



Testimony of Trevor Hayes, Head of Government Relations

The Ohio Senate Select Committee on Gaming March 24, 2021

Good afternoon Chairman Schuring, Vice-Chair Manning, ranking member Thomas and members of the Committee.

My name is Trevor Hayes and I am head of government relations for William Hill US.

William Hill US is the largest sports betting company in the United States, with operations in 17 states and the District of Columbia. The company has been in business for nearly 90 years and touches about 20% of legal sports wagers placed in the country through our mobile apps and more than 170 retail sports books. Caesars Entertainment, the world's largest casino-entertainment company, is in the process of acquiring us, pending regulatory approval. Caesars owns Scioto Downs here in Columbus.

I hope sharing some of our experience in the industry will prove useful as you evaluate important policy decisions for Ohio.

Today, I would like to explain:

1. The benefits of a competitive sports betting market, which includes betting on college sports;
2. The public policy rationale for offering licenses through existing casinos, and;
3. The importance of reasonable taxes and fees for a sustainable industry.

The popularity of sports betting has never been higher. Currently, 23 U.S. jurisdictions have legal sports betting and another 20 or so are considering legislation. More than 47 million American adults will bet on this year's NCAA Basketball Tournament, both legally and illegally, and 17.8 million will bet online, according to the American Gaming Association.

It is apparent from looking at other states that have chosen to legalize sports betting that the market thrives when there is a competitive environment composed of experienced, innovative, and well-financed operators that give the consumer choices.

These operators create new customers and draw customers who are already betting in the black market. Not only will Ohio need to compete with the black market, but Ohio's

market must be competitive with neighboring states. Four of your five bordering states now offer legal mobile sports betting. With no legal market here yet, tax dollars are going across state lines.

The ability to bet on collegiate sports is an important component of a competitive market. Ohioans are betting on college sports today. If legal operators are prohibited from offering bets on college games, the people will not trade in their existing illegal accounts for legal options, or they will head across the border to bet where college sports betting is legal.

On this issue, I point you to Nevada. Twenty years ago, Nevada regulators realized its prohibition against betting on in-state teams left a portion of the market open to black market operators and the local schools and athletes unprotected by the regulated market, so they changed course to permit bets on Nevada teams.

From 2014 until earlier this year, I was an elected member of Nevada's Board of Regents, the regulatory and policy board for public higher education in the state. The Regents oversee two Division I universities, the University of Nevada, Las Vegas and the University of Nevada, Reno.

During my six years on the board, I sat on, and then chaired, the athletics committee, which was responsible NCAA compliance and student athlete wellbeing.

There was not one incident of concern related to legal sports betting during my time on the Board, and I am not aware of any issues during the prior 14 years of legal betting on Nevada teams.

The livelihood of regulated Nevada sports books, and consumer confidence, has always depended on the integrity of the game. Legal operators have often been the first to uncover betting irregularities.

Next, I will discuss the public policy rationale for offering licenses through Ohio's existing casinos.

Gaming is already highly regulated in Ohio. Because sports betting is another form of gaming, existing casinos should be the companies licensed to offer sports betting. Some states do not have Ohio's robust gaming regulatory system and have decided to award licenses to entities that are not already subject to gaming regulation, but this is not the norm.

You have built a strong gaming regulatory system here, which is already well equipped to regulate sports betting, and, through this system, there are effective ways to expand the market to other existing, well-qualified sports betting operators via the state's casinos.

In several of the nation's largest sports betting markets, additional sports betting licenses are awarded through licensed casinos by awarding one or more additional

“skins.” A skin is the right to designate an additional online operator on the master casino license. This expands the market and gives consumers more choices. The master casino licensee is ultimately responsible for the conduct of its skin operators, ensuring that only reputable operators can enter the market.

As we have seen in other jurisdictions, there will be many opportunities for non-gaming local businesses to benefit financially from legal sports betting without getting a sports betting license. Professional sports teams, bars and restaurants and other business benefit from sponsorships, marketing partnerships, affiliate programs and other business relationships with sports betting operators.

Finally, I would like to discuss taxes on sports betting.

Moderate taxes and license fees, when combined with a competitive market, provide more revenues to the state while allowing legal operators to compete with black market operators and neighboring states.

Operators in the black market don't pay any taxes, comply with regulations, or implement responsible gaming programs. Legal operators can compete despite the black market's advantages, but only if taxes and fees are reasonable.

Three of your four bordering states with legal sports betting levy taxes at 10 percent or less—Michigan at 8.4%, Indiana at 9.5%, and West Virginia at 10%. Setting a tax rate too high would limit the market and lead some Ohioans to place bets in neighboring states where they can find with better promotions or odds.

I hope you will strongly consider creating a legal competitive sports betting market in Ohio that is licensed through the casinos with a reasonable tax rate.

Thank you for your time today. I will be glad to answer any questions from the committee.