



**Rhode Island House Committee on Finance  
House Bill 6348 – An Act Relating To State Affairs And Government – Video  
Lottery Games, Table Games And Sports Wagering  
May 23, 2023**

Chair Abney, First Vice Chair Slater, Second Vice Chair Marszalkowski, and Members of the Committee:

Thank you for the opportunity to submit written testimony on behalf of the Sports Betting Alliance (or "SBA"), a coalition of leading mobile entertainment operators: BetMGM, DraftKings, FanDuel, and Fanatics. Our members are competitors in the marketplace – operating as licensed online casino gaming, or iGaming, operators in Connecticut, Michigan, New Jersey, Pennsylvania, and West Virginia – but we are aligned in working with policymakers and stakeholders to create safe and successful gaming markets through sound legislation and regulation. **For the reasons that follow, SBA recommends that the legislature amend House Bill 6348 to allow for a competitive iGaming market.**

While states have taken different approaches in their respective iGaming frameworks, one thing is clear: a marketplace with multiple qualified and experienced operators is critical to the success of the industry. No one knows this better than the SBA, whose members represent *85% of the country's mobile sports betting market and 72% of the country's iGaming market, which currently has 43 operational U.S. iGaming brands.*<sup>1</sup> And yet when it came to legalizing sports betting, DraftKings in its home state of Massachusetts was supportive of a model that created a competitive market. Likewise, FanDuel could have lobbied to limit the New York market. Instead, FanDuel went so far as to encourage competition in its home state.

Lack of competition most disadvantages the State, its residents and daily or seasonal visitors. With the exception of Delaware, Rhode Island would be the only state in the nation whose residents would be limited to a single choice when it comes to iGaming, if HB 6348 passes. The result will be no different than mobile sports betting. Residents will (1) continue to use the illegal market; (2) drive into Connecticut; or (3) wait until Massachusetts legalizes iGaming to then cross the border, to the benefit of the Commonwealth, not Rhode Island. Just take Massachusetts' recent mobile sports betting launch as an example. In Massachusetts' first month of mobile sports betting (March 10 to April 9), GeoComply identified 1,761 instances of a Rhode Island resident first attempting to access a Massachusetts sports betting app in Rhode Island and then traveling to Massachusetts and successfully logging into an app. This demonstrates that Rhode Island residents are willing to travel for access to more mobile gaming choices. Moreover, this data point doesn't even account for the transactions made in the illegal market, which is in fact the legal and regulated iGaming market's biggest competitor.

<sup>1</sup> Eilers & Krejcik, "U.S. Online Casino Monitor," April 2023.



It is difficult to determine the exact size of the illegal iGaming industry, as it operates in a clandestine manner, but according to the American Gaming Association, Americans wager an estimated \$338 billion annually with illegal iGaming operators.<sup>2</sup> These illegal operators pose significant risks to consumers. They aren't subject to any licensing and regulatory requirements, and they do not provide any consumer protections available in the legal market. In order to eliminate the unlawful market and transition customers into legal, regulated platforms, a dynamic and regulated market that permits real competition is the best option for Rhode Island. **SBA also recommends to amend House Bill 6348 accordingly for the following two primary reasons.**

First, multiple iGaming operators will generate significantly more tax revenue for the State than if the state grants one company a monopoly. According to a February 2019 study by Eilers & Krejciak, New Jersey's iGaming market is roughly *50% larger than it would have been under a single operator model*.<sup>3</sup> By authorizing a competitive iGaming market, the state has generated significant revenue from both license fees and tax revenue and has given consumers the benefit of increased price competition and multiple products from which to choose. Eilers found that an estimated 86,000 unique customers would not have participated in New Jersey's regulated iGaming market, but for the multiple-operator model.<sup>4</sup> The study also found that the adoption of a multiple-operator model resulted in an additional \$82.5 million ancillary economic benefits to the state that the single-operator model would not produce.<sup>5</sup>

Conversely, an August 2022 study conducted by Light & Wonder discounted Delaware, the only iGaming state with a monopoly, which is similarly being proposed under HB 6348. Per the study, Delaware "materially underperforms other iGaming states from a revenue perspective (at just \$15 per adult)", whereas competitive iGaming states like New Jersey and Michigan generate \$215 and \$168 per adult population in iGaming Gross Gaming Revenue ("GGR"), respectively.<sup>6</sup> Despite launching six to eight years before the vast majority of states with iGaming, *Delaware had the lowest iGaming GGR per adult for the last 12 months*,<sup>7</sup> demonstrating the need for the legislature to authorize a competitive market with multiple operators in order for Rhode Island to maximize its tax revenue generation.

Second, a competitive iGaming market will provide consumers with more safe and convenient options to choose from, which is critical to pull users from the rampant illegal, offshore market.

<sup>2</sup> American Gaming Association, "Sizing the Illegal and Unregulated Markets in the United States," November 2022, available at <https://www.americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf>.

<sup>3</sup> Eilers & Krejciak Gaming, "Analysis: How the Multiple-Brand Model Impacts State-Regulated Online Gambling Markets," January 2019, available at <https://ideagrowth.org/wp-content/uploads/2019/12/iDEA-Multi-Brands-Research-Full-Report-Feb-2019.pdf>.

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Light & Wonder, "U.S. iGaming State Tax Revenue Potential," 2022, available at <https://igaming.lnw.com/us-igaming-state-tax-revenue-potential/>.

<sup>7</sup> Eilers & Krejciak, "U.S. Online Casino Monitor," April 2023.



In the legal market, every transaction will take place through a registered account, allowing iGaming operators to verify a customer's location, age, and identity to ensure minors cannot wager and the account holder is actually the customer who signed up to use the platform. iGaming software will undergo a robust verification and testing process conducted by a certified and independent lab to ensure the games cannot be manipulated in favor of the operator. Customers that wager on legal iGaming platforms can trust that their deposits are safe and that they will receive their winnings.

In addition, legal iGaming operators promote responsible gaming measures that are, once again, not offered by the thriving illegal market. Responsible gaming isn't just a priority for members of our coalition; it is the *top priority*. Legal and regulated iGaming operators provide tools and resources to help players manage their gaming habits and prevent problem gaming, including self-limits on the amount of time spent on the platform, caps on account deposit and wagering amounts, and exclusion all together from the app. SBA member companies have dedicated Player Protection teams to support the monitoring of user accounts for potential problem gaming behavior and language. All of our members' employees receive responsible gaming training when they are onboarded and periodically thereafter. And above all, consumers receive substantial responsible gaming resources and messaging directly through the app.

Amending House Bill 6348 to authorize a competitive iGaming market will provide numerous benefits to Rhode Island. Legalizing a framework with multiple operators will help Rhode Island reach its full potential and support important public initiatives by providing a safe and convenient way for consumers to engage in iGaming, deploying critical responsible gaming tools and generating significant tax revenue each year to the State.

Thank you again for the opportunity to submit written testimony.

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