

S.2509 / A.3009, Part Y

STAFF CONTACT : Melvin Norris | Senior Director, Government Affairs | 518.694.4464

BILL S.2509 / A.3009, Part Y
SUBJECT Mobile Sports Betting
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OPPOSE

While we support the expansion of mobile sports betting in New York, The Business Council has concerns about the approach set forth in the Executive Budget. It provides that the New York State Gaming Commission would select a platform provider or sports operator through an RFP and the state would run or manage it. We do not believe this is the best approach, for several reasons.

Instead, we support legislation that would make New York competitive and the premier destination to wager on professional and collegiate sports. We know that New Jersey has seen a great number of New Yorkers go across the river to place their bets - transactions we need to keep in the state. New York should have a system like other states where casinos and racetracks can have several sportsbooks at their sites. New Jersey, which many in the industry consider to be a success story, has as many as seventeen legal online sportsbooks. The goal should be a long-term model that benefits consumers and gambling interests, resulting in increased tax revenue and assistance for New York State casinos.

A major concern with the Executive Budget proposal is that it would not allow casinos to partner with different sportsbooks, resulting in a monopolistic setup for online gaming. This would limit accessibility and therefore program success, especially when considering the challenges that have been faced by New York casinos during the pandemic as a sizeable number of their patrons make bets in other states. By comparison, states such as Nevada, New Jersey and Michigan have allowed wagering venues to partner with numerous sportsbooks, making their entrance into this platform a success. Many states have looked to Nevada to adopt best practices, resulting in the conclusion that more operators mean more options for consumers which leads to more interest. Additionally, consumers benefit from a variety of sportsbook options, as each platform offers specific focuses and different reliability and payouts. The lack of competition in this model will result in a barrier to online betting reaching its full potential in the state by limiting the wagering options available to bettors.

In the Executive Budget presentation, it was stated that nearly twenty percent of New Jersey's sports wagering revenue comes from New York residents. With the elimination of any competitive forces as outlined in the Executive Budget proposal, New Yorkers will undoubtedly find other options when they are unable to place a wager with their preferred sportsbook. One of the benefits of competition is that it allows for the best possible scenario where there would be benefits directly related to revenue and customers would enjoy the best possible products.

Currently, four New York State casinos offer sports betting with their preferred sportsbooks. With a single operator system, it will be akin to the approach taken by New Hampshire. They are, however, in the process of amending their sports wagering laws to maximize opportunity by increasing the number of its sportsbook locations. The process that is currently taking place in New Hampshire should be a cautionary tale and should not be repeated in New York.

To achieve the success seen in other states, New York must look at the big picture and acknowledge the pitfalls of a limited sports betting market such as that proposed in the Governor's plan. State run systems are not a good idea, and one must ask why the numbers from the Gaming Commission's study are so drastically different from those presented in the budget (which came in at about \$49 million for the 2022 fiscal year). In the long-awaited study by Spectrum Gaming Group, they considered mobile sports wagering through the state's four commercial casinos, including four legal sportsbooks to choose from and three gaming tribes. One can only imagine the numbers if additional sportsbooks could operate here. Consider that Spectrum's study estimated online sports betting generating between \$816 million and \$1.14 billion in annual GGR (Gross Gaming Revenue), meaning close to \$100 million in taxes for New York.

Other states with sports betting monopolies present obstacles resulting in job loss and lost revenue. It is evident that competition plays a major role in the most successful markets and that for New York to succeed, it needs a model like what you see in neighboring states. We believe that the mobile sports betting structure proposed in the Executive budget is the wrong approach.

For these reasons, the Business Council urges the Legislature to reject this Executive Budget proposal.