



# Global Market Advisors

LAS VEGAS DENVER BANGKOK

## State Legislative Update on U.S. Sports Betting

July 2020

*In partnership with SunTrust Robinson Humphrey, Global Market Advisors publishes a monthly legislative update on sports betting throughout the United States. This provides insights and commentary on several key aspects of the market and the surrounding political narrative effecting the legalization of sports betting, gaming, and other issues. A link to the full SunTrust Robinson Humphrey report can found [here](#).*

### **It looks like it may be a bumpy ride**

As we hit the midpoint of the year as well as over 100 days into the Great Shutdown, sports are still navigating uncharted waters as they look to reemerge. NASCAR, UFC, and boxing have dominated the airwaves in addition to baseball from Asian-based leagues. Sports betting revenues have remained well below average in states across the country including Nevada that, for the second month in a row, redacted the number in its monthly report. Some states continue to see decent numbers as they are able to incorporate online gaming revenue into the mix, while other jurisdictions are using this time to get things in place as they have emerged during the pandemic.

Major professional sports are just starting to figure out how to come back. This includes the soon-to-start NBA that is beginning its social distancing efforts in Orlando. The NHL will be heading north to finish its season, after what was viewed as its favorite hub city in Las Vegas was overlooked because of a spike in coronavirus cases and a media blitz by the local culinary union that did more to dissuade visitation than to protect workers and guests. The biggest question continues to be on the football season that just saw the NFL cut its preseason from four games to two, as well as major college football programs trying to figure out how to start fall camp while testing their student-athletes and staff as they return to campus.

Revenue continues to be minimal, but it does provide a baseline on the small amount of sports wagers across several states. Those states with mobile wagering have maintained a competitive

LAS VEGAS • SINGAPORE • DENVER

[www.GlobalMarketAdvisors.com](http://www.GlobalMarketAdvisors.com)

market that allows for a higher revenue threshold. States where sports betting is controlled by lotteries continue to show how revenue is dampened because of these risk averse entities. While it remains to be seen how a state like Tennessee will launch in the coming months, it is unlikely that it will be as successful as other states because of how the lottery established the regulatory framework for sports betting.

U.S. Sports Betting Comparable Summary									
State	Timeframe	Handle (\$MM)	Sports Betting Revenue (\$MM)	Hold %	Taxes Collected (\$MM)	Total Gaming Revenue (\$MM)	Sports Betting % of Total Gaming	Sports Betting Win per Adult	
Nevada (1)	TTM March'20	\$ 4,514.8	\$ 305.6	6.8%	\$ 20.6	\$ 11,710.9	2.5%	\$132.22	
Delaware	TTM May'20	\$ 76.8	\$ 11.9	15.4%	\$ 6.7	\$ 333.7	3.4%	\$15.84	
New Jersey	TTM May'20	\$ 4,261.4	\$ 296.0	6.9%	\$ 36.5	\$ 2,154.5	12.1%	\$43.69	
Mississippi	TTM May'20	\$ 330.4	\$ 38.2	11.6%	\$ 4.6	\$ 1,739.6	2.2%	\$17.74	
West Virginia	TTM May'20	\$ 173.9	\$ 14.0	8.0%	\$ 1.4	\$ 524.3	2.6%	\$10.19	
New Mexico (2)	TTM May'20	--	--	--	--	--	--	--	
Pennsylvania	TTM May'20	\$ 2,242.4	\$ 109.1	4.9%	\$ 39.3	\$ 3,023.5	3.5%	\$11.28	
Rhode Island	TTM May'20	\$ 230.3	\$ 21.5	9.3%	\$ 11.0	\$ 538.2	3.8%	\$26.60	
Iowa	Since Launch (Aug'19)	\$ 355.3	\$ 25.0	7.0%	\$ 1.7	\$ 924.6	2.6%	\$13.04	
Indiana (3)	Since Launch (Sept'19)	\$ 932.5	\$ 75.6	8.1%	\$ 7.2	\$ 1,162.4	6.1%	\$20.66	
Average Without Nevada				6.9%			5.7%	\$21.64	

Source: Global Market Advisors  
 (1) April 2020 revenue data redacted by the State; (2) New Mexico is tribal only, no publicly available statistics; (3) Indiana revenues are exclusive of tribal gaming

While it appears that sports may go on, the question becomes how fans will be engaged. It remains to be seen whether fans will be allowed in the stands, as the University of Tennessee has said in hopes that they can host 100,000+ fans in Neyland Stadium, or if stadiums will have pseudo-fans in the stands with cut-outs and webcams as has been seen with the return of the Premier League. One thing that is certain is that if there are sports, wagering will occur, and it is best done through the legal, regulated market. While this is not yet possible across the entire country, other states need to begin to explore the right ways to regulate and compete against their own illegal market. Those states that are not competitive or are leaving money on the table will need to figure out a way to reexamine their market while offshore betting options continue to dominate.

## ONLINE CONTINUES TO DOMINATE

While sports betting may be nearing the bottom, iGaming continues to be a driving force in some states while their brick-and-mortar casinos have been shuttered. New Jersey and Pennsylvania continue to benefit from a solid revenue source as their residents turn to online gaming alternatives. These revenues, while not quite matching the brick-and-mortar levels, do provide a level of support in these states where gaming dollars are a portion of the state's general funds. While other states like Michigan are still putting together the pieces for their regulatory structure, online gaming and sports betting will be a good complement and test case for revenue alternatives while brick-and-mortar facilities start to reopen. It will also be telling to see the efficacy of player rewards programs that work off of real-money games versus those that offer



free to play (F2P) games. Early results from those on the F2P side show encouraging signs to build player engagement and bring people back into brick-and-mortar facilities.

<b>New Jersey Online Gaming Revenues</b>			
	<b>TTM May'20</b>	<b>TTM May'19</b>	<b>% Change</b>
Borgata	\$ 114,974,795	\$ 57,129,040	101.3%
Caesars	\$ 65,814,222	\$ 49,664,173	32.5%
Golden Nugget	\$ 232,963,510	\$ 123,780,514	88.2%
Tropicana	\$ 52,561,263	\$ 41,940,083	25.3%
Resorts	\$ 135,117,475	\$ 58,510,773	130.9%
Hard Rock	\$ 33,042,143	\$ 11,597,631	184.9%
Ocean Resort	\$ 6,616,861	\$ 4,585,684	44.3%
<b>TOTAL</b>	<b>\$ 641,090,269</b>	<b>\$ 347,207,898</b>	<b>84.6%</b>

Source: NJDGE, GMA

<b>Delaware Online Gaming Revenues</b>			
	<b>TTM May'20</b>	<b>TTM May'19</b>	<b>% Change</b>
Delaware Park	\$ 2,064,121	\$ 1,326,301	55.6%
Dover Downs	\$ 2,074,963	\$ 1,128,496	83.9%
Harrington	\$ 1,229,649	\$ 631,352	94.8%
<b>TOTAL</b>	<b>\$ 5,368,733</b>	<b>\$ 3,086,149</b>	<b>74.0%</b>

Source: Delaware Lottery, GMA

<b>Pennsylvania Online Gaming Summary - FYTD May'20</b>	
Caesars	\$ 1,162,778
Mohegan	\$ 7,085,779
Mount Airy	\$ 41,026,218
Parx	\$ 23,967,562
Penn National	\$ 28,887,219
Presque Isle	\$ 854,423
Rivers Philadelphia	\$ 58,167,738
Valley Forge	\$ 29,068,872
<b>TOTAL</b>	<b>\$ 190,220,591</b>

Source: PGBC, GMA

While some believe that these revenue numbers demonstrate a “need” for iGaming expansion, those people may not be in touch with how gaming has been approved in many of these states. Each state individually will need to approve igaming. Many may have to take the issue to ballot for expansion, and it is not a slam dunk. It is also not as simple as sports betting, which has a more positive public perception in many states. Michigan took the right approach when it approved both at once, but it remains to be seen how many states will follow suit given the





## NOLA FANTASY

---

Louisiana passed the framework for fantasy sports in the most recent special session that closed last month. The bill (SB 378), was initially a bait-and-switch bill in the regular session but was switched at the hearing and changed into a fantasy sports bill (HB 64) in the extraordinary session. This is about a year later than when it should have been originally approved. Voters initially approved fantasy sports back in the 2018 election, and it was scheduled to be approved originally in the 2019 session. However, legislators ignored voters' wishes in what most people viewed as an initial referendum on allowing sports betting in the bayou. The rules are set to be enacted by August 1<sup>st</sup>, which puts the Louisiana Gaming Control Board in the pole position to quickly get these regulations approved this July at their next meeting.

At the end of the regular session, the legislature passed (SB 130) to allow the voters to approve sports betting on a parish-by-parish basis. As noted previously, it is viewed that most voters in Louisiana thought they were doing this during the last cycle, but they will get the opportunity this November to allow sports betting. The rules and regulations will still need to be developed in the 2021 session, but this would move a major gaming state forward on this expansion of gaming. GMA believes initially that a similar number of parishes will support the ballot measure. However, this does not diminish the need for an effective education campaign to be run regardless of the potential naysayers to the effort. However, it will be important not to take things for granted, as Colorado did last year as it saw sports betting only narrowly pass at the ballot. Louisiana or any other state that takes the same path may not have luck on their side.

## GEORGIA ON MY MIND

---

Georgia has flirted with casino gaming over the past two decades, but the effort continues to run into the buzz saw of diverse statewide politics. As this year's session came to a close, there was another push on two fronts. The first was with HB 903 that would have allowed for only sports betting to occur within Georgia; this bill was added to a traffic ticket bill to try and get it to move late in the session. The second was HR 378 that called for not only sports betting but also casino gaming and pari-mutuel wagering. Both bills ran out of time to get final votes in either house before the session concluded on June 26. While it appeared that it had the votes in the House, the Senate might not have had the votes to get them across the finish line.

Sports betting has been something that is supported by the local professional sports teams, which is what brought the issue to light earlier this session. Sports betting on its own, like in other jurisdictions, would do well and is more popular as a stand-alone issue than when added on with other forms of gaming. However, there is a growing consensus in Georgia that if gaming is going to be approved, then voters should be given all options in one fell swoop as opposed to going back to allow for certain portions of gaming to be approved to in pieces and parts. As GMA



has evaluated this market over the last several years, this is by far the closest that gaming has come to passing in the legislature before being taken to the voters. It appears that all focus is on January 2021 when the legislature will go back into session that would allow for a constitutional amendment to be presented to voters at the next full election. Unless another major event occurs, GMA believes that this will likely occur in one of the two paths outlined this past session, and Georgia will likely be a part of a group of states to move in 2021.

## SHAKING CALIFORNIA

---

California has had one of its sports betting proposals brought back to life when the courts ruled that the tribes' proposal for sports betting could move forward with a new window for signatures aimed at the 2022 ballot. The tribes now have until October 12<sup>th</sup> to get the required number of signatures to move forward with their land-based proposal. While there is potentially room for additional extensions based off of the conditions dictated by the pandemic, GMA believes that with the extension and even under the current conditions, the tribes will be able to get the signatures needed to qualify. They may take some time to verify though, as signatures would be due at the same time as the election and would have to take a back seat while the 2020 general election garners the wealth of attention.

California's legislative track had fallen off the cliff as the bill's sponsors pulled the bill (SCA-6). Both Senator Bill Dodd (D-3) and Representative Adam Gray (D-21) realized that the bill without the tribes' support was dead on arrival and, even if they got it to the ballot, would have likely failed there as well due to the political power of the tribes. It was the first commonsense move during the entire debate on the legislative side of this tectonic shift to get sports betting in California. This may signal that there will be competing initiatives on the 2022 ballot as the stakeholders behind this version are not going anywhere. Hopefully there is more of a collaborative discussion through the legislature if that does occur, or 2022 may bring the same fate of online gaming in one of the world's largest economies.

## NEW YORK STATE OF MIND

---

New York continues to be a waiting game on when a study will be released that looks at a spectrum of potential expansions of gaming throughout the Empire State. The greatest focus is on the desire for mobile sports betting in the state as it currently sees millions of dollars escape across the border to other states. The study, which is now past its original deadline of June 1<sup>st</sup>, has been delayed to further understand the impact of the pandemic.

Some industry observers believe that online/sports betting will be an easy narrative to sell and that the Governor's office will move swiftly to get this accomplished. GMA believes just the opposite. If the state wanted to move fast, it should secure a position on the November 2020 ballot to move forward with everything. Trying to figure out ways around existing laws with



different legal interpretations by lawyers is one of many ways they bring further delays. The longer the delay will be when the issue is challenged in court as to the constitutionality of the issue. It is plainly and simply easier to take it back to the voters and offer an education campaign on the benefits of the process. Time will tell what the survey says on revenue generation, but as with the proposed workarounds over the current law, history shows that these pictures will be liberal, whereas a conservative, realistic approach is needed when states are looking at gaming expansion.

### SPORTS BETTING IS FOR LOVERS

---

Virginia will host its first sports betting hearing next week when it is believed that regulations will be initially drafted and opened for review by interested parties. Virginia has a fast timeline in which to enact its regulatory structure, as everything needs to be in place by September 15<sup>th</sup>. This puts forward a quick timeline for turnaround and approval by the lottery that is also tasked with licensure. With a likely 30-day comment period for initial review, this makes a meeting in August key in determining the details of the market for final approval in September. One can only hope that Virginia does not have some of the more egregious rules, such as those imposed by the lottery in Tennessee that create a less than ideal market.

While it is too early to tell what will be included, one of the biggest considerations will be to see who receives licenses for market access. Virginia, when it passed sports betting, offered a range in the number of licenses. Mobile licenses, casino licenses (5), and team licenses (currently at 2) allow for what some believe may be 19 different licenses in the Commonwealth, depending on interpretation of the law and how everything is implied. The five casino licensees still need to receive approval at the local level to gain market access, in addition to suitability of their chosen operator. The two local sports teams that currently get a license are the Washington Redskins and D.C. United. Look for all of the major players including DraftKings, FanDuel, PointsBet, MGM Resorts through Roar Entertainment, Penn National, and others to compete for mobile licenses.

### BATTER UP

---

Tennessee is beginning to ramp up its licensing effort with a few vendors getting initial approval earlier this month. While none of the big players are approved yet, it is estimated that the Volunteer State will go live this September. The lottery did make a strong move at the end of June with the hiring of a new Vice President of Sports Betting in Danielle Boyd. Boyd was previously with William Hill but had led the sports betting charge in West Virginia when she worked for the lottery in that state. While still not an ideal market, hopefully the lottery will adapt with its new hire to move this mobile-only market once it opens.



## ROLL TIDE / WAR EAGLE

---

Alabama is not generally thought of as a gaming state. However, there has been significant debate as it looks toward some form of expansion of gaming. The dominant player in the market is still the Poarch Creek Band of Indians through its Wind Creek Hospitality enterprise that is a strong operator and a good community steward. Late last year, it launched the ‘Winning for Alabama’ campaign to expand gaming including sports betting and a state lottery. The Governor earlier this year formed a study group to develop gaming policy and set a path forward. After several hearings, it is viewed that this group will wrap up its decision making in August or September of this year. While anything will likely have to go to the voters, look for this debate to continue on through the fall and into 2021. The key in any market will be strong regulation, a competitive environment, and consumer protections that cover all current and future forms of gaming.



## ABOUT GLOBAL MARKET ADVISORS, LLC

GMA is the leading international provider of consulting services to the gaming, entertainment, sports, and hospitality, industries. The company provides clients with strategic planning, market feasibility studies, primary research, due diligence, general counsel, payroll control, operations analyses, government relations, crisis communications, responsible gaming initiatives, business and marketing plans, and reward program design. GMA also assists governments in developing public policy for integrated resorts, evaluating new markets and opportunities for public and private companies, and with due diligence for potential acquisitions. GMA's clients consist of the majority of public gaming companies, more than 75 Native American tribes, commercial and investment banks, and government agencies. The firm maintains active clients in Asia, the Americas, and Europe with offices located in Denver, CO; Las Vegas, NV; and Bangkok, Thailand. More information can be found by visiting [www.globalmarketadvisors.com](http://www.globalmarketadvisors.com).



## **CONTACT INFORMATION**

Brendan D. Bussmann  
Partner, Director of Government Affairs  
[bdb@globalmarketadvisors.com](mailto:bdb@globalmarketadvisors.com)

Steven M. Gallaway  
Managing Partner  
[smg@globalmarketadvisors.com](mailto:smg@globalmarketadvisors.com)

## **DISCLAIMER**

Global Market Advisors, LLC does not represent, through the information contained in this report, the views of any government, nor its agents, nor its officials, nor its affiliates. Global Market Advisors, LLC may, through its advisory and consulting relationships, financially benefit from the success of the subject matter discussed herein. Global Market Advisors, LLC is not a registered investment adviser in any jurisdiction, and it does not represent itself to be. Global Market Advisors, LLC does not provide any recommendations or opinions on financial securities. This research report was prepared independently and no entity other than Global Market Advisors, LLC financially supported the preparation, authoring, and distribution of this report. This research report does not constitute investment advice, financial advice, or advisory services. There could be gross errors contained in this report.

This report is non-specific in nature and no personal specific advice is provided within it. You, or the entity you are affiliated with, shall not use information in this research report as the basis for any decision-making process. Global Market Advisors, LLC, its officers, its members and the author of this report shall not be held professionally or personally liable for any errors or omissions contained herein and are hereby indemnified in full by your agreement with these terms. By accessing, reading, storing, distributing and archiving this research report, you hereby agree, fully, and without dispute, to all terms and conditions contained in this 'Disclaimer, Terms & Conditions of Use'. All terms and conditions herein shall be subject to the full and primary legal interpretation and jurisdiction by courts located in the State of Nevada, United States of America.

Global Market Advisors, LLC does not warrant or imply any guarantees or promises contained in this report; verbally expressed, either explicit or implicit. All trademarks and copyrights contained within this document are property of Global Market Advisors, LLC. Global Market Advisors, LLC is a limited liability company formed and operating under the laws of the State of Nevada, United States of America.