



April 22, 2025

Senator Frank A. Ciccone, III, Chairman
Senate Labor and Gaming Committee
Rhode Island Senate
82 Smith Street
Providence, RI 02903
(Via email: Slegislation@rilegislature.gov)

Dear Chairman Ciccone,

I am writing to express opposition to Senate Bill 748, a bill that would change the existing sports betting operator model and jeopardize state revenue.

I write to provide an evidence-based perspective on the performance of Rhode Island's current sports betting model to emphasize the risks associated with moving to a multi-operator framework. The existing single-operator structure, managed under the auspices of the Rhode Island Lottery, has proven effective in maximizing revenue to the state, minimizing regulatory costs and ensuring responsible gaming practices. Shifting to a market with multiple operators may appear attractive in theory, but in practice, it often results in reduced per capita revenue to states, fragmented oversight, and significant administrative and compliance costs. Recent experience shows that these transitions rarely result in the promised revenues to the state.

The Rhode Island model outperforms many of its regional peers despite the presence of high-profile competitors in neighboring states. This strong fiscal performance is not coincidental; it reflects the benefits of centralized operations, cohesive marketing and product development through committed in-state operating partners, including the Rhode Island Lottery. The data strongly suggests that maintaining the current model is the most prudent course of action to safeguard and grow state revenues.

Since its launch in 2019, Sportsbook Rhode Island has contributed nearly \$107 million in revenue to the state. This contribution has remained resilient, even after Massachusetts launched its legal market in early 2023. Rhode Island continues to generate strong revenue per adult compared to neighboring states. In comparative terms and on a per capita basis, Rhode Island's \$17.44 revenue per person *significantly* outperforms Connecticut and Vermont, which have multi-operator environments at \$7.72/capita and \$9.78/capita, respectively.

The effective tax rate of 51% in Rhode Island is currently the highest in the nation and should be protected for Rhode Island's citizens. To attract operators and support a multi-



operator market, this tax rate would likely need to be significantly reduced, thereby reducing revenue to the state. The size of Rhode Island's sports betting marketplace would restrict the ability of multiple operators to increase participation to a degree that would overcome the revenue shortfall caused by a reduced effective tax rate. Additionally, managing multiple operators would demand expanded regulatory oversight and increased administrative costs. By comparison, Massachusetts and Connecticut have tax rates of 20% and 13.75%, respectively. In FY23 alone, Massachusetts and Connecticut reported regulatory costs of \$4 million and \$2 million, respectively.

Every state has a responsibility to its citizens through protections and responsible gambling strategies. Creating a multi-operator environment will undoubtedly introduce aggressive advertising and promotions that are not necessary under Rhode Island's existing model. Such aggressive marketing strategies have had negative impacts in other states, particularly among vulnerable populations. Rhode Island's current single-operator model allows for a consistent commitment to responsible gaming, with all operations conducted under the close supervision of the Rhode Island Lottery.

Finally, introducing a multi-operator market would redirect revenue, jobs, and visitation out of Rhode Island. For example, DraftKings Fanatics, and FanDuel, all maintain corporate headquarters in other states. In an online operating environment, no additional or accretive jobs would be added in Rhode Island. IGT remains a long-standing Rhode Island-based partner, with employment and domiciled headquarters in the state. IGT is committed to continued investment in the sports betting product to sustain and grow state revenues.

In summary, changing Rhode Island's sports betting model introduces substantial risk without guaranteed benefit to state revenue. The current structure has proven effective and fiscally beneficial.

Thank you for your attention to this matter.

Respectfully,

Joe Bertolone
Senior Vice President, Sports Betting