

Sports Betting Principles



Since the U.S. Supreme Court struck down the federal sports betting ban in May 2018, dozens of states and tribal nations across the country have considered legalizing sports wagering. More than 20 states have already authorized sports betting and many other jurisdictions have active discussions underway. Elected leaders are increasingly focused on stopping illegal gambling, protecting consumers, and generating much-needed tax revenue as a result of the devastating economic impact of the COVID-19 pandemic.

As state and tribal officials consider legalizing sports betting, they must ensure the legal market provides a compelling alternative to the illegal channels consumers have traditionally relied on. Illegal operators offer a dangerous alternative: no protections for consumers, no safeguards for the integrity of games, no oversight for law enforcement, and no tax revenue to support public needs or fund responsible gaming programs.

While customers value the protections provided by legal, regulated services, policy measures that make legal sports wagering more costly or less convenient will give illegal operators a competitive edge and, ultimately, undermine government's ability to advance the public interest.

Implementing the following sports betting policy principles can help ensure policymakers stop illegal sports gambling, strengthen consumer protections, and capture tax revenue.

Protect Consumers

PRINCIPLE: Advance responsible gaming.

GOAL: Prevent problem gambling behavior, ensure patrons bet responsibly, and communicate with those who need help.

PROPOSAL: Ensure consumers have the information they need to make informed choices about their gambling – from how to set betting limits to knowing the legal betting age to knowing gambling odds and the risks of problem gambling. Dedicate a portion of state tax revenues generated from sports betting to fund problem gambling treatment and research.

RATIONALE: Consistent implementation and communication of best-in-class practices (e.g., responsible advertising, legal gaming age, limit-setting programs, etc.) will foster responsible behavior. Research also makes clear that treatment for problem gambling works and access to treatment resources should be available to all who need it.

Ensure Robust Oversight

PRINCIPLE: Establish a rigorous regulatory regime for licensees.

GOAL: Protect the integrity of the sports betting ecosystem by ensuring operators and suppliers are appropriately vetted and sports betting equipment is properly tested and maintained.



PROPOSAL: Require due diligence and background investigations into companies, their leadership, and key personnel involved in sports betting activity, and regular testing and monitoring of sports gaming equipment and services.

RATIONALE: Robust licensing investigations ensure that the integrity of gaming products is maintained. This oversight helps to guarantee that key personnel involved in gaming activity are not subject to conflicts of interest that can unfairly impact consumers or legal gaming operations.

PRINCIPLE: Follow best practices for KYC and AML.

GOAL: Ensure customer identities are appropriately verified.

PROPOSAL: Require robust customer identity verification measures to ensure customers are who they say they are and that they are playing for entertainment.

RATIONALE: Robust “Know Your Customer” (KYC) provisions prevent illegal activity by providing operators and law enforcement with more information on patrons’ source of funds – preventing money laundering and unlawful activity.

Create a Competitive Economic Environment

PRINCIPLE: Establish rational tax rates & licensing fees.

GOAL: Establish a regulatory framework that enables legal gaming companies to compete effectively against illegal, offshore operators while maximizing revenue opportunities for state and tribal governments.

PROPOSAL: Assess a reasonable tax rate/tribal revenue share on sports betting gross gaming revenue (GGR) (e.g., Nevada’s 6.75% tax rate).

RATIONALE: Sports betting is a low-margin business and leading economists agree establishing reasonable taxes and other government fees is essential to ensuring legal sports betting can effectively compete against illegal operators who pay no taxes or licensing fees.

PRINCIPLE: Elevate contracts over statutes.

GOAL: Empower the marketplace. Dictate terms of commercial partnerships between operators, leagues, teams, and other sports betting stakeholders through business agreements, not legislative mandates.

PROPOSAL: Enable commercial partnerships, rather than statutory requirements, to determine data purchasing and royalty agreements between operators and sports leagues.

RATIONALE: Since the federal sports betting ban was ruled unconstitutional, operators, leagues, teams, broadcasters, and data providers have struck dozens of commercial agreements and partnerships. This proves the marketplace works – delivering the best products and experiences to customers –



and government mandates are unnecessary. Using the force of government to dictate commercial terms also stifles innovation and puts legal operators at a competitive disadvantage to the illegal market.

Promote Customer Convenience

PRINCIPLE: Give customers the betting options they demand.

GOAL: Avoid statutory restrictions on wagers to protect game integrity and enable transparency.

PROPOSAL: Provide regulators with flexibility to make informed decisions regarding whether to restrict wagers on certain categories of events (e.g., college sports) that consumers can reasonably expect to bet on.

RATIONALE: Prohibiting wagers on certain events or propositions simply forces consumers to seek options in the illegal betting market. Ensuring contests are legally available for wagering strengthens the integrity of games and protects bettors, competitions, and the athletes competing in them by enabling robust, transparent, and collaborative monitoring by regulators and law enforcement.

PRINCIPLE: Intrastate mobile & online wagering.

GOAL: Provide consumers with convenient, competitive products.

PROPOSAL: Allow sports betting licensees and tribal operators to offer intrastate betting on a mobile device or website.

RATIONALE: The illegal market provides customers with the convenience of placing mobile and online wagers. It will continue to thrive if a competitive, consumer-friendly legal alternative is not readily available.

PRINCIPLE: Digital payments for account funding.

GOAL: Allow consumers to use the same variety of payment options available to them throughout their daily lives.

PROPOSAL: Ensure that statutes provide regulators with flexibility around digital payment methods to allow consumers to efficiently deposit and withdraw funds. Methods should include the same payment options, customers are accustomed to using in their daily lives including debit, credit, and other digital payment options such as mobile wallets.

RATIONALE: Customers choosing the legal sports betting market should have access to the same funding options that already exist in the illegal market. In addition to customer tools for responsible gaming, financial institutions have comprehensive safeguards in place, including velocity controls and spending limits, to ensure that patrons do not go above and beyond their means to place wagers.