



**SPORTS BETTING IN
WASHINGTON STATE**

11/2021

**A MARKET STUDY
FINAL REPORT**



IMAGE: WASHINGTON STATE UNIVERSITY EVERETT

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Executive Summary

In March 2020, ESHB 2638 authorized on-premise sports wagering subject to the terms of tribal-state gaming compacts. Methods of wagering can include at a traditional counter, via self-serve kiosks, or on mobile devices located on property. The legislation required a report by the Washington State Gambling Commission (WSGC) to the governor and the appropriate committees of the legislature by December 1 of the year following authorization by the legislature.

This study reviews critical issues involved in the statewide provision of sports betting in the State of Washington. The WSGC sponsored Washington State University (WSU) to perform this study. The study was led by Principal Investigator, Dr. Kahlil Philander. Also contributing to this report were doctoral candidate Lu Yuan and Eilers & Krejcik Gaming LLC.

The WSGC Interim Director had the opportunity to review an early draft of this report prior to publication and provide comments. Dr. Philander maintains final responsibility for the contents contained within this report

As part of the engagement, WSU reviewed financial and economic impacts that may occur in response to the expansion of legal sports betting within Washington. We interpreted three scenarios of distribution of sports betting in the state:

- i. Retail sports betting (land-based betting windows, kiosks, and on-site mobile) at tribal casinos with no online betting. This scenario reflects the current market conditions.
- ii. Retail sports betting at tribal casinos. Online betting licenses for tribal operators that require in-person registration at casinos but allow wagering statewide once registered.
- iii. Retail sports betting at tribal casino. Online betting licenses for tribal operators that allow remote registration and wagering statewide once registered.

The report outlines findings from several key study components, including:

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

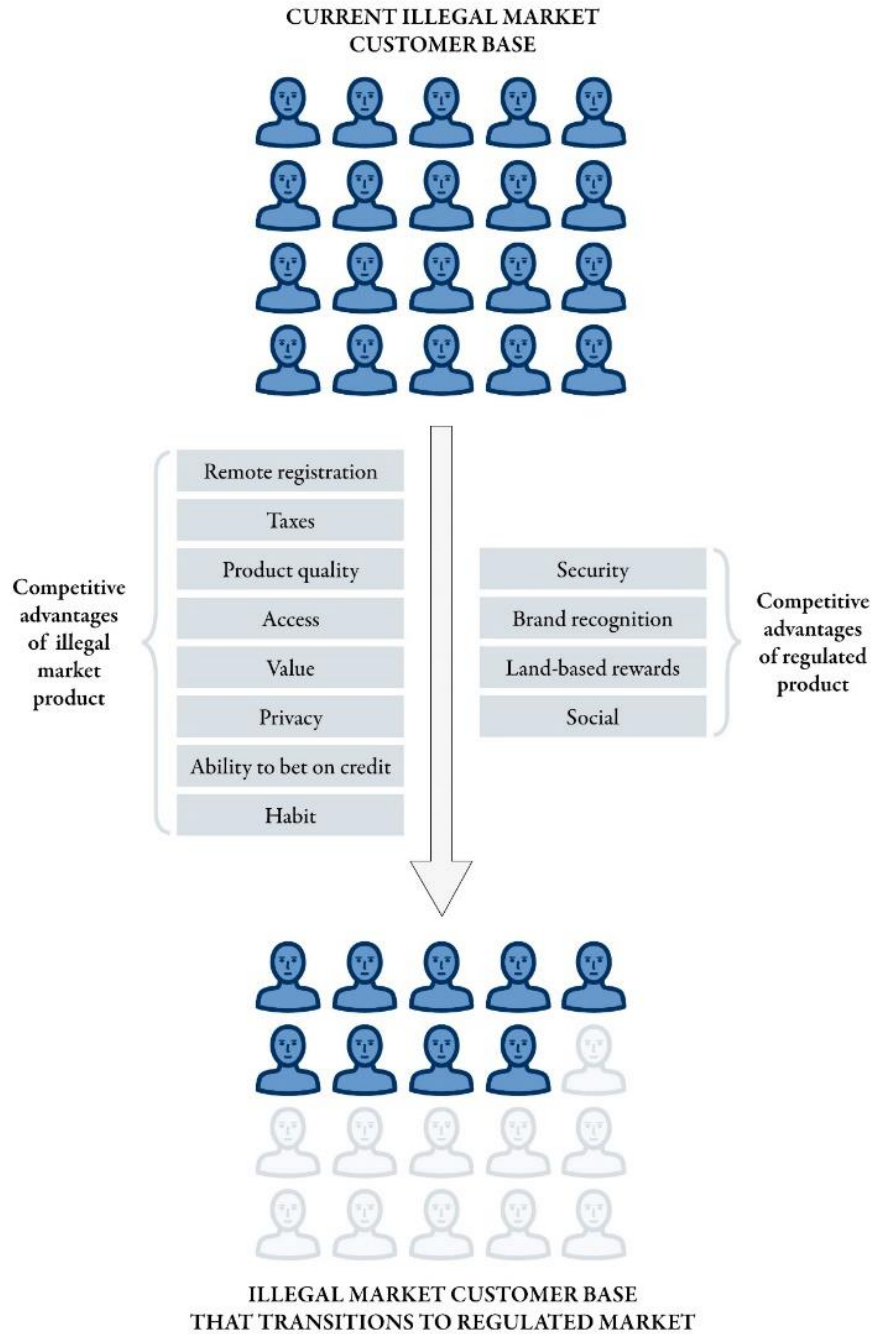
Policy Review

Our review of domestic and foreign markets suggests that there is significant variation in policy choices across jurisdictions. These choices tend to reflect trade-offs in preferences over public revenue, access restriction, treatment of incumbent firms, and regulatory control. Although no single market model has emerged as a preferential strategy in all jurisdictions, several best practices have emerged in the application of strategies to mitigate social harms from sports betting.

Washington State can benefit from experiences found in other jurisdictions on issues like responsible gambling (RG), anti-money laundering (AML), and 'Know Your Customer' (KYC) programs. For instance, most states have some restrictions in place with regards to wagers on in-state collegiate teams, as this may align with local values.

As illustrated in Figure ES-1, policy and operational choices will impact Washington's ability to curtail the illegal market, and similar trade-offs must also be made across other policy goals. From an integrity standpoint, most jurisdictions agree that minimum standards should be in place regarding RG, AML, and KYC programs, but the ability to recapture demand from the unregulated market will also depend on product quality, availability of online betting, and registration convenience.

Figure ES-1 – Relationship between policy choices and illegal market recapture



Market Survey

Surveys of Washington residents were conducted over a three month period from June to August 2021. The overall method was mail-push-to-web using a random sample of addresses for residents of Washington State. The overall objective of the study was to explore attitudes and behavior regarding sportsbetting in Washington, including:

- Ongoing sports betting participation by residents
- Intention to participate in legal in-state sports betting
- Perceptions of expanded gambling within the state

Current Sports Betting

Today, betting on sports appears to be a rare activity for residents of Washington. We asked survey respondents how often that they bet on sports over the past 12-months, and only 5% reported that they did so once a month or more.

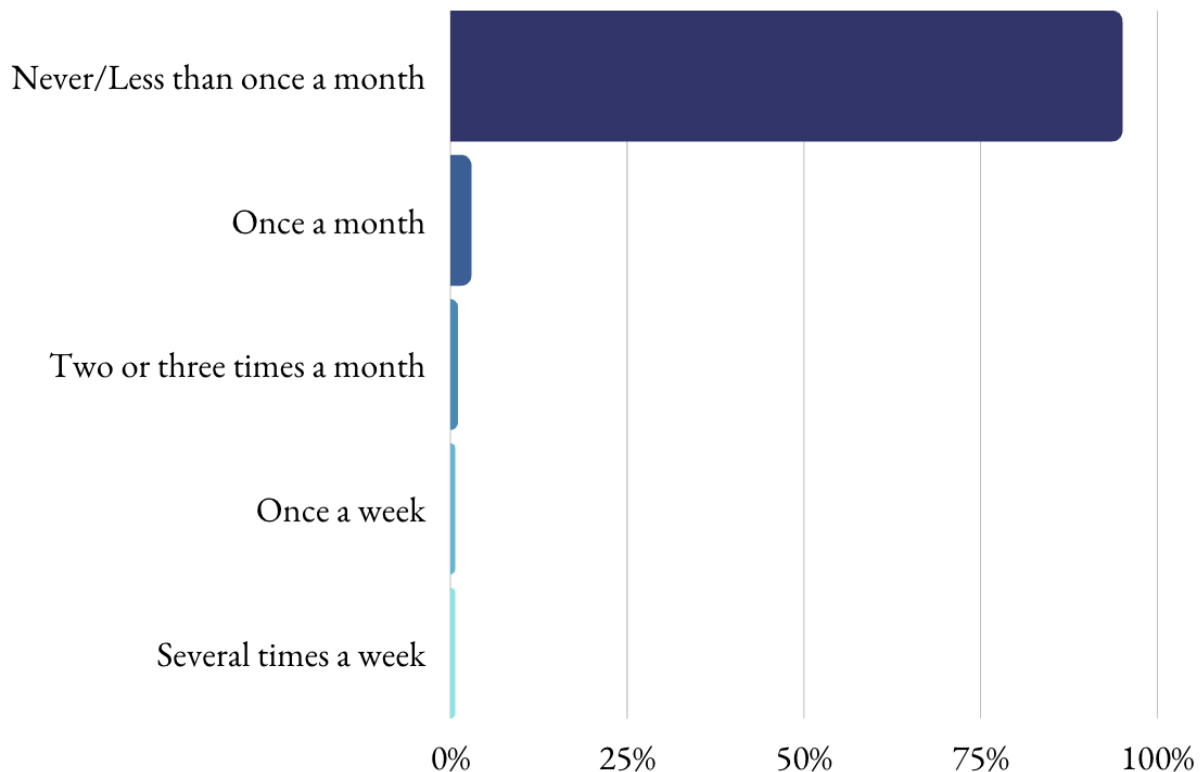


Figure ES-2 – “In the past 12 months, how often have you placed sports bets?” (Percentage out of 517 respondents). Never/Less than once a month (95.0%); Once a month (2.9%); Two or three times a month (1.0%); Once a week (0.6%); Several times a week (0.6%).

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.

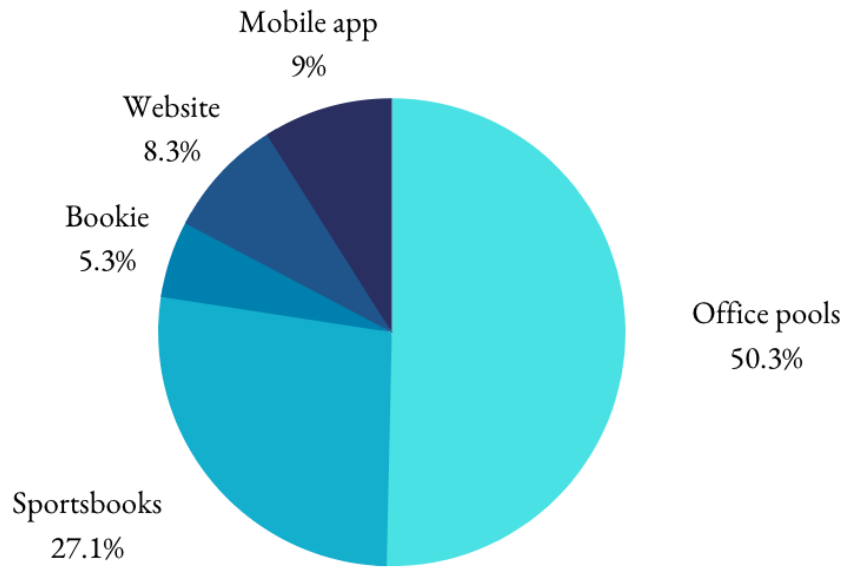


Figure ES-3 – “Where did you place sportsbets (select all that apply)” (Percentage out of 98 respondents). Bookies refers to private individuals that accept wagers. Responses are not specify location of wager.

Future Sports Betting

Despite the low active betting, a large group intend to bet at legal Washington sportsbooks or websites. Roughly 13.5% of respondents noted they would be somewhat or extremely likely to consider betting on sports if it became 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.

Support for Current Model

We asked respondents whether they felt that Washington was headed in the right direction on gambling policy (“Regarding gambling policy, I feel that Washington State is headed in the right direction”) – although 14% agreed and 18% disagreed, the remaining 68% had no opinion, suggesting it may not be an issue that residents are monitoring. When given more specific examples, residents views appear to shift. For instance, we stated, “Washington State currently has a policy for in-person casino gambling at Tribal casino locations,” and then asked respondents rate the extent to which they agreed or disagreed with the following statement:

“It is appropriate for Washington State to allow sports betting at Tribal casino locations.” Residents were more supportive of this specific model.

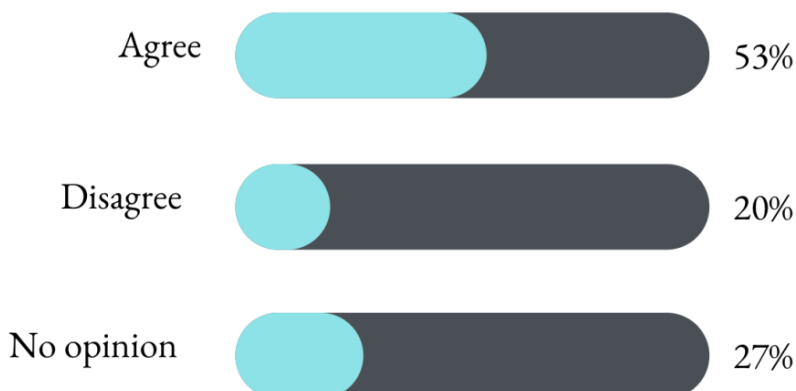


Figure ES-5 – “It is appropriate for Washington State to allow sports betting at Tribal casino locations.” Agree (Strongly or Somewhat); Disagree (Strongly or Somewhat); No opinion (Neither agree nor disagree). (Percentage out of 1,008 respondents)

Market Study

To assess market potential, we modeled a series of forecasts of the size of the gaming markets scenarios at maturity. Our forecasts are provided in current year dollars, but reflect a period roughly four to five years in the future, where suppliers have established necessary infrastructure to operate at scale, and consumers are generally aware of product availability in the marketplace. Our projections of online and sports betting revenue are based on three scenarios:

- i. Scenario 1: Retail sports betting (land-based betting windows, kiosks, and on-site mobile) at tribal casinos with no online betting. This scenario reflects the current market conditions.
- ii. Scenario 2: Retail sports betting at tribal casinos. Online betting licenses for tribal operators that require in-person registration at casinos but allow wagering statewide once registered.
- iii. Scenario 3: Retail sports betting at tribal casino. Online betting licenses for tribal operators that allow remote registration and wagering statewide once registered.

This model forecast is built using adjusted comparisons of spend per legal aged adult from several regulated markets. The model adjusts spend per legal-aged adult figures from those markets, based on differences in demographic variables (e.g. population size), economic variables (e.g. personal income levels), and other relevant variables (e.g. internet access and sports engagement), with suitable proxies. Retail demand is then modeled based on proximity to gaming locations.

Although Washington is a large state with only a few dozen locations, as shown in the Figure below, the locations are generally near major population centers. On average, Washingtonians live only 3.2 miles from their nearest tribal gaming location.

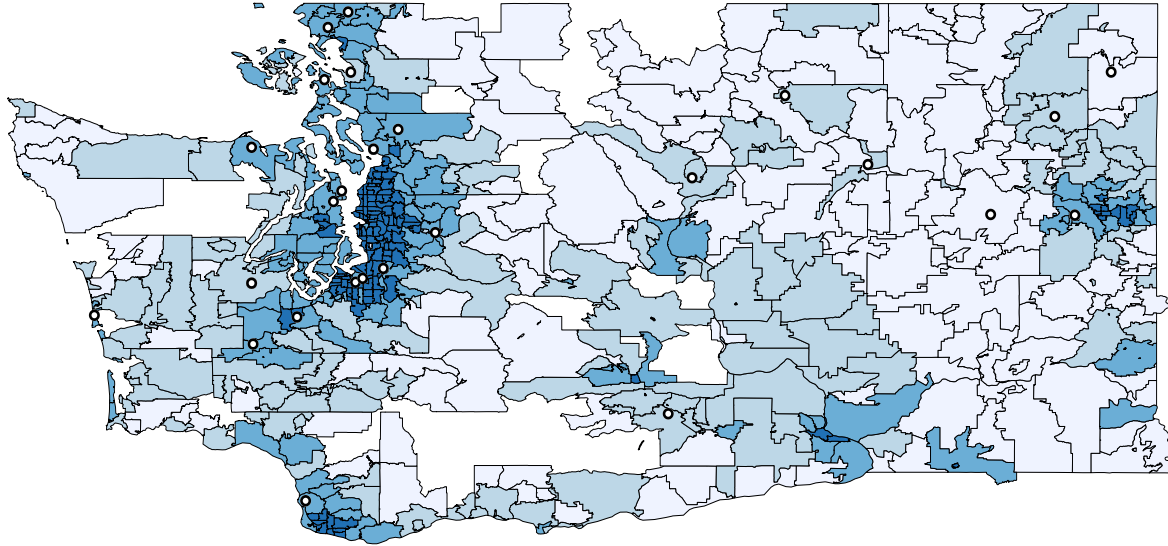


Figure ES-6 – Population density map of adults aged 21 or older with locations of tribal casinos. White dots denote casino locations while higher population density is denoted by darked shades of blue. Source: US Census; WSGC Tribal Gaming Casino Locations.

We present our market forecasts for the three scenarios in Table ES-1. These values represent our forecasts at “market maturity” – a point in time where all infrastructure is adequately developed to minimize supply-side constraints and consumers are adequately aware of the product to minimize demand-side constraint – in 2021 dollars.

Due in part to the geographic location of properties and the increased importance of online channels to consumers, we observe large potential market size increases for models that allow online gaming with remote registration.

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

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

Macroeconomic Analysis

Following the market study, we engaged in a macroeconomic analysis that provides a wider view of how sports betting will impact the Washington economy. In this report, we measure the economic impact of sports wagering expansion in a number of ways:

- Economic Output
- Value-added or gross state product (GSP)
- Full-Time Equivalent Employment (FTE)
- Employee Compensation

As part of our calculations, we use economic impact modeling software, IMPLAN. We include economic activity of the gaming impacts through three layers of effects: direct, indirect and induced economic impacts. The largest economic impacts are associated with the remote registration scenarios, which are outlined below. As shown, output levels are much larger in the online scenario due to the increased spending levels along that medium of distribution.

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

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

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

Examining other impact measures, we observe that direct jobs are actually higher in the retail-only scenario, but total jobs are higher in the online scenario. Since retail operations are much more labor intensive for frontline service jobs, we see high direct effects in the retail-only model. The online model depends more on technology related supplier industries, and therefore we see high indirect and induced effects from the large technology sector in Washington with high wage jobs.

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1 Overview

In March 2020, ESHB 2638 authorized on-premise sports wagering subject to the terms of tribal-state gaming compacts. Methods of wagering can include at a traditional counter, via self-serve kiosks, or on mobile devices located on property.

The legislation also required a report by the Washington State Gambling Commission (WSGC) to the governor and the appropriate committees of the legislature by December 1 of the year following authorization by the legislature.

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This study reviews critical issues involved in the provision of sports betting in the State of Washington. Washington State University (WSU) was funded by the WSGC to carry out this study. As part of our engagement, we reviewed the sports betting models in place in other states and leading international markets, surveyed residents about their current and planned betting behavior, and considered economic impact that may occur in response to a policy change involving an expanded sports betting. This report summarizes our findings.

The report outlines results from multiple study components, including:

- A review of gaming markets and related policies
- A survey of Washington residents
- A market forecast for retail sports and online sports in the State of Washington
- An in-state economic impact forecast

Although this study provides no specific policy recommendations, it does provide commentary on material issues that deserve consideration by in-state sports wagering stakeholders. Where appropriate, the study provides context of potential outcomes from related decision making. We consider multiple scenarios and policy actions, but our focus is closely tied to the current market dynamics.

1.1 Gaming in Washington

There are both tribal and commercial gaming operations in Washington. Commercial operations are limited product cardrooms, which provide a limited set of gaming products that notably do not include electronic gaming machines. Tribal gaming operators provide a more complete set of products, including machine-based gaming. Notably, both commercial cardrooms and tribal operators have operations distributed throughout the state and major population centers.

The scale of tribal operations is substantially larger than commercial operations. The American Gaming Association estimates that Washington tribal casinos generate \$2.5 billion in gross gaming revenue and support over 35,000 jobs.¹ During the comparable period, commercial cardrooms in Washington generated \$253 million in revenue, though this level close to doubled by the 2019 fiscal year.

Engrossed Substitute House Bill 2638 made retail sports betting legal on tribal land in 2020. Sports betting is allowed by tribal operators that amended their compact agreement with the State of Washington. A handful of operators began operation in September 2021.

¹ Values from 2016. Source: <https://www.americangaming.org/state/Washington/>

Other forms of gaming are also offered in Washington, including horse racing, instant and draw lottery wagering overseen by the Washington Lottery, and limited forms of charitable gaming and bingo.

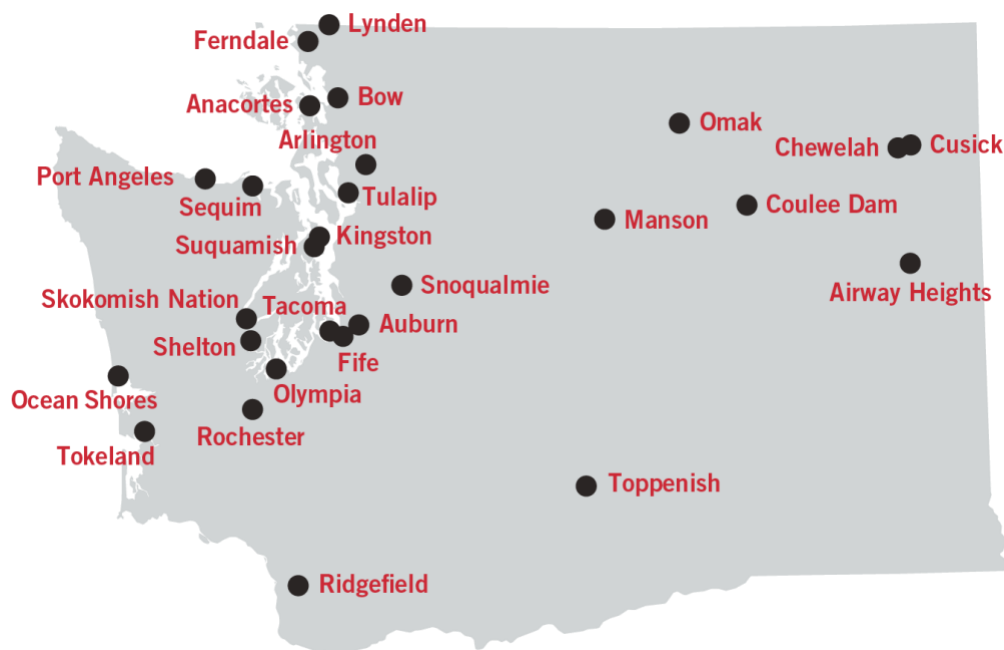


Figure 1 – Tribal gaming operations are located throughout the state and in major population centers. Source: American Gaming Association.

1.2 Sports Betting in the United States

Washington can benefit from the experiences of other states in legalizing sports betting. In this subsection, we share high-level experiences of other states that have adopted sports betting.

1.2.1 New Jersey

New Jersey legalized sports betting in 2011 via a constitutional referendum that passed with widespread voter support (63-36). Implementing legislation was enacted in 2014, and sports betting launched in June 2018, one month after the U.S. Supreme Court overturned the Professional and Amateur Sports Protection Act of 1992 (PASPA).

New Jersey allows retail sports betting at casinos and racetracks. It also allows those casinos and racetracks – alongside their skin partners – to conduct statewide online sports betting. Retail sports betting commenced in June 2018, followed by online sports betting in August 2018.

New Jersey is the largest online sports betting market in the country, having generated trailing twelve month (TTM) online gross gaming revenue (GGR) of \$362m. The online market benefits from competition (there are 19 unique brands serving the market), favorable tax rate (online sports betting GGR is levied at 14.25%), and an influx of play from the bordering New York City metro area.

Table 1 – New Jersey Sports Betting

Year Legalized	2011
TTM Revenue	\$361,559,491
Tax Rate	9.75% (retail); 14.25% (online)
Operator License Fee	\$100,000 (initial); \$100,000 (1-year renewal)

Who Can Be Licensed	Casinos and racetracks
Number of Active Operators	30

1.2.2 Pennsylvania

Pennsylvania legalized sports betting in 2017 as part of a broader gambling expansion measure that also authorized, among others, online casino and poker, and expanded casino gaming. Sports betting launched in November 2018 – six months after the U.S. Supreme Court overturned PASPA. Online casino began in July 2019, and online poker began in November 2019.

Pennsylvania allows retail sports betting at casinos and their associated satellite facilities. It also allows those casinos and their skin partners to conduct statewide online sports betting. Retail sports betting began in November 2018, followed by online sports betting in May 2019.

Pennsylvania claims one of the country's highest sports betting tax rates, 36% of GGR (of note, however, state regulations do allow operators to deduct promotional credits from GGR for purposes of calculating taxes owed). Pennsylvania also boasts one of the country's most expensive operator license fee structures, with sports betting licensure requiring an upfront payment of \$10mm.

Table 2 – Pennsylvania Sports Betting

Year Legalized	2017
TTM Revenue	\$242,017,497
Tax Rate	36% (retail and online)
Operator License Fee	\$10,000,000 (initial); \$250,000 (5-year renewal)
Eligible Licensees	Casinos and casino-owned satellite facilities
Number of Active Operators	21

1.2.3 Nevada

Nevada legalized sports betting in the 1930s. The state benefitted from an exemption to PASPA's prohibitions on sports betting and has offered retail sports betting for decades. Nevada added online sports betting in 2010. Nevada allows retail sports betting at casinos and via kiosks at other retail gaming establishments. It also allows those casinos to conduct statewide mobile sports betting (via mobile phone application only – no desktop computer wagering is permitted).

Nevada is the largest retail sports betting market in the U.S., with over 100 retail sports betting locations throughout the state (with a heavy concentration of locations in Las Vegas). Further, Nevada boasts the country's lowest sports betting tax rate, 6.75% of GGR. Nevada is one of a few states that requires patrons to register their online sports betting accounts in-person at a physical sportsbook.

Table 3 – Nevada Sports Betting

Year Legalized	1930s
TTM Revenue	\$258,605,002
Tax Rate	6.75% (retail and online)
Operator License Fee	\$500
Eligible Licensees	Casinos
Number of Active Operators	95

1.2.4 West Virginia

West Virginia legalized sports betting in 2018. Sports betting launched in August 2018, three months after the U.S. Supreme Court overturned PASPA. West Virginia allows retail sports betting at casinos. It also allows those casinos – alongside their skin partners – to conduct statewide online sports betting. Retail sports betting commenced in August 2018, followed by online sports betting in December 2018.

The West Virginia policy model borrows heavily from New Jersey's, in that taxes (10% of GGR) and operator license fees (\$100k per annum) are low, and skins (three per casino) are permitted. West Virginia is also one of only a few states in which there are no restrictions on collegiate event betting.

Table 4 – West Virginia Sports Betting

Year Legalized	2018
TTM Revenue	\$24,017,327
Tax Rate	10% (retail and online)
Operator License Fee	\$100,000 (initial); \$100,000 (5-year renewal)
Eligible Licensees	Casinos
Number of Active Operators	10

1.2.5 Delaware

Delaware legalized sports betting in 2009. The state benefited from an exemption to PASPA's prohibitions on sports betting, launching a limited form of sports betting that year. Full-fledged, single-game sports betting was added in June 2018, one month after PASPA was overturned.

Delaware allows retail sports betting at casinos and lottery retailers. Online sports betting, while legal, is not offered. Delaware features an expanded retail model, through which the Delaware Lottery operates full-fledged, single-game sports betting through casinos, and a more limited form of sports betting (parlay cards) via its network of 100+ lottery retailers.

Table 5 – Delaware Sports Betting

Year Legalized	2009
TTM Revenue	\$19,361,399
Tax Rate	N/A (lottery run)
Operator License Fee	N/A (lottery run)
Eligible Licensees	N/A (lottery run)
Number of Active Operators	1

1.2.6 Other States

We summarize figures from other states in Appendix A.

1.3 International market cases

1.3.1 United Kingdom

The UK online sports betting market was established in the late 1990s when operators moved offshore to service UK players without a betting tax, primarily by phone at first but with gradual development of online channels. Casino developed similarly, with UK retail brands quick to partner with leading software suppliers at the time from offshore bases. Regulations were overhauled in 2007 (2005 Gambling Act), although most operators remained offshore until the 2014 revision began taxing gambling revenue at the point of consumption. The market is a mix of endemic retail brands (William Hill, Rank, Ladbrokes, etc.) and online-only start-ups (bet365, Jackpotjoy, 888, etc.) that grew concurrently.

Product	Year Legalized	Tax Rate	TTM Revenues	Who can be licensed	Number of Active Operators
Sports Betting	1968	15% GGR	£2,272m (online)	Any operator passing probity or via a third-party licensee	>20
*Never specifically illegal prior to 2005 and was allowed via offshore regulated market. Sources: UK Gaming Commission; Eilers & Krejcik Gaming.					

1.3.2 Denmark

Online betting existed in Denmark's grey market from the late 1990s and it was one of the most active markets by participation and GGR per capita prior to regulatory reforms in 2012 (2010 Act). The initial growth of the regulated market was slow with many operators remaining in the grey market and the regulated market dominated by the ex-monopoly and lottery operator, Danske Spil. A gradual increase in the number of regulated operators occurred from 2014 to 2018.

Denmark is an ex-monopoly market with Danske Spil still holding a large market share of online revenues. Lottery remains solely the domain of state-owned operators. Denmark has a national self-exclusion system, Rofus, to which all operators must comply.

Sports betting licences are for online and retail. As with the UK, the retail gaming market is much more limited than some other European nations.

Table 7 – Denmark Market Summary

Product	Year Legalized	Tax Rate	TTM Revenues	Potential Licensees	Number of Active Operators
Sports Betting	2012	20% GGR (28% GGR from 2H21)	DKK2,187mm (DKK1,443mm online)	Any operator passing probity or via a third-party licensee	19

1.3.3 Australia

Online sports betting existed onshore from the late 1990s via state licences in the Northern Territory, while online gaming was based offshore. Australia is one of the few regulated markets to ban all online gaming (casino, poker and bingo). Online gambling is limited to sports and horse race betting, with the latter being the predominant betting product in the market. The market is dominated by the Flutter owned Sportsbet brand and the ex-monopoly operator TAB, which remains the primary retail operator.

Product	Year Legalized	Tax Rate	TTM Revenues	Potential Licensees	Number of Active Operators
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Sports Betting	1993	8-15% GGR depending on state	A\$1.3b	Any operator passing probity or via a third-party licensee	19
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2 Introduction to Policy Issues

2.1 Statute Definitions

Each state’s enabling legislation (or regulation) defines “sports betting,” “sports wagering,” or a “sports pool”. The language is important because it may widen or narrow the regulator’s ability to implement sports betting. States have not reached a consensus on how sports betting should be defined. Some states employ very broad definitions, while others are extremely prescriptive. The history of gambling legalization in the U.S. has taught us that overly prescriptive definitions embedded in statute typically do not serve the state, commercial stakeholders, or consumers. This is especially true when dealing with emerging products and technologies.

While an overly rigid definition of sports betting is unlikely to make or break the performance of a legal sports betting market in the near-term, such a definition can have the long-term impact of stifling innovation or forcing operators into awkward, inefficient workarounds to dated language that can pull resources from pricing, product, and promotions. Understanding these differences is important in some cases to interpreting the state of a market. We provide a summary of definitions used in Appendix B.

2.2 Revenue Share and Tax Rates

Tax rates are the typical mechanism in which states assess a tax on a sports betting operator’s GGR. A revenue share compact between a state and a tribal nation is a politically, legally, and historically important distinction, but acts as a similar economic lever as a conventional tax model. In Washington, neither applies but for the purposes of this study, we must interpret conventional tax models in order to interpret market size effects in other markets potentially used as comps for Washington.

There is no generally accepted tax rate among states. However, we do see a trend that states where lotteries operate sports betting (and sometimes have just one or two sportsbooks) tend toward higher tax rates or revenue shares, than states who license third-party entities (e.g., casinos, racetracks, bars/restaurants) to operate sports betting. Some states permit additional deductions from handle prior to calculating taxes (e.g., federal excise taxes or promotional credits

Broadly, a lower tax rate will result in a larger overall market in terms of total GGR. Lower tax rates encourage more operators to enter a market. As markets become more competitive, lower tax rates allow operators to reinvest in marketing spend and product development. These increases are noted to further drive GGR by broadening the customer base and by increasing activity levels among existing customers.

A knock-on effect of a larger, more competitive market is increase capture of illegal market demand. As the pricing, promotions, and product within the legal market become more appealing to consumers, the perceived switching cost from the illegal market to the legal market will decrease. Conversely, a higher tax rate is more likely to create an environment where customers who are currently betting with illegal operators perceive that the cost of switching to a legal sportsbook doesn’t justify the change.

Table 9 – State Tax Rates

State	Tax Rate	Notes
Nevada	6.75% GGR	
Delaware	50% GGR	
New Jersey	9.75% GGR (retail) 14.25% GGR (online)	
Mississippi	12% GGR	
West Virginia	10% GGR	
New Mexico	N/A	State is tribal-only
Pennsylvania	36% GGR	
Rhode Island	51% GGR	
Arkansas	13% GGR (for GGR <=\$150mm)	Sports betting revenues are taxed as casino revenues

State	Tax Rate	Notes
	20% GGR (for GGR > \$150mm)	
New York	10% GGR	
Iowa	7.5% GGR	
Oregon	N/A	Lottery operates and state's share of revenues is not a fixed percentage
Indiana	9.5% GGR	
New Hampshire	50% GGR (retail) 51% GGR (online)	Lottery operates but state's share of revenues is a fixed, GGR-based percentage
Illinois	15% GGR	
Michigan	9.65% GGR (commercial retail and online) 8.4% GGR (tribal online) N/A (tribal retail)	
Montana	N/A	Lottery operates and state's share of revenues is not a fixed percentage
Colorado	10% GGR	
District of Columbia	10% GGR	
Tennessee	20% GGR	
North Carolina	N/A	State is tribal-only
Washington	N/A	State is tribal-only
Virginia	15% GGR	

Source: Eilers & Krejcik Gaming

2.3 License Fees

Generally, states charge a sports betting operator an initial license fee for the privilege of operating sports betting in the state. For the most part, the license fee is a flat, one time charge. There is no consensus among states as to the appropriate license fee, and the fees vary from \$500 to \$20,000,000, but the most frequently enacted fee is \$100,000 (four states).

The impact of license fees is generally similar to the impact of tax rates: The higher the fee, the less competitive the market, and the lower the quality of the legal sports betting experience for consumers in terms of pricing, promotions, and product. However, license fees serve a gatekeeping function that tax rates do not. A smaller sportsbook may accept a high tax rate, as the cost scales with their level of success in the market. But fixed license fees do not scale and typically require upfront payment, a dynamic that may discourage smaller and cost-conscious operators from entering the market. In addition to the direct impact of decreased competition, markets with high license fees will likely discourage participation by hyper-local sportsbooks and emerging companies. The result is likely to be a market that stimulates less local economic activity and lacks the innovative approach to sports betting found in markets with more fulsome competitive environment.

Table 10 – State License Fees

State	License Fee	Notes
Nevada	\$500	
Delaware	\$4.5m	Lottery operates through casinos. Fee is statewide, and each casino's share of the fee reflects its share of the state's total video lottery net proceeds
New Jersey	\$100,000	
Mississippi	\$5,000	
West Virginia	\$100,000	

State	License Fee	Notes
New Mexico	N/A	State is tribal-only
Pennsylvania	\$10,005,000	\$5,000 is application fee
Rhode Island	N/A	Lottery operates sports betting
Arkansas	<= \$250,000	Only fee is casino license fee, no additional license fee for sports betting
New York	N/A	
Iowa	\$45,000	
Oregon	N/A	Lottery operates sports betting
Indiana	\$100,000	
New Hampshire	N/A	Lottery operates sports betting
Illinois	Lesser of 5% track handle from preceding year or \$10,000,000 (tracks) Lesser of 5% casino GGR from preceding year or \$10,000,000 (casinos) \$10,000,000 (sports stadia) \$20,000,000 (online-only licensees)	
Michigan	\$150,000	
Montana	N/A	Lottery operates sports betting
Colorado	\$56,000	
District of Columbia	\$500,000 / \$125,000 if partnered with CBE (Sports arena (Class A)) \$100,000 / \$25,000 if partnered with CBE (Non-sports arena (Class B))	
Tennessee	\$750,000	
North Carolina	N/A	State is tribal-only
Washington	65,000 Major sports wagering vendor; \$10,000 Mid-level sports wagering vendor; and \$5,000 Ancillary sports wagering vendor	State is tribal-only
Virginia	\$250,000 plus \$50,000 "per principal" application fee	

Source: Eilers & Krejcik Gaming; WSGC

2.4 Integrity Fees

An integrity fee is assessed on a sports betting operator's handle. Generally, the fee is payable to sports governing bodies and is earmarked for integrity monitoring and other sports betting-related compliance efforts. States have reached a consensus that an integrity fee is not appropriate for their markets. Many states have proposed an integrity fee, but none have enacted one.

As with any incremental cost, integrity fees work against the profit margin of legal sportsbooks. As that margin decreases, the ability and willingness of operators to provide consumers with top-tier pricing, promotions, and product also decreases. Integrity fees may also raise difficult questions for lawmakers and regulators. By creating the integrity fee structure, policymakers inherently insert themselves in the role of de facto arbiter between sportsbook operators and sports governing bodies. This role may invite controversy, additional work, and additional cost not anticipated by policymakers. Policymakers may also be unsuited to play such a role.

The nature of integrity fees raises difficult questions regarding the licensure and oversight requirements for the sports' governing bodies who receive those fees. The need to oversee licensing and any related compliance auditing would undoubtedly place significant burdens on state gaming regulators at a time where their bandwidth and budgets are already stretched to the maximum given the introduction of new forms of gambling (e.g., online sports betting) and the general economic pressures on states.

2.5 Event Restrictions

Event restrictions are any way in which the state’s legislation or regulation makes smaller the universe of possible wagers that would otherwise be allowed. States may choose to limit the number or type of events that may be wagered upon and/or the specific wagers that are permitted.

States have not reached a firm consensus on what restrictions, if any, are appropriate. The majority of states that have legalized sports betting have chosen to restrict wagers on some collegiate events. The most popular restriction on collegiate events prohibits wagers on events taking place within the state as well as collegiate events involving at least one team from a college within the state. Aside from collegiate wagering restrictions, restrictions include restricting wagers on esports events, restricting wagers on a single athlete (“prop” wagers), and restricting wagers on “non-sport” events (e.g., the Oscars).

Event restrictions have a clear and unambiguous impact on legal sports betting markets: They reduce consumer participation. The scale of the impact is an open question. Betting on collegiate sports represents roughly a quarter of total betting demand in the U.S. market. Any significant restrictions on tier one collegiate betting will likely have a material impact on the size of a state’s legal sports betting market. Restrictions on lower-tier college sports (e.g., NCAA Division III), the minor leagues of professional sports, or high school sports are unlikely to have any material impact on the overall performance of a legal sports betting market.

Betting on esports (i.e., video game competitions) is an emerging category that is driving significant growth at international sportsbooks. Eliminating the ability of consumers to bet on esports in the U.S. is unlikely to shift the performance of a given state market by more than a point or two today. But esports represent a powerful touchpoint for millennials and the generations below millennials, and the failure of legal sportsbooks to reflect that touchpoint could have significant long-term consequences for the growth and sustainability of legal sports betting in the years ahead. Offshore sportsbooks face no external restrictions regarding what events they can accommodate. As a result, any event restrictions placed on legal sportsbooks put them at a clear disadvantage to illegal sportsbooks, a disadvantage that illegal sportsbooks can easily use as a marketing hook to attract and retain customers. We summarize state event restrictions in Appendix C.

2.6 Official League Data Requirements

Some states require a sports betting operator to use “official” data sources that are purchased directly from the sports league administering the sports event or an official reseller, to settle wagers. The vast majority of states do not mandate that sports wagers be settled using official league data. Additionally, among the states who do mandate the use of such data, it is only required to be used to settle “in-play” wagers, or wagers that are made after the start of an event.

Official data requirements create a significant incremental cost for legal sportsbook operators. As with any incremental cost, operators will seek to relieve the additional pressure on profit margins by reducing investment in pricing, product, and promotions. The requirement to use official league data creates a monopolistic dynamic that could lead to a dramatic escalation in costs versus the data costs in an open, competitive market.

Requiring the use of official league data by legal online sportsbooks will also create additional costs for state governments. Policymakers and regulators will be tasked with overseeing the commercial relationship between operators and sports leagues, a relationship that is likely to be adversarial in nature given the cost and critical nature of data. Given those stakes, disagreements and escalation are inevitable. The ultimate economic and legal exposure for states who insert themselves into the middle of a commercial transaction are yet to be determined, but what is apparent is that states do not seem to receive much, if any, offsetting value in exchange for taking on those risks.

Despite the absence of a requirement to use official data sources, this has not prevented the development of private agreements between operators and official resellers, which are widely established across regulated states. We summarize state data requirements in Appendix D.

2.7 Anti-Money Laundering

Generally, states require operators to follow a set of procedures intended to identify and prevent patrons from using sports betting to launder money or participate in other illegal activities. States generally do not prescribe specific anti-money laundering (AML) procedures in regulation (as they do for technical standards, for example, when a state requires a specific certification). Instead, they require that the operator's minimum internal control standards address the operator's procedures for preventing, identifying, and reporting suspected money laundering and other illegal activities. It is not uncommon for a state to require an operator to have a specific "key" employee (i.e., an employee who is required to pass a background check and register with the regulator) whose job description explicitly includes "reporting to the regulator immediately any suspected money laundering or other illegal activity). We summarize key state requirements in Appendix E.

2.8 Know Your Customer

Generally, states require operators to follow a set of procedures (Know Your Customer, or KYC, procedures) when creating an account for a patron that are intended to ensure that the customer is who they purport to be. Among the states that have legalized online betting, there is a consensus that items like date of birth, physical address (no P.O. boxes), and social security number (if patron is a U.S. citizen) are required to confirm a patron's identity. Additionally, many states require the patron to enter a telephone number and provide valid government identification (e.g., driver's license) information. Note: states that have retail-only sports betting usually do not address KYC, as patrons can usually wager without establishing an account.

Effective KYC is an important component of legal betting, and any market impacts must be critically weighed against the integrity function served by KYC systems. KYC is arguably the greatest point of friction in the customer journey, and even small changes in the amount of friction (e.g., having to provide the last four of a Social Security number versus the whole number) can result in far more – or far fewer – consumers completing the account creation process. A flexible regulatory structure that is built with the goal of regular review and revision of KYC requirements allows the state, commercial stakeholders, and consumers to benefit from the integration of the latest advances from the broader universe of KYC technology (e.g., financial services). We summarize key state requirements in Appendix F.

2.9 Interstate Play

Allowing interstate play creates a more favorable environment for operators and consumers, especially in regions with significant population density near state borders (e.g., the Mid-Atlantic region). Interstate play can reduce friction for consumers and can create cost savings for operators, although these benefits likely cannot be realized until the Federal government acts to explicitly permit such activity.

States may include forward-looking language that permits the Governor and/or regulator to enter into multi-jurisdictional agreements for interstate sports betting, should federal law permit it. Generally, states are not including language regarding interstate play in their legislation or regulation. We summarize policies in Appendix G.

2.10 Server Location

Some states require a sports betting operator to house the servers it uses to accept or process wagers within the state to comply with the Federal Wire Act, which prohibits trafficking sports betting wagers across state lines. Installing and maintaining servers in each individual state is a costly endeavor for sports betting operators and suppliers. The primary purpose of this requirement appears to be satisfaction of a legal construct and some level of regulatory efficiency versus any tangible benefit for the consumer. The ability to work from a central server would result in significant savings, although that ability is contingent not only on state approval, but also likely requires clarification from the federal government.

We summarize policies in Appendix H. There is no consensus among states regarding whether to mandate that sports betting servers be located within the state.

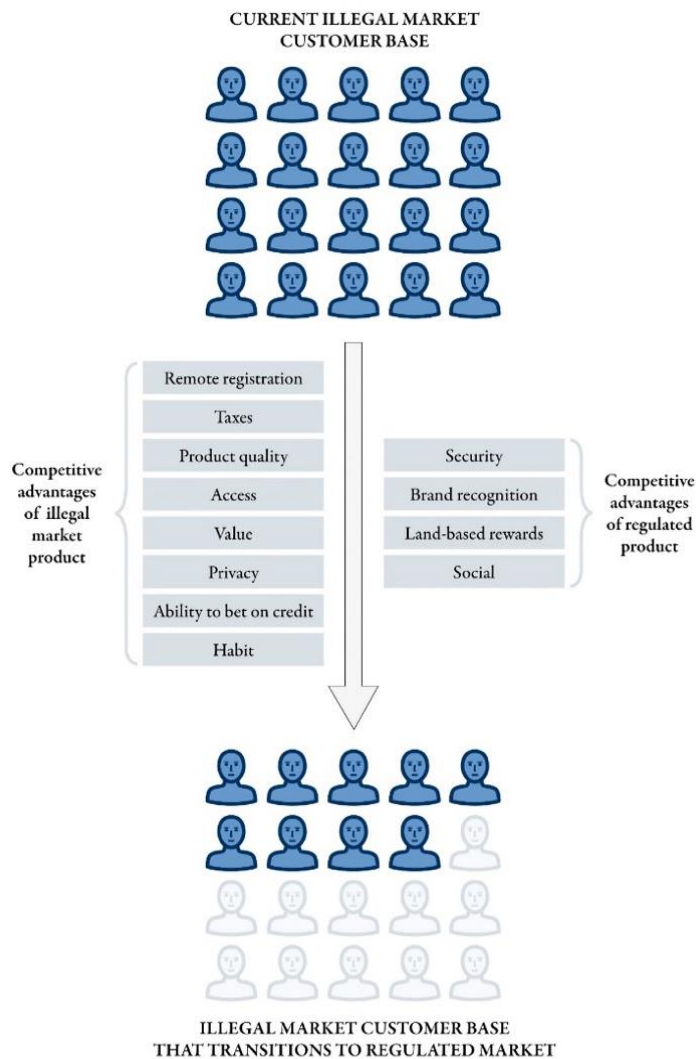


Figure 2 – The ability to recapture market share from the current base of illegal gambling is largely a function of the quality of the product that emerges. Regulated products can have advantages in security, brand recognition, retail cross-marketing, and social marketing. If policymakers and operators can provide sufficient access (remote registration and retail proximity) along with adequate product quality availability, a substantial portion of the illegal market will be recaptured.

2.11 Responsible Gaming

The connection between sports betting, iGaming, and gambling disorders (problem gambling) is complex. In a 2012 review, there were 67 publicly available problem gambling prevalence studies for U.S. states, and among those studies, 16 found a positive correlation between sports betting behavior and problem gambling.² Likewise, some academic research shows that although there may be a correlation between online gambling and problem gambling, it is unclear if this is a causal relationship. Part of the mixed-effects may relate to the

² [www.uleth.ca/dspace/bitstream/handle/10133/3068/2012-PREVALENCE-OPGRC%20\(2\).pdf?sequence=3](http://www.uleth.ca/dspace/bitstream/handle/10133/3068/2012-PREVALENCE-OPGRC%20(2).pdf?sequence=3)

availability of treatment, and the effectiveness of responsible gambling programs. Responsible gambling programs refer to policies and operational systems that are designed to help gaming consumers avoid consequences associated with gambling disorders or non-clinical level gambling problems. In general, this means ensuring that players do not spend a harmful amount of time or money gambling, a concept known as “positive play.” Responsible gambling programs are complex, but tactics generally fall into a handful of functional areas, as outlined below.

Table 11 – Summary of Responsible Gambling Program Standards

RG Check iGaming	WLA RG Framework	NCPG IRGS	AGA RG Effectiveness Principles	Consolidated Standard Areas
RG Policies		Policy	RG Plan	<i>Policies & Strategy</i>
Employee Training	Employee Program	Staff Training	Employee Training	<i>Employee Training</i>
Self-Ban		Self-Exclusion	Self-Exclusion	<i>Self-Exclusion</i>
Assisting Players who May Have Problems with Gambling	Retailer Program Treatment Referral	Assisting Players		<i>Assisting Players</i>
Informed Decision Making	Player Education	Supporting Informed Decision Making by Players	Disclosure Messaging Consumer Tools	<i>Informed Decision Making</i>
Advertising and Promotion	Advertising and Marketing Communications	Advertising and Promotion	RG Messaging in Advertisements On Property Messaging	<i>Marketing Communications</i>
Game and Site Features	Game Design Remote Gaming Channels	Game and Site Features	Policies on Alcoholic Beverage Service	<i>Product Design</i>
		Payments	Extension of Credit	<i>Accounts & Payments</i>
	Research	Research (transparency)	Support funding for research and evaluation.	<i>Research & Innovation</i>
	Stakeholder Engagement		Support funding for problem gambling treatment.	<i>Stakeholder Engagement</i>
	Reporting and Measurement	Research (evaluation)		<i>Program Evaluation</i>

Sources: Responsible Gambling Council (RG Check); World Lottery Association; National Council on Problem Gambling; American Gaming Association.

2.11.1 Player Education Programs

Informed decision-making is a core element of responsible gambling programs. Research on positive play suggests that beliefs about gambling greatly influence responsible behaviors. Players should be aware of how games work (including chance and randomness), problem gambling signs, and possible harms associated with problem gambling. Public media campaigns, in-venue advertisements, in-game messages, and on-site information are all used to deliver gambling-related information to players.

As sports betting has a skill component, some players may have an unrealistic perspective of their ability to win over the long-run. This is known as an illusion of control. Education programs around sports betting should communicate actual risks of play, and how to identify related signs of gambling problems.

2.11.2 Responding to Distressed Players

Assisting players with gambling problems is a part of most responsible gaming programs. It is typically accomplished by identifying people with gambling problems (this may be self-identification) and referring

them to help resources. Resources may include a gambling helpline, support groups, counseling, voluntary exclusion, or self-help resources. Identification may be assisted through training venue staff to detect problem gambling signs and intervening with these players. Online, the use of technology can assist in identifying players with gambling problems.

2.11.3 Managing Game Designs and Risks

Games vary in their design and structure. Speed of play, odds of winning, stakes, rule complexity, and the amount of social interaction are all believed to have an impact on potential addictiveness and harm. For example, evidence suggests faster rate games can lead to greater rates of addiction through more frequent reinforcement (i.e. operant conditioning). Some recent innovations in sports wagering are believed to be more risky than past product designs. In-play wagering, contextual betting, and mid-bet cash out options are thought to be higher- risk products than single-game wagers. However, the event frequency is not higher than typical casino games.

2.11.4 Developing Advertising and Marketing Guidelines

Gambling advertisements are often screened in well-established responsible gambling programs. Regulators and operators typically play a joint role in developing guidelines to assess marketing campaigns. These typically include avoiding vulnerable populations (e.g. youth), avoiding normalization and positive framing of gambling, and avoiding the reinforcement of myths in gambling that may distort efforts around informed- decision making.

2.11.5 Venue Design and Other Environmental Features

The environment where gambling activities take place has an impact gambling-related problems and responsible gambling. Accessibility of the venue, opening hours, cash/credit access, and alcohol service are all believed to play a role in outcomes. While retail environments will largely be similar to past gaming offerings, consideration should be given to ensure there are adequate community support resources for mobile players that may be in more remote areas.

2.11.6 Self-Exclusion Programs (Voluntary Exclusion)

Self-exclusion programs provide gamblers with an option to ban themselves from gambling venues for a predetermined or indefinite duration of time. Self-exclusion is one of the most researched responsible gambling practices, with multiple studies in different jurisdictions indicating that the introduction of self-exclusion programs led to reductions in problem gambling accompanied by improvements in well-being, control over gambling, and social and familial functioning.

2.11.7 Employee Training

Responsible gambling training programs typically focus on frontline employees who interact with customers. Training materials provide educational information on general responsible gambling principles, including concepts related to chance and randomness, information about problem gambling resources, and train employees on facilitating help-seeking behaviors in people with gambling problems. Programs typically include regular refresher training, addressing role conflicts with other business goals, and are tailored to employees with different levels of responsible gambling experience.

2.11.8 Program Evaluation Measures

Decisions around responsible gambling policies and programs should be based on effectiveness and measurable outcomes. Leading regulators and operators typically have a research and evaluation framework that assesses performance over time and makes recommendations for improvement. A noteworthy tool is the Positive Play Scale – an instrument designed to measure responsible gambling behaviors.³ The tool was tested by other leading operators, and could be used to establish a responsible gambling profile of the typical customer.

³ Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5322204/>

2.11.9 Funding for Advocacy and Treatment

The National Council on Problem Gambling, a nationwide advocacy group for gamblers, with state affiliates across the country, including the Washington Council on Compulsive Gambling, believes the expansion of legalized sports gambling in the United States will increase gaming participation and gambling problems. As part of their overall framework for recent gaming expansion activity, the National Council for Problem Gambling recommends that policymakers earmark 1% of gross gaming revenue for harm reduction.

3 Washington Sports Betting Survey

3.1 Background & Objectives:

Surveys of Washington residents were conducted over a three month period from June to August 2021. The overall method was mail-push-to-web using a random sample of addresses for residents of Washington State. The study included two survey versions.

Version 1 – Full version with longer questionnaire to be completed on the web only. The total procedure included three contact attempts.

Version 2 – Shorter version with fewer number of questions to be completed on the web and followed up by a paper version. The total procedure included three contact attempts.

The purpose of the surveys was to obtain a baseline understanding of current sports betting behavior by Washington State residents and an understanding of intentions around future behavior. Although every effort was made to obtain a representative sample of Washingtonians, it should be noted that ongoing trends in individuals willingness to respond to public surveys inevitably lead to biases in respondents to general population surveys. Accordingly, readers should maintain a reasonable amount of skepticism when interpreting results.

Table 12 – Survey Contact Information

	Full Survey	Short Survey
Mail-out size	3,500	10,000
First contact: Invitation letter with URL and access code	Included \$2 pre-incentive 06/25/2021	Included \$1 pre-incentive 06/16/2021
Reminder postcard	07/07/2021	06/28/2021
Paper questionnaire with business reply envelope	n/a	07/08/2021
Final reminder letter	07/19/2021	07/30/2021 included modified language for a drawing to win one of 10 Tango cards at \$20 each.

Household addresses in Washington State were randomly sampled to the target mail-out sizes and were asked to complete a web survey using a provided link and unique identification number. The online version of the survey was programmed in Qualtrics. Short survey recipients also had the opportunity to return a paper version of the survey instead of completing the survey online.

In total, 3,500 households received the full survey while another 10,000 households received the short survey. To encourage responses \$2 in cash was included with the full survey and \$1 in cash was included with the short survey. In addition, a \$200 drawing was later added to short survey follow up responses to incentivize completion.

Responses to all surveys were pooled across identical questions, and redundant paper survey responses (i.e. households that provided paper and web responses) were removed. Across all surveys, we received 1,023 responses from unique households for a completion rate of 7.6%.⁴ This rate is below the expected value

⁴ The response rate is the ratio of completed and partially completed surveys to the total eligible within the sample. This formula is considered the industry standard for calculating response rates and complies with the American Association for Public Opinion Research (AAPOR) standard definition of response rate.

provided by the market research center that solicited and led the recruitment, and may relate to the unique gambling-related content.

A sample of 1,023 respondents is roughly equal to a +/- 3% margin of error for the adult population of Washington. Note that many responses are for sub-populations to this group, and also may not have calculatable inferential statistics due to respondents ability to not respond to questions or parts of questions.

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

3.2 Sports Engagement

To understand the scope of the sports betting market, it is first important to have context of the degree to which Washington residents are engaged in sports as fans. Accordingly, we asked our respondents to what extent they view themselves as sports fans. We observed that roughly 59% of residents viewed themselves as sports fans (somewhat agree or strongly agree), while only 28% did not view themselves as sports fans (somewhat disagree or strongly disagree).

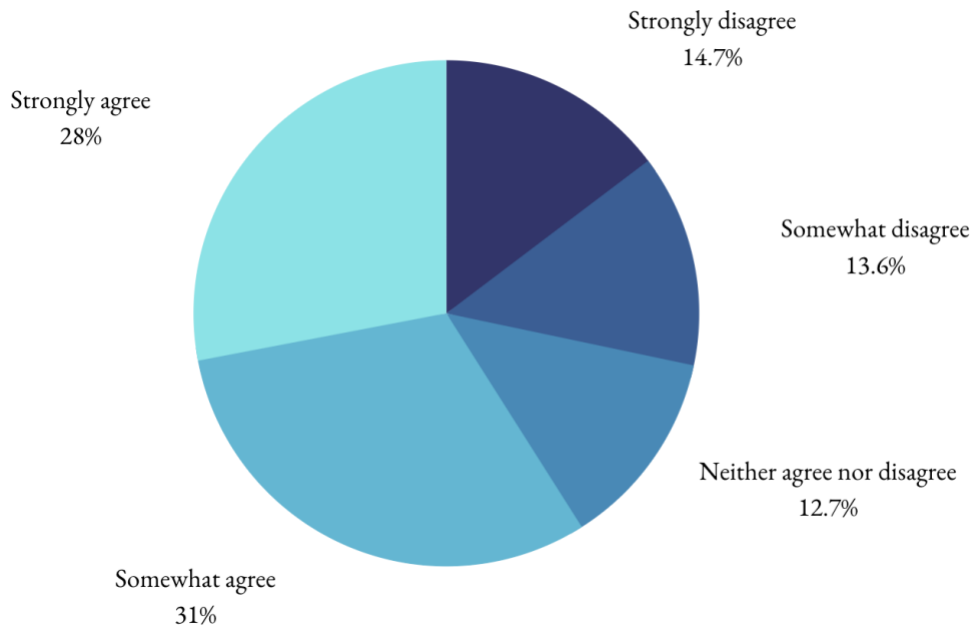


Figure 3 - "I consider myself a sports fan." (Count out of 1,021 respondents)

When examining the in-state sports teams that were followed by residents, unsurprisingly the Seahawks, followed by the Mariners, were the most popular. More importantly to the regulation of sports betting, roughly one quarter of respondents mentioned that they regularly followed collegiate teams from University of Washington and WSU.

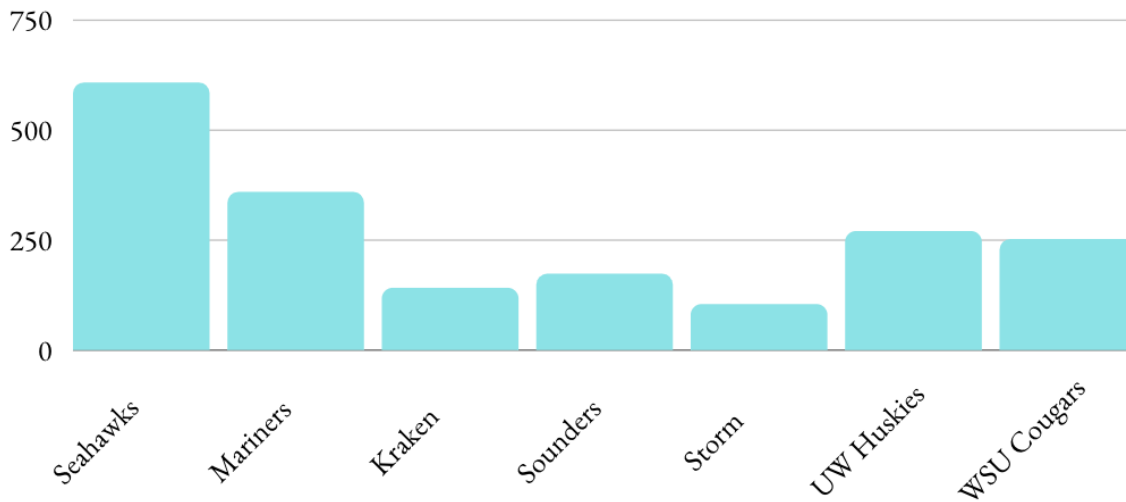


Figure 4 – “Which of the following teams do you follow regularly?”

(Count out of 1,024 respondents). Seahawks (607); Mariners (358); Kraken (140); Sounders (172); Storm (103); UW Huskies (269); WSU Cougars (251).

3.3 Sports Betting Prevalence

Respondents were asked about the current sports betting behavior to understand the extent to which Washington residents already engage in wagering across other channels such as with out of state operators, off-shore providers, bookies, or private transactions. Roughly 45% of the sample engaged in some sports betting over the past year, but fewer than five percent were regular (once a month or more) bettors.

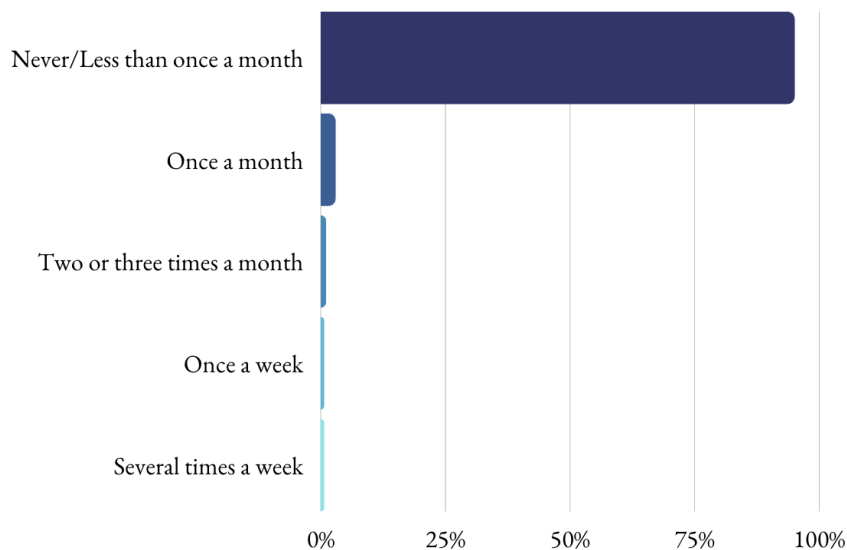


Figure 5 – “In the past 12 months, how often have you placed sports bets?”

(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%).

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. However, a meaningful number reported wagers with bookies (private individuals taking bets) or on internet websites. Note that individuals may have placed wagers through legal channels when out of state.

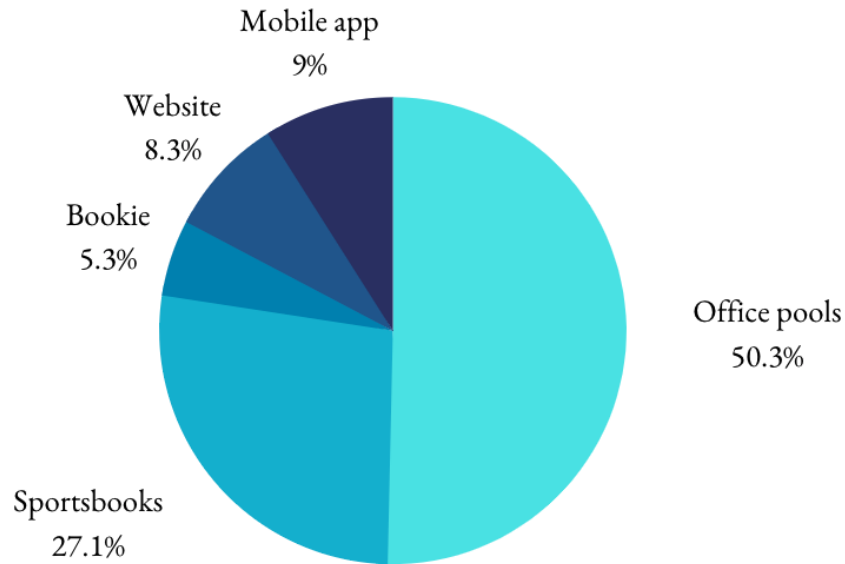


Figure 6 – “Where did you place sportsbets (select all that apply)” (Percentage out of 98 respondents)

Cash is dominant form of payment for wagering and the use of credit was rare. Out of the 96 individuals that reported a payment mechanism, 82 reported using cash, 19 reported using ACH or a debit card, 3 reported a credit card, 1 reported using cryptocurrency, and no one reported bookie credit.

3.4 Future Sports Betting

Intention is closely tied to actual behavior. Accordingly, we asked individuals about their future intention to bet on sports, if it became legally available in-state. Although the majority of respondents appear unlikely to bet on sports, a large group intend to bet. Roughly 13.5% of respondents noted they would be somewhat or extremely likely to consider betting on sports if it became legal in-state.



Figure 7 – 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.

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.

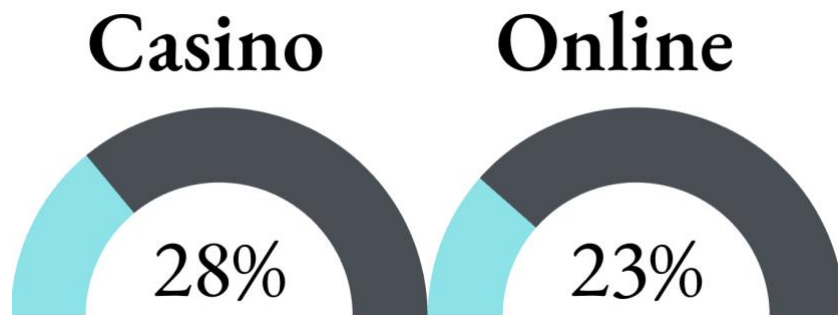


Figure 8 – “On a scale from 0% to 100%, with 0% means ‘no change’ and 100% means ‘move everything,’ if sports betting was legally available in Washington State, how much of your sports betting activity would move to the legal, state-regulated [casino or Mobile App or Internet Websites]?” (Percentage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

3.5 Sentiment on Gambling Policy

Strong majorities endorse legal gambling in our sample. Respondents were asked whether gambling for real money was “acceptable”, and only 12% reported that it was not. Many had a personal preference against gambling.

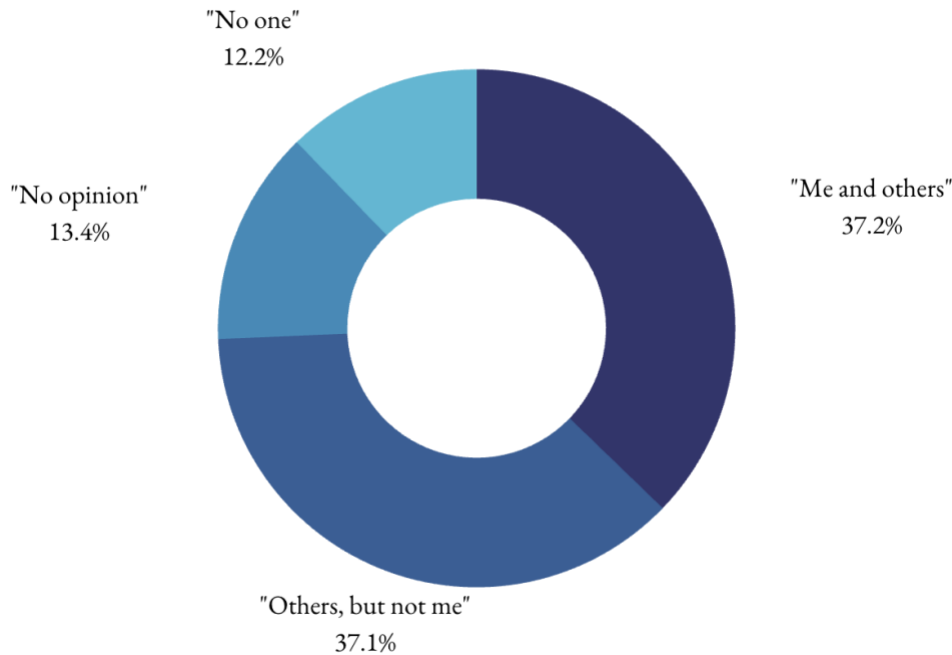


Figure 9 – “Do you feel that gambling is acceptable for [group]?” (Percentage out of 1,013 respondents)

When asked directly, Washington residents are less positive towards legalized expansion of sports betting. Respondents were asked whether they feel that Washington State should offer legalized sports betting. Only 31% of the sample agreed with that statement (strongly agree or somewhat agree) while 39% disagreed (strongly disagree or somewhat disagree).

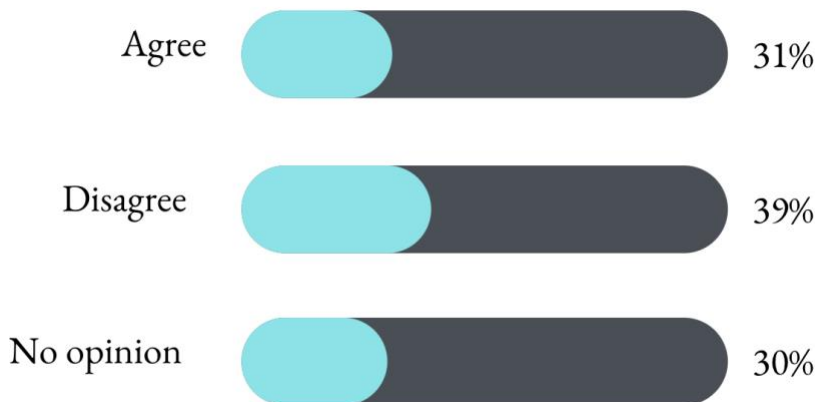


Figure 10 – “I feel that Washington State should offer legalized sports betting” Agree (Strongly or Somewhat); Disagree (Strongly or Somewhat); No opinion (Neither agree nor disagree). (Percentage out of 1,008 respondents)

The support for expansion findings may relate to a lack of understanding of the policies. We asked respondents whether they felt that Washington was headed in the right direction on gambling policy (“Regarding gambling policy, I feel that Washington State is headed in the right direction”) – although 14% agreed and 18% disagreed, the remaining 68% had no opinion, suggesting it may not be an issue that residents are closely monitoring.

When given more specific examples, residents' views appear to shift. For instance, we stated, "Washington State currently has a policy for in-person casino gambling at Tribal casino locations," and then asked respondents to rate the extent to which they agreed or disagreed with the following statement: "It is appropriate for Washington State to allow sports betting at Tribal casino locations." Residents were more supportive of this specific model.



Figure 11 – “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)

4 Market Study

This section of the report describes our forecast of the potential size of the various gaming markets at maturity. Our forecasts are provided in current year dollars, but reflect a period roughly four to five years in the future, where operators have established necessary infrastructure to operate at scale, and consumers are generally aware of product availability in the marketplace.

Our projections consider three scenarios:⁵

- i. Retail sports betting (land-based betting windows, kiosks, and on-site mobile) at tribal casinos with no online betting. This scenario reflects the current market conditions.
- ii. Retail sports betting at tribal casinos. Online betting licenses for tribal operators that require in-person registration at casinos but allow wagering statewide once registered.
- iii. Retail sports betting at tribal casino. Online betting licenses for tribal operators that allow remote registration and wagering statewide once registered.

4.1 Approach

4.1.1 Comparable market spend methodology

Values appearing in this section are projections of retail and online sports betting revenue expected in Washington, based on the three scenarios described above. The forecast model is built using adjusted comparisons from several regulated markets, on a spend per legal aged adult basis. The model adjusts spend per legal-aged adult figures from those markets.

A simple example of this model methodology would be to adjust New Jersey gross gaming revenue values for adult population size only. For instance, if the trailing twelve month (TTM) retail revenue for New Jersey was \$40 million, New Jersey's adult population was 6.6 million, and Washington's adult population was 5.7 million, this method would forecast Washington's retail revenue as: $\$40m \times (5.7m)/(6.6m) = \$34.5m$. A similar approach is applied using many markets and many adjustment variables.

Across our models, we consider and adjust comparable spending figures from the United Kingdom, Australia, Denmark, and every U.S. state with legal wagering. We also consider a range of geographic variables (e.g. casino proximity), demographic variables (e.g. population size, age, gender), economic variables (e.g. personal income levels, tax rates, exchange rates), and other relevant variables (e.g. internet access and sports engagement) with suitable proxies.

4.1.2 Tax rate and license restriction impacts

Aside from legalization decisions altogether, tax rates and license restrictions are the two most important policy decisions that impact market size. Accordingly, the model adjusts the market size higher for assumptions of lower tax rates and more widespread license availability, and lower for opposite policy decisions. Washington has effectively a zero tax rate, but we must make adjustments to values from other jurisdictions because of their rates.⁶

Since these tax rate and license restriction variables interact, they are modeled simultaneously and are based on our subjective assessment of performance in other markets. We reviewed case studies of tax or license policy changes in other jurisdictions, as well as external research on the topic. In terms of license restrictions, moving from a monopoly to a more open market should have a positive but declining effect on gross gaming revenue. We determined that channelization (a reduction in supply) will increasingly occur for tax rates beyond 15-20%, and therefore we project the market size would significantly decrease beyond that point. Past

⁵ These scenarios may not represent the full set of potential outcomes and may not be the most likely outcomes.

⁶ Although there are some payment terms in Washington compact agreements, these are relatively small compared to comparable jurisdictions and we therefore treat them as nil.

a rate of 30%, there is little reliable data about online market size, but experience from retail gaming is directionally useful to demonstrate that at rates up to 50-60%, there may only be enough potential income to support a small number of operators. Although this does not affect Washington directly, it does impact how we must interpret the comparable market values.

4.1.3 Geographic constraints

In considering the the share of market demand that Washington tribal casinos will capture, it is important to understand the role of location in access convenience. Many individuals will not place wagers or sign-up for remote wagering, if the locations to do so are far from home. As part of this forecast modeling exercise, we computed the mean travel trime from every zip code in Washington to every tribal casino. These values are then imputed into a gravity model that allocates demand as a function of distance. Although Washington is a large state with only a few dozen locations, as shown in the Figure below, the locations are generally near major population centers. On average, Washingtonians live only 3.2 miles from their nearest tribal venue.

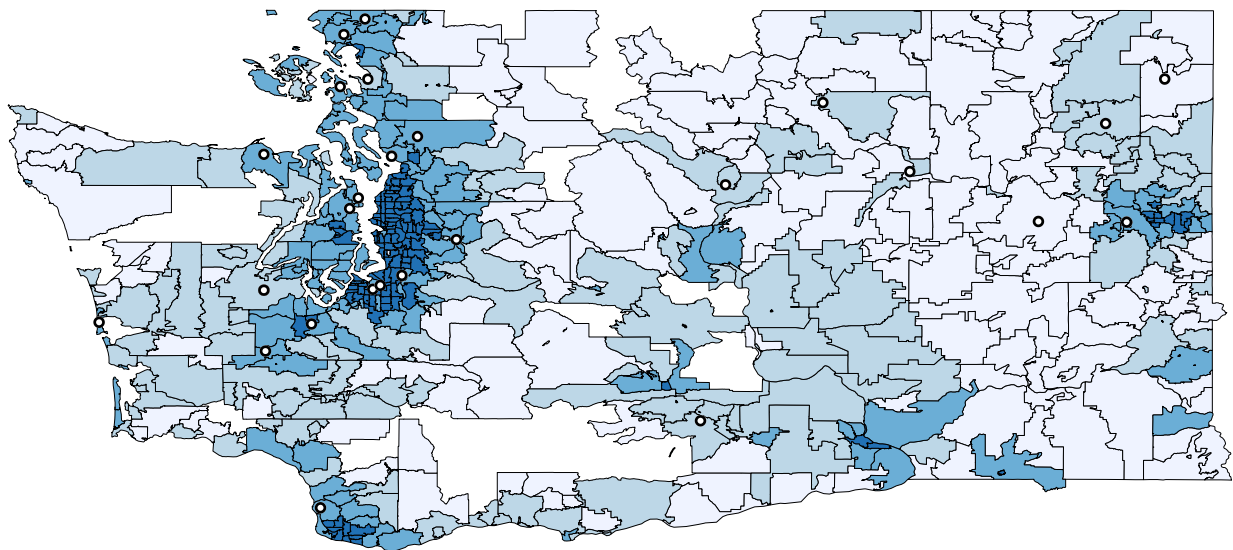


Figure 12 – Population density map of adults aged 21 or older with locations of tribal casinos. White dots denote casino locations while higher population density is denoted by darked shades of blue. Source: US Census; WSGC Tribal Gaming Casino Locations.

4.2 Covid-19 Impacts

The Covid-19 pandemic led to a meaningful shift in the availability of sports on which to wager and the medium by which individuals in comparison markets could or did make their wagers. Macro trends were already shifting to wagering behavior on online channels, but assessing how to adjust our forecast data was a more complex process when interpreting past data. Many industry experts believe that Covid-19 simply accelerated existing trends but its unclear how much demand has permanently shifted preferences. Accordingly, we subjectively considered each market on the basis of changes in behavior and data availability.

4.3 Market models

We present our market forecasts for the three scenarios in Table 14. These values represent our forecasts at “market maturity” – a point in time where all infrastructure is adequately developed and consumers are adequately aware of the product – in 2021 dollars.

Table 14 – Market Maturity Model (Millions of 2021 USD per year)

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

5 Macroeconomic Analyses

5.1 Introduction

This section of the report expands on the market study in the previous section, providing a wider view of how sportsbetting will impact the Washington economy. As part of this analysis, we examine how expansion of sportsbetting may impact key economic indicators, including jobs, wages, economic output, and contributions to gross state product (GSP or value-added).⁷

Our analysis is based on the development of an economic impact methodology that accounts for Washington’s unique economic structure, as well as a review of relevant gaming and tourism studies. We provide a general background on economic literature, to assist the reader in interpreting the scale of impacts.

In all analyses, we have an ordered preference for data sources. We first attempt to inform our analyses using government and/or private sector data. Where relevant figures are not available, we then pursue information (in order) from academic sources, non-governmental organizations (NGOs), and then expert judgment of the research team.

In the next subsections, we provide an overview of the methodology and outline research relevant to the present study. Findings from the literature review helped shape the approach to calculating economic impacts, and should help the reader interpret the figures. Next, we provide our estimates of the direct, indirect, and induced impacts from sports wagering expansion, accounting for potential scenarios.

5.2 Economic Impacts

5.2.1 What is an Economic Impact?

Economic impact is a measure of the value associated with a business, a sector of the economy, a specific project (such as building construction), or a change in government policy. Economic impact can be measured in many various ways. Two of the most popular ways to assess economic impact are in terms of the dollar value of output produced or in terms of person years (also known as full-time equivalents - FTEs) of employment generated.

Economic impact figures often attempt to assess the gross level of activity or expenditure. As such, those are not “net” measures that weigh benefits against costs, but nevertheless these measures can be useful in developing an appreciation of businesses, projects, investments and economic sectors. In our modeling procedures, we do account for shifts in consumption that are clearer to define, namely, any shifts in consumption from other household goods/services to sportsbetting. We therefore attempt to provide a net impact as compared to the status quo.

In this report, we measure the economic impact of sports wagering and online gaming expansion in a number of ways:

- Economic Output
- Value-added or GSP
- Full-Time Equivalent Employment (FTE)
- Employee Compensation (Personal Income)

As part of our calculations, we use economic impact modeling software, IMPLAN. IMPLAN is discussed at several points in this section. We include economic activity of the gaming impacts through three layers of effects: direct, indirect and induced economic impacts.

- ***Direct economic impact*** is employment or economic output that can be attributed to the operation and management of the gaming platform within the operator’s business. This includes all economic impacts

⁷ GSP is the market value of the goods and services produced in a state. It is the state equivalent to the national gross domestic product (GDP) measure.

of jobs directly at the operator, but also includes spillover needs from professional staff, management, marketing, and other workers required to operate the platform.⁸

- **Indirect economic impact** is employment, value-added or economic output created in industries that supply goods and services to the operator. For example, this may be a local IT company that installs software, or an instate office supplies store, that furnishes back of the house spaces.
- **Induced economic impact** is employment, value-added or economic output generated because of expenditures by individuals employed directly or indirectly by the operators. For example, employees hired at the operator would have downstream impacts by consuming services like a meal at a Washington restaurant.
- **Total economic impact** is the sum of direct, indirect and induced effects. The multiplier (indirect and induced) economic impacts represent the maximum potential stimulus to the economy resulting from activity at gaming-related businesses.

5.3 Catalytic Impacts

In general, total economic impacts are referred to as the sum of direct, indirect, and induced effects. However, some sectors/industries are also capable of producing *catalytic* impacts. These are cases of economic growth that are enabled by another sector/industry/firm. Aviation is often referred to as a source of catalytic impacts, as it allows imports/exports to occur in cases where such trade my otherwise not be possible (e.g. air cargo transport of perishable goods).⁹

In Washington, expansion of sports betting could be seen as facilitating catalytic economic impacts occurring in the region. For example, if sports betting attracts new gaming entrepreneurs to the state, the industry may benefit from development of a new set of businesses. Hypothetically, without the introduction of wagering, there would be no opportunity for those entrepreneurs to consider expansion in the state.

With a typical conservative economic impact methodology, those types of potential catalytic impacts are not measured. While we considered inclusion of estimates, those figures would require significant assumptions around innovation and/or consumer behavior, that significantly increase the margin of error on our projections. That said, we comfortable asserting that adopting a more business-friendly set of policies will typically have a net positive impact on surrounding businesses, and note that our figures and approach represent a conservative approach. There are reasonable theoretical reasons to think that there will be more impacts to the Washington economy than those specifically measured in this study.

5.3.1 Evidence of Impacts on Existing Gaming Businesses

A commonly occurring public policy question is whether new gaming revenue will cannibalize other businesses in the area – in particular, other gaming businesses. This question notably emerges when mobile/online products are considered. In general, that topic has received study in academic research and has pointed to a non-negative impact.

⁸ It is likely that there would be limited ongoing employment within the borders of Washington by digital platform and mobile gaming operations. Most of the key services from digital/mobile gambling companies (e.g. customer support, development, marketing, etc.) can be provided by firms located outside the state. To compel the development of employment, some jurisdictions have required in their legislation that certain digital/mobile gaming jobs be located domestically. For example, New Jersey legislation requires: “All employees of an Internet gaming operator who perform activities such as Internet casino accounting, patron identification and verification, problem gaming detection, anti-money laundering detection, fraud prevention or other similar functions requiring access to confidential patron account or gaming system information shall be physically present in New Jersey.” Given that sports books will be co-located with casino operations, similar requirements may be feasible.

⁹ Tretheway, M. (2010) Economic Impacts of Aviation: Catalytic Impacts. ACED Conference. Available at: http://www.intervistas.com/downloads/presentations/Economic_Impacts_of_Aviation_Catalytic_Impacts_MTR_20Sep2010.pdf

One of the important questions in assessing whether economic impact figures can be trusted for policymaking is whether there is a negative impact occurring elsewhere in the economy. As noted above, gaming economics literature suggests that aggregate effects will be positive or nil (not cannibalistic). While we expect this is that case for total impacts, we have made assumptions around changes in household discretionary spending by Washington residents in particular. We assume that revenue from residents is diverted from other spending, based on their existing spending patterns and scenarios based analyses.¹⁰ This is a conservative approach to economic impact modeling, as some spending may be incremental through a reduction in savings or substitution of out-of-state consumption.

5.4 Economic Multipliers

Economic multipliers are a critical component of economic impact studies. Though we are able to directly estimate some economic impacts, measurement of indirect and induced economic activity is difficult. While it might be possible to conduct a survey of upstream (indirect) and downstream (induced) firms, the survey would need to reach thousands of businesses and account for many different decisions by consumers and firms. In fact, for induced employment, the entire regional economy would need to be measured in some way. In addition to the time and financial resources needed to conduct such surveys, the quality of responses relative to actual impacts would be poor.

As an alternative to costly and inaccurate surveys, indirect and induced effects are typically measured by the use of economic multipliers. Multipliers are derived from economic, statistical, and accounting models of the general economy. They come in a variety of forms and differ greatly in definition and application. The use of multiplier analysis is limited by a number of factors, including:

- The accuracy of the structure and parameters of the underlying model, such as the economic accounts data;
- The application of multipliers to industries “grouped together”, e.g. consider whether indirect gaming impacts are similar to other tourism industries;
- The level of unemployment in the economy;¹¹
- The assumption of constant returns to scale in production;
- The assumption that the economy's structure is static over time; and
- The assumption that there are no displacement effects.

Further details about the multipliers used as part of this study are provided below.

5.5 Final Methodological Notes

Economic impacts are derived from scenarios described in our market forecasts. We note that these projections are sensitive to the assumptions of those forecasts. In addition, the figures are sensitive to the assumptions of the economic impact modeling software, IMPLAN, which is an economic model built primarily with U.S. government data and economic theory.¹² We rely on standardized economic impact methodologies where feasible, and conservative assumptions around multipliers where standard approaches are not possible.

5.6 Estimated Impacts

In Table 15, Table 16, and Table 17, we summarize the estimated annual economic impacts associated with expansion in Washington. We note that figures in this section are provided in 2021 dollar values, but reflect the potential market size at maturity (roughly five years after launch).

¹⁰ See IMPLAN Social Accounts Reports for spending details.

¹¹ Multiplier impacts must be interpreted with caution since they may be misleading when the economy experiences high employment and output near industry capacity.

¹² More information on the underlying methodologies of IMPLAN are available at: <https://implanhelp.zendesk.com/hc/en-us/categories/115001507908-Knowledge-Base>

Table 15 – 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

Table 16 – 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

Table 17 – 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

5.7 Detailed Notes on the Final Economic Impact Model

5.7.1 Direct Effects

Direct output estimates are based on analysis from prior sections of this report. The following steps were taken to produce the direct figures for FTE, earnings, and value added:

- (1) A statewide impact model was built using the IMPLAN economic modeling system. The study region was ‘Washington’, using the most recent economic data.
- (2) Direct earnings and FTE projections generated by IMPLAN were used.
- (3) Impacts forecast to come from other Washington resident spending are simultaneously modeled as potential substitutionary behavior. This enables the IMPLAN system to account for reduction in spending on other goods and services due to increased spending on sports. Note that this is a conservative methodological decision, as many economic impact studies will often ignore substitutionary effects elsewhere in the economy.
- (4) Sectoring in IMPLAN is based on the North American Industry Classification System (NAICS), and each sector has a different spending pattern based on data from the Bureau of Economic Analysis. We used

NAICS code 432 (“Internet publishing and broadcasting and web search portals”) to model online based wagers, while using conventional multipliers for retail gaming. These are similar sector choices as were used in the prior sports wagering impact studies, and have been used by recent gaming economic impact models using IMPLAN.¹³

- (5) Net effects were calculated that accounted for reductions in spending elsewhere in the economy. As part of that exercise, we considered impacts of the following:
- a. Unregulated market recapture
 - b. Diverted out of state wagering
 - c. Diverted out of state spending
 - d. Spending from out of state residents
 - e. Incremental non-gaming spend (reduced savings and/or future income)
 - f. Reduction of other spending

5.7.2 Multipliers

Typically, multipliers used in economic impact methodologies are derived from general equilibrium analysis of the local economy using Input-Output (I-O) analysis. While such methods are not without limitation (such as a static interpretation of industries relative effects on one another), I-O analysis provides a robust and elegant solution to estimating secondary impacts. As part of this study’s due diligence, the study team reviewed economic models/multipliers from multiple organizations. Most I-O or general equilibrium models of the U.S. economy are fundamentally based off of similar data collected by the Bureau of Economic Analysis, the Bureau of Labor Statistics, and other government agencies.

We chose IMPLAN based on its reputation, longevity, transparent methodology, and widespread use for gambling-related studies. Indirect and induced multipliers are modeled as given by IMPLAN’s methodology. IMPLAN provides several methodological notes as part of its multiplier descriptions, which may be of interest to some readers:¹⁴

- **Constant Returns to Scale:** This means that the same quantity of inputs is needed per unit of output, regardless of the level of production. In other words, if output increases by 10%, input requirements will also increase by 10%.
- **No Supply Constraints:** I-O assumes there are no restrictions to raw materials and employment and assumes there is enough to produce an unlimited amount of product. It is up to the user to decide whether this is a reasonable assumption for their study area and analysis, especially when dealing with large-scale impacts.
- **Fixed Input Structure:** This structure assumes that changes in the economy will affect the industry’s output level but not the mix of commodities and services it requires to produce that output. In other words, there is no input substitution in response to a change in output.
- **Industry Technology Assumption:** An industry will always produce the same mix of commodities regardless of the level of production. In other words, an industry will not increase the output of one product without proportionately increasing the output of all its other products. Industry by-product coefficients are constant.
- **Commodity Technology Assumption:** The commodity technology assumption comes into play when data are collected on an industry-by-commodity basis and then converted to industry-by-industry matrices. It assumes that an industry uses the same technology to produce each of its products. In other

¹³ E.g. Economic Impact of New Jersey Online Gaming: Lessons Learned by Nathan Associates Inc. and Victor-Strategies.

¹⁴ Source: Key Assumptions of IMPLAN & Input/Output Analysis

words, an industry's production function is a weighted average of the inputs required for the production of the primary product and each of the by-products, weighted by the output of each of the products.

- ***The Model is Static.*** No price changes are built in. The underlying data and relationships are not affected by impact runs. The relationships for a given year do not change unless another data year is purchased.

5.7.3 Other Methodological Notes

The project team made many considerations that do not directly appear in the economic analysis methodology. These cover several areas that may be of interest:

- Historical growth and gaming/tourism performance were examined. The review captured the fundamental changes that could not have been predicted prior to their occurrence. This informs the understanding of potential magnitudes of impacts that future changes could be expected to absorb.
- We closely monitored public policy debates at a federal and state level to understand potential outcome scenarios, however we note that there is a high degree of uncertainty with these scenarios.
- We recognised that the present population demographics of Washington and its visitors may not reflect the future state, we assume no remarkable changes over a five-year period.
- The gaming industry is highly sensitive to broader changes in the general economy. These forecasts assume a relatively stable period of economic growth. Economic growth within industries tends to occur in cycles, which may include declines or prolonged periods of reduced growth rates. Attempts to predict when cycles will occur have historically been unreliable and any effort to do so would be highly subjective and less useful (in terms of overall accuracy) than analysis that attempts to understand fundamental or structural reasons for decision making
- The project assumes linearity in the secondary impacts of direct activity. Economies of scale in production or “trigger points” that require proportionally more capital/support services were not modeled, aside from a ramp-up period across the early years of operation.

Appendix A – Other State Market Figures

Other States with Sports Betting

State	Year Legal	TTM Revenue	Tax Rate	Operator License Fee	Eligible Licensees	Number of Active Operators
Arkansas	2018	\$3,707,620	13% or 20%	≤ \$250,000 (initial fee) \$10,000 (10-year renewal fee)	Casinos	3
Colorado	2019	\$58,689,340	10%	\$56,000 (initial fee) TBD (2-year renewal fee)	Casinos	30
DC	2019	\$10,839,548	N/A (lottery-run) 10% (commercial)	\$25,000-\$500,000 (initial fee) \$50,000-\$250,000 (5-year renewal fee)	Private entities (e.g., sports stadia, bars)	2
Illinois	2019	\$72,067,389	15%	Lesser of 5% track handle from preceding year or \$10,000,000 (initial fee – tracks) Lesser of 5% casino GGR from preceding year or \$10,000,000 (initial fee – casinos) \$10,000,000 (initial fee – sports stadia) \$20,000,000 (initial fee – online-only licensees) \$1,000,000 (4-year renewal fee – all license types shown above)	Casinos, racetracks, sports stadia, online-only operators	13
Indiana	2019	\$127,550,567	9.50%	\$100,000 (initial fee) \$50k (annual administrative fee)	Casinos	21
Iowa	2019	\$36,978,505	7.50%	\$45,000 (initial fee) \$10,000 (1-year renewal fee)	Casinos	27
Louisiana	2020	N/A (market not yet open)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (market not yet open)
Maryland	2020	N/A (market not yet open)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (market not yet open)
Michigan	2019	\$16,393,618	8.4% (tribal-commercial) 9.65% (commercial)	\$150,000 (initial fee) \$50,000 (1-year renewal fee)	Casinos	11
Mississippi	2017	\$39,457,907	12%	\$5,000 (initial fee) \$5,000 (1-year renewal fee)	Casinos	27
Montana	2019	\$930,355	N/A (lottery-run)	N/A (lottery-run)	N/A (lottery-run)	1
New Hampshire	2019	\$19,144,719	N/A (lottery-run)^	N/A (lottery-run)	N/A (lottery-run)	2

New Mexico*	2015	N/A (GGR not reported)	N/A (tribally-operated)	N/A (tribally-operated)	N/A (tribally-operated)	6
New York	2013	\$7,978,993	10%	N/A (no specific sports betting licensure fees)	Casinos	7
North Carolina	2019	N/A (market not yet open)	N/A (tribally-operated)	N/A (tribally-operated)	N/A (tribally-operated)	N/A (market not yet open)
Oregon**		\$15,609,212	N/A (lottery-run)	N/A (lottery-run)	N/A (lottery-run)	1
Rhode Island	2018	\$24,106,142	N/A (lottery-run)^	N/A (lottery-run)	N/A (lottery-run)	1
South Dakota	2020	N/A (market not yet open)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (TBD in enabling legislation)	N/A (market not yet open)
Tennessee	2019	\$13,224,908	20%	\$750,000 (initial fee) \$750,000 (1-year renewal fee)	No restrictions	4
Virginia	2020	N/A (market not yet open)	15%	\$250,000 + \$50,000 per principal (initial fee – online-only licenses) \$200,000 (3-year renewal fee)	Casinos, online-only operators	N/A (market not yet open)
Washington	2020	N/A (market not yet open)	N/A (tribally-operated)	N/A (tribally-operated)	N/A (tribally-operated)	N/A (market not yet open)

Source: State legislatures and regulatory bodies / Independent research

Notes: * In NM, sports betting is conducted pursuant to the state's 2015 tribal-state gaming compact; ** In OR, sports betting is conducted pursuant to the state's lottery laws; ^New Hampshire Lottery operates sports betting. It has a revenue sharing agreement with its product provider in which the Lottery receives 50% of retail GGR and 51% of online GGR; ^^Rhode Island Lottery operates sports betting. It has a revenue sharing agreement with its product provider in which the Lottery receives 51% GGR.

Other states with online betting

State	Year Legal	TTM Revenue	Tax Rate	Operator License Fee	Eligible Licensees	Number of Active Operators
Michigan	2019	N/A	20% GGR (GGR < \$4,000,000); 22% GGR (GGR between \$4,000,000 and \$8,000,000) 24% GGR (GGR between \$8,000,000 and \$10,000,000) 26% GGR (GGR between \$10,000,000 and \$12,000,000) 28% GGR (GGR > \$12,000,000)	\$150,000 (initial fee) \$50,000 (1-year renewal)	Casinos and gaming tribes	N/A (market opened in January 2021)

Appendix B – Statute Definitions of Sports Betting

State	Sports Betting Definition	Notes
Nevada	“Sports pool” means a business that accepts wagers on sporting events or other events, other than horse or other animal races. The term includes, but is not limited to, a business that accepts sports parlay card wagers as defined in Regulation 22.090. The term “other events” includes, but is not limited to, virtual events which are not prohibited by Regulation 22.120.	
Delaware	“Sports lottery” means a lottery in which the winners are determined based on the outcome of any professional or collegiate sport or sporting event, including racing, held within or without the State, but excluding collegiate sporting events that involve a Delaware college or university and amateur or professional sporting events that involve a Delaware team.	
New Jersey	"Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering.	
Mississippi	“Sports pool” means the business of accepting wagers on collegiate or professional sporting events or athletic events or other similar events.	
West Virginia	"Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering by the casino licensee or its sports pool intermediary on site at the casino or other authorized areas approved for the casino to accept wagers.	
New Mexico	N/A	State is tribal-only, with no enabling legislation
Pennsylvania	"Sports wagering" is defined as the business of accepting wagers on sporting events or on the individual performance statistics of athletes in a sporting event or combination of sporting events by any system or method of wagering, including over the internet through web sites and mobile applications when authorized by the regulator. The term includes exchange wagering, parlays, over-under, moneyline, pools and straight bets.	
Rhode Island	“Sports Wagering” means the business of accepting wagers on sporting events or a combination of sporting events, or on the individual performance statistics of athletes in a sporting event or a combination of sporting events, by any system or method of wagering. The term includes, but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets; and the term includes the placement of such bets and wagers.	
Arkansas	“Sports pool” means a business that accepts wagers on sporting events or other events, other than horse or other animal races.	
New York	Sports pools are not defined, but a "wager" is defined as a transaction placed by a patron on an authorized sporting event or events or an occurrence or occurrences therein.	
Iowa	“Sports wagering” means the acceptance of wagers on an authorized sporting event by any system of wagering as authorized by the regulator. “Sports wagering” does not include placing a wager on the performance or nonperformance of any individual athlete participating in a single game or match of a collegiate sporting event in which a collegiate team from this state is a participant, or placing a wager on the performance of athletes in an individual international sporting event governed by the international Olympic committee in	

	which any participant in the international sporting event is under 18 years of age.	
Oregon	N/A	State is lottery-only, with no enabling legislation
Indiana	“Sports wagering operation” means the business of accepting wagers at a licensed facility, online, or by mobile device.	
New Hampshire	"Sports wagering" means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sports event, or combination of sports events, by any system or method of wagering, including but not limited to, in-person communication and electronic communication through Internet websites accessed via a mobile device or computer and mobile device applications. The term sports wagering shall include, but not be limited to, single game bets, teaser bets, parlays, over-under bets, money line bets, pools, exchange wagering, in game wagering, in-play bets, proposition bets, and straight bets.	
Illinois	"Sports wagering" means accepting wagers on sports events or portions of sports events, or on the individual performance statistics of athletes in a sports event or combination of sports events, by any system or method of wagering, including, but not limited to, in person or over the Internet through websites and on mobile devices. "Sports wagering" includes, but is not limited to, single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets.	
Michigan	“Sports betting” means to operate, conduct, or offer for play wagering on athletic events and other events approved by the regulator. Sports betting includes, but is not limited to, single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange betting, in-game betting, proposition bets, and straight bets. Sports betting does not include a fantasy contest.	
Montana	"Sports wagering" means accepting wagers on sporting events or portions of sporting events, or on the individual performance statistics of athletes in a sporting event or combination of sporting events, by any system or method of wagering, including but not limited to in-person or over the internet through websites and on mobile devices. The term includes but is not limited to single-game bets, teaser bets, parlays, over-under, money line, pools, exchange wagering, in-game wagering, in-play bets, and proposition bets.	Lottery operates sports betting
Colorado	"Sports betting operation" means a licensed wagering operation in which bets are placed on sports events through any system or method of betting, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game betting, in-play bets, proposition bets other than those relating to collegiate sports events, or straight bets.	
District of Columbia	“Wager” means accepting wagers and or bets on sporting events or portions of sporting events, or on the individual performance statistics of athletes in a sport, in a sporting event or combination of sporting events, by any system or method of wagering, including, but not limited to, in person or over the internet through websites and on mobile devices. The term includes, but is not limited to, single-game bets, teaser bets, parlays, over-under, money line wagering, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets. The term wager does not include any activity governed by securities laws of the United States or the District of Columbia, a contract of indemnity or guarantee, a contract for insurance, or participation in any game or contest in which the participants do not	

	stake or risk anything of value other than personal efforts of the participants playing the game or contest or obtaining access to the internet, or points or credits that the sponsor of the game or contest provides to participants free of charge, and that can be used or redeemed only for participation in games or contests offered by the sponsor.	
Tennessee	"Sports wagering system" is defined as any combination of hardware, software, data networks, and communications used to manage, administer, or control sports wagering that comprise the system used for the purpose of offering Interactive Sports Gaming by electronic means, including, but not limited to mobile applications or Internet sites accessed via a mobile device or computer.	
North Carolina	N/A	State is tribal-only, definition varies by tribe
Washington	In RCW 9.46.038, "sports wagering" means the business of accepting wagers on any of the following sporting events, athletic events, or competitions by any system or method of wagering: (i) A professional sport or athletic event; (ii) A collegiate sport or athletic event; (iii) An Olympic or international sports competition or event; (iv) An electronic sports or esports competition or event; (v) A combination of sporting events, athletic events, or competitions listed in (a)(i) through (iv) of this subsection (1); or (vi) A portion of any sporting event, athletic event, or competition listed in (a)(i) through (iv) of this subsection (1).	
Virginia	"Sports betting" means placing wagers on professional sports, college sports, sporting events, and any portion thereof, and includes placing wagers related to the individual performance statistics of athletes in such sports and events. "Sports betting" includes any system or method of wagering approved by the regulator.	

Appendix C – Event Restrictions by State

State	Collegiate Event Restrictions	Other Restrictions	Notes
Nevada	No collegiate event restrictions	No other restrictions	
Delaware	No wagers may be placed on collegiate events that involve a Delaware college or university.	No wagers may be placed on amateur or professional sporting events that involve a Delaware team.	Additionally, Lottery operates and has a set catalogue of wagers.
New Jersey	Wagers may not be placed on single collegiate sports or athletic events that takes place in New Jersey or a single sports or athletic event in which any New Jersey college or university team participates, regardless of where the event takes place. This prohibition does not include the other games of a collegiate sports or athletic tournament in which a New Jersey college or university team participates, nor does it include any games of a collegiate tournament that occur outside New Jersey even though some of the individual games or events are held in New Jersey.	No	
Mississippi	As part of the discretion described in the regulations, the Executive Director has prohibited wagers on the performance of a single collegiate athlete.	No wagers may be placed on esports events- the Gaming Commission requires sporting events to have "physical play" to be wagered upon.	
West Virginia	No collegiate event restrictions	No other restrictions	
New Mexico	N/A	N/A	State is tribal-only, restrictions vary by tribe
Pennsylvania	No collegiate event restrictions	The Board indicated that operators are not permitted to offer wagers on esports.	
Rhode Island	Wagers may not be placed on a collegiate sports contest or collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in which any Rhode Island college team participates regardless of where the event takes place.	Wagers may not be placed on esports events – a “sport” is defined as a distinct, real-life sporting activity (e.g. football).	
Arkansas	No collegiate event restrictions	No other restrictions	
New York	An operator shall not offer wagers on collegiate sports except those events approved by the regulator. Wagers may not be placed on collegiate events that take place in New York or on events that involve New York collegiate teams, regardless of where they take place.	Esports is not one of the approved sports events on which operators can offer wagering.	
Iowa	Wagers may only be placed on an authorized sporting event, which is defined as a professional sporting event, collegiate sporting event, international	Wagers may not be placed on the performance or nonperformance of any individual athlete participating in	

	<p>sporting event, or professional motor race event. Further, "professional sporting event" is defined as an event, excluding a minor league sporting event, at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event.</p> <p>The Iowa Racing and Gaming Commission confirmed that they do not interpret esports events to qualify as professional or collegiate sporting events.</p>	<p>a single game or match of a collegiate sporting event in which a collegiate team from this state is a participant.</p>	
Oregon	<p>No wagers may be placed on any collegiate events.</p>	<p>Esports events must have a governing body in order to be wagered upon, but no wagers may be placed on esports events at this time (See notes).</p>	<p>Lottery operates and has a set catalogue- there are no esports or collegiate events available at this time, but the Lottery is considering adding these events.</p>
Indiana	<p>Wagering on collegiate events shall be limited to NCAA Division I sports. For college football, NCAA Division I includes both Football Bowl Subdivision and Football Championship Subdivision. Additionally, in-play (made after the game has begun), collegiate player proposition wagers are prohibited on collegiate events.</p>	<p>The law indicates that a licensee may not accept wagers on e-sports regardless of whether the e-sports event involves one or multiple players.</p>	
New Hampshire	<p>Wagers may not be placed on a collegiate sports event in which one of the participants is a collegiate team of a college institution that is primarily located in New Hampshire or on a collegiate sports event that takes place in New Hampshire.</p> <p>Note that the above restriction does not include the games of a collegiate sports tournament in which a New Hampshire college team participates, nor does it include any games of a collegiate sports tournament that occurs outside New Hampshire even though some of the individual games or events are held in New Hampshire. Further, sports wagers are permitted on collegiate sports tournament games in which a New Hampshire college team participates only if the outcome of the wager is based on the outcome of all games within the tournament.</p>	<p>No wagers may be placed on esports events.</p>	<p>Lottery operates and has a set catalogue- there are no esports events available at this time, but the Lottery is considering adding these events.</p>

Illinois	<p>A licensee may not accept a wager for a sports event involving an Illinois collegiate team or individual competing through an Illinois collegiate program.</p> <p>Note that this prohibition does not include wagering on the final outcome of a series or combination of sports events such as a tournament or season outcome which includes both Illinois and non-Illinois collegiate teams or individuals, so long as no wager is accepted on the Illinois participant. Note also that this prohibition does include any combination wager the outcome of which may be determined by the performance of an Illinois participant, including but not limited to parlay bets in which a component contest involves an Illinois collegiate team or individual competing through an Illinois collegiate program.</p>	No other restrictions	
Michigan	<p>Wagers on collegiate events: 1) is restricted to NCAA Division I events, and; 2) prohibits player proposition wagers for collegiate events.</p>	The currently approved list of leagues and events does not include esports, so no wagers may be placed on esports events at this time.	Re: esports, the regulations state that wagers may be placed on "athletic and other events," and operators could petition the regulator to offer wagers on esports.
Montana	Specific collegiate events and wager types are permitted based on the catalogue set by the Lottery.	No wagers may be placed on esports events.	Lottery operates and has a set catalogue- there are no esports events available at this time, but the Lottery is considering adding these events.
Colorado	No licensee shall conduct or permit on its licensed premises or through any online or electronic means any sports wagers on proposition bets on collegiate sports events.	No other restrictions	
District of Columbia	<p>No wagers may be accepted in any of the following instances: (a) Any collegiate sports or athletic event in which any District of Columbia based college or university team participates regardless of where the event takes place; (b) Any collegiate sports or athletic event that takes place in the District.</p>	No other restrictions	
Tennessee	A licensee shall not accept a wager based on the following:	A licensee shall not accept a wager based on the following:	

	<p>1. Injuries, penalties, or other such occurrences the wager on which would be contrary to public policy, unfair to consumers, or deemed to violate Article XI, Section 5 of the Constitution of Tennessee;</p> <p>2. Individual actions, events, statistics, occurrences, or non-occurrences to be determined during a collegiate sporting event, including, without limitation, in-game propositional wagers on the performance or non-performance of a team or individual participant during a collegiate sporting event;</p> <p>3. Any event, outcome, or occurrence other than a sporting event, including, without limitation, a high school sporting event offered, sponsored, or played in connection with a public or private institution that offers education at the secondary level;</p> <p>4. An officiating-related event, i.e., when will the first penalty be called;</p> <p>5. An occurrence determinable by one person or one play, i.e., kicker to miss the first field goal;</p> <p>6. Pre-determined wagers, based on outcomes of fact known by insiders, i.e., which quarterback will start this week.</p>	<p>1. Injuries, penalties, or other such occurrences the wager on which would be contrary to public policy, unfair to consumers, or deemed to violate Article XI, Section 5 of the Constitution of Tennessee;</p> <p>2. Individual actions, events, statistics, occurrences, or non-occurrences to be determined during a collegiate sporting event, including, without limitation, in-game propositional wagers on the performance or non-performance of a team or individual participant during a collegiate sporting event;</p> <p>3. Any event, outcome, or occurrence other than a sporting event, including, without limitation, a high school sporting event offered, sponsored, or played in connection with a public or private institution that offers education at the secondary level;</p> <p>4. An officiating-related event, i.e., when will the first penalty be called;</p> <p>5. An occurrence determinable by one person or one play, i.e., kicker to miss the first field goal;</p> <p>6. Pre-determined wagers, based on outcomes of fact known by insiders, i.e., which quarterback will start this week.</p>	
North Carolina	N/A	N/A	State is tribal-only
Washington	The law prohibits wagers on collegiate events offered by, sponsored by, or played in connection with, a public or private collegiate institution located within the state of Washington.	No wagering on minor league games.	State is tribal-only, "other" restrictions vary by tribe
Virginia	Wagers may not be placed on a college sports event in which a Virginia public or private institution of higher education is a participant. Additionally, for collegiate events only, proposition wagers are prohibited.	Wagers may not be placed on events organized by the International Olympic Committee. Additionally, proposition wagers based on any type of possible injury, unsportsmanlike conduct, or any other officiating call are not permitted.	

Appendix D – State Requirements for Official League Data

State	Language Regarding Official League Data	Notes
Nevada	Official league data not required	
Delaware	Official league data not required	State is lottery-run
New Jersey	Official league data not required	
Mississippi	Official league data not required	
West Virginia	Official league data not required	
New Mexico	N/A	State is tribal-only
Pennsylvania	Official league data not required	
Rhode Island	Official league data not required	
Arkansas	Official league data not required	
New York	Official league data not required	
Iowa	Official league data not required	
Oregon	Official league data not required	State is lottery-run
Indiana	Official league data not required	
New Hampshire	Official league data not required	
Illinois	A sports governing body may notify the regulator in writing of its intent to supply official league data to licensees for tier 2 wagers (i.e., wagers not determined solely by the final score or final outcome of the sports event and not placed before the sports event has begun) only after the governing body or a vendor authorized by such governing body has been issued a tier 2 official league data provider license. Upon receipt of notification, the regulator shall electronically inform all licensees of the notification, including the date upon which all licensees are required to use official league data. Sports governing bodies are required to provide official league data at commercially reasonable terms, and a licensee may petition the regulator for a determination that the terms under which official league data is being provided are not commercially reasonable.	
Michigan	A sports governing body may notify the regulator in writing that it desires licensees to use official league data to settle tier 2 sports bets, i.e., wagers placed after the start of an event. A notification under this subsection must be made in the form and manner as the regulator may require. The regulator shall notify each licensee of the sports governing body's notification within 5 days after the regulator's receipt of the notification. Within 60 days after the regulator notifying each sports betting operator of a sports governing body notification to the regulator under subsection (2), licensees shall use only official league data to determine the results of tier 2 sports bets as described in this act on athletic events sanctioned by that sports governing body. Note that if a sports governing body does not notify the regulator of its desire to supply official league data, a licensee may use any data source approved by the regulator for determining the results of any tier 2 sports bets on athletic events of that sports governing body. A licensee may, at any time, petition the regulator in writing for a determination that the terms under which official league data is or will be provided by a sports governing body are not commercially reasonable.	
Montana	Official league data not required	State is lottery-run
Colorado	Official league data not required	
District of Columbia	Official league data not required	
Tennessee	A licensee must use official league data for live betting unless it can demonstrate to the regulator that the governing body of a	

	<p>sport or other authorized entity can not provide a feed of such data for live betting in accordance with commercially reasonable terms, as determined by the regulator.</p>	
North Carolina	N/A	State is tribal-only
Washington	N/A	State is tribal-only
Virginia	<p>A sports governing body may submit a request to the regulator to require licensees to use official league data to settle those bets placed after a sporting event has started. Within 60 days after notification from the regulator to do so, licensees shall use only official league data to determine the results of bets placed after a sporting event has started. The above requirement shall not apply if:</p> <ol style="list-style-type: none"> 1. The sports governing body is unable to provide, on commercially reasonable terms as determined by the regulator, a feed of official league data; or 2. A licensee demonstrates to the regulator that a sports governing body has not provided or offered to provide a feed of official league data to the permit holder on commercially reasonable terms, by providing the regulator with sufficient information to show: <ol style="list-style-type: none"> a. The availability of a sports governing body's official league data for such bets from more than one authorized source; b. Market information regarding the purchase, in Virginia and in other states, by licensees of data from all authorized sources; c. The nature and quantity of the data, including the quality and complexity of the process used for collecting the data; and d. Any other information the regulator requires. 	

Appendix E – AML Regulations in New Jersey, Pennsylvania, and Illinois

State	Language Regarding AML
New Jersey	<p>The internal controls shall address the following, at a minimum:</p> <ol style="list-style-type: none"> (1) User access controls for all sports pool personnel; (2) Segregation of duties; (3) Automated and manual risk management procedures; (4) Procedures for identifying and reporting fraud and suspicious conduct; (5) Procedures to prevent wagering by patrons prohibited from wagering pursuant to this chapter; (6) Description of anti-money laundering compliance standards including, but not limited to, filing of CTRs, SARs, and procedures for detecting structuring to avoid reporting requirements; (7) Description of all types of wagers available to be offered by the system; and (8) Description of all integrated third-party systems. <p>Additionally, a casino licensee offering Internet wagering shall have an Internet gaming manager responsible for the operation and integrity of Internet gaming and reviewing all reports of suspicious behavior. The Internet gaming manager shall be a key employee (requires registration). The Internet gaming manager shall immediately notify the Division upon detecting any person participating in Internet or mobile wagering who is engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement, collusion, money laundering, or any other illegal activities, including those activities prohibited in Article 9 of the Act.</p>
Pennsylvania	<p>A licensee's internal controls must contain a description of its risk management framework including all of the following:</p> <ol style="list-style-type: none"> (1) Automated and manual risk management procedures. (2) User access controls for all sportsbook personnel. (3) Information regarding segregation of duties. (4) Information regarding fraud detection. (5) Controls ensuring regulatory compliance. (6) Description of anti-money laundering compliance standards. (7) Description of all software applications that comprise the sports wagering system. (8) Description of all types of wagers available to be offered by the sports wagering system. (9) Description of all integrated third-party systems. (10) Any other information required by the Board. <p>Additionally, a licensee shall employ an interactive gaming manager, who shall be licensed as a key employee (requires registration). The interactive gaming manager shall immediately notify the regulator upon detecting any person participating in interactive wagering who is engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement, collusion, money laundering or any other illegal activities.</p>
Illinois	<p>The minimum internal control standards shall cover, without limitation, the following topics:</p> <p>...</p> <ol style="list-style-type: none"> 9) Internet Wagering, including: <ol style="list-style-type: none"> A. Sports Wagering Accounts; B. Identity Verification; C. Internet Wagering System Description, including: <ol style="list-style-type: none"> i) Structural Overview; ii) Security and Integrity; and iii) Upgrade and Improvement Plans; D. Identity Protection; E. Fraud Prevention; F. Contested Transaction Procedures; and G. Patron Terms and Conditions; 10) Accounting, including: <ol style="list-style-type: none"> A. Accounting Records; B. Controls over Locked Accounting Box;

- C. Procedures for Monitoring and Reviewing Wagering Operations; and
 - D. Monthly Reporting Requirements;
 - 11) Suspicious Activity Reporting, including:
 - A. Financial Activity; and
 - B. Wagering Activity;
 - 12) Internal Audit, including:
 - A. Required Internal Audits; and
 - B. Reporting Guidelines;
- Additionally, each licensee has an ongoing duty to make commercially reasonable efforts to promptly notify the regulator of any information relating to:
- 1) Criminal, disciplinary, or regulatory proceedings commenced against the master sports wagering licensee or affiliated person in connection with its gaming operations in any jurisdiction; and
 - 2) Suspicious or illegal wagering activities, including use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, using agents to place wagers, and using false identification

Appendix F – Know Your Customer Regulation Language by State

State	Language Regarding KYC	Notes
Nevada	<p>A licensee may create a wagering account for a patron only after it has obtained, recorded, and verified:</p> <ol style="list-style-type: none"> (1) The identity of the patron; (2) The patron's date of birth; (3) The patron's physical address; and (4) The last four digits of the patron's social security number, if a United States resident. <p>Additionally, a licensee shall not allow a patron to make any wagers using the wagering account until the patron personally appears before an employee of the licensee at its licensed gaming establishment or at the licensed gaming establishment of its affiliate where the patron presents a government issued picture identification credential confirming the patron's identity.</p>	This state has an "in person" registration requirement.
Delaware	N/A	State is retail-only
New Jersey	<p>In order to establish an Internet or mobile gaming account, a casino licensee shall create an electronic patron file, which shall include at a minimum:</p> <ol style="list-style-type: none"> i. Patron's legal name; ii. Patron's date of birth; iii. Entire or last four digits of the patron's Social Security number, if voluntarily provided, or equivalent for a foreign patron such as a passport or taxpayer identification number; iv. Patron's Internet and/or mobile account number; v. Patron's address; vi. Patron's electronic mail address; vii. Patron's telephone number; viii. Any other information collected from the patron used to verify his or her identity; ix. The method used to verify the patron's identity; x. Date of verification; and xi. For sports wagering only, the patron shall disclose if he or she is an employee of a sports governing body or member team who is not prohibited from wagering. <p>Additionally, a licensee shall employ reasonable measures to ensure that the person creating the account is who they say they are prior to any patron deposit or other patron initiated activity. Any of the measures described below are acceptable:</p> <ol style="list-style-type: none"> 1. Answering three knowledge-based questions 2. Verification of device ID and phone number matched with the patron's KYC data 3. Government issued ID 4. Other method approved by the Division 	
Mississippi	<p>The player shall establish a wagering account through the property where mobile gaming will be conducted, and an initial verification of the account must be done in-person by a patron at the licensee's premises before the acceptance of any wager that will utilize mobile wagering.</p>	
West Virginia	<p>In order to establish a sports wagering account, a casino licensee or sports pool intermediary shall create an electronic patron file, which shall include at a minimum:</p> <ul style="list-style-type: none"> • Patron's legal name; • Patron's date of birth; • Entire or last four digits of the patron's Social Security number 	

	<p>or equivalent for a foreign patron such as a passport or taxpayer identification number;</p> <ul style="list-style-type: none"> • Patron's online sports pool account number; • Patron's residential address (a post office box is not acceptable); • Patron's electronic mail address; • Patron's telephone number; • Any other information collected from the patron used to verify his or her identity; • The method used to verify the patron's identity; and • Date of verification. 	
New Mexico	N/A	State is tribal-only
Pennsylvania	<p>The player must provide all of the following information to establish an account: (1) legal name; (2) date of birth; (3) the entire or last four digits of the player's Social Security number, if voluntarily provided, or equivalent for a foreign player such as a passport or taxpayer identification number; (4) address; (5) e-mail address; (6) telephone number; (7) Any other information collected from the player to verify his identity.</p> <p>The licensee shall then verify the player's identity and record the document number of the government-issued credential examined, or other methodology for remote, multisourced authentication, which may include third-party and governmental databases, as approved by the regulator.</p>	
Rhode Island	As part of the online registration process, a licensee must obtain, record, and verify the Player's identity, date of birth, physical address, and last four (4) digits of the Player's Social Security Number.	
Arkansas	N/A	State is retail-only
New York	N/A	State is retail-only
Iowa	<p>To establish an account, an application for an account shall be signed or otherwise authorized in a manner approved by the administrator and shall include the applicant's full legal name, principal residential address, date of birth, and any other information required by the administrator.</p> <p>The account registration process shall also include: age verification, verification that the player is not on the statewide self-exclusion list, and affirmation of terms and conditions (including topics such as explanation of house rules, privacy policy, etc).</p>	
Oregon	<p>The following documents must be uploaded to establish a mobile Lottery sports wagering account: (1) copy of your ID, such as your current passport or driver's license, and (2) copy of a utility bill or bank statement that clearly displays your current address and is dated within the last 6 months.</p> <p>If the Lottery is not able to fully confirm identity during registration, additional documentation may be required.</p>	
Indiana	<p>A full identity check must be undertaken before a patron is allowed to place a wager:</p> <ul style="list-style-type: none"> (a) Only patrons twenty-one (21) years of age and older may deposit funds or participate in wagering. The sports wagering operator must deny the ability to deposit funds or participate in wagering to any person that submits a birth date that indicates they are under the legal participation age. (b) Patron verification must use commercially reasonable standards to confirm that the patron is not a prohibited sports wagering participant. (c) Details of patron verification must be kept in a secure manner. (d) Third-party service providers may be used for age and identity verification of patrons. (e) The operator must have a documented policy for the handling of patrons discovered to be using an account in a fraudulent manner, including but not limited to: 	

	<p>(1) The maintenance of information about any patron’s activity, such that if fraudulent activity is detected, the regulatory body has all of the necessary information to take appropriate action;</p> <p>(2) The suspension of any patron account discovered to be providing access to fraudulent patrons; and</p> <p>(3) The treatment of deposits, wagers, and wins associated with a fraudulent patron’s account.</p>	
New Hampshire	<p>With respect to mobile sports wagering, the regulator, either independently, or through its agent, shall provide:</p> <p>I. Age verification measures to be undertaken to block access to and prevent sports wagers by persons under the age of 18 years.</p> <p>II. Identity verification through secure online databases or by examination of photo identification.</p>	
Illinois	<p>In order to establish a sports wagering account, a licensee shall:</p> <p>1) Create an electronic patron file, which shall include at a minimum:</p> <p>A) Patron’s legal name;</p> <p>B) Patron’s date of birth;</p> <p>C) Entire or last 4 digits of the patron’s Social Security number, if voluntarily provided, or equivalent for a foreign patron such as a passport or taxpayer identification number;</p> <p>D) Account number;</p> <p>E) Patron’s residential address;</p> <p>F) Patron’s electronic mail address;</p> <p>G) Patron’s telephone number;</p> <p>H) Any other information collected from the patron used to verify his or her identity;</p> <p>I) Method used to verify the patron’s identity;</p> <p>J) Date of identity verification;</p> <p>K) Patron’s disclosure whether or not he or she is an athlete, competitor, referee, official, coach, manager, medical professional or athletic trainer or employee or contractor of a team or athletic organization.</p> <p>2) Verify the patron’s identity either in person, by recording a signature and examining one government-issued photographic identification credential, or (after online-only licenses have been awarded), by other methodology for remote multi-sourced authentication, which may include third-party or governmental databases, as described in the licensee’s internal control system and approved by the regulator.</p>	<p>State currently has an “in person” registration requirement, but it is suspended by executive order during the COVID-19 crisis.</p>
Michigan	<p>In order to establish an internet sports betting account, a licensee shall do all of the following:</p> <p>1) Create an electronic authorized participant file, which shall, at a minimum, include the following:</p> <p>(a) The patron's legal name.</p> <p>(b) The patron's date of birth.</p> <p>(c) The patron's Social Security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number.</p> <p>(d) The patron's internet sports betting account number or username.</p> <p>(e) The patron's residential address. A post office box is not acceptable.</p> <p>(f) The patron's electronic mail address.</p> <p>(g) The patron's telephone number.</p> <p>(h) Any other information collected from the patron used to verify his or her identity.</p> <p>(i) The method used to verify the patron's identity; and</p> <p>(j) The date of verification.</p> <p>2) Verify the patron's age and identity and record the date of verification in accordance with any of the following:</p>	

	<p>(a) Reliable forms of personal identification specified in the licensee's internal controls.</p> <p>(b) Other methodology for remote multi-source authentication, which may include third-party and governmental databases.</p>	
Montana	<p>Before establishing a sports wagering account, the lottery shall:</p> <p>(a) verify the player's identity by either physical or electronic means;</p> <p>(b) verify the player is 18 years of age or older by either physical or electronic means</p> <p>(c) record the document number of the government-issued identification credentials examined, or other methodology for remote, multi-sourced authentication, which may include third party and governmental databases, as approved by the director.</p> <p>(d) record the player's: (i) acceptance of the terms and conditions and privacy policy; and (ii) acknowledgment that the information provided is accurate and that the player is prohibited from allowing any other person to access or use their sports wagering account.</p>	
Colorado	<p>In order to establish a sports wagering account, the following information shall be collected:</p> <p>(i) The patron's legal name;</p> <p>(ii) The patron's date of birth;</p> <p>(iii) The patron's Social Security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number;</p> <p>(iv) The patron's sports betting account number or username;</p> <p>(v) The patron's residential address; a post office box is not acceptable;</p> <p>(vi) The patron's electronic mail address;</p> <p>(vii) The patron's telephone number;</p> <p>(viii) Any other information collected from the patron used to verify his or her identity;</p> <p>(ix) The method used to verify the patron's identity; and</p> <p>(x) The date of verification.</p> <p>Finally, the verification process shall include: ...remote multi-source authentication, which may include third party and governmental databases, as approved by the Director or Director's designee. ...recording the document number of the government issued identification credential examined, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm patron identity must be recorded.</p>	
District of Columbia	<p>A licensee shall:</p> <p>(a) Verify the player's identity, including that the player is of the legal age of eighteen (18) years of age or older, not self-excluded or otherwise prohibited from participating in Sports Wagering; and</p> <p>(b) Record the document number of the government-issued identification credentials examined, or other methodology for remote, multi-sourced authentication, which may include third-party and governmental databases, as approved by the Office.</p> <p>Additionally, Operators and Management Services Providers shall have an age verification process as a part of its registration process which may include requiring the use of a reputable independent third party that is common in the business of verifying an individual's personal identity information.</p>	
Tennessee	<p>The licensee shall record:</p> <ol style="list-style-type: none"> 1. Player's legal name; 2. Player's date of birth; 3. Player's residential address (other than a post office box); 4. Player's phone number(s); 5. An active e-mail account for the Player; 	

	<p>6. Player’s social security number (“SSN”) or equivalent for a foreign Player (who places a Wager within Tennessee), such as a passport or taxpayer identification number. The Player may enter only the last four digits of a SSN if other factors are sufficient to determine the entire nine digit SSN within a reasonable time.</p> <p>7. Verification that the Player is not a Prohibited Participant; and</p> <p>8. The document number of the government-issued identification credentials entered, or other methodology for remote, Multi-Source Authentication, which may include third-party and governmental databases, as approved by the regulator.</p>	
North Carolina	N/A	State is tribal-only
Washington	Addressed in tribal compacts.	State is tribal-only
Virginia	<p>The licensee shall record at least the following:</p> <ol style="list-style-type: none"> 1. Player’s legal name; 2. Player’s date of birth; 3. Player’s residential address (other than a post office box); 4. Player’s phone number; 5. Player’s active e-mail address; 6. Player’s social security number (“SSN”) or equivalent for a foreign player who intends to place a wager within Virginia, such as a passport or taxpayer identification number. The player may enter only the last four digits of a SSN if other factors are sufficient to determine the entire nine-digit SSN within a reasonable time; 7. Verification that the player is not prohibited by the sports betting law or this chapter from participating in sports betting; and 8. Document number of the government-issued identification credentials entered, or other methodology for remote, multi-source authentication, which may include third-party and governmental databases, as approved by the regulator. 	

Appendix G – Summary of Interstate Sports Wagering Play Policies

State	Language Regarding Interstate Play	Notes
Nevada	A book may only accept a sports wager or other event wager from within Nevada or from other states or foreign jurisdictions in which such wagers are legal provided federal law allows such wagers and the transmission of such wagers or information assisting in the placing of such wagers.	
Delaware	No language regarding interstate play	
New Jersey	Wagers may be accepted thereunder or pooled with wagers from persons who are not physically present in this State if the regulator determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law.	
Mississippi	No language regarding interstate play	
West Virginia	On behalf of the State of West Virginia, the Lottery is authorized to enter into sports wagering agreements with other governments whereby persons who are physically located in a signatory jurisdiction may participate in sports wagering conducted by one or more operators licensed by the signatory governments, and take all necessary actions to ensure that any sports wagering agreement entered into, pursuant to this section, becomes effective.	
New Mexico	N/A	State is tribal-only
Pennsylvania	All individuals wagering on sporting events through authorized sports wagering must be physically located within this Commonwealth or within a state or jurisdiction with which the regulator has entered a sports wagering agreement.	
Rhode Island	No language regarding interstate play	
Arkansas	No language regarding interstate play	
New York	No language regarding interstate play	
Iowa	No language regarding interstate play	
Oregon	No language regarding interstate play	
Indiana	No language regarding interstate play	
New Hampshire	No language regarding interstate play	
Illinois	No language regarding interstate play	
Michigan	No language regarding interstate play	
Montana	No language regarding interstate play	
Colorado	No language regarding interstate play	
District of Columbia	No language regarding interstate play	
Tennessee	No language regarding interstate play	
North Carolina	N/A	State is tribal-only
Washington	N/A	State is tribal-only
Virginia	No language regarding interstate play	

Appendix H – Summary of State Server Location Policies

State	Language Regarding Server Location	Notes
Nevada	Certain parts of computer systems or associated components of games, gaming devices, cashless wagering systems or race book or sports pool operations which are not located on the premises of the licensed gaming establishment may be located at a “hosting center,” or a facility located in the State of Nevada that meets all criteria set out in the law and regulations.	
Delaware	No language regarding server location	State is lottery-run
New Jersey	The server or other equipment used by a racetrack to accept wagers at a sports pool or online sports pool shall be located in that racetrack or in any location in Atlantic City which conforms to the requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional requirements which the division may impose by regulation. The server or other equipment used by a casino to accept wagers at a sports pool or online sports pool shall conform to the requirements of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional requirements which the division may impose by regulation.	
Mississippi	No language regarding server location	
West Virginia	No language regarding server location	
New Mexico	N/A	State is tribal-only
Pennsylvania	The devices and associated equipment may be located in a restricted area on the premises of the licensed facility, in a restricted area within the geographic limits of the county in this state where the licensed facility is situated or any other area, located within the United States, provided the location adheres to all of the following limitations: (1) The primary server used to resolve domain name service (DNS) inquiries must be physically located in a secure data center. At least one secondary server must be able to resolve DNS queries. (2) Redundancy, secondary and emergency servers must be physically located in a secure data center at a separate premises than the primary server. (3) The regulator may require system data necessary to certify revenue and resolve player complaints to be maintained in this state in a manner and location approved by the regulator. The data must include data related to the calculation of revenue, player transactions, game transactions, game outcomes, responsible gaming and any other data which may be prescribed by the regulator. The data must be maintained in a manner which prevents unauthorized access or modification without the prior approval of the regulator.	
Rhode Island	The regulations define online sports betting as sports wagers placed using server-based gaming systems "located at the premises of a hosting facility authorized to accept sports wagers and administer payoffs of winning sports wagers."	
Arkansas	No language regarding server location	
New York	The server or other equipment to accept wagers at a sports pool shall be located within the casino.	
Iowa	No language regarding server location	
Oregon	No language regarding server location	State is Lottery-run
Indiana	A sports wagering licensee must locate a server in the state of Indiana.	
New Hampshire	No language regarding server location	
Illinois	All servers necessary to the placement or resolution of wagers, other than backup servers, shall be physically located in the State of Illinois.	

Michigan	A licensee and its internet sports betting platform provider must place a server or other equipment that is capable of receiving internet sports betting wagers in this state. The location selected must have adequate security, protections, and controls over the servers or other equipment that is capable of receiving internet sports betting wagers, including those adopted in R 432.733(2). A licensee and its internet sports betting platform provider must provide the regulator with information on the location of all servers and other equipment.	
Montana	No language regarding server location	State is Lottery-run
Colorado	A licensee must locate the primary server in the state of Colorado. The primary server shall be the server responsible for the acceptance and storage of patron wagers.	
District of Columbia	A licensee shall provide a secure location within the District, or a location approved by the regulator in accordance with this title and all other applicable District and federal laws for the placement, operation, and play of sports wagering equipment.	
Tennessee	The server or other equipment used to accept wagers shall be located within the boundaries of the State of Tennessee.	
North Carolina	N/A	State is tribal-only
Washington	Addressed in tribal compacts.	State is tribal-only