

Testimony of Scott S. Ward on behalf of the
Sports Betting Alliance
Before the House Finance Committee
H.B. 298
May 27, 2025

Chairman Stewart and members of the House Finance Committee, my name is Scott Ward. I am here today on behalf of the Sports Betting Alliance. The SBA is a trade association of leading regulated online gaming companies FanDuel, DraftKings, Fanatics and BetMGM.

I am here in support of legalization of igaming in Ohio because it will 1) provide important consumer protections to Ohioans who are already engaging in casino-style gaming online; 2) help to stamp out illegal online gaming that is rampant in the state, and 3) provide significant tax revenue to Ohio without raising taxes. We are concerned about the limited number of licenses available in HB 298, high license fees and the prohibition on the best tool we have to incentive players out of the illegal online gaming market. These provision could limit consumer choice and undercut the incentives for legalization.

Igaming has been legal in New Jersey for more than a decade and in PA, WV and MI for five years or more.

Igaming is online casino games available from a mobile device, tablet or computer. This typically includes all of the types of games you would see in a casino like slots and table games such as craps, blackjack, poker and roulette. Full igaming is legal in 7 states across the country and has been live in New Jersey since 2013. Ohio's neighbors Pennsylvania, West Virginia and the state to the north have had legal igaming since 2019, 2020 and 2021 respectively. Igaming has been a major success in each state, providing hundreds of millions in tax revenue while converting players from the illegal and unregulated market.

Igaming and land-based casinos are complementary forms of entertainment.

Igaming is additive to existing brick-and-mortar casino operations. The independent consulting firm Global Strategies Group conducted a 2024 poll of adults who engage in legal online and land-based casino markets in Michigan and Pennsylvania. Consumer behavior trends found in this survey are consistent with multiple recent studies finding that land-based casino revenue growth rates have increased on average after the introduction of igaming.

The survey found that igamers overwhelmingly engage in both online and casino gaming:

- Over 80% of adults who play online casino games are also regular customers at local land-based casinos.
- 80% of adults who play online casino games spend the same or more money at in-person casinos as they did before legal igaming was introduced in their state.
- Customers report spending similar amounts on both activities on an annual basis, indicating that igaming sessions occur more frequently but with lower spend per session, while in-person gambling occurs less frequently but involves more spend per session.

Igaming legalization provides critical consumer protections to Ohioans who are already engaging in the illegal and/or unregulated igaming market in Ohio.

One of the major concerns we hear about igaming legalization is that it would put a casino in every pocket. Unfortunately, that ship has already sailed. There is already a casino in every pocket in Ohio, it is just illegal and/or unregulated, untaxed, and provides no consumer protections or problem gambling assistance. One study estimates there is approximately \$5 Billion in illegal or unregulated online casino gambling happening in Ohio every year. That is about five times as much as is bet in the legal and regulated online sports betting market in Ohio.

These are just a few of the sites where you can play for real money in Ohio, with zero regulation or tax:

Illegal / Unregulated Online Casinos

BetUS	FunzCity	McLuck
BetWhale	Hello Millions	Play Fame
Black Lotus Casino	High 5 Casino	Pulsz
Chumba Casino	Ignition	Raging Bull Slots
CoinPoker	LuckyBird	RealPrize
Crown Coins Casino	LuckyCreek	Stake
Ding Ding Ding	Lucky Red	Wild Casino
Fortune Coins Casino	Luckyland Slots	Wow Vegas

The illegal market does not provide strong consumer protections and responsible gaming tools like the legal and regulated market. And the illegal market doesn't care how old you are. Compare this with the legal and regulated market that:

- Uses the same identity verification systems used by banks – making sure that minors cannot access legal sites. But don't take my word for it, the National Council on Problem Gambling praised SBA member companies for doing "a very good job of protecting underage kids from accessing sites."
- Geolocation services ensures that players are in states where online gaming is legal and makes sure that legal and regulated sites can't be accessed where it is not allowed – including Ohio currently.
- Responsible gaming tools are available at account set up and at all times during play. These allow for setting limits on deposits, betting amounts and time spent on the platform.
- Ready access to daily, monthly and lifetime player engagement stats, allows users to see how much they have won or lost and how much time they spend on the app.
- Pop-up messages while playing showing how much time a player has been on the app in their current session, and how much they played, as well as suggesting breaks or use of RG tools as appropriate.
- Self-limitation tools allowing for cooling off periods if needed and self-exclusion lists maintained by the OCCC.
- 1-800-GAMBLER is included on every online gaming advertisement, on the platform home screen and included in RG tools.

The same study that estimated \$5 Billion is bet in the illegal and/or unregulated market in Ohio concluded that about 85% of all money bet online is in the illegal market in Ohio. But that

study also estimates that in Pennsylvania and Michigan, where they have legal igaming and online sports betting – close to 60% of all money bet online is in the legal and regulated market. That shows that legalization of igaming works. Consumers will convert to a legal market if given the choice and incentive to do so. There is obviously still work to do, but the biggest thing the State of Ohio can do to protect consumers and stamp out illegal online gaming is to provide a legal and regulated alternative.

Ohio could conservatively see between \$410 million to \$676 million per year¹ in new tax revenue with a regime that promotes consumer choice and reasonable tax and licensure provisions.

We support an igaming market tethered to the in-state casinos and racinos, with each facility having the opportunity to promote two mobile platforms. That would result in the ability to have up to 22 possible brands operating in the State. This would put Ohio in-line with the highest grossing igaming states that promote fair competition and consumer choice – Pennsylvania has 21, Michigan has 18, and New Jersey has 29. Those states have extremely successful igaming markets that provide robust consumer choice while, as discussed earlier, complementing the existing land-based gaming options in those states.

We compliment the bill authors who have thus far resisted efforts by some interested parties to artificially undermine consumer choice – asking you to extend the monopoly on brick-and-mortar casinos in the state constitution, to igaming. Further, they would like you to prohibit or otherwise seriously limit brands that consumers clearly prefer in other legal igaming markets – rigging the rules so they don't have to compete in a fair market.

However, HB 298's limitation to only seven platforms, or brands, would be far fewer than other comparable states. At only seven, Ohio would exclude highly popular, and market leading brands preferred by consumers elsewhere, undercutting potential license and tax revenue. Consumers likely won't be able to use preferred sports betting brands who also offer igaming in other states,² and operators won't be able to offer brands tailored to specific consumer choices such as poker specific brands. Those would not be possible under HB 298 as currently written, due to the small number of available platform licenses and high license fees. Those provisions mean that Ohio consumers would miss out on the robust consumer focused choices available in other states.

Consumers prefer market leading igaming and sports betting brands in other states because they invest in the product and importantly, invest in converting consumers from the existing illegal market. Every legal and regulated brand's biggest competition is not each other – it's the long list of illegal and/or unregulated options Ohio consumers have for online gaming already in the state. We can't simply assume that consumers will move to the legal and regulated market without incentives to do so. Consumers routinely receive sign up bonuses and other online free play from the illegal and unregulated market, which is probably why they started using those sites in the first place. By prohibiting such incentives in the legal market, HB 298 is tying legal operators' hands behind their back in the effort to compete with illegal sites. Cross-selling the tethered brick and mortar facility through incentive to visit should also be a part of the Ohio igaming market, but not to the exclusion of the most important tool we have to fight the illegal market.

¹ Figures derived from the adult population of Ohio multiplied by the average igaming GGR per adult in New Jersey, Michigan and Pennsylvania taxed at 20% and 33% respectively.

² See Appendix One for impact on New Jersey revenue from sports betting brands.

In conclusion, the best way to assure Ohio consumers will benefit from the consumer protections offered by the legal and regulated market, while also maximizing the tax revenue, is to provide consumers the brand choices available in other markets and incentive to use them over illegal and unregulated sites that pay no taxes to Ohio and offer no consumer protections. We applaud and support your efforts to legalize igaming in Ohio. Its time the state fights back against the robust illegal online betting happening in the state. At the same time a legal and competitive igaming market could provide between more than \$400 million to close to \$700 million in new tax revenue if HB 298 is amended to allow for greater consumer choice and incentives. We look forward to working with the committee to find that model.

Appendix One

The difference from the first 5 years of iGaming in NJ and the next 5 years is absolutely jaw dropping.

New Jersey Internet Gaming and Mobile Sports Betting Revenues and Tax Contributions

Year	Internet Gaming Revenue	Mobile Sports Betting Revenue	Total Revenue	Estimated Tax Revenue
2013	\$1.256 million	N/A	\$1.256 million	\$188,400
2014	\$122.9 million	N/A	\$122.9 million	\$18.435 million
2015	\$148.9 million	N/A	\$148.9 million	\$22.335 million
2016	\$196.7 million	N/A	\$196.7 million	\$29.505 million
2017	\$245.6 million	N/A	\$245.6 million	\$36.84 million
2018	\$298.7 million	\$94 million	\$392.7 million	\$59 million
2019	\$482.7 million	\$244 million	\$726.7 million	\$109 million
2020	\$970.3 million	\$398.5 million	\$1.3688 billion	\$205 million
2021	\$1.337 billion	\$591 million	\$1.928 billion	\$289 million
2022	\$1.660 billion	\$763 million	\$2.423 billion	\$363 million
2023	\$1.920 billion	\$892 million	\$2.812 billion	\$422 million
2024	\$2.387 billion	\$1.025 billion	\$3.412 billion	\$511 million

Key Trends After 2018 (Legalization of Online Sports Betting and Entry of Popular Sports Betting Brands)

1. Internet Gaming Revenue (iGaming)

- *Before 2018:* iGaming revenue grew steadily from \$1.256 million in 2013 to \$245.6 million in 2017.
- *After 2018:* Following the entry of popular sports betting brands, growth accelerated significantly:
 - 2018: \$298.7 million
 - 2019: \$482.7 million

- 2020: \$970.3 million
 - 2024: \$2.387 billion
- Net increase from 2018 to 2024: +\$2.088 billion. This represents an approximate 698% growth in just six years.

2. Total Combined Revenue

- 2017 (before sports betting legalization): \$245.6 million
- 2024: \$3.412 billion
- This reflects an increase of \$3.166 billion, or roughly a 1,289% increase in total market revenue.

4. Estimated Tax Revenue

- 2017: \$36.84 million
- 2024: \$511 million
- Tax revenue increased by \$452 million after 2018, representing nearly a 14-fold increase in public sector income from the industry.

Conclusion: The entry of popular sports betting brands in 2018 had a substantial and sustained positive impact on the market. It drove:

- Significant growth in internet gaming revenue
- The creation and expansion of mobile sports betting as a new revenue stream
- A dramatic increase in total industry revenue
- A major boost in tax revenue benefiting public budgets