



National Basketball Association

**Statement of the National Basketball Association
Kansas Legislature, House Federal & State Affairs Committee
Hearing on House Bill 2068
January 30, 2019**

Thank you for the opportunity to share the views of the National Basketball Association on House Bill 2068, which creates a regulatory framework for sports betting in Kansas. We are pleased that HB 2068 contains strong consumer protections as well as safeguards that will enable sports governing bodies, including the NBA, to protect the integrity of our competitions in an environment where sports betting is legal. Therefore, we stand in support of HB 2068.

In the wake of the Supreme Court's decision invalidating the Professional and Amateur Sports Protection Act ("PASPA") last May, dozens of states are now considering implementing sports betting legislation as a means to create economic activity, harness a new source of tax revenue, and protect consumers who currently bet on sports via offshore markets or local bookies. And indeed, illegal sports betting remains widespread in the United States, with many experts estimating that illegal betting in this country is in the range of \$100 to \$200 billion per year, and some think the number is even higher. These bets are taken in a black market that does not support local businesses, cannot be taxed, and most important from our perspective, cannot be monitored or regulated.

We have studied these issues at length. Our conclusion is that the time has come for a different approach that gives sports fans a safe and legal way to wager on sporting events while protecting the integrity of the underlying competitions.

We appreciate the time and effort the Kansas Legislature has dedicated to studying sports betting implementation, and we are pleased to support HB 2068, which addresses what we consider to be the five key components of robust sports betting legislation:

- First, it enables the detection and prevention of improper conduct relating to sports betting. Among other things, HB 2068 includes mandatory alerts by gaming operators of unusual betting activity; centralization of betting data to facilitate monitoring of bets across operators and jurisdictions; eligibility requirements to prevent insiders from placing bets on their sports; and enhanced civil and criminal prohibitions to prevent betting-related corruption.
- Second, HB 2068 provides a modest 0.25% royalty to the leagues on the amount bet on their contests. This royalty, which amounts to twenty-five



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cents for every \$100 bet, will be paid by the operator to the appropriate league. It is in line with precedent from both U.S. horse racing and international sports betting, and reflects the underlying fact that sports leagues provide the foundation for sports betting while bearing the risks that sports betting imposes, even when regulated. This royalty compensates the sports leagues for their significant investments in the games themselves, and further incentivizes the leagues to engage with the sports betting industry in Kansas to help promote and grow the overall market. We are confident that the leagues' engagement will ultimately create more revenue for both in-state operators and the State of Kansas itself.

- Third, HB 2068 gives the leagues the ability to work with the Racing and Gaming Commission to propose restrictions on wagering on their own events. While leagues do not anticipate or envision acting to prohibit a significant number of wagers, certain types of bets carry an unacceptably high risk for manipulation or corruption. Different sports will be the subject of different bets that carry these risks, so each league needs the ability to work with the Commission to identify and potentially opt out of the types of wagering that pose outsized integrity risks.
- Fourth, HB 2068 includes important consumer protection requirements. These include a rigorous licensing program to ensure operators are properly vetted; age restrictions; self-exclusion programs and other measures to address problem gambling; and regulations of gambling advertising to protect vulnerable persons. Crucially, among these requirements is a provision that requires operators to use official league data to settle in-game bets, or bets that are placed and settled based on discrete events that occur during play. Requiring the use of official league data for this purpose will ensure the accuracy and consistency of betting outcomes.
- Finally, HB 2068 appropriately authorizes betting on internet and mobile platforms. A robust mobile betting market is essential to the state's ability to bring bettors from the illegal to the legal betting market. If betting were limited to land-based locations, many consumers who live hours away from these sports books likely would continue to bet illegally through offshore websites and other unregulated but easily accessible channels.

Each of these elements is critical to the NBA's support for HB 2068. Our first and paramount responsibility is to protect the integrity of professional basketball and preserve public confidence in the league and our sport. We believe this bill is consistent with those goals, and we support its advancement.