



# Global Market Advisors

LAS VEGAS DENVER BANGKOK

## The Legislative Perspective of U.S. Sports Betting February 2020

*In partnership with SunTrust Robin Humphrey, Global Market Advisors publishes a monthly legislative update on sports betting throughout the United States. This provides insights and commentary on several key aspects of the market and the surrounding political narrative effecting the legalization of sports betting, gaming, and other issues.*

As we are coming off one of the most heavily watched sporting events and one of the most gambled-on events, we are just entering the proverbial Super Bowl of legislative activity. Numerous states are in the thick of their legislative sessions with numerous hearings and pieces of legislation surfacing as states work through sports betting, online gaming, brick-and-mortar casinos, and how to deal with the illegal/gray market.

As we look at states this month, there are four real groups to consider. In keeping with the football theme at the close of the 2019 season, we will classify these groups of states as “Professional Players”, “Draftees”, “College Players”, and “Signees”. Professional Players are those states that have already legalized sports betting and are up and running. Draftees are those jurisdictions that have legalized but have yet to launch in the market. College Players are those states that appear ready to launch and are in active debate to take it to the next level. Finally, in light of National Signing Day this week for future college football players, Signees are the states that are just starting their journey down the path of sports betting.

### PLAYING WITH THE PROS

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Nevada continues to be the overall leader in sports betting, but other markets are starting to emerge as competitors. Nevada, which has enjoyed a virtual monopoly on the legal market up until the repeal of the Professional and Amateur Sports Protections Act (PASPA), continues to be

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the giant in the market, but New Jersey continues to creep up in revenue. This was expected as New Jersey has a much higher local population within and surrounding it, compared to the small state of Nevada which continues to also have a great share of its revenue coming from the over 40 million tourists that visit the Las Vegas area each year.

U.S. Sports Betting Comparable Summary - CY 2019								
State	Handle (\$MM)	Sports Betting Revenue (\$MM)	Hold %	Taxes Collected (\$MM)	Total Gaming Revenue (\$MM)	Sports Betting % of Total Gaming	Adult Population (21+, MM)	Sports Betting Win per Adult
Nevada	\$ 5,317.2	\$ 329.1	6.2%	\$ 22.2	\$ 12,031.5	2.7%	2.3	\$143.45
Delaware	\$ 99.7	\$ 14.0	14.0%	\$ 7.3	\$ 414.8	3.3%	0.7	\$19.16
New Jersey	\$ 4,582.9	\$ 296.2	6.5%	\$ 36.4	\$ 2,684.2	9.9%	6.7	\$43.94
Mississippi	\$ 369.2	\$ 44.5	12.0%	\$ 5.3	\$ 2,122.1	2.1%	2.1	\$20.70
West Virginia	\$ 178.9	\$ 15.4	8.6%	\$ 1.5	\$ 598.9	2.5%	1.4	\$11.26
New Mexico (1)	--	--	--	--	--	--	1.5	--
Pennsylvania	\$ 1,490.2	\$ 84.1	5.6%	\$ 30.3	\$ 3,877.1	2.1%	9.6	\$8.73
Rhode Island	\$ 246.8	\$ 17.8	7.2%	\$ 9.1	\$ 638.4	2.7%	0.8	\$22.13
Iowa (2)	\$ 212.2	\$ 19.3	9.1%	\$ 1.3	\$ 618.2	3.0%	2.3	\$20.04
Indiana (3)	\$ 436.0	\$ 41.4	9.5%	\$ 3.9	\$ 709.9	5.5%	4.9	\$25.41
Average Without Nevada			7.0%			4.6%		\$22.44

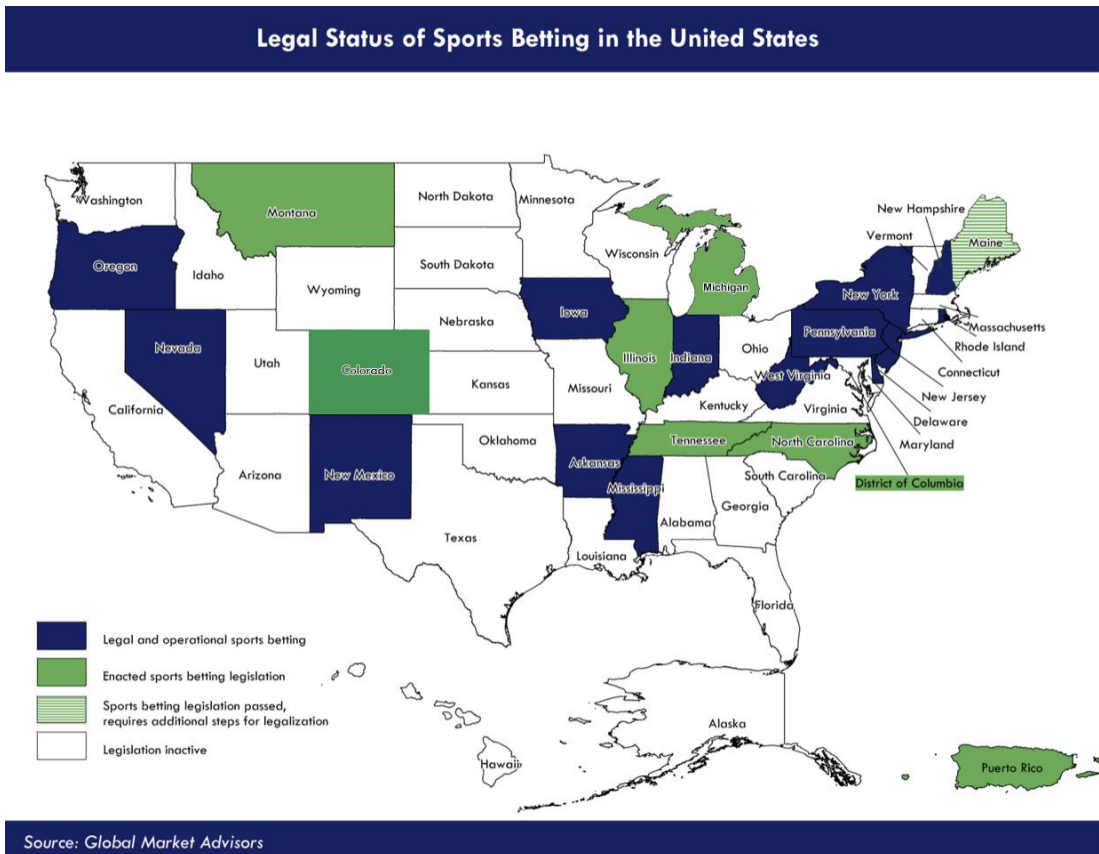
Source: Global Market Advisors  
(1) New Mexico is tribal only, no publicly available statistics  
(2) Iowa sports betting launched August 2019  
(3) Indiana sports betting launched in September 2019; Revenues are exclusive of tribal gaming.

As this is the first full year that there has been complete data on sports betting, markets are starting to mature and offer a perspective of what is likely to come. It also is beginning to show the disparity in those states that either do not have mobile wagering or those states that are still in the process of launching their mobile efforts. New Jersey will also continue to benefit from the border war that exists in the market because of New York's land-based-only model.

Legislatively, there are now efforts in the legal states to begin to clean up some of the markets. Issues in a lot of these states include the potential expansion of wagering on other events including esports, taxation issues including the removal of taxes on promotion play (similar to what is in states with slot machine revenue), and other market issues. One of the most notable states were discussions continue on potential market changes through the legislative process is New York. New Jersey continues to benefit as New Yorkers cross the Washington Bridge and make wagers across the border. The debate continues as to the potential path to mobile wagering, with differing opinions on whether sports betting is an expansion of gaming that would be presented to the voters for their approval. Albany has a short session this year anyway and, as previously mentioned in earlier notes, has a current study underway to evaluate the entire gaming market. It is unlikely that New York moves forward this year with sports betting because of these market challenges. Global Market Advisors continues to believe that if voters have



traditionally approved expansion of gaming through the ballot, then states should continue to use this as the vehicle for approval. GMA will be releasing a separate research brief on its website in the near future looking at the ballot process to approve different forms of gaming.



## THE DRAFTEES

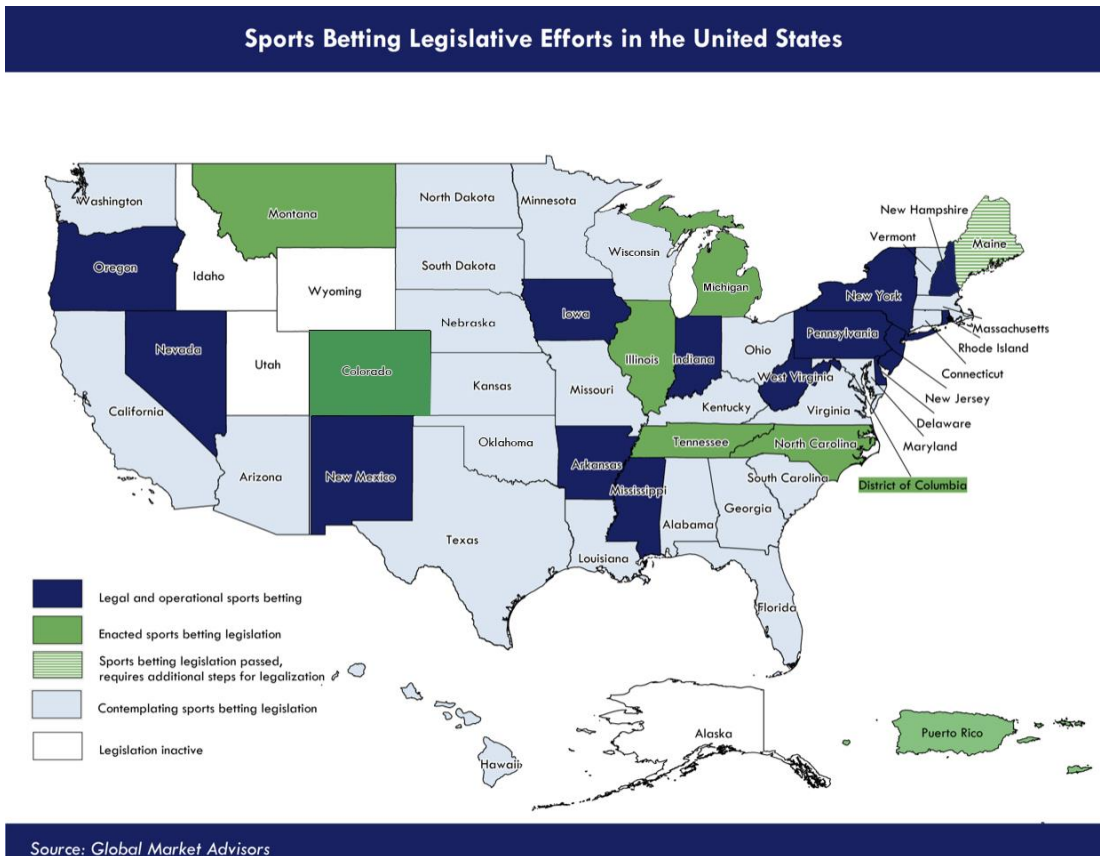
With the NFL Draft a few months away in Las Vegas, there are several states that are trying to launch their sports betting markets. The states that are most likely to launch this spring include **Colorado, Montana, Tennessee, Illinois, Michigan, and North Carolina**, as well as the **District of Columbia**. All of these locations are in the process of finalizing their regulatory structure with several of these locations likely to go live before the NFL draft in April.

However, challenges still exist in some of these jurisdictions as they head to market. Tennessee will begin its second review of their regulatory structure in the middle of February with potential approval by the Lottery Commission later this month to open up the process for potential operators in the market. Colorado continues to offer an open process with its regulatory structure, having held several meetings that were streamed online with potential operators, leagues, and market stakeholders to discuss potential regulations. Michigan continues to push



forward to try to launch sports betting by March as it is the most recent market to legalize back in December 2019 and appears to be on track.

Two jurisdictions not mentioned are **Maine** and **Puerto Rico**. Maine’s Governor vetoed the legislation at the beginning of January. The Senate completed an override on the veto on a 20-10 vote with the House potentially taking it up next week. New Hampshire’s start into sports betting is currently benefiting from bettors from Maine as part of the border war. GMA still believes that Maine will move forward with sports betting with a complete veto override making it the next state to be legal. Puerto Rico continues to work through the details on how to develop the regulatory structure of the market. The market continues to be in flux as they cope with numerous illegal machines located throughout the island, and they continue sort through the best way to address this segment of the gaming market. (It is noted that several jurisdictions throughout the United States are trying to figure out how to handle the illegal “gray” market, which is disguised in most areas as “games of skill.”)



## COLLEGIATE PLAYERS

While no state currently compares to Louisiana with the LSU Tigers’ run for the national title, there are several races to the finish as states are reaching the “halftime” of their legislative



sessions. As this is a general election year, most states have shorter sessions and, in some cases, are limited on what they can or cannot approve during this part of the legislative cycle. The most active states include Maryland, Virginia, Kentucky, and Washington.

**Kentucky** was one of the first out of the gate with its sports betting package this year, but things from the outside appear as though they have stalled. HB 137 was one of the bills first to move out of the House Licensing, Occupations, and Administrative Regulations Committee on a unanimous vote led by bill sponsor Representative Adam Koenig. The bill would legalize retail and mobile wagering statewide. It also has the backing of Governor Andy Beshear, offering a bipartisan effort to get this across the finish line. GMA still believes that Koenig's bill will pass ultimately before the end of the session and get out of the proverbial quagmire of the legislative process.

**Virginia** continues to be a conundrum of gaming bills as they look to make a potentially huge expansion of gaming that would likely include sports betting and casinos as well as possible legalization of the grey market. Sports betting has been on a fast track and appears to be close to a done deal. One challenge for the Virginia General Assembly will be to have one coercive look on sports betting between potential mobile operators and brick-and-mortar casinos. With a third bill that may blindly legalize gray games that do not offer the same protections of certified machines under the auspices of "games of skill," this may prove to be an interesting market dynamic should everything pass in the legislature.

**Maryland** has finally begun its journey to put a sports betting initiative on the ballot, which is the method by which gaming has traditionally been approved in the state. GMA believes that voters in Maryland will be a vote and a likely passage on sports betting this fall to join the District of Columbia (and likely Virginia) to cover the entire D.C. Metro region.

While the state of **Washington** was not predicted as a likely mover this year, there has been significant debate on both sides of the legislature as it relates to sports betting. One outlook is to solely work with the existing tribes within the state as a vehicle to expand sports betting. The second is to also allow the card rooms to have access to sports betting as well. Because of the long-time good will of the tribes, the tribal-only bill likely has more strength as the card room bill has significant problems on the Senate side. The first real test will be before the House next week. While there is still a chance something passes in the short session this year, it is likely this debate may spill over into 2021.

While there are other states that continue to debate and may legalize sports betting before the end of their respective sessions, **Ohio** and **Massachusetts** deserve some discussion. Both states have had significant debate over the issue and are already gaming states. However, bills in both



states appear to be stuck in the mud. Ohio continues to have challenges on the Senate side of the legislature to get sports betting to move, as well as with the regulatory body that will oversee sports betting. In Massachusetts, while sports betting is supported by Governor Baker, Senator Lesser appears to hold the keys to the future of sports betting that will likely include the ability to have the existing brick-and-mortar licensees as well as hometown company DraftKings to have a piece of the action.

## SIGNEES

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As National signing day occurred earlier this week, it is fitting to discuss some of those states that are just starting their debates or heading into some of their first bills to regulate sports betting. The newest state to the table was **Nebraska**, which introduced bills in January to regulate sports betting. With its first hearing on February 10<sup>th</sup>, it will likely not move forward this year through the legislature. A pending casino ballot measure in the Cornhusker State has more of a likelihood of moving this year than any other bill. Other states that are starting to emerge or revisit the conversation include **Arizona, Kansas, Florida, and Louisiana**. All of these and many others face their own hurdles into moving up to the next level of serious debate to a legal market.

A handful of states will begin their final debates in the next 30 days, but most will have their debates into the later portions of the spring. Global Market Advisors still believes that there will be about 10 states that pass sports betting this year. While some of those will require voter approval in November, it is likely that a plurality of U.S. jurisdictions may be live by next year's Super Bowl.



## ABOUT GLOBAL MARKET ADVISORS, LLC

GMA is the leading international provider of consulting services to the gaming, entertainment, sports, and hospitality, industries. The company provides clients with strategic planning, market feasibility studies, primary research, due diligence, general counsel, payroll control, operations analyses, government relations, crisis communications, responsible gaming initiatives, business and marketing plans, and reward program design. GMA also assists governments in developing public policy for integrated resorts, evaluating new markets and opportunities for public and private companies, and with due diligence for potential acquisitions. GMA's clients consist of the majority of public gaming companies, more than 75 Native American tribes, commercial and investment banks, and government agencies. The firm maintains active clients in Asia, the Americas, and Europe with offices located in Denver, CO; Las Vegas, NV; and Bangkok, Thailand. More information can be found by visiting [www.globalmarketadvisors.com](http://www.globalmarketadvisors.com).



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