Sports Betting Terms

**Action** – A sports wager of any kind: a bet.

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

**Cover** – Winning by more than the point spread.

**Favorite** – The team considered most likely to win an event.

**Future** – Odds that are posted well in advance on the winner of major events, including the Pro Football Championship, the Pro Basketball Championship and the Pro Baseball Championship.
Sports Betting Terms

**Handle** – The total amount of bets taken.

**Hold** – The percentage the house wins.

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

**Line** – The current odds or point spread on a particular event.
Types of Sports Wagers

POINT SPREAD

Seattle Seahawks
-3 -110 -140 0 49 -110

Green Bay Packers
+3 -110 +120 U 49 -110
Types of Sports Wagers

MONEY LINE

Seattle Seahawks
-3  -110  -140  O 49  -110

Green Bay Packers
+3  -110  +120  U 49  -110
Types of Sports Wagers

OVER/UNDER

Seattle Seahawks
-3  -110  -140  O 49  -110

Green Bay Packers
+3  -110  +120  U 49  -110
Types of Sports Wagers

FUTURES

Super Bowl
NBA Finals
NCAA Basketball Tournament
World Series
Stanley Cup
Types of Sports Wagers

**PARLAY**

Single bet w/ 2+ wagers

Must win all wagers in parlay

Higher payoff than individual bets
National Anthem

Average length of last 12 national anthems has been 1:58.6
SUPER BOWL LII

GATORADE COLORS

DUMPED ON WINNING COACH

2 4 4 4 1

YELLOW ORANGE CLEAR PURPLE BLUE
In-Game Wagering

Actively wagering on an event while it is in progress

Ex: The favorite gets down early in the 1st qtr. The line shrinks in favor of the underdog. Bet prices change.

Includes prop bets

Ex: Wager on whether a drive will lead to touchdown, field goal, punt or turnover
Pari-mutuel Betting
Sports Gambling History

Late 1800s

• Horse racing popular; off-track poolrooms

Early 1900s

• Professional sports increase in popularity: esp. baseball

1919

• “Black Sox” scandal; White Sox threw World Series
Sports Gambling History

- Pari-mutuel betting on horse racing authorized in WA State
- Sports Gambling popularity grows – Point
- Nevada legalizes sports gambling

1933

1930s - 1960s

1949
Sports Gambling History

1951
• Congress passes 10% tax on handle

1961-1970
• New Federal Laws
• Wire Act, Sports Bribery Act, IGBA

1973
• WA amends constitution; allows gambling
Sports Gambling History

- Congress reduces handle tax to 2% (1974)
- Montana offers sports pools (1974)
- Nevada allows casinos to have sports books (1975)
Sports Gambling History

1976

- Delaware offers 3-team NFL parlays
- WA authorizes sports pools (boards)

1984

- Congress reduces handle tax to 0.25%

1989

- Oregon Lottery offers “Sports Action” parlay system for NFL
Sports Gambling History

1992

• PASPA Enacted

2004-2005

• Off-track Betting and Advanced
• Deposit Wagering Authorized

2006

• Unlawful Internet Gambling Enforcement Act
Sports Gambling History

- WSGC looks at amending sports pool laws to add bracket pools & fantasy leagues

2006-2007

- Oregon Legislature ends state’s sports gambling

2007

- Delaware re-authorizes NFL parlay wagering

2009
Sports Gambling History

- **2010**: Nevada authorizes mobile sports gambling
- **2012**: New Jersey passes law allowing sports gambling
- **2013**: New York voters authorize 4 commercial casinos w/ sports gambling
Sports Gambling History

- **2014**
  - New Jersey amends laws by repealing all sports gambling laws

- **2017**
  - Pennsylvania and Mississippi pass laws authorizing sports gambling if PASPA struck down

- **2017**
  - Supreme Court accepts New Jersey Case for Review
Sports Gambling History

2018

Professional and Amateur Sports Protection Act (PASPA) held unconstitutional
Supreme Court - PASPA Ruling


Federal Law: Precluded states and tribes from authorizing, offering or conducting sports wagering and prohibited anyone from operating a sports gambling business under state or tribal law, unless the state was grandfathered in 1992.

Supreme Court: May 14, 2018 – PASPA is unconstitutional because the Tenth Amendment prevents federal govt from requiring states to enforce federal laws or policies. Congress can pass a federal law prohibiting or regulating sports betting, but can’t direct states to enforce the law.

Effect: States may authorize or continue to prohibit sports gambling.

* Other federal laws are still applicable *
Federal Wire Act of 1961

18 U.S.C. §1084

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

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

State Impact: Ask DOJ to intervene or request that a common carrier to discontinue service to entity engaged in illegal gambling communications/transactions
Federal Wire Act of 1961

Ensures sports gambling is intrastate activity

Exemptions: news reporting and interstate transmission of information assisting the placement of a bet where it is legal

Information assisting: information a bookmaker uses to conduct their business

• Line information

• Account information

• Message services for bookmakers
Unlawful Internet Gambling Enforcement Act (UIGEA)


**Effect:** Assists states by making it a federal crime to violate state law and run an illegal gambling business in **interstate** commerce. (Intrastate okay)

**Focused on payment processors:** those accepting credit, electronic fund transfers, checks or any other payment involving a financial institution to settle unlawful internet gambling debts

**State Impact:** Ask DOJ to intervene or seek injunction against behavior that is prohibited
Illegal Gambling Business Act (IGBA)


**Effect:** Prohibits violation of state gambling laws in interstate commerce if the activity involves 5 or more people who conduct, operate, finance, manage, supervise or own the business and the business is used in continuous operation for 30 days or has $2,000 or more in revenue in a single day.

**Focus on:** Assisting states by making it a federal crime to violate its state gambling laws through interstate commerce.

**State Impact:** Ask DOJ to intervene – arrest and forfeiture.
Indian Gaming Regulatory Act (IGRA)


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

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

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

Current Sports Gambling Laws:

Constitution: Article 2, Section 24 – 60% vote for new activities

Gambling Act

RCW 9.46.0335 – Sports pools authorized
RCW 9.46.220 - .225 – Professional gambling statutes
RCW 9.46.240 – Prohibition on internet gambling

RCW 67.04.010 – Penalty for bribery in baseball
RCW 67.04.020 – Penalty for accepting a bribe
RCW 67.04.050 – Corrupt baseball playing
RCW 67.24 – Fraud in a sporting contest
Sports Gambling in U.S.
Regulatory Considerations

- State Regulator:
  - WSGC
  - Lottery
  - Horse Racing

- Operators:
  - Tribal/commercial casinos/horse track
  - Small retailers
  - Online retailers

- Betting Method:
  - Land-based
  - Mobile
  - Internet

- Gambling Events:
  - Standard sports
  - Local college games
  - Player credit
## Operating States

<table>
<thead>
<tr>
<th>STATE</th>
<th>REGULATORY AGENCY</th>
<th>TAX</th>
<th>AUTHORIZED METHODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>State Lottery</td>
<td>Revenue Distribution: 12.5% of net revenue to the vendors Remaining 87.5% of net revenues: 50% to the state, 40% to the racetrack/casinos, and 10% to horse racing purses.</td>
<td>Land-based</td>
</tr>
<tr>
<td>Nevada</td>
<td>Gaming Control Board</td>
<td>6.75% gross revenue tax</td>
<td>Land-based &amp; Mobile/Internet</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Gaming Control Board</td>
<td>Land based: 9.75% gross revenue tax Online: 13% gross revenue tax</td>
<td>Land-based &amp; Mobile/Internet</td>
</tr>
</tbody>
</table>
## Operating States

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</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>Gaming Commission</td>
<td>12% gross revenue tax</td>
<td>Land-based &amp; Mobile (on property)</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Gaming Control Board</td>
<td>$10 million licensing fee</td>
<td>Land-based &amp; Mobile/Internet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36% gross revenue tax</td>
<td>(Start operating in Nov)</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>State Lottery</td>
<td>Revenue Distribution:</td>
<td>Land-based (start operating in Nov)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State: 51%; Vendor: 32%;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Casino: 17%</td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>State Lottery</td>
<td>10% gross revenues tax</td>
<td>Land-based &amp; Mobile</td>
</tr>
</tbody>
</table>
## State Revenues

<table>
<thead>
<tr>
<th>STATE</th>
<th>HANDLE</th>
<th>REVENUE / TAXES COLLECTED</th>
<th>OPERATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>June – Sept. 2018: $39.7 million in wagers</td>
<td>$5.19 million net revenue $2.59 million to the state</td>
<td>3 locations</td>
</tr>
<tr>
<td>Nevada</td>
<td>2017: $4.87 billion wagered</td>
<td>$248.7 million gross revenue $16.7 million to the state</td>
<td>190 locations</td>
</tr>
<tr>
<td></td>
<td>September 2018: $571 million</td>
<td>$56.3 million gross revenue $3.78 to the state</td>
<td></td>
</tr>
<tr>
<td>New Jersey</td>
<td>June – September 2018: $336 million in wagers</td>
<td>$40.44 million gross revenue $4.14 million to the state</td>
<td>12 locations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8 online websites</td>
</tr>
<tr>
<td>Mississippi</td>
<td>August – September 2018: $38.03 million in wagers</td>
<td>$6.14 million gross revenue $737,855 to the state</td>
<td>20 locations</td>
</tr>
<tr>
<td>West Virginia</td>
<td>September 2018: $3.36 million in wagers</td>
<td>$1 million gross revenue $100,000 to the state</td>
<td>5 locations</td>
</tr>
</tbody>
</table>
Oregon At-a-Glance

• Grandfathered under PASPA
• Lottery has regulatory jurisdiction over the state’s gambling
• No new laws are required to offer sports gambling
• Looking at full range of sports gambling products under its current retail system and through an internet/mobile platform
• First state to consider European model for sports gambling
• Recently released projections show $60-$100 million in possible revenue for the state
## Washington State Outlook

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

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

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

Gambling Act: Local jurisdictions set gambling tax
  Punchboards/Pull-tabs: up to 5% gross receipts or 10% net receipts
  Card Rooms: up to 20% gross receipts

B&O Rate
  Games of chance: 1.62% gross receipts

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

- Legislature
- Tribes
- Operators
- Lottery
- Horse Racing
- Sports Leagues
- Behavioral Health
- Media
- Data Companies
Horse Racing

Advance-Deposit Wagering

Off-track
Pari-mutuel betting
Sports Leagues

**Integrity Fees**
- Based on handle
- 1% initially; recently 0.25% in NY
- Goes to leagues; comes out of state revenue
- Leagues: will go toward increased integrity protection costs
- Now being promoted as fair payment for intellectual property

**Data**
- Possibly more important issue for leagues
- Data for sportsbooks is currently competitively priced
- Leagues want books to buy data directly from them
- If leagues are only source of data, they control prices

**MGM-NBA Deal**
- Non-exclusive; 3 years; $25 million
- Compensates league for intellectual property and data
- Allows MGM to use league and team logos
- Deal struck without legislative intervention
Tribes

- Sports boards already incorporated in tribal compacts
- Incorporated as Class III activity
- Change to state law could necessitate changes to all compacts, if desired by Tribes
- Work closely with Tribal Gaming Agencies setting up new regulatory structures
- Nationwide discussion: Compatibility between IGRA and mobile/internet sports gambling
Operators

• Product expertise or ability to partner with a larger outside operator
• Customer volume – database size
• Resources – can assume the risk of operating a book
• Current licensee or will need to be licensed
• Political support – state/local government approval
Questions?

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Brian Considine: Brian.Considine@wsgc.wa.gov