



New York betting: Competition is no laughing matter

State advocacy director for industry trade group iDEA Growth John A Pappas argues in favor of New York allowing for multiple online skins when it eventually legalizes mobile betting



Bio

John Pappas is an internet gaming industry consultant and serves as the state advocacy director for the iDevelopment & Economic Association (iDEA Growth). The association promotes responsible policies for igaming and internet sports wagering that will spur economic growth and protect consumers.

Stop me if you've heard this one before: New York is going to legalize mobile sports betting. Sorry, you have heard this before and the punchline continues to disappoint. After two years of starts and stops, you may be laughing off any idea that mobile sports betting is coming to New York.

Jokes aside, the dire economic situation in the state has put this issue back into the spotlight and it's become increasingly difficult to ignore the potential revenue. It is an easy calculation for lawmakers – create a new tax revenue stream or continue to allow the illegal market and the legal markets across state borders to siphon money away from the state's budget. To be clear, mobile sports betting on its own is not going to solve New York's budget crisis, but you cannot get to billions unless you start with millions. That is why legislative champions, Senator Joseph Addabbo and Assemblyman Gary Pretlow, are pushing to include mobile betting language in an upcoming revenue package or into the 2021 state budget.

Given the challenging economic climate, every policy considered should maximize tax revenue. If sports betting is to deliver millions in taxes, it needs to promote competition right from the start. One of the most effective ways to create competition is to allow commercial and tribal casinos to offer multiple skins to expand consumer choice, and ultimately increase the funds delivered to New York. The current iteration of the legislation unreasonably limits competition by only allowing New York casinos to offer a single online brand, meaning only seven online sportsbooks would be available in the country's fourth most populous state. To put that into perspective, the combined population of Colorado, Iowa, and Indiana is still four million less than New York, yet each

allow for 30-plus operators to compete in their respective markets.

New Jersey has been the centerpiece for how online betting competition can drive economic growth. Just look at September/October sports betting revenue numbers for the past three years:

- **2018:** With eight competitors, New Jersey produced \$35.6m in sportsbook revenue, or \$2.8m in state tax revenue.
- **2019:** 18 online brands were available and they brought in \$84.3m for the industry and \$8.9m for the state.
- **2020:** The market swelled to 21 competitors, and operators hauled in \$103.6m and \$12.4m in state taxes in just two months.

The fiscal benefit of multiple operators has not gone unnoticed in New York. During a recent public forum, Pretlow stated his clear preference for numerous online brands. Not only would it mean more long-term revenue for the state, but it puts millions of dollars immediately into the state coffers by way of upfront licensing fees. During that same panel discussion, Jeffrey Gural, owner of Tioga Downs Casino Resort in Nichols, NY, acknowledged that optimizing tax revenue is critical given New York's economic outlook and he said the state's casino industry would support multiple brands per licensee. Gural's perspective is significant because of his successful experience in New Jersey where he owns Meadowlands Racing.

Few states have captured the attention of the betting industry like New York, whose deliberate approach has made it the butt of many 'wait until next year' jokes, but sometimes waiting to enact the right bill is far better than acting fast. If New York embraces a competitive environment, it will drive innovation, growth, consumer protections, and be a model for the rest of the nation. ●