

February 16, 2021

The Honorable Kim Koppelman
Chairman, House Judiciary Committee
State Capitol
600 East Boulevard
Bismarck, ND 58505-0360
kkoppelman@nd.gov

Re: HCR 3032 – Relating to Authorizing Sports Betting

Dear Chairman Koppelman and Members of the House Judiciary Committee,

On behalf of the American Gaming Association (AGA), I write regarding HCR 3032. AGA represents the \$261 billion regulated gaming industry, which supports more than 1.8 million jobs nationwide. We are encouraged that North Dakota is considering joining the 25 states and District of Columbia, which have legalized sports betting.

In May 2018, the Supreme Court of the United States declared that the Professional and Amateur Sports Protection Act (PASPA) is unconstitutional.¹ The invalidation of this federal law enabled states and sovereign tribal nations to decide whether to legalize and regulate sports betting within their borders, which had been prohibited since PASPA's enactment in 1992. The AGA strongly supported this decision, and we have continued to play a leading role in advancing an inclusive, fact-driven discussion about the value and importance of a legal sports betting market that prioritizes consumer protections and integrity, ensures robust oversight, and creates economic benefits.

Research by the AGA and others has conclusively proven Americans have a longstanding and widespread interest in wagering on sports and will seek channels to place bets—regardless of their legality. That is the underlying reason for the failure of PASPA's prohibition approach. Rather than preventing sports betting in the United States, PASPA instead enabled a massive illegal sports betting market that the AGA estimated to be in excess of \$150 billion dollars annually.

AGA's research indicates that, given a choice, consumers strongly prefer using legal, regulated channels to bet on sports. In fact, nearly 75% of consumers say it is important to bet only through legal providers.² The expansion of legalized sports betting over the past two years, has demonstrated that sports fans across the country value new channels that have become available to legally and safely engage in this activity. Since 2018, more than \$39 billion has been

¹ *Murphy v. NCAA*, 584 U.S. ____ (2018).

² Amer. Gaming Ass'n, *2020 Survey of American Sports Bettors*, July 21, 2020, <https://www.americangaming.org/resources/2020-survey-of-american-sports-bettors/>.

legally wagered, which has resulted in nearly \$400 million in tax revenue for state and local jurisdictions.³

While this is meaningful progress, we also know that the vast majority of sports betting continues to occur through illicit channels. Despite the vast majority of bettors saying it is important to only bet through legal providers, 52% of past-year bettors participated in the illegal market in 2019, with 55% of consumers who placed most of their wagers with illegal operators reporting that they believed they were betting legally.⁴ This is predominantly done using illegal, offshore websites that do not protect consumer interests or provide any tax revenue to the state. Illegal, offshore sports betting websites have no tools to uphold responsible gaming, game integrity, or data privacy. If consumers have a grievance against an offshore operator, they have no avenues for recourse. These black-market operations also support other illicit activity, including money laundering, drug trade, and human trafficking.⁵

Given this reality, legal sports betting clearly represents a superior public policy alternative that can both better protect consumers and repatriate revenue to local jurisdictions. At a time when state governments across the country are eager to generate new forms of revenue to address the pandemic and related economic uncertainty, legalizing sports betting can be a valuable piece of the budget puzzle.

AGA commends you for considering this important issue and we look forward to working with you and other policymakers in communities across the country to establish safe, regulated sports betting market that will produce measurable tax revenue while protecting consumers.⁶

Please do not hesitate to reach out with any questions.

Sincerely,



Chris Cylke
Senior Vice President, Government Relations

³ Legal Sports Report, *US Sports Betting Revenue and Handle*, <https://www.legalsportsreport.com/sports-betting/revenue/> (last updated Feb. 16, 2021). These states have joined Nevada, which offered legal sports betting prior to 2018. See Amer. Gaming Ass'n, *Interactive Map: Sports Betting in the U.S.*, <https://www.americangaming.org/research/state-gaming-map/> (last updated Feb. 11, 2021).

⁴ See note 2, *supra*.

⁵ See generally Amer. Gaming Ass'n, *Illegal Sports Betting*, Aug. 17, 2020, <https://www.americangaming.org/illegal-sports-betting/>.

⁶ To learn more about the legislative and regulatory policies that support a robust, competitive, and safe sports betting market, see the AGA Sports Betting Policy Principles, available at <https://www.americangaming.org/wp-content/uploads/2020/07/AGA-Sports-Betting-Principles-Final.pdf>.