

March 28, 2023

Re: HB 551 – Legislation to Authorize and Regulate Sports Wagering

Dear Members of the Kentucky Senate:

The American Gaming Association (AGA) is encouraged by the passage of House Bill 551 in the House of Representatives and urges the Senate to approve the legislation to ensure Kentuckians have legal, regulated options to safely engage in sports betting rather than continue to rely on illegal channels.

The AGA is the national trade group representing the U.S. gaming industry, which supports 1.8 million jobs across the country. Our membership consists of commercial and tribal casino operators, regulated sportsbooks, U.S.-licensed gaming suppliers and vendors. The gaming industry is one of the most highly regulated in the country at every level of government, and our members constantly work to provide consumers with a safe gaming environment and to give back to their communities.

As 36 states and the District of Columbia have recognized, legal sports betting enhances consumer protections and helps promote transparency while generating tax revenue for the state to invest in vital initiatives. Importantly, six of the seven states that border Kentucky have already legalized sports betting, leaving citizens who want to wager on sports with two options: travel to a neighboring state, or more likely, wager with an illegal, offshore sportsbook.

[AGA research](#) estimates that almost \$64 billion a year is bet with illegal sportsbooks. These illicit operators pay no taxes, lack any requirements to pay winning bettors, do not implement age verification requirements to protect minors, and offer no responsible gaming resources to identify and help those who need it. The legal, regulated industry is committed to doing all these things. Americans have a longstanding and widespread interest in wagering on sports and will seek channels to place bets – regardless of their legality. It is critically important to provide a safe, regulated environment for Kentuckians to do so.

Moreover, House Bill 551 would create a competitive environment by authorizing the state's licensed horse tracks to partner with up to three online sports betting skins, which would allow a maximum of 27 operators in Kentucky. This diversity of operators would not only give Kentuckians a multitude of legal options to choose from, but also eliminate the chance of a single monopoly controlling the market.

A legal, regulated sports betting market provides consumers with a safe environment to responsibly wager, with operators using technology to track unusual betting patterns and protect game integrity, provide responsible gaming tools such as betting and time limit restrictions that users can impose, and age verification requirements to ensure minors are not placing wagers. These requirements are used by operators across the country and include multi-factor

identification standards and using multiple sources of information to validate users who want to create a wagering account.

Kentucky has an important opportunity to join 36 other states in providing a legal, regulated sports betting market that will help fund critical initiatives and give your constituents what they want. According to data tracked by the geolocation company GeoComply, there were over 295,000 geolocation checks in Kentucky during the opening weekend of the NCAA's March Madness tournament. These checks were attempts by Kentucky citizens to access legal sportsbooks in other states, with 40% of the checks for Ohio sportsbooks and 39% for Indiana sportsbooks. All the attempts were blocked. This consumer demand makes clear that the alternative to creating a legal marketplace is that Kentuckians will continue betting in the illegal market, with no consumer protections and no benefits generated for the state. Accordingly, the AGA respectfully asks for your leadership in enacting legislation to enable legal, regulated channels for those in your great state to engage in this popular activity.

Sincerely,



William C. Miller, Jr.
President & CEO