

Economic Impacts of Sports Betting 2023

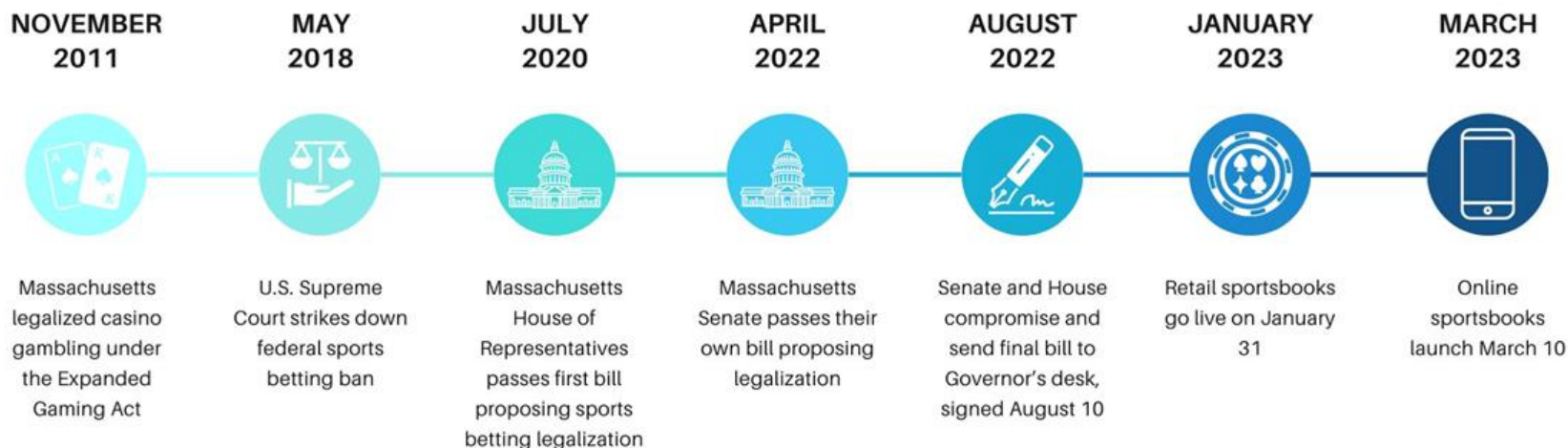
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What is this research about?

- This report was prepared as part of the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) project in order to catalog the ways in which the Massachusetts economy has been changed by the legalization of sports betting.
- Legalization introduced three retail sports betting operators, operating within the three existing casino locations, and nine mobile or online sports betting operators (six of which operated through 2023) into the Commonwealth's gambling industry.
- This study covers 2023, the first year of sports betting legalization.

Sports Betting Legalization in Massachusetts



Operator License Types

Mass. General Laws c.23N created three different license categories based on the type of operator

Category 1

for licensed casinos to offer in-person sports wagering

Encore Boston Harbor

MGM Springfield

Plainridge Park Casino

Category 2

for certain racetracks and/or simulcast centers to offer in-person sports wagering

No licensees

Category 3

for online/mobile operators to offer online sports wagering

BetMGM

Caesars Sportsbook

Fanatics Betting & Gaming

ESPN Bet

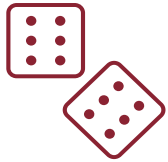
DraftKings

FanDuel

Betr

WynnBet

Economic Impact Modeling - Three Key Sources of Data



Casino and mobile sports betting operations

- Quantitative and qualitative first party spending data on vendors, employees and government entities



Gross gaming revenues

- Publicly available through the MGC



Patron spending behavior

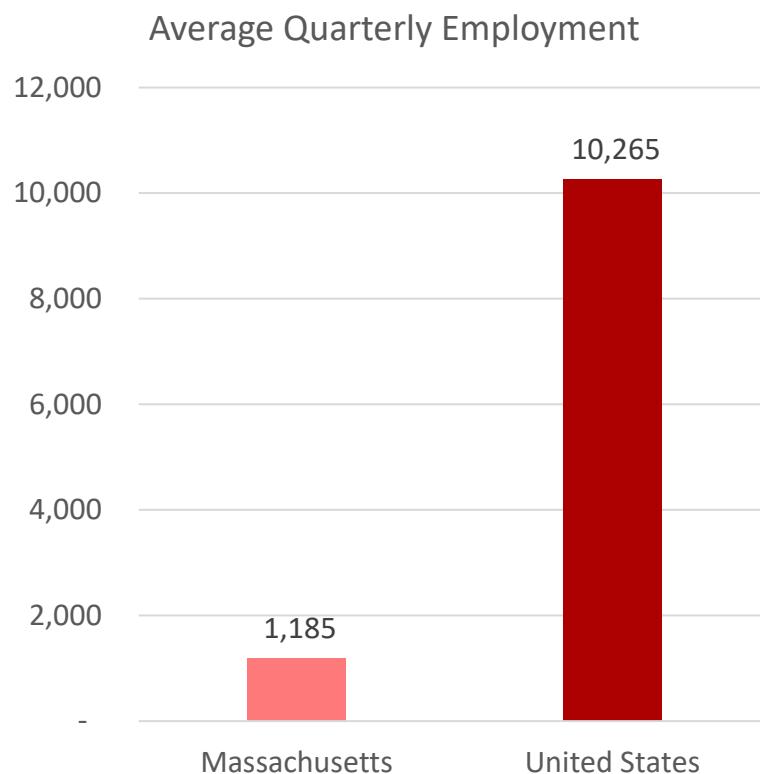
- Online panel survey (OPS) conducted by the SEIGMA team

Sports Betting Requires New Modeling Strategies

- Though the economic impacts of the casino industry have been modeled thoroughly in the past, the sports betting industry is different from the casino industry in almost every way.
- The economic activities these operators engage in, and the degree to which they engage in these activities in Massachusetts, differs from casino operators.
- As such, new methods were developed, and the data used to understand these impacts are different.

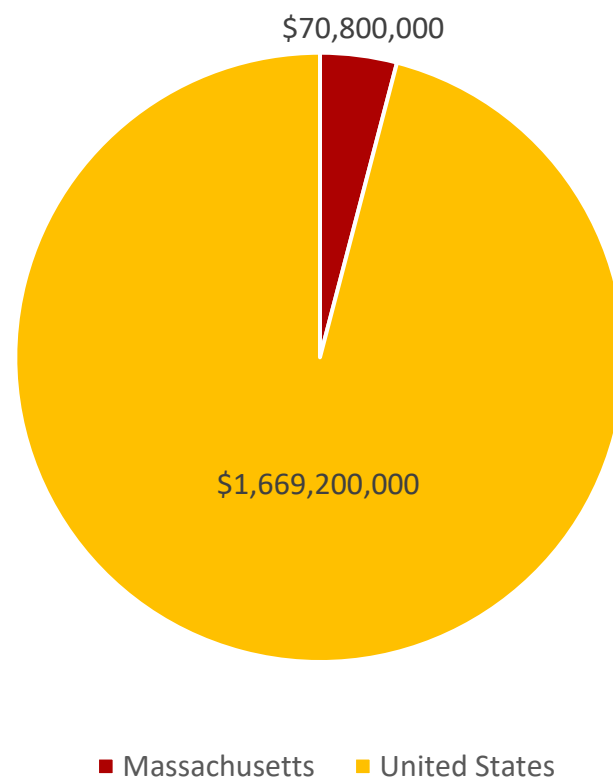
Key Finding: Mobile Sports Betting Companies do not Require the Same In-State Presence as Casinos

- As a technology-based activity, mobile sports betting does not require nearly the same levels of hiring to operate that the casinos required when they opened. It is also less important that those jobs be physically located in Massachusetts.
- Nearly twelve percent of those employees were employed in Massachusetts. However, most of that employment existed in Massachusetts prior to the legalization of sports betting and was not a direct result of expansion to the state.

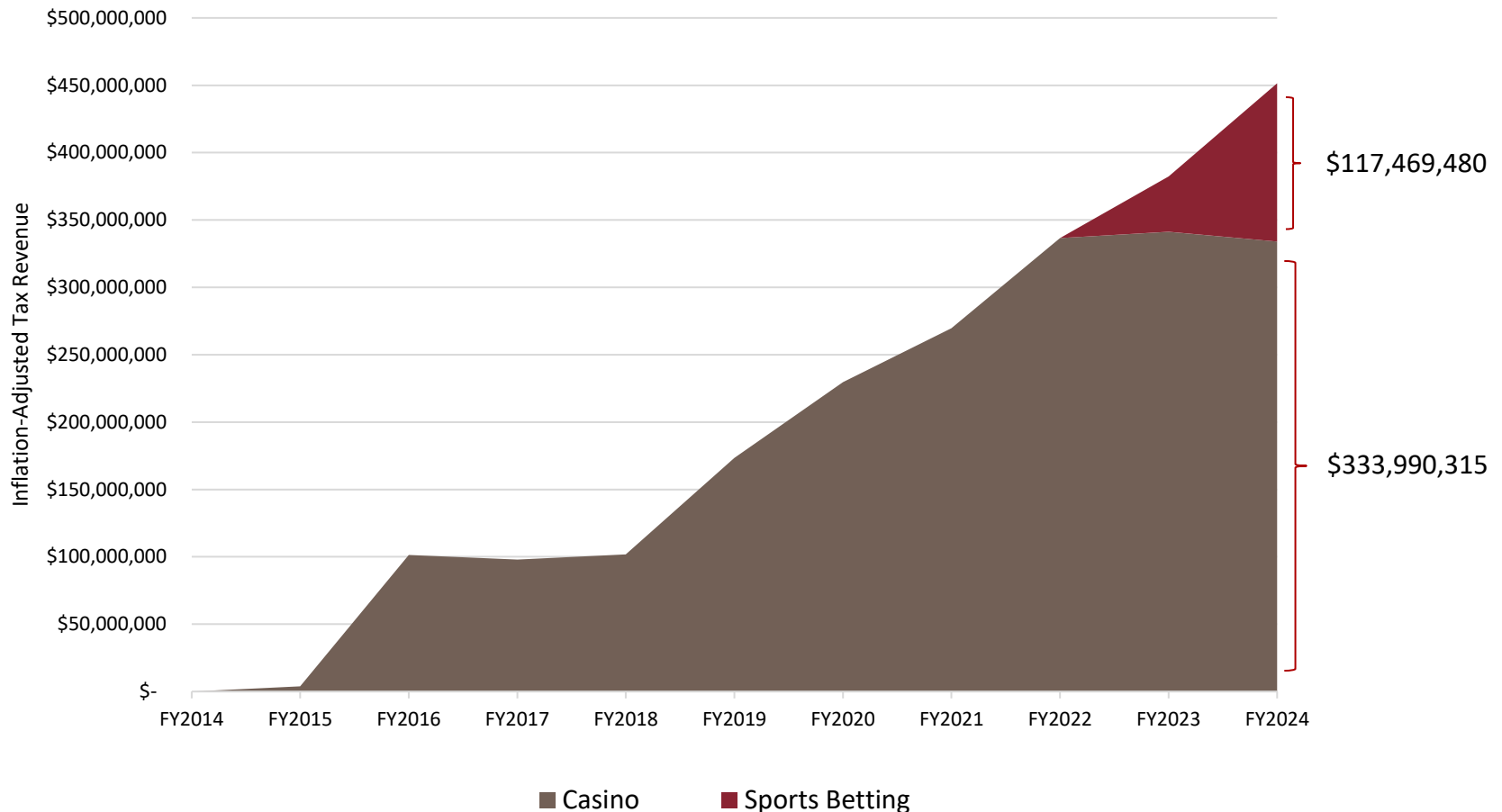


Key Finding: Sports Betting Vendor Spending is Concentrated in White Collar Industries

- Category 3 operators made a total of \$1.74 billion in payments to vendors across the state and nation in 2023.
- About four percent of those payments, \$70.8 million, were made to Massachusetts firms.
- As a result of initiating operations in Massachusetts, sports betting operators reported spending needs in several key sectors, including setting up and maintaining data centers in a new location; new spending on marketing, advertising, and promotions; and new spending on professional technical services related to legal and regulatory requirements.

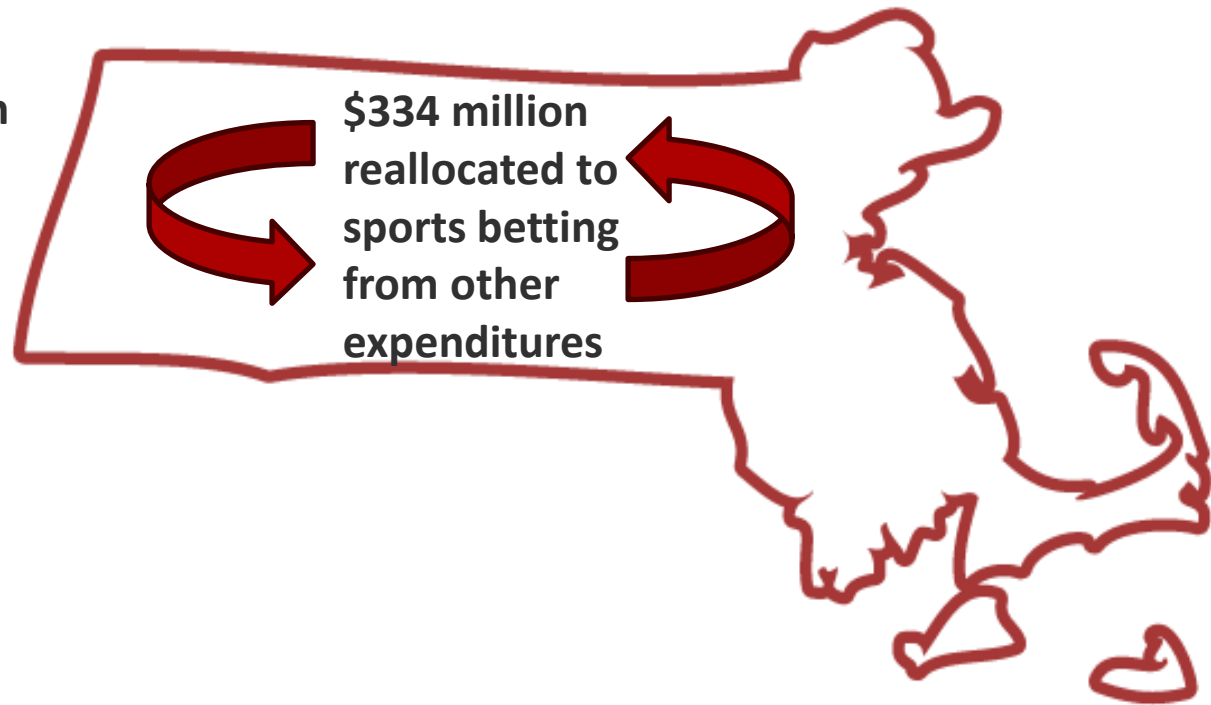


Key Finding: Sports Betting is Growing Quickly, but may be Eating into Casino Revenue



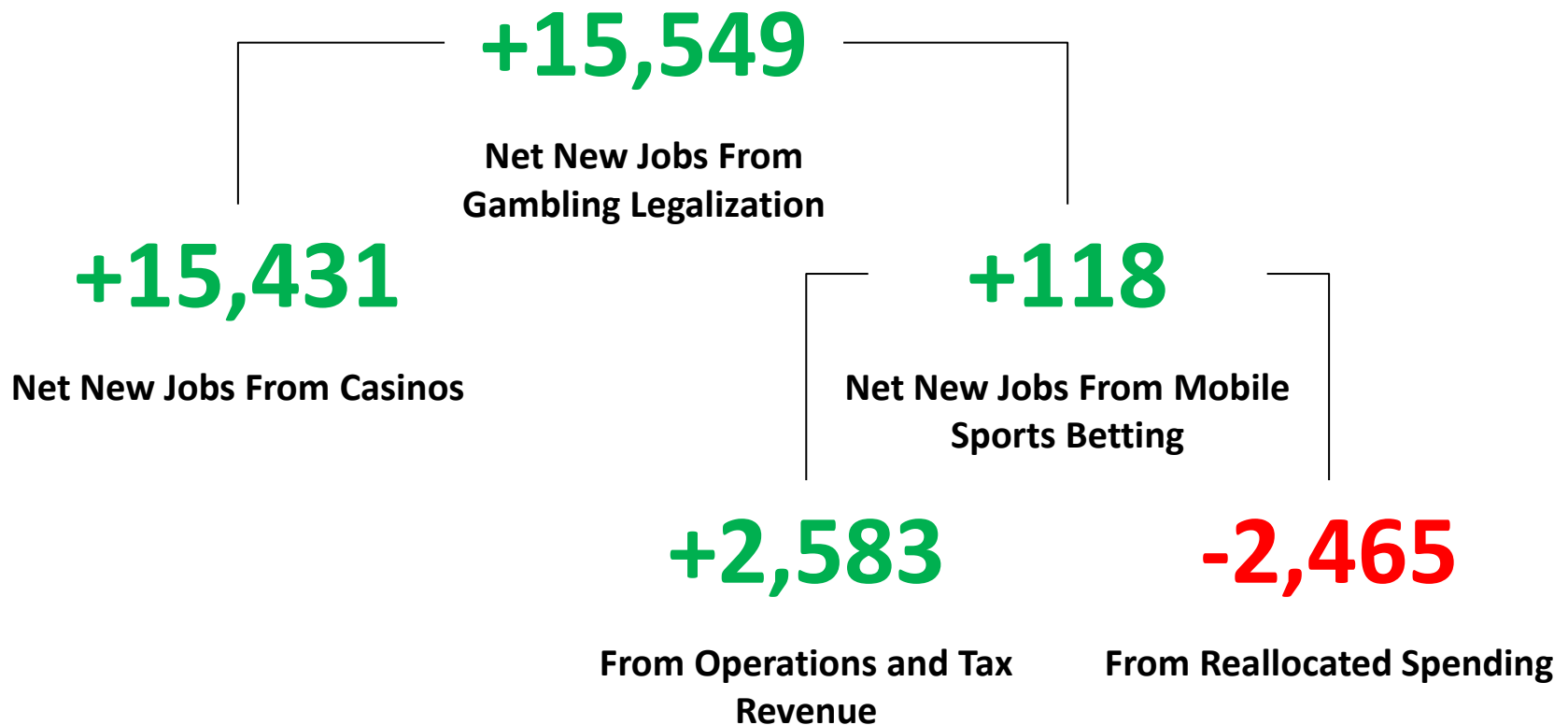
Key Finding: The Majority of Sports Betting Spending Was Reallocated from other Massachusetts Businesses

\$137 million
recaptured from
out of state and
grey markets



\$334 million
reallocated to
sports betting
from other
expenditures

Key Finding: Job Growth from Legalized Gambling is Dependent on Casinos



Key Finding: Almost All of Legalized Gambling's Economic Output is Produced by Casinos

- Legalized gambling as a whole supports almost \$3.6 billion in Output (sales), with \$2.5 billion of that being Value Added (gross state product).
- Only 2 percent of Output from legalized gambling is generated by mobile sports betting.
 - Mobile sports betting's relatively small share is likely a result of its limited in-state vendor spending and limited direct employment.
- The small positive impact on the economy is largely due to the tax revenue it generates for the Commonwealth, and the subsequent expenditure of those funds

Conclusion

- The results of this economic modeling analysis indicate that the net economic impact of sports betting is slightly positive, but it is important to note that these results do not account for social impacts that may have “downstream” social and economic impacts, such as bankruptcies and should be viewed with some degree of caution.

Thank You!

Economic and Fiscal Research Team