



1411 K Street N.W.
Suite 900
Washington, D.C. 20005
202-525-5717

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Testimony from:
Robert Melvin, Northeast Region Director, R Street Institute

Testimony in Support SB 470, “Fantasy Competitions – Alterations and Voluntary Exclusion Requirements.”

February 12, 2025

Senate Budget and Taxation Committee

Chairman Guzzone and members of the committee,

My name is Robert Melvin, and I am the Northeast region director for the R Street Institute. The R Street Institute is a nonprofit, nonpartisan, public-policy research organization engaged in policy analysis and outreach to promote free markets and limited, effective government, including in the areas of technology and innovation policy. This is why we have an interest in Senate Bill 470.

SB 470 will clarify state law related to sports wagering by defining online fantasy sports competitions, such as daily fantasy sports (DFS), as distinct from sports gambling. It also excludes fantasy sports from the definition of a sporting event in the context of sports betting regulations, and creates a robust voluntary exclusion program and safeguards to ensure responsible gaming.

The concept of fantasy sports in the United States dates back to 1871, when a young Woodrow Wilson first conceptualized it, but never effectuated it.¹ The first actual fantasy sports competition occurred in the 1960s when a group of friends formed the “Greater Oakland Professional Pigskin Prognosticators League.”² Participants selected National Football League (NFL) players based on the athletes’ previous performance statistics and contests were rooted in the game-day performance of their rosters.³ These efforts formed the preliminary framework of today’s fantasy sports industry.

Initially, fantasy sports were primarily for “die-hard” sports fans who could commit to assembling detailed player data as well as the season-long tracking, and competed for a cash prize funded by the players or just for bragging rights.⁴ As technology advanced, particularly with personal computers and the internet, participation grew easier.⁵ Despite the increased accessibility, the time commitment remained a barrier for many.⁶

The rise of DFS, driven by the digital revolution, allowed for shorter, more flexible contests. Unlike traditional fantasy sports, DFS players compete for cash prizes in a daily or short-term format, thereby reducing the commitment required.⁷ While some may conflate online fantasy sports with online gambling due to the potential for financial prizes, the two are separate and distinct. In fact, the 2006 Federal Unlawful Internet Gambling Enforcement Act explicitly classified them as games of skill, not

games of chance like gambling.⁸ Research from the Massachusetts Institute of Technology has also demonstrated fantasy football rewards skill.⁹ Due in large part to federal law, and increases in internet accessibility and innovation of the personal computer, online fantasy sports have grown considerably.

By 2022, the number of fantasy sports players had increased to 50.4 million, up from 42 million in 2015.¹⁰ To better serve Maryland participants, SB 470 would allow single-player DFS, where individuals compete against a statistical benchmark developed by the fantasy competition operator.¹¹ While expanding consumer choice is important for a healthy and free market, it's equally vital to ensure the public is protected as well.

Safeguarding consumers from potential negative externalities—such as compulsive gaming—is crucial. Fortunately, SB 470 includes proactive measures to protect against these issues, including strengthened exclusion protections. Specifically, the bill directs the Maryland Lottery and Gaming Control Commission to institute a voluntary exclusion program where individuals who engage in compulsive gaming sign up to exclude themselves from DFS. Fantasy competition operators would also be required to implement programs to curtail compulsive play. Moreover, they would be required to conspicuously display responsible gaming information and offer guidance on how individuals can access support for compulsive gaming behaviors. Research supports the effectiveness of voluntary self-exclusion programs as an intervention for gaming disorders.¹² These enhanced consumer protections will help promote responsible gaming and mitigate the risk of addiction.

Senate Bill 470 confers numerous benefits for Maryland consumers, including clarifying the distinction between DFS and sports betting. This important difference will ensure that online fantasy sports competitions are appropriately regulated. Moreover, it democratizes single-player DFS, aligning with participant preferences. This bill carefully balances consumer choice and safety through compulsive gambling prevention measures and a voluntary exclusion program. For these reasons, we strongly urge a favorable report for SB 470.

Thank you,

Robert Melvin
Northeast Region State Government Affairs Director
R Street Institute
rmelvin@rstreet.org

¹ Dan Wohl, "Young Woodrow Wilson was playing a form of fantasy baseball in 1871," Major League Baseball, February 24, 2014: <https://www.mlb.com/cut4/young-woodrow-wilson-was-playing-fantasy-baseball-in-1871/c-68280614>

² Jon Wilner, "Fantasy football was born in Oakland, original league still thriving," *The Mercury News*, August 12, 2016: <https://www.mercurynews.com/2015/09/13/fantasy-football-was-born-in-oakland-original-league-still-thriving/>

³ Wayne Brough, "Fantasy Sports and Fantasy Regulation," R Street Institute, Real Solutions, June 13, 2024: <https://www.rstreet.org/commentary/fantasy-sports-and-fantasy-regulation/>

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Legal Betting USA, "The UIGEA Explained And How It Impacts US Online Betting," December 8, 2024: <https://www.bettingusa.com/laws/uigea/>

⁹ Jennifer Chu, "Study: There's real skill in fantasy sports," Massachusetts Institute of Technology, News Office, November 7, 2018: <https://news.mit.edu/2018/hosoi-study-skill-fantasy-sports-1107>

¹⁰ Statista Research Department, "Number of fantasy sports players in the U.S. 2015-2022," Statista, January 13, 2025: <https://www.statista.com/statistics/820976/fantasy-sports-players-usa/#:~:text=From%202015%20to%202022%2C%20the,of%20all%20North%20American%20players>

¹¹ Maryland General Assembly, 2025 Legislative Session, Senate Bill 470, Accessed Feb. 4, 2025: <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/SB0470>

¹² Igor Yakovenko and David C. Hodgins, "Effectiveness of a voluntary casino self-exclusion online self-management program," *Internet Interventions*, Vol. 23, March 2021:

<https://www.sciencedirect.com/science/article/pii/S2214782920301202>

Sally Gainsbury, "Review of Self-exclusion from Gambling Venues as an Intervention for Problem Gambling," *Journal of Gambling Studies*, Vol 30, pp 229-251, 2014: <https://pmc.ncbi.nlm.nih.gov/articles/PMC4016676/>