



**Sports Betting Update:**  
*A Report on the Status of Play*

*Released June 14, 2021*

**MASSACHUSETTS GAMING COMMISSION**

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### Introduction

The Massachusetts Gaming Commission (MGC) was created upon the adoption of “An Act Establishing Expanded Gaming in the Commonwealth” in November of 2011. The Commission, a five-member independent body, is tasked with implementing the Act and regulating the licensed gaming establishments. The Expanded Gaming Act allows for up to three destination resort casinos located in three geographically diverse regions across the state and a single slots facility for one location statewide. The Gaming Commission, at this time, has awarded the slots only license and two of the three integrated resort licenses. Each resort casino paid an \$85 million licensing fee and was required to make a capital investment of at least \$500 million – a requirement that both licensees substantially exceeded. The Commonwealth receives 25% of their gross gaming revenues. The slots facility paid a \$25 million license fee, exceeded a required minimum capital investment of \$125 million, and is taxed on 49% of its gross gaming revenue. As of this date, the Commonwealth has collected approximately \$767 million in total taxes and assessments from Plainridge Park Casino<sup>1</sup>, MGM Springfield, and Encore Boston Harbor.

This paper is intended to update the MGC’s 2018 publication on sports betting. Similarly, it does not represent an adopted position of the Commission. Rather it offers a fact-based report on the status of legalized sports wagering across the nation.

### Post-PASPA Status of Sports Betting

The sports betting landscape has evolved rapidly since the decision which overturned the Professional and Amateur Sports Protection Act (“PASPA”) in *Murphy v. NCAA et al.*, and the Massachusetts Gaming Commission’s White Paper on Sports Betting, released in February 2018. Since then, over 20 states have legalized and launched sports betting in the United States, led by New Jersey, and followed most recently by Maryland, North Carolina, and Virginia, which all went live in 2021. In April 2021, New York expanded the state’s sports betting law to include two online wagering platforms. In May 2021, The Miami Herald reported that Florida lawmakers ratified an agreement with the Seminole Tribe that sets the stage for legal mobile sports betting, subject to federal action.<sup>2</sup> As of this writing, four other states are currently drafting regulations in light of recently passed legislation, making sports betting officially legal in over half of the United States.

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<sup>1</sup> Notably, *Plainville Gaming and Redevelopment, LLC* is licensed to conduct harness horse racing at Plainridge Park Casino in Plainville. Betting on horse racing has been legal in Massachusetts since 1935. Wagers can be placed using mobile devices through Advance Deposit Wagering (ADW) – accounts that bettors must fund before being allowed to place bets.

<sup>2</sup> <https://www.miamiherald.com/news/politics-government/state-politics/article251528698.html>

Figure 1 below is from The American Gaming Association’s website as of May 20, 2021; it serves as a helpful visual as to the status of sports wagering across the country.

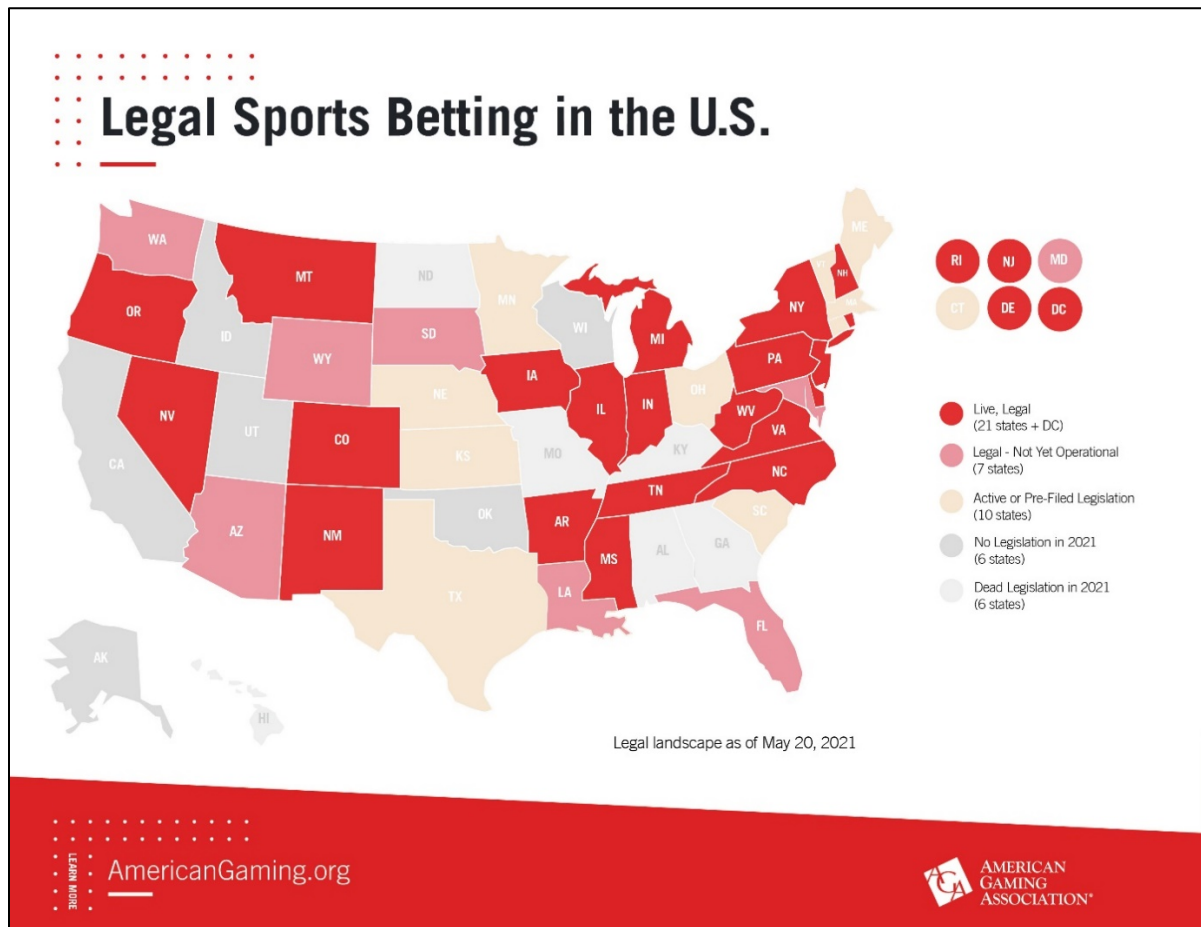


Figure 1. Source: American Gaming Association, <https://www.americangaming.org/wpcontent/uploads/2020/08/AGA-Sports-Betting-Map-2020ax.pdf>

Of the most accessible states to Massachusetts, Rhode Island launched sports betting in late 2018, adding online betting less than a year later. New Hampshire did the opposite, legalizing sports wagering in 2019 and launching its mobile market via a single sportsbook app in 2020. New Hampshire further authorized land-based sports betting in regionally specified retail outlets approved by their local cities or towns. Pennsylvania also launched sports betting both on-site (2018) and online (2019). New York launched sports betting on-site in 2019, and as mentioned above, is in the process of implementing a plan for online wagering. In Connecticut, implementation is underway as a deal was recently reached with the Mashantucket Pequot Tribe and Mohegan Tribe to allow for sports wagering and online betting.<sup>3</sup> In addition to Massachusetts, legislation is pending in Maine and Vermont.

<sup>3</sup> <https://www.norwichbulletin.com/story/news/local/2021/05/21/sports-betting-conn-house-approves-deal-mashantucket-pequot-and-mohegan-tribes/5199313001/>

## How Does the Pandemic Play In?

Many states suspended operations of casinos after COVID-19 rippled across the country. Interestingly, four states still launched their sports betting platforms as planned during the pandemic, including Colorado, presenting a unique study for mobile sports betting opportunities and revenues. Sports betting revenues in that state reached over \$1 billion in wagers placed in 2020, despite launching on May 1 of that year amidst the pandemic while many sports venues were partially or fully closed and professional league play had halted.<sup>4</sup> Once pro sports returned, the revenues only exploded further. Illinois, which launched in March of 2020 and then was quickly suspended, still closed out the year with nearly \$2 billion in bets placed, after lifting in-person registration requirements for online wagers in August.<sup>5</sup> The new market was one of the top five in revenues for the year, which is depicted in the **Figure 2** visual below.

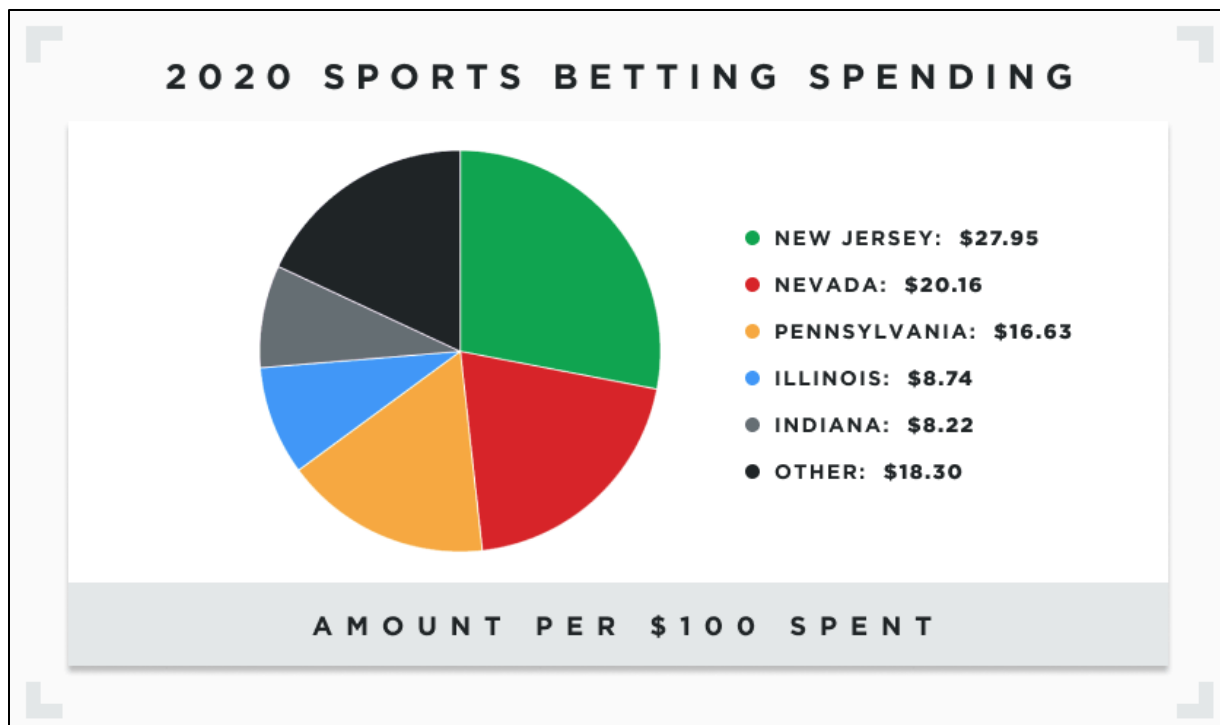


Figure 2. Source: Abele, N. (2021, February 24). Sports Betting Overcame COVID for a Record Year in 2020. Retrieved from <https://www.sportsbettingdime.com/guides/research/sports-betting-record-year/>

<sup>4</sup> Ricciardi, T. (2021, January 26). Colorado sports betting brings in \$1.2 billion in shortened first year, despite pandemic. Retrieved from <https://www.denverpost.com/2021/01/26/sports-betting-revenue-first-year/#:~:text=Colorado's nascent sports betting industry, as the year wore on.>

<sup>5</sup> Abele, N. (2021, February 24). Sports Betting Overcame COVID for a Record Year in 2020. Retrieved from <https://www.sportsbettingdime.com/guides/research/sports-betting-record-year/>

According to the American Gaming Association, Americans wagered approximately \$3 billion on sporting events in October 2020, and sports wagering has continued to climb.<sup>6</sup> In the AGA’s revenue tracker from May 2021, they state, “In the first quarter of 2021, sports betting revenue reached \$961.1 million, up 270.2 percent year-over-year and the highest-ever grossing quarter for legal wagering on sports.”<sup>7</sup>

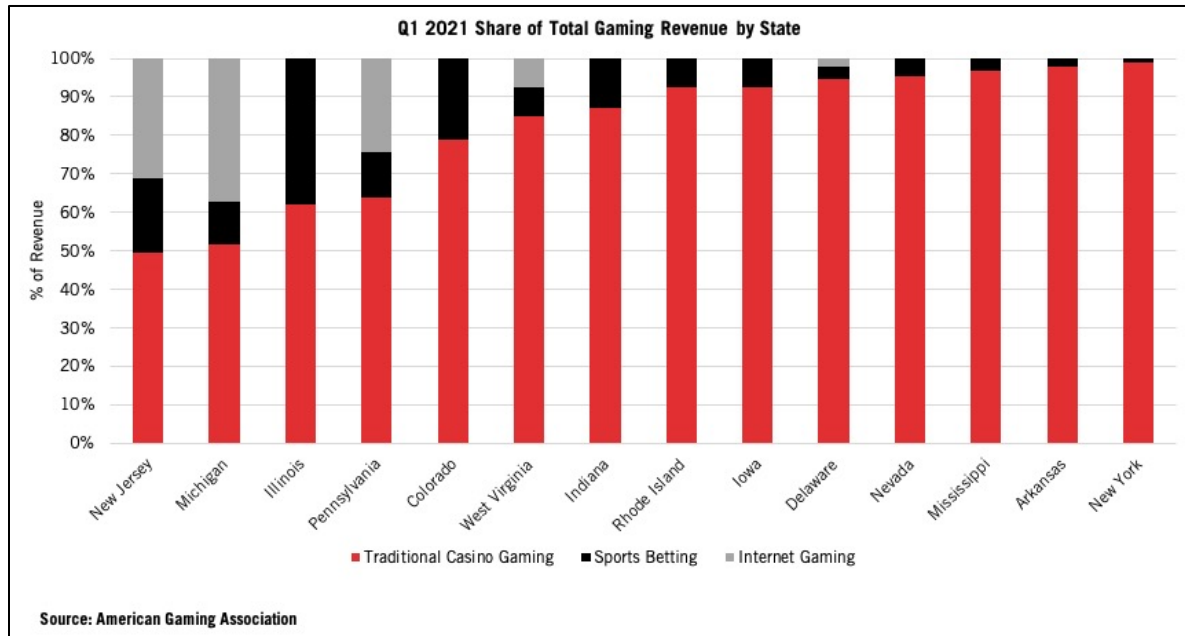


Figure 3. Source: AGA Commercial Gaming Revenue Tracker. (2021, May 11). Retrieved May, 2021, from <https://www.americangaming.org/resources/aga-commercial-gaming-revenue-tracker/>

Across the nation, news of online sports betting being a “win” during the pandemic has been prevalent. Revenues gained through mobile and online sports betting were viewed as a potential remedy toward economic revival as other revenue sources declined due to COVID regulations and closures, encouraging certain jurisdictions that had once been resistant to online betting, like New York, to jump on board.<sup>8</sup> Interestingly, the National Conference of State Legislatures (“NCSL”) reports that of the 15 states that introduced sports betting legislation in 2021, at least nine of them do not have legal casino gaming.<sup>9</sup>

<sup>6</sup> <https://www.sportspromedia.com/from-the-magazine/us-sports-betting-market-gambling-revenue-states-2021-data>

<sup>7</sup> <https://www.americangaming.org/resources/aga-commercial-gaming-revenue-tracker/>

<sup>8</sup> Germano, S. (2021, April 13). Paying for the pandemic: US politicians gamble on sports betting. Retrieved from <https://www.ft.com/content/bb04b14c-e215-4ae8-a655-2bf85fcb73c0>

<sup>9</sup> Brainerd, J. (2021, March 1). The Early Bets Are In: Is Sports Betting Paying Off? Retrieved from <https://www.ncsl.org/research/fiscal-policy/the-early-bets-are-in-is-sports-betting-paying-off.aspx>

## The Status of Massachusetts

Sports betting, many speculated, might come to fruition in the Bay State last year, having been wrapped into a major economic development bill. However, the \$627 million bill advanced to the Governor's desk without a sports wagering proposal. In the current legislative session, there are at least 14 bills proposed for sports betting, each with a different model for regulation and implementation. Governor Baker first filed his sports betting legislation in January of 2015. This year, he re-filed that proposal, estimating \$35M in anticipated sports wagering revenue.<sup>10</sup>

## THE STATUS OF PLAY – HOW POLICIES VARY ACROSS THE U.S.

Implementation of sports wagering has varied widely across jurisdictions as lawmakers grapple with complex policy decisions that include who can bet, who can operate, who will regulate, what are the licensing fees, what are the tax rates, what types of wagers and forms of payment are permissible, and what data may be used. One of the very few similarities is that in almost all jurisdictions, apart from New Hampshire, Montana, and Rhode Island, age restrictions have been set requiring bettors to be at least 21 years old.<sup>11</sup>

The structure of sports betting, itself, varies from state to state. The tax rates significantly differ, but perhaps the only uniform element of sports betting is that every state has some taxation on the activity. Certain states only allow casinos to offer sports betting, while others allow additional brick-and-mortar establishments to apply for a license. Most states allow for a combination of on-site and on-line/mobile betting. However, in the case of Tennessee, sports betting is only available online. There are no physical locations. Many states impose licensing fees, but not all of them.

Policy and implementation also vary. For instance, certain states permit sports wagers to be made on a credit card, while most require a cash payment system. Uniquely, Wyoming is the only state to allow wagers to be made with cryptocurrencies.<sup>12</sup> Additionally, some states implement policies for consumer protections, relating, for instance, to responsible gaming or restricting wagers made on collegiate teams.

In this section, we have created charts to demonstrate the vast differences in structure, policy, and implementation among a select group of states. The grouping includes neighboring jurisdictions as well as states that have both mature and emerging markets. We break out components of legislation and regulation to aid in highlighting the variance among states, and we comment on notable outliers, again to illustrate the breadth of states' practices.

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<sup>10</sup> *The Governor's proposed bill indicates that such revenue would be driven from the imposition of a "tax rate of 10% on in-person sports wagering and a rate of 12.5% for online sports wagering...". Further comment on sports wagering revenues is referenced in the white paper released by the MGC on February 28, 2018.*

<sup>11</sup> *Please note that these age parameters apply to sports wagering only. States may have different age restrictions for betting on horse racing or casino gaming. In Massachusetts, individuals 18+ may bet on horse racing. To gamble at a casino in the Commonwealth, they must be 21.*

<sup>12</sup> Markoski, P. (2021, April 13). Wyoming Legalizes Crypto Use for Online Sports Betting. Retrieved from <https://www.legalgamblingandthelaw.com/news/wyoming-legalizes-crypto-use-for-online-sports-betting/>

## Overview – Tax Rates

Perhaps the greatest difference among sports betting legislation across the country is the tax rate. While Nevada still has one of the lowest state tax rates on sports betting at 6.75% (only Iowa matches that), a few states, including Rhode Island, have rates over 50%. Other states have additional uniqueness; for instance, New Jersey has a special tax rate for racetrack-based online betting above and beyond both its land-based and online rates, set at 14.25%,<sup>13</sup> and in Arkansas, lawmakers adopted “a graduated tax rate for casino gaming, including sports betting, of 13 percent for the first \$150 million in gaming revenue and 20 percent on gaming revenue above \$150 million,” according to The American Gaming Association’s *State of Play*.<sup>14</sup> Additionally, some states vary taxation between online and land/retail, reasoning perhaps that brick-and-mortar sportsbooks offer greater employment opportunities while incurring higher investment and operating costs, thereby justifying a lower tax rate.<sup>15</sup> The chart below demonstrates some of the variability. Notably, in Michigan, the state’s three commercial casinos pay an additional 1.25% city tax rate. **Figure 4**, below, demonstrates the variability of the tax rate across several states which have passed sports betting legislation.

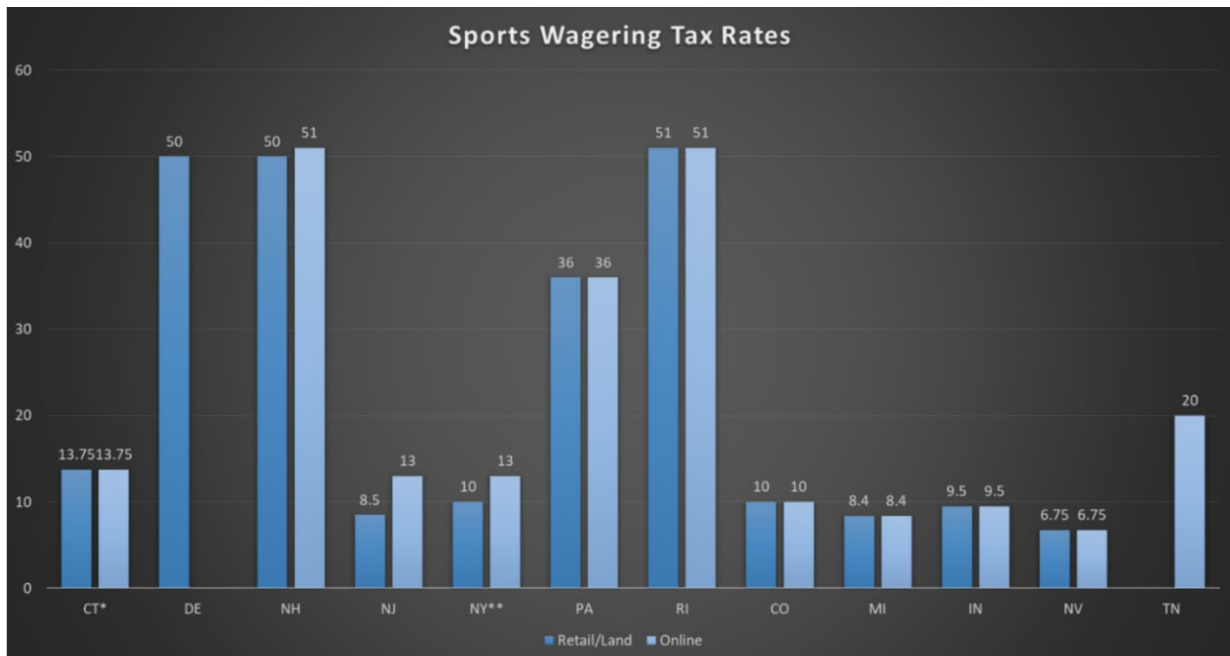


Figure 4. Developed by MGC staff, April 2021.

<sup>13</sup><https://sportsbetting.legal/states/new-jersey/>

<sup>14</sup><https://www.americangaming.org/state/arkansas/#:~:text=Arkansas%20uses%20a%20graduated%20tax,gaming%20revenue%20above%20%24150%20million.>

<sup>15</sup> <https://www.gamblingnews.com/news/mobile-wagering-boosts-the-potential-of-the-us-sports-betting-market/>

The policy conversations relating to tax rates focus on striking the proper balance. While higher tax rates produce substantial economic supports for the state, experts stress the import of establishing a competitive tax rate that is attractive to potential licensees and capable of bringing sunshine to unregulated sports betting. According to the National Conference of State Legislatures, “Higher rates may better maximize state revenues; however, some states have pursued low rates to help ensure that legal sports betting products will be priced competitively with illegal market products and thus encourage more gamblers to leave the black market.”<sup>16</sup>

## **Overview- State Structure**

The charts on the following pages attempt to give, at quick glance, an illustration of the wide variation in practices among those jurisdictions that are operating or in the process of implementing legal sports wagering: whether online/mobile wagering is available; how many different licenses or locations are allowed; how online providers are chosen; and other noteworthy details regarding how sports betting is operationalized.

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<sup>16</sup> Brainerd, J. (2021, March 1). The Early Bets Are In: Is Sports Betting Paying Off? Retrieved from <https://www.ncsl.org/research/fiscal-policy/the-early-bets-are-in-is-sports-betting-paying-off.aspx>



### STATE STRUCTURE CHART KEY









Operators:



Type of Wagering Allowed:



<i>State</i>	<i>Operator Types</i>	<i>Onsite/Online</i>	<i>Structure</i>	<i>Notes</i>
<i>Connecticut</i>			15 retail locations, one mobile skin for the Lottery (Each tribe will have a mobile skin, as well.)	The Lottery will regulate and operate sports betting. Implementation is underway, expected launch Sept. 2021
<i>Delaware</i>			Sports betting offered at 3 casinos but operated by the Lottery. No online.	The Lottery regulates and operates sports betting.
<i>New Hampshire</i>			Online/mobile plus sports betting will be allowed at up to ten “brick-and-mortar” locations in designated regions.	NH has no casinos. The Lottery will regulate sports betting, with DraftKings as the sole operator.
<i>New Jersey</i>			Casinos and Racetracks model – 14 retail licenses	
<i>New York</i>			Four casinos may operate sports betting. Mobile will be open for bid.	Online launch pending
<i>Pennsylvania</i>			Casinos and Racetracks model -up to 12 retail licenses	Includes a “mini-casino” model and allows OTB locations to apply for license.

<i>State</i>	<i>Operator Types</i>	<i>Onsite/On line</i>	<i>Structure</i>	<i>Notes</i>
<i>Rhode Island</i>			Sports betting available at two state casinos.	
<i>Colorado</i>			Master Sports Betting Licenses (for existing 33 casino properties), and Sports Betting Operator Licenses (other brick-and-mortar). Internet Sports Betting Licenses separate.	Also allows for commercial partnerships.
<i>Indiana</i>			15 licenses for casinos, racetracks, and OTB.	
<i>Michigan</i>			15 licenses for sports betting lounges in casinos (state or tribal)	

The variances continue beyond those states included in the chart. While early adopters trended toward the NJ model focused on casinos, Vixio’s recent report suggests that latest legislation has leaned away from “casino plus skins” implementation.<sup>17</sup> Montana offers sports betting licenses to bars and taverns. Other jurisdictions, such as Maryland, would allow sports venues and/or leagues to be licensed. According to Gaming Today, Arizona became the first state to draft legislation allowing professional sports teams to grant sportsbooks market access in April, where there will be ten licenses for major sports franchises.<sup>18</sup> In other cases, major teams can partner with sportsbooks for licensure; for instance, NFL’s Washington Football entered a partnership with FanDuel for a joint license in Virginia.<sup>19</sup> It is also worth noting that in some states (such as Washington), only tribes may offer sports wagering (and online wagering is still not allowed there.)

Additionally, certain jurisdictions, like Tennessee, have opted to offer sports wagering only online. More detail about how sports wagering policy varies as to online and mobile implementation are developed in the next chart.

<sup>17</sup> Kilsby, J., Lapetina, A., Rovira, K., & Carey, M. (2021, April). Get Ahead of the Game, U.S. Sports Betting Tracker.

<sup>18</sup> <https://apnews.com/article/arizona-cardinals-arizona-sports-betting-nfl-sports-8c66e38c0aa4e9bde22950e8d9a9b52f>

<sup>19</sup> <https://www.sportspromedia.com/news/washington-football-team-fanduel-virginia-sports-betting-licence>

## Online/Mobile Sports Wagering Details

<i>State</i>	<i>Mobile</i>	<i>Skins- Total</i>	<i>Skins per licensee</i>	<i>Granted to</i>	<i>Of Note</i>
Connecticut	Yes	3	1	Lottery (1) Tribes (2)	One mobile skin for the Lottery. (Each tribe will have a mobile skin, as well.) DraftKings has already partnered with Mashantucket Pequot Tribe.
Delaware	No	-	-	N/A	Mobile betting is legal, but not yet available.
New Hampshire	Yes	5	1	Competitive bidders	The NH Lottery licenses DraftKings Sportsbook as the state's single mobile sports betting operator.
New Jersey	Yes	42	3		Each sports betting operator can have up to three mobile skins.
New York	Launch TBD (Post 7/31/21)	8+	4+	Only <b>two</b> online operators for entire state	Online sports betting will be bid out in a competitive process.
Pennsylvania	Yes	18	1	Only casinos	Mobile partners/online operators to casinos may not have their own branding.
Rhode Island	Yes	1	N/A	One provider for state	Owned and operated by the Lottery.
Colorado	Yes	33	1		
Indiana	Yes	39	3	Partners to licensed operators	
Michigan	Yes	15	1		A casino operator must clearly display its own brand on the online platform

## Online/Mobile Sports Wagering Details (continued)

While most states that have legalized sports betting have also included a mobile model, others have decided against it. South Dakota, which just passed sports betting in March did not include mobile or online betting in final legislation.<sup>20</sup> Delaware, which has had legal sports betting since 2018 has so far opted not to implement mobile wagering, although it is technically allowed in the legislation.<sup>21</sup> In Mississippi, bets made through mobile apps are only allowed when onsite at a casino property that offers sports betting. However, none of the casinos are using that model.<sup>22</sup>

New York is currently in the process of amending the legislation which previously restricted online betting. The state made news this year when Governor Cuomo signed legislation intending to revise current state regulations utilizing a unique structure, allowing for only two online operators, via competitive bid. The legislation also requires the operator to store their server in one of the state's casinos, paying the host casino \$5 million annually, after a one-time \$25 million fee to the state.<sup>23</sup> Bid proposals must include a plan for at least four potential mobile providers, the "skins," that would be willing to partner with the winning operator. Online/mobile betting is also going to be taxed at a different rate than the on-site betting, which has been legal since 2019.

Notably, Maryland passed legislation in April allowing for mobile licenses that will not require ties or partnerships with an existing casino license to operate. Additionally, it also allows for what is believed to be a record 60 online operators, aside from 30 other retail licenses. The launch date is pending, as a Commission must be established prior to implementation. Interestingly, Tennessee and Wyoming (preparing to launch) have solely online sports betting, with no operating physical facilities. In some states, operating as an online licensee comes at a different cost than operating a brick-and-mortar site.

The following section examines the varying licensing fees across states.

## Licensing Costs

Imposing fees for licensure to operate sports wagering is a common measure adopted in sports wagering legislation throughout the United States. Fees can signal that licensure is a coveted privilege and can generate important state revenue. They also can work, in part or otherwise, to cover regulatory costs, including investigations related to suitability. The fee itself varies significantly, however, for those states that have opted to codify a cost structure, from a few thousand dollars up to several million. The chart on the following page aids in demonstrating the variation in licensing fees across several states.

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<sup>20</sup> <https://usbettingreport.com/news/south-dakota-governor-approves-sports-betting/>

<sup>21</sup> <https://www.usbets.com/delaware-sports-betting-numbers/>

<sup>22</sup> <https://www.legalsportsreport.com/47926/ms-sports-betting-mobile-2021/>

<sup>23</sup> Salvador, J. (2021, April 21). New York Approves Online Sports Betting. Retrieved from <https://www.si.com/gambling/2021/04/21/online-sports-betting-allowed-in-new-york>

<b>State</b>	<b>Licensing Fee <sup>24</sup></b>	<b>Note</b>
Connecticut	TBA	Legislation and regulatory specifics currently being developed
Delaware	No upfront fee	
New Hampshire	Competitive bid	Current sole operator is DraftKings
New Jersey	\$100,000	
Pennsylvania	\$10,000,000	
Rhode Island	N/A	Managed and run by the Lottery.
New York	N/A (retail) \$25,000,000 online	
Colorado	\$2,000 Master License \$1,200 Mobile Operator	
Indiana	\$100,000	
Iowa	\$45,000	
Maryland <sup>25</sup>	\$2,000,000 Class A-1 \$1,000,000 Class A-2  \$50,000 -\$250,000 Class B  (Class B licensing fee determined by # employees and revenues)  \$500,000 Mobile Only	Class A-1 - Casinos with 1,000 slot/lottery terminals Class A-2- Casinos with under 1,000 slot/lottery terminals, Racetracks and the three major professional sports stadiums Class B - Maryland State Fairground, (4) simulcast betting facilities, (2) electronic bingo facilities, and up to 30 additional businesses, including bars and restaurants.
Michigan	\$150,000	
Virginia	\$250,000	
Tennessee	\$750,000	Online operators only. (No land/retail betting in TN.)

<sup>24</sup> Brainerd, J. (2021, March 1). The Early Bets Are In: Is Sports Betting Paying Off? Retrieved from <https://www.ncsl.org/research/fiscal-policy/the-early-bets-are-in-is-sports-betting-paying-off.aspx>

<sup>25</sup> [https://blogs.duanemorris.com/gaminglaw/2021/04/19/maryland-legislature-passes-sports-wagering-bill-with-expansive-licensing-opportunities-and-targeted-support-for-women-and-minorities/?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=LinkedIn-integr](https://blogs.duanemorris.com/gaminglaw/2021/04/19/maryland-legislature-passes-sports-wagering-bill-with-expansive-licensing-opportunities-and-targeted-support-for-women-and-minorities/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integr)

## Licensing Costs (continued)

While licensing fees themselves vary just as far and wide as the individual tax rates, certain states add further distinctions in requisite licenses and associated licensing costs. In New York, there is no licensing fee for retail sports betting, but receiving the top bid for one of the two online sports wagering licenses will require a \$25 million fee, plus a payment of \$5 million annually to the host casino. In Illinois, there is a separate licensing fee for online sports wagering of \$20 million, while a land-based license will only require a \$10 million initial license fee.

Uniquely, Colorado has five different types of licenses. To operate sports betting, there is a Master License, a Sports Betting Operator License, or an Internet Sports Betting Operators License. They also have a Vendor Major License and a Vendor Minor License. However, Maryland just adopted in the past month what appears to be the most unique model yet, with two classes of licenses for brick-and-mortar operations, and a separate mobile-only license. License classes and fees are determined by size and type of establishment, number of employees and revenue. A more detailed breakdown is listed in the preceding chart.

## Other Costs and Fees

Aside from licensing fees, states have implemented other costs to generate revenues and support necessary infrastructure. In Michigan, an application fee is \$50,000 and in Virginia, an application fee of \$50,000 is required of each of the “principals” named as part of their application.<sup>26</sup>

License renewal fees also range widely across the states. Continuing with the examples above, Michigan imposes a license renewal fee of another \$50,000 every five years, but in Virginia that cost rises to an additional \$200,000 every three years.

Owned and overseen by their respective lotteries, at this time there appear to be no licensing, application, or renewal fees in the neighboring states of New Hampshire or Rhode Island.

Some states impose licensing fees on employees as well. In Iowa, the occupational license requires: (i) the license fee (\$10), (ii) an IRS tax form fee (\$6), and (iii) a fingerprinting fee (\$42.) An occupational license lasts three years.<sup>27</sup> In Michigan, to obtain an occupational license, the prospective employee must pay an application fee of \$250, and then a license fee of \$250 upon approval, requiring renewal every two years. It may be worth noting that Michigan does not require individuals already licensed for gaming under the state to get a new occupational license for sports wagering.<sup>28</sup>

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<sup>26</sup> <https://www.americangaming.org/state/virginia/>

<sup>27</sup> <https://irgc.iowa.gov/licensing-information/individuals-gaming>

<sup>28</sup> [https://www.michigan.gov/documents/mgcb/Sports\\_Betting\\_iGaming\\_Occupational\\_License\\_FAQs\\_701474\\_7.pdf](https://www.michigan.gov/documents/mgcb/Sports_Betting_iGaming_Occupational_License_FAQs_701474_7.pdf)

As mentioned above, Colorado’s licensing structure establishes major and minor vendor licenses and related fees set by the Colorado Limited Gaming Control Commission. The Vendor Major licensing fee is \$1,200, while the Vendor Minor fee is \$350.<sup>29</sup> Several other states (including New Jersey) require such licensing for businesses providing goods or services to a sports wagering operator. In some states, such as Michigan, Supplier Licenses are mandated for gaming and non-gaming suppliers. Others, Mississippi, for example, do not require such licensing fees at all.

## Policies at Play

### Amateur/Collegiate Betting

Across the country lawmakers considering sports betting legislation have rigorously debated whether-or-not to allow collegiate betting. When Michigan launched sports betting last year, the state was determined to do so before March Madness to capitalize on that event. Of note, in 2019, the American Gaming Association asserted that 47 million American adults would wager \$8.5 billion on the 2019 tournament.<sup>30</sup> Nonetheless, at least 13 states only allow for collegiate betting under certain restrictions. The map below lays out which states restrict collegiate wagers on in-state teams, those with no restrictions at all, and those that do not allow prop bets. A prop bet (also known as a “proposition” bet) is a bet tied to game play or a bet on a player, but not related to the end of game outcome or score. This includes anything from the coin toss to yards run or goals made to the number of rounds of a UFC fight.

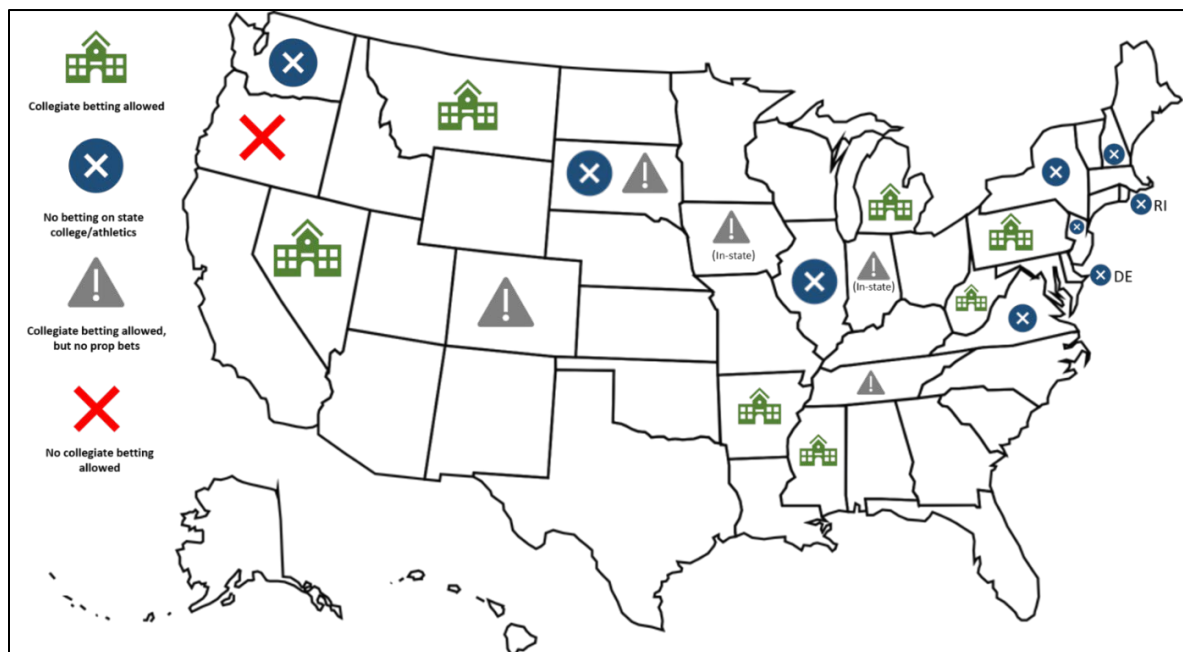


Figure 5. Developed by MGC staff, April 2021.

<sup>29</sup> <https://www.cobets.com/colorado-lgcc-21821/>

<sup>30</sup> <https://www.americangaming.org/new/americans-will-wager-8-5-billion-on-march-madness/>

New Jersey, in addition to prohibiting collegiate bets on in-state schools, also does not permit wagers on collegiate events held within the state. Current legislation has recently advanced in the Garden State, however, to remove all prohibitions from collegiate wagering. Conversely, Nebraska is in the process of amending its state law to ensure wagering will be prohibited on all sporting events involving in-state colleges.<sup>31</sup>

A representative of the Rhode Island Lottery offers some rationale for why the state opts to restrict collegiate betting. “The feeling is that college kids who are amateurs, making no money, may be more tempted to cheat if there’s a big payoff,” said Paul Grimaldi, to the Tribune.<sup>32</sup> But in Oregon, where there is no collegiate betting at all, the concern is that there is significant untapped wealth in the market, approximately 30-50% of handle.<sup>33</sup> Others contend that individuals are already betting on college athletes via the illegal market. Legalized sports wagering, they argue, should extend fully to amateur (collegiate) athletic events to ensure the benefit of the legal market and regulation, providing critical safeguards and educational opportunities to the student athletes.<sup>34</sup>

## Payments

Lawmakers, prioritizing consumer protections, have given considerable thought to the types of payments that may be accepted for sports wagers. Certainly, the utilization of credit to fund sports wagering accounts or place wagers raises implications associated with responsible gambling. Accordingly, many states do not allow credit card transactions or transfers for sports wagering activity.

In Iowa (which launched in 2019), legislation did not originally expressly exempt credit card usage in placing bets, but the Legislature voted in June of 2020 to outlaw gambling deposits to wagering accounts utilizing credit cards, specifically citing concerns about problem gambling. Notably, credit cards may not be used to purchase lottery tickets in Iowa.<sup>35</sup>

However, where wagers may be made with credit cards, such as in Michigan, certain establishments encounter challenges accepting credit or debit card gambling payment, and, accordingly, have adopted their own policies not to. This is because many banks do not accept such transactions, which can result in implications for the patrons, including the freezing of their cards. The Detroit Free Press reported that one bank in particular, Comerica, began actively notifying customers in Michigan that they would decline charges placed on sports wagering once the legislation was passed.<sup>36</sup>

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<sup>31</sup> <https://saturdaytradition.com/sports-gambling/nebraska-approves-amendment-to-ban-in-state-college-sports-betting/>

<sup>32</sup> <https://www.chicagotribune.com/sports/college/ct-illinois-betting-college-sports-20201028-zszxp7rko5hsvkav72qpsyy6j4-story.html>

<sup>33</sup> <https://www.opb.org/article/2021/03/20/march-madness-legal-sports-betting-northwest/>

<sup>34</sup> <https://www.milforddailynews.com/story/opinion/columns/2020/11/14/university-leaders-want-exclude-collegiate-sports-legalized-betting/6255174002/>

<sup>35</sup> <https://www.playia.com/iowa-close-to-banning-credit-cards-for-sports-betting/>

<sup>36</sup> <https://www.freep.com/story/news/local/michigan/2021/02/02/credit-debit-card-online-betting-michigan/4351696001/>



Historically, banks and credit card companies have refused to accept gambling charges, for several reasons. Varying casino gambling age restrictions across the country have been cited as challenging to monitor, implicating financial reporting requirements which banks seek to avoid. Additionally, according to American Banker, many banks automatically block gambling related charges, given concerns for potential money laundering implications and other financial crimes. Change may be on the horizon, though, as institutions like Visa and Chase have recently worked to increase transparency in gambling transactions, and therefore, have implemented more widespread practice accepting such charges.<sup>37</sup>

Certain states currently considering legalization of sports wagering have not expressed concern over the use of credit. Indeed, they are evaluating alternative and more modern forms of payment. Bipartisan legislation put forward this year in North Carolina to legalize sports wagering beyond that of its current limitation to two tribal casinos, not only would expressly allow wagers utilizing debit and credit card, but also would permit payment via cryptocurrencies.<sup>38</sup> As noted earlier, Wyoming is the only state that currently allows wagers to be made with cryptocurrencies.

## Data Suppliers

How to regulate the suppliers of sports data remains a dynamic discussion as states develop their statutory framework to legalize sports wagering. At its core, the framework must be structured to preserve the integrity of the betting market. As sports betting began to emerge out of the shadows, the leagues lobbied jurisdictions across the country for integrity fees to be paid by sportsbooks and mobile operators to combat corruption of the leagues' sporting events. These efforts, however, were widely unsuccessful.

If data and other information used to wager a sports bet is at risk of manipulation, fraud may result. The need to ensure accurate betting outcomes and safeguard against corruption is an equal priority for regulators, bettors, operators, and the leagues.<sup>39</sup> The professional sports leagues, therefore, pivoted and began to press the states to require operators to use official league data. Some argue that monetization of their asset, not the risk to integrity, motivated the leagues. Only Illinois and Tennessee have required sports betting operators to purchase official league data for in-play wagering to mitigate the risk of fraud.<sup>40</sup> Certain states, like Michigan, permit the leagues to request that their data be used.<sup>41</sup> States generally seem to be relying on market forces to determine the supplier of sports betting data.

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<sup>37</sup> <https://www.legalsportsreport.com/46378/visa-us-sports-betting-online-payments/>

<sup>38</sup> <https://www.wect.com/2021/04/07/love-sports-betting-new-bill-aims-make-it-legal-north-carolina/>

<sup>39</sup> "Regulating Sports Gaming Data," Ryan Rodenberg, JD/PhD, Florida State University, Tallahassee, Florida, June 2020, Page 6.

<sup>40</sup> <https://sportshandle.com/official-league-data-paper/>

<sup>41</sup> <https://www.playmichigan.com/changes-to-michigan-gambling-rules-league-data/>

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**“Data feed providers gather information based on sports betting lines from an aggregate of sports book operators around the world. They then send this information to oddsmakers, including what the current odds are in their own jurisdiction. They also provide oddsmakers with relevant statistical information, such as injury reports, to inform them as to how they should set and adjust their lines.... As such, data feed providers can have a greater understanding of who is placing what type of bets, and operators can assure their bettors that their odds are set with a clear understanding of sports betting trends around the world.”<sup>42</sup>**

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Those opposed to requisite use of the leagues’ data contend that commercial relationships between the multitude of data suppliers and operators should be left to private negotiation for the most effective risk management.<sup>43</sup>

Reportedly in 2019, without the pressure of a statutory mandate to use the leagues’ feeds, MGM Resorts International was among the first to enter a deal with the NBA to serve as the official gaming operator and user of the league’s official data for sports wagering. MGM struck similar deals with the NHL and the MLB to secure those additional sports data feeds, supporting the argument that the market alone can regulate data supply and ensure its integrity, without imposing a government mandate that operators must purchase official data.<sup>44</sup> More and more of these partnerships have emerged since legalized sports betting has expanded across the country, achieving deals that reflect the economic potential of this nascent industry.<sup>45</sup>

To further safeguard against corruption and fraud, sportsbooks and online operators also are voluntarily partnering with independent integrity monitors that analyze data sets to identify suspicious betting activity and irregular sporting event patterns. Colorado, for instance, is among jurisdictions that require licensed operators to engage such a monitor.<sup>46</sup>

It is noteworthy that certain states, like Illinois, are requiring data providers to obtain a license under the law.<sup>47</sup> In Michigan, a professional sports league that supplies data must be licensed.<sup>48</sup> The state also allows for official data decisions to be challenged.<sup>49</sup>

Ohio, which has been contemplating sports betting since 2018, serves as an illustrative example of how data supplier policy has evolved as sports betting has grown in the U.S. In early proposed legislation, certain lawmakers were considering integrity fees, or similar funding versions in support of the leagues.<sup>50</sup> In 2019, a bill proposed a “statewide data centralized monitoring system” to protect the integrity of wagers.<sup>51</sup> Later, Ohio lawmakers determined that

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<sup>42</sup> <https://ggbmagazine.com/article/the-importance-of-data-in-sports-betting/>

<sup>43</sup> <https://sportshandle.com/sports-betting/>

<sup>44</sup> <https://ggbmagazine.com/article/the-importance-of-data-in-sports-betting/>

<sup>45</sup> <https://sportshandle.com/sports-betting/>

<sup>46</sup> <https://sos.state.co.us/CCR/GenerateRulePdf.do?ruleVersionId=8934>

<sup>47</sup> [https://espn.com/chalk/story/\\_/id/19740480/the-united-states-sports-betteng-where-all-50-states-stand-legislation](https://espn.com/chalk/story/_/id/19740480/the-united-states-sports-betteng-where-all-50-states-stand-legislation)

<sup>48</sup> <https://www.playmichigan.com/changes-to-michigan-gambling-rules-league-data/>

<sup>49</sup> <https://www.legalsportsreport.com/40454/michigan-sports-betting-draft-rules/>

<sup>50</sup> <https://www.usbets.com/integrity-fee-chatter-complicates-ohio-sports-betting/>

<sup>51</sup> <https://www.casino.org/news/after-successful-house-vote-what-is-next-for-ohio-sports-betting-bill/>

a data mandate would equate to a monopoly,<sup>52</sup> and although legislators held hearings to contemplate the use of official data, legislation put forward in 2020 excluded it.<sup>53</sup> As the opposition toward mandating official league data use endured and legislation evolved in 2021, the leagues vied for licenses to be reserved specifically for them, as other jurisdictions had begun to allow. However, “free market” policy has reigned.<sup>54</sup> The bill is still in deliberation, as lawmakers consider the policies of those newest to the market in 2021.

In some such instances where data suppliers and official league data are not affirmatively addressed in legislation, states (such as Michigan<sup>55</sup>) have enabled leagues and operators to challenge the official league data being used and provide direct processes for doing so.

## Responsible Gaming

While mobile wagering increased significantly during the pandemic, bolstering state revenues, concerns about the potential impact on the health and well-being of the sports bettor similarly intensified. In Michigan, calls to the state’s gambling helpline nearly doubled between February 2020 to February 2021 after sports wagering was launched in January while casinos were closed or operating at limited capacities.<sup>56</sup>

With sports betting legalization expanding across the U.S., states continue to grapple with policy development on how best to alleviate problem gambling and foster responsible gaming. For instance, credit card payment policy may implicate a tension between consumer protections and measures for mitigating problem gambling. Risk of the potential for increasing debt may be offset by evolving credit card policy, including reduction in the traditionally high fees imposed for credit card transactions related to gambling, currently processed as cash advances. Consumers may also benefit from new, self-imposed credit caps.<sup>57</sup>

However, cashless wagering is on the rise, especially with mobile apps and digital sportsbooks, and given the pandemic and related health and safety issues. In June of 2020, the Nevada Gaming Commission voted unanimously to modify existing casino regulations and permit cashless wagering. While credit cards transactions are still not accepted in Nevada, the trend towards cashless wagering raises new questions about the use of credit cards in the industry.

According to the NCSL, requiring in person registrations at the brick-and-mortar casinos for online sports wagering constitutes another, “responsible gaming measure intended to better prevent underaged gaming or other unauthorized users that most of the mobile sports betting states have not adopted”. The NCSL report states new sports wagering policies have diverted from that model, however, as in person registration creates too great a barrier, particularly for

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<sup>52</sup> <https://www.legalsportsreport.com/35662/ohio-sports-betting-official-league-data/>

<sup>53</sup> <https://sportshandle.com/slow-going-ohio-sports-betting/>

<sup>54</sup> <https://www.legalsportsreport.com/51429/proposed-ohio-sports-betting-bill-changes/>

<sup>55</sup> <https://www.legalsportsreport.com/40454/michigan-sports-betting-draft-rules/>

<sup>56</sup> <https://apnews.com/article/michigan-sports-health-coronavirus-6a2049151ea4e3b01631a27b79bc5557>

<sup>57</sup> *With respect to responsible gaming, reference “Applying principles of the Massachusetts Responsible Gaming Framework to Sports Wagering Policy and Practices,” published by Massachusetts Gaming Commission’s Mark Vander Linden, Director of Research & Responsible Gaming; Marie-Claire Flores-Pajot, Research Manager May 21, 2021. Note the authors, in a section entitled “Promote Public Health and Safety,” recommend prohibiting use of credit cards and restricting casino credit.*

states with geographically disbursed casinos, negatively impacting revenues. In Iowa, they started off with this requirement, but dissolved it in early 2021. Rhode Island also eliminated in person registrations, and “mobile revenues have grown as a share of total revenues in recent months.”<sup>58</sup>

Other policy measures are focused more directly on consumers, including specific language that operators must display inside a sports wagering lounge or include on an app to foster healthy and informed decisions. Mobile technology offers new digital tools to further responsible gaming. Like New Jersey, New York’s online sports betting bill requires a warning message to appear after a player has deposited \$2,500 into their account throughout their lifetime. Notably, it also caps annual credit card deposits at \$2,500.<sup>59</sup>

The Arizona Department of Gaming has a dedicated Division of Problem Gambling which “partners with individuals, agencies and community groups to promote education and prevention of problem gambling. The DPG also subsidizes treatment for anyone with a gambling problem.”<sup>60</sup> Like some other states, including Massachusetts and Colorado, Arizona also utilizes a self-exclusion list system.

In certain states, sports betting legislation has allocated revenues or prescribed fees for funding responsible gaming policy or programs. Here are a select few:

**State Responsible Gaming Funding <sup>61</sup>**

Michigan	\$1 million annually to Compulsive Gaming Prevention Fund <sup>62</sup>
New Hampshire	Earmarks 10% of revenue drawn from sports betting for services to support treatment and prevention of gambling addiction <sup>63</sup>
New York	The new online sports wagering legislation provides \$6 million to responsible gambling programming. <sup>64</sup>
Pennsylvania	0.2% of total gross sports wagering revenue goes to Compulsive and Problem Gambling Treatment Fund. Another 0.2% goes to the Department of Drug and Alcohol Programs for similar initiatives related to problem gambling. <sup>65</sup>

<sup>58</sup> Brainerd, J. (2021, March 1). The Early Bets Are In: Is Sports Betting Paying Off? Retrieved from <https://www.ncsl.org/research/fiscal-policy/the-early-bets-are-in-is-sports-betting-paying-off.aspx>

<sup>59</sup> Kilsby, J., Lapetina, A., Rovira, K., & Carey, M. (2021, April). Get Ahead of the Game, U.S. Sports Betting Tracker.

<sup>60</sup> <https://cronkitenews.azpbs.org/2021/05/03/sports-gambling-arizona-addition/>

<sup>61</sup> Data in this chart came heavily from the NCSL article referenced above (by Brainerd, J.) unless otherwise referenced.

<sup>62</sup> <https://www.detroitnews.com/story/news/local/michigan/2021/05/01/michigan-gambling-helpline-addiction-calls-spike-february/115943332/>

<sup>63</sup> <https://www.vnews.com/Sports-betting-to-begin-in-New-Hampshire-31559544>

<sup>64</sup> Kilsby, J., Lapetina, A., Rovira, K., & Carey, M. (2021, April). Get Ahead of the Game, U.S. Sports Betting Tracker.

<sup>65</sup> <https://www.usbets.com/state-sports-betting-problem-responsible-gaming-funding/>

**State Responsible Gaming Funding<sup>66</sup>**

Tennessee	5% to mental health and substance abuse services
Virginia	2.5% to problem gambling initiatives
Washington, D.C.	First \$200,000 directed to the Department of Behavioral Health for gambling addiction and treatment programs.
Wyoming	\$300,000 each year is earmarked for problem gambling treatment.

In Illinois, although funding for problem gambling was not directly included in the legislation, the state budget for problem gambling funding was heavily increased with the legalization of sports wagering.<sup>67</sup>

## MASSACHUSETTS TODAY

As Massachusetts contemplates the legalization of sports betting in the Commonwealth, frequently cited policy considerations include taxation rates, permitting collegiate bets, best responsible gaming practices and measures, number of permissible licenses and appropriate fees, use of credit as a form of payment for wagers, and how to use league data. As this review of sports betting across the states shows, the responses to these same policy decisions vary widely, each the result of balancing attractive economic drivers, like increased state revenue, against potential losses to competing markets in neighboring states or offshore.<sup>68</sup>

Massachusetts demonstrated remarkable leadership in crafting the statute governing casino gaming in the Commonwealth. The Legislature established innovative measures to mitigate against the impact of casinos on communities and on individuals. The community mitigation fund awards significant dollars to host and surrounding communities impacted by the casinos. On-site counselors are mandated to assist casino patrons with issues of problem gambling and to encourage responsible gaming. The law mandates a groundbreaking, expansive research agenda which has become the envy of jurisdictions around the globe. Widely acclaimed experts helping gamblers make healthy and informed choices rely on the research procured and managed by the Massachusetts Gaming Commission per statute.

<sup>66</sup> Data in this chart came heavily from the NCSL article referenced above (by Brainerd, J.) unless otherwise referenced.

<sup>67</sup> <https://www.usbets.com/state-sports-betting-problem-responsible-gaming-funding/>

<sup>68</sup> Martinez, M. (2021, May 5). "Vixio Gambling Compliance's James Kilsby: "Overall, States are Regulating to a Pretty High Standard". Retrieved from <https://usbettingreport.com/interviews/vixio-gamblingcompliances/>

The Commonwealth also stands out for encouraging its nascent casino industry to set, meet and exceed diversity workforce and spending goals. Interestingly, diversity is listed as a rising trend for sports betting in 2021 on the Vixio Regulatory Intelligence blog, listing Maryland and Virginia as jurisdictions leading intentionally to make the business of gambling more inclusive.

**“Maryland’s law mandates a new state commission to “actively seek to achieve racial, ethnic and gender diversity” through the awarding of standalone licenses for retail and mobile sports betting, while the Virginia Lottery must similarly give “substantial and preferred consideration” to companies with minority investors or partners when it opens applications for five additional permits later this year.”<sup>69</sup>**

Massachusetts has set high bars. The General Court found and declared in 2011 that “ensuring public confidence in the integrity of the gaming licensing process and strict oversight of all gaming establishments through a rigorous regulatory scheme is the paramount policy objective” of Chapter 23K, expanding gaming to include casino play. Any regulatory body of legalized sports betting in the Commonwealth will require broad authority to meet that same heightened standard of integrity needed to ensure consumer confidence in the fairness of offerings and security of transactions, while safeguarding against predatory practices and promoting responsible gaming.

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<sup>69</sup> Kilsby, J. (2021, April 27). Evolving U.S. Sports Betting Market Quick Off The Mark In 2021. Retrieved from Vixio Regulatory Intelligence blog. <https://vixio.com/blog/evolving-u-s-sports-betting-market-quick-off-the-mark-in-2021/>