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.
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 event 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)


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

Washington State Gambling Commission
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
Current Sports Gambling Laws:

Constitution: Article 2, Section 24
60% vote for new activities
Current Sports Gambling Laws:

**Gambling Act**

RCW 9.46.0335 – Sports pools authorized

RCW 9.46.220 - .225 – Professional gambling statutes

RCW 9.46.240 – Prohibition on internet gambling
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

- Privacy
- Product quality
- Habit
- Access

Ability to bet on credit

CURRENT BLACK MARKET CUSTOMER BASE

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

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

<table>
<thead>
<tr>
<th>MODEL</th>
<th>PROJECTED REVENUE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land-based only with strict licensing and locations</td>
<td>$163,447,968</td>
</tr>
<tr>
<td>Land-based only with off-track betting locations and small operators</td>
<td>$181,436,452</td>
</tr>
<tr>
<td>Land-based with restrictive online options</td>
<td>$209,041,523</td>
</tr>
</tbody>
</table>

*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’t’l legal costs
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
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

<table>
<thead>
<tr>
<th>Licensing Requirements</th>
<th>Payout Disputes</th>
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</thead>
<tbody>
<tr>
<td>Equipment Testing &amp; Approval</td>
<td>Geo-fencing</td>
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<tr>
<td>Criminal Investigation &amp; Enforcement</td>
<td>Process for authorizing activities</td>
</tr>
<tr>
<td>Installations &amp; Inspections</td>
<td>Official Data / Sports Data</td>
</tr>
<tr>
<td>New Admin Cases</td>
<td>Process for authorizing unique events (esports, Oscars)</td>
</tr>
</tbody>
</table>
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?
Brian Considine, Legal & Legislative Manager
Legal & Records Unit