



May 19, 2021

Testimony of Kevin Cochran on behalf of DraftKings Inc. before the Ohio Senate Select Committee on Gaming in Support of Senate Bill 176

Good afternoon Chairman Schuring, Vice-Chair Manning, Ranking Member Thomas and members of the Committee. My name is Kevin Cochran and I am a Senior Manager, Government Affairs and Senior Corporate Counsel at DraftKings Inc. (“DraftKings”). I testified before this Committee in March and want to thank this Committee for giving me the opportunity to testify in front of you again, this time in support of the sports betting provisions in Senate Bill 176 (“S.B. 176”), the legislation and substitute crafted by this Committee.

DraftKings is a digital sports entertainment and gaming company created to fuel the competitive spirit of sports fans with products that range across daily fantasy, regulated gaming and digital media. Headquartered in Boston and launched in 2012, DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings is a multi-channel provider of sports betting and gaming technologies, powering sports and gaming entertainment for 50+ operators in 17 countries. DraftKings’ Sportsbook is live with mobile and/or retail betting operations in 14 states. DraftKings’ daily fantasy sports product is regulated by the Ohio Casino Control Commission (“Commission”), available in most states across the country and 6 additional countries internationally, with 15 distinct sports categories.

We commend the Committee for constructing S.B. 176’s comprehensive sports betting framework, and we believe it will meet the illegal sports betting market head on and implement necessary and important consumer protections. By providing a competitive mobile market, Ohioans will convert from the illegal to the regulated market, should this legislation pass.

Many other sports betting provisions in this bill are carried over or built on the strong foundation of last year’s sports betting legislative vehicles and reflects the hard work of legislators spanning multiple sessions. These important provisions in S.B. 176 include, but are not limited to:

- **Reasonable Tax Rate:** Setting a reasonable tax rate that will aid sports gaming agents and management services providers to offer competitive pricing and innovate, ultimately drawing more players to regulated sports gaming
- **Broad Sports Betting Menu:** Allowing an expansive sports betting menu which will keep Ohioans engaged in the regulated market
- **Reciprocal Licensing:** Authorizing the Commission to consider an applicant’s license in another jurisdiction as evidence an applicant meets the requirements for a license in Ohio, which can help shorten the time required to get legal sports gaming operational in the state



In addition to supporting S.B. 176, we would request and welcome the opportunity to discuss some minor changes to the bill with the bill sponsors and this Committee. As a leading sports wagering operator in the United States, DraftKings has first hand experience with sports wagering regulatory frameworks, and suggests these changes based on our operational knowledge in multiple regulated markets.

- **Occupational Licensing:** We request the language outlining occupational licensing be tweaked to consider the different roles employees perform in respect to mobile vs. retail sports betting operations. For example, the language in the bill specifically requires persons performing tasks that physically handle money be licensed, but that role does not exist in mobile sports betting. DraftKings would be happy to explain how our occupational licensing has worked in other jurisdictions where we operate and help propose language that meets the goals of Ohio without being overly burdensome and requiring an almost limitless group of employees to be licensed.
- **Control of an Applicant:** We understand the importance of vetting applicants, as being considered for a gaming license in Ohio is a privilege, but through our experience in other jurisdictions we propose making some small changes for determining who has control of an applicant. For example, we suggest defining the term in a way that does not create an overbroad class of persons are subject to a suitability review in Ohio for sports gaming when their roles will not intersect with any future sports gaming operations in Ohio.
- **Ongoing Licensing Requirements:** We request the opportunity to discuss ongoing licensing requirements with the bill sponsors and the Committee in order to minimize unnecessary burdens for applicants while still achieving the state's key policy goals. For example, requiring full applications for renewals and being required to notify the Commission of any change to any piece of information submitted during the application process, within 10 days, as long as a licensee holds a license is impractical and creates an additional, substantial burden on the licensee and state. Instead we suggest changes that grant the Commission discretion to create a streamlined renewal process that still emphasizes key policy points and require licensees to only report material changes to the Commission.
- **Integrity Monitoring:** We request reconsideration of the integrity monitoring provisions in S.B. 176. Almost all states have set up a framework where the sports betting industry uses integrity monitoring providers to vet certain types of information and investigate whether it amounts to something that needs to be reported to the state regulator. This framework has been successful and we would advocate this model be adopted, as having the state set up its own framework can be expensive, complicated and the benefits likely do not justify the costs, especially when a proven framework can be adapted from other states. Additionally, the existing frameworks provide robust monitoring with the experience that would more than satisfy the state's goals of ensuring a sports wagering market Ohio can be proud of.
- **Testing:** We request the legislation authorize independent testing laboratories to review and certify online sports pools. Many applicants for Type A licenses and management



services provider licenses operate sports betting in other jurisdictions and, as a result, already have familiarity with independent testing labs, including the ones certified by the Commission to test certain gaming machines in the state.

In conclusion, we reiterate our support for S.B. 176 and this Committee's hard work to legalize sports betting in Ohio in a way that will protect consumers and generate revenue for the state. DraftKings will continue to be a resource to answer any questions this Committee or other legislators may have on sports betting. Thank you for the opportunity to provide testimony today, and with that I will make myself available for questions.