

U.S. Regulators Focusing On Coronavirus Closures, Rather Than Online Gaming

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- **Coronavirus pandemic has not led to mass support for legalizing online gaming**
- **Michigan gaming regulators say online gaming rules ready in 2021**
- **Too early to tell if the coronavirus pandemic will lead to Nevada embracing online slots, table games**

With every commercial and tribal casino in the U.S. now closed, will this force more states to look to legalize online gambling to make up for a sharp decline in gaming tax revenue?

So far just six states — Nevada, New Jersey, Pennsylvania, Michigan, West Virginia, and Delaware — have legalized online casino gambling. In Nevada, poker is the only casino-game allowed online.

“As is the case with many industries, we could see several material structural changes directly resulting from this somewhat unprecedented global pandemic,” said Barry Jonas, an analyst with SunTrust Robinson Humphrey.

Jonas said with gaming tax revenues on a short-term pause, “we could see state legislative efforts to more strongly consider legalizing online casino wagering to provide a potential alternative to land-based offerings.”

A handful of casino operators, chiefly Las Vegas Sands, have resisted supporting online gambling, seeing it as a threat to their traditional brick-and-mortar business and citing concerns of problem gambling.

Other industry giants, including Caesars Entertainment and MGM Resorts International, have embraced the move online and have found success with online casino offerings in New Jersey.

“It does seem from what we’ve heard ... there is some traction on online gaming in Nevada. It’s a good thing,” Jeff Ifrah, an attorney and co-founder of the iDEA online gambling association in Washington, D.C., told VIXIO GamblingCompliance.

Ifrah said he does not understand the reluctance to embrace online casino games beyond poker in Nevada, and that the stance has “held the industry back in other states.”

However, Anthony Cabot, distinguished fellow in gaming law at the University of Nevada, Las Vegas’ William S. Boyd School of Law, said he doubted the closure of Nevada’s casino industry would translate into overwhelming support for full online gaming.

“I believe it is too early in this crisis to predict whether the casino companies that have historically opposed online gaming will revise their positions,” Cabot said.

“Management is concentrated in determining and implementing strategies to deal with the immediate closings rather than focusing on online gaming.”

Passed in 2001, Nevada Assembly Bill 466 authorized the Nevada Gaming Control Board (NGCB) and the Nevada Gaming Commission (NGC) to set up the regulatory framework to allow casinos to extend their reach online.

Nothing happened until 2011, however, when the NGC adopted regulations allowing interactive wagering limited to online poker and its derivatives.

For Nevada to expand its online market to include slots and table games, Cabot noted the state legislature does not have to amend existing law; instead, the NGC can adopt new regulations permitting it.

In New Jersey, internet gaming revenue totaled more than \$107m in the first two months of the year, compared with \$65.3m in the same period of 2019, according to data compiled by the state’s Division of Gaming Enforcement (DGE).

Some New Jersey and Pennsylvania operators have reported an increase in new player sign-ups since land-

based casinos were shuttered over the coronavirus, although affiliated online sports-betting sites have been crippled by the suspension of major sports events.

No Change To Michigan Timeline

With their traditional gaming venues temporarily shuttered, gaming regulators in both Michigan and West Virginia continue to work on rules to allow for online casino gaming in accordance with new laws passed in both states last year.

In West Virginia, regulators at the West Virginia Lottery have until July 1 to establish emergency rules for internet gaming.

Messages left with the West Virginia Lottery were not returned.

Meanwhile, [Michigan regulators](#) have estimated that implementing regulations to govern online casinos and mobile sports betting will take about a year to develop following the legalization of both verticals in late December.

That timeline is not expected to change despite the coronavirus casino shutdown, a spokeswoman for the Michigan Gaming Control Board (MGCB) said Monday.

“State government resources currently are concentrated on response to COVID-19,” Mary Kay Bean, the MGCB’s spokeswoman, told VIXIO GamblingCompliance.

Bean said the agency is focused on enforcing Governor Gretchen Whitmer’s order extending the closure of the Detroit casinos and pari-mutuel horseracing at Northville Downs through April 13.

“Using telework options, agency staff continues progress toward developing permanent rules for online sports betting, casino-style online gaming and fantasy sports,” Bean said.

The MGCB could issue emergency rules while developing permanent regulations, but such rules are reserved for occasions when state agencies find they are required “to preserve public health, safety or welfare.”

“With that finding, the agency can accelerate the process if the governor concurs with the agency’s determination,” Bean said.

See also:

[U.S. Internet Gambling Regulatory Tracker](#)

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