

Members of the Committee, good afternoon and thank you. My name is Brian Wyman, Executive Vice President of The Innovation Group, a non-partisan research and economic firm in the gaming and hospitality industry. Today, I'm here to present findings from our independent analysis of the iGaming market in Ohio, including the economic and fiscal impacts the state might expect if it were to proceed with the proposal in the bill before you now. My goal today is not to convince you that iGaming is the correct solution nor the incorrect solution to your statewide revenue goals; rather, my goal is to present you with a realistic view of the upsides and downsides so that you can make the policy decision.

I will share some of our key findings from the study:

- First, we estimate that the iGaming market in Ohio will bring in approximately \$655 million in new iGaming tax revenue (28% of an estimated \$2.34 billion market).
- Second, we project that iGaming will cannibalize revenue at the state's gaming facilities by approximately 16%. This figure is derived from observing a 12% increase in land-based casino revenues in non-iGaming states versus a 4% decrease in land-based casino revenues in iGaming states from 2019 to 2024.
- Third, this reduction in casino visitation will cause direct and downstream effects on the state's economy. Reduced casino visitation results in fewer needed service jobs, including table games dealers, slot attendants, cocktail servers, hotel front desk, housekeeping, cooks, and restaurant servers. And reduced casino spending on supplies from local vendors. The loss of these wages means fewer dollars recirculating into the community and being spent at local restaurants, grocery stores, movie theaters, malls, and other shops. All told, this results in a statewide impact, both direct and downstream, of:
  - Up to 2,979 lost jobs,
  - Up to \$215 Million in lost labor income each year, including benefits,
  - As much as \$635 Million in lost GDP each year,
  - As much as \$945 Million in annual lost economic output.

- Fourth, our analysis includes a review of recent research showing increases in problem gambling and social costs tied to online gambling – extrapolating figures from elsewhere in the world, this could easily exceed \$100,000,000 in direct social costs and 4-5x that in lost productivity.
- So as you consider this bill, note that, each year, reduced land-based gaming revenue means that Ohio will offset net state taxes by as much as \$175 Million in reduced casino gaming taxes, and reduced visitation to casinos and reduced economic activity means losses of up to \$73 Million in non-gaming taxes – including reduced payroll tax, sales tax, hotel tax, and others. These **direct** costs result in around \$249 Million in lost Ohio tax revenue, resulting in net tax impacts to the state of approximately \$406 million.

In considering the iGaming legislation before the committee, the State of Ohio is in the unenviable position of deciding whether to pursue net tax gains of \$400 million given that they are accompanied by the loss of nearly 3,000 jobs, the loss of a billion dollars in total annual economic output, and the potential 9-figure direct cost of treatment and prevention of problem gambling, to say nothing of the indirect costs associated with disordered gambling.

Thank you for the opportunity to share these findings with you.