

# BOYDGAMING

**DATE:** May 27, 2025

**TO:** House Finance Committee

**FROM:** Ryan Soultz, Vice President of Governmental Affairs, Boyd Gaming Corporation

**SUBJECT: HB 298 – Proponent/Interested Party Testimony**

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Good morning, Chairman Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the committee.

I'm Ryan Soultz, Vice President of Governmental Affairs for Boyd Gaming Corporation. Boyd Gaming is one of the largest casino entertainment companies in the United States, operating 28 properties in 11 states, including Belterra Park in Cincinnati.

Belterra Park has a rich history dating back to 1925 when what was originally known as Coney Island Racetrack first opened. The original track was destroyed by the Great Ohio River Flood of 1937, rebuilt and renamed River Downs. River Downs was one of the Cincinnati region's premier entertainment venues for over the next 75 years until undergoing a complete rebuild into Belterra Park. In May 2014, Belterra Park held its grand opening after more than \$200 million was expended to transform the property into a modern racino. Boyd Gaming acquired Belterra Park in October 2018, bringing our Company to Ohio. On behalf of Boyd Gaming, and our more than 400 team members at Belterra Park, we are proud to be part of the Greater Cincinnati community and this state.

This year marks the 50<sup>th</sup> year since our Company's founding and those five decades of experience shape our perspective on issues related to our business, industry trends, and new technologies such as iGambling.

We appreciate the work that you are undertaking to modernize Ohio's current gambling framework. We believe iGambling – if legalized through the proper framework – can be beneficial to both the State and existing gaming venues.

We see iGambling as a natural step in the evolution of the industry. We believe that it is highly complementary to our existing land-based operations, and an opportunity to engage our customers while they are not physically at our properties. We have seen benefits with customer acquisition, retention, and marketing from our Stardust iGaming platform in Pennsylvania where we also operate the Valley Forge Casino Resort near Philadelphia.

Moreover, Boyd Gaming was the developer and managing partner of the Borgata in Atlantic City, New Jersey. The Borgata's opening in July 2003 transformed Atlantic City and the property quickly established itself as the unquestioned market leader – a position the property still holds today.

While we are no longer involved with the Borgata, we were managing the property when New Jersey legalized and launched iGaming in 2013. We embraced iGaming at Borgata despite many naysayers – both inside and outside of the casino industry – saying at the time that it would

cannibalize brick-and-mortar business. The results demonstrated what we knew to be true. Here is a February 2014 statement from Keith Smith, President & CEO of Boyd Gaming, regarding how iGaming and brick-and-mortar casino visitation are complementary:

*"When matching our online and land-based databases, we found that 60 percent of online casino customers had not been to Borgata in over a year, and over 75 percent had made fewer than two trips to Borgata in the past year. And on a combined basis, online and land-based poker revenue at Borgata was up more than 40 percent from our land-based play in December 2012. Clearly, online gaming is complementary to our land-based business, not competitive.*

*Boyd Gaming embraces online gaming and sees it as an important distribution opportunity. The roll-out in New Jersey is a good first step, but we are looking forward to opportunities in other markets as well."*<sup>1</sup>

While our experience is important, a recent study by Eilers & Krejcik substantiates that our experience is not unique. Eilers & Krejcik found in the states that have both iGaming and brick-and-mortar casinos that: 1) total brick-and-mortar revenue increased in all states that implemented iGaming; 2) states that adopted iGaming saw their brick-and-mortar gaming revenue grow at a higher rate than those states that only had brick-and-mortar gaming; and, 3) adding iGaming increased brick-and-mortar casino revenue.<sup>2</sup>

House Bill 298 recognizes the significant investments made, and jobs supported, by the brick-and-mortar casinos and racinos by tethering iGambling licenses to those facilities. However, we believe that the Ohio market would be better served by allowing multiple skins per property like New Jersey, Pennsylvania, and West Virginia do to create a more competitive iGambling market.

By utilizing a tethered model with multiple skins per property, these states recognize the magnitude of the economic contributions that their incumbent brick-and-mortar gaming operators have made in terms of capital investments, job creation, tax payments, procurement, and charitable giving while also providing iGambling consumers with choices.

This tethered license approach allows existing operators to operate their own iGambling platforms, license their skins to third-party partners, or a combination of both. This model allows land-based operators the opportunity to reach new customers, especially those within their own database and the databases of their partners, thereby driving incremental new visitation to land-based casinos.

In fact, this was the policy that this body adopted as part of the sports wagering framework that authorized two mobile sports wagering skins per property and we respectfully ask this body to mirror that policy for iGambling.

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<sup>1</sup> "Boyd Gaming provides update on Borgata online gaming operations". February 2014. <https://www.prnewswire.com/news-releases/boyd-gaming-provides-update-on-borgata-online-gaming-operations-240153041.html>

<sup>2</sup> "Comparing Online and Land-Based Casino Gaming: How the Growing Online Segment Impacts Land-Based Performance". Eilers & Krejcik Gaming, February 2024. [https://ideagrowth.org/wp-content/uploads/2024/02/EK\\_iDEA\\_Comparison-of-Online-and-Land-Based-Casino\\_Feb-2024.pdf](https://ideagrowth.org/wp-content/uploads/2024/02/EK_iDEA_Comparison-of-Online-and-Land-Based-Casino_Feb-2024.pdf)

In addition to providing context regarding why we support iGambling from a business perspective, it is also important to look at this from a consumer perspective.

When Ohio took the step to legalize and regulate sports wagering in 2021, a key policy consideration was to create a legal, regulated market to combat the unregulated, offshore sites that Ohioans were utilizing. Many of these same offshore companies have illegal, unregulated iGaming platforms.

In testimony we provided to the Study Commission on the Future of Gaming in Ohio a little over a year ago, we shared how easily it is for Ohioans to perform a Google search for “Ohio online casino” and have several unregulated, offshore sites appear at the top of the search. While many of those sites still operate in Ohio today, there is now a new breed of “online sweepstakes” casinos filling this void where players can gamble for real money prizes. As you can imagine, most people assume that these sites are legal, regulated gambling sites.

Moreover, these unregulated sites do not offer key consumer protections that are the hallmark of gaming policy. These protections not only revolve around games being conducted fairly and winners being paid out when they win, but also age and identity verification along with responsible gaming practices and tools for players. These are already in place in Ohio’s legal, regulated sports wagering market. These same protections do not exist today for those that unwittingly log on to these unregulated casino sites.

Given the pervasive nature of these untaxed, unregulated sites, it is important for policymakers to make sure that legal, regulated sites be able to effectively compete. We recognize that we will never be on a completely level playing field from a tax and fee perspective. However, a sound tax policy is critical for legal operators to more effectively market their sites to help move consumers to a regulated environment from an unregulated one.

We are compelled to point out that no state has created a competitive iGambling framework with license fees on par with those in the current version of HB 298.

The \$50 million upfront fee outlined in HB 298 for iGambling creates a significant barrier to enter the market. The time it would take to recover those fees means it will likely only lead to operators that believe that they can capture 20% or more of Ohio’s iGambling market to operate here – creating a de facto duopoly or oligopoly for a handful of companies instead of a competitive market. Therefore, we recommend that these upfront license fees be re-examined and adjusted in a manner to create a more competitive market.

For perspective, Pennsylvania has the highest upfront fee for an interactive gaming license in the country at \$10 million per casino. This fee structure allows the casino and an unlimited number of its skin partners – so long as they pay an additional \$1 million fee and meet regulatory standards – to operate under that license. Today there are more than 20 online gaming platforms operating in Pennsylvania collectively generating nearly \$1 billion in annual tax revenue.

As noted earlier, we also ask you to consider adopting a two skins per property model to create a more competitive market that captures more revenue.

We looked at the Michigan market as a good comparison for Ohio given the states' populations.

Michigan has 15 online casino brands operating there today. If Michigan had decided to limit the market to only 7 total skins, the legal market would have been over 11% smaller when measured by gaming revenue.

It is correct that the top 7 performing brands in Michigan accounted for 88.7% of the total iGaming revenue last year and many of the brands in the lower tiers only had market shares of 1-2%. However, Michigan had \$2.44 billion in iGaming revenue last year as market – something that is certainly possible for Ohio through the right policy – which means that the bottom 8 performing brands still captured nearly \$277 million in revenue. Assuming a 25% tax rate, those platforms were responsible for over \$69 million in total iGaming taxes paid to state and local governments last year.

Finally, while the proposed 28% tax rate in HB 298 can foster a competitive iGambling market, it is important that iGambling operators be able to effectively market and promote their products to customers. The current framework proposed in HB 298 would severely restrict and limit legal, regulated online gambling platforms from offering promotional credits and bonuses for online games. This impedes legal, regulated operators' ability to put forth compelling products and offers to migrate players to their platforms from the unregulated ones.

Thank you for allowing us to share our thoughts on HB 298 with you and we look forward to further discussions regarding the future of our industry in Ohio.