



Summary of WSU's Report - "Sports Betting in Washington State"

November 16, 2021

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Presentation Summary

- Requirement under ESHB 2638 for the Report
- Funding for Report
- Overview of the Study
 - Gaming Markets and Policies Nationwide
 - Survey of WA Residents about Sports Wagering
 - Market Forecast for WA
 - WA Economic Impact Forecast
- Next Steps

ESHB 2638 – Report to Governor

Change to RCW 9.46.090:

“Subject to RCW 40.07.040, the commission shall, from time to time, make reports to the governor and the legislature covering such matters in connection with this chapter as the governor and the legislature may require.

However, no later than December 1st of the year following any authorization by the legislature of a new gambling activity, any report by the commission to the governor and the appropriate committees of the legislature must include information on the state of the gambling industry both within the state and nationwide.”

Funding for the Report

- Forfeiture funds were used to pay for the report
- Improvement of gambling-related law enforcement:
 - ❖ Factors that can push illegal market to legal market
 - ❖ Survey results gives an indication of the prevalence of the illegal market in WA



Dr. Kahlil S. Philander, Principal Investigator of Study



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Dr. Kahlil S. Philander is an Assistant Professor in the School of Hospitality Business Management at WSU Everett. He was the Principal Investigator for this study.

He holds an appointment as an Honorary Lecturer in the School of Psychology at the University of Sydney. Previously, he was an Assistant Professor and Director of Research at the University of Nevada, Las Vegas' International Gaming Institute.

Holds a Ph.D. from University of Nevada, an MA in Economics from University of Toronto and a Bcom with Honors in Finance from the University of British Columbia.

Received the Researcher of the Year award from the National Council on Problem Gambling twice, in 2015 and 2021.

Overview of the Study



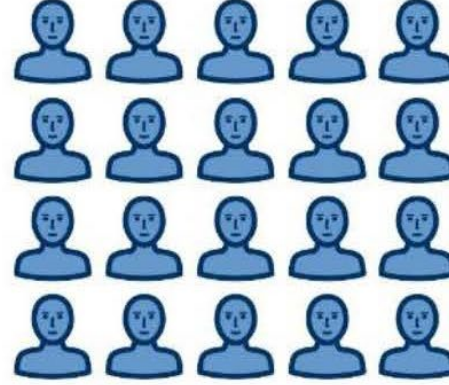
- Review of the gaming markets and related policies nationwide
- A general population survey of Washington residents about sports betting
- A market forecast for sports betting in Washington
- An economic impact forecast

Gaming Markets and Policies Nationwide

- Responsible Gambling
- Anti-Money Laundering
- Know-Your-Customer
- License Fees
- Event Restrictions
- Statutory Definitions
- Server Locations



Current Illegal Market Customer Base

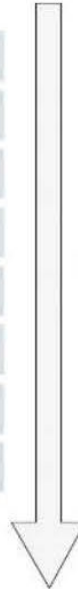


Competitive advantages of illegal market product

- Remote registration
- Taxes
- Product quality
- Access
- Value
- Privacy
- Ability to bet on credit
- Habit

Competitive advantages of regulated product

- Security
- Brand recognition
- Land-based rewards
- Social



Illegal Market Customer Base That Transitions to The Regulated Market



Survey of WA Residents About Sports Wagering

Table 13 – Survey Response Information

	Full Survey	Short Survey
Total sample size	3,500	10,000
Return to sender (undeliverable mails)	148	518
Refusals	17	88
Web completes (Qualtrics)	332	470
Paper completes	n/a	271



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In the past 12 months, how often have you placed sports bets?

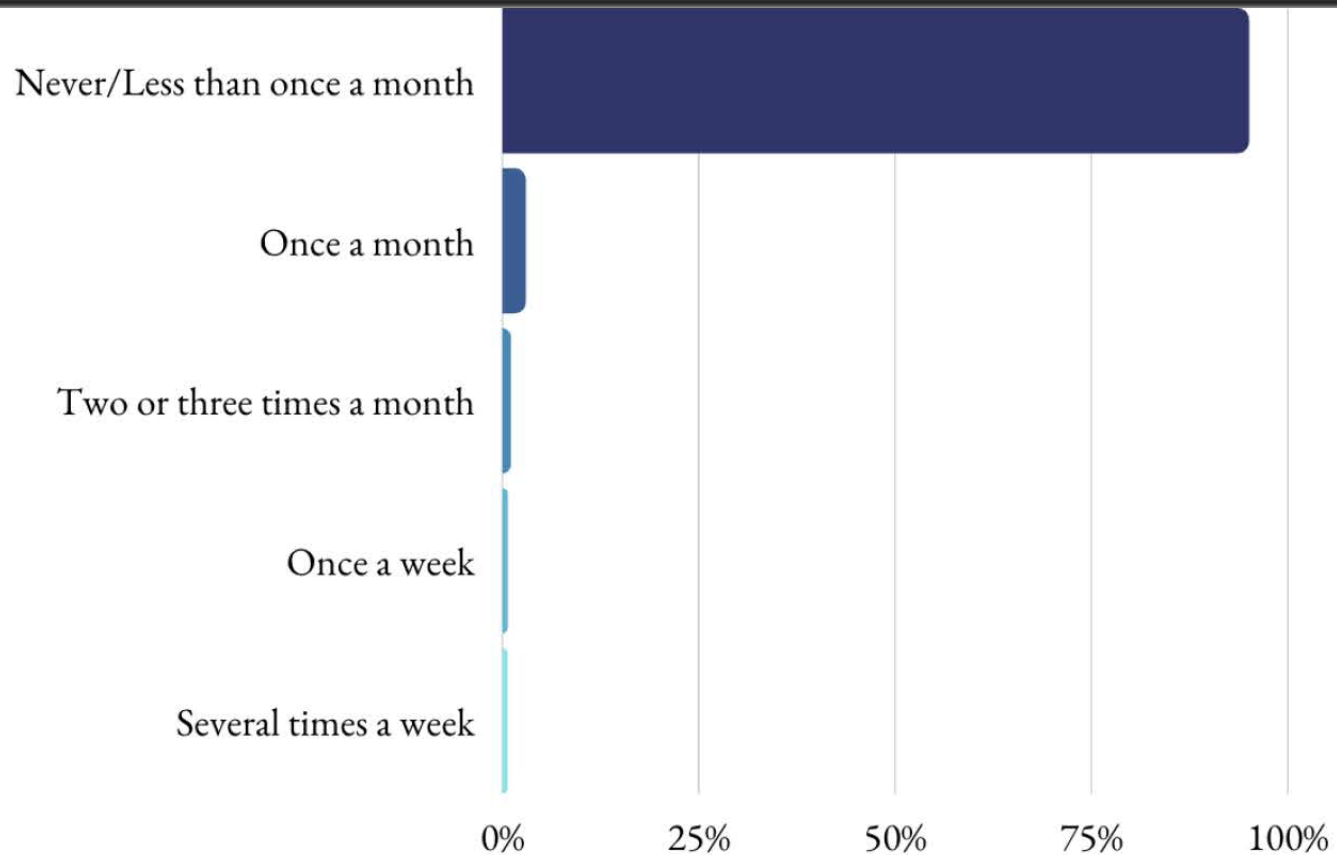


Figure ES-2 – “In the past 12 months, how often have you placed sports bets?” (Percentage out of 517 respondents). Never/Less than once a month (95.0%); Once a month (2.9%); Two or three times a month (1.0%); Once a week (0.6%); Several times a week (0.6%).



Where did you place sports bets?

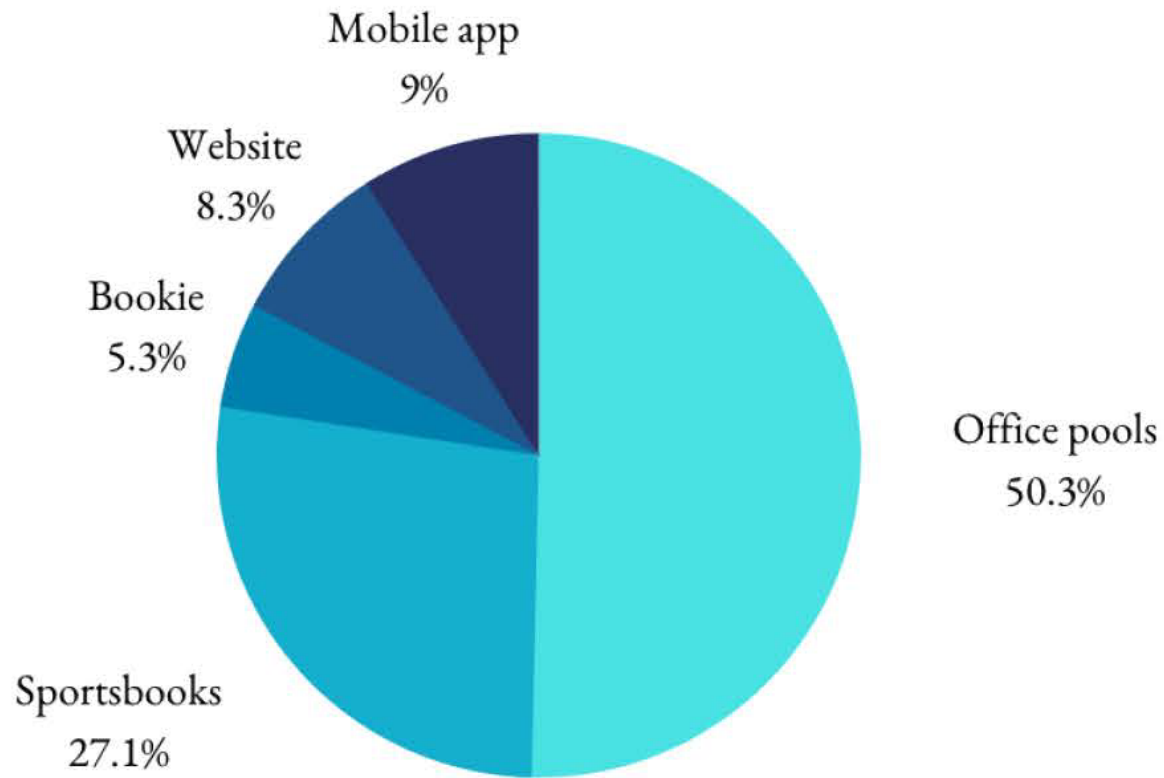
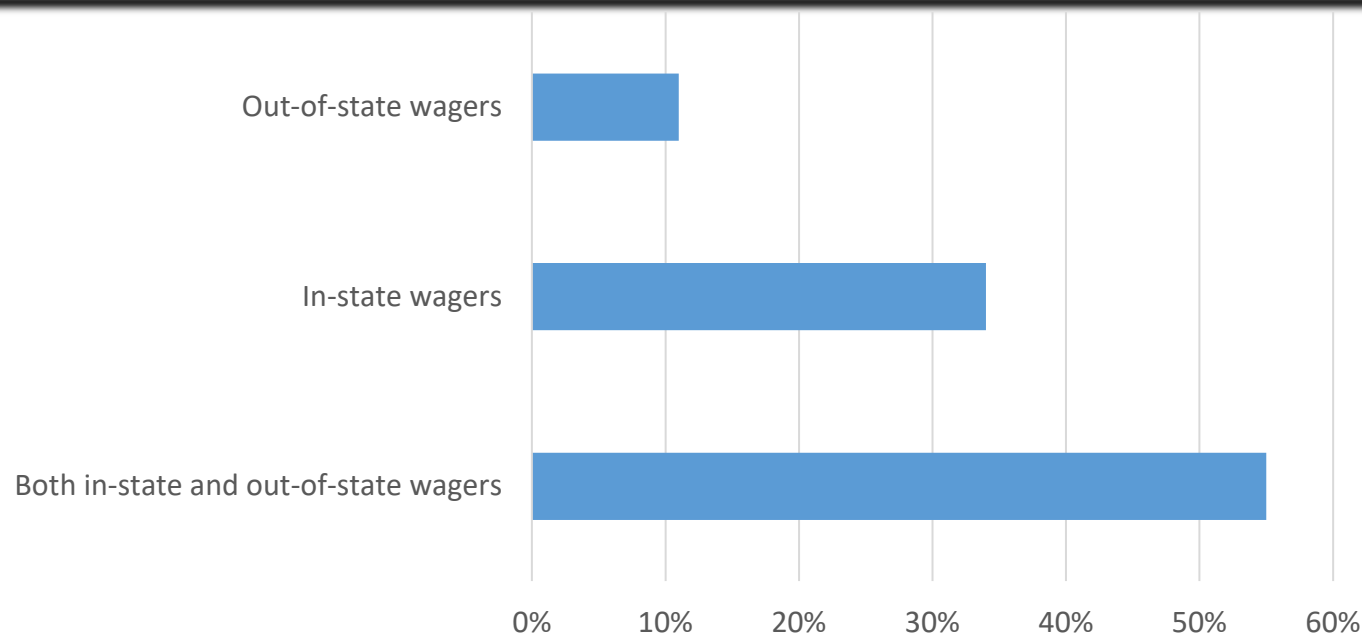


Figure ES-3 – “Where did you place sportsbets (select all that apply)” (Percentage out of 98 respondents). Bookies refers to private individuals that accept wagers. Responses are not specify location of wager.



Were sports bets placed in-state or out-of-state?



To understand how residents were wagering, we asked two questions about the location of bets: 1) What type of entity was taking their wagers, and 2) Whether they were in-state or out-of-state when they placed the wager. Overall, the responses suggested that many of the wagers were being placed through unregulated entities. Among respondents, 34% reported in-state wagers, 11% reported out-of-state wagers, and 55% reported both in-state and out-of-state wagers. The most popular venues were office pools, followed by sportsbooks.



Would you bet on sports if legal in-state?

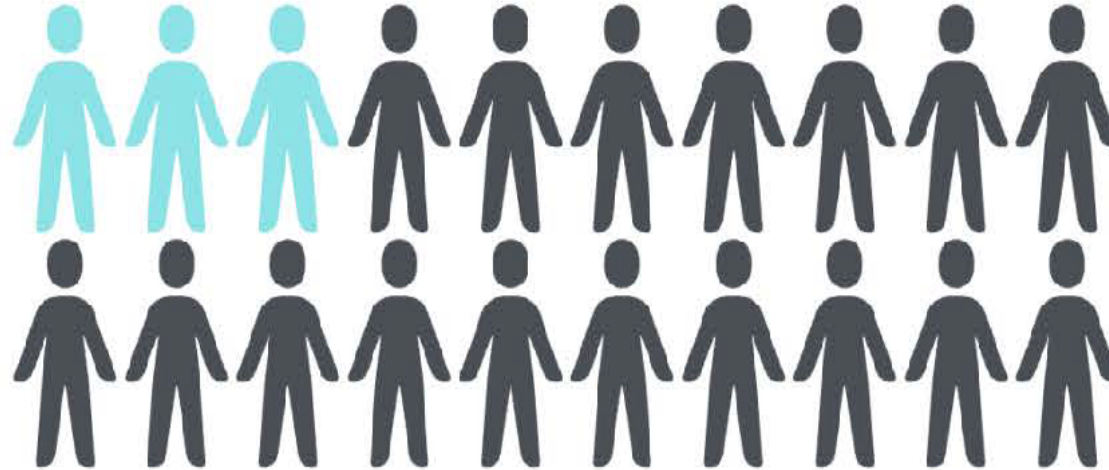


Figure ES-4 – Respondents who would bet on sports if legal in-state. Out of 1003 respondents, 13.5% of respondents noted they would be somewhat or extremely likely to consider betting on sports if it became legal in-state, while another 10.6% are neither likely nor unlikely.



How much of your sports betting would you move to the legal, state-regulated market?

Among active bettors, we asked how much of their existing sports betting activity that they would move to a legal operation in Washington on a scale from 0% to 100%. On average, respondents said they would move 28% to an in-state casino and 23% to a state-approved online or mobile operator.

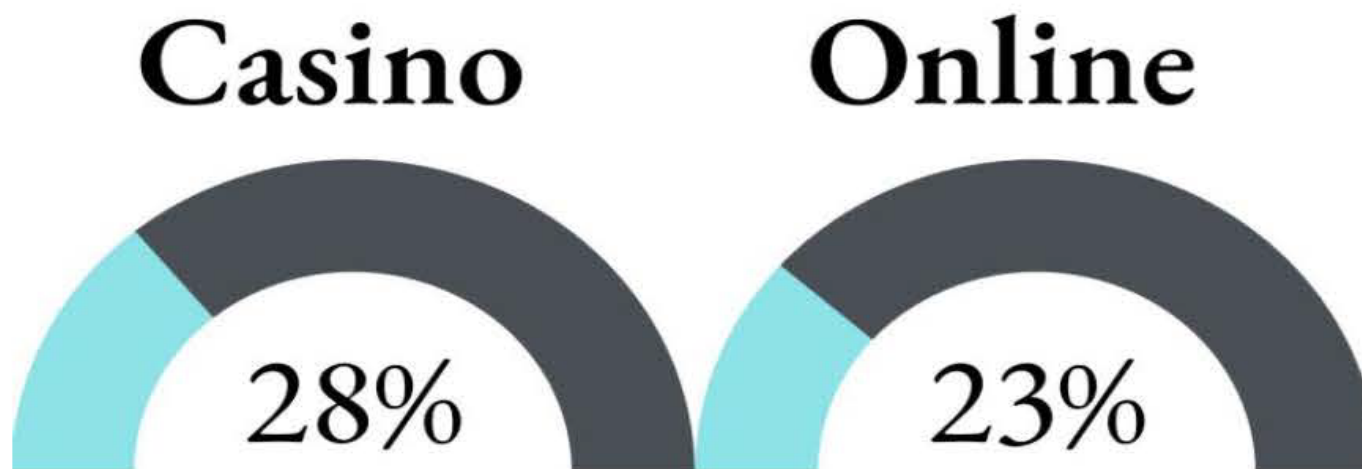


Figure 8 – “On a scale from 0% to 100%, with 0% means ‘no change’ and 100% means ‘move everything,’ if sports betting was legally available in Washington State, how much of your sports betting activity would move to the legal, state-regulated [casino or Mobile App or Internet Websites]?” (Percentage out of 199 casino respondents and 196 online respondents)



Do you feel gambling is acceptable for (group)?

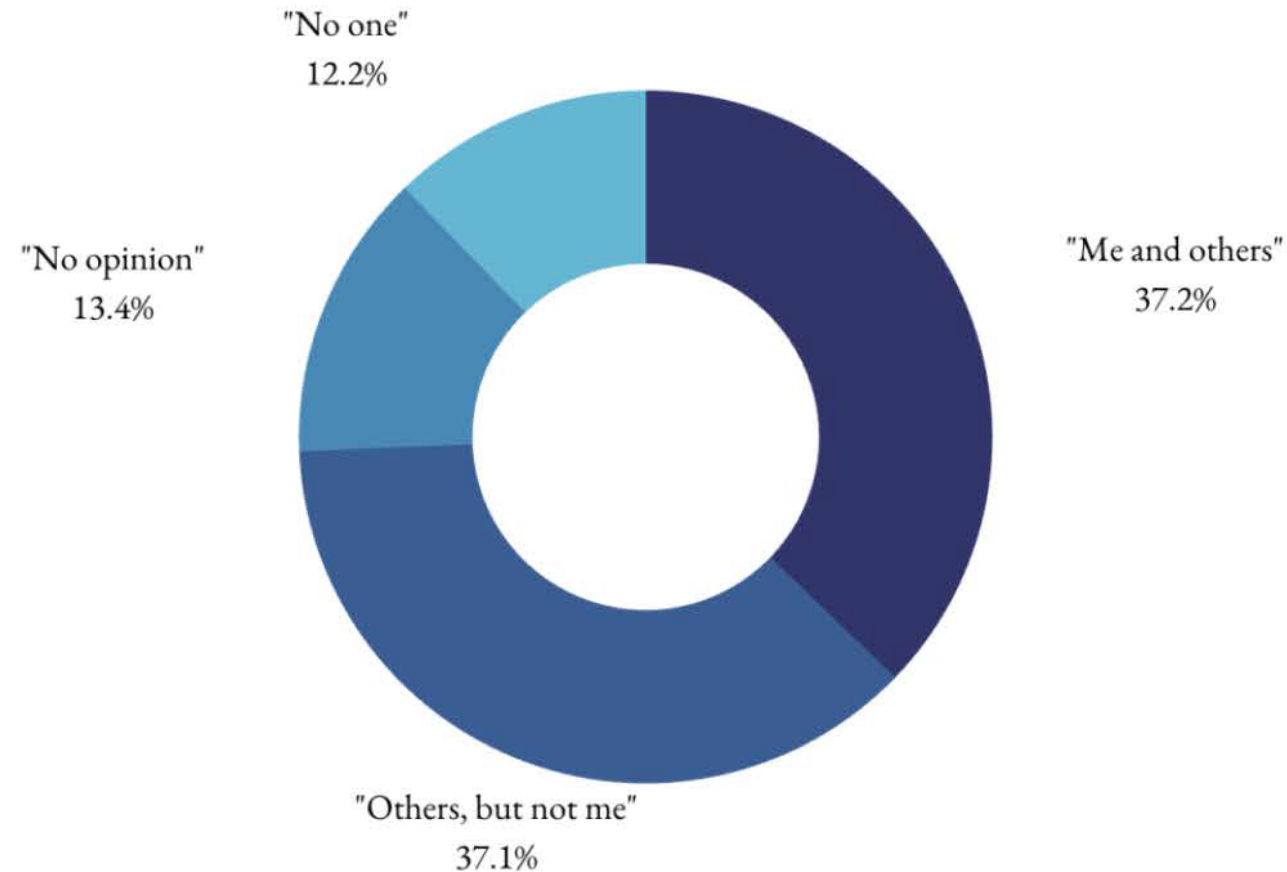


Figure 9 – “Do you feel that gambling is acceptable for [group]?” (Percentage out of 1,013 respondents)



I feel that Washington State should offer legalized sports betting?

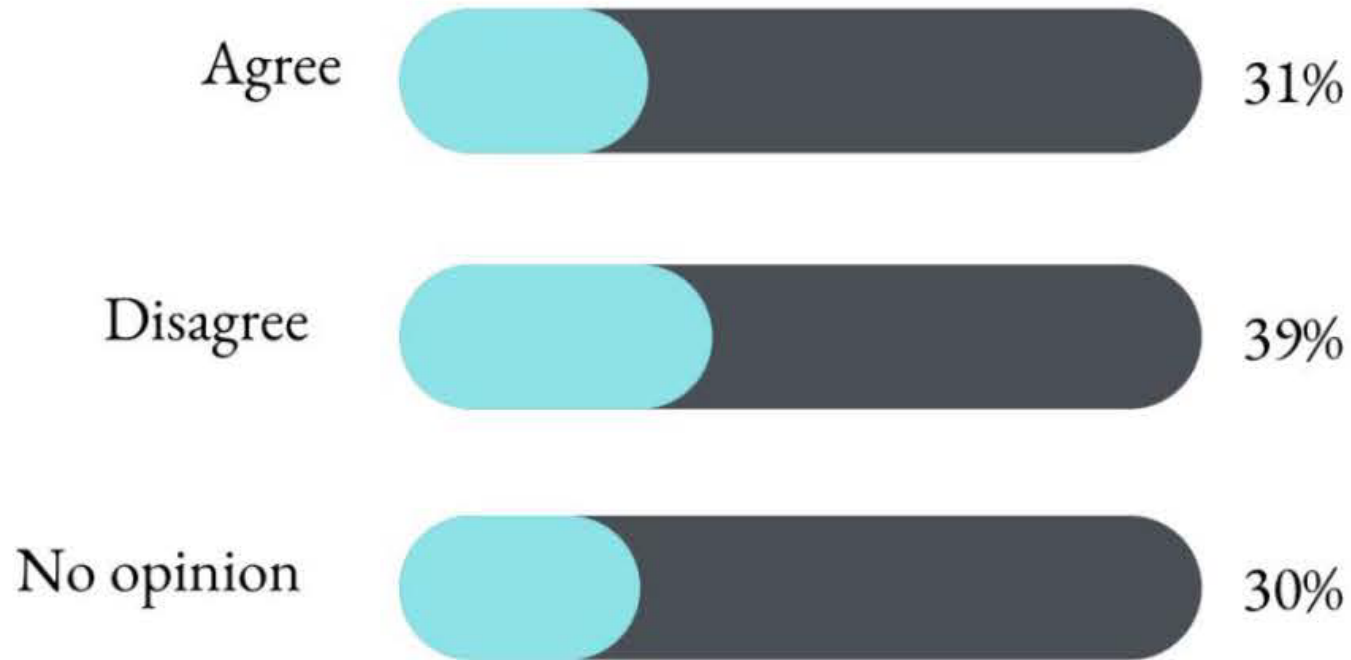


Figure 10 – “I feel that Washington State should offer legalized sports betting” Agree (Strongly or Somewhat); Disagree (Strongly or Somewhat); No opinion (Neither agree nor disagree). (Percentage out of 1,008 respondents)



Is it appropriate for Washington State to allow sports betting at Tribal casino locations?

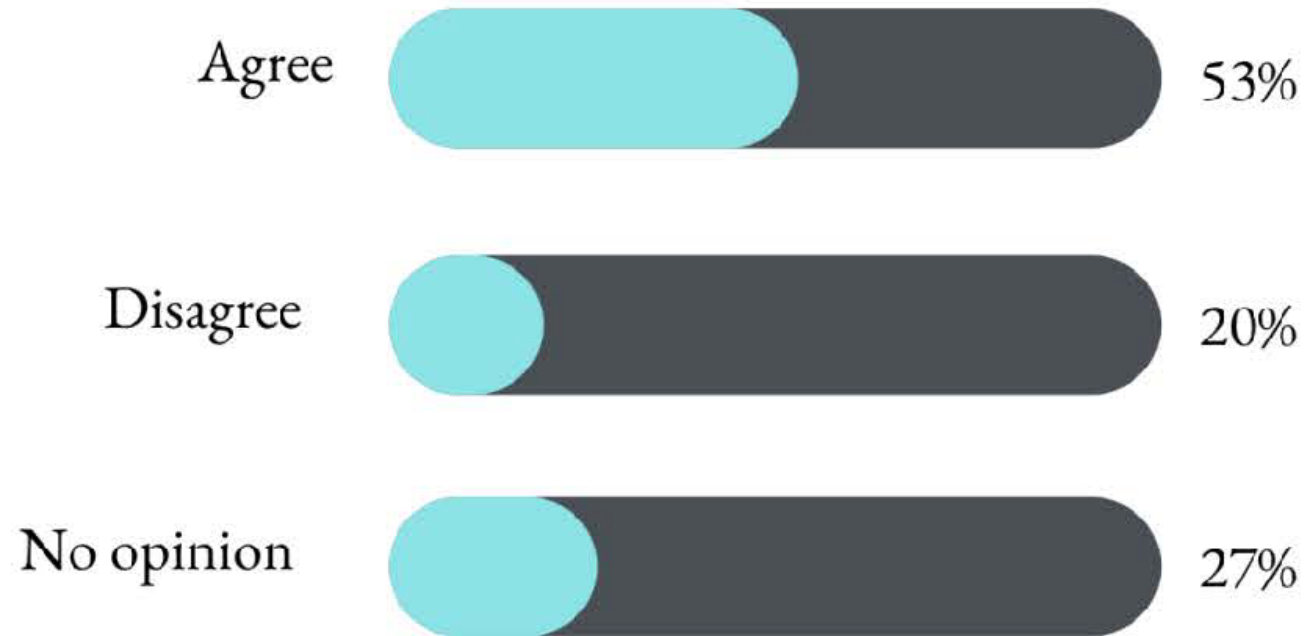


Figure ES-5 – “It is appropriate for Washington State to allow sports betting at Tribal casino locations.” Agree (Strongly or Somewhat); Disagree (Strongly or Somewhat); No opinion (Neither agree nor disagree). (Percentage out of 1,008 respondents)



Market Forecast for Washington

Based on three scenarios of distribution of sports betting in the state:

Scenario 1 – Retail sports betting (betting windows, kiosks and on-site mobile) at tribal casinos as authorized under ESHB 2638

Scenario 2 – Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that require in-person registration at the tribal casinos but allows statewide wagering once registered

Scenario 3 - Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that allow remote registration and statewide wagering once registered



Market Forecast for Washington

Table ES-1 – Market Maturity Model (Millions of 2021 USD)

Scenario	Retail Sports	Online Sports
Retail-only (Scenario 1)	\$93.8	-
On-site registration (Scenario 2)	\$59.5	\$132.0
Remote registration (Scenario 3)	\$42.2	\$279.3

Scenario 1 – Retail sports betting (betting windows, kiosks and on-site mobile) at tribal casinos as authorized under ESHB 2638.

Scenario 2 – Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that require in-person registration at the tribal casinos but allows statewide wagering once registered.

Scenario 3 - Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that allow remote registration and statewide wagering once registered.



Washington Economic Impact Forecast

Scenario 1 – Retail sports betting (betting windows, kiosks and on-site mobile) at tribal casinos as authorized under ESHB 2638

Table ES-2 – Net Economic Impacts of Sports Betting with Retail-Only Betting (Dollar values in millions)

	Jobs	Income	Value Added (GSP)	Output
Direct	273	\$12.6	\$54.7	\$70.0
Indirect	46	\$4.6	\$9.6	\$14.8
Induced	70	\$4.4	\$8.2	\$13.3
Total	390	\$21.6	\$72.5	\$98.0



Washington Economic Impact Forecast

Scenario 2 – Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that require in-person registration at the tribal casinos but allows statewide wagering once registered

Table ES-3 – Economic Impacts of Sports Betting with In-Person Registration (Dollar values in millions)

	Jobs	Income	Value Added (GSP)	Output
Direct	106	\$24.2	\$72.0	\$141.6
Indirect	288	\$27.0	\$45.9	\$82.9
Induced	216	\$13.1	\$24.6	\$39.6
Total	609	\$64.3	\$142.6	\$264.1



Washington Economic Impact Forecast

Scenario 3 - Retail sports betting (betting windows and kiosks) at tribal casinos. Online betting licenses for tribal operators that allow remote registration and statewide wagering once registered

**Table ES-4 – Net Economic Impacts of Sports Betting with Online Remote Registration
(Dollar values in millions)**

	Jobs	Income	Value Added (GSP)	Output
Direct	182	\$44.4	\$106.0	\$237.1
Indirect	591	\$52.6	\$87.2	\$159.3
Induced	410	\$24.8	\$46.7	\$75.1
Total	1,182	\$121.8	\$239.9	\$471.5





Questions ?



Next Steps – Action Needed



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SPONSOR: WASHINGTON STATE GAMBLING COMMISSION

Approval to send the WSU “Sports Betting in Washington State” report to the Governor and appropriate legislative committees by December 1, 2021