

**Testimony of Doug Healy on behalf of the  
Cincinnati Reds  
Before the Ohio Senate Select Committee on Gaming**

**March 10, 2021**

Good Afternoon Chairman Schuring and members of the committee. My name is Doug Healy, Chief Financial Officer for the Cincinnati Reds. Thank you for the opportunity to provide the Committee with the professional sports team view of sports betting in Ohio.

In addition to the Cincinnati Reds and our team owner Mr. Bob Castellini, I am also speaking today for the Cleveland Indians and our partners at Major League Baseball.

Ohio's professional sports teams and organizations from the NFL, MLB, NBA, NHL, MLS and PGA TOUR recognize the potential benefits of having a legal, regulated sports betting market in the state. As an industry that drives billions of dollars in economic impact and employs thousands of Ohioans, the professional teams are firmly aligned in supporting legislation that enables the franchises to partner with a regulated sports betting operator for market access into the state. As the legislative process continues, Ohio's professional teams are ready and willing to work with lawmakers and support legislation that ensures integrity, drives the greatest local and state economic impact and empowers the ability of teams to partner with sports betting operators for market access.

The Reds are proud and honored to be oldest team in baseball. As a part of our 152-year history, we aim to be the best stewards of Cincinnati's baseball team. We employ approximately 2,000 full, part time and seasonal team members. It is estimated that we have an annual economic impact in excess of \$320 million. In Ohio, we contribute over \$6.5 million in state and local taxes. During 2020, this was significantly impacted by COVID. COVID presented our franchise a challenge and throughout our history, we have adapted. It is time to innovate yet again.

For the last two years we have been talking to the legislature about our support for legalized sports betting with a competitive mobile marketplace in Ohio, and policy ideas we think are important to help us protect our fans and our games. Our message has been that a safe and successful sports betting market in Ohio must function like a well-balanced three-legged stool, where each leg is recognized for its role and shares in both the risks and benefits of a regulated and legal sports betting market. Those three legs are the casinos and their sportsbook partners, the State of Ohio, and the sports organizations who put on the games that are the subject of the betting. First, the casinos and their sportsbook partners provide a legal alternative to the illegal offshore websites for Ohioans who want to bet. And while they may lose any given bet, make no mistake they are for-profit entities that stand to gain millions in profits from Ohio bettors. Which is why they have already come to you seeking to enhance their monopoly, and limit who can participate in the sports betting market. Second, the State, via the regulator chosen by you, will license the sportsbooks and enforce consumer protections to ensure the market is safe. The State

will receive its share of the revenue through a tax on sportsbook operations. Third, are the Cincinnati Reds and our fellow Ohio sports teams. We are the content creators. Put simply we are the “sports” in “sports betting.” And as we saw in 2020, when there are no sports there is no sports betting. Our risk is scandal. We have nothing if our fans don’t believe our athletes are trying their best, or they believe that the outcomes are contrived in any way. Sports betting puts that at risk, as well as our more than 150-years of community investment.

To be clear, we support this legislature’s efforts to legalize sports betting, including a competitive mobile marketplace, because if done correctly, we believe it will give us tools to help us protect our games and will enrich fan engagement. But the sports betting bills before the legislature last session failed to recognize the critical role that sports play in a regulated gaming market place. For that reason, Ohio teams and our leagues were uniformly opposed to last year’s legislation.

I’d like to speak on two topics today. First are important integrity related measures that will give us tools to protect our games. And second, market access for Ohio’s professional sports teams so that we don’t just share in the risk, but also the benefits of a regulated sports betting market.

We support the inclusion of integrity related measures in statute that recognize the sports teams and leagues role in balancing the sports betting three-legged stool. They are as follows: first the sharing of real-time betting-line information from the sportsbooks to the leagues so that we can assist in ferreting out corruption in the betting market before it effects our games. Second, a procedure for sports governing bodies to petition the regulator to restrict bets that impose an undue integrity risk. Sports governing bodies are best positioned to recognize betting that poses too high of an integrity risk, but we support the regulator as the ultimate decision-maker on what bets should be allowed in Ohio. Third, a prohibition on insiders such as players, coaches, team personnel, or others with inside information from betting on their respective sports, as well as a requirement that sportsbooks cooperate with league investigations should such a need arise. And fourth, we believe that legislation should require the sportsbooks use official league data for live betting, meaning bets placed during a game where activity on the field changes the lines and odds of a bet in real-time.

Each of these measures are already in law in active sports betting markets in Michigan, Tennessee, Virginia and Illinois. And they are included in pending legislation in states like Texas, Arizona, New York and Massachusetts where they are seeking to legalize sports betting this year.

Regarding Official League Data, in sports betting, data decides the bets – it’s the equivalent of the ball in roulette, or cards in blackjack. For live betting – where integrity, timeliness, accuracy and consistency are paramount – the data should come from the official source, the leagues, and not from pirated sources like web scrapers or so-called data scouts who attempt to track stats surreptitiously from the stands. Official league data is the most safe, secure data available, and it has the highest standard of integrity. It comes from the source with the strongest interest in the integrity of the sport. It’s also best for consumers. It gives consumers trust and confidence that their bets are being settled correctly. Today’s sports betting customers, and the customers of the future, are increasingly interested in “in-play” betting, where customers wager on outcomes in

real-time during games. With these “in-play bets,” the need for accurate and uniform data becomes far more apparent and necessary. If Ohio sportsbooks can gather data from unauthorized sources, such as eyewitness accounts or pirated data, the risk of inaccurate, delayed, or inconsistent information could jeopardize the credibility of the entire system.

Let me briefly dispel a few myths about official league data. We are not asking that sportsbooks use official league data for bets taken before the game starts, like who will win a particular baseball game tonight or who will win the World Series at the end of the season. We are only talking about live betting where the integrity and consumer risks are most pronounced. Betting operators do not have to offer live betting, but if they do, they should be required to use the only safe, accurate and consistent source. Also, we are not looking to take advantage of a monopoly power. We readily accept that official league data would only be required if the league is offering it on commercially reasonable terms. And those terms appear to be acceptable because many of the leading casinos and top sportsbooks are already using official league data. Two years ago, when we first started talking about data, opponents argued that official league data was an unnecessary expense. Conversely, they now argue that a legislative mandate to use official league data is not needed because they are using it already. Even though many casinos and sportsbooks recognize that fast and reliable data from the true source is the best thing for their customers, not all have done so, and integrity should be a minimum standard. Consumers should not be forced into a buyer beware situation where they must figure out which sportsbooks offer reliable data, and which do not. Fear of being cheated is a hallmark of the illegal offshore market and should not be a concern in Ohio’s legal regulated market. A responsible, legal, regulated sports betting system should not include pirated data sources. We believe the use of official data is best for integrity, best for consumers, and good, fair policy.

Let me finish on my second topic, market access for Ohio’s professional sports teams. It is imperative that Ohio’s sports betting market include access to both mobile and retail sportsbooks for Ohio’s professional teams so that, as the content creators, we share in both the risks and the benefits, just like the casinos. Last year’s legislation simply assumed that the casino monopoly on gambling would continue with sports betting because of the casino’s investment in their businesses and job creation. But the Cincinnati Reds have been a leading driver of commercial activity in our community for over 150 years. Along with our fellow Ohio professional teams we create tens of thousands of jobs and drive traffic to thousands of ancillary businesses surrounding the stadiums and throughout the state. And just like the casinos our revenues have been devastated by the Covid-19 pandemic. We are economic engines in our communities and should benefit from this new revenue stream, particularly because sports betting is wholly derivative of our businesses. Legalized sports betting in Ohio imposes risks on our sports that we are willing to accept so long as we also have access to the benefit of new revenue from the new market.

The assumption that only casinos should have access to sports betting licenses is increasingly being questioned as more states legalize sports betting. Sports betting markets in Illinois, Virginia, and Washington DC granted rights to professional sports teams to control retail and/or mobile sports betting licenses. And leading legislation in Arizona, Georgia, Texas, and Maryland, being debated this year, grants license rights to professional teams. Of those states Illinois, Maryland, and Arizona have casinos and the legislation still grants control of additional mobile and retail licenses to the professional sports teams. In Virginia, licensure rights were

granted to both professional teams and newly legalized casinos at the same time. And in states like Georgia and Texas, where there are no casinos, the proposed legislation recognizes the logical connection with the sports teams and grants them licensure rights. This is a trend we only expect to continue as sports betting is legalized in the next few years across the country.

Let me be clear, we do not intend to run sportsbooks. It would be an obvious integrity risk if a sports team was also running a sportsbook. In addition, Major League Baseball rules, and the rules of the other professional leagues would prohibit such a business arrangement. Rather, we are asking for the right to control a license for one mobile sportsbook and a retail location at or near our facilities, that we would contract out to established sportsbook operators. The legislative language that we propose would also dictate that the sportsbook partner is the licensed entity and not the team – to make clear that the teams are not running the sportsbook. As I mentioned this is not a novel concept and is up and running in other states.

In conclusion, the integrity of our games and the protection of our fans are most important to the professional sports organizations in the State of Ohio, which is why we believe that utilization of official league data is paramount. Furthermore, the vast majority of sports bets, once there is a legal market place in the State of Ohio, will be made on the professional sports organizations and we believe that we should partake in this new market given the fact that it is our collective content upon which the wager will be made.

We look forward to working with this committee to make Ohio's legalized sports betting market a true example for the rest of the country. One that recognizes that all three legs of the stool – the casinos, the State, and the sports teams – are partners in the integrity of the sports betting market, as well as its growth and success. This is accomplished by adopting necessary integrity measures like official league data and by granting control of one mobile and retail license to Ohio's eight professional sports franchises and the Memorial PGA Tournament.

Thank you for the opportunity to testify today. I am happy to answer any questions.