

**Testimony of Len Komoroski on behalf of the Cleveland Cavaliers and Rocket Mortgage
FieldHouse
Ohio Senate Select Committee on Gaming**

Wednesday, March 24, 2021

Good afternoon Chairman Schuring, Vice Chairman Manning, and members of the Senate Select Committee on gaming. My name is Len Komoroski, Chief Executive Officer of the Cleveland Cavaliers and Rocket Mortgage FieldHouse. Thank you for the opportunity to provide the committee our perspective of sports betting in Ohio.

Before I begin my testimony, I want to provide a quick snapshot of the Cleveland Cavaliers as an organization and the impact we have on the state and surrounding areas. With over 200 events that draw more than 2 million people downtown each year, the Cavaliers and Rocket Mortgage FieldHouse continue to stimulate hundreds of millions of dollars in economic activity each year.

Per the latest analysis from a 2020 report conducted by CSL, an industry-leading firm in calculating economic impact, the Cavaliers and Rocket Mortgage FieldHouse:

- Generated \$164 million in direct spending for the year
- Generated \$56 million in state and local taxes for the year
- Generated \$301 million in tot output, including direct, indirect and induced spending for the year
- Since the Cavaliers moved to downtown Cleveland in 1994, the team and venue have generated a total of over \$2.5 billion in direct spending and generated over \$800 million in state and local tax revenue
- We also support over 2,200 full and part time jobs

As you already know, in 2018 the Supreme Court of the United States struck down the Professional and Amateur Sports Protection Act of 1992 (PASPA), paving the way for individual states to pass legislation that legalizes sports betting. Since then, the National Basketball Association and other respected professional sports leagues have been engaged in states across the country working to ensure that sports betting legislation recognized the importance of protecting the integrity of our games and the welfare of our players and fans.

Despite the ongoing prohibition on sports betting in Ohio and many other states, illegal sports betting remains widespread in the United States. It is impossible to measure the amount of betting with any precision. But many experts estimate that illegal betting in the U.S. is in the range of \$100 to \$200 billion per year, and some think the number is even higher. These bets are taken in a black market that does not support local business, cannot be taxed, and most important, cannot be monitored or regulated.

We welcome the conversation of what a regulated sports betting market should look like in Ohio. When we talk about sports betting, our foremost concern is protecting our players, our fans, and our games. 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.

Since legislation was introduced last General Assembly, the professional sports leagues and Ohio's individual franchises have been talking to members and your colleagues about policy ideas we think are important to ensure that Ohio emerges from this policy debate with a best-in-class sports betting framework. My testimony today reflects those conversations and the high-level principles needed to establish a robust and competitive sports betting market.

We support certain provisions that will help us and our leagues protect the integrity of our games. For example, we support provisions requiring operators to share anonymized, bet-level information sharing with the relevant league, as well as a procedure for sports governing bodies to petition the regulator to restrict bets that may pose an undue integrity risk. These provisions allow the leagues to leverage their expertise in identifying and stopping potential risks to game integrity that may arise from the betting markets. The professional leagues are best positioned to recognize bet types that pose too high of an integrity risk, but will also support the regulator as the ultimate decision-maker on what bets should be allowed in Ohio.

Betting outcomes are increasingly determined on granular details such as which player is going to get the first two points? How many dunks will there be in a game? Therefore, an essential component of consumer protection is a requirement that the information used to settle in-game wagers is as fast, accurate, and reliable as possible—something that can only come from official league data generated by the sports leagues themselves. We believe our data should be the standard in a legal, regulated market.

Official league data is the most reliable record of our games. In the fast-moving mobile marketplace, customers are increasingly interested in “in-play” betting, where the customer can wager on outcomes in real-time during games. To power those bets fairly and in a manner that promotes a positive consumer experience, operators need the fastest and most reliable possible.

It's important to understand that we are not asking a sportsbook operator to use official league data to set lines and settle bets on the final results of games, like who won the Cavs-Bulls game. We are only talking about requiring official league data in the context of live betting, where the integrity and consumer risks are most pronounced, and data speed and real-time accuracy are most important. 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 data source. The professional sport leagues are not attempting to take advantage of monopoly power. We accept that official league data would only be required if the league is offering it on commercially reasonable terms. Simply put, we believe the use of official league data is best for integrity, best for consumers, and is good, fair policy.

As you've heard in previous weeks, our organization supports legislation that would allow for Ohio's professional teams to gain market access that would allow us to share in the benefits of legalized sports betting in our state. Ohio sports teams have all made a significant investment in Ohio's economy, and we are the very entities that are creating the legalized sports betting market. With this said, we firmly believe that any sports betting legislation must include market access provisions that allow Ohio's professional sports teams to participate directly.

It is not the intent of the Cleveland Cavaliers to run a sports book. Instead, market access would grant us the opportunity to control one license for a mobile sportsbook that we could contract out to a established sportsbook operator. Every sports bet accepted by a gaming operator stems from the content created by all of Ohio's professional teams. The legislature should allow said teams to capitalize on the very event we're putting on.

Chairman Schuring and members of the Committee, thank you for the opportunity to testify today. Protecting the integrity of professional basketball and preserve public confidence in our games and in Ohio's sports betting market are at the front of our concerns. We urge the legislature to act as soon as possible to amend existing law and create a robust regulatory structure that includes the protections we have outlined today.

The Cleveland Cavaliers look forward to continued discussion. Thank you and I would be happy to answer any questions.