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## State Legislative Update on U.S. Sports Betting & Online Gaming – May 2021

*In partnership with Truist Securities, Global Market Advisors publishes a monthly legislative update on sports betting and online gaming 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. A link to the full Truist Securities report can found [here](#).*

### **Three Years In, and We are Still in the First Quarter**

Three years into the repeal of PASPA, the sports betting world continues to move forward at a quick pace. The challenges of the last year continue in various facets of the sports calendar that has not quite returned to normal, as well as occasional challenges still with athletes having to go through COVID-19 protocols. As fans will likely return to the stands with the goal of having 100 percent capacity in many cases by the fall, it will bring some normalcy back to the game and, eventually, the schedule.

Some 30 states and jurisdictions have now legalized sports betting in some form, with others still having discussions on how to craft an ideal market that suits their needs. What continues not to be normal over some of the recent states is how they are crafting their own markets that are either reinventing the wheel or not reviewing best practices to create the ideal market in terms of competition and revenue potential to the state. At this point, most legislative sessions are closing out their 2021 session heading into June. However, more than a handful of states operate a year-round legislative session. The year 2021 will likely be known as the year that had some more interesting markets crafted which may cause challenges down the way for other states that have yet to legalize.

Revenue continues to trend in a positive direction, as some of the markets launched in late 2020 and early 2021 start to develop their own trends. Tennessee just recently surpassed \$1 billion in handle, and Virginia continues to show progress as it now has a couple of months of operations under its belt. One trend to watch is the effect that in-person registration can have on a market,

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as seen with Illinois that just recently reinstated the in-person requirement, or Iowa that just recently lifted it back in January after the initial moratorium. The ability to deposit money into an account as well as initially registering for an account can largely dictate the full potential revenue opportunity, and those mechanisms of the mobile wagering experience need to be evaluated carefully over the coming months.

U.S. Sports Betting Comparables - Select Markets								
State	Timeframe	Handle (\$MM)	Sports Betting		Taxes Collected (\$MM)	Total Gaming Revenue (\$MM)	Sports Betting % of Total Gaming	Sports Betting Win per Adult
			Revenue (\$MM)	Hold %				
Nevada	TTM Mar'21	\$ 4,965.6	\$ 326.7	6.6%	\$ 22.1	\$ 7,775.6	4.0%	\$140.42
Delaware	TTM Mar'21	\$ 63.2	\$ 10.9	17.2%	\$ 5.7	\$ 279.0	3.8%	\$14.57
New Jersey	TTM Mar'21	\$ 7,361.4	\$ 511.7	7.0%	\$ 63.3	\$ 1,509.9	25.3%	\$75.41
Mississippi	TTM Mar'21	\$ 439.4	\$ 55.3	12.6%	\$ 6.6	\$ 2,015.2	2.7%	\$25.67
West Virginia	TTM Mar'21	\$ 315.0	\$ 25.1	8.0%	\$ 2.5	\$ 347.2	6.7%	\$18.37
Pennsylvania	TTM Mar'21	\$ 4,380.1	\$ 257.9	5.9%	\$ 83.0	\$ 1,956.2	11.6%	\$26.67
Rhode Island	TTM Mar'21	\$ 270.4	\$ 42.7	15.8%	\$ 21.8	\$ 298.9	12.5%	\$52.87
Arkansas	TTM Mar'21	\$ 42.0	\$ 6.3	14.9%	\$ 0.8	\$ 374.1	1.6%	\$2.83
Iowa	TTM Mar'21	\$ 881.0	\$ 67.7	7.7%	\$ 4.6	\$ 1,262.1	5.1%	\$29.34
Indiana*	TTM Mar'21	\$ 2,275.1	\$ 228.4	10.0%	\$ 17.3	\$ 1,213.2	15.8%	\$46.72
Michigan*	TTM Mar'21	\$ 213.8	\$ 25.1	11.8%	\$ 2.1	\$ 605.3	4.0%	\$3.37
Illinois	TTM Mar'21	\$ 3,606.5	\$ 105.0	2.9%	\$ 15.7	\$ 445.4	23.6%	\$11.16
Colorado	Since Launch (May'20)	\$ 1,812.8	\$ 124.1	6.8%	\$ 5.6	\$ 595.5	17.2%	\$31.29
New Hampshire	Since Launch (Jul'20)	\$ 422.4	\$ 28.7	6.8%	\$ 13.2	N/A	N/A	\$36.45
Washington D.C.	Since Launch (Jul'20)	\$ 94.9	\$ 13.9	14.6%	\$ 1.4	N/A	N/A	\$33.86
Tennessee	Since Launch (Nov'20)	\$ 131.4	\$ 13.2	10.1%	\$ 2.4	N/A	N/A	\$31.58
Virginia	Since Launch (Jan'21)	\$ 628.7	\$ 42.4	6.7%	\$ 1.5	N/A	N/A	\$26.78
Average Without Nevada				6.8%			13.6%	\$27.48

Source: Global Market Advisors  
\*excludes tribal gaming revenues

While iGaming has not had the same adoption rate as sports betting, it continues to be a strong source of gaming revenue that is being lost to the illegal market currently. It also attracts a different customer that may not currently be enjoying this form of entertainment through other forms of gaming. iGaming revenue continues to grow as Michigan and other markets push forward.

U.S. iGaming Revenues				
State	Timeframe	Revenue (\$mm)	Adult Pop. (mm)	Win Per Capita
New Jersey	TTM Mar'21	\$ 1,111.7	6.8	\$163.66
Delaware	TTM Mar'21	\$ 9.1	0.7	\$12.20
Pennsylvania	TTM Mar'21	\$ 756.0	9.7	\$78.25
West Virginia	Since Launch (Jul'20)	\$ 23.8	1.4	\$22.16
Michigan	Since Launch (Jan'21)	\$ 204.2	7.5	\$111.06
Average Win Per Capita:				\$80.90

Source: GMA





## CURRENT LEGISLATIVE LANDSCAPE

As many states have already adjourned, several states are beginning their next steps into the regulatory phase in hopes of going live before the start of football season. Wyoming, South Dakota, Arizona, and Maryland are all forging ahead with their respective regulatory structure. These, along with other jurisdictions such as Washington and Puerto Rico, have the ability to reach this checkpoint or at least launch early in the fall. The following sections outline the latest movements in other states.

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### TRYING TO DOT THE I

Ohio finally, after months of listening to various stakeholders, has released a sports betting and e-bingo bill, which allows up to 20 land-based and mobile licenses. The bill was not necessarily viewed as the most desirable setup by the industry and other stakeholders out of the gate. In its first hearing earlier this week, the bill was amended to provide clarity on how to operationalize sports betting in the state.

MGM Resorts, Jack Entertainment, and Penn National have launched a collective effort to try to get sports betting done right. The campaign takes direct aim at the electronic bingo portion of the bill that would provide machines to a series of fraternal organizations and other locations throughout the state. While the effort on sports betting is on the right track, it faces a spectrum of political dynamics with local groups that will make a strong push for these additional machines.

The Speaker of the House has said that he would like to get this bill done in June. Based on the initial hearing this week, there is still a lot of work to do, and the June deadline seems unlikely to be met. GMA still expects passage this fall unless things move quickly with stakeholders and that they overcome the hurdles they have faced in the past in Ohio.

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### THE SUNSHINE COMPACT

A few weeks ago, Florida Governor Ron DeSantis announced that he had signed a compact with the Seminole Tribe to allow sports betting and an expansion of gaming for Hard Rock. While there are provisions in the compact to allow sports betting at the parimutuel facilities, the compact still has to be approved by the Legislature in a special session that begins on May 17<sup>th</sup>. Numerous questions remain on how this would be enacted, whether or not the compact would be approved by the Department of Interior, and how it does not violate the expansion of gaming that was approved by voters to amend the state constitution in 2018. The overall method continues to be a head-scratcher on whether this is the sensible path forward for sports betting, other than offering a guaranteed monopoly for the Seminoles. While the legislature will meet in Tallahassee, this decision was purely decided through conversations in Hollywood. Opposition



likely remains from the Mouse in Orlando and the Democrats in the Legislature who are fighting the recently enacted voting legislation. Everything is on the table for this to potentially derail in Tallahassee, but time will tell if it continues down the road and gets approved.

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#### THERE IS NO PLACE LIKE NEBRASKA

After its fourth debate on the floor, sports betting went south this week. In February, the Nebraska Unicameral had its latest round of sausage making. LB561, which was thoughtfully brought forward by Senator Briese, allowed sports betting at the racetrack locations as well as mobile wagering with in-person registration at those same locations. Sports betting remained intact through March and April floor debates, with limitations being placed only on in-game wagers for Nebraska Cornhusker, Creighton Blue Jay, and other hometown college teams being exempt.

All of the sports betting provisions fell apart in this week's two floor debates because of the Governor and his anti-gaming position. The first happened on Monday when mobile keno was removed from the bill to keep Nebraska's keno operators on the same playing field as the casinos. While requiring 33 votes to pass, the legislature initiated the sausage making process and gutted a good bill in the name of the Governor, allowing illegal books to continue to control the college wagering market when sports betting and casino provisions were amended.

The bill still has to pass the floor one more time and then head to Governor Ricketts' desk for signature. The bill is needed to regulate the newly found gaming industry that will likely not see any revenue until Q4 2022. Questions remain on whether he will sign the bill, veto it, or allow it to go into law without his signature. As noted, Ricketts, whose family owns the Chicago Cubs and has a deal in place with DraftKings, is "anti-gaming".

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#### THE EMPIRE STATE STRIKES BACK

Eyes are focused on the upcoming Request for Application ("RFA") in New York for two mobile sports betting platforms and providers. While the Commission has released a series of frequently asked questions with answers on the upcoming process, it further questions operators' ability to capture the illegal mobile market and recoup dollars from neighboring states. Between the lack of promotional play, the issues regarding the tribal communities, and the other continued constraints on operations, New York has limited its spectrum of opportunity. The regulations are next to be released that will shed further light on how the RFA may unfold. No one thinks New Hampshire is a model other than maybe Governor Andrew Cuomo but New Jersey and Pennsylvania will continue to rejoice in their efforts or lack thereof.



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## THE EYES OF TEXAS ARE UPON 2023

Hopes for Texas sports betting ran dry this week as legislative deadlines were not met to advance a measure to be approved by the voters in 2022. Texas continues to be one of the most sought-after markets and would be a strong sports betting market with the teams and fan engagement that already exists. However, legislators have always taken a slow approach to new ideas, and this was the first real push for sports betting in the great state of Texas since the repeal of PASPA. Last fall, prospects looked good considering the budget situation and the single-issue movement of sports betting. However, those faded when land-based integrated resorts were introduced in tandem that complicated the message. This, along with stronger revenue projections, put sports betting on the back burner. Those sports betting stakeholders will need to push forward with an education focused campaign over the next two years heading into the 2023 session in hopes for a 2024 ballot initiative. However, land-based casino efforts could push that further back if legislators believe it is too much at once, even with a desire by voters to have a say in the process.

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## R.I.P. UNTIL ANOTHER SESSION

Two other states will likely have to wait until the next session. Missouri's sports betting effort, along with other potential forms of expansion, died until next year as legislators could not reach a compromise on any path forward. Missouri, which is in its fourth year of debating sports betting, has an opportunity but has not been able to coalesce around a single proposal; maybe 2022 is their year. Alabama faces long odds in getting something done during the regular session which only has one day left next week. It either will have to wait until next year or could be taken up in a special session yet this year.

## WHAT'S NEXT

Legislative debates remain active in Nebraska, Louisiana, Maine, Connecticut, Florida, and Ohio with a few other states that may still have some action going into the rest of 2021. Massachusetts still has several bills on sports betting but has yet to see any significant movement. California still has to announce the outcome of the signature gathering effort that continues to receive extensions. There is still a lot of time on the clock, but there is much more work to be done in the regulatory phases, which is just as important in crafting the ideal market with the right structure from the beginning. After three years of legislative action and movement in the market since the repeal of PASPA, the game is still only just beginning.



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