

20180313 testimony to Fed & State on sports betting

HB 2752 Sports Betting

I am a former member of the Kansas Racing and Gaming Commission and as a sales and management consultant, worked with 34 different state and provincial lotteries. I support HB 2752. It paves the way for added revenue, not only via sports betting, but by opening up new methods of playing games of chance. This bodes well for the future of the Kansas Lottery and for state-licensed casinos and others.

The United States Supreme Court is weighing a case that could open the door for sports betting to be allowed in states other than Nevada. This is a huge opportunity for Kansas to generate revenue that is currently going to Nevada or to illegal gambling. It is expected that a Supreme Court decision will come down in June. If the decision favors the states, HB 2752 allows Kansas to get into the sports betting revenue stream right away.

The bill as it is written right now needs some work and changes, but the framework is solid and modeled similar to more than 20 such bills introduced or passed by state legislatures around the United States. It is especially critical that Kansas have legislation that is compatible with neighboring states so as not to encourage border-hopping to play.

Some areas where I see some work is needed is the “integrity fee”, which is listed as 1.0 percent. I recommend lowering that to .25 percent, which is becoming the industry standard. I would also like to more clarification on how platform licensing will be selected. I recommend a bidding process (though Lottery is exempt from the procurement statute). That will allow Kansas to specify requirements and make selections based on those requirements. We need to have a contract plus a license. A license-only for the platform does not offer guidance for the vendor.

We need to specify whether or not we want to allow betting with Bitcoin or similar currency. We also need to determine whether we want to allow dog and horse betting via the online platform, or to specifically disallow it. Racing is a sport and this bill addresses sports betting.

Another consideration is the initial license fee of \$10,000 and \$5,000 renewal fee. The committee may want to consider a fee along the lines (though on a much smaller scale) of the “privilege fee” state casinos paid.

While there is much to consider, the benefits to Kansas are great with passage of HB 2752. We are not alone in this effort to capture the sports betting dollar that is going to Nevada.