

MSF HB940 Testimony - B&T.pdf

Uploaded by: Brewster, Gerry

Position: FAV

Gerry L. Brewster
Chairman of the Board – The Maryland State Fair and Agricultural Society, Inc.
2200 York Road, Lutherville-Timonium, MD 21093
Testifying in Support of HB0940 / Before the Senate Budget and Taxation Committee
March 25, 2021

Community Commitment:

- Thank you Chair Guzzone, Vice-chair Rosapepe, and Distinguished Committee Members.
- Thank you for your service to all Maryland and to all Marylanders.
- I am Gerry Brewster, the Chairman of your Maryland State Fair.
- The MSF&AS is a 501(c)(3) volunteer led nonprofit, hosting 2 million annual visitors.
- During the coronavirus pandemic, the State Fair has served Marylanders as:
 - 1st location in Maryland to offer free coronavirus testing without the need for a doctor's note or appointment.
 - Hosted Baltimore County pop-up food markets and Amigos of Baltimore County / 4MyCiTy food drives to benefit Latino and immigrant communities.
 - Hosted weekly American Red Cross blood drives.
 - Hosted emergency management vehicles
 - Offered 600 stalls to the State Veterinarian's office to shelter the livestock of farmers who contracted COVID-19.
 - Hosted jury trial selection, free flu vaccinations, coronavirus vaccinations, and more
- Thanks to your leadership, the Maryland State Fair has done all we can to do things right, and with your help, we will continue to make Maryland proud.

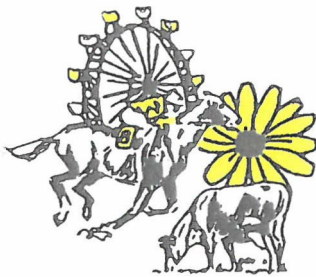
Sports Wagering:

- The Fairgrounds is well-positioned to bring money in from Pennsylvania and also to keep MD dollars in MD.
- According to the independent Johnson Consulting Report, if the Fairgrounds was brought up to date, it would generate an additional \$55-60 million in annual economic impact for Maryland.
- However, the State Fairgrounds is in need of a long-term revenue stream to address critical capital needs, which sports wagering could provide.
- The Baltimore County House and Senate Delegations voted unanimously to support the State Fair being awarded a sports wagering license with mobile.
- The State Fair's 31-member Board gave their unanimous approval
- The State Fair received broad community support for a sports wagering facility. An umbrella organization representing 50 neighboring community associations and 50,000 residents supports the State Fairgrounds being granted a sports wagering license with mobile.
- The State Fair's OTB is the #1 OTB in the state of Maryland, and the Maryland State Fair's Grandstand and Community Center is already equipped to handle the needs of a sports wagering facility.
- The Maryland State Fairgrounds also hosts emergency storm crews, State and local police departments, other first responders, schoolchildren, veterans' organizations, and more than 10,000 youth playing sports.
- Thank you for your consideration of Maryland's own Maryland State Fairgrounds for a sports wagering license with mobile.

HB940 support testimony .pdf

Uploaded by: Cashman, Andy

Position: FAV



MARYLAND STATE FAIR

P. O. BOX 188, TIMONIUM, MARYLAND 21094-0188 410-252-0200 FAX 410-561-5610

March 25, 2021

Testimony in support of HB 940 - Before the Senate Budget and Taxation Committee

The Coronavirus pandemic has created a critical time for the Maryland State Fair, causing cancellation of events and untold lost revenue. This time, while challenging, has also allowed Maryland State Fair to step up and provide a great service to all Marylanders. The Fair is actively helping to combat the Coronavirus pandemic, providing for testing and vaccination on campus. The Fair also annually continues to host first responder's training and testing and provides a venue for 10,000 children to play youth sports.

While much is being done, the Fair wishes to do so much more. However, our facilities and infrastructure are in critical condition. The carnival midway, used for parking thousands of cars for Covid testing and vaccinations, collapsed weeks ago with yet another busted water pipe. The Administration building roof is continuing to leak on a space frequently used by first responders for training. The Veterinary Detention Barn roof has buckled and requires a new roof. The concrete and steel support structures are rusting and eroding in our Grandstand and Community Center. There is also lead paint remediation that needs to occur throughout the campus and the list goes on.

As a 501(c)(3) nonprofit, led by volunteers, we need help now more than ever to continue our 141 years of service to the State of Maryland. A long-term revenue stream is needed that would address these long-term capital needs and continue to allow the Fairgrounds to provide service to the community. Sports wagering at the Maryland State Fairgrounds would provide such a solution. Thank you once again for your service and for your consideration of the great needs and the great contributions that exist at Maryland's own Maryland State Fairgrounds.

D. Andrew Cashman
General Manager
Maryland State Fair & Agricultural Society, Inc.
2200 York Rd.
Timonium, MD 21094

HB940 -FAV- Ivory Gaming Acq Corp.pdf

Uploaded by: Greenlee, Bob

Position: FAV



March 22, 2021

Re: House Bill 940: Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering.

Position: *Support*

Chairman Guzzone, Vice Chairman Rosapepe, and Budget and Taxation Committee Members:

On behalf of the Ivory Gaming Acquisition Corp (“IGAC”), I write in **support of House Bill 940**. House Bill 940 provides a balanced framework to foster healthy competition amongst prospective sports wagering licensees, helping the State of Maryland maximize revenue from sports wagering and meet the state’s laudable goals of diversity and inclusivity.

IGAC is a publicly traded special purpose acquisition company with the goal of creating a gaming and leisure brand focused on emerging trends and implementing cutting edge technology to improve the gaming experience, including mobile sports wagering.

House Bill 940 provides a great pathway to maximize revenue for the state through mobile licensure, especially during times when many customers do not feel comfortable visiting a physical gaming facility by authorizing the issuance of stand-alone mobile sports wagering licenses. There is a robust and competitive market for online sports wagering and where authorized, online wagering constitutes up to 90% of sports wagers placed. To meet the demand and maximize tax revenue, states have increasingly designed frameworks tailored for the robust mobile wagering space. For example, Tennessee recently enacted legislation with no cap on the number of online operators and recent reports indicate that the Commonwealth of Virginia received twenty-five applications for their dedicated mobile sports wagering licenses.

House amendments to the bill approximately doubled the amount of available Class A and B physical sports wagering licenses to more than 20. To account for the increase in physical sports wagering licensees that may wish to apply for mobile licenses, strong evidence of a competitive and increasingly innovative mobile wagering market, and increased opportunity for minority and woman-owned business participation in the mobile market, **we suggest that the committee consider increasing the number of mobile licenses accordingly to a maximum of 25 to create a robust market allowing for greater innovation and enhanced revenue for the state over time.**

IGAC is excited by the potential opportunity to offer best in class innovative products and services to residents of Maryland. For these reasons, I respectfully urge the Committee to issue a **favorable report for House Bill 940**.

Respectfully Submitted,

Robert Greenlee

Robert Greenlee

IG Acquisition Corp

HB940 MD MBE 3.25.21.pdf

Uploaded by: Hopkins, Charles

Position: FAV



**THE
CORNERSTONE
GROUP**



Dumpster Today, LLC



March 22, 2021

Speaker of the House
Adrienne Jones
State House, H-101
State Circle
Annapolis, MD 21401

State Senate President
Bill Ferguson
State House, H-107
100 State Circle
Annapolis, MD 21401

Dear Speaker Jones and Senate President Ferguson,

On behalf of the undersigned civic and business organizations representing hundreds of thousands of Maryland business owners, civic leaders, and residents, we write today in strong support of efforts to induce meaningful and substantive minority business enterprise (MBE) participation in the forthcoming mobile and terrestrial sports betting marketplaces. The Maryland General Assembly has yet another opportunity to trailblaze a newly exemplary path to not only ensure diversity in what is expected to be a multimillion-dollar industry in Maryland alone, but also its success, delivering to in-state and national partners the benefit of certified Maryland MBE partners with experience serving Maryland and her residents.

Created over 40 years by an act of the General Assembly, Maryland's MBE program ensures socially- and economically-disadvantaged small business owners are included in the State's procurement and contracting opportunities. With over 70 participating agencies actively working to award procurement contracts to certified MBE firms, this program is hailed nationally as a leader in powering growth and efficiency across government procurement.

Today, the General Assembly is presented with a tremendous opportunity to build upon the state's successful record by implementing robust and muscular MBE requirements for the forthcoming regulated sports betting marketplaces soon to be permitted in the state. We recognize the complexity of your work ahead, and the significant competing interests in designing a competitive, responsible, and consumer-focused regulatory framework that delivers what an overwhelmingly majority of Maryland voters has requested.

To that end, the state's MBE-certified businesses are prepared to quickly respond and deploy services in a manner expeditious to the regulatory timeline and consumer demand. With revenue at stake to the tune of millions that can be dedicated to Maryland's public schools, it is imperative that the state have at its disposal the decades of experience and success that our state's MBE-certified business owners have

delivered for countless of industries in the state, such as hospitality, gaming, technology, manufacturing, construction, healthcare and life sciences, to name a few.

Legalized sports betting is a unique opportunity to craft a Maryland-specific solution that injects millions of dollars in both intellectual and real capital to MBE-certified companies. With twenty-two states having now legalized sports betting for on-premises, “brick-and-mortar” settings or for mobile applications, not a single state has taken the opportunity to meaningfully establish MBE-specific standards for applicants for on-premises or mobile skins. The result is an increasingly and overwhelmingly concentrated marketplace, especially in mobile markets, where national operators or established incumbents easily acquire market share and expectedly have yet to relinquish any significant percentage of that market share.

Maryland’s legislative leaders, responsible for developing a regulatory regime that will incent growth for all communities, should not succumb to incumbents in the commercial gaming or mobile sports betting industries so desperate to break into the state without conditions that provide for MBE participation. Moreover, with overwhelmingly high rates of participation in mobile sports betting marketplaces viewed in states that have permitted such operations, it is clear those conditions must be applied to the mobile marketplaces.

In sum, this generational opportunity for the Maryland economy and its businesses and communities should not go without a deep and broad understanding as to how the state can ensure that capital pursuant to the voters’ clear desires is directed back into Maryland companies and the communities in which they operate. Absent effective and meaningful MBE programs from inception, we may miss this opportunity to increase wealth and access to opportunity to communities across the state.

Sincerely,

Flawless Tax Accounting Services
Michael A. Coombs

The Cornerstone Group
John Hale III

Dumpster Today, LLC
Angela Laster

AMCORP
Michael L. Williams

The Success Zone
Don Morange

Mirror Accounting Services
Deborah Williams

Maryland Black Chamber of Commerce
Ken White

The Campus
Iman McFarland

EightyFour Productions
Reginald Love

Sports International Group
Boris Lelchitski

Fusion Business
Joyce Chesley Hayward

K. Neal Truck and Bus Center
Korey Neal

Thyra Jackson Benoit, LCSW-C

Enlightened, Inc.
Antwanne Ford

Prince George's County Testimony on HB 940 - Sport

Uploaded by: Lineman, Nancy

Position: FAV



THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

BILL: House Bill 940 – Sports Wagering
SPONSOR: The Speaker
HEARING DATE: March 24, 2021
COMMITTEE: Education, Health, and Environmental Affairs
CONTACT: Intergovernmental Affairs Office, 301-780-8411

POSITION: SUPPORT

The Office of the Prince George's County Executive **SUPPORTS House Bill 940 – Sports Wagering – AS AMENDED** that legalizes live, in-person and electronic sports wagering as of June 1, 2021. Funds from sports wagering are explicitly designated for the Blueprint for Maryland's Future Fund.

Restrictions on Wagering

The bill restricts wagering to: professional sports; collegiate sports; the Olympics; or other international sporting events. Wagers can also be placed on electric sports or video game competitions (so long as competitors are at least age 18); and auto racing events. Wagering on horseracing is permitted under certain circumstances. The bill explicitly prohibits wagering on high school sports is explicitly prohibited.

Much of the implementation of the legislation is delegated to the State Lottery and Gaming Control Commission that must adopt regulations that establish the actual application for a license; and how applicants disclose financial/criminal backgrounds of individuals associated with applications; providing fingerprints; as well as the terms for suspending/revoking a license when necessary.

Minority and Women-Owned Business Participation

To the extent permitted by state and federal law, the General Assembly wishes to maximize the participation of minority and women-owned businesses to participate in the sports wagering industry.

Sports Wagering Licensees are subject to minority business participation goal established by the Special Secretary for the Office of Small, Minority and Women Business Affairs and applies to: construction related to sports wagering; procurement

to the operation of sports wagering (equipment and services.) Subject to periodic review and potential sunset in 2024.

The bill requires that if an applicant seeks investors, the applicant must make serious good-faith efforts to solicit and interview a reasonable number of minority investors; submit a statement in application that includes names and addresses of all minority investors interviewed regardless of whether they purchased an equity share in the application. Must re-affirm this commitment if trying to acquire venture capital in the future.

The Office of the Prince George's County Executive respectfully requests a **Favorable** report on **House Bill 940 – Sports Wagering, as amended.**

House bill 0940.pdf

Uploaded by: Myers, Donna

Position: FAV

HB0940

The Maryland State Fair and Agriculture Society Inc. has been diligent in its 142 year history to stay relevant to its beginnings as a Fair which provided a social gathering for farmers, homemakers, and 4-H and FFA members to showcase their livestock and home goods, and provide entertainment for fairgoers. Although still providing that platform, the fair continues to evolve and expand to ensure opportunities for all Marylanders to either participate or be educated on the importance of agriculture and how it affects every aspect of their lives. The fair continues to work toward following its mission statement of “Providing agriculture and nature-based education on a year-round basis through partnerships, community engagements, and development of both temporary and permanent exhibits, in addition to providing scholarships to youth”. The fair has developed educational opportunities such as the U-Learn center where youth and their families come and can interactively see and learn about science behind food production, GPS technology used in farming, watch a calf or a piglet be born at our birthing center, or visit Horseland located at the racetrack that gives children the opportunity to learn about horse and ponies, and engage in horse related activities. We are most excited to be in the planning stages of making our Nature Play Space a year-round area on the North end of our campus that will provide children the opportunity to learn and play in a natural setting in the woods with natural materials.

The funding from sports betting would give us the ability to further develop opportunities for youth to learn year-round about local agriculture and the benefits to Marylanders through open space and locally produced food. We would continue to develop relationships with area schools, providing opportunities for hands on Agriculture through a greenhouse that school children could use to learn about gardening and growing plants as part of their course study. Skills that will be useful to them their whole lives.

The financial benefits of Sports betting revenue that Maryland State Fair would receive would be shared with all Marylanders through programs and opportunities of education with hands on learning.

Sincerely,

Donna Myers

President

Maryland State Fair and Agriculture Society

HB0940_FAV_Ballys.pdf

Uploaded by: Wise, Steve

Position: FAV



DATE: February 25, 2021

TO: The Honorable Anne Kaiser, Chair, Ways & Means Committee
Members, Ways & Means Committee
The Honorable Adrienne Jones, House Speaker

FROM: Elizabeth Suever, VP Government Relations, Bally's Corporation

RE: SUPPORT-House Bill 940-Gaming-Regulation of Fantasy Gaming Competitions
and Implementation of Sports Wagering

On behalf of Bally's Corporation, I am writing in support of House Bill 940. Bally's Corporation has deep roots in land-based, regional casinos, demonstrated by our national, multi-property portfolio that currently includes 11 casinos across seven states, a horse racetrack and 13 authorized off-track betting licenses in Colorado. Following the completion of pending acquisitions, which include Tropicana Evansville (Evansville, IN), Jumer's Casino & Hotel (Rock Island, IL), and MontBleu Resort Casino & Spa (Lake Tahoe, NV), as well as the construction of a land-based casino near the Nittany Mall in State College, PA, Bally's will own and manage 15 casinos across 11 states. Bally's is also a premier omnichannel gaming company with complete online sports betting currently offered in nine states and online gaming capabilities.

Bally's supports HB 940, which would legalize both retail and mobile sports betting in Maryland by providing sports betting licenses to existing casinos and racetracks as well as ensuring minority-owned business participation in legalized sports betting. In particular, we support the inclusion of ten mobile sports betting licenses independent of existing casinos to allow for sophisticated mobile sports betting operators to provide excellent sports betting experiences for Maryland citizens. We believe that a robust online sports betting marketplace is instrumental for ensuring that Maryland's sport betting is successful both in terms of revenue generated for the state and player participation. Bally's also applauds the provisions of HB 940 that will allow women and minority-owned businesses to participate in the fast-growing sports betting industry.

Thank you for allowing us to provide testimony to you today. We are hopeful for the opportunity to participate in sports betting in Maryland and we look forward to the opportunity to work with this committee on sports betting legislation. Please feel free to reach out to either our lobbyist, Steve Wise, or to me directly with any questions you may have.

Testimony.pdf

Uploaded by: Coleman , Marissa

Position: FWA

3/23/2021

To Whom It May Concern,

I ask that the following recommendations be adopted to the Sports Bill:

Wealth and Economic Opportunities Recommendation #4 and #19 from the January 2021

Report of the Senate President's Advisory Workgroup on Equity and Inclusion.

Recommendation 4 reads as follows: "To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered."

Recommendation 19 reads as follows: "To ensure that Maryland's minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland's future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee."

Thank You,

A handwritten signature in black ink, appearing to read 'MCL', is positioned above the printed name.

Marissa Coleman

Riverboat HB 940 2021 Senate.pdf

Uploaded by: DeLattiboudere, Winston

Position: FWA



March 25, 2021

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Building
Annapolis, Maryland 21401

Dear Chairman Guzzone:

As the Riverboat on the Potomac, we are writing to voice our support with amendments for **HB 940: Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering**. The establishment of sports betting represents an exceptional opportunity for Maryland to provide equity to organizations that have been historically excluded from participation in multimillion- or even billion-dollar markets. Diversity is a source of pride for the Riverboat team. We are a minority-owned facility in Charles County, and in 2020 we welcomed Delmock Technologies, Inc. (DTI) as equity partners. DTI is a Baltimore-based MBE with expertise in cybersecurity and application development and a long history of securing government contracts.

Originally, the bill's language required both off-track betting facilities and minority-owned facilities like the Riverboat that wish to obtain a sports wagering license to apply for a Class B license. Due to our longstanding history in Maryland's gaming industry, we are in support of amendments that would allow the Riverboat to qualify for a Class A license. We would also implore the members of your Committee to increase the number of mobile licenses currently proposed in HB 940. The majority of the sports betting market occurs in the online space, and as minority-owned gaming business in Charles County with a strong IT and cybersecurity connection, we are confident that the Riverboat could be a trailblazer in the sports betting market. For these reasons, our position on this bill is **FAVORABLE WITH AMENDMENTS**.

Sincerely,
The Riverboat Team

Joint Leagues Written MD Testimony 3-25-21 - FWA.p

Uploaded by: DiPietro, Chris

Position: FWA



**Written Testimony of Major League Baseball, the National Basketball Association,
and the PGA TOUR on Sports Wagering in Maryland**

**HB940 – Gaming – Regulation of Fantasy Gaming Competitions and Implementation
of Sports Wagering**

FAVORABLE WITH AMENDMENT

March 25, 2021

No one cares as much about the integrity of sports—or has as much at stake when it comes to the potential pitfalls of sports wagering—as the professional sports leagues. For this reason, we welcome the conversation on what a regulated sports betting market should look like in Maryland. In short, Maryland has the opportunity to accomplish its economic goals and provide fans a safe and legal way to wager on sporting events while protecting the integrity of the underlying competitions.

We support legalized sports betting, including a robust mobile sports betting marketplace, in Maryland that includes the following provisions, which we view as necessary to adequately safeguard the integrity of our contests.

First, we support measures that enable the detection and prevention of improper conduct relating to sports betting like cooperation with league investigations, mandatory alerts by gaming operators of unusual betting activity; eligibility requirements to prevent insiders from placing bets on their sports; and the ability for sports organizations to receive pseudonymous data from betting operators in real time to help us to detect anomalies indicative of improper conduct.

Second, sports leagues should have the ability to seek restriction of risky wagers on their contests. The leagues are best positioned to know what types of bets impose the greatest integrity risk to our games. The leagues therefore should have the ability to work with the regulator to identify and restrict wagers that present unusual integrity risks.

Third, sportsbooks should be required to use official league data to ensure the accuracy and consistency of betting outcomes, provided that the sports leagues make the data available on commercially reasonable terms. As operators increasingly offer in-game and proposition bets, maintaining reliable markets for these wagers becomes more complex and more essential to the stable operation of betting markets as a whole. Recently, Tennessee, Illinois, Michigan, and Virginia included official league data provisions in their sports betting laws, and we expect more states will do so in the coming year.

Our paramount responsibility is to protect the integrity of our sports. With the above elements, we believe that Maryland can achieve its economic development goals while safeguarding sports integrity, maintaining public confidence in the outcome of sports contests, and protecting consumers. We look forward to sharing statutory language that supports these goals and continuing to work with the committee and the legislature on this important issue.

House Bill 940 Support Letter Bet On Black, LLC.pd

Uploaded by: Edwards, Malik

Position: FWA

TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget & Taxation Committee
The Honorable Speaker Adrienne A. Jones

FROM: Malik Edwards

DATE: March 25, 2021

RE: **SUPPORT WITH AMENDMENT** – House Bill 940 – *Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering*

Bet on Black, LLC, a Maryland minority-owned company, submits this letter of strong **support with amendment** for ***House Bill 940*** because it provides minority business owners an opportunity for equity ownership of a sports wagering license in Maryland. **However, there remains one major issue of concern relating to ensuring meaningful minority equity inclusion in sports wagering:**

Bet on Black, LLC has been apprised that there are alleged fervent efforts by Maryland video lottery terminal operators (*i.e.* Maryland casinos) to have ***House Bill 940*** amended by the Senate to grant them mobile licenses by right, as opposed to a competitive process among all interested stakeholders. This alleged concerted effort would result in the automatic granting of mobile licenses to Class A facility licensees, immediately shrinking the number of available mobile licenses for Class B facility licensees or mobile-only licensees to no more than 3.

Class A licensees under ***House Bill 940***, as amended by the House of Delegates, now equals 12 potential licensees: all 6 casinos; horse racing licensees (Pimlico and Laurel Racetracks), whose definition also includes the Maryland State Fair and a riverboat company in Charles County; and all three professional sports stadiums. That, by itself, are 12 licensees, when the total number of available mobile licenses stands at 15. Even if the bill is not further amended to automatically grant mobile licenses to Class A licensees, the total number of mobile licenses should still be raised to at minimum equal the total number of Class A and B licenses, *i.e.* at least 22 mobile licenses.

About 86% of sports gaming revenue is derived from mobile applications, and a Class B licensee would likely need a mobile license to be meaningfully profitable. Even Virginia has passed legislation further expanding their total number of available mobile licenses from the amount initially approved in 2020.¹ This concern is further emphasized by our general anticipation that most, if not all, of the Class A licensees will receive mobile licenses either way, which would leave only 3 mobile licenses available for all potential Class B licensees or mobile-only licensees.

We urge the Senate Budget & Taxation Committee to give ***House Bill 940*** a favorable report following the inclusion of the above and below referenced amendments. We also urge the Committee to incorporate ***Recommendations 4 and 19*** of Chapter 3 of ***President Ferguson's Advisory Workgroup on Equity and Inclusion***, which speak specifically to minority equity inclusion in sports gaming, perhaps through uncodified language.

For more information call:
Malik Edwards
malik@betonblackllc.com
(410) 292-7851

¹ See ***HB1847/ SB1254: Sports betting; clarifies certain procedures*** (Virginia 2021); see also <https://www.bizjournals.com/washington/news/2021/03/16/virginia-sportsbooks-more-mobile-apps.html>.

Bet on Black, LLC Proposed Senate Amendments
House Bill 940: Gaming - Regulation of Fantasy Gaming Competitions and
Implementation of Sports Wagering

Summary:

- The availability of mobile licenses should be increased from 15 to 22. *House Bill 940* defines the casinos, horseracing licensees (which now also include the Maryland State Fair and a riverboat company), and all three professional sports stadiums as Class A applicants. No more than 10 Class B licenses can be issued. About 86% of sports gaming revenue is derived from mobile applications. Assuming that all Class A licensees receive a mobile license, that only leaves 3 remaining for Class B licensees and mobile-only licensees. By raising the number of mobile licenses to 22, all Class B licensees and mobile-only licensees may potentially be awarded a mobile license as well.

Proposed Amendment Text:

Page 17, Line 11: Strike “15”, insert “22”

Page 34, Line 18: Strike “15”, insert “22”

Page 37, Line 15: Strike “15”, insert “22”

Report of the Senate President’s Advisory Workgroup on Equity and Inclusion:

Chapter 3. Wealth and Economic Opportunity

Recommendation 4: To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered.

Recommendation 19: To ensure that Maryland’s minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland’s future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee.

Compass - MD Live (B&T 2021-3-25).pdf

Uploaded by: Garagiola, Rob

Position: FWA



Leadership in Diversity and Inclusion in Maryland

Live! is a leader in the gaming and hospitality industry in creating a diverse work-force and developing innovative initiatives to remove barriers and build the capacity of diverse companies.

Construction:

- First casino in U.S. built by Minority-Owned General Contractor
- **\$125 Million** spent with **MBE/WBE** companies
- Maryland subcontractors awarded contracts on Live! projects throughout Region

Permanent Employment:

- Permanent Jobs: **3,000+**
- **72%** of employees are Minority
- **58%** of employees in managerial roles are Minority
- **95%** of employees are Maryland residents

Operations and Wealth Building:

- **\$100+ Million** spent IN ONGOING OPERATIONS with MBE/WBE suppliers and businesses
- Over **\$1 million** spent with each of **13** MBE/WBE companies; **7** companies in excess of **\$5 million**
- **20% plus** of operational spend with MBE/WBE companies
- Purchases goods and services from **over 100** MBE/WBE companies
- Ongoing Minority vendor outreach programs in partnership with local business associations, non-profits and civic organizations to help maximize outreach to Minority businesses.
- Host bi-annual Minority Vendor Fair, attracting thousands of small, minority and women-owned businesses.
- Executive staff and diversity, equity and inclusion committees dedicated to visioning and executing Company commitment to MBE/WBE business participation.

Philanthropy:

- Cordish/Live! top philanthropists in Maryland
- Live! has distributed **over \$185 million** through Local Development Council to fund local public safety, community and Minority programs
- Live! widely recognized by State organizations for its Philanthropy, Diversity and Inclusion

Awards

2021

COVID-19 Hero Honoree from the Md. Washington Minority Companies Association (MWMCA)

2020

Ranked Top 5 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal

Chairman's Award for Community Impact – Central Maryland Chamber of Commerce

2019

Best Corporation for Minority Business Enterprise from the Md. Washington Minority Companies Association (MWMCA)

Ranked Top 5 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal

2018

Ranked Top 3 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal

2017

Ranked Top 5 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal

2016

Business Partner of the Year by the West County Chamber of Commerce

Ranked Top 5 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal

2015

Ranked Top 5 Largest Corporate Philanthropists in Baltimore Area by the Baltimore Business Journal from the Annapolis and Anne Arundel County Chamber of Commerce

President's Award for Economic Engine from the North Anne Arundel County Chamber of Commerce

Most Inclusive Purchasing Division from the Md. Washington Minority Companies Association (MWMCA)

2014

"Economic Engine" Award from the Maryland Office of Tourism Development

Ranked Top 10 Largest Corporate Philanthropist in Baltimore Area by the Baltimore Business Journal

2013

Most Inclusive Gaming Facility from the Md. Washington Minority Companies Association (MWMCA)

"Economic Engine" Award from the Maryland Office of Tourism Development

Ranked Top 25 Largest Corporate Philanthropist in Baltimore Area by the Baltimore Business Journal

2012

Postsecondary Career and Technology Education Award of Excellence for Outstanding Business Partnerships from the Maryland State Department of Education, in recognition of its ongoing partnership with Anne Arundel Community College.

Anne Arundel Economic Development Corp. Development Award from the Annapolis and Anne Arundel County Chamber of Commerce

2011

The Cordish Companies and Commercial Interiors received the **2011 Bridging the Gap Award** for "Key Partnership/Strategic Alliance" by the Greater Baltimore Committee in recognition of Commercial Interior's selection by Cordish as the first Minority general contractor to build a commercial casino in the U.S.

The Cordish Companies was also recognized as the **2011 Most Inclusive Corporation of the Year for Minority Business** by the Maryland DC Minority Contractors' Association and continues to receive acknowledgments from regional organizations for their collaborations with minority businesses.

I support HB940 with the following amendments.pdf

Uploaded by: Griffin, Daryll

Position: FWA

I support HB940 with the following amendments:

Wealth and Economic Opportunities Recommendation #4 and #19 from the January 2021 **Report of the Senate President's Advisory Workgroup on Equity and Inclusion.**

Recommendation 4 reads as follows: "To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered."

Recommendation 19 reads as follows: "To ensure that Maryland's minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland's future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee."

John Hale III - MD Sports Wagering Senate testimon

Uploaded by: Hale III, John

Position: FWA



FAVORABLE with AMENDMENTS for House Ways & Means Committee Bill 940
(03/23/21)

President Ferguson and Chairman Guzzone, I am providing this written testimony in strong support of HB 940 with amendments to include your *Wealth and Economic Opportunities* Recommendation #4 and #19 from the January 2021 **Report of the Senate President's Advisory Workgroup on Equity and Inclusion**.

Recommendation 4 reads as follows: "To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered."

Recommendation 19 reads as follows: "To ensure that Maryland's minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland's future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee."

Despite African American entrepreneurs possessing the financial resources and business acumen to compete, the State of Maryland refused to award a single casino gaming or cannabis license to an African American led investor group. As an entrepreneur and board member of the Maryland Black Chamber of Commerce and Vice Chair of the Prince George's County Financial Services Corporation, I sit in witness of a continuous slow motion car crash of the devastation systemic racism inflicts upon talented African American entrepreneurs in pursuit of commercial opportunity in the Old-Line State.



The State of Maryland should not feel alone in its quest for economic justice for African American business owners. Our federal government, through the resurgent efforts of the Biden-Harris Administration, is taking aggressive and proactive steps to ensure the equality of opportunities for African Americans and other minorities. This is evidenced by the **“2021 Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government.”**

The time to act is now. The fuse has already been lit across the nation to create parity for African American business owners in pursuit of our American Dream. I ask that this noble Senate of the Maryland Legislature no longer defer racial equity and justice. Please accept my favorable support with amendment adding your Senate Recommendation 4 and 19 to this law.

Respectfully,

John Hale III
President
The Cornerstone Group, LLC

Forms (11VAC5-80-9999).pdf

Uploaded by: Hess, Brian

Position: FWA

3/23/2021

Virginia Administrative Code

Chapter 80. Sports Betting Consumer Protection Program

11VAC5-80-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise.

"Board" means the Virginia Lottery Board established by the Virginia Lottery Law.

"Department" or "Virginia Lottery" means the Virginia Lottery Department, the independent department that pursuant to § [58.1-4031](#) of the Code of Virginia is responsible for the operation of the Commonwealth's sports betting program set forth in Articles 1 (§ [58.1-4000](#) et seq.) and 2 (§ [58.1-4030](#) et seq.) of Chapter 40 of Title 58.1 of the Code of Virginia.

"Director" means the Executive Director of the Virginia Lottery or the director's designee.

"Individual" means a human being and not a corporation, company, partnership, association, trust, or other entity.

"Permit holder" means a person who has been issued a permit by the director to operate a sports betting platform.

"Person" means any individual, corporation, partnership, association, cooperative, limited liability company, trust, joint venture, government, political subdivision, or any other legal or commercial entity and any successor, representative, agent, agency, or instrumentality thereof.

"Player" or "sports bettor" means an individual physically located in Virginia who participates in sports betting.

"Sports betting" means placing wagers on professional sports, college sports, sporting events, and any portion thereof, and includes placing wagers related to the individual performance statistics of athletes in such sports and events. "Sports betting" includes any system or method of wagering approved by the director, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets. "Sports betting" does not include (i) participating in charitable gaming authorized by Article 1.1:1 (§ [18.2-340.15](#) et seq.) of Chapter 8 of Title 18.2 of the Code of Virginia; (ii) participating in any lottery game authorized under Article 1 (§ [58.1-4000](#) et seq.) of Chapter 40 of Title 58.1 of the Code of Virginia; (iii) wagering on horse racing authorized by Chapter 29 (§ [59.1-364](#) et seq.) of Title 59.1 of the Code of Virginia; (iv) participating in fantasy contests authorized by Chapter 51 (§ [59.1-556](#) et seq.) of Title 59.1 of the Code of Virginia; (v) placing a wager on a college sports event in which a Virginia public or private institution of higher education is a participant; or (vi) placing a wager on

sports events organized by the International Olympic Committee.

"Sports betting law" means Article 2 (§ [58.1-4030](#) et seq.) of Chapter 40 of Title 58.1 of the Code of Virginia.

"Sports betting platform" means a website, mobile application, or other platform accessible via the internet or mobile, wireless, or similar communications technology that sports bettors use to participate in sports betting.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-20. Sports bettors' bill of rights.

A. A permit holder shall make conspicuously available on its platform a link to the Virginia Sports Bettors' Bill of Rights on the department's website and afford its players the protections found in that document.

B. A permit holder may not, as a condition of use of the permit holder's sports betting platform, require any player to waive any right, forum, or procedure including the right to pursue legal action or to file a complaint with, or otherwise notify, any instrument of the state or federal government, including a Commonwealth's Attorney, law enforcement, courts, and state and federal agencies, of any alleged violation of the sports betting law, this chapter, or any other applicable law, regulation, or administrative policy.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-30. Complaints.

A. A permit holder shall develop and publish procedures by which a sports bettor may file a complaint with the permit holder in person, in writing, online, or by other means about any aspect of the sports betting program.

B. A permit holder shall respond to any such complaint in writing, via email, or via live chat within 15 days of the filing of the complaint. If a sports bettor requests relief in a complaint and the requested relief or part thereof will not be granted, the response to the complaint shall state with specificity the reasons for the denial of relief.

C. If the response to a complaint is that additional information is needed, the form and nature of the necessary information shall be specifically stated. When additional information is received, further response shall be required within seven days.

D. All complaints received by a permit holder from a sports bettor and the permit holder's responses to complaints, including email and live chat transcripts, shall be retained by the permit holder for at least four years and made available to the department within seven days of any request from the department.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-40. Prohibition on out-of-state betting.

A permit holder shall ensure that only people physically located in Virginia are able to place bets through the permit holder's platform.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-50. Underage betting.

A. A permit holder shall implement age-verification procedures to verify that no sports bet is placed by or on behalf of an individual younger than 21 years of age.

B. A permit holder shall promptly refund any money wagered by or on behalf of a minor and close the account. A permit holder may withhold and, if practicable and as approved by the department, redistribute to other winners any winnings won by a minor upon a good faith determination, following reasonable investigation, that the minor misrepresented his age in order to place a sports bet.

C. A permit holder shall make available, publish, and facilitate parental control procedures to allow parents or guardians to exclude minors from access to any sports betting platform.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-60. Compliance with tax laws; disclosure.

A permit holder shall comply with all applicable tax laws and regulations, including (i) laws and regulations applicable to tax reporting and (ii) laws and regulations applicable to providing information about winnings to taxing authorities and to sports bettors.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-70. Excluded individuals.

A. A permit holder shall take such actions and establish such procedures as may be necessary to identify and report to the department any activity prohibited by the board's regulations and § [58.1-4041](#) of the Code of Virginia. Such actions and procedures include:

1. Making known to all affected individuals and corporate entities the prohibition against disclosure of proprietary or nonpublic information that may affect sports betting or the outcome of sports betting to any individual permitted to participate in sports betting; and
2. Making commercially reasonable efforts to exclude individuals prohibited by the sports betting law from participating in sports betting. The department shall maintain and distribute the Virginia Lottery Exclusion List and a list of self-excluded individuals to permit holders for the purpose of monitoring for and excluding such individuals from platforms operated by the permit holder.

B. A permit holder, upon learning of a violation of § [58.1-4041](#) of the Code of Virginia, shall immediately bar an individual committing the violation from participating in or disclosing proprietary or nonpublic information about sports betting by:

1. Banning the individual committing the violation or disclosing or receiving prohibited information from all sports betting platforms operated by the permit holder;
2. Terminating any existing promotional agreements with the individual; and
3. Refusing to make any new promotional agreements that compensate the individual.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-80. Corporate responsible gambling policies.

A. A permit holder's website or mobile application shall prominently publish a responsible gambling logo in a manner approved by the director and shall direct a player to the permit holder's responsible gambling page.

B. A permit holder's website or mobile application shall contain, at a minimum, the following:

1. A prominent message that provides a toll-free number approved by the director for individuals to use if the individuals suspect they or someone they know may have a gambling problem; and

2. A clear statement of the permit holder's commitment to responsible gaming and problem gambling prevention.

C. A permit holder shall maintain a corporate policy on responsible gambling that addresses the following:

1. Corporate commitment to responsible gambling and problem gambling prevention;
2. Responsible gambling strategy with defined goals;
3. Senior executive staff members are accountable for responsible gambling policies and programs;
4. Responsible gambling programs are embedded across all activities of the organization;
5. Methods for tracking levels of understanding and implementation of responsible gambling practices across its organization; and
6. Measures to ensure staff understand the importance of responsible gaming and are knowledgeable about their roles and the company's expectations of their actions. Such measures should include:
 - a. Corporate responsible gambling policies are explained to employees along with local (e.g., site-specific) codes of practice, self-ban procedures, and regulations;
 - b. Staff learn about problem gambling and its impact as well as key responsible gambling information;
 - c. Staff are taught skills and procedures required of them for assisting players who may have problems with gambling;
 - d. Staff are trained to avoid messages that reinforce misleading or false beliefs;
 - e. All staff are trained upon hiring and are retrained regularly;

- f. Objectives are clear and accessible, training accommodates different learning styles, and material is tested or reviewed with staff;
- g. A formal evaluation process is in place; and
- h. Making reasonable efforts to ensure that the training program or evaluation is informed by evidence-based research.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-90. Sports betting platform features.

A sports betting platform must possess the following features:

1. A prominent link to information about the permit holder's self-exclusion program;
2. A mechanism for a player to take note of the passage of time;
3. The ability to initiate a "cooling off" period such as breaks in play and avoidance of excessive play;
4. Practices and procedures on the site do not reinforce myths and misconceptions about gambling;
5. Information about the website's terms and conditions is readily accessible;
6. Promotional or free games do not mislead players;
7. Notification to players of age-verification procedures;
8. Access to credit is prohibited;
9. Fund transfers and automatic deposits are prohibited or restricted; and
10. Games display credits and spending as cash.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-100. Security of funds and data.

A. A permit holder shall comply with all applicable state and federal requirements for data security.

B. A permit holder shall not share information that could be used to personally identify a sports bettor with any third party other than the department, law enforcement with a warrant or subpoena, or a credit-reporting agency, except when a better provides consent. Information that could be used to personally identify a sports bettor includes gaming habits, except when this information has been anonymized.

C. Funds in a sports bettor's player's account shall be held either (i) in trust for the sports bettor in a segregated account or (ii) in a special-purpose segregated account that is maintained and controlled by a properly constituted corporate entity that is not the permit holder and whose governing board includes one or more corporate directors who are independent of the permit holder and of any corporation related to or controlled by the permit holder. A corporate entity that maintains a special purpose segregated account shall:

1. Require a unanimous vote of all corporate directors to file bankruptcy and have articles of incorporation that prohibit commingling of funds with those of the permit holder except as necessary to reconcile the accounts of sports bettors with sums owed by those sports bettors to the permit holder;
2. Be restricted from incurring debt other than to sports bettors pursuant to the rules that govern their user accounts;
3. Be restricted from taking on obligations of the permit holder other than obligations to sports bettors pursuant to the rules that govern their user accounts; and
4. Be prohibited from dissolving, merging, or consolidating with another company, other than a special-purpose corporate entity established by another permit holder that meets the requirements of this section, while there are unsatisfied obligations to sports bettors.

D. A permit holder shall maintain a reserve for bets that are settled, plus the amount of outstanding and unsettled bets.

E. A permit holder shall implement and prominently publish the following on its platform or within the terms and conditions inside the sports betting platform:

1. Policies that prevent unauthorized withdrawals from a sports bettor's account by a permit holder or others;
2. Notices that make clear that the funds in the segregated account do not belong to the permit holder and are not available to creditors other than the sports bettor whose funds are being held;
3. Policies that prevent commingling of funds in the segregated account with other funds, including funds of the permit holder;

4. Consistent with the provisions of § [58.1-4043](#) of the Code of Virginia, procedures for responding to and reporting on complaints by sports bettors that their accounts have been misallocated, compromised, or otherwise mishandled;
5. Procedures that allow a sports bettor to request withdrawal of funds from the sports bettor's user account whether such account is open or closed. The permit holder shall honor any sports bettor's request to withdraw funds by the later of five days after receipt of the request or 10 days after submission of any tax reporting paperwork required by law unless the permit holder believes in good faith that the sports bettor has engaged in either fraudulent conduct or other conduct that would put the permit holder in violation of this chapter, in which case the permit holder may decline to honor the request for withdrawal for a reasonable investigatory period until the permit holder's investigation is resolved if the permit holder provides notice of the nature of the investigation to the sports bettor. For the purposes of this subdivision, a request for withdrawal shall be considered honored if the request is processed by the permit holder but is delayed by a payment processor, a credit card issuer, or the custodian of a segregated account; and
6. Procedures that allow a sports bettor to permanently close a player account at any time and for any reason. The procedures shall allow for cancellation by any means, including by a sports bettor on any platform used by that sports bettor to make deposits into a segregated account.

F. If winnings are awarded to a sports bettor with a closed account, those winnings, to the extent that the winnings consist of funds, shall be distributed by the permit holder within seven days, provided, however, that if an account is closed on the basis of the permit holder's good faith belief after investigation that the sports bettor has engaged in fraud or has attempted to engage in behavior that would put the permit holder in violation of this chapter, such winnings may be withheld, provided that the winnings are redistributed in a manner that reflects the outcome that would have resulted had that sports bettor not participated.

G. If a sports bettor's segregated account remains unclaimed for five years after the balances are payable or deliverable to the sports bettor, the permit holder shall presume the account to be abandoned. The permit holder shall report and remit all segregated accounts presumed abandoned to the State Treasurer or his designee pursuant to Chapter 25 (§ [55.1-2500](#) et seq.) of Title 55.1 of the Code of Virginia. Before closing an account pursuant to this subsection, a permit holder shall attempt to contact the player by mail, phone, and email.

H. A permit holder shall prominently publish all contractual terms and conditions and rules of general applicability that affect a sports bettor's segregated account. Presentation of such terms, conditions, and rules at the time a sports bettor initially acquires a segregated account shall not be deemed sufficient to satisfy the provisions of this subsection.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-110. Limitations on user accounts.

A. A permit holder shall not allow a sports bettor to establish more than one user name or more than one user account per sports betting platform.

B. A permit holder shall take commercially and technologically reasonable measures to verify a sports bettor's identity and shall use such information to enforce the provisions of this section.

C. A permit holder shall implement procedures to terminate all accounts of any sports bettor who establishes or seeks to establish more than one user name or more than one account whether directly or by use of another individual as proxy. Such procedures may allow a sports bettor who establishes or seeks to establish more than one user name or more than one account to retain one account, provided that the permit holder investigates and makes a good faith determination that the sports bettor's conduct was not intended to commit fraud or otherwise evade the requirements of this chapter.

D. A permit holder shall not allow a sports bettor to use a proxy server for the purpose of misrepresenting the sports bettor's location in order to engage in sports betting.

E. A permit holder shall take commercially and technologically reasonable measures to prevent one sports bettor from acting as a proxy for another. Such measures shall include use of geolocation technologies to prevent simultaneous logins to a single account from geographically inconsistent locations.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-120. Protections for at-risk or problem bettors.

A. In accordance with [11VAC5-60](#), sports bettors have the right to self-exclude from and to self-impose restrictions on their participation in sports betting in the Commonwealth. Sports bettors may self-exclude through the voluntary exclusion program as provided in § [58.1-4015.1](#) of the Code of Virginia or directly with a permit holder. In addition to participation in the voluntary exclusion program as provided in § [58.1-4015.1](#), a permit holder shall honor requests from a sports bettor to self-exclude from all sports betting activities for a period of at least 72 hours, to set deposit limits, to set limits on the sports bettor's total betting activity, or to limit participation to bets below an established limit.

B. A permit holder shall institute and prominently publish procedures for sports bettors to implement the restrictions provided in subsection A of this section. Such procedures shall include,

at a minimum:

1. Opportunities to self-exclude from or to set self-imposed limits on each permit holder's sports betting platform used by that sports bettor to make deposits into a segregated account;
2. Options to set pop-up warnings concerning sports betting activity; and
3. Options to implement limits and timeouts (e.g. cooling off periods). Sports bettors shall have the option to adjust self-imposed limits to make the limits more restrictive as often as the sports bettors like but shall not have the option to make limits less restrictive until the prior restriction has expired.

C. A permit holder shall not directly market sports betting by mail, phone, email, or social media or by knowingly directing any form of individually targeted advertisement or marketing material to a prohibited individual as defined in [11VAC5-70-100](#).

D. A permit holder shall prominently publish a description of opportunities for at-risk or problem bettors to receive assistance or that direct sports bettors to a reputable source accessible in the Commonwealth of such information.

E. A permit holder shall train employees on at-risk or problem betting. Such training shall include training on policies and best practices for identifying and assisting sports bettors who may be at-risk or problem sports bettors.

F. A permit holder shall establish clear protocols for staff to respond appropriately to:

1. A player in crisis or distress;
2. A player who discloses that he may have a problem with gambling; and
3. Third-party concerns.

G. A permit holder shall develop and prominently publish procedures for considering requests made by third parties to exclude or set limits for sports bettors.

H. A permit holder's platform shall have systems in place to identify players who may be at risk of having or developing problem gambling to enable staff to respond appropriately.

I. A permit holder shall maintain a database of interactions regarding gambling problems with players and a clear protocol for documenting and using the data to assist players.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-130. Prohibition on the extension of credit.

A permit holder shall not extend credit to a sports bettor.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-140. Promotional offers.

A. A permit holder shall fully and accurately disclose the material terms of all promotional offers involving sports betting at the time any such offer is advertised and provide full disclosure of the terms of and limitations on the offer before the sports bettor provides anything of value in exchange for the offer. If the material terms of a promotional offer cannot be fully and accurately disclosed within the constraints of a particular advertising medium, the material terms and conditions shall be accessed by hyperlink that takes the individual directly to the material terms or directs the individual to the site to access the offer or bonus terms and in reasonably prominent size.

B. No promotional offer available to a sports bettor who sets up a new user account may contain terms that delay full implementation of the offer by the permit holder for a period of longer than 90 days, regardless of the number or amount of wagers in that period by the sports bettor.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-150. Advertising in general.

A. An advertisement for sports betting shall disclose the identity of the permit holder.

B. An advertisement for sports betting may not depict:

1. Minors, other than professional athletes who may be minors;
2. Students;
3. Schools or colleges; or
4. School or college settings.

Incidental depiction of nonfeatured minors shall not be deemed a violation of this subsection.

C. An advertisement for sports betting shall not state or imply endorsement by:

1. Minors, other than professional athletes who may be minors;
2. Collegiate athletes;
3. Schools or colleges; or
4. School or college athletic associations.

D. A permit holder shall not intentionally use characteristics of at-risk or problem bettors to target potentially at-risk or problem bettors with advertisements.

E. An advertisement for sports betting in published media shall (i) include information concerning assistance available to at-risk or problem bettors or (ii) direct consumers to a reputable source for such information. If an advertisement is not of sufficient size or duration to reasonably permit inclusion of such information, that advertisement shall refer to a website, application, or telephone hotline that does prominently include such information.

F. Any representation concerning winnings:

1. Shall be accurate and capable of substantiation at the time the representation is made;
2. Shall not mislead bettors about the outcomes of gambling; and
3. Shall not misrepresent the odds of winning.

G. An advertisement is misleading if it makes representations about average winnings without representing with equal prominence the average net winnings of all sports bettors.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

11VAC5-80-160. Restrictions on advertising to minors or at schools or school sporting events.

A. An advertisement for sports betting published, disseminated, circulated, broadcast, or placed before the public in the Commonwealth shall not be aimed exclusively or primarily at minors.

B. A permit holder shall not advertise or run promotional activities at elementary or secondary schools or on college campuses in the Commonwealth.

Statutory Authority

§§ [58.1-4007](#), [58.1-4015.1](#), and [58.1-4030](#) through [58.1-4047](#) of the Code of Virginia.

Historical Notes

Derived from [Volume 37, Issue 04](#), eff. October 12, 2020.

Forms (11VAC5-80-9999)

[Virginia Sports Bettors' Bill of Rights](#)

Website addresses provided in the Virginia Administrative Code to documents incorporated by reference are for the reader's convenience only, may not necessarily be active or current, and should not be relied upon. To ensure the information incorporated by reference is accurate, the reader is encouraged to use the source document described in the regulation.

As a service to the public, the Virginia Administrative Code is provided online by the Virginia General Assembly. We are unable to answer legal questions or respond to requests for legal advice, including application of law to specific fact. To understand and protect your legal rights, you should consult an attorney.

Maryland HB 940 Sports Betting Written Testimony-2

Uploaded by: Hess, Brian

Position: FWA



Chairman Guzzone and Members of the Committee:

Thank you for the opportunity to submit this testimony about HB 940, which would legalize sports betting in Maryland.

Does Maryland want to fall behind neighboring Virginia and Washington, D.C. in protecting consumers? Because if you adopt the Assembly-passed bill without adding the Sports Bettors' Bill of Rights, that's exactly what will happen.

My name is Brian Hess. I am the Executive Director of Sports Fans Coalition and a member of the Senate workgroup on sports betting. SFC is a national 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, ticket fraud, and sports betting consumer protections. 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, which I have attached to this testimony, 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, help Maryland's at-risk bettors to access gambling addiction resources, and helps bettors advocate for themselves and seek recourse if they have been wronged. The Bill of Rights also calls for just 1% of revenues generated by sports betting to be directed to the state's problem gambling fund.

The bill before you today has almost none of these protections. Other than an age limit of 21 and self-exclusion, consumers and those at risk for a gambling disorder or gambling addiction are left out in the dark. So much so that many consumer advocates recently spoke out against the bill in the press. Brianne Doura of EPIC Risk Management said, "The proposed legislation fails to substantively address the harms that can and will result from gambling for certain individuals in the state of MD." Patrick Willard of the National Council on Problem Gambling added, "Maryland is the latest state to float legislation that legalizes sports betting without boosting critical funding for prevention and treatment of gambling addictions." Lastly, John Breyault of the National Consumers League called on the Senate to remedy the bill so that "sports betting in the state is conducted in as safe a manner as possible."¹

The consumer protections for which the National Consumers League, National Council on Problem Gambling, and EPIC Risk Management join Sports Fans Coalition in advocating are not novel. In fact, Virginia fully adopted SFC's Sports Bettors' Bill of Rights last year. What's more, Virginia "upped the ante" and decided to contribute more than 2% of revenues to the commonwealth's problem gambling fund. The year before that, the District of Columbia did as well. Maryland should not fall behind its neighbors in the "DMV" area when it comes to protecting its citizens.

11VAC5-80-20. Sports bettors' bill of rights.

A. A permit holder shall make conspicuously available on its platform a link to the Virginia Sports Bettors' Bill of Rights on the department's website and afford its players the protections found in that document.

B. A permit holder may not, as a condition of use of the permit holder's sports betting platform, require any player to waive any right, forum, or procedure including the right to pursue legal action or to file a complaint with, or otherwise notify, any instrument of the state or federal government, including a Commonwealth's Attorney, law enforcement, courts, and state and federal agencies, of any alleged violation of the sports betting law, this chapter, or any other applicable law, regulation, or administrative policy.

Statutory Authority

§§ 58.1-4007, 58.1-4015.1, and 58.1-4030 through 58.1-4047 of the Code of Virginia.

Excerpt from Virginia's Sports Bettors' Bill of Rights.²

¹Ordine, B. (2021, March 16). Responsible gambling, consumer groups Criticize MD Sports Bill. <https://www.gambling.com/news/us/responsible-gambling-consumer-groups-criticize-md-sports-bill-2470700>

² 11VAC5-80 <https://law.lis.virginia.gov/admincodefull/title11/agency5/chapter80>



Without the Sports Bettors' Bill of Rights, the people who will be most harmed are those that the assembly-passed bill purports to promote. Native Americans, Asians, and African-Americans are almost twice as likely to fall victim to disordered gambling than their white counterparts.³ While SFC supports Speaker Jones' ambitions to promote women and minority-owned-businesses, the assembly-passed bill falls short of advocating on behalf of those who need the protections that Virginia and Washington, DC provide.

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 HB 940.

Brian Hess

Brian Hess
Executive Director, Sports Fans Coalition
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³Alegria, A. A., Petry, N. M., Hasin, D. S., Liu, S. M., Grant, B. F., & Blanco, C. (2009). Disordered gambling among racial and ethnic groups in the US: results from the national epidemiologic survey on alcohol and related conditions.. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2737691/>

Sports Bettors Bill of Rights White Paper_Reduced

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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



Consideration and Passage of Sports Betting Legislation in the States

Since the Supreme Court ruling, numerous states have raced to enact sports betting legalization. More than 100 individual pieces of sports betting and related legislation have been introduced in 24 states in recent sessions.⁹ As of the publication of this paper, nine states have taken action after *Murphy v. NCAA* to legalize sports betting in some form.¹⁰ Five of them enacted legislation months prior to the Supreme Court decision, such that immediately after the PASPA repeal, sports betting became legal: Delaware, New Jersey, West Virginia, Pennsylvania, and Mississippi. These states demonstrate the level of interest and political will across the country to move quickly in this area. Rhode Island did not enact a law before the *Murphy v. NCAA* ruling but quickly authorized sports betting after the decision.

According to some economists, states stand to earn hundreds of millions of dollars in tax revenues, increase jobs by the thousands, and bolster their GDPs through legalized sports betting. Wisconsin, for example, stands to receive more than \$20 million in state and local tax revenues, even under a

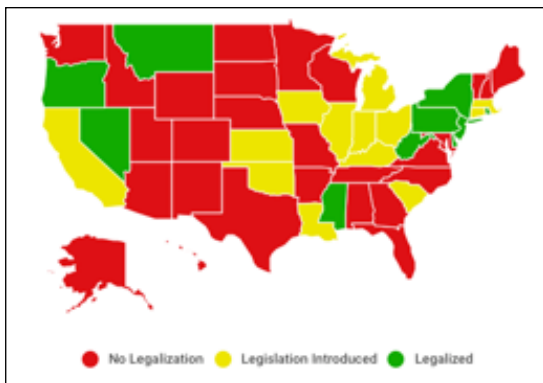


Figure 1. As of publication, ten States have some form of legal sports betting. Thirteen states have recently introduced a bill but have not passed legislation and 27 states have yet to introduce any sports betting legislation.

Source: (PlayUSA, June 2018)

restrictive legal scenario (brick-and-mortar casinos only). A geographically larger state like Texas would not benefit as much from this restrictive scenario. However, a more lenient scenario (allowing more brick-and-mortar locations including non-casino retail operations) would give Texas potential tax earnings of \$128 million versus Wisconsin's potential of \$41 million under a similar scenario. These values climb to even higher levels if online and mobile opportunities are included.^{11,12}

⁹ Bill Track 50.Com. (2011-2018). Bill Track 50; Research and Track Search Query [Legislative Tracker Site]. Retrieved June 6, 2018, from <https://billtrack50.com/> (last visited June 7, 2018)

¹⁰ PlayUSA.Com. (2018). What's the Current State of Sports Betting in the US? [Resource for Legal Online Gambling]. Retrieved June 5, 2018, from <https://www.playusa.com/sports-betting/> (last visited July 1, 2018)

¹¹ Oxford Economics. (2017). *Economic Impact of Legalized Sports Betting* (pp. 1—70). Wayne, PA: Oxford Economics. Retrieved from <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf> (last visited July 1, 2018)

¹² The map includes data compiled from two primary sources: PlayUSA.Com. (2018). What's the Current State of Sports Betting in the US? [Resource for Legal Online Gambling]. Retrieved June 5, 2018, from <https://www.playusa.com/sports-betting/> (last visited July 1, 2018) What's the Current State of Sports Betting in the US? (2018). Retrieved July 5, 2018, from <https://www.playusa.com/sports-betting/> & Russ, H. (2018, June 22). Rhode Island legalizes sports betting, gets 51 percent of revenues [News site]. Retrieved July 5, 2018, from <https://www.reuters.com/article/us-usa-betting-rhode-island/rhode-island-legalizes-sports-betting-gets-51-percent-of-revenues-idUSKBN1J12TQ> (last visited July 02, 2018)

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.



Riverboat HB 940 2021 Senate.pdf

Uploaded by: Jones, Tony

Position: FWA



March 25, 2021

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Building
Annapolis, Maryland 21401

Dear Chairman Guzzone:

As the Riverboat on the Potomac, we are writing to voice our support with amendments for **HB 940: Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering**. The establishment of sports betting represents an exceptional opportunity for Maryland to provide equity to organizations that have been historically excluded from participation in multimillion- or even billion-dollar markets. Diversity is a source of pride for the Riverboat team. We are a minority-owned facility in Charles County, and in 2020 we welcomed Delmock Technologies, Inc. (DTI) as equity partners. DTI is a Baltimore-based MBE with expertise in cybersecurity and application development and a long history of securing government contracts.

Originally, the bill's language required both off-track betting facilities and minority-owned facilities like the Riverboat that wish to obtain a sports wagering license to apply for a Class B license. Due to our longstanding history in Maryland's gaming industry, we are in support of amendments that would allow the Riverboat to qualify for a Class A license. We would also implore the members of your Committee to increase the number of mobile licenses currently proposed in HB 940. The majority of the sports betting market occurs in the online space, and as minority-owned gaming business in Charles County with a strong IT and cybersecurity connection, we are confident that the Riverboat could be a trailblazer in the sports betting market. For these reasons, our position on this bill is **FAVORABLE WITH AMENDMENTS**.

Sincerely,
The Riverboat Team

HB 940 - Testimony Favorable with Amendments - Mar

Uploaded by: Kelso, Thomas

Position: FWA



Larry Hogan
Governor

Michael J. Frenz
Executive Director

Members

Thomas E. Kelso
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**Maryland Stadium Authority
Testimony in Support with Amendments**

HB 940 – Gaming - Regulation of Fantasy Gaming Competitions and
Implementation of Sports Wagering

BUDGET AND TAXATION COMMITTEE

The Honorable, Senator Guy Guzzone, Chair
The Honorable, Senator Jim Rosapepe, Vice Chair

Written Testimony, Favorable with Amendments

Thomas Kelso, Chairman, Maryland Stadium Authority

Good afternoon Madam Speaker, Chairs Guzzone and Rosapepe and members of the Budget and Taxation Committee, I am Thomas Kelso, Chairman of the Maryland Stadium Authority (MSA) and appreciate the opportunity to testify in support of HB940 with further amendments.

For clarity, I want to be clear that I am speaking on behalf of the Authority and not any of the professional sports teams in Maryland who do an excellent job of speaking for themselves. **The additional amendment the Authority recommends is to allow all professional sports teams in Maryland to have full sports gaming licenses – both bricks and mortar and digital depending on their preferences – and that those licenses not be restricted to actual days/times when professional sports events are conducted at their venues.** In short, the licenses granted to the professional sports teams in Maryland should enable the teams to utilize the licenses for all aspects of legalized sports wagering in our state.

The professional sports teams in Maryland have created, through significant investment, the sports environment locally which will enable successful sports gaming in Maryland. For sports gaming in Maryland to ultimately be a substantial and growing revenue stream the participation of the teams and their respective leagues is critical to protecting the integrity of the games and the betting experience. Major growth of sports wagering revenue can best be achieved through the creation of tie-ins and the promotion of fan awareness. In addition, the Orioles have chosen to affiliate with minor league teams in Maryland that creates a network of fans for the team that goes well beyond Baltimore City and the surrounding counties which will help grow sports gaming revenues statewide.

Sports gaming is a form of entertainment and there is great competition for the entertainment dollar across the entire spectrum of entertainment options. If the professional sports teams in Maryland do not have full sports gaming licenses that allow bets to be made via digital devices, the teams will be at a disadvantage as compared to casinos and racetracks as well as national companies that will likely obtain at least a portion of the mobile licenses granted. The goal should be increase sports fan enthusiasm which is best achieved by having our sports teams involved in all modes of sports wagering –if the fan base declines (or does not grow) it has a direct effect economically on the MSA, the City and the State through decreased ticket tax revenues, decreased rents, decreased parking revenues, and decreased tax collections. If a season ticketholder at home or at the office watching a day game on television or listening on the radio, why should that fan be forced to place a bet with a separate mobile license holder, which will likely be a national company with no other presence in Maryland.

The professional sports teams in Maryland, and by extension the MSA, were significantly damaged by COVID like all other entertainment businesses were since there were no fans allowed to attend games during the 2020 seasons. Post-COVID it will be challenging to bring fans back to the stadiums and the competition for the entertainment dollar will be fiercer than ever. It is critical to Maryland and to Baltimore that our professional sports team recover which can be helped or hurt by the decisions made regarding sports gaming licenses.

It is not beneficial to the MSA if the teams that play at the Camden Yards stadiums are at disadvantage to teams playing in other parts of Maryland and in Washington, D.C. The Nationals already have a sports betting license for their stadium as do the Washington Wizards and the Washington Capitals. The Washington Football Team already has a license in Virginia. Likewise, the teams that play in Maryland should not be disadvantaged over teams that play in cities and states where sports teams will have sports gaming licenses. If the teams in Baltimore do not have licenses that are full gaming licenses that teams in other cities have, it is just one more reason why the teams that play in a smaller sports market like ours cannot compete with teams in larger markets which could certainly affect the long-term viability of the teams that play in the Camden Yards Sports Complex

Professional sports teams having full licenses that permit mobile betting in addition to in-person would help Maryland by growing the total amount of dollars wagered by sports gaming. The current bill is designed to cater primarily to existing gamblers but expanding the number of license holders to include

professional sports teams has the potential to expose hundreds of thousands of sports fans to sports gaming by allowing them to wager while attending games – wagers not just on the outcomes of games but on what are referred to as proposition bets during the game. There is very little likelihood that any other class of licensee can expand the pool of people who gamble on sporting events the way the professional sports teams can.

Allowing professional sports teams to have full sports gaming licenses and not putting restrictions on those licenses is consistent with the plan to evolve the Camden Yards complex into a live, work, play environment very similar to those that exist in Atlanta, St. Louis, Arlington, Texas, Los Angeles, and those planned in Seattle, Boston, Denver, and other cities. Sports gaming is an entertainment option, compatible with sports whether it is live, broadcast on television or radio, or live streamed digitally.

The professional sports teams bear all the risks and costs of building an organization; recruiting, training, and paying players; absorb all the costs of putting on the games; investment in and rental of stadiums; ownership of training facilities and much more. The way the bill is designed now, the professional sports teams would bear all the costs for producing the events but reap little of the benefits of sports gaming. In horse racing any money bet, regardless of where it is bet, goes into the parimutuel pool out of which purses are paid to horseman, who have enormous investments, and to track operators so they can recoup costs and derive return on their investment. Similarly, casinos bear all the costs of investment and operating the casino but that is the only place where a gambler can play slot machines, video poker or table games so the casino owners and operators reap the benefits of what they produce. Under this bill the teams and sports leagues that actually are responsible for putting on the games, who must bear all the costs of producing the games and who must police the integrity of the sport in a widespread gambling environment will receive little of the benefit.

I respectfully request that you amend HB940 to allow all the professional sports teams in Maryland to have both bricks and mortar and digital licenses that are not restricted to the actual days/times when professional sports events are conducted.

Minor Leagues HB940 2021 Senate.pdf

Uploaded by: Lavoie, John

Position: FWA

March 25, 2021

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Building
Annapolis, Maryland 21401

Dear Chairman Guzzone:

I am writing on behalf of two professional minor league baseball teams located in Charles County and Washington County to voice our support with amendments for **HB 940: Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering**. We understand that tackling a complex topic as sports wagering during such a trying time is no simply task. We appreciate the focus this bill places on allowing professional sports teams to take part in this exciting new market. As professional minor league teams, we understand that we play a critical role in our communities. In Charles County, we even opened up our stadium and parking lot as a Covid-19 testing site. Our site is also about to be deployed by the State as a mass vaccination site in the coming weeks and months. But the global pandemic has hit the world of baseball especially hard, resulting in cancelled seasons and minimal revenue. Participating in sports wagering presents an opportunity for our teams to not only rebound but to provide much needed tax revenue to Maryland and our local communities.

We are concerned that smaller venues and communities need to be included in this legislation and the opportunity and equity for such smaller communities be considered and specifically included. Although we are professional minor league baseball teams, the proposed bill limits the number of locations where sports wagers may be accepted to professional sports teams that share a county with a casino. As neither Charles County nor Washington County has a casino, we are excluded in the current text. We support an amendment that removes the in-county requirement for allowing professional sports teams to accept wagers. We are also in support of an amendment that would expand the number of mobile licenses and allow smaller players who are invested in community recreation and wellness to partake in the industry. We understand that an increase in mobile licenses would result in stronger competition and increased revenue for the state. For these reasons, our position on this bill is **FAVORABLE WITH AMENDMENTS**.

Thank you,
Jack Lavoie

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Speaker of the House
Adrienne Jones
State House, H-101
State Circle
Annapolis, MD 21401

State Senate President
Bill Ferguson
State House, H-107
100 State Circle
Annapolis, MD 21401

March 22, 2021

Dear Speaker Jones and Senate President Ferguson,

On behalf of the undersigned civic and business organizations representing hundreds of thousands of Maryland business owners, civic leaders, and residents, we write today in strong support of efforts to induce meaningful and substantive minority business enterprise (MBE) participation in the forthcoming mobile and terrestrial sports betting marketplaces. The Maryland General Assembly has yet another opportunity to trailblaze a newly exemplary path to not only ensure diversity in what is expected to be a multimillion-dollar industry in Maryland alone, but also its success, delivering to in-state and national partners the benefit of certified Maryland MBE partners with experience serving Maryland and her residents.

Created over 40 years by an act of the General Assembly, Maryland's MBE program ensures socially- and economically-disadvantaged small business owners are included in the State's procurement and contracting opportunities. With over 70 participating agencies actively working to award procurement contracts to certified MBE firms, this program is hailed nationally as a leader in powering growth and efficiency across government procurement.

Today, the General Assembly is presented with a tremendous opportunity to build upon the state's successful record by implementing robust and muscular MBE requirements for the forthcoming regulated sports betting marketplaces soon to be permitted in the state. We recognize the complexity of your work ahead, and the significant competing interests in designing a competitive, responsible, and consumer-focused regulatory framework that delivers what an overwhelmingly majority of Maryland voters has requested.

To that end, the state's MBE-certified businesses are prepared to quickly respond and deploy services in a manner expeditious to the regulatory timeline and consumer demand. With revenue at stake to the tune of millions that can be dedicated to Maryland's public schools, it is imperative that the state have at its disposal the decades of experience and success that our state's MBE-certified business owners have delivered for countless of industries in the state, such as hospitality, gaming, technology, manufacturing, construction, healthcare and life sciences, to name a few.

Legalized sports betting is a unique opportunity to craft a Maryland-specific solution that injects millions of dollars in both intellectual and real capital to MBE-certified companies. With twenty-two states having now legalized sports betting for on-premises, "brick-and-mortar" settings or for mobile applications, not a single state has taken the opportunity to meaningfully establish MBE-specific standards for applicants for on-premises or mobile skins. The result is an increasingly and overwhelmingly concentrated marketplace, especially in mobile markets, where national operators or established incumbents easily acquire market share and expectedly have yet to relinquish any significant percentage of that market share.

Maryland's legislative leaders, responsible for developing a regulatory regime that will incent growth for all communities, should not succumb to incumbents in the commercial gaming or mobile sports betting industries so desperate to break into the state without conditions that provide for MBE participation. Moreover, with overwhelmingly high rates of participation in mobile sports betting marketplaces viewed in states that have permitted such operations, it is clear those conditions must be applied to the mobile marketplaces.

In sum, this generational opportunity for the Maryland economy and its businesses and communities should not go without a deep and broad understanding as to how the state can ensure that capital pursuant to the voters' clear desires is directed back into Maryland companies and the communities in which they operate. Absent effective and meaningful MBE programs from inception, we may miss this opportunity to increase wealth and access to opportunity to communities across the state.

Sincerely,

Flawless Tax Accounting Services

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Dumpster Today, LLC

AMCORP

The Success Zone

Mirror Accounting Services

Maryland Black Chamber of Commerce

The Campus

EightyFour Productions

Sports International Group

Fusion Business

K. Neal Truck and Bus Center

Thyra Jackson Benoit, LCSW-C

Enlightened, Inc.

MD iDEA Testimony -- March 25 FINAL.pdf

Uploaded by: Pappas, John

Position: FWA

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

Testimony of the iDevelopment and Economic Association (iDEA Growth)

Chairman Guzzone and members of the Committee, thank you for the opportunity to provide testimony on behalf of iDEA Growth. We were pleased to participate in the Sports Betting Workgroup meetings led by Senator Zucker earlier this year and we are honored to contribute to today's virtual hearing.

By way of background, iDEA Growth was founded to advocate for responsible internet gaming policies that will spur economic growth and protect consumers. Our membership -- 30 companies and growing -- represents every segment of this emerging industry and has vast experience operating in state-regulated jurisdictions across the United States. iDEA Growth is uniquely positioned to provide a 360-degree perspective into every sports betting policy issue this committee will consider.

A lot has changed since the Senate passed legislation last year. Notably, the people of Maryland have spoken and on November 3rd, they overwhelmingly endorsed the concept on legal sports betting in the state. Another significant change is that Virginia has launched its mobile sports betting market, which is set to grow significantly over the next several months. Also, another neighboring state, Pennsylvania has seen their online sports betting market nearly double in terms of operators and revenues since this time last year.

It goes without saying that mobile and internet-based betting are not just the future, they are the *now*. Throughout the U.S. internet betting comprises nearly 80 percent of all wagers placed and a recent panel of industry experts predicts that 90 percent of all wagers will soon be coming from a phone or a laptop.

Not only does Maryland need to consider the legal options available just across its borders, Maryland's regulated sportsbooks biggest competitors will be the illegal market that operates primarily online and currently has a firm grip on Maryland consumers.

These illegal operators provide little in the way of consumer protections, have a deleterious impact on the state's legal gaming industry, and deprive Maryland from needed tax revenues.

All legislation in this area needs to be understood in the context of competing with the illegal offshore market. Regulation is about migrating customers away from this illegal market and providing them with an industry that is accountable to regulators and consumers in Maryland.

The most successful regulatory programs are those that cultivate a market that is as open and competitive as possible, subject to appropriate gaming regulation. iDEA Growth members' experience in the U.S. and around the world has shown that competition is vital to developing a thriving industry that maximizes customer engagement and tax revenue.

HB 940 does seek to create a competitive balance, and we applaud the House for adding more licenses to each category. Yet, we recommend that the Senate go even further and should amend the bill so there are at least as many online licenses available as there are Class A and B retail-only licenses. Another consideration for the Senate would be to remove the cap on mobile licenses entirely, and give the state and its consumers the benefit of a truly competitive mobile market place.

HB 940 emphasizes providing opportunities for Maryland's minority and woman-owned business community to be part of the sports betting industry. This laudable goal can only be achieved when these groups can be part of the fastest growing segment of the industry – mobile sports betting. To be clear, we are not suggesting that anyone who wants to launch a sportsbook in Maryland, should be allowed to do so. All mobile licensees and their online sports betting platform partners need to be thoroughly vetted for integrity, character and financial stability. Experience matters and running a sportsbook is a complex business with considerable regulatory and compliance obligations. Undoubtably, Maryland will succeed when qualified operators and platforms are part of its mobile sports betting future.

Further, when Marylanders overwhelmingly approved sports betting last November, they voted for a ballot initiative that sought to maximize revenues for the state's education needs. In order to make good on this promise, there must be an emphasis on creating a system that will deliver the most revenues to the state, while at the same time being inclusive of Maryland's minority and women-owned businesses and the existing land-based gaming and racing industry. Creating more mobile competition is critical to achieving this goal.

Increasing the number of potential mobile operators isn't just good for Maryland consumers and businesses, it means more money to the state in the way of up-front licensing fees and long-term tax revenues.

For instance, the state of Colorado, with less population than Maryland, launched sports betting in May of 2020. As of today, Colorado residents have access to 18 mobile sportsbooks and it is expected that 6 to 8 more will become available by the first half of this year. Most significantly, is the fact that sports wagering handle has grown for 9 straight months as more competition has come into the market.

Indiana, a state that is similarly sized as Maryland, has a law which allows for up to 30 online sportsbook brands that can be made available to consumers. Today, there are 9 online brands competing in the market and several more are expected to launch in the coming weeks. As

competition grows in Indiana, so does tax revenues. The state took in nearly three times as much tax revenue from sports betting in January 2021 than it did during January 2020.

New Jersey has been the centerpiece for how online betting competition can drive economic growth. Just look at September / October sports betting revenue numbers for the past 3 years:

- In 2018, with 8 competitors New Jersey produced \$35.6 million in sportsbook revenue, resulting in \$2.8m in state tax revenue.
- In 2019, there were 18 online brands available and they brought in \$84.3 million for the industry and \$8.9m for the state.
- In 2020, as the market swelled to 21 competitors, New Jersey operators hauled in \$103.6m and in the state came away with \$12.4 million in taxes in just two months!

The evidence is clear that more competition will bring more revenue to the state; revenue that will help pay for education or other critical needs. We urge this committee to support changes to the bill that will ensure competition for mobile sports betting for the minority and women-owned business communities and for Maryland's land-based gaming and racing entities.

In conclusion, we want recommend that Maryland lawmakers begin exploring the benefits of authorizing and regulating other forms of internet gaming, such as poker and casino games (iGaming). Three of Maryland's neighboring states – Delaware, Pennsylvania and West Virginia – have already embraced internet gaming as a way to fully protect consumers from unregulated websites, modernize the gaming industry and increase revenues for their states. Regulation of iGaming has been hugely successful on all fronts in these states and iDEA Growth looks forward to being a resource on this topic as Maryland examines its competitive gaming future.

Thank you for the opportunity to testify. iDEA Growth is eager to work with all Maryland lawmakers and stakeholders to establish a robust and competitive industry that sparks economic growth, investment, and tax revenues for the state.

Senate BandT HB940 2021 testimony.pdf

Uploaded by: Watson, Kerry

Position: FWA



To: Senate Budget & Tax Committee

Re: HB 940 Gaming – Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering

March 25, 2021

Maryland’s six Video Lottery Terminal (VLT) licensees support HB 940 with amendments. The VLT licensees support the regulation of sports betting and the goal of the State to continue to provide minority business enterprises (MBEs) the opportunity to benefit from casino gaming in Maryland.

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, and \$962.2 million tax impact (AGA)
- Second highest gaming tax rate in the country (41% Blended Tax Rate)
- The six casinos in Maryland pay nearly as much tax annually as **ALL OTHER BUSINESSES IN THE STATE COMBINED.**
- Maryland casinos spent over \$3 billion in initial construction costs
- **Maryland casinos have provided \$3.3 billion to the Maryland Education Trust Fund and \$5.94 billion in overall taxes since the program’s inception**

Sports betting has become a vital revenue generator in every jurisdiction surrounding Maryland. 67% of voters in Maryland overwhelmingly approved sports wagering in Maryland, in the November 2020 referendum. We appreciate the Speaker’s vision in continuing this effort and look forward to operating this amenity for our casinos and patrons in Maryland. It is critical that the tax rate and licensing fees support sports gaming operator’s ability to provide a competitive marketplace, not only against surrounding states, but to motivate active bettors to leave the illegal market.

We SUPPORT:

- The authority of the Commission to regulate sports wagering.
- The Commission’s use of the recently completed October 22, 2020 Disparity Study to “consider, develop, or implement any remedial measures” to address the needs of MBEs.
- The Commission’s authority to conduct thorough background checks and provide licenses to individuals engaged in sports wagering who are not already licensed for gaming in Maryland.
- The Commission requiring an MBE participation goal for construction and procurement.
- The authority of the Commission to determine stringent suitability standards, including financial stability, integrity, and sufficient business ability and experience in sports betting and grant licenses to operators and individuals “to protect the public interest and accomplish the policies established...”
- Retail (brick & mortar) sports betting at licensed casinos in Maryland.
- The requirement for operators to have in place technical and operational procedures to ensure the integrity of wagering on sporting events and the sports betting industry, and responsible gaming measures such as age verification and reporting questionable activities.



We SUPPORT WITH AMENDMENT:

- **Class A licenses for current casino operators should include mobile licenses.**
 - Current Casino operators have endured an exhaustive procurement, been vetted thoroughly and are existing gaming partners with the State. Requiring Maryland’s Casino operators to compete in an additional vetting process creates undue expense for the State and our businesses.
 - Maryland’s casino operators are ready to maximize the State’s investment in casino gaming by immediately providing revenue to The Blueprint for Maryland’s Future Fund not only through direct revenues from sports betting, but also through incremental gaming revenue (revenue generated from VLTs, table games) totaling an additional tens of millions of dollars (Oxford Economics, January 2021).
 - We have experienced this first-hand across the country, as retail and mobile sports wagering have provided us with access to a new customer demographic and the ability to reengage dormant customers in our database. This has resulted in an incremental boost in visitation and play at the brick-and-mortar casinos and increased overall gaming tax revenue in legal sports betting jurisdictions.
 - Maryland’s Casinos have invested billions of dollars in capital investments, hired thousands of Marylanders, paid billions of dollars in taxes, paid hundreds of millions of dollars to hundreds of MBE companies throughout the ten years of casino gaming in the state.
 - Maryland’s casinos have also proven to be strong corporate citizens by contributing millions of dollars to Maryland non-profits and tens of thousands of hours in volunteerism.
 - Maryland’s casino operators have met Maryland’s high standards for suitability and have continued to uphold the highest levels of integrity in the State’s most regulated industry.
 - In fact, every state that has casinos that has added sports betting has tethered mobile licenses to the casinos.
- **Maryland has had a thoughtful regional approach in its placement of casinos throughout the state. This practice should continue with retail sports betting operations.**
 - The Commission should not issue any sports wagering Class B license to any applicant within a 25-mile radius to any Class A licensee.
 - The Commission could, however, allow an applicant to partner with a Class A licensee within the same county or municipality similar to a sports stadium in 9-1E-09 (A)(1)(IV), or in a county without a current Class A licensee.
- **Maryland’s sports betting operators should not be disincentivized to maximize revenue to the State.**
 - Any additional bifurcated renewal fee of 1% of average annual gross should be removed from the bill.
- **Maryland’s sports betting operators should not be disincentivized to maximize revenue to the State.**
 - Any additional bifurcated taxing scheme that places a higher tax rate for revenues of \$5m should be removed from the bill.
- **Maryland’s sports betting tax rate should be more in line with key neighboring jurisdictions to encourage cross border play.**
 - DC and West Virginia’s tax rate of 10% will incentivized players to leave Maryland for better payouts in key areas of the state.

3_25_21_Joint Letter Sportsbetting.pdf

Uploaded by: Weintraub, Jason

Position: FWA



March 25, 2020

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street, Annapolis, Maryland 21401

Dear Chair Guzzone, Vice-Chair Rosapepe, and Members of the Senate Budget and Tax Committee:

The Maryland Thoroughbred Horsemen's Association ("MTHA"), the Maryland Jockey Club ("MJC"), and Maryland Horse Breeders Association ("MHBA") support House Bill 940 to implement legalized sports betting in Maryland. This legislation will keep our State competitive with our neighboring jurisdictions and the 18 States that have enacted sports betting laws since 2018.


As passed by the House, HB 940 authorizes the Sports Wagering and Application Review Commission to award 27 sports wagering licenses: 12 Class A wagering facility licenses; up to 10 Class B wagering facility licenses; and up to 15 mobile wagering licenses.


Similar to provisions included in Senate Bill 4 of 2020, we respectfully request that the Committee consider an amendment that, at a minimum, authorizes a sports wagering licensee to accept sports wagers at an OTB facility – while allowing OTBs to be eligible to pursue Class B and mobile licenses if they choose. Racetracks in Pennsylvania, Delaware and West Virginia already have sports betting. HB940 should also ensure that the Maryland Jockey Club is granted a mobile sports betting license and a license for brick and mortar sports wagering at both Laurel Park and Pimlico.

Chapter 4 of the 2007 Special Session established Maryland's VLT gaming program to expressly benefit the State's K-12 public education system, and, to also benefit Maryland's historic horse racing industry. With the proposed expansion of mobile, Internet and in-person sports betting, Maryland's horse racing industry faces new competition for wagering dollars and respectfully asks the Committee to include existing brick-and-mortar OTBs as part of any proposed framework.

Very truly yours,


Timothy L. Keefe
President, MTHA


Sal Sinatra
President, MJC


Dr. Michael J. Harrison, DVM
President, MHBA

HB 940 3rd reader LOI 2021.pdf

Uploaded by: Inniss, Blair

Position: INFO

March 23, 2021

Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: HB 940 (3rd reading) – Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering – Letter of Information

Dear Chair Guzzone and members of the Budget and Taxation Committee:

The Maryland Center of Excellence on Problem Gambling (the Center) offers two points of clarification to House Bill 940.

First, on page 9, lines 1-2 the bill states that the regulations may include requirements for the establishment of a voluntary exclusion list. The Center suggests changing it to “shall include,” making establishment of a voluntary exclusion list mandatory. Voluntary exclusion programs (VEPs) are effective to deter and stop problem gambling; as many as 95% of individuals who have self-excluded meet criteria for disordered gambling at the time of self-exclusion. Studies have shown that people self-exclude for a number of reasons including suicide prevention, gaining control over gambling, needing help, and hitting rock bottom.¹ Maryland casinos and lotteries currently run successful VEPs and it is in the public interest to require the same of sports betting licensees.

Second, on page 30, lines 20-25 the Center suggests clarifying that the additional funding should be used specifically to develop and implement free or reduced cost problem gambling treatment and prevention programs targeted at individuals with problem gambling issues related to sports wagering, participation in fantasy competitions, and other forms of wagering, whether legal or illegal, conducted in the state or through online means.

The Center is proud to work with the General Assembly to ensure measures are being put into place to protect Marylanders from addiction issues that are highly likely to be the unintended consequences of legalized sports betting.

¹ Igor Yakovenko, David C. Hodgins, Effectiveness of a voluntary casino self-exclusion online self-management program, *Internet Interventions*, Volume 23, 2021, 100354, (<https://www.sciencedirect.com/science/article/pii/S2214782920301202>).

Thank you for your consideration,

A handwritten signature in cursive script, appearing to read "Mary Drexler". The signature is fluid and elegant, with a large initial "M" and "D".

Mary Drexler, MSW
Program Director
Maryland Center of Excellence on Problem Gambling
Office Direct: 667-214-2124
Cell Phone: 860-798-9086
Email: mdrexler@som.umaryland.edu

MLGCA - HB940 - Senate Letter of Information w Att

Uploaded by: Medenica, Gordon

Position: INFO

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

March 25, 2021

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401-1991

Re: Letter of Information – House Bill 940 - Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

The Maryland Lottery and Gaming Control Agency (“MLGCA” or “Agency”) submits this letter of information to the Senate Budget and Taxation Committee (“Committee”) regarding House Bill 940, which creates the enabling law under a new subtitle of State Government Article (“SG”) §9-1E for the implementation of sports wagering in the State of Maryland, which was passed by Maryland voters through a referendum in the November 2020 election. Below are some sections listed in HB940 that the Agency wants to bring to the Committee’s attention. In addition, I have included an updated PowerPoint Presentation on sports betting trends and estimates of potential revenues for entities as defined in HB940.

Fantasy Competition.

Under §9-1D-01(D)(2), the Agency suggests adding a provision that indicates “Participants must compete against other participants” to differentiate fantasy competitions from sports wagering. In addition, under §9-1D-04, the Agency suggests adding a provision that (C) “A fantasy competition operator shall report and transmit its gaming taxes to the Commission on a monthly basis”.

Definitions.

Under §9-1E-01, the Agency suggests adding a definition for Gross Gaming Revenue (GGR) in the definition section, such as GGR means gross revenue defined as wagers less payouts.

Excise Taxes.

Under §9-1E-01(H)(2), it is unclear if gaming taxes are considered excise taxes. The Agency suggests adding a provision to specifically exclude the 15% or 17.5% gaming tax from excise taxes.

Remote Surveillance.

Under §9-1E-03(A)(2), it is unclear who is paying for the procurement and maintenance of remote surveillance and other similar technology measures required if the Maryland Lottery and Gaming Control Commission (“Commission” or “MLGCC”) determines that Agency staff will not be onsite 24/7 at certain sports wagering facilities. The Agency suggests adding a provision that states “A sports wagering licensee shall be financially responsible for procuring and maintaining such technology and other similar measures, the design of which must be approved by the Commission and operates under its control.”

Background Investigation.

Under §9-1E-05(C), the Agency suggests adding language to make it clear that “Any applicant that has not already undergone a comprehensive gaming background investigation performed by the Commission shall do so, unless the Commission determines that the background investigation performed by another State Gaming Regulatory body is equivalent. The Agency’s gaming background investigation process is recognized nationally by other investigative bodies and is relied upon by other similarly recognized entities when potential gaming applicants seek to do business in other jurisdictions. The Commission maintains that all sports wagering entities should undergo the same level of vetting to protect sports wagering bettors as well as the State.

Awarding Licenses.

Under §9-1E-06(A)(1)(II)-(III), the Agency suggests that the wording be changed to “Subject to paragraph (2) of this subsection, issue a Class B Sports Wagering Facility license to not more than 10 applicants who meet the requirements for licensure under this subtitle;” and issue not more than 15 mobile sports wagering licenses to applicants who meet the requirements for licensure under this subtitle.”

Application Fees.

Under §9-1E-06(B), it is unclear whether the application fee is refundable or non-refundable. Under §9-1A of the Gaming Law, the application fee is non-refundable and is due in full at the time the application is submitted. Additionally, as proposed under the bill, background investigation costs are deducted from the various fees deposited by the licensee, not the applicant. The Agency suggests adding a provision that clearly states that “All applicants shall pay an advance deposit as well as all additional costs of the Commission or its approved vendor in performing background investigations.” The Agency suggests clarifying this provision because it is concerned that the State might have to absorb the costs of background investigations for unsuccessful applicants.

License Renewal Fees.

Under §9-1E-06(D)(3), there is an annual license renewal fee of 1% of the average annual gross sports wagering revenue. It is not clear if the intent of this provision means 1% of the annual amount of wagers accepted by the licensee, or 1% of funds after winnings are paid; therefore, the term should be defined. HB940 must clearly distinguish between total bets placed, known as "handle," and Gross Gaming Revenue (“GGR”), which is the amount remaining after winnings are paid. Because sports wagering typically involves small margins, with 92% to 95% of wagers being returned to players, if the 1% is calculated based on GGR, then the annual license renewal fee would be de minimis. Conversely, if the intent of the bill is to charge 1% of “handle,” then the amount could be substantial, perhaps higher than the tax rate itself. The Agency suggests clarifying the legislative intent of this provision. Also, as currently drafted, it appears that a licensee could deduct gaming taxes paid in the normal course of business from the licensee’s renewal fee, meaning the actual renewal fee paid could be zero.

Fiscal Year.

Under §9-1E-12(B)(1)(III)(1)-(2), with respect to the mobile sports wagering licensee’s deposit of proceeds, the Agency suggests changing “calendar year” to “fiscal year” for consistency with other provisions.

SWARC Evaluation Criteria.

Under §9-1E-14, the proposed legislation would create a Sports Wagering Application Review Commission (“SWARC”). The Agency is concerned that there are no evaluation criteria noted for the

SWARC to review the applications of a sports wagering licensee. Because HB940 uses the same Agency-Commission structure that was used for the Gaming Law, the Agency suggests adopting similar provisions noted in SG §9-1A-36(k) for inclusion in HB940.

The SWARC and MLGCC Awarding and Licensing Process.

The Agency has identified several steps that must occur before the SWARC may begin accepting and reviewing sports wagering license applications. The Agency believes that this awarding and licensing process will add at least an additional 12 months, or until fall of 2022, to the time needed to implement sports wagering from the date the bill is enacted, which will ultimately delay the time until the first wagers are accepted.

To at least partially minimize this delay, the Agency suggests that the SWARC should award Class A casino licenses immediately since the licensees and employees have already been vetted according to the Commission's gaming license standards, and award horse racing licenses after the MLGCC conducts the same level of background investigation it performs for casino license applicants. Since the casinos have already gone through this process, they could be awarded a license very quickly, and then issued a license as soon as the MLGCC establishes necessary regulations and grants approval of the licensee's sports wagering operations plan and licensing of any sports wagering system providers. Although the horse racetracks would undergo the same level of background investigation as the casino license applicants, the MLGCC could perform these investigations relatively quickly.

License Limitation.

The Agency submits that limiting the number of mobile wagering licenses to fifteen (15) may cause some issues. Under HB940, there are thirteen (13) Class A Licenses available, and these would go to the established casino gaming and horse racing operations in the state and other specifically identified candidates. Therefore, it would seem likely that these 13 licensees would be primary candidates for mobile sports wagering licenses, leaving only two mobile sports wagering licenses available for the ten (10) Class B licensees. Since most betting will take place through the internet, there is very little market share left for which small - perhaps even minority-owned - retail operators can compete. Given this fact, the Agency contends that Class B licensees could very well struggle to be profitable.

Thank you for your consideration of this letter of information to HB940. If you should have any questions or need more information about this subject, please do not hesitate to contact James B. Butler, MLGCA's Managing Director, Organizational Compliance, at (410) 230-8781 or jbutler@maryland.gov.

Sincerely,



Gordon Medenica
Director

cc: Speaker Adrienne A. Jones
All Committee Members



Sports Betting Trends & Insights

Surrounding Jurisdictions: Casino & Gaming Trends

Pennsylvania

- 13 casinos operating
- 5 additional casinos planned
- Online lottery games
- Online casino games
- Sports betting at casinos and online
- Regulated daily fantasy sports
- Truck-stop gaming terminals

West Virginia

- 5 casinos operating
- Online casino games
- Sports betting at casinos and online
- Gaming terminals at bars and taverns



Delaware

- 3 casinos operating
- Online casino games
- Sports betting at casinos, but not online
- Sports parlay betting at lottery retailers
- Regulated daily fantasy sports

Washington, D.C.

- Lottery operates sports betting mobile app
- At least 4 land-based sports betting locations permitted, 1 currently operating, another planning to open during 2021

Virginia

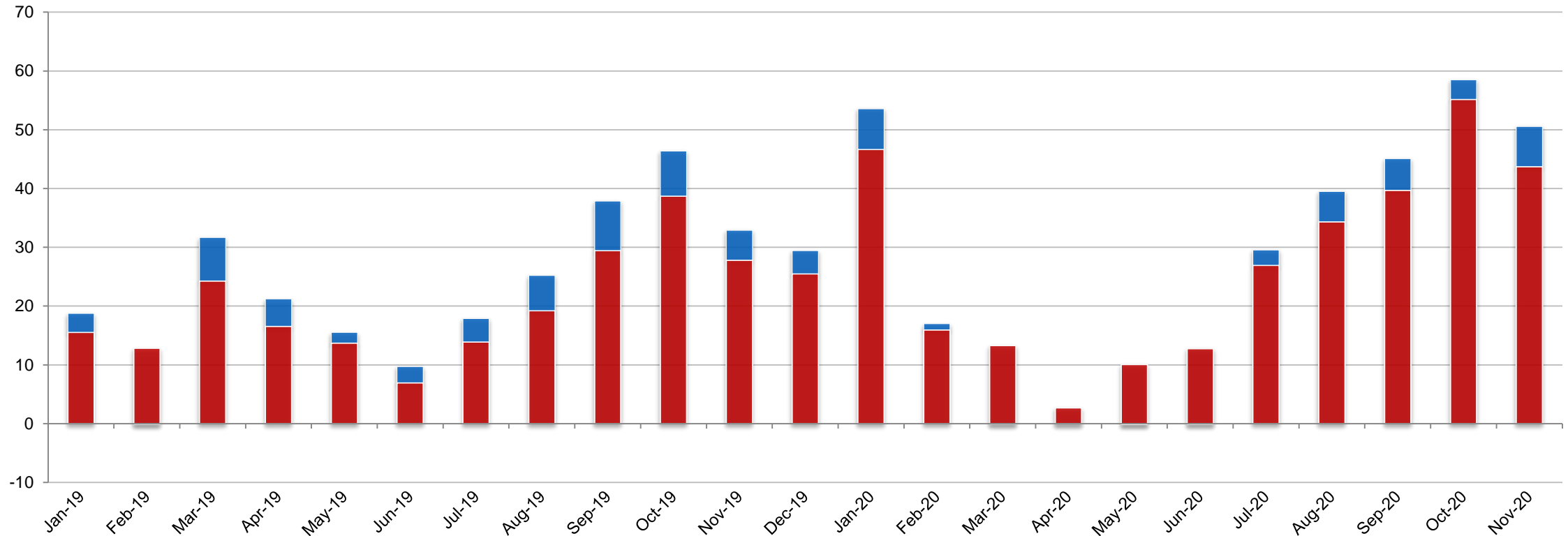
- 5 casino locations chosen, host cities to hold referendums
- Online casino games to be permitted only at casino locations
- Sports betting launch in early February, online only, no land-based locations
- Online lottery games
- Regulated daily fantasy sports
- Historical horse racing terminals

Sports Betting Gross Revenue: Online vs. Land-Based

New Jersey Sports Betting Gross Revenue by Channel

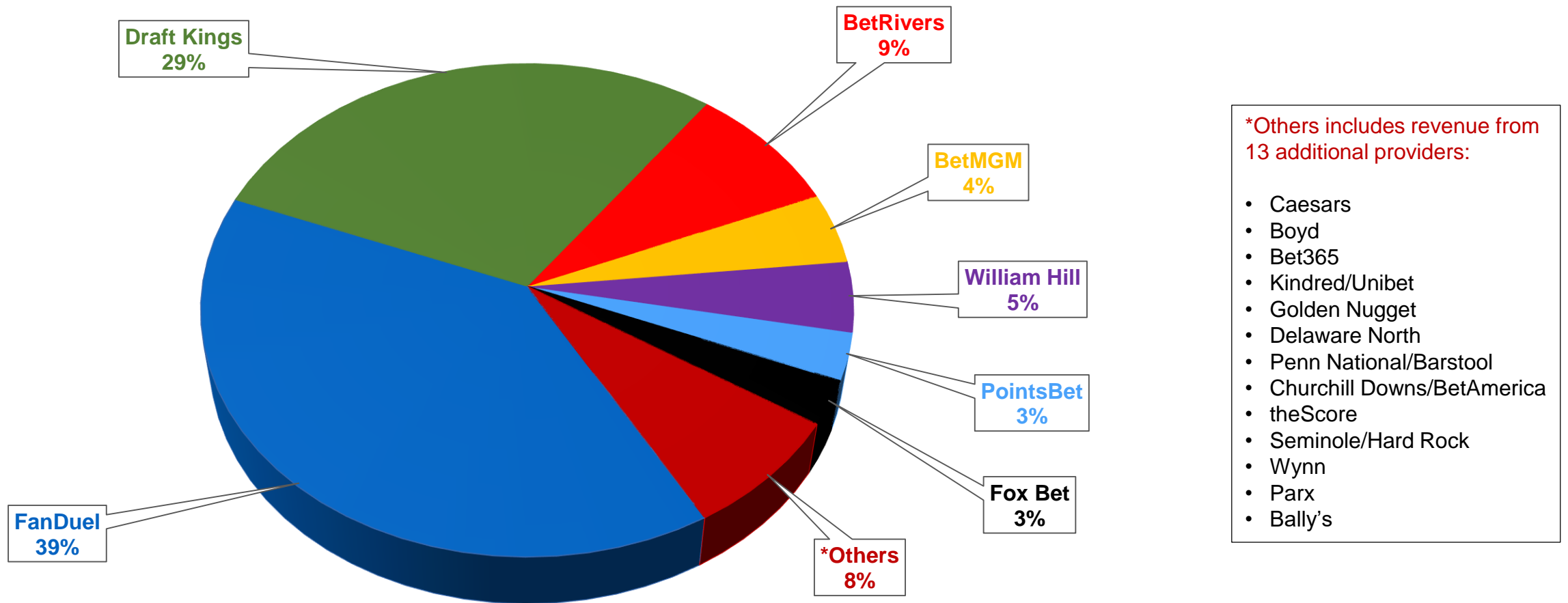
GGR in millions

■ Online ■ Land-Based

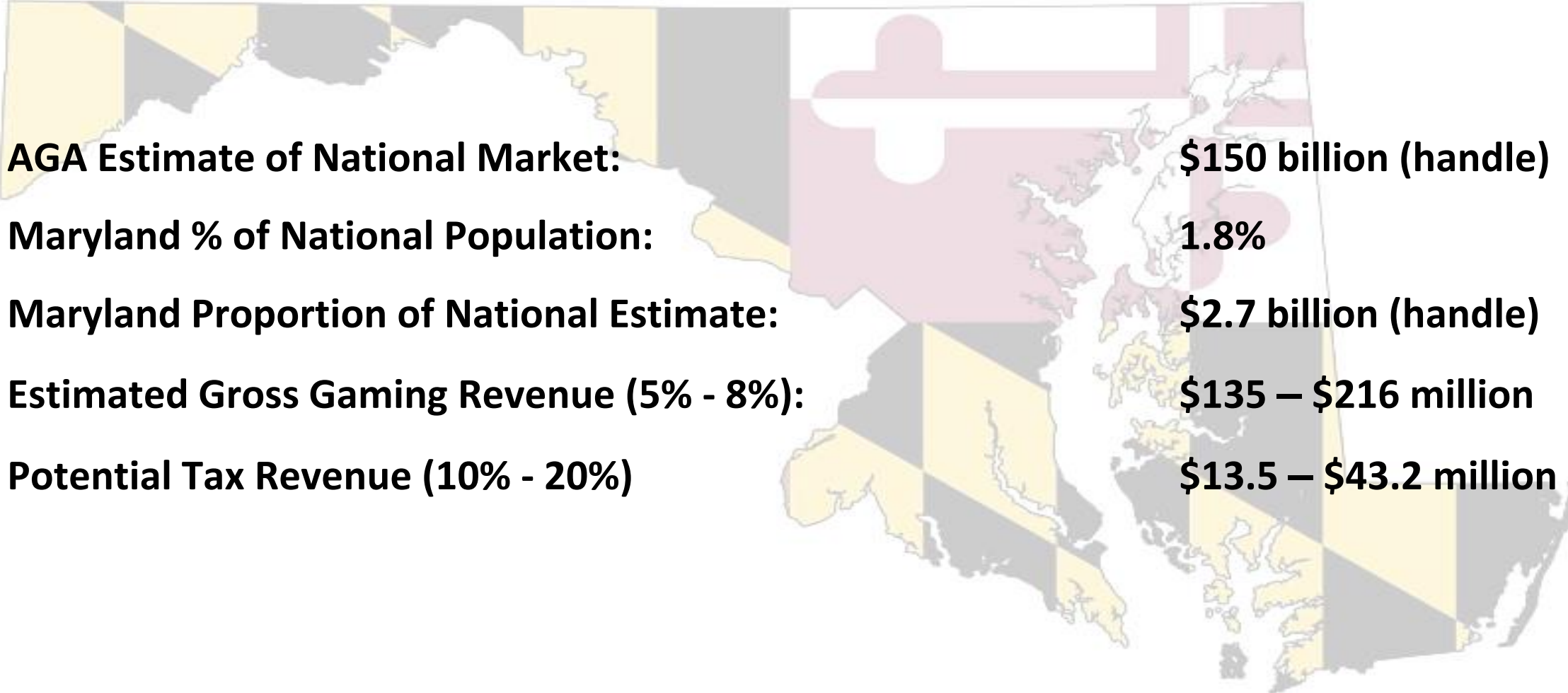


Online accounted for 86.4% of gross sports betting revenue in New Jersey from January 2019 through November 2020.

Online Sports Betting Providers: Gross Revenue Market Share



Estimated Size of Maryland's Illegal Sports Betting Market

- 
- **AGA Estimate of National Market:** **\$150 billion (handle)**
 - **Maryland % of National Population:** **1.8%**
 - **Maryland Proportion of National Estimate:** **\$2.7 billion (handle)**
 - **Estimated Gross Gaming Revenue (5% - 8%):** **\$135 – \$216 million**
 - **Potential Tax Revenue (10% - 20%)** **\$13.5 – \$43.2 million**

Estimated Sports Betting Market Share Split: Online vs. Bricks & Mortar Retail

- **Estimated Gross Gaming Revenue Potential (from earlier page):** \$135 – \$216 million
- **Market Share Split (assuming similar to other states' experience):**
 - **Online (85%)** \$115 – \$184 million
 - **Bricks & Mortar Retail (15%)** \$20 – \$32 million
- **Per Retailer for 23 Bricks & Mortar facilities*:**
 - **If revenue divides equally (unlikely):** \$0.87 – \$1.39 million
 - **If casinos average 3 times the volume of others:**
 - **Per casino** \$1.71 – \$2.74 million
 - **Per Other Class A and Class B** \$0.57 – \$0.91 million

* 6 casinos, 3 horse tracks, 1 Riverboat, 3 sports teams, 10 Class B = 23.

Sports Betting Characteristics

The sports betting market:

- Is highly competitive, low margin, and extremely volatile
- Requires vast expertise in systems, back-end operations, odds-setting, marketing and more
- Demands high integrity and access to significant capital

Remaining competitive with the illegal sports betting market requires:

- Low tax rate
- Competitive pricing (e.g. odds)
- Marketing investment

NCADD-MD - HB 940 LOI - Sports Wagering - Senate.p

Uploaded by: Rosen-Cohen, Nancy

Position: INFO



**Senate Budget & Tax Committee
March 25, 2021**

**House Bill 940
Gaming - Regulation of Fantasy Gaming Competitions and Implementation of
Sports Wagering**

Letter of Information

NCADD-Maryland offers this letter of information regarding House Bill 940. Throughout Maryland's continual expansion of legalized gambling, NCADD-Maryland has worked with the General Assembly to ensure measures have been put into place to prevent and treat problem gambling. With the passage of the ballot measure in November of 2020 to allow sports betting, we want to express gratitude for the inclusion in this implementation bill the expansion of the uses of the Problem Gambling Fund to include treatment and prevention programs aimed at helping people who develop issues with sports wagering.

We support the amendment added to HB 940 that directs additional funds to the Problem Gambling Fund. We would be supportive of an additional clarifying amendment specifying that the funds be used to develop and implement free or reduced cost problem gambling treatment and prevention programs targeted at individuals with problem gambling issues related to sports wagering, participation in fantasy competitions, and other forms of wagering, whether legal or illegal, conducted in the state or through online means.

In addition, NCADD-Maryland supports specific elements offered by our partners at the Maryland Center of Excellence on Problem Gambling. We ask that the Senate consider amending the bill to make the establishment of a voluntary exclusion list mandatory. This is a strategy that has proven effective throughout the country, including in Maryland's casinos.

In expanding the opportunity for gambling, Maryland must ensure it is investing properly in problem gambling education and prevention efforts along with treatment services to address gambling-related disorders.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery, reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.

Maryland Testimony HB 940 032521.pdf

Uploaded by: Torton, Brooke

Position: INFO



**WRITTEN STATEMENT OF PATRICK WILLARD
DIRECTOR OF POLICY AND ADVOCACY
NATIONAL COUNCIL ON PROBLEM GAMBLING**

Statement regarding HB 940
Before the Budget and Taxation Committee – March 25, 2021

House Bill 940 would expand gambling in Maryland by legalizing sports wagering and establishing regulations for Fantasy and Sports Wagering under the Lottery and Gaming Control Commission. The National Council on Problem Gambling advocates for its affiliate and members in Maryland in addressing this legislation. These include the Maryland Council on Problem Gambling and the Maryland Center of Excellence on Problem Gambling.

NCPG is a nonprofit organization, founded in 1972, that leads state and national stakeholders in the development of comprehensive policy and programs for all those affected by problem gambling, serves as the national advocate for programs and services to assist problem gamblers and their families, and works to improve health and wellness by reducing the personal, social and economic costs of problem gambling. NCPG is neutral in our opinion of the legalization and expansion of various forms of gambling; excepting that expansions must include funding for research, help and prevention programs, treatment, recovery services, and requirements for regulations to help and protect those affected by problem gambling.

Our concerns regarding HB 940 relate to the need for additional funding for these treatments and services as Maryland expands gambling. As a principle of responsible sports betting legislation, NCPG recommends that one percent of gaming revenue go toward activities and treatment for problem gamblers including research, education and outreach.

Currently Maryland is providing 0.3 percent of total casino gaming revenues, according to figures provided by the Maryland Lottery and Gaming Commission to the House Ways and Means Committee.

The current funding for Maryland's Problem Gambling Fund is tied to an assessment on casinos based on the number of electronic gaming devices and table games. In order to achieve a balance in funding for the problem gambling services, there should be an assessment on sports wagering licensees in order to meet the new requirements for problem gambling programs related to sports wagering. We recommend such an assessment should be equal to one percent of the estimated gross revenue of sports wagering.

House Bill 940 specifically adds the responsibility to the Problem Gambling Fund through the Department of Health to:

(IV) DEVELOP AND IMPLEMENT FREE OR REDUCED COST PROBLEM GAMBLING TREATMENT AND PREVENTION PROGRAMS TARGETED AT INDIVIDUALS WITH PROBLEM GAMBLING ISSUES RELATED TO SPORTS WAGERING, PARTICIPATION IN FANTASY COMPETITIONS, AND OTHER FORMS OF WAGERING, WHETHER LEGAL OR ILLEGAL, CONDUCTED IN THE STATE OR THROUGH ONLINE MEANS.

While the legislation now designates that certain unclaimed prizes from sports betting wagers will be distributed to the Problem Gambling Fund, such funding does not represent dedicated funds that can be relied upon for the treatment and prevention programs needed to address a new population of bettors making wagers online rather than at a racetrack or in a casino.

In addition, Maryland should now expand its research on problem gambling, with an emphasis on sports wagering and fantasy competitions. A great deal is to be learned about the ways to address mobile and online betting and its impact on gambling disorders. Maryland is in a unique position to see how gamblers and communities adapt to the new options and develop policies to protect consumers and families in the future. HB 940 should include language to launch this research and set standards for reporting periodic findings.

The National Council on Problem Gambling operates the National Problem Gambling Helpline Network (1-800-522-4700). The network is a single national access point to local resources for those seeking help for a gambling problem. The network consists of 28 call centers which provide resources and referrals for all 50 states, Canada and the US Virgin Islands. Help is available 24/7 and is 100% confidential. These features enable those who are gambling online or on their mobile phone to access help the same way that they play. One call, text or chat will get you to problem gambling help anywhere in the U.S. 24/7/365.

We know illegal gambling including sports betting occurs across Maryland. Legalization will likely increase availability and acceptability of sports gambling and thus increase participation, which may lead to more gambling problems. We also know from research that Maryland has a high rate of problem gambling which makes it critical that the new effort include resources to address gambling addiction.

These recommendations, if implemented, will provide badly needed help to bolster the existing problem gambling safety net prior to the onset of expanded gaming. Together with all stakeholders who will profit from sports betting our challenge is to implement measures to reduce that harm as much as possible even as sports gambling expands across the nation.

HB0940 - SMBP - Fantasy Gaming and Sports Wagering

Uploaded by: Westervelt, Patricia

Position: INFO

March 25, 2021

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

Re: House Bill 940 – Gaming – Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering

Dear Chair Guzzone and Committee Members,

The Maryland Department of Transportation (MDOT) takes no position on House Bill 940 but offers the following information for the Committee's consideration.

The Maryland General Assembly established the State's Minority Business Enterprise (MBE) Program in 1978. Periodically, the General Assembly has reenacted the law with amendments, but only after considering Disparity Studies in the utilization of minority and woman-owned firms in Maryland's marketplace. Findings of the Disparity Study assess data on the existence, extent, and impact of discrimination, if any, against minority and woman-owned firms on contracting opportunities within the public and private sectors in and/or in the proximity of the State.

House Bill 940 requires the Maryland State Lottery Gaming Control Commission, in consultation with MDOT and others, to determine whether there is a compelling interest to implement remedial measures, including application of the MBE Program, to address the needs of MWBEs seeking to participate in the sports gaming industry. This evaluation was previously completed in 2020.

In 2020, Senate Bill 4 – Expansion of Commercial Gaming – Sports and Event Wagering Referendum and Minority Business Enterprise Disparity Study required MDOT to evaluate whether the State's 2017 Disparity Study provided a compelling interest to implement remedial measures, like the MBE Program, to the sports wagering industry. That evaluation was completed and submitted to the Maryland General Assembly in October 2020. The evaluation determined that the 2017 Disparity Study did provide a compelling interest to apply remedies like the MBE Program to sports wagering activity in Maryland.

Additionally, House Bill 940 also requires an additional review of the 2017 Disparity Study, which is due by December 2023 and prior to the July 2024 sunset date for application of the MBE Program. It should be noted that, by 2023, we expect to have in place a new Disparity Study. As such, any evaluation should be performed on the data contained in the new study.

The Maryland Department of Transportation respectfully requests the Committee carefully consider this information when deliberating House Bill 940.

Respectfully submitted,

Melissa Einhorn
State Legislative Officer
Maryland Department of Transportation
410-865-1102