

June 27, 2023

Members of the HB 33 Conference Committee  
1 Capitol Square  
Columbus, OH 43215

HB 33 Conference Committee Members,

The iDevelopment and Economic Association (iDEA Growth) is grateful for the opportunity to comment on the Senate's proposed new tax increase on sports betting. By way of background, iDEA Growth was founded to advocate for responsible internet gaming policies that spur economic growth and protect consumers. Our membership – 30 companies and growing – represents every segment of this industry and has vast experience in regulated jurisdictions across the United States. Virtually 100% of our members participate in the Ohio market, and our association is uniquely positioned to provide a 360-degree perspective on online sports betting policy issues.

iDEA Growth encourages you to reject doubling the tax rate on sports betting from 10% to 20% in the Senate's amended HB 33. Sports betting has only been legal in Ohio for six months. It is too early to make drastic changes to the economics of this industry. Under Ohio law, sports betting is operated through Ohio entities like the state's professional sports teams, casinos and racinos, and other well-known Ohio businesses. The law was carefully written to create an Ohio nexus for sports betting operations, resulting in a broader impact for the state than just tax revenue. National sports betting brands partner with these Ohio taxpayers. Doubling the tax from 10% to 20% is a new tax on core Ohio businesses. Additionally, a tax rate of 20% limits competition in the market. Current smaller operators in the market, as well as potential new entrants, will not be able to compete with a higher tax rate and over time, the market will only become the larger established operators.

In addition, the tax rate is unnecessary as the industry has already far outpaced all tax revenue projections at the current 10% rate. Through April, the state has collected \$44 million in tax revenue; six times the original projected revenue for the entire fiscal year '23. That amount is also already twice the original projection for the entire fiscal year '24. At this pace the Ohio sports betting industry, at the current 10% rate, will get close to, or exceed, the Senate's projected revenue for the proposed 20% rate.

Changing the core economics of this greatly alters the landscape that businesses considered in deciding to enter Ohio, and doing this in the first year of five-year license terms could have a chilling effect on the market by driving businesses out of the state or preventing in-state businesses from pursuing licenses.

We strongly encourage you to reject the Senate's proposed new tax increase on sports betting.

Sincerely,



Jeff Ifrah  
General Counsel, iDEA Growth