

Kansas Legislature  
Senate Federal and State Affairs Committee  
Testimony in Support of Senate Bill 84  
by Derek Hein on behalf of FanDuel and DraftKings  
February 10, 2021

Chairman Alley and Members of the Committee,

FanDuel and DraftKings appreciate the opportunity to provide written testimony in support of the mobile sports wagering framework contemplated in SB 84. This bill would authorize mobile sports betting and casino-based sportsbooks in Kansas, subject to responsible and stringent regulations.

Sports betting is an opportunity that will pay dividends to the state for decades to come, so it's worth making sure that legislation is carefully constructed to maximize the benefits of safe, legal and regulated sports betting here in Kansas. This includes the ability for Kansans across the state to access sports betting when and where they want. We look forward to continuing to work with all stakeholders to ensure that SB 84 provides a very strong framework that allows Kansas to develop a competitive market which will encourage continued innovation, provide industry-leading consumer protections, and provide a steady source of revenue and economic growth.

Kansas is far from alone in their effort to authorize and regulate sports betting. To date, 22 states, including our Midwest neighbors Iowa, Colorado and Arkansas, are taking bets. In addition, Missouri and Nebraska have introduced and heard sports betting bills this session. Three states put sports betting on the ballot in the November 2020 election, and the results were overwhelmingly in favor of legalizing and regulating sports betting. The popular support for sports betting has been tremendous, and we believe Kansans also deserve this opportunity to access safe, well-regulated legal sports betting.

As two of the leading companies in the United States sports betting industry, we have learned from experience in other states that the most critical component of a successful framework is the ability for customers to partake in mobile sports betting from internet-connected devices within the state. Mobile sports betting has consistently proven to be the difference between a successful market and an underperforming market. Much like any other consumer product, sports betting customers demand convenience – very few customers are willing to drive to a casino location every time they want to place a few bucks on a game.

In New Jersey, which has surpassed even Nevada to become the most successful state to implement sports betting, over 90% of bets are placed by customers using mobile apps and websites. In neighboring states, this same dynamic holds true. Colorado, which authorized sports betting by ballot initiative in 2019 and began taking bets in 2020, has seen over 97% of

their sports bets come from mobile apps and websites. In Iowa, the amount of legal sports betting taking place was somewhat stifled in 2020, due to a requirement that customers must visit a casino in order to finalize registration of a mobile sports betting account. As a result, only approximately 70% of all bets were placed via mobile device, and overall legal sports betting revenue suffered in Iowa, especially in the months of April and May when COVID-19 forced the closure of all state casinos. However, as of January 1 of this year, Iowa's in-person registration requirement is no longer in effect, which means Iowans are now able to register and access the mobile sports betting app of their choice without the inconvenience of having to visit a physical location. As a result of this policy change, legal sports betting has already seen a remarkable increase in participation – the amount bet on mobile devices in January 2021 was nearly 4x the previous January.

Today, Kansans without ready access to a legal market in a neighboring state can easily bet using the thriving illegal network of offshore websites that are happy to cash in on customers looking for convenience but lacking legal options. According to a study by Oxford Economics and the American Gaming Association, Kansans bet approximately \$1.3 billion on sports each year through these illegal channels. But the offshore market offers no consumer protections or responsible gaming guardrails, and pays no taxes to the state.

In order to compete with these neighboring and illegal markets, Kansas must create attractive legal alternatives. The most effective solution to accomplish this goal is to create a legal sports betting framework with strong consumer protections and firm but fair regulations to allow multiple competing companies to offer their products online within the state. When the free market wins, Kansas benefits from steady tax revenue, while shuttering the illegal market and keeping the money in-state. Additionally, consumers will benefit from a variety of competitive and innovative products, as well as the robust responsible gaming resources and consumer protections offered by these regulated companies.

We believe SB 84 is intended to create a framework that embraces mobile sports wagering and we look forward to working with the Legislature to make sure Kansas is best positioned for success and that mobile sports wagering becomes a reality in 2021.