

Senate Select Committee on Gaming
Senate Bill 176 Interested Party Testimony
Ted Tywang – General Counsel, Haslam Sports Group
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Chairman Schuring, ranking member Thomas, and members of the committee. I am Ted Tywang, General Counsel for Haslam Sports Group, which includes the Cleveland Browns and the Columbus Crew. I am testifying today as an interested party on SB 176 which would allow legal sports betting in the state of Ohio. Along with my counterparts from the Reds and the PGA Memorial Tournament, I appreciate the opportunity to speak with you on behalf of the Ohio Professional Sports Coalition about this important topic. I would like to talk about three main issues today: integrity protections, fair market access, and timing.

Integrity Protections

Our coalition's top priority as it relates to legalized sports betting is the integrity of our games and matches. In any sports wagering regime, integrity protections must be at the forefront. We must do everything we can to prevent improper influences from affecting how our competitions are played, or from leading fans to question the legitimacy of our product. To ensure integrity, we suggest the following straightforward requirements for legalized sports betting in Ohio:

First, prohibit insider and other high-risk sports betting;

Second, require age limitations in line with best practices for in-person and mobile wagering (21 years of age);

Third, prohibit objectionable betting fixtures (for example, prop bets on things such as penalties or injuries);

Fourth, protect consumers by requiring the use of Official League Data; and

Fifth, require information sharing between the leagues, operators, and law-enforcement.

It is also vital that we take measures to ensure the integrity of the sports betting marketplace and that our citizens are protected from bad actors. To that end, we would urge that Ohio's legalized sports betting legislation provide for operator licensure and on-demand auditing, as well as robust problem gaming resources and education.

The major professional sports leagues, their Ohio clubs and several prominent sports betting operators have agreed on recommended legislative language to codify these critical integrity and consumer protection measures, which we have previously provided to the Committee.

Fair Market Access

I would also like to discuss the operational and commercial sports betting priorities for our organization, specifically fair market access for Ohio's major league teams. This access will support valuable fan engagement and commercial opportunities for the hometown clubs invested in Ohio who create the sports betting market with our product on the field. Since I last testified, SB 176 and its substitute bill have been introduced. Despite the many positive conversations we have had with legislators regarding fair market access, and specifically parity between Ohio's teams and the casinos and racinos here, the structure

of the current bill does not provide a pathway for fair market access for Ohio's professional sports businesses. In fact, the sub bill dramatically favors out of state gaming interests, including through the requirements that the licensees themselves "bank the bets" and that each license in the Type A group (for mobile and online) would have an unlimited number of deployable mobile skins. These provisions would prevent our participation based on our business structure and league rules, and also create an unhealthy monopoly.

We understand, and are sympathetic to, the sponsors' desire to put a free market structure in place. However, in the case of sports wagering, the supply, i.e. Ohio bettors, is a closed market and hence does not respond properly to unrestricted competition as contemplated by the current sub bill. We feel strongly that there must be limits on the number of sports betting platforms so as to avoid market saturation, consumer confusion, and overburdened regulatory structures.

We believe in a conservative initial approach to sports wagering in Ohio that allows for regulatory clarity, robust competition putting Ohio's pro teams on even footing with the other gaming stakeholders, and potential future expansion as may be dictated by the market. One thing we can all agree on is that the number of online licenses the state allows in its initial law would be difficult if not impossible to pull back. So we believe strongly that the language regulating the Type A license group should be amended to specifically allow for the major league Ohio based professional sports organizations to control one mobile license each. For integrity reasons, the statutory language should also require the teams

to designate a licensed, regulated online betting provider that would handle all operations.

Further, given their gaming investments in Ohio, we are comfortable with the states' casinos and racinos each being granted one online (Type A) license per facility, which would allocate the Type A licenses to the entities that have the most skin in the game as it relates to sports wagering in our state. This structure, with a total of 20 online licenses, allows for robust competition while not diluting the market. It is also similar to the structure recently passed in Arizona, and represents a developing consensus across states that are contemplating sports wagering bills and providing fair market access to their hometown teams. The current structure in the sub bill for Group B licenses (for physical sports betting locations) can be retained, but we suggest it be revised to give priority to casinos/racinos and the professional sports organizations, and to allow for applicants to designate partner operators.

Timing

I would like to conclude today by addressing the timing of legalization. As I suggested in my previous testimony, when it comes to sports betting, both the State of Ohio and its professional teams have fallen behind, particularly as compared to our neighbors and their sports franchises. As such, we would like to see legalized sports betting done responsibly but also as soon as possible, and would suggest that the legislation include a concrete and accelerated timeline for regulatory implementation. Of course, we do not want to rush the process in a

way that would result in a negative outcome, and it is critical that we have appropriate integrity and consumer protections, along with the optimal market structure allowing for fair market access. To summarize, we want legalized sports betting to be done right and as quickly as possible, and we strongly support the June 30 bill passage timeline that has been discussed with legislators.

Thank you for allowing me to testify today and to share our views on this important topic. Haslam Sports Group looks forward to continuing to partner with the legislature and the executive branch during the process of creating and implementing legalized sports betting in our state. I'm happy to take any questions.