



Testimony of Jason Tosches, Director, Regulatory Affairs and Market Development for theScore
Submitted to the Ohio Senate Select Committee on Gaming in Support of Establishing a
Competitive Market for Regulated Sports Betting in Ohio
February 24, 2021

Chairman Schuring, Vice-Chairman Manning, and members of the Senate Select Committee on Gaming, good afternoon. My name is Shawn Kasych, and I serve as theScore's Columbus-based external lobbyist. Thank you for providing me with an opportunity to articulate our full support for establishing a competitive market for regulated sports betting in Ohio. Such authorization will serve as a tool to bring new revenue to the State, expand responsible gaming measures, and combat the black market.

theScore is the 2nd most popular sports media app in North America, and with a fully integrated sportsbook, theScore delivers a holistic experience unlike anything else in the market. We have a massively engaged audience on our sports media app, with over 4 million monthly active users each opening the app 130 times a month on average for real-time news and scores. We have an in-house content team that produces more than 300 updates and articles every day, covering everything from the Browns, to the Blue Jackets, to the Bengals, and much more.

In 2007, theScore was the first multisport news and data app launched on the Apple App Store. Since that time, we've steadily grown our userbase, and gotten to know who they are. 85% of our users are male and mostly fall between 21 to 44 years of age - both of which closely mirror the core online sports betting demographic. After the Professional and Amateur Sports Protection Act was overturned by the U.S. Supreme Court in 2018, which allowed sports betting to be authorized on a state-by-state basis, we launched theScore Bet app the following year and are now licensed and operating sports betting in New Jersey, Colorado, Indiana, and Iowa.

We're excited about the potential sports betting opportunity in Ohio and believe that our state has the right combination of population size, media markets, professional and collegiate teams,

and an avid fan base to create a very successful regulated market. To fully maximize the opportunity, we respectfully submit the following policy suggestions as you build on the work your colleagues have done in the prior General Assembly.

1. Authorize mobile sports betting with online account registration.

In New Jersey, the most mature sports betting market outside of Nevada, 90% of the state's handle, or the total amount of money wagered, is online. In neighboring Indiana, roughly 85% of the state's handle is online, and in neighboring Pennsylvania, roughly 90% of the state's handle is online. We believe this clearly indicates a customer preference for online wagering.

We, like our industry colleagues, follow rigorous Know Your Customer procedures to ensure our services are only available to individuals 21 years of age or older and who are physically located in one of the states where we are licensed to operate.

During our account registration process, we require prospective customers to scan an acceptable form of government ID along with a liveness selfie. These IDs and selfies are uploaded to our licensed third-party provider to validate that the uploaded ID is authentic, that it is associated with an individual who is 21 or older, and that the individual in the selfie is the same individual on the ID. We also use a second licensed third-party provider in our account creation process to confirm again that the prospective customer is 21 or older by verifying his or her name, DOB, address, and SSN, and ensuring that they are not on any sanctions lists. All of this is done before we allow a prospective customer to create an account, deposit any amount of money or wager on our app.

In addition, we use a licensed third-party provider to geolocate our users within the boundaries of each state in which we operate. We only accept wagers from customers inside the state and closely monitor each of our transactions to ensure compliance.

2. Create competition by allowing multiple operators in the market; specifically, three individually branded skins per licensed casino and racino.

In short, a 'skin' is an online betting platform that operates under the license of a land-based entity - such as Ohio's commercial casinos and racinos.

We believe New Jersey's regulatory framework should serve as a model for the industry. The nine casinos in Atlantic City and three racetracks throughout the state are each allowed three skins for online sports betting. Indiana borrowed from New Jersey and permits its casinos to have three skins, and West Virginia did the same.

New Jersey's handle is approaching \$1B each month, which is a national record. The state has set national handle records for the past four consecutive months. Looking on the revenue side, New Jersey and Indiana, with competitive markets, are among the nation's leaders when you compare gross gaming revenue per adult over the trailing twelve months.

A greater number of mobile operators creates competition, produces the largest possible market size and tax revenue, and benefits consumers in terms of better product quality and variety, pricing, promotions, and customer support. A positive consumer experience undoubtedly aids in customer acquisition and thereby stamping out the black market.

3. Assess a reasonable tax rate and license fees to facilitate market growth.

The reality of sports betting is that it's a high-volume, very low margin business. Licensed operators, like theScore Bet, typically hold, or retain as gross gaming revenue, 5% of the handle. From that, we pay operating costs, federal excise tax, and state tax. Then with what's leftover, we can spend on marketing to encourage participation with a licensed operator instead of the black market. We think an 8% to 10% tax rate, which was contemplated in the prior General Assembly, is the right approach. Looking at the tax rates in a few neighboring states with

regulated sports betting, this approach seems justified: Michigan - 8.4% on GGR, Indiana - 9.5% on GGR, and West Virginia - 10% on GGR.

4. Adopt responsible gaming requirements to provide consumer safeguards.

Our responsible gaming program allows customers to set daily time limits on our app, deposit and spend limits on a daily, weekly, or monthly basis - and those limits can be lowered at any time, but only raised at the end of the selected period of time - we offer cooling off periods, and self-exclusion programs for our users. All of which are designed to offer our customers a safe and responsible wagering environment.

5. Allow a wide variety of betting options to draw customers from the black market.

Unregulated black-market operators are currently available to Ohioans, offering no consumer protections or tax revenue to the State. Our policy recommendations outlined above are all specifically tailored to eliminate the black market and migrate users into state regulated products. We strongly believe that a wide variety of betting options should be permitted. If customers cannot find a game, event, or type of bet with a licensed operator, they may continue to wager on the black market, which doesn't afford customers the same protections as the legal market or provide the state with tax revenues.

Chairman Schuring, members of the committee, thank you again for allowing me to testify. We appreciate your work on this committee and hope to serve as a resource over the coming weeks and months so that Ohio can join the 25 states and Washington, DC who have authorized sports betting. At this point, I would be happy to answer any of your questions.

Thank you.