



Rhode Island Department of Revenue Lottery Division

TO: Joseph Codega, State Budget Officer
Sharon Ferland-Reynolds, House Fiscal Advisor
Steven Whitney, Senate Fiscal Advisor

FROM: Mark Furcolo, Director of Lotteries

DATE: May 2, 2022

RE: Outstanding Items from REC Testimony

Pursuant to our testimony to the Revenue Estimating Committee on Friday, April 29, 2022, we committed to providing the Committee with additional information. I believe all the requested items are addressed below, but please let me know if you have any questions on the material or if I omitted anything.

1. How do our casinos performance compare to competitive casinos?
Please see the attachment.
2. Are Bally's Lincoln hotel guests mainly carded/program guests, or paying guests?
Monday through Thursday the hotel is majority occupied by visitors paying market rates, with some rooms reserved for carded/program players. During the weekends, the majority of rooms are reserved for carded/program players and the rest of the rooms are left open for visitors at market rates.
3. What is the sports book hold percentage utilized in the Christiansen study, or what is a long-term sustainable rate?
Attached is a recent article on the Massachusetts Sports Betting bills which references a national average hold percentage of 7.2%.

Through a subcontract with IGT, Sportsbook RI utilizes Caesar's Sportsbook as our Bookmaker, and they advise us to use a long-term rate between 7% and 8%.

New Hampshire commenced their sports book operation in December 2019. Their hold has been 6.57% since inception and 5.72% YTD FY22. They utilize DraftKings as their Bookmaker.

The Christian study does not indicate what they assumed as their hold rate.
4. What is the potential upside from the increase to the mean average non-Keno payouts? From this question I committed to checking my analysis/forecast as to the potential upside from the increase. The result of that projection is below:



		FY '23	FY '24	FY '25
Total Incremental GGR from Instant Tickets	\$	884,940	\$ 2,936,896	\$ 5,992,815
GF Transfer Opportunity (GGR-Commissions)	\$	488,985	\$ 1,975,756	\$ 4,230,329

5. What are the starting jackpot amounts for Mega Millions (MM) and Powerball (PB)?

Pre-COVID both games had minimum starting jackpots of \$40M. If there is no jackpot winner for a particular drawing, PB had a minimum jackpot increase of \$10M and MM had a minimum jackpot increase of \$5M.

Due to COVID, both games minimums were reduced to \$20M and if they roll, the amount of the new jackpot is based on sales volume – there is no minimum increase.

Video, NTI
7 Regional Casinos
NTI Month-over-Month Comparison, and NTI Year-to-Date Comparison

	Foxwoods			Mohegan Sun			Plainridge Park			MGM ⁺ Springfield			Encore ⁺ Boston Harbor			Twin River			Tiverton Casino ⁺		
		YOY % Change	Casino		YOY % Change	Casino		YOY % Change	Casino		YOY % Change	Casino		YOY % Change	Casino		YOY % Change	Casino		YOY % Change	
FY2019																					
Jul-18	\$	42,832,217	\$	55,037,319	\$	15,149,926	\$	-	\$	-	\$	38,603,691	\$	4,145,038							
Aug-18		41,448,573		53,323,982		15,380,183		7,347,491		7,347,491		38,823,566		3,665,294							
Sep-18		37,986,949		47,201,802		14,319,232		18,149,752		18,149,752		34,709,583		9,837,048							
Oct-18		34,449,411		42,588,504		13,525,789		14,623,792		14,623,792		33,669,271		7,573,687							
Nov-18		35,287,338		44,264,678		12,852,263		13,371,904		13,371,904		34,646,245		7,555,879							
Dec-18		36,981,494		49,773,635		14,089,866		14,255,518		14,255,518		37,199,703		7,500,203							
Jan-19		31,032,368		40,708,275		12,379,115		13,096,336		13,096,336		32,468,284		7,329,500							
Feb-19		34,154,363		43,524,776		12,594,203		14,526,579		14,526,579		34,505,575		7,606,701							
Mar-19		40,093,664		51,132,884		15,937,425		18,579,179		18,579,179		40,234,102		9,268,225							
FY2019 YTD	\$	334,266,377	\$	427,555,855	\$	126,228,002	\$	113,950,551	\$	113,950,551	\$	324,860,020	\$	64,481,575							

	Foxwoods			Mohegan			Plainridge			MGM*			Encore▲			Twin			Tiverton			YOY		
	Casino	YOY	% Change	Sun	Casino	YOY	% Change	Park	Casino	YOY	% Change	Springfield	Casino	YOY	% Change	Harbor	Boston	Casino	YOY	% Change	River	Casino	YOY	% Change
FY2020																								
Jul-19	\$ 38,049,467	-11.17%	\$ 46,700,138	-15.15%	\$ 12,535,761	-17.26%	\$ 15,508,689	100.00%	\$ 21,154,550	0.00%	\$ 32,169,171	0.00%	\$ 32,169,171	-16.67%	\$ 8,400,414	102.66%								
Aug-19	39,450,458	-4.82%	49,926,569	-6.37%	12,080,417	-21.45%	15,633,227	112.77%	20,229,553	0.00%	32,710,221	0.00%	32,710,221	-15.75%	9,117,704	148.76%								
Sep-19	35,862,146	-5.59%	44,622,136	-5.47%	11,543,072	-19.39%	14,813,909	-18.38%	21,866,432	0.00%	30,290,144	0.00%	30,290,144	-12.73%	8,453,272	-14.07%								
Oct-19	34,516,839	0.20%	43,683,661	2.57%	11,246,655	-16.85%	14,666,684	0.29%	22,284,638	0.00%	30,748,041	0.00%	30,748,041	-8.68%	8,454,352	11.63%								
Nov-19	36,636,738	3.82%	45,800,624	3.47%	10,978,222	-14.58%	14,731,738	10.17%	22,783,909	0.00%	32,032,553	0.00%	32,032,553	-7.54%	8,597,074	13.78%								
Dec-19	33,592,069	-9.17%	43,911,620	-11.78%	10,206,565	-27.56%	13,912,989	-2.40%	22,606,800	0.00%	30,527,293	0.00%	30,527,293	-17.94%	8,520,122	13.60%								
Jan-20	32,456,472	4.59%	43,812,189	7.62%	11,083,478	-10.47%	14,924,895	13.96%	24,168,305	0.00%	32,154,907	0.00%	32,154,907	-0.97%	8,943,673	22.02%								
Feb-20	35,679,046	4.46%	44,460,839	2.15%	11,700,531	-7.10%	16,398,785	12.89%	24,676,622	0.00%	34,258,974	0.00%	34,258,974	-0.71%	9,523,366	25.20%								
Mar-20	13,989,529	-65.11%	19,503,520	-61.86%	4,756,695	-70.15%	7,007,200	-62.28%	9,422,985	0.00%	12,291,543	0.00%	12,291,543	-69.45%	3,972,538	-57.14%								
FY2020 YTD	\$ 300,232,764	-10.18%	\$ 382,421,296	-10.56%	\$ 96,131,396	-23.84%	\$ 127,598,116	11.98%	\$ 189,193,794	0.00%	\$ 267,182,847	0.00%	\$ 267,182,847	-17.75%	\$ 73,982,515	14.73%								

	Foxwoods			Mohegan			Plainridge			MGM♦			Encore▲			Twin			Tiverton		
	Casino	YOY % Change	Sun	Casino	YOY % Change	Park	Casino	YOY % Change	Springfield	Casino	YOY % Change	Harbor	Casino	YOY % Change	River	Casino	YOY % Change	Casino	YOY % Change	YOY % Change	
FY2021																					
Jul-20	\$ 30,518,585	-19.79%	\$ 47,500,707	1.71%	\$ 7,740,864	-38.25%	\$ 8,988,610	-42.04%	\$ 16,266,469	-23.11%	\$ 22,260,654	-30.80%	\$ 6,914,863	-17.68%							
Aug-20	29,617,455	-24.92%	45,570,991	-8.72%	10,168,966	-15.82%	14,048,464	-10.14%	23,324,704	15.30%	18,512,554	-43.40%	6,002,252	-34.17%							
Sep-20	27,643,537	-22.92%	40,274,319	-9.74%	9,948,093	-13.82%	14,044,345	-5.19%	23,441,727	7.20%	19,939,866	-34.17%	6,470,281	-23.46%							
Oct-20	26,100,010	-24.38%	35,823,483	-17.99%	10,087,191	-10.31%	13,521,083	-7.81%	23,659,340	6.17%	20,755,309	-32.50%	6,683,931	-20.94%							
Nov-20	21,780,036	-40.55%	28,514,871	-37.74%	7,595,273	-30.82%	8,551,757	-41.95%	15,494,422	-31.99%	15,235,362	-52.44%	5,032,111	-41.47%							
Dec-20	21,473,310	-36.08%	32,237,592	-26.59%	9,173,051	-10.13%	9,365,399	-32.69%	16,098,220	-28.79%	5,877,462	-80.75%	2,089,884	-75.47%							
Jan-21	24,453,586	-24.66%	37,619,525	-14.13%	9,792,038	-11.65%	12,631,274	-15.37%	19,627,207	-18.79%	19,949,798	-37.96%	6,917,035	-22.66%							
Feb-21	22,501,198	-36.93%	32,728,785	-26.39%	9,554,064	-18.35%	13,863,377	-15.46%	23,933,939	-3.01%	21,252,584	-37.96%	6,781,294	-28.79%							
Mar-21	29,689,222	112.22%	43,442,967	122.74%	12,226,761	157.04%	18,063,831	157.79%	29,267,318	210.59%	29,198,977	137.55%	9,123,492	129.66%							
FY2021 YTD	\$ 233,776,939	-22.13%	\$ 343,713,240	-10.12%	\$ 86,286,301	-10.24%	\$ 113,078,140	-11.38%	\$ 191,113,346	1.01%	\$ 172,982,566	-35.26%	\$ 56,015,143	-24.29%							

	Foxwoods			Mohegan			Plainridge			MGM♦			Encore▲			Twin			Tiverton		
	Casino	YOY % Change	Sun Casino	YOY % Change	Park Casino	YOY % Change	Springfield Casino	YOY % Change	Boston Harbor	YOY % Change	River Casino	YOY % Change	Casino ■	YOY % Change	Casino ■	YOY % Change					
FY2022																					
Jul-21	\$ 36,496,349	19.59%	\$ 49,883,124	5.02%	\$ 12,952,980	67.33%	\$ 18,950,490	110.83%	\$ 33,933,380	108.61%	\$ 33,841,673	52.02%	\$ 10,163,365	46.98%							
Aug-21	30,750,824	3.83%	43,665,608	-4.18%	12,732,728	25.21%	16,884,575	20.19%	32,429,167	39.03%	29,810,099	61.03%	9,912,649	65.15%							
Sep-21	31,001,026	12.15%	43,425,414	7.82%	11,997,219	20.60%	16,572,497	18.00%	31,518,185	34.45%	29,780,693	49.35%	9,234,415	42.72%							
Oct-21	31,707,063	21.48%	44,262,192	23.56%	11,741,676	16.40%	16,877,834	24.83%	32,219,251	36.18%	30,043,530	44.75%	9,511,173	42.30%							
Nov-21	28,167,939	29.33%	40,736,179	42.86%	10,972,373	44.46%	15,962,308	86.66%	30,051,293	93.95%	27,527,845	80.68%	8,347,870	65.89%							
Dec-21	30,491,404	42.00%	41,754,997	29.52%	11,048,795	20.45%	16,666,987	77.96%	31,794,239	97.50%	27,805,865	373.09%	8,558,343	309.51%							
Jan-22	23,983,596	-1.92%	32,844,053	-12.69%	9,842,331	0.51%	14,386,893	13.90%	27,874,734	42.02%	24,024,053	20.42%	7,107,648	2.76%							
Feb-22	27,986,813	24.38%	40,370,630	23.35%	10,950,511	14.62%	15,711,906	13.33%	31,054,020	29.75%	27,712,746	30.40%	8,348,290	23.11%							
Mar-22	30,413,257	2.44%	44,678,644	2.84%	12,937,164	5.81%	18,837,607	4.28%	35,181,573	20.21%	36,177,926	23.90%	10,537,559	15.50%							
2022 YTD	\$ 270,998,271	15.92%	\$ 381,620,841	11.03%	\$ 105,175,777	21.89%	\$ 150,851,097	33.40%	\$ 286,055,842	49.68%	\$ 266,724,430	54.19%	\$ 81,721,312	45.89%							

♦ - MGM Springfield opened on August 23, 2018.
▲ - Encore Boston Harbor opened on June 23, 2019.
■ - Tiverton Casino opened on August 29, 2018.

After years of discussion, Mass. Senate passes sports betting bill

BY STATE HOUSE NEWS SERVICE, SABRINA SILVA

APRIL 28, 2022

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Massachusetts Senate voted Thursday to legalize sports wagering here, but lawmakers will have to reconcile the many differences between the Senate's bill and the one that passed the House last summer before any bets can be placed.

Senate President Karen Spilka took heat in recent months, including from House Speaker Ronald Mariano, for seemingly slow-walking sports betting through the Senate. She said she wanted to ensure that there was consensus around any legislation she brought to the floor and it appears she secured some kind of understanding: senators unanimously agreed to let the bill (S 2844) pass on a voice vote, meaning that senators were not called to individually vote 'yes' or 'no.'

"I am proud to say that this bill is a product of a thoughtful, deliberative process that takes into account the lessons learned in other states who rushed into legalization. Some may wish we had acted sooner, but I am convinced that the time we took resulted in a final product that will be a national model for responsible sports wagering," Senate Ways and Means Chairman Michael Rodrigues said at the start of debate Thursday. "The Senate Ways and Means proposal maximizes the benefits for the commonwealth and minimizes harms to consumers and the general public."

The Senate bill would generate an estimated \$35 million in annual tax revenue for the state by allowing people 21 or older to bet on professional sports at the state's casinos, slot parlor and up to six other brick-and-mortar sportsbooks, and through online or mobile platforms while physically present in Massachusetts.

The Mass. Gaming Commission would regulate sports betting and license the operators in Massachusetts, and the Senate bill would require numerous consumer safeguards to protect against problem gambling similar to those put in place for casinos when Massachusetts expanded gaming in 2011.

But the bill the Senate passed differs from **the legislation** the House approved 156-3 last summer in a handful of significant ways: its prohibition on betting on collegiate sports, its substantially higher tax rates, and its whistle-to-whistle ban on sports betting ads during live sports broadcasts. As soon as next week, the House and Senate could appoint a conference committee to hash out the differences with the goal of having a compromise bill that could be approved before the July 31 end of formal lawmaking for the year.

"There are always differences on complicated pieces of legislation between the House and the Senate. My hope would be that they would both work to get something to our desk that we can sign by the end of the session," Gov. Charlie Baker, who first filed his own sports betting bill in January 2019, said Thursday.

Since the U.S. Supreme Court in 2018 gave states the ability to legalize sports wagering, 33 states — including neighboring Rhode Island, New Hampshire, Connecticut and New York — and

“Because we waited, we learned a lot,” Sen. Eric Lesser, the Economic Development Committee chairman who has been the Senate’s point person on sports betting, said. “We learned what works, we learned what doesn’t work. We learned what you need to do to make sure you’ve got a competitive market and a really good product, a high-quality product, for consumers. That’s really important.”

But Senate Minority Leader Bruce Tarr, one of a handful of senators who have publicly clamored for the branch to consider a betting bill, said Thursday that while he was glad a bill finally emerged, the Ways and Means Committee bill was not the best possible product.

“It is important that we do take this step ... so that we can reap the benefits of an industry that is happening all around us and by many accounts, one that’s happening illegally within the borders of the commonwealth of Massachusetts. But in order for us to do that successfully, we have to have legislation that authorizes a viable industry,” Tarr said. He added, “On that front, this bill does demand improvement in the way that it handles the taxation rate, in the way that it deals with advertising and in the way that it deals with collegiate sports, to name a few.”

Collegiate Betting

While a handful of amendments to expand the Senate’s bill to allow for betting on college athletics were filed, only Sen. Patrick O’Connor spoke about his on the Senate floor. He offered three amendments: one that would have allowed for betting on college sports, eSports and amateur athletic events like the Olympics, one that would have just expanded the underlying bill to allow for college betting, and one that would allow betting on college sports when there is no Massachusetts team involved.

“To expand this bill and to allow [betting] on college sports, eSports and commission-approved amateur sporting events, I think, is imperative. Bettors in Massachusetts are currently betting illegally on college sports, largely in the black market or offshore websites which have no obligation to detect or report concerns regarding the integrity of the games,” the Weymouth Republican said.

A few hours after asking that the three amendments be put on hold to allow for more discussion, O’Connor withdrew all three without further comment.

A total ban on collegiate betting would make Massachusetts an outlier among states that offer legal sports wagering. Oregon does not allow any collegiate betting through its commercial operator, but most states that have legalized betting allow at least some wagers on college sports.

The three New England states that have legalized sports betting limit which collegiate events bettors can wager on. Rhode Island and New Hampshire both prohibit bets placed on games

the UConn Huskies to win the NCAA basketball tournament, but cannot bet on individual UConn games.

The Senate's collegiate betting prohibition also puts the branch at odds with the Massachusetts House and Mariano, who drew a line in the sand on Bloomberg Baystate Business last summer and declared that leaving collegiate betting out of any bill "probably would be" a dealbreaker for him.

Though Baker's own sports betting bill proposed to exclude college sports, he reiterated Wednesday afternoon that he could accept a framework that included betting on college sports because it's already happening in neighboring states.

A survey conducted by the National Council on Problem Gambling in 2018 found that professional football was far and away the most popular sport to bet on in Massachusetts, with 83 percent of Bay State sports bettors surveyed reporting having put a wager on a pro football game in the previous year. The next most popular sport to bet on in Massachusetts was baseball (32 percent), followed by college basketball (31 percent), college football (28 percent) and professional basketball (19 percent). The survey, however, did not speak to how much money was wagered on each sport.

Tax Rate

As released by the Ways and Means Committee, the Senate's betting bill would tax operators at a rate of 20 percent of gross sports wagering receipts from bets placed in person and at a rate of 35 percent of gross sports wagering receipts from bets placed via a mobile or digital platform, rates that would put Massachusetts at the high end of tax rates on sports wagering revenue.

The House bill called for a sportsbook's revenue from in-person bets to be taxed at 12.5 percent and revenue from mobile wagers to be taxed at 15 percent, and Tarr offered an amendment Thursday to change the Senate's tax rates to match what the House adopted.

"The economics are very simple. If you want to have a successful sports wagering business in the commonwealth of Massachusetts, the rates that are in the bill have to be abandoned and we have to adopt more realistic rates that are reflected in this particular amendment," Tarr said.

Rodrigues asked that senators vote the amendment down and said "one of the missions of this particular bill was to provide the best benefit for the commonwealth's citizens and taxpayers, not the best benefit for the online gaming operators that want to work here."

The minority leader's amendment was rejected on a 4-35 vote with Democrat Sen. Walter Timilty joining the Senate's three Republicans voting in favor.

Sportsbooks operate with small profit margins and most of the money bettors plunk down is

numbers when states report their take from the activity. New Jersey, which has the most robust sports betting market outside of Las Vegas, reported a monthly handle of \$1.12 billion in March, which meant \$66.4 million in revenue for operators and about \$8.2 million in revenue for the state.

"[N]ationwide, the average hold for sportsbooks is 7.2 percent. Even in the most productive sports betting state, New Jersey, sports betting brings in roughly 20 times less revenue than the lottery and is only a fraction of total casino gambling revenue," NCSL wrote in March 2021. "Still, the potential revenue has been a big selling point for legalizing sports betting in many states."

While \$35 million in annual revenue is nothing to sneeze at, the expected state revenue haul from sports betting pales in comparison to other sources. For example, the state's two casinos and one slots parlor generated \$28.6 million for the state in March alone, and the state has raked in about \$304.44 million from the three facilities in the last year — more than five times the highest estimate for annual sports betting revenue for the Bay State.

Advertising Ban

The Senate bill would ban sports betting ads immediately before, during and immediately after live broadcasts of sporting events, similar to an ad ban that has been employed in the United Kingdom.

The legalization of sports betting has led to a deluge of sports betting ads around the country. For the operators, aggressive advertising is a fact of doing business in a growing field in which numerous deep-pocketed companies are competing to keep their existing customers and attract new ones. But for expanded gambling opponents and public health advocates, the ad surge is **a warning** of the consequences that could come as a result of legalizing sports betting in Massachusetts.

The Gaming Commission has already taken **notice** of the relentless ads and in October the agency's director of research and responsible gaming recommended that Massachusetts consider a whistle-to-whistle ban on betting ads. "So if we head down that path, it's something that I think should be really closely considered," Mark Vander Linden said.

O'Connor attempted unsuccessfully to strip the bill of its ad ban and replace it with the same advertising and marketing restrictions as were included in the House bill, telling colleagues that "the language in the underlying bill simply goes too far."

"First, there's a practical problem. Legal sports betting occurs in almost all of our neighboring states, all of which share television markets with the commonwealth. How do we stop ads from reaching Massachusetts residents? Are we going to regulate NESN and tell them, 'OK, you can broadcast DraftKings to your fans in New Hampshire, Connecticut and Rhode Island, but not in

not one other state of the 32 states that legalized sports betting has anything even similar as far as the limitations that the underlying bill has, is very concerning and cuts against any justification, in my opinion, for the restrictions that we're putting in place."

Early in Thursday's session, Sen. Lesser requested that the Senate take a recorded roll call vote on passing the bill, but later in the session Lesser asked for unanimous consent to withdraw his roll call request and none of his colleagues objected, leading to the voice vote. Lesser was unavailable for comment after session.

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