

December 10, 2020

Sen. John Eklund
Statehouse
Columbus, OH 43215

Dear Sen. Eklund,

This week the Senate General Government and Agency Review Committee adopted substitute legislation for S.B. 111, a bill that would authorize sports wagering in Ohio. We thank the committee for its continued attention to this important issue.

As evidenced in other U.S. jurisdictions, competition is key to establishing a regulated sports betting market that creates a safe alternative for consumers, and drives a significant amount of revenue for the state. This should be the goal of any legislation in Ohio and we urge state policymakers to embrace statutes and regulations that give Ohio casinos and racinos the option to partner with multiple established companies with a history of providing quality products and experiences to their customers.

On November 18th our organization submitted testimony to your committee on this subject and we made several recommendations that would improve the bill and set the course for a successful sports betting market in the state. Unfortunately, the new substitute bill does not address these concerns and we are again providing this committee information that can be used to strengthen the bill should it move forward.

By way of background iDEA Growth was founded to advocate for responsible internet gaming policies that will spur economic growth and protect consumers. Our recommendations are based on our association's vast experience operating in state-regulated jurisdictions and our members' unique 360-degree perspective into every segment of the sports betting industry. While we are making specific recommendations to improve S.B. 111, we do support many aspects of it, and stand ready to work with lawmakers to address these issues.

Competition is Critical

The most successful regulatory programs are those that cultivate a market that is as free and open as possible, subject to appropriate gaming regulation. One of the most effective ways of creating competition is to promote the ability of "sports gaming agents" (defined as state-licensed casinos and racinos) to offer multiple unique online sportsbooks brands (often referred to as skins) as a way to increase consumer choice, and ultimately increase the amount of tax revenue delivered to Ohio.

Previous iterations of draft legislation allowed for up to three online sportsbook brands to be offered by licensed casinos / racinos. iDEA Growth supported this draft language and we have consistently advocated that lawmakers authorize a minimum of three (3) online skins per property. However, the substitute bill adopted this week severely restricts competition and now allows for only one online brand. Imposing this

limit impacts the potential of the Ohio sports betting market and ultimately will mean less tax revenue for the state.

To put it into perspective, New Jersey which has 3 million *less* residents than Ohio, has authorized licensed entities to offer 3 online sportsbooks (and up to five online casino brands). New Jersey is the model for how online betting competition can drive economic growth. Just look at September / October sports betting revenue numbers for the past 3 years:

Year	# of Online Brands	Industry Revenue	State Tax Revenue
2018	8	\$35.6 million	\$2.8 million
2019	18	\$84.3 million	\$8.9 million
2020	21	\$103.6 million	\$12.4 million

Source: New Jersey Division of Gaming Enforcement; <https://www.nj.gov/oag/ge/financialandstatisticalinfo.html>

Based on our internal research, and a review of other markets, we believe that Ohio could easily support thirty (30) or more online sports betting brands. Another relevant example is the state of Colorado, with roughly half the population of Ohio, which launched sports betting in May of this year. As of today, Colorado residents have access to 15 mobile sportsbooks and it is expected that 6-10 more will become available by the first half of 2021.

The evidence is clear that more competition will bring more revenue to the state; revenue that will help pay for education or other critical needs. We urge this committee to support changes to the bill that will help maximize competition and give sports gaming agents, and ultimately the state, the ability to benefit from multiple-online brand.

Expand “Sporting Event” Definition

The coronavirus pandemic has redefined “sporting events” and expanded the scope of wagering activities that state regulators should be allowed to consider. State regulators must have the authority to adjust and adapt to an evolving sports landscape and to make sure that professional and amateur events that are available in illegal markets are not restricted to state-regulated operators. We recommend the following additions to Section 3775.01 (G)(1) to ensure that popular sporting events, such as e-sports, are expressly allowed under the statute:

Except as otherwise provided in division (G)(2) of this section, “sporting event” means any professional sport or athletic event, any collegiate sport or athletic event, any Olympic or international sports competition event, any motor race event, any e-sports or virtual sports competition event, or any other special event the commission authorizes for sports gaming under this chapter, the individual performance statistics of athletes or participants in such an event, or a combination of those.

Integrity Monitoring

Section 3775.02 (I) (1)(2) seeks to address the important issue of sports betting integrity by establishing a central system, overseen by the Gaming Commission. Having the option for the Commission to manage its own central system would be unnecessary and places a massive regulatory burden on the Commission. Most importantly, it would actually undermine the effective global approach to integrity monitoring that occurs with regulated sports wagering.

Today, the sports betting industry dedicates a significant amount of resources to protecting the integrity of their wagering markets, but also to monitoring the events themselves to ensure integrity of the sport is safeguarded. Some operators conduct this type of integrity monitoring in-house with teams of sophisticated analysts, and operators also work with certified (and licensed) third-parties to provide comprehensive integrity services.

We recommend that the legislation direct the Commission to partner with the Sports Wagering Integrity Monitoring Association⁸, or another global sports integrity monitoring service, that already works with U.S. (and global) regulators to report fraud and other illegal or unethical activity related to betting on sporting events in the United States. This will ensure the Commission's necessary oversight, while not creating a redundant and costly new burden.

Occupational Licensing Requirements

We are concerned that, as currently drafted, the occupational licensing provisions -- found in Section 3775.06 (A) -- do not set clear expectations for licensure because there is no distinction between job functions in the in-person retail context and the online digital space, leading to significant ambiguity as to who would be considered to execute these roles in the online context. This could unintentionally capture broad groups of individuals employed by management services providers without justification, creating significant administrative issues with no corresponding public benefit.

For example, subsections (a) – (c) apply to functions such as accepting wagers, handling money, and providing security—roles that have a clear meaning within a retail sportsbook, but are ambiguous as applied to jobs in online sports betting. We would request tailoring these sections to focus on in-person wagering at a sports wagering facility, since these roles do not have a clear application in the online context and could be applied to a large and overbroad group of individuals employed by management services providers offering an online sports pool in agreement with a sports gaming agent.

Furthermore, it is unclear who would be considered to have the ability to “alter material aspects of sports gaming” in accordance with subsection (d). We respectfully submit that occupational licensure should be limited to those individuals that are truly in positions that have a direct impact on the integrity of the online sports pools in the state of Ohio, and suggest changes to 3775.06(A)(1)(d) to reflect that licensure is required for those who have the ability to “independently” alter material aspects of sports gaming. This

⁸ The [Sports Wagering Integrity Monitoring Association](#) is a not-for-profit organization designed to detect and discourage fraud and other illegal or unethical activity related to betting on sporting events in the United States. They work in partnership with gaming operators; federal, state and tribal regulators and law enforcement; and other various stakeholders involved in sports wagering in the United States.

will provide the Commission with a clearer understanding of which employees should undergo licensing for online sports betting, such as those employees who ultimately deploy code changing the sports betting platform.

To clarify this provision, we propose the following changes:

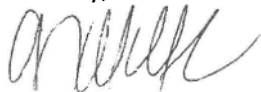
Sec. 3775.06(A)(1). An individual whose duties include any of the following shall hold an appropriate and valid sports gaming occupational license issued by the Ohio casino control commission at all times:

- (a) Directly Accepting wagers on sporting events at a sports gaming facility;*
- (b) Handling money as part of operating sports gaming, including a cashier, change person, count team, or coin wrapper at a sports gaming facility;*
- (c) Providing security for the operation of sports gaming, including a guard or observer at a sports gaming facility;*
- (d) Performing other duties such that the individual has the ability to independently alter material aspects of sports gaming.*

iDEA Growth members have successfully launched online sports gaming in multiple regulated jurisdictions, and we believe it is critical that there be a defined set of criteria that is clear and explicit in identifying those individuals that will be subject to licensure. Setting clear expectations helps create an efficient process for both the Commission and stakeholders, avoiding administrative complications and simultaneously achieving the desired public policy goal of ensuring integrity in Ohio's sports gaming.

iDEA Growth appreciates the opportunity to be a resource to Ohio lawmakers and we will continue to share our perspective to ensure the best possible legislation. We are optimistic about sports betting in Ohio. We look forward to being part of a robust and competitive industry that sparks economic growth, investment, and tax revenues for the state.

Sincerely,



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