
May 19, 2022

Re: HB 3993/SB 2844- Sports Betting Legislation

Dear Members of the General Court of the Commonwealth of Massachusetts:

The American Gaming Association (AGA) supports and commends ongoing efforts to provide your constituents access to legal, regulated channels to place wagers on sporting events.

The AGA is the national trade association of the casino gaming industry, representing commercial and tribal casinos, regulated sportsbooks, gaming suppliers and vendors. The gaming industry is a key economic driver, creating tax revenue and jobs for communities across the country. In Massachusetts, the gaming industry supports over 5,000 direct jobs, provides \$1 billion in state tax revenue, and has invested more than \$4 billion in infrastructure and development.

As 35 states and DC have already recognized, legal sports betting enhances consumer protections and helps promote transparency and game integrity, while also supporting job growth and generating tax revenue. However, to realize these benefits, it is important to avoid policy decisions that – even if well-intended – will ultimately undermine the ability of the regulated marketplace to compete against illegal operators. These bad actors remain easily accessible to every citizen of the Commonwealth with an internet connection or smart phone. As you move towards resolving policy differences through conference committee, the AGA urges you to focus on the critical areas outlined below.

Banning Wagers on Collegiate Events

Prohibiting wagers on collegiate sports would not only hinder the growth and development of a legal sports betting industry in Massachusetts, it also puts consumers at risk by encouraging their continued reliance on the illegal market, and fails to protect the integrity of games and wagers.

AGA research on consumer betting patterns shows that Americans want to wager on collegiate sporting events. Nationwide, AGA estimates that wagering on collegiate sports accounts for as much as 20 percent of all legal betting, which is an estimated \$11.5 billion of the \$57.71 billion wagered in 2021. This year, our research found that 45 million Americans planned to wager \$3.1 billion on the NCAA March Madness men’s basketball tournament alone.

There has always been, and always will be, significant public demand for betting on collegiate sports. States have appropriately recognized that the real public policy question is not if collegiate sports wagering will occur, but whether it should take place through legal or illegal channels. While some states with legal sports betting have imposed restrictions or prohibitions on in-state collegiate events and/or events involving universities from their states, no state law or regulation for sports wagering has an outright prohibition on collegiate sports. Moreover, the recent decision by the NCAA to allow individual institutions and conferences to pursue data-sharing agreements will further enhance the efficiency and integrity of the legal marketplace for wagering on collegiate athletics.

Allowing legal, regulated wagering on collegiate events 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. Only in a legal, regulated market do regulators and law enforcement have insight into betting patterns and activity that can help them identify concerning trends,

that in turn help to uncover unlawful tampering with games and athletes. No such protections exist in the illegal marketplace. The collegiate sports betting market, if permitted, would be monitored not only by the regulators and law enforcement but also operators themselves that have dedicated integrity teams as well as trading functions. Additionally, operators utilize information sharing agreements with the Leagues and other sports governing bodies. These stringent oversight measures will dramatically lower any risk of match fixing.

Importantly, banning wagers on collegiate sports will not stop Massachusetts' residents from betting on NCAA games. It will only force them into the illegal market and, similarly, customers who currently wager through illegal channels will be significantly less likely to migrate their betting activity to licensed sportsbooks. Many customers may prefer to keep their entire sports betting wallet with a single operator – as a result, they will not just place their NCAA wagers with illegal operators but will continue to make *all* their wagers with illegal operators. This gives offshore operators yet another leg up and only serves to perpetuate the illegal market. Moreover, competition from surrounding states and the ease of driving across state lines to make bets would also have a significant impact on the legal marketplace in Massachusetts if wagering on collegiate sports is prohibited.

Restrictions on Advertising

Sportsbook advertising has an essential role in drawing bettors away from the predatory illegal market to the protections of the legal, regulated market. The federal constraints imposed on states through the Professional and Amateur Sports Protection Act (PASPA) fueled a massive illegal sports betting market that the AGA previously estimated at \$150 billion annually.

Despite recent legalization trends, a vast illegal sports betting market continues to exist through offshore websites, which have established well-known brands that operate with a high degree of visibility and are readily accessible to residents of every state. These illegal sites also enjoy many competitive advantages that allow them to offer better odds and promotions while ignoring any commitment to responsible gaming. They do not pay state or federal taxes or have comparable regulatory compliance costs and obligations. Placing broad restrictions on legal sportsbook advertising will only exacerbate these competitive advantages by creating consumer confusion and preventing legal operators from drawing customers into the regulated market. Competing states are already advertising in Massachusetts with no restrictions, which will only increase the confusion.

AGA's research shows that while consumers want to use legal operators, the availability of these illegal sites is driving confusion: 74 percent of sports bettors say it is important to only bet with legal providers, however, 52 percent continue to utilize illegal bookmakers. Most of these consumers (63%) later say they are surprised to learn that they bet through unregulated and illegal sportsbooks.

Further, nationwide internet searches for offshore sportsbook brands increased 38 percent last year, faster than those for legal U.S. operators, and searches for offshore brands represented a majority of all sportsbook searches. In just the first two months of 2022, internet searches in Massachusetts for illegal offshore sportsbooks increased by 22 percent year-over-year and almost 60 percent of all sportsbook searches in Massachusetts were for illegal sites—both above the national average.

Advertising is a critical tool in new markets to inform the public about which sportsbooks are legal and regulated, as well as to ensure customers receive responsible gaming messages. From the start, our industry's top priority has been getting sports betting right and that includes advertising. The AGA's Responsible Marketing Code on Sports Wagering sets a high standard for operators by prohibiting targeting underage and vulnerable populations and mandates inclusion of responsible gambling resources.

It also provides a means for any member of the public to file a complaint to ensure compliance with the code.

The AGA also launched our *Have a Game Plan.*[®] *Bet Responsibly.*[™] initiative in 2019 to bring the sports betting ecosystem together to teach consumers the fundamentals of responsible sports betting as legal activity expands nationally. With more than 30 campaign partners, research shows that these efforts are making a difference. In early 2022, 41 percent of Americans recalled seeing or hearing advertising related to responsible gaming in the past year, up 12 percentage points since 2020.

Further, AGA members continue to be a top funder of responsible gaming and problem gambling services and advocate for streamlining the accessibility of such resources. As sportsbook advertising becomes more national in scope, it is important for consumers who need help to have easy access.

While sports betting only constituted one percent of total broadcast ads last year, the industry, media partners and sports leagues recognize the need to ensure a sustainable and responsible advertising market. Statutory restrictions or bans will only impede the ability to inform consumers about the availability of legal sportsbooks and the tenets of responsible gaming, and strengthen the competitive advantage enjoyed by illegal betting operations.

Tax Rates

In addition to the issues outlined above, the AGA also urges the conference committee to adopt a reasonable tax rate that will allow and encourage regulated operators to effectively compete against illegal, offshore entities that do not pay any taxes or generate any economic benefit for the Commonwealth. Sports betting is a low margin business and will not be viable long term if a burdensome taxation framework is adopted.

The AGA appreciates your leadership in advancing sports betting legislation and encourages you to strongly consider how decisions regarding the issues outlined above would impact our shared goal of creating a safe and regulated sports betting marketplace in Massachusetts.

Sincerely,



William C. Miller, Jr.
President & CEO