

Testimony of Scott S. Ward on behalf of the  
Sports Betting Alliance  
Before the Senate Select Committee on Gaming  
S.B. 197  
May 22, 2025

Chairman Manning and members of the 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. However, we do have significant concerns over the tax and licensure provisions in SB 197 that if not changed, will undercut each of the positive effects of legalization just stated. This is because under the current provisions the State is picking winners and losers which will limit consumer choice, making it harder to convert consumers from the illegal market.

**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.

At the same time land-based gaming at casinos and the lottery have seen overall increases in revenue since igaming introduction in those states where it is legal.

**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 is bet in the legal and regulated online sports betting market in Ohio.

I'd like to play a short video for the committee now that shows the important ways that a legal and regulated igaming market protects consumers, including keeping minors off their sites. This is compared to the illegal and unregulated market, where none of those things exist.<sup>1</sup>

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 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 same study 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.

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<sup>1</sup> <https://youtu.be/fcbVwHGnOpl?si=b2xNT5q7wWVbSTXS>

**Ohio could conservatively see between \$410 million to \$676 million per year<sup>2</sup> in new tax revenue with a regime that promotes fair competition 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 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. This tethered regime also means that igaming brands, regardless of if they share a name or ownership with an Ohio brick-and-mortar facility, will share profits with and promote the existing casinos and racinos in the state.

However, the benefits of a legal and regulated igaming market, including robust tax revenue, will all be significantly undercut if the legislature decides to pick winners and losers and limit consumer choice. Other interested parties are espousing ideas that would limit the market – 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.

Regulated sports betting brands that operate already in Ohio, that would also operate in a legal and regulated igaming market, provide hundreds of millions of dollars in investment and tax revenue to the State. SBA member companies have built and run brick-and-mortar sportsbooks in conjunction with Ohio's gaming and sports facilities – creating jobs in Ohio. At the same time, we have spent hundreds of millions of dollars in the state in advertising and sponsorship with Ohio businesses. And paid the state of Ohio hundreds of millions more in tax revenue in just over 2.5 years of existence.

Consumers prefer these brands because we invest in the product and importantly invest in converting consumers from the existing robust illegal options. 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. Ohio should want the brands that have a demonstrated history of converting consumers from the illegal market in other states, to operate on a level-playing field here in Ohio. That is 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 Ohio will see from legalized igaming.

Unfortunately, the current tax and licensure provisions in SB 197 punish success, by charging the most successful brands higher license fees and tax rates. Ironically, the Ohio Legislature has a rich history of reducing the number of brackets taxpayers pay in income taxes. It's my understanding, a current goal of some in this Legislature is to create one/flat tax rate for all taxpayers. I'm sure one of the goals of this policy is not to "penalize" success in business or in life. A flat tax rate doesn't pick winners or losers, but encourages competition in the marketplace.

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<sup>2</sup> 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.

SB 197 goes in the complete opposite direction by creating two (2) different tax rates for businesses doing the exact same thing. The rationale mentioned at last week's hearing was the higher tax rate of 40% and a \$100 million license fee was for "out-of-state operators," while "in-state operators" would pay 36% and a \$50 million license fee. As an aside, that license fee is 5x and 10x the highest license fee in any state for gaming currently. The "in-state" vs. "out-of-state" label ignores the fact that all operators will be tethered to, promote and share profits with an "in-state" brick-and-mortar facility. The brands who are being targeted with the higher tax and fee offer online sports betting in Ohio, and as discussed earlier, provide hundreds of millions of dollars of economic activity and tax revenue to the state. We also believe these provisions would violate the U.S. Constitution under the Dormant Commerce Clause principle as it seeks to discriminate against out of state business in favor of in-state businesses. If enacted, we will let the lawyers and judges figure that out. Importantly it is not consistent with your policy goal of a flat income tax rate AND is completely contrary to recent "landmark" legislation the General Assembly passed regarding new energy generation. In House Bill 15, you decided to lower the tax rate for "new" electric generation to "encourage and incentivize" out-of-state companies to come to Ohio and do business. Rightfully so, your intention is to create a robust competitive marketplace, and Ohio consumers will be the beneficiary.

But in SB197, mandating a higher licensing fee AND a higher tax rate, intentionally discourages and creates a disincentive for companies to come to Ohio and "compete" for business. Like in any business, Ohioans will benefit from a robust marketplace in gaming and the opportunity to "choose" the best operator. Competition will result in a better customer experience and will provide higher tax revenue over a market that stifles competition.

In conclusion, we applaud and support your efforts to legalize gaming in Ohio. It's time the state fights back against the robust illegal online betting happening in the state, and provide needed consumer protections to Ohioans who choose to play casino games online. At the same time a legal and competitive gaming market could provide between more than \$400 million to close to \$700 million in new tax revenue if the legislature does not pick winners and losers, provides a level playing field that promotes fair competition and resists efforts to rig the market and reduce consumer choice. We look forward to working with the committee to find that model.