



Sports Betting

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Sports Betting Terms

Book – An establishment that accepts bets on the outcome of sporting events.

Future – Odds that are posted well in advance on the winner of major events

Esports - a multiplayer video game played competitively for in-person and online spectators.

Geo-fence - a virtual geographic boundary, defined by GPS or RFID technology, that enables software to trigger a response when a mobile device enters or leaves a particular area.

Sports Betting Terms

Handle – The total amount of bets taken.

Hold – The percentage the house wins.

Juice/Vig – The bookmaker's commission, most commonly the 11 to 10 bettors lay on straight point spread wagers.

Kiosk – Self-service electronic devices that facilitate wagering.

In-play wagering - Opportunity to place bets during a sporting event





Federal Wire Act of 1961

18 U.S.C. §1084

Effect: Prohibits sports gambling through the use of interstate communications and transactions

Focused on: Transmission of bets/wagers or information assisting in the placing of bets/wagers on any sporting even or contest

State Impact: Ask DOJ to intervene or request that a common carrier to discontinue service to entity engaged in illegal gambling communications/transactions

Indian Gaming Regulatory Act (IGRA)

25 U.S.C. § § 2701–2721 (1988)

Effect: Authorizes any Tribe with land in trust for gaming activities to negotiate with a state for a gaming compact allowing gambling activities that are permitted in the state for any purpose by any person, organization or entity

Focus on: Regulation of gambling activities on Tribal land, especially “Class III” gambling activities that Tribes must negotiate terms with the state prior to offering the activities at their Tribal facilities.

State Impact: State negotiates terms for all Class III gambling and is a co-regulator with Tribes for Class III games

New States

STATE	REGULATORY AGENCY	TAX	LICENSING FEE	AUTHORIZED METHODS
Arkansas	Racing Commission	< \$150 mil. = 13% > \$150 mil. =20%	Up to \$250k application fee \$10k renewal every 10 years	Casinos
Tennessee	Gaming Commission	20%	\$750k \$50k application fee	Online
Indiana	Gaming Commission	9.5%	\$100k/\$50k initial \$50k/10k annual	Casinos OTBs Online Horse Race Tracks
Iowa	Racing and Gaming Commission	6.75%	\$45k Initial \$10k Annual	Casinos Online
Colorado*	Limited Gaming Control Commission & Dept. of Revenue, Gaming Enforcement Div	10%	TBD; no more than \$125k Annual	Casinos Online

Oregon

Grandfathered under PASPA

Lottery has regulatory jurisdiction over the state's gambling

No new laws are required to offer sports gambling

Looking at full range of sports gambling products under its current retail system and through an internet/mobile platform

First state to consider European model for sports gambling

State lottery estimates \$60-\$100 million in possible revenue for the state

Montana

Grandfathered under PASPA

State Lottery and Sports Wagering Commission

Sports betting would be offered via kiosks at approved locations,

Mobile devices can be used when they are within range of the kiosk.

No state-wide mobile or online platforms

Other Tribal Gaming States

New York

Connecticut

Michigan

Arizona

New Mexico

North Carolina

Florida

Washington State Law

Current Sports Gambling Laws:

Constitution: Article 2, Section 24

60% vote for new activities

Washington State Law

Current Sports Gambling Laws:

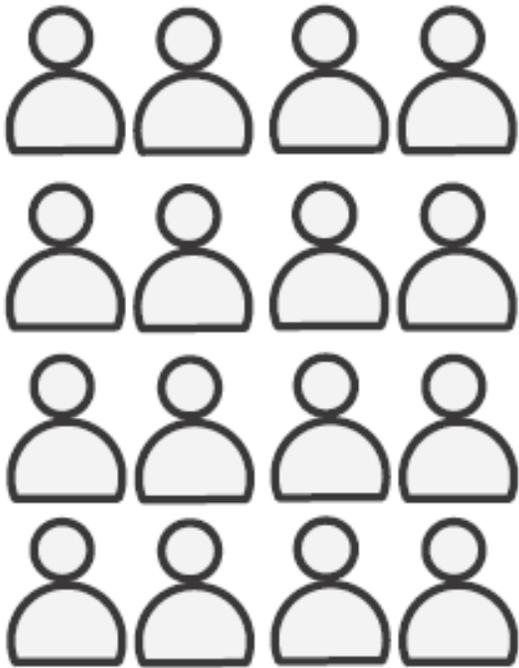
RCW 67.04.010 – Penalty for bribery in baseball

RCW 67.04.020 – Penalty for accepting a bribe

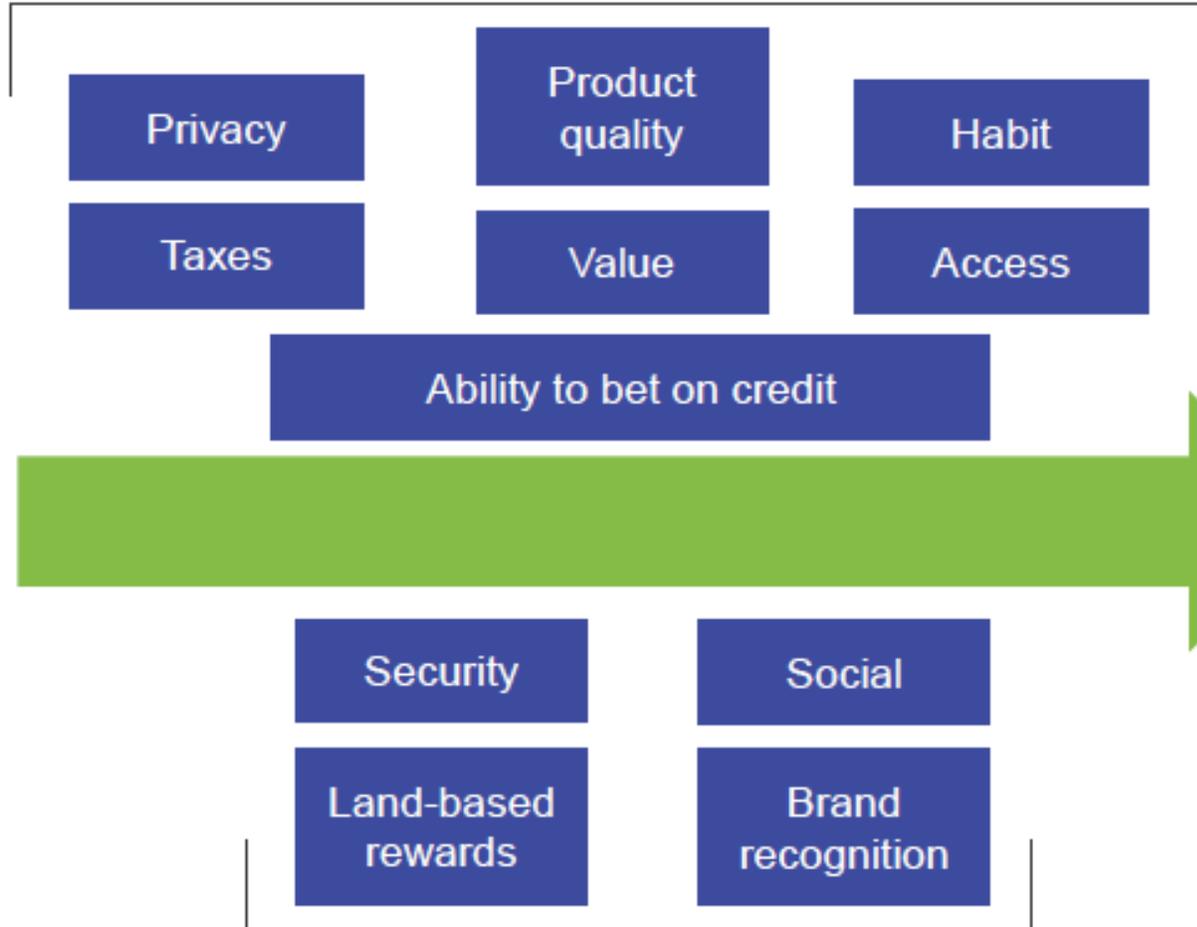
RCW 67.04.050 – Corrupt baseball playing

RCW 67.24 – Fraud in a sporting contest

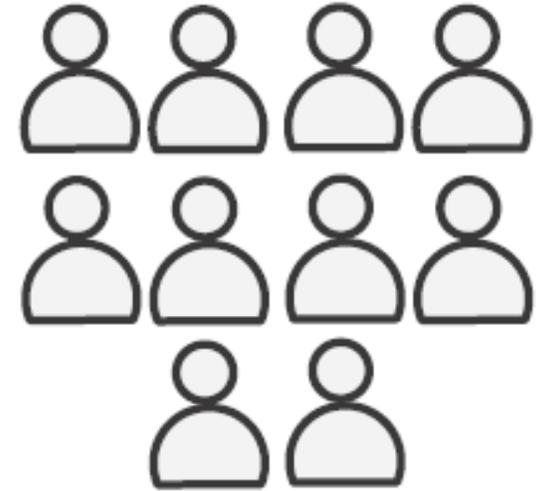
COMPETITIVE ADVANTAGES OF BLACK MARKET PRODUCT



CURRENT BLACK MARKET CUSTOMER BASE



COMPETITIVE ADVANTAGES OF REGULATED PRODUCT



BLACK MARKET CUSTOMER BASE THAT TRANSITIONS TO REGULATED MARKET

Source: Eilers & Krejcik Gaming, LLC

Regulatory Considerations

State Regulator

- WSGC
- Lottery
- Horse Racing

Possible New Licensees

- Operators
- Platform Providers
- Data Companies
- Service Suppliers
- Sports Leagues

Betting Method

- Land-based
- Mobile
- Internet
- ADW

Gambling Events

- Standard sports events
- Local college games
- Fantasy Sports
- eSports

Washington State Outlook

MODEL	PROJECTED REVENUE*
Land-based only with strict licensing and locations	\$163,447,968
Land-based only with off-track betting locations and small operators	\$181,436,452
Land-based with restrictive online options	\$209,041,523

*Projections do not include revenue from tourism
Source: Eilers & Krejcik Gaming, LLC

Cost to the Agency

There will be a regulatory cost

Fiscal Note for HB 1975 – Min of \$1.2 million per year as we scale up

Assumption of 10-15 operators that require a minimum of 5.0 special agents and a minimum of 8.5 licensing staff, tribal liaison staff, and support staff.

Once mature stable market, then likely can scale down

Compact costs

New licensing costs with need for off-setting fees for new revenue

Add'l legal costs

Washington State Outlook

CURRENT TAX CODE

All local except for B&O tax on games of chance

Gambling Act: Local jurisdictions set gambling tax

Punchboards/Pull-tabs: up to 5% gross receipts or 10% net receipts

Card Rooms: up to 20% gross receipts

B&O Rate

Games of chance: 1.63% gross receipts

Types of Sports Gambling Locations

Tribal Casinos

House-banked Card Rooms

Horse Race Tracks/OTB Locations

Lottery Retail

Bars/Taverns

Internet/mobile



Possible Operational Models

Traditional Land-based Sports Books

Self-service Kiosks/Terminals

Mobile

Internet



Market Uncertainty

We do not know what the market is. However, factors are:

- Product expertise or ability to partner with a larger operator
- Customer volume – database size
- Resources – can assume the risk of operating a book
- Current licensee or will need to be licensed
- Political support – state/local government approval
- Costs/Fees/Taxes – What will impact the hold percentages

Regulatory Policy Issues

Licensing Requirements

Equipment Testing & Approval

Criminal Investigation & Enforcement

Installations & Inspections

New Admin Cases

Payout Disputes

Geo-fencing

Process for authorizing activities

Official Data / Sports Data

Process for authorizing unique events (esports, Oscars)

Problem Gambling

National Council on Problem Gambling (NCPG):

Legalized sports gambling will likely increase gambling participation and problems unless the following steps are taken to minimize harm.

Ensure that any expansion of sports gambling includes dedicated funds to prevent and treat gambling addiction.

NCPG Recommendations

Require sports betting operators to implement responsible gaming programs that include comprehensive employee training, self-exclusion, ability to set limits on time and money spent betting, specific requirements for the inclusion of help/prevention messages in external marketing.

Assign a regulatory agency to enforce the regulations and requirements that are enacted.

NCPG Recommendations

Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter in order to monitor impacts of legalized sports betting and have data that will support evidence-based mitigation efforts.

Establish a consistent minimum age for sports gambling and related fantasy games.”

Tribes & Compact Negotiations

Sports pool/board law incorporated in tribal compacts

Incorporated as Class III activity

Change to state law could necessitate changes to all compacts

Tribe-by-tribe or global amendment?

Work closely with Tribal Gaming Agencies setting up new regulatory structures

Nationwide discussion: Compatibility between IGRA and mobile/internet sports gambling

Looking Towards 2020

2020 = 60-day session

3 Bills Currently in Committee:

HB 1975 – Tribal-only

HB 1992 – Emerald Downs, OTB, Tribes

SB 5965 – Title-only Bill

Continuing Legislative Outreach

Agency Prep to Scale Up

What to do next?



Questions?

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