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GAMBLING
COMPLIANCE

Indiana Leads List Of Online Casino Contenders For 2023

Indiana tops list of states expected to mull internet gambling next year

Regulated online casinos could diminish pull of offshore market

Sport betting is gambling's hare and internet casinos are its tortoise

Only seven U.S. states have legalized internet gaming in the last decade, and there will be none this year, but Indiana may be the light at the end of the tunnel in 2023.

The Indiana Gaming Commission last week released a 95-page independent report on the potential regulation of online casinos which could serve as a manual for lawmakers in the Hoosier State when they convene in January.

"With a mature casino industry and digital sports betting in place, Indiana is well positioned to integrate iGaming," the report by consultants Spectrum Gaming said.

Although the Indiana Gaming Commission has not commented on the purpose of its report, the state legislature could follow the precedent set in 2018 when the regulator published a similar report on sports betting.

Indiana legalized wagering on sporting events the next year.

"The reality is the illegal market has begun to shift its advertising to states where there is legal sports betting but not legalized [online] casinos," said John Pappas, an internet gambling lobbyist and consultant who serves as state affairs director for U.S. online gambling trade iDEA Growth.

"We have to stay ahead of the illegal market and iGaming is really the next opportunity for us to crack down," Pappas said.

Just one week before the Indiana report came out, American Gaming Association CEO Bill Miller and other casino bosses all but declared war on gray market operators during the East Coast Gaming Congress in Atlantic City, New Jersey.

"I think the best way to come at the illegal market right now is for states to legalize and regulate a legal [online casino] market to give consumers the option," Pappas said.

"When there's not an option, the illegal market thrives."

Although Indiana is the top prospect for internet gambling legislation in 2023, Pappas said New York, Maryland and Illinois also could be in the mix.

"I think for the next couple of years we're going to be looking at maybe one, two states at a time, and then I think the dominos will begin falling as states recognize the opportunity and just the recognition that internet gaming is something that is beneficial to consumers, states and the industry," Pappas said.

Compared with sports betting, however, internet gaming is a long, hard slog.

Few would have predicted such a slow rollout when the U.S. Department of Justice released a memo two days before Christmas in 2011 announcing the U.S. Wire Act of 1961 does not prohibit states from authorizing online gaming or lottery games.

Delaware, already known as the First State because it ratified the U.S. Constitution before any others, became the first state to legalize online casino games on June 28, 2012.

New Jersey, which has become the nation's leader in internet gaming, followed suit on February 26, 2013.

This was followed by a four-and-a-half-year drought which ended with Pennsylvania legalizing internet gaming in October 2017. West Virginia passed legislation for online gaming in March 2019, Michigan in December 2019, and most recently Connecticut last year.

Nevada has also approved interactive gaming, but only for online poker games.

By contrast, 31 states and Washington, D.C. are accepting sports wagers less than five years after the U.S. Supreme Court overturned a federal betting ban on May 14, 2018.

Five more states have legalized sports betting but are not yet operational.

Pappas said states would be well advised to legalize both sports betting and internet gaming.

"They are complementary offerings that raise revenue for both verticals," he said.

"Sports players are often going to be interested in iGaming and iGaming players are often going to be interested in placing a sports bet."

Jurisdictions

Indiana

United States

Sectors

Online Gambling