



Senate Committee on Community, Economic & Recreational Development

Testimony by the Sports Betting Alliance

October 2, 2023

Chairman Gebhard, Chairman Williams and members of the Senate Committee on Community, Economic & Recreational Development:

The Sports Betting Alliance (SBA) is a trade organization comprised of some of the top operators in the mobile sports wagering industry: BetMGM, DraftKings, Fanatics and FanDuel. We operate in several jurisdictions across the United States as market competitors in both mobile sports betting and online casino gaming (iGaming), but we are aligned in policy efforts to create safe, competitive, and successful online gaming markets. We want to thank the committee for creating an opportunity for us to highlight our operations in the Commonwealth and provide feedback on the existing regulatory structure for the gaming industry.

As leaders in the digital entertainment space, we want to commend Pennsylvania for embracing consumer demand and being early leaders in the legalizing of both competitive mobile sports betting and iGaming. Competition in the marketplace has driven technological innovation and state revenues, while also ensuring that bettors can select from among a variety of safe¹, legal mobile platforms. Indeed, the Pennsylvania Gaming Control Board ("PGCB") reporting of record-breaking gaming revenue in 2022 suggests the expansion of online gaming has been a net-benefit to the entire industry's bottom line. We cannot stress enough the importance of sustaining reasonable licensing and market economics to support continued growth in these verticals.

As your committee performs a review of the existing gaming landscape, the SBA would like to highlight two market components commonly found in other states that have contributed to revenues and met consumer demands in online gaming.

First, the SBA recommends expanding the definition of "sports wagering" to include the term "other events, as approved by the Board". Doing so will allow the market to be more dynamic and adapt as sports evolve. The best recent application of the "other events" function is for e-sports, which has experienced an explosive following in Pennsylvania, and yet remains ineligible for wagering because current law requires a statutory change.

Second, the SBA encourages Pennsylvania to enter the Multi-State International Gaming Agreement (MSIGA), which allows interstate competition among players located in legal, U.S. iGaming jurisdictions. MSIGA creates a larger player liquidity pool and yields more diverse game offerings and higher tournament guarantees. Industry analysts estimate that in January 2023, Michigan and New Jersey experienced a roughly 30% increase in iPoker revenue after combining liquidity pools. The increase in player participation also added incremental revenue to both casino and sports betting product segments.

¹ In response to the increase of legal online gaming throughout the country, SBA companies and other operators have developed responsible gaming programs to help prevent gambling abuse. Services such as the national 1-800-Gambler hotline, and the self-exclusion program enable operators and the PGCB to assist individuals who are unable to play responsibly. Responsible Gaming is paramount to our collective success and SBA is always happy to be a resource to the Committee in this area.

Finally, increased iGaming player participation will further transition players away from the robust illegal iPoker market. To date, over half of the states with legal iGaming have joined MSIGA.²

Thank you for the opportunity to share testimony. The SBA looks forward to being a resource to the committee and an active participant in discussions contemplating changes to the gaming industry in the Commonwealth.

² MSIGA state membership includes Delaware, New Jersey, Nevada, and Michigan.