

BOYD GAMING

DATE: March 18, 2021

TO: **HOUSE FEDERAL & STATE AFFAIRS COMMITTEE**

FROM: Ryan Soultz, Vice President of Governmental Affairs, Boyd Gaming Corporation

SUBJECT: **Testimony in support of SB 84**

Chairman Barker, Vice Chairwoman Arnberger, Ranking Member Ruiz, and fellow members of the Committee:

Boyd Gaming is one of the largest casino entertainment companies in the United States, owning and operating 28 casinos in 10 states, including being the Lottery Facility Manager at the Kansas Star Casino in Mulvane.

The Kansas Star has helped fulfill the policy goals of the Kansas Expanded Lottery Act (KELA) through job creation, capital investment and generating revenues for government. The Kansas Star has generated nearly \$400 million in revenues for the State of Kansas and local governments since the property opened in 2012, and proudly employs hundreds of team members.

The Kansas Star's impact, however, extends beyond generating government revenues and jobs for our team members. The Kansas Star contributes \$1.5 million each year to the Kansas All-Star Scholar Fund. This fund assists families and teachers in buying school and classroom supplies while also providing scholarships to graduating high school seniors in our community. One hundred and eighty-nine members of the Class of 2020 received scholarships of \$1,000 from the Kansas All-Star Scholar Fund to help defray from their post-secondary education costs.

As you and your colleagues know, sports wagering has been a very active topic in state legislatures across the country since the 2018 U.S. Supreme Court ruling that repealed the Professional & Amateur Sports Protection Act (PASPA) and upheld States' rights to legalize and regulate gaming within their borders. We believe, if implemented through the right policy, legalized sports wagering could further the goals of KELA.

Today, 25 states (including the District of Columbia) have exercised those rights to legalize and regulate sports wagering. Kansas is fortunate that it can learn from the models that have worked well in many of those states and the models that have failed to produce the desired results in others.

Boyd Gaming brings more than 40 years of sports wagering experience to this conversation. We have operated sports books in Nevada for decades and now have books at our properties in Illinois, Indiana, Iowa, Mississippi, and Pennsylvania as those states have legalized sports wagering over the last few years. Just as guests enjoy the excitement of the sports books in our casinos, they also like having the ability to place their wagers online safely and securely through mobile platforms such as those that we and our partners at FanDuel have brought to bettors in Illinois, Indiana, Iowa, and Pennsylvania.

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We are pleased that you and your colleagues are considering SB 84 because it shares common traits with the frameworks employed in states that have had the best results from sports wagering by:

- Limiting legal sports wagering venues to those that meet licensing standards for gaming. Such suitability requirements ensure that only reputable operators are involved. This fosters public confidence that winning bets will be paid out, that issues concerning abnormalities or suspicious wagers are reported to regulators, that strict Anti-Money Laundering protocols are followed, and that the State will receive its share of revenue.
- Authorizing mobile sports wagering through casinos and their partners. As a highly regulated industry, casino gaming companies may only associate and conduct business with reputable entities and individuals. Through such relationships – subject to all necessary regulatory approval and oversight – casinos and their mobile sports wagering platform providers can cross-promote and market each other’s brands to drive activity from the illegal, offshore sites to legal, regulated ones while also creating relationships with new customers to visit brick-and-mortar facilities.
- Assessing a low tax rate or revenue-sharing requirement on sports wagering revenues. Sports wagering is a volatile business with hold rates of 5-6%, much lower than typical casino games. This volatility and low hold rate translate to small operating margins. Moreover, tax rates that are too high make it difficult for legalized sports wagering to accomplish a key policy goal of moving activity from the offshore sites to legal, regulated ones. A high tax rate will force legal bookmakers to recover that tax through pricing which may be reflected in less attractive odds than what is offered by offshore sites or other illegal bookmakers.
- Recognizing the respective and separate roles of regulators, operators and sports governing bodies. Allowing operators, subject to regulatory oversight and approval, to book bets on various sporting events and use publicly available information to settle wagers is the standard in most states that currently have legalized sports wagering. Several federal courts have held that the statistical information from a sporting event is not intellectual property because the outcome of those events are facts. More simply stated, the courts have held that facts are not subject to copyright and this is why most states have not mandated that sports wagering operators use only data deemed as “official” by the governing bodies. This allows the private marketplace to facilitate the relationship between sports wagering operators and the suppliers of data, including those that partner with the respective leagues, while also providing opportunities for new entrants.

These characteristics are in the framework of SB 84 and that’s why we support it. It follows the example of Nevada, New Jersey, Indiana, Iowa, Mississippi, West Virginia and others. These are states where sports wagering has proven itself to be a key amenity to drive additional visitation to casinos and where a competitive mobile sports wagering landscape has helped generate revenue, engage new customers, and provide bettors a safe, regulated environment for sports wagering as an alternative to offshore sites.

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For these reasons, we urge you to join us in supporting SB 84. We appreciate the opportunity to share our thoughts with you regarding this proposal.