



THE GAME INSIDE THE GAME.

Testimony Before Maryland Senate – Budget and Taxation Committee
Senate Bills 4 & 58
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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.