here today, things at the Maryland State Fairgrounds are on the upswing. The MSF is really taking off, not only by showcasing agriculture, but also by creating an economic engine with untapped potential that, with your support, knows no limits. We are all incredibly excited about the myriad of opportunities that could take place on the Maryland State Fairgrounds that would benefit our great County and State economically, environmentally, and culturally. All we need are the necessary resources to do so. We look forward to working with each and every one of you on this exciting path forward. Thank you.

SB-4-2020

Uploaded by: Enright, Patric S.

Position: FWA

29 January 2020

From: Patric S. Enright

To: Budget and Taxation Committee, Maryland Senate

Subject: Senate Bill-4 (SB-4) Gaming-Sport Betting-Implementation: SWA

1. I do not object to the introduction of sports betting into the repertoire of gaming methods at the current six casinos in Maryland. I support this Bill SB-4, in principle, as long as the State Lottery and Gaming Control Commission maintains absolute control over licensing, operations, venues, personal involved and payouts on behalf of all Maryland citizens.
2. However, I cannot support this SB-4, as drafted, without a significant amendment. The portion of SB-4 I strongly believe needs to be amended appears on page 17, line 17 through line 20. I object vehemently to this proposed 80%/20% proceeds division for the following reasons:
 - a. Table games gambling at the five Maryland casinos was presented to Maryland voters and approved by them. The proceeds division at the introduction of table games was stated as 80% to the casinos and 20% to the Education Trust Fund (ETF). I objected to this split as being ridiculously and unfairly lopsided in favor of the casinos at a time when the need to support various aspect of funding for education in Maryland rose to critical levels as well as the need to provide relief for Maryland taxpayers. However, the promise of an 80/20 percent split was dashed when the 6th casino was opened in Prince George's County. Upon the opening of this casino the 20% portion of table games proceeds for the ETF dropped to 15% with the remaining 5% allocated to local impact mitigation. I believe we Maryland citizen taxpayers were flummoxed into accepting this ridiculous, insulting and paltry proceeds split.
 - b. Now enters a proposal for sports betting with its stated 80% of the proceeds to the sports wagering licensee and the paltry remainder (i.e. 20%) to the ETF. After having been flummoxed once, I remain extremely skeptical about the "sanctity" of the 20% going to the ETF where it would play a critical role. In addition, I also strongly believe

the 80%/20% split is grossly lopsided in favor of the sports wagering licensees and must be amended to present at least 60% to the licensees and 40% (i.e. remainder) to the ETF. This split would be more equitable since it is the State of Maryland hosting this enterprise. I also must insist that the ETF allocation be fixed by statutory guarantee.

Maryland's Education Trust Fund needs all the help it can get from gambling enterprises since it will be relied upon to provide enormous amounts of funding to our critical education initiatives and provide relief for Maryland taxpayers.

Respectfully submitted,

A handwritten signature in cursive script that reads "Patric S. Enright". The signature is written in black ink and is positioned above the printed name.

Patric S. Enright

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Support of SB4

Uploaded by: Ferguson, Colby

Position: FWA



Maryland Farm Bureau, Inc.

3358 Davidsonville Road • Davidsonville, MD 21035 • (410) 922-3426

January 29, 2020

To: Senate Budget & Taxation Committee

From: Maryland Farm Bureau, Inc.

Re: Support of SB4 - Gaming - Sports Betting – Implementation

On behalf of our member families, I submit this written testimony in support of SB 4, legislation that authorizes sports wagering license holders to accept wagers on sporting events from individuals located at the licensee's video lottery facility or online by an individual physically located in the State. It requires the State Lottery and Gaming Control Commission to regulate sports wagering in the State and requires an applicant for sports wagering license or the renewal of the license to pay a fee of \$2,500,000 for the license or \$250,000 for renewal. 20% of the proceeds would go to the Maryland Education Trust Fund. If this bill is passes it will be sent to a referendum to be voted on during the 2020 general election.

Maryland Farm Bureau Policy: Any expansion into other forms of gambling such as table games and sports book similar to Video Lottery Terminals (VLTs) should benefit the equine industry and agricultural education programs.

This bill does not include the current horse racetracks as eligible sites, but should be. We would recommend amending the bill to include current racetracks as eligible sites for the sports wagering licenses.

MARYLAND FARM BUREAU SUPPORTS SB 4 WITH AN AMENDMENT.

A handwritten signature in black ink, appearing to read 'Colby Ferguson'.

Colby Ferguson
Director of Government Relations

For more information contact Colby Ferguson at (240) 578-0396

BrianHess_Support_SB4

Uploaded by: Hess, Brian

Position: FWA



**Testimony of Brian Hess
Executive Director
Sports Fans Coalition**

Chairman Guzzone and Members of the Committee:

Thank you for the opportunity to testify this afternoon about S. 4, which would legalize sports betting in Maryland.

My name is Brian Hess, Executive Director of Sports Fans Coalition, a nationwide non-profit advocacy organization devoted to representing fans wherever public policy impacts the games we love. We are best known for leading the campaign to end the Federal Communications Commission's sports blackout rule, which we accomplished in 2014 despite massive opposition from the NFL and broadcast industry. We've also been on the front lines fighting massive media consolidations, the NFL's concussion cover-up, corruption within the United States Soccer Federation and their inequitable treatment of women and youth, and ticket fraud. We advocate on behalf of sports fans in all of these areas and more in Washington, DC, and state capitals around the country.

In the aftermath of the Professional and Amateur Sports Protection Act repeal, Sports Fans Coalition convened a symposium to discuss what consumer protections should look like with sports betting. We heard from academics, consumer protection advocates, including Attorney General Frosh, and other experts, to debate what consumer protections should accompany sports betting legislation. Out of this symposium, SFC published a white paper and the Sports Bettors' Bill of Rights. These rights are:

1. The Right to Integrity and Transparency
2. Data Privacy and Security
3. Self-Exclusion
4. Protection of the Vulnerable
5. Recourse

A legalized sports betting market has the potential to raise millions of dollars for Maryland, which can support education initiatives or other spending priorities. However, that will only materialize if you offer your sports bettors something the current black market cannot – consumer protections. These protections are the only incentive a bettor has to leave the black market and pay taxes on their winnings.



The Bill of Rights creates protections that guarantee timely payouts, ensure that a bettor's personally identifiable information is secure and not shared or sold to third parties, empowers consumers to regulate themselves, helps Maryland's at-risk bettors to access gambling addiction resources, and helps bettors advocate for themselves and seek recourse if they have been wronged.

Maryland should not fall behind its neighbors in the "DMV" area when it comes to protecting its citizens. The Sports Bettors' Bill of Rights recently passed in Washington, D.C. Virginia lawmakers are considering adopting the Bill of Rights this session and it looks like they will follow the lead of Washington, D.C. in adopting them.

Maryland has the opportunity to work in tandem with the rest of the DMV to create the safest sports betting market in the country and lead the nation in consumer protections, while increasing revenues by encouraging bettors to leave the black market. I urge the full adoption of the Sports Bettors' Bill of Rights in SB 4.

Thank you, and I am happy to answer any questions.

Hess, Brian_FWA_SB 04

Uploaded by: Hess, Brian

Position: FWA

SPORTS BETTORS' BILL *of* RIGHTS



SPORTS FANS COALITION

David Goodfriend, Chairman
Brian Hess, Executive Director
DeVan Hankerson, M.P.P.

August 1, 2018



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INTRODUCTION

On May 14, 2018, the Supreme Court overturned¹ the Professional and Amateur Sports Protection Act, the federal statute prohibiting states from authorizing sports betting², sparking a flurry of legislation and administrative actions in states across the U.S. Most such legislation focused on legalizing sports betting in order to realize quick tax revenues. Almost none of it sought to protect sports bettors from fraud, invasion of privacy, or the exploitation of vulnerable populations.

On June 21st, 2018, Sports Fans Coalition³ (SFC), in conjunction with the George Washington University Law School, convened a symposium with leading experts in consumer protection, sports betting, and problem gambling, along with the Attorney General of Maryland, to address how policymakers could protect consumers in the era of legalized sports betting. The panelists debated what, if any, consumer protections should accompany sports betting legislation. Some panelists said that states should avoid legalizing sports betting, others supported minimal consumer protections, but most supported legalization in concert with a range of consumer protections.

Based in part on the views and recommendations of some (but not all) symposium participants, along with independent research, Sports Fans Coalition believes that, although sports betting could undermine the integrity of the games, as point-shaving scandals in years past revealed, and could distort amateur sports, such as high school or college competitions, with inappropriate profit-seeking behavior, it seems clear that most fans support sports betting. Many fans already participate in the black market, where they spend billions of dollars on illegal sports bets. SFC supports bringing this activity into a legal market but only if accompanied by consumer protections. Also, if states want to

¹ U.S. Supreme Court. U.S. Supreme Court. *Murphy, Governor of New Jersey, et al. v. National Collegiate Athletic Assn. et al.*, No. 16–476, 584 U.S. ___ (2018), *slip op.* at 31 (hereinafter, *Murphy vs. NCAA*). Retrieved from https://www.supremecourt.gov/opinions/17pdf/16-476_dbfi.pdf (last visited June 15, 2018)

² Professional and Amateur Sports Protection Act, 28 U.S.C. Ch. 178 § 3701 (1993). Retrieved from <http://uscode.house.gov/view.xhtml?path=/prelim@title28/part6/chapter178&edition=prelim>, (last visited July 11th, 2018) *vacated, Murphy vs. NCAA* (2018).

³ Sports Fans Coalition (SFC), the country’s leading sports fans advocacy organization, is devoted to representing American sports fans wherever public policy impacts the games fans love. SFC, founded in 2009 as a bipartisan organization, has more than 50,000 members and covers all 50 states. SFC is best known for leading the campaign to end the Federal Communications Commission’s sports blackout rule, which was accomplished in 2014 despite massive opposition from the NFL and broadcast industry. Since then SFC has been advocating against media consolidation that threatens availability and variety of sports coverage, sports stadium financing deals that cause excessive burdens to the taxpayer while failing to adequately serve fans, the NFL’s concussion cover-up, corruption within the United States Soccer Federation and their inequitable treatment of women and youth, and online ticket sales fraud, among other things. The Coalition advocates on behalf of sports fans in all of these areas and more in Washington, DC and state capitals around the country. Learn more at www.sportsfans.org.



realize new tax revenues from sports betting, they first have to convince sports bettors to come out of the shadows and participate in a legal market. Strong consumer protections can provide that incentive. Moreover, states can and should take responsibility for protecting consumers, including in any new legal markets for sports betting.

For all these reasons, Sports Fans Coalition proposes a Sports Bettors' Bill of Rights for legislatures to consider if they move to legalize sports betting. The Sports Bettors' Bill of Rights includes five basic principles:

1. The right to integrity and transparency
2. The right to privacy and data security
3. The right to self-exclude
4. The right to protection of the vulnerable
5. The right to recourse

This paper explains the history of PASPA, explores the black market for sports betting, summarizes SFC's symposium on consumer protection in the era of legalized sports betting, and proposes the Sports Betting Bill of Rights for lawmakers who wish to legalize sports betting.



BACKGROUND

The Supreme Court Vacates Congress' Ban on Sports Betting

The Professional and Amateur Sports Protection Act (PASPA, also referred to as the Bradley Act) prohibited states or individuals from authorizing, licensing, or engaging in sports betting.⁴ PASPA went into effect in January of 1993 and grandfathered gambling practices in three states: Nevada, where all forms of gambling had been legal since 1949; Oregon, where the existing state lottery was allowed to operate its parlay⁵ card system in place since 1989; and Montana, where licensed alcoholic beverage establishments could create betting square contests.⁶

Congress intended PASPA to slow the growth of legalized sports betting in the states. Former NBA star and presidential candidate Senator Bill Bradley's (D-NJ) bill, eventually enacted as PASPA, had massive support from the sports leagues. With scandals like the Black Sox and the 1951 college point-shaving scandal in mind, league representatives expressed concern that sports betting harmed "the integrity of the game."⁷

On May 14, 2018, the Supreme Court unanimously vacated PASPA, reasoning that "PASPA 'regulate[s] state governments' regulation' of their citizens" in derogation of the constitutional federalism "anti-commandeering" principle.⁸ It left the door open for states to enact new laws legalizing sports betting and for Congress to enact federal legislation directly governing sports betting.

⁴ Dorson, J. R. (2018, February 13). What Is PASPA, The Federal Ban on Sports Betting? Retrieved June 6, 2018, from <https://sportshandle.com/what-is-paspa-sports-betting-ban-professional-amateur-sports/>

⁵ Doc's Sports. (2014). What Is A Parlay Card and How Does It Relate to Sports Betting and Wagering? *Doc's Sports Service*. Retrieved June 8 2018 from <https://www.docsports.com/how-to-what-is-does/parlay-card-how-relate-sports-betting-wagering.html>

⁶ Sports Book Prop.Com. (2007-2013). Free Sports Betting Contests [Sportsbook resource site]. Retrieved June 6, 2018, from <http://sportsbookprop.com/contests/>

⁷ Dorson, J. R. (2018, February 13). What Is PASPA, The Federal Ban on Sports Betting? Retrieved June 6, 2018, from <https://sportshandle.com/what-is-paspa-sports-betting-ban-professional-amateur-sports>

⁸ 584 U.S. *Murphy v. NCAA* (2018), *slip op.* at 24, 31 (citations omitted). Retrieved July 11th from https://www.supremecourt.gov/opinions/17pdf/16-476_dbfi.pdf



Delaware: As of June 5, 2018, sports betting was legal in Delaware. Governor John Carney authorized “a full-scale sports gaming operation” less than a month after the Supreme Court overturned the prohibition. Currently, sports betting is only available in three casinos in the state. However, in the coming months, there are plans to authorize more brick-and-mortar locations along with Internet sites.¹³

Mississippi: Mississippi passed HB 967, which legalized sports fantasy betting in May 2018.¹⁴ At the time, the law included language that would legalize sports betting in Mississippi casinos if PASPA was overturned. Allen Godfrey, head of the state gaming commission, promised sports betting “within 45 to 60 days [of a decision], before football season.”¹⁵ He also added that the law grants the gaming commission regulatory power.¹⁶

New Jersey: In early June, the New Jersey state assembly introduced A4111, which had bipartisan support. A week later, the bill had unanimously passed in the General Assembly and quickly passed in the Senate. Governor Phil Murphy signed the bill, immediately authorizing sports betting at brick-and-mortar casinos and racetracks, and allowing online sports betting 30 days later.¹⁷

Pennsylvania: In October 2017, a comprehensive gambling bill was signed into law by Pennsylvania Governor Tom Wolf. However, by its own terms, the law would not go into effect until after the *Murphy v. NCAA* decision. Pennsylvania now allows online gambling and permit-licensed sports betting. However, controversy still surrounds the hefty 35 percent tax rate and other associated fees.¹⁸

Rhode Island: At the end of June, Rhode Island became the third state to legalize sports betting in the

¹³ Rodenberg, R. (2018, June 11). How close is my state to legalizing sports betting? Retrieved June 11 2018 from http://www.espn.com/chalk/story/_/id/22516292/gambling-ranking-every-us-state-current-position-legalizing-sports-betting

¹⁴ Gambling Sites.Org. (2018). Fantasy Sports Betting: Fantasy Beginners Guide [Online Gambling Resource]. Retrieved June 11, 2018, from <https://www.gamblingsites.org/sports-betting/beginners-guide/fantasy/> (last visited July 2, 2018)

¹⁵ Sports betting legislation tracker in the United States of America. (2018). Retrieved June 12, 2018, from <https://sportshandle.com/legal-betting-legislation-tracker/> (last visited July 03, 2018)

¹⁶ Pender, G. (2018, May 14). Will Mississippi have Sports Wagering in Casinos by Football Season? Don't bet against it. *Clarion Ledger*. Retrieved June 7, 2018 from <https://www.clarionledger.com/story/opinion/columnists/2018/04/29/mississippi-sports-betting/557795002/> (last visited July 3, 2018)

¹⁷ State of New Jersey (n.d) *Governor Phil Murphy*. “Governor Murphy Signs Sports Betting Legislation”. Retrieved July 5, 2018 from http://www.state.nj.us/governor/news/news/562018/approved/20180611b_sportsBetting.shtml

¹⁸ Sports betting legislation tracker in the United States of America. (2018). Retrieved June 12, 2018 from <https://sportshandle.com/legal-betting-legislation-tracker/> (last visited July 02, 2018)



post-PASPA era. The legalization was included in the budget bill, with analysts estimating \$23 million in tax revenues in the 2019 fiscal year. Rhode Island only permits land-based betting in two casinos and does not permit mobile sports betting. Activity will begin in October of 2018.¹⁹

West Virginia: In March, West Virginia legalized sports betting at its five casinos/racetracks and authorized mobile sports betting pending the outcome of *Murphy v. NCAA*. The West Virginia Lottery Sports Wagering Act added an applicable tax rate of ten percent. Governor Jim Justice has worked closely with the Sports Leagues to make them licensed operators and to negotiate with them for integrity fees, a fee that sports betting operators would have to pay sports leagues.²⁰

Federal Legislation

At the federal level, there have been two pieces of legislation, predating the Supreme Court ruling, which sought to repeal PASPA. H.R. 783, “Sports Gaming Opportunity Act of 2017”²¹, and H.R. 4530, the “Gaming Accountability and Modernization Enhancement Act of 2017” (GAME Act), were introduced by Representatives LoBiondo (R-NJ) and Pallone (D-NJ), respectively. The GAME Act, in particular, laid out a number of consumer protections as precursors for state-level authorization of sports betting. However, the GAME Act was not prescriptive about how states should implement the recommended consumer protections.²²

Sports Betting Market Size Based on Illegal Sports Betting pre-Murphy v. NCAA

What is the illegal sports betting economy?

Despite most states’ prohibition against sports betting and the enactment of PASPA sixteen years ago, a

¹⁹ Morrison, K. (June 26, 2018) *World Casino Directory*. “Sports betting legalized in Rhode Island” Retrieved July 5, 2018 from <https://news.worldcasinodirectory.com/sports-betting-legalized-in-rhode-island-56479> (last visited July 03, 2018)

²⁰ Smiley, B. (2018, May 10). What Just Happened at This West Virginia Sports Betting Meeting? *Sports Handle*. Retrieved June 11, 2018 from <https://sportshandle.com/wv-sports-betting-meeting-jim-justice-leagues-lawmakers/> (last visited July 03, 2018)

²¹ Representative Pallone (D-NJ) was also a co-sponsor of the Sports Gaming Opportunity Act of 2017, (H.R. 783). Sports Gaming Opportunity Act of 2017, H.R. 783, 115th Cong. (2017). Retrieved July 5, 2018 from <https://www.congress.gov/115/bills/hr783/BILLS-115hr783ih.pdf> (last visited July 01, 2018)

²² Gaming Accountability and Modernization Enhancement Act of 2017, H.R. 4530, 115th Cong. (2017). Retrieved July 5, 2018 from <https://www.congress.gov/115/bills/hr4530/BILLS-115hr4530ih.pdf> (last visited July 01, 2018)



thriving black market for sports betting has developed and grown to incorporate online sports betting and interactive gaming elements. The American Gaming Association estimates that every year, \$150 billion is bet on sports illegally. Fans place a total of \$4.6 billion on Super Bowl bets — 97% of which are black market bets.²³ These bettors are sports fans who have no shield from fraud, no guarantee of data security or privacy and no recourse in the case of a dispute, these are all protections that would afford them a legal, well-regulated market.

Policymakers should be targeting existing black market sports betting with an eye toward shifting demand toward the regulated market. As sports betting laws proliferate through the states, consumers will face competitive gaming options from black market operators. These operators already offer seamless mobile sports betting products but in an environment devoid of even the most basic consumer protections. There is substantial demand for illegal sports betting in the U.S., in large part because it is well-established and widespread. Sports bettors are heavily engaged with black market sports betting operators that offer access to credit betting, convenience and anonymity.

How large is the illegal sports betting market?

Estimates for the size of the illegal sports betting market vary widely. Industry experts point out that the most highly publicized figures fall short in that they tend to describe the size of the market in terms of “handle” (the total amount wagered by all bettors) as opposed to using revenues, which provide a more accurate representation of the business itself. According to gaming industry analysts critical of this practice, the size of the black market for sports in the U.S. is substantial but it is commonly overstated by 2-3x.²⁴

The American Sports Betting Coalition estimates that in 2018, bettors’ wagers will amount to \$56 billion through illegal channels for NFL and college football games alone.²⁵ Bloomberg estimates that

²³ American Sports Betting Coalition. (2017). Sports Betting Questions & Answers. American Sports Betting Coalition. Retrieved from https://static1.squarespace.com/static/5696d0f14bf118aff8f1d23e/t/5a78eee0e4966b21c8c8b482/1517874912595/HLG_ASBC_2_5_FAQ.pdf (last visited June 28, 2018)

²⁴ Grove, C., Krejcek, A., & Bowden, A. (2017). Regulated Sports Betting: Defining The U.S. Opportunity (pp. 1–86). Orange County, CA: Eilers & Krejcek Gaming, LLC. Retrieved from <http://ekgamingllc.com/downloads/regulated-sports-betting-defining-the-u-s-opportunity/> (last visited July 01, 2018)

²⁵American Sports Betting Coalition, & The American Gaming Association. (2018). About: American Attitudes on Sports Betting Have Changed [Sports Betting Industry Advocacy site]. Retrieved July 5, 2018, from <http://www.sportsbettinginamerica.com/about/> (last visited July 10, 2018)



illegal sports wagers in the U.S. range from \$50 billion to \$150 billion annually.²⁶ Others in the industry suggest that illegal sports bets are closer to \$196 billion if you include gambling with licensed offshore websites and black market, land-based bookmakers.²⁷

Other gaming industry researchers estimate that 14 million Americans bet \$50 - \$60 billion annually through illegal channels which result in a market worth between \$2.5 to \$3 billion in annual revenue.²⁸

What is the size of the offshore market for sports betting?

Black market sports betting takes many different forms, including through casual fora like office pools, through a local bookmaker, or with betting through an online offshore operator. Given the illegality of these transactions, measurement is inherently difficult as there are no formal means of tracking or gathering statistics for illegal gaming. More specifically, the offshore market is especially hard to measure given the emphasis on anonymity.

Global figures drawn from various industry reports provide estimates for the universe of online offshore sports betting.²⁹ The International Centre for Sports Security estimates that in 2014, 80% of global sports betting was transacted illegally. Growth predictions from 2012 estimated that the global illegal online gambling market would grow at an average annual rate of 6.3 percent to \$2.4 billion in 2021-2022. For the sake of comparison, we examined other industrialized countries with more data on the offshore sports betting economy. In the Australian market, an economy a one-fifth the size of the U.S. economy, total offshore sports wagering accounted for about USD \$295 Million in 2014. Using the same parameters, it is reasonable to assume that offshore sports wagering in the U.S. probably

²⁶ Boudway, I., & Clark, G. (2018, May 18). Quicktake: Sports Betting [News site]. Retrieved July 3, 2018, from <https://www.bloomberg.com/quicktake/sports-betting> (last visited July 3, 2018)

²⁷ Glaun, D. (2018, May 18). Illegal sports betting is already big business in Massachusetts, where residents spent estimated \$680 million on offshore gambling in 2016 [Local state news site]. Retrieved July 1, 2018, from https://www.masslive.com/news/index.ssf/2018/05/illegal_sports_betting_already.html (last visited July 02, 2018)

²⁸ Grove, C., Krejciak, A., & Bowden, A. (2017). Regulated Sports Betting: Defining The U.S. Opportunity (pp. 1–86). Orange County, CA: Eilers & Krejciak Gaming, LLC. Retrieved from <http://ekgamingllc.com/downloads/regulated-sports-betting-defining-the-u-s-opportunity/> (last visited July 01, 2018)

²⁹ Known offshore sports betting operators include: Pinnacle Sports, 5 Dimes Casino & Sportsbook, BetOnline, Bovada, BetCRIS and Heritage Sports bookmakers. Graham, V. (2018, January 9). Offshore Betting Via Bitcoin on the Rise [Financial Services Industry Resource Site]. Retrieved July 1, 2018, from <https://www.bna.com/offshore-betting-via-n73014473957/> (last visited July 01, 2018)



exceeds five times Australia’s 2014 total of \$295 Million, or roughly \$1.5 billion in 2018.³⁰

What risks do illegal offshore sports betting operators present to consumers?

Consumers assume enormous risks when placing sports wagers with illegal online operators. These consumers suffer because without any regulatory oversight, offshore operators can decide if and when they pay out winnings and they have no obligation to operate in good faith. The New York Times reported about a self-employed Bostonian who, in 2015, was never able to recover the \$3,600 he was owed after placing multiple winning bets. When contacted about the funds owed, the operator refused to engage and quoted U.S. law prohibiting U.S. located persons from opening and maintaining accounts. With no recourse, the consumer was forced to accept that he would never be paid.³¹

Just this past June, the Wall Street Journal reported about a D.C. area internet marketer who lost \$12,000 in winnings from a popular offshore betting site. The company refused to respond to requests for comment and the consumer has absolutely no hope for remedy.³²

CONSUMER PROTECTIONS

Sports Fans Coalition Symposium on Sports Betting Consumer Protections

On June 21st, 2018, in the Moot Court Room of the George Washington University Law School, Sports Fans Coalition and the George Washington Law School hosted a symposium³³ to address consumer protection in the era of legalized sports betting. Moderators Alan Morrison, Professor and Associate Dean of George Washington Law School, and David Goodfriend, Chairman of Sports Fans

³⁰ Australian Wagering Council. (2015). Submission Review of the Impact of Illegal Offshore Wagering (pp. 1–83). Sydney, Australia: Australian Wagering Council. Retrieved from <https://engage.dss.gov.au/wp-content/uploads/2015/12/Australian-Wagering-Council-Submission-final.pdf>

³¹ Bogdanich, W., Glanz, J., & Armendariz, A. (2015, October 15). Cash Drops and Keystrokes: the Dark Reality of Sports Betting and Daily Fantasy Games. *The New York Times*. Retrieved from <https://www.nytimes.com/interactive/2015/10/15/us/sports-betting-daily-fantasy-games-fanduel-draftkings.html>

³² Costa, B., & Kanno-Youngs, Z. (2018, June 26). Your Neighborhood Sports Bookie Isn’t Going Anywhere. *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/your-neighborhood-sports-bookie-isnt-going-anywhere-1530029329>, (last visited July 01, 2018)

³³ Sports Fans Coalition. (June 21, 2018). Sports Betting Symposium: Determining Fair Consumer Protections for Sports Betting: “GW Law Moot Stream Live Stream” [YouTube video] (hereinafter, *SFC Symposium*). Washington, DC: George Washington Law School. Retrieved from <https://www.youtube.com/watch?v=jM9mvfR-ANY> (last visited July 20, 2018)

Coalition Chairman and an adjunct professor at George Washington and Georgetown law schools, asked questions of panelists with the goal of crafting a “Sports Bettors’ Bill of Rights” based on input and conversation between the following participants:

Panel 1: “What happens now that states may legalize sports betting?”

- **The Hon. Brian Frosh**, Attorney General, State of Maryland
- **Sally Greenberg**, Executive Director, National Consumers League
- **Richard Batchelder**, Partner, Ropes & Gray



Panel 2: “What consumer protections should accompany legislation?”

- **Brianne Doura**, Director of Policy and Communications, Massachusetts Council on Compulsive Gambling
- **Kurt Eggert**, Professor of Law, Chapman University
- **Irene Leech**, President, Virginia Citizens Consumer Council and Professor of Consumer Studies, Virginia Tech.



Panelists addressed a range of issues, primarily around the following questions:

Is sports betting a state or federal issue?

Starting the conversation, the moderators posed the question of whether or not sports betting should be a federal or state issue. In response, Attorney General Frosh said, “I think Congress should set minimum standards for all of the states because we know that people become addicted to gambling.”

He also stated, “I am no longer in the general assembly, and when I was, I . . . opposed gambling. In fact, I was the only person in the Maryland Senate to vote against the daily fantasy sports bill. I think expansion of gambling is a bad thing.”

Sally Greenberg also expressed her support for a federal standard on sports betting:

“ . . . we need a federal baseline. We would hate to see the preemption of state laws, and when I say preemption I am referring to some of the bills that have been introduced in Congress It’s a base of minimum protection and then states can go in, and States Attorneys General can go in and do additional protections as they see fit for their constituents.”

Conversely, Richard Batchelder explained why allowing states to enact a variety of legalization measures was beneficial but cautioned:

“ . . . states need to be careful that they don’t try to capture a market share and then leave their neighboring state with different regulations that will eclipse whatever they are trying to do in that state to raise revenue We are in the very early stages of this, but when we look back ten years from now, I hope we don’t look back and say, ‘wow, I can’t believe we had those initial regulations they seem so quaint now.’ We should allow consumers to do this responsibly.”

Later, on the second panel, both Kurt Eggert and Brianne Doura explained that before even discussing whether states or Congress should take the leading role, we should agree that either is preferable to relying solely on industry self-regulation. Eggert said, “I think it has to be the state’s role because there’s nobody else with the power to do that.” Similarly, Doura said, “there needs to be a regulator that’s put in place. People shouldn’t be able to operate without one regulating body. Like a gaming commission, we believe that is where it should start.” Additionally, Doura emphasized:

“If you are going to receive any kind of revenue from sports betting, you should be responsible for funding initiatives to protect the consumers. If the media is going to generate revenue from this, then we should be able to take a cut to protect those who are most vulnerable.”

What are the most important protections to be concerned about?

When the discussion transitioned to more specific protections, panelists who positioned themselves across the spectrum agreed that the most important aspects of consumer protections in this new space

were integrity and transparency. Batchelder harkened back to the 1919 Black Sox scandal,

“By knowing how much is being bet and who is betting there can be oversight and integrity. If you allow it to stay in the underworld, there will be the same problems like what happened with the Black Sox in 1919.”

However, while the panelists agreed that integrity and transparency were necessary, some felt that the light-touch approach was insufficient. Greenberg listed several additional concerns:

“... Fraud protection against phony online betting sites, so that we can monitor and shut these down. State of the art, prevention and detection software should be deployed and it will need to be continually updated. This needs to be in place in order to prevent . . . fraud . . . which by the way is very hard to regulate now. The magnitude will grow and then it will continually be hard to regulate.”

As another way of fighting fraud, Greenberg recommended that bettors should have recourse through a private right of action against bad actors.³⁴

It is important to differentiate between the panelists’ use of “integrity” and the major sports leagues’ use of “integrity.” The word has been associated with a fee that the league would collect from sports betting operators in order to fund activities to guard against the distortion of outcomes due to lucrative bet payouts. Eggert expanded:

“the leagues are proposing ‘integrity fees,’ which is the leagues saying they want a cut on the gambling industry. Then, the players are going to want a cut I disagree with this “integrity” because I think this will cause the leagues to have an interest in the amount of handle. They won’t care so much who wins or loses, but they will care about how much is bet total on a game because it would bring them more money.”

Batchelder explained why transparency is so important for the sports betting marketplace:

“Shining more light on this is better than keeping it in the darkness. [With transparency about odds and other key disclosures] people can feel like they are playing a fair game and that they are being protected.”

³⁴ Full quote from Sally Greenberg, Executive Director, National Consumers League: “Bettors should have a private right of action to bring cases when they suspect online sports betting sites of wrongdoing... If a company is not using state of the art fraud protection, for example, consumers should have access to a private right of action as well as for other violations we know companies engage in.” (*SFC Symposium*, June 21, 2018)

Should credit extensions be permitted?

Another considerable concern for many of the panelists were credit offerings for gambling. Attorney General Frosh said:

“We know that when people become addicted to gambling, and it’s really hard not to do, they will bet more than they can afford, and if they have access to immediate sources of cash or credit, they’ll go longer than they should have gone and they’ll lose more money.”

Greenberg continued, “borrow-here-play-here arrangements should be banned, that just feeds the gambling addiction.” Irene Leech concurred, adding that “we need to try to avoid bringing credit into this situation.” She went on to explain how cash can still be dangerous when ATMs are present near a casino. Leech explained, “when you go to an ATM, there is no real way to know what people are using the money for. We’ve got a real problem there.” Batchelder also agreed that credit behavior differs from debit and cash behaviors, but said that automatic payments should still exist because people “just don’t carry cash.”³⁵

Should the bettor hold some responsibility through self-exclusion?

Doura explained a program that her organization helped establish in Massachusetts: “PlayMyWay, which is this infrastructure built into all of the games. It’s an embedded budget-limiting tool, so this allows people to manage their bets by setting a limit, notifying them when they get close to that limit over time.” Eggert, however, believed that harm minimization should not stop at self-exclusion.

“I think we could go a lot further because a lot of harm minimization techniques involve changing the game itself. A good example is pop-ups that pop up while you’re playing, especially ones that cause you to self-reflect like, ‘You have been playing this game for 2 hours, and you’ve spent more than you normally spend. Do you think this is a good idea?’ Having that pop-up can cause you to reflect. It’s not taking away your time. It’s not telling you what to do.”

Eggert went on to add, “giving people the power to regulate themselves, that’s what we are talking about it.”

³⁵ Full quote from Richard Batchelder, Partner, Ropes&Gray: “I agree that a debit card can be used very differently from a credit card because you are not borrowing money. But people don’t carry cash anymore so there has to be a system whereby people can have some sort of automatic pay because people just don’t carry cash.” (*SFC Symposium*, June 21, 2018)



How should regulators and other stakeholders handle the issue of privacy and data protection?

Top of mind for many consumer advocates is data privacy and protection. This is especially important for sports betting protections. As Greenberg explained:

“...we need privacy and data security safeguards because every single day there are millions of attempts to get into our data and breach our data and that will be a new playground for fraudsters.”

Later Greenberg stated that transaction processing companies like PayPal could play an important role to protect sports bettors from fraud.

“I absolutely believe there is a role for PayPal and other players in [the fintech] industry because [PayPal and other fintech platforms are] fraud experts and . . . continue to improve on . . . technology to ensure that fraud is kept to a minimum.”

Batchelder supported Greenberg’s sentiment by adding,

“One of the advantages of Paypal is that for certain transactions, Paypal will refund the money if it is found that a user was a victim of fraud. There are a lot of entrants in the market like Paypal.”

Echoing Greenberg on the second panel, Leech posed the question, “in a country that hasn’t done much with privacy compared to the rest of the world, what will happen to this information?”

What about age limits?

Multiple state legislatures currently are debating how to approach age limits for sports betting. While all the panelists agreed there should an age limit, there was no consensus on whether the age should be 18 or 21. Doura explained why a higher age limit is important:

“The age is 21 right now to go into Massachusetts casinos and 18 for the lottery. But, I think this doesn’t need to be a sports betting vs. casino gambling discussion. Right now, we know that youths who start gambling are more likely to develop a gambling disorder. And, if we are gambling in colleges, are we exposing our youth to gambling too soon? Maybe their brains aren’t mature enough to handle it? Could this legitimately lead to having more individuals with a gambling disorder?”

Leech, citing her experience with college athletes, also agreed the age should be 21 to keep sports betting out of colleges. She said:

“Let’s just keep gambling out of college. In my role as a faculty member, I am on the university athletic committee, and there are enough issues around paying the players because of the money they get back and the cost of attendance, there are a whole lot of things there that we haven’t gotten resolved. When you start talking about 18 and 20-year-olds I just don’t think its a place where the gambling ought to occur.”

Eggert concurred by saying, “I have concerns about people going to college and then wanting to bet on the team while they're in college, and having gambling organizations profit from this.”

However, on the earlier panel, Batchelder offered a different opinion.

“Speaking as of a father of two college-aged students who enjoy sports and who I am sure would like to place a bet on sports, they both have gone online to buy stocks and there are new apps now where you can buy a single share of stocks without paying fees and they could do that and they could also join the military, they can vote for the President of the United States and in Massachusetts they can buy a lottery scratch ticket. And in a lot of states, the proposed legislation is so that couldn’t place a \$10 wager on a Celtics game.”

What kinds of protections should be in place to support problem gamblers and addicts?

The biggest threat that sports betting poses is addiction. Every panelist expressed concerns about exacerbating problem gambling. “We need to have a framework that protects people who are vulnerable, prevents the kind of addiction that can come along with this but recognize that this is what people want and people should be able to do this if they want to, with their own money,” said Batchelder. Similarly, Eggert added, “...we need to set up systems that help people not become problem gamblers, and also help problem gamblers control their gambling to the extent they can, and also to provide medical and other help for people who already are problem gamblers.”

It was Doura who, citing the law in her home state, emphasized how states can and should care for problem gamblers and addicts.



“Massachusetts has proven the system can work. In the 2011 Expanded Gaming Act- the state put in a revenue stream from the gaming revenues for the public health trust fund which goes towards harm minimization, the treatment of problem gambling to mitigate harm.”

Symposium Takeaways

Given the urgency of sports betting legalization in the states, partly due to the potential for revenue generation, there has been less discussion on consumer-related issues. Legal, state-sanctioned operators may soon face stiff competition from illegal sports betting operators who provide technologically advanced offerings and are already well known to consumers. State-sanctioned systems can compete with black market operators by enacting sensible consumer protections like meaningful disclosure of odds and other key information about the games; offering data security and privacy; providing support for problem gamblers; and offering bettors recourse in disputes with operators.

There was a range of opinion from the panelists on what protections are necessary or appropriate for sports bettors. However, what was clear to Sports Fans Coalition was the need for proposed guidelines for sports betting legislation — The Sports Bettors’ Bill of Rights. The Bill of Rights includes five protections that SFC believes should be included in all sports betting legislation. These rights grant fans the ability to make safe, informed, and fair bets on games and player performance.

Sports Fans Coalition’s Sports Bettors’ Bill of Rights, which are explained in the next section, should not be interpreted as reflecting the views of each panelist, and some panelists may disagree with SFC’s proposals.

SPORTS BETTORS' BILL OF RIGHTS

1. The Right to Integrity and Transparency

First and foremost, the sports betting market is only as good as the consumer's faith in the operators, affiliates, and regulators.³⁶ Transparency in the marketplace will be the number one incentive for consumers to abandon their existing black market bets in exchange for legitimate ones. Therefore, bettors must have total, and equal, access to the necessary information for bet-making, and knowledge that the operator is fair. This information includes:

- The handle of the bet
- The odds and pertinent information used to calculate those odds
- Payout amounts and schedule of payouts
- Systems for reporting suspicions of fraud, such as internal reporting protocols and available legal actions
- Prohibition of athletes and team affiliates, including employees, from betting on games, leagues, or sports in which they participate
- License holders for the operator
- Contact information
- Resources for problem gambling, expressed in a clear and easily accessible manner.

2. The Right to Data Privacy and Security

Data privacy is top-of-mind for most consumers. In an industry like sports betting where there are high volume, high-frequency financial transactions based on data, the potential threat is significant and data privacy and security is even more of an issue. Operators need to have the capacity to ensure that their consumer's data is secure and protected to prevent bad actors from using betting and financial information to harm consumers. Data security is another protection that the current black market does

³⁶ The right to the integrity of game play should not be confused with the NFL, NBA, NHL, or MLB's (hereafter referred to as "the Leagues") interest in "integrity fees," which the Leagues argue is necessary to maintain integrity of the games from distortions such as point-shaving or throwing a game. Such fees likely create an incentive for Leagues to earn more revenue from sports betting, rather than to protect fans. Integrity of games has been and should remain the role of sports leagues, regardless of whether or not they collect an integrity fee. The Leagues have failed to show evidence to support how integrity fees will improve betting activities. Instead, integrity fees will only serve the financial interests of the Leagues and will incentivize actions that may pose additional harms to the fans.



not provide, thus incentivizing consumers to utilize the legal sports betting platforms.

3. The Right to Self-Exclude

Self-exclusion is a proven system that protects bettors today. Notably, it is a pillar of the Massachusetts regulations on Daily Fantasy Sports.³⁷ Self-exclusion refers to systems employed within the gaming ecosystem that allow consumers to preemptively limit bet sizes, frequencies, types of advertisements, and other related behavior. It is also important that self-exclusion systems give the bettor the ability to exclude him- or herself from credit extension offerings. These protocols ensure that the gambler can only bet what he or she is comfortable with and will help to prevent him or her from getting caught up in the moment. Giving the fan the power to regulate themselves is paramount in any consumer protection legislation.

4. The Right to Protection of the Vulnerable

Children and youth should not be able to place bets. Children and youth are some of the most vulnerable citizens when it comes to sports betting. As such, sports betting operators should be required to deploy commercially best efforts to verify the age of the account holder and block access by anyone below that state's minimum age for sports gambling.

Second, all sports bettors should have easy access, through their preferred operator, to resources about addiction warning signs and treatment. Sports betting operators should be proactive in preventing their at-risk customers from becoming problem gamblers. They can do so by implementing responsible gaming programs, training, and other practices to help sports bettors play responsibly.

5. The Right to Recourse

The history of sports betting includes well-known cases of fraud and numerous bad actors. Fraudsters may try to participate in the newly legalized sports betting marketplace. After establishing clear standards of conduct for operators and the prominent, ongoing disclosure to consumers of those

³⁷ Office of Attorney General Maura Healy. Daily fantasy sports contest operators in Massachusetts, 940 CMR§ 34.00 et seq. (2016). Retrieved from <https://www.mass.gov/files/documents/2017/09/13/940cmr34.pdf> (last visited July 05, 2018)



standards, policymakers should ensure that consumers have recourse if a transaction goes awry. Whether through an internal complaint process, or filing complaints with a government agency, such recourse is essential to establish the credibility of legalized sports betting and to maintain consumer trust. If fraud occurs or an operator tries to avoid or delay financial obligations, the bettor should be able to take legal action and receive remuneration. Sports bettors should not have to give up their right to seek relief in court, and sports betting operators should have a clear, expeditious protocol to address concerns raised by bettors.

CONCLUSION

It is only a matter of time before more states legalize sports betting. The potential revenue states could earn from taxing authorized sports betting is significant but dependent on incentivizing consumers to leave the black market and participate in legalized sports betting. States can and should protect consumers while seeking to enhance state revenues. Sports Fans Coalition's proposed "Sports Bettors' Bill of Rights" articulates five guiding principles for sports betting legislation; not hindrances to business, but incentives that will grant legitimacy to a brand new marketplace, protect consumers, and protect the games we love.



Draftkings_Support_ SB 4

Uploaded by: koch, sarah

Position: FWA



THE GAME INSIDE THE GAME.

Testimony Before Maryland Senate – Budget and Taxation Committee
Senate Bills 4 & 58
January 29, 2020

Sarah Koch
Director, Government Affairs
DraftKings Inc.
skoch@draftkings.com

Chairman Guzzone, Members of the Committee:

My name is Sarah Koch I am a Director of Government Affairs at DraftKings Inc. (“DraftKings”). I appreciate the opportunity to testify before this distinguished body today in support of SB 4 and SB 58. DraftKings was founded in 2012 as a daily fantasy sports company with the goal of bringing sports fans closer to the games they love. Since that time, DraftKings has evolved into a global sports entertainment company with more than eleven million customers worldwide

The United States Supreme Court paved the way for states to legalize sports wagering within their borders with a court ruling in May 2018. Since that time DraftKings has processed more than 55 million bets in the eight states in which we’re currently operating. DraftKings’ mobile platform alone has accounted for 30% of the total tax revenue generated by sports betting in New Jersey. As the operator of one of the top mobile sportsbooks in regulated states, we appreciate the opportunity to participate in today’s hearing to discuss the importance of Maryland embracing a competitive, fully mobile sports wagering market.

It is important to recognize that sports wagering is already taking place in Maryland on a massive scale, with an estimated 1.3 million Marylanders betting over \$2 billion in illegal wagers each year.¹ Nearly all the sports wagers in Maryland are placed online through offshore websites in the robust illegal market. Across the country, states are trying to bring this activity into a legal, regulated market. Twenty U.S. states and jurisdictions have already passed sports wagering laws to date including Maryland’s neighbors Delaware, Pennsylvania, West Virginia, and the District of Columbia, while sports betting bills are currently pending before legislatures this year in many other states, including Virginia.

¹ See <https://www.americangaming.org/wp-content/uploads/2018/12/AGA-Oxford-Sports-Betting-Economic-Impact-Report1-1.pdf> (noting that approximately 28% of U.S. adults currently bet on sports).

Only those states which include a competitive mobile component in their legislation are likely to capture the full sports wagering revenue that would otherwise go to the illegal market. Today, more than 85% of the wagers placed in New Jersey and Pennsylvania are made via a mobile device, and states that have not embraced competitive mobile sports wagering simply are not converting consumers away from the illegal market. SB 4 takes the first step to combatting the illegal market by providing for mobile betting.

Creating a truly competitive market will also be crucial to the success of regulated sports wagering in Maryland. That is why we urge the Senate to adopt similar language from the House's sports betting bill, HB 225, which would allow a qualifying racetrack to partner with an experienced online operator in order to offer mobile sports wagering. A marketplace with multiple choices for consumers will lead to a much better consumer experience that forces operators to compete with one another and innovate to offer new and exciting products with competitive pricing. Multiple operators will also increase the overall economic impact that sports wagering has in the state. More operators mean not only better products and customer engagement, it also means more advertising revenue for local TV, radio and print, and more revenue for the state.

Creating artificial barriers for consumers, such as requiring them to register a mobile sports betting account in person, will only deter them from using the legal market. We want to thank the sponsor of SB 4, Senator Zucker, for including language in the legislation that authorizes online registration and look forward to working with the State Lottery and Gaming Control Commission to adopt regulations on secure mobile account funding procedures.

SB 4 provides for consumer protections which DraftKings supports and which are not required in the illegal market today. At DraftKings, we use "know your customer" technology to ensure underage individuals are not able to create an account, deposit, or wager through our website or application. We provide safeguards that allow customers to set their own deposit and play limits and to self-exclude from participation should they choose. By tracking wagers placed through the application or online, mobile operators such as DraftKings can identify and flag potentially problematic betting behavior more quickly and accurately than in-person sports wagering.

If Maryland wants to maximize revenue, best protect consumers, and eliminate the thriving illegal offshore sports betting industry, it can best be achieved through the creation of a competitive, fully mobile sports wagering market.

Thank you for the opportunity to testify today. I am happy to answer any questions.

DraftKings_Support_SB 4

Uploaded by: koch, sarah

Position: FWA



THE GAME INSIDE THE GAME.

Testimony Before Maryland Senate – Budget and Taxation Committee
Senate Bills 4 & 58
January 29, 2020

Sarah Koch
Director, Government Affairs
DraftKings Inc.
skoch@draftkings.com

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If Maryland wants to maximize revenue, best protect consumers, and eliminate the thriving illegal offshore sports betting industry, it can best be achieved through the creation of a competitive, fully mobile sports wagering market.

Thank you for the opportunity to testify today. I am happy to answer any questions.

John Pappas_FWA_SB4

Uploaded by: Pappas, John

Position: FWA

Maryland Senate Committee on Budget and Taxation **Regulation of Sports Betting**

**John Pappas, on behalf of the iDevelopment and Economic Association
(iDEA Growth)**

Chairman Guzzone, and members of the Committee I would like to thank you for the opportunity to testify today. My name is John Pappas, and I am here on behalf of the iDevelopment and Economic Association (IDEA Growth) to provide our perspective on the sports betting legislation before you. We thank Senators Zucker and West for their thoughtful proposals, and we support the objectives of these bills, though we believe they could be improved by certain incremental changes.

IDEA Growth was founded to advocate for responsible policies that will spur economic growth and protect consumers. Our members represent all sectors of the sports betting industry and are licensed and regulated in the U.S. and jurisdictions throughout the world. IDEA Growth members are involved in every level of the sports betting ecosystem, including operations, development, technology and payment processing.

We applaud the committee for considering SB04 and SB058 and particularly the fact that SB04 embraces internet and mobile betting. We encourage a minor amendment to SB058 so that mobile betting is explicitly authorized under a future ballot referendum. Mobile and internet-based betting are not just the future, they are the *now*. Today in New Jersey internet betting comprises of more 80 percent¹ of all wagers placed and a recent panel of industry experts predicts that in the U.S. 90 percent² of all wagers will soon be coming from a phone or a laptop. It is important to remember that Maryland's regulated sportsbooks biggest competitors will not be their fellow regulated sportsbooks, but the illegal market that operates primarily online and currently has a firm grip on Maryland consumers.

All legislation in this area needs to be understood in the context of competing with the illegal offshore market. That is why it is exceedingly important that you create regulatory environment that will attract consumers.

We believe the most successful regulatory programs are those that cultivate as free and open a market as possible, subject to appropriate gaming regulation. We would support two changes to SB04 that will accomplish this goal. First, we recommend expanding the pool of potential master licensees to include state regulated horse tracks and even sports venues. Secondly, we promote the ability of master licensees to offer multiple unique online sportsbooks brands (often referred

¹ New Jersey Division of Gaming Enforcement, *DGE Announces December 2019 Total Gaming Revenue Results*, January 14, 2020.

² *Associated Press*, [Panel: 90% of US sport bets could be online in 5 to 10 years](#), June 13, 2019

to as skins) as a way to increase competition, and ultimately increase tax revenue delivered to the state of Maryland.

Research conducted by Eilers & Krejcik Gaming clearly demonstrates the value of a multi-brand model.³ In summary the research shows that when licensed operators can offer multiple brands it provides:

- Master license holders with additional ways to generate revenue and share fees/costs with their brand partners.
- States a way to increase tax and license fee revenue and promote a competitive marketplace.
- Consumers with additional options that will compete for their business through innovations and pricing that will make the illegal market an unattractive alternative.

Key Reasons Why States Are Considering Multiple-Skin Models⁴

Market Size	A greater number of available online gambling brands can result in a larger overall market in revenue terms.
Tax Revenue	A larger overall market can result in a larger base of taxable revenue.
License Fee Revenue	The imposition of license fees not only on master license holders, but also on partner brands, can provide states with additional sources of revenue.
Competition	A greater number of available online gambling brands can increase competition in a market, which create benefits for consumers including better product variety and quality, and better product prices and promotions.
Competitive Balance	A multiple-skin model can increase revenue parity between larger and smaller operators in a market.

³ Eilers and Krejcik Gaming; *Analysis: How The Multiple-Brand Model Impacts State-Regulated Online Gambling Markets*; February 2019

⁴ Ibid; Fig. 1-2

New Jersey has been instructive on the value of multiple brands. According to Eilers research this model has boosted revenues in the New Jersey internet gaming market by **50 percent**. It also has generated more than **\$80 million** in additional local marketing dollars spent in the state and increased the number of new customers by nearly **100,000**.

The evidence is clear that more competition will bring more revenue to the state that will help pay for education, or other critical needs. We urge this committee to support amendments that will expand who can be authorized to offer retail and internet sports betting and ensure that those licensees have the ability to benefit from the multiple-skin model.

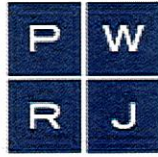
One final point for consideration is the tax rate. Under SB04 the proposed tax rate of 20% is higher than what most states have embraced and will make it more difficult for licensed operators to compete with the unlicensed market. At some point, high AGR tax rates are self-defeating in that the state finds itself taking an increasing share of a decreasing market. We would advocate a tax rate in the range of 10-15% as better serving the interest of creating a robust market and still yielding considerable revenue for state government.

With all of these things said, we applaud the legislature's interest in creating a sports betting market which provides Marylanders with access to licensed, regulated sports wagering with strong consumer protections. We look forward to working with you to establish the framework for a robust and competitive market that sparks economic growth, investment and tax revenues.

PWRJ SB4 FWA-01292022082035

Uploaded by: Ross, Justin

Position: FWA



P E R R Y | W H I T E
R O S S | J A C O B S O N

The Honorable Guy Guzzone
Chairman
Senate Budget & Tax Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Jim Rosapepe
Vice Chairman
Senate Budget & Tax Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Senate Bill 4 – Favorable with Amendments

Dear Chairman, Vice Chairman and Committee Members:

Perry, White, Ross, & Jacobson on behalf of our client, the Washington Redskins, are submitting this “Favorable With Amendments” testimony for SB4. The Washington Redskins would like to respectfully ask the legislature to add the FedEx Field property as one of the locations in the bill that would be entitled to a sports betting license as well as a mobile license. The Redskins look forward to working with the sponsor, Senator Zucker, and the Budget & Tax Committee on this important legislation.

Thank you for your consideration.

Sincerely,

Justin D. Ross

Partner

Perry White Ross & Jacobson

SB 4_Maryland's VLT Licensees_FWA

Uploaded by: Weinberg, Joe

Position: FWA



To: Senate Budget & Tax Committee
 Re: Letter of **SUPPORT with Amendment** for SB4

January 29, 2020

Maryland’s six VLT Licensees offer its **SUPPORT with Amendment** for **SB4**. This legislation, sponsored by Senator Zucker, would establish the regulatory framework for sports betting in Maryland, as well as provide the voters of the state the ability to authorize sports betting through referendum.

Facts About Maryland Gaming

- Maryland, with the 19th largest population in the country, generates the 4th highest gaming tax revenues in the nation.
- 15,000+ direct jobs, \$3.0 billion economic impact; \$962.2 million tax impact (AGA)
- Second highest tax rate in the country (2nd only to PA)- (41% Blended Tax Rate)
- Maryland has the highest gaming tax revenues as a percentage of corporate income tax collected in the country - 71%. In other words, the 6 casinos in Maryland pay nearly as much tax annually as **ALL OTHER BUSINESSES IN THE STATE COMBINED**. (\$735 million Gaming Tax v \$1.03 billion corporate income tax - Source State Comptroller)
- Maryland casinos spent over \$3 billion in initial construction
- **Maryland casinos have provided \$3.3 billion to the Maryland Education Trust Fund and \$4.4 billion in overall taxes since the program began**

Maryland’s Six Licensed Casinos SUPPORT SB4’s provisions:

- Sports betting licenses should go to VLT licensees
- Mobile is essential - Americans currently have convenient access to a robust illegal mobile sports wagering market. Restricting customers’ mobile options will merely keep them on the black market
- To make legal operators competitive and eradicate the unregulated market, mobile sports wagering, including remote sign-ups and deposits, should be allowed
- Wagering on sports contests involving local college sports teams should not be restricted. These games are not restricted on the illegal market and the legislation should attempt to drive all betting away from offshore, illegal sites
- The MLGCA should be empowered to prohibit certain wagers based on their expertise and analysis, if required in order to protect the integrity of bets or wagers
- Maryland’s six licensees have made remarkable investments in the state. A single mobile skin only to each licensed VLT operator ensures that each sports betting operator has made an impactful investment in creating Maryland jobs and supporting Maryland communities

Maryland’s Six Licensees Request Amendments for SB4:

- **Taxation should be reasonable:** Sports wagering is a low-margin business, with significant portion of handle spent on compliance, marketing, and taxes. Meanwhile, unregulated operators do not pay taxes, do not invest in responsible gaming measures, and have no compliance costs. **Sports betting at the state’s six casinos will allow the State to realize significant new incremental casino**



gaming taxes which will exponentially exceed any tax on sports betting. It will also attract patrons who spend money on dining, entertainment, and other hospitality, all of which will benefit the State in terms of tax revenue.

- **Single-digit taxation** maximizes legal operators' ability to invest in operations and marketing. As drafted, SB4 would make Maryland the 3rd highest taxed sports betting operation in the country, limiting its ability to effectively compete against regional neighbors and the black market
- **No application fee:** Maryland's licensees have spent a combined \$88.5 million on VLT licenses to enter the Maryland market. Sports books are part of casino operations. There is no need for separate sports wagering licensing or renewal fees

SB 4 - Sports betting letter - MML

Uploaded by: Donoho, Candace

Position: INFO



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

January 29, 2020

Committee: Senate Budget & Taxation
House Ways & Means

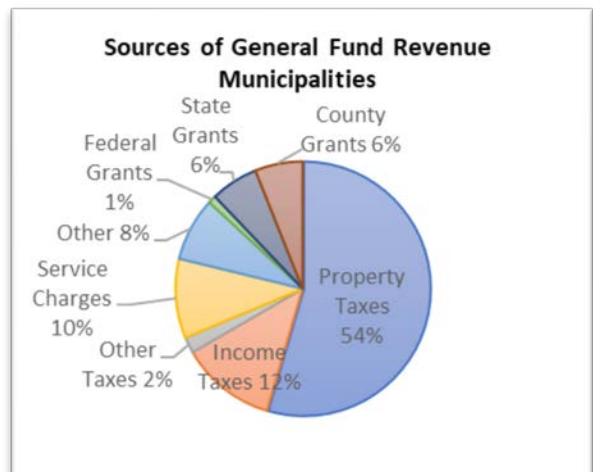
Bill: SB 4 – Gaming – Sports Betting – Implementation
SB 58 – Gaming – Sports Betting – Implementation
SB 325 – Constitutional Amendment – Gaming – Expansion
HB 605 – Constitutional Amendment – Gaming - Expansion
HB 225 – Sports Wagering – Implementation

Position: Informational

Reason for Position:

For the 2020 legislative session, the Maryland Municipal League adopted a Strategic Initiative to explore and support the creation of new municipal sources of revenue.

As it stands, municipalities are overdependent on property taxes to provide essential services for their residents. Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Local jurisdictions have little control over the other major sources of revenue, leaving municipalities with few options when fiscal challenges arise. Maryland's cities and towns need alternative revenue sources to support new and existing programs that their residents look for them to provide.



With regard to future sports betting revenues, the League would like build on the model adopted by this legislature when establishing the Video Lottery Terminal Fund (VLT) distribution formula, which shares 5.5% of the revenue generated through

local impact grants. However, as gambling becomes a more online practice, we would like to see that money reach all areas of the State as well.

As your partners in governance, Maryland's cities and towns ask that the legislature continue to share a portion of new revenue sources with the localities, including any additional revenues attributed to sports betting.

FOR MORE INFORMATION CONTACT:

Scott A. Hancock	Executive Director
Candace L. Donoho	Government Relations Specialist
Bill Jorch	Manager, Government Relations & Research
Justin Fiore	Manager, Government Relations

MACo_INFO_SB0004

Uploaded by: Kinnally, Kevin

Position: INFO



Senate Bill 4

Gaming - Sports Betting - Implementation

MACo POLICY STATEMENT
(Letter of Information)

To: Budget and Taxation Committee

Date: January 29, 2020

From: Kevin Kinnally

Equity with New Revenue Sources

The State's commitment to substantial new education investments has inspired legislation to authorize new activities that carry substantial new revenue potential. The costs of these ambitious school initiatives, as proposed, will also carry a major cost to county governments, many of whom are already straining their current revenue structures.

Only with sufficient funding will county governments be able to work in partnership with the State to advance our schools' competitiveness and outcomes. **As such, any new funding source identified and approved by the State to support new education initiatives should have a commensurate authority or equitable distribution to support county governments statewide as true partners in education investments.**

MACo advocates for adequate, fair, and reasonable funding for all of Maryland's students, and urges State policymakers to sustain a robust level of public education funding without unduly burdening county budgets or slighting other essential local services.

MACo and county governments stand ready to work with State policymakers toward a productive funding partnership to ensure a world-class education system for all Maryland students.

Stephen Weyler_INFO_SB#4

Uploaded by: Weyler, Stephen

Position: INFO

January 29, 2020

Senator Guy Guzzone
Chair, Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB 4 Gaming – Sports Betting – Implementation (LETTER OF INFORMATION)

Chairman Guzzone and Members of the Committee:

Senate Bill 4 authorizes the State Lottery and Gaming Control Commission (the Commission) to issue licenses for sports wagering. A sports wagering licensee may accept wagers made by an individual in a sports wagering lounge, self-service kiosk or machine in the licensee’s video lottery facility, or through online sports wagering by any individual physically present in the State. Sports wagering will not include high school sports or athletic events, or a fantasy competition. Those under 21, as well as those not physically present in the State, may not wager on a sporting event.

Sports wagering and sports betting are synonymous terms that describe the activity of predicting the result of sporting events and placing a bet on the outcome. In a legal setting, sports bettors place wagers – with the money being deposited “up-front” – through a bookkeeper who tracks wagers and payouts. When done legally and responsibly, sports gambling can be fun, promote sports integrity, drive public funding, and reduce illegal gambling. However, much of sports gambling in the United States and Maryland is dominated by illegal sports gambling, where illegal bookmakers do not require money up-front and allow bets to be placed on “credit,”– often resulting in extremely large amounts of debt owed to the illegal and criminal sports betting market and bookmakers.

The Public Health Effects of Gambling

Nearly 80 percent of Americans are in favor of eliminating the federal ban, and having legalized sports gambling.¹ Legalized sports gambling can, if done correctly, generate tax revenue used on public health concerns, support thousands of jobs, protect the integrity of sports through identifying suspicious gambling activity, and eliminate the black market of illegal gambling. However, with the spread of legalized gambling, the Legislature cannot forget those who may fall victim to addictions related to gambling.

¹ Seton Hall Sports Poll, *Nat'l Poll: 80% of Americans Support Legalized Sports Betting* (Oct. 10, 2019), <http://blogs.shu.edu/sportspoll/2019/10/10/natl-poll-80-of-americans-support-legalized-sports-betting/>.

Over 150,000 adults in Maryland have a gambling problem.² Problem gambling includes all gambling behavior patterns that compromise, disrupt, or damage personal, family, or vocational pursuits,³ which may be more than just a financial concern. People with a gambling problem are 15 times more likely to commit suicide,⁴ often suffer from substance use disorders, depression, and anxiety.⁵ Men are more often impacted than women and it normally begins in adolescence in men and later in women.⁶ Older adults are often more vulnerable than other age groups, because of their dependence on fixed incomes and limited ability to recover from gambling losses.⁷

Institutions such as the Maryland Center of Excellence on Problem Gambling, a program of the University of Maryland School of Medicine and funded by the Maryland Department of Health's Behavioral Health Administration, will play a pivotal role in the creation of responsible sports gambling policy. The Center is responsible for promoting healthy and informed choices regarding problem gambling through public awareness, training and education, prevention and public policy – all which will be important in ensuring at-risk Marylanders receive the needed attention with the expansion of sports gambling.

Problem Gambling Prevention and Treatment Services

The legalization of sports wagering will lead to an increased prevalence of gambling in the state and may lead to more gambling problems. Across the country, the expansion of gambling has not been uniformly accompanied by appropriate—or in some cases any— funds to prevent or treat gambling addiction. As a result current public problem gambling prevention and treatment services—especially for youth—are insufficient in most states and nonexistent in many. Currently, there is no language in Senate Bill 4 that offers any assistance, resources, education, or services to counteract any increase in problem gambling associated with this newly legalized method of gambling.

The National Council on Problem Gambling suggests that expansion of sports gambling should include dedicated funds to prevent and treat gambling addiction – specifically, the equivalent of 1% of revenue from legalized sports betting should be dedicated to problem gambling services.⁸

² University of Maryland School of Medicine, The Center of Excellence on Problem Gambling, *Facts*, <http://www.mdproblemgambling.com/facts/>.

³ National Council on Problem Gambling, *Help & Treatment: FAQ*, <https://www.ncpgambling.org/help-treatment/faq/>.

⁴ Rob Davies, *Problem gamblers at 15 times higher risk of suicide* (March 12, 2019), <https://www.theguardian.com/society/2019/mar/13/problem-gamblers-at-15-times-higher-risk-of-suicide-study-finds>.

⁵ Psychological Today, *Gambling Disorder (Compulsive Gambling, Pathological Gambling)*, <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

⁶ *Id.*, at <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

⁷ *Id.*, at <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

⁸ *Id.*, at <http://www.ncpgambling.org/wp-content/uploads/2018/03/Responsible-Gaming-Principles-for-Sports-Gambling-Legislation.pdf>.

States that have included problem gambling in their sports betting legislation have taken a variety of approaches. For example, in Pennsylvania House Bill 519, the legislature included a Compulsive and Problem Gambling Treatment Fund from sports wagering taxes and stated that any individual who engages in sports wagering from a location in which the activity is unauthorized shall forfeit all entitlement to any winnings and the money associated with any forfeited winnings shall be deposited into the Fund.⁹

As more gambling opportunities become available, most immediately, sports wagering, it is important that the Legislature be keenly aware of not only the benefits of gambling, but of the potential addictive risks that will be associated with it.¹⁰ The Legislature should look to the National Council on Problem Gaming, or follow the lead of other states in ensuring that members of the Maryland community are not abandoned and left to fall victim to the dangers associated with problem and addictive gambling.

This testimony is submitted on behalf of the Public Health Law Clinic at the University of Maryland Carey School of Law and not by the School of Law, the University of Maryland, Baltimore, or the University of Maryland System.

⁹ House Bill 519, 2021st Leg., Reg. Sess. (Pa. 2017).

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2017&sInd=0&body=H&type=B&bn=519>

¹⁰ University of Maryland School of Medicine, The Center of Excellence on Problem Gambling, *Facts*, <http://www.mdproblemgambling.com/facts/>.