

The Potential Impacts of Legalized Sports Betting in the United States

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Disclosure of Potential Conflict of Interest

- The SEIGMA study is funded by the Massachusetts Gaming Commission (MGC).
- I have no current or past affiliation with the gambling industry.
- In the past 10 years, I have received research funding from government agencies in Australia, Britain, Canada, and Sweden and from non-profit agencies in Canada, Connecticut, New Jersey, Oregon and Washington State.
- I have received reimbursement for travel costs to present at this and other conferences.

Overview

- History of Sports Betting in the US
- Variations in Legislation
- Variations in Regulatory Framework
- Variations in Operations
- Identified Outcomes
- Issues of Concern
- Conclusions
- Policy Recommendations

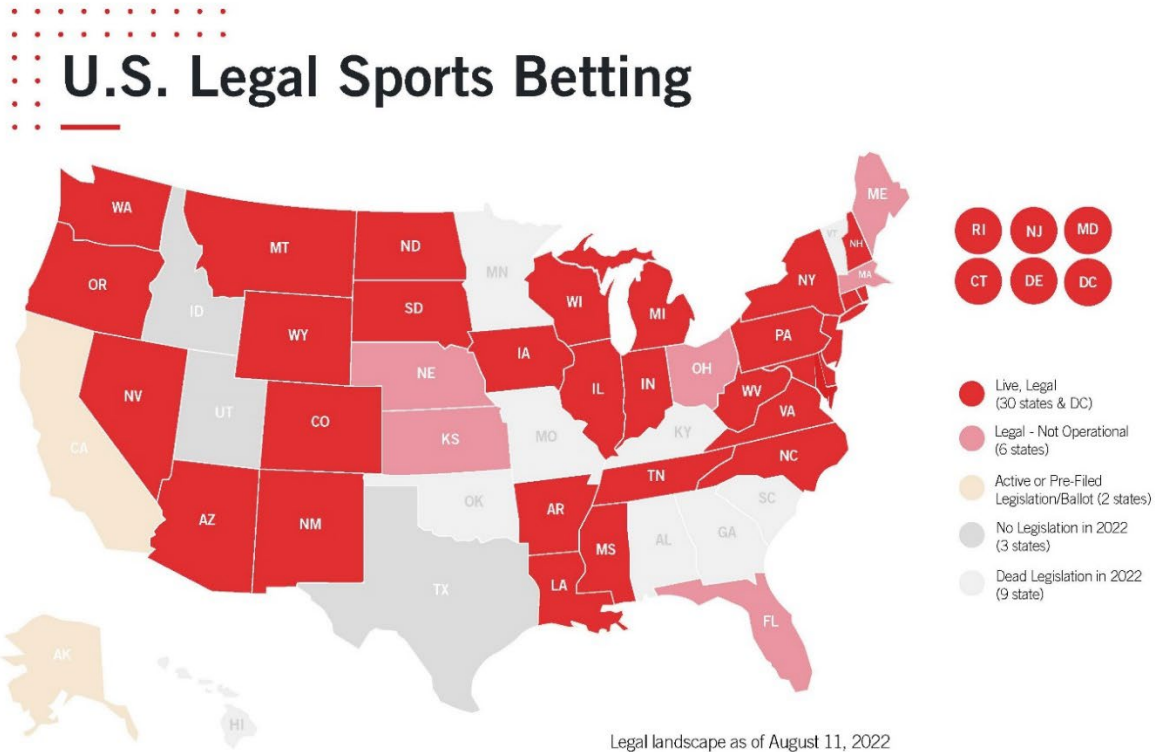
Study the Unstudied

- Waves of gambling introduction
 - Lotteries in the 1980s
 - Casinos in the 1990s
 - Online gambling in the 2000s
 - Sports betting in the 2010s
- Each wave accompanied by a surge in concern about problem gambling
 - But research never started until after the initial negative impacts were obvious

Methods

- Search, review & extract info from:
 - Official state government websites
 - Operator websites
 - American Gaming Association
 - National Council on Problem Gambling
- Literature review
- Findings from 2018 & 2022 national surveys
- Findings from MA studies 2013-2022

History of Sports Betting



Variations in Legislation

Permitted Types of Sports Betting Operations	Number	Percent	States
Online only	3	9.7	TN, VA, WA
Land-based only	7	22.6	AR, DE, NM, NC, ND, SD, WI
Land-based & Online	21	67.7	AZ, CO, CT, DC, IL, IN, IA, LA, MD, MI, MS, MT, NV, NH, NJ, NY, OR, PA, RI, WV, WY
Total	31	100.0	

Taxation

- States vary in tax rates and conditions
 - NV and IA lowest (6.8%)
 - DE, NH, RI highest (50%+)
- States tend to impose higher tax rates on online vs. land-based
- Tax revenue directed differently
 - NV, CT, DE contribute to general fund
 - Other states earmark revenues for specific programs
 - MS, PA include city/county tax as well

Other Matters

- Licensing
 - Most states impose licensing fees
 - Sensitivity around issue of competitiveness with unregulated market
- Variation in permitted wagers
 - Widespread 21+ age restriction
 - 19 states restrict bets on in-state collegiate teams or prop betting on collegiate events

Funding for Services

Funding for Research and Services	Number of States	Percent	Notes
No funding for services or research	15	48.4	Tribal sports betting only in 6 of these states
Services funded	12	38.7	Amount specified or proportion of tax revenues
Research and services funded	4	12.9	LA, MD, NJ, TN
Total	31	100.0	

Variations in Regulatory Framework

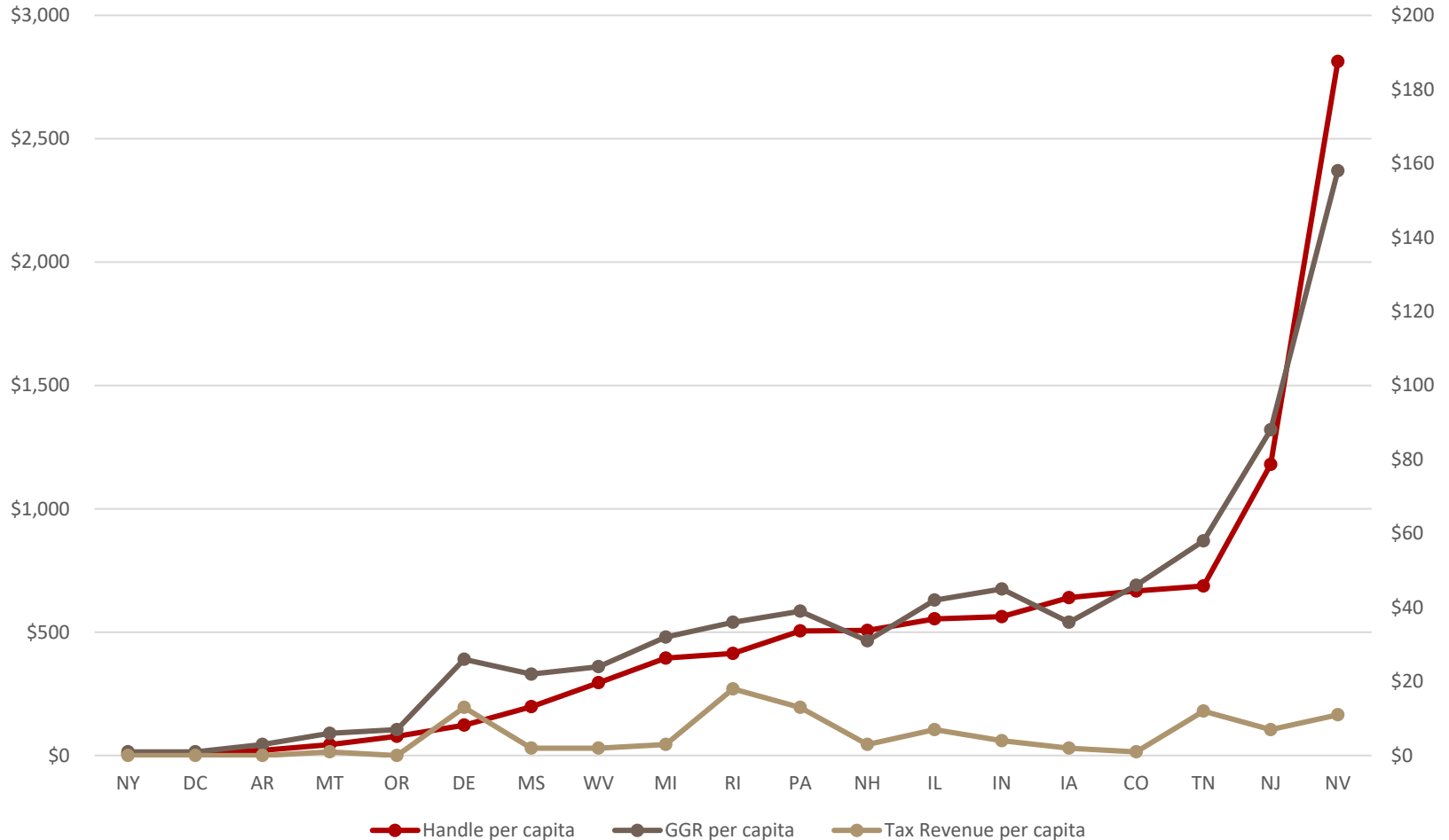
Permitted Operators	Number	Percent	States
Tribal Casinos	6	19.3	AZ*, NM, NC, ND, WA, WI
Lottery	3	9.7	MT, NH, RI
Online Operators	2	6.5	TN, WY
Commercial & Tribal Casinos	3	9.7	MS, NY, SD
Lottery & Tribal Casinos	2	6.5	CT, OR
Commercial Casinos & Online Operators	2	6.5	NV, VA
Commercial Casinos & Racetracks & Online Operators	5	16.1	IL, IN, NJ, PA, WV
Commercial & Tribal Casinos & Online Operators	3	9.7	CO, IA, MI
Mixed	5	16.1	AR, DE, DC, LA, MD
Total	31	100.0	

*Allows sports arenas to operate sports betting

Variations in Operations

- Direct economic impacts depend on shifting spending from illegal to legal market
- Indirect & induced impacts will not be entirely new since majority of these already occur due to illegal market

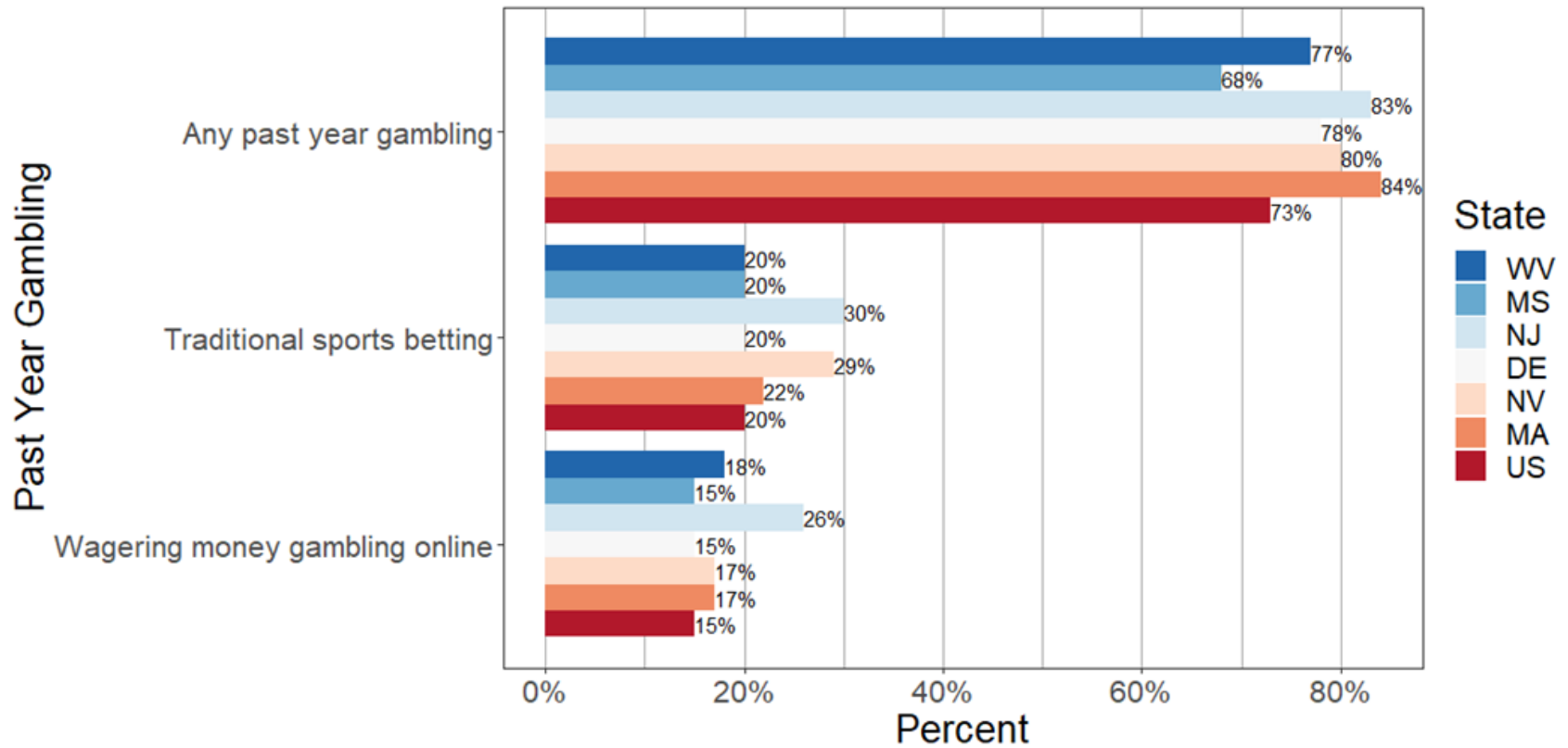
Per Capita GGR and Tax Revenues



Literature Review

- Most of the published research is from Australia and Europe
- Topic areas include:
 - Sports betting prevalence, demographics, behavior
 - Sports betting and advertising
 - Sports betting and gambling harms
 - Preventing sports betting harm
 - Economic impacts of sports betting

National Survey on Gambling Attitudes & Gambling Experiences



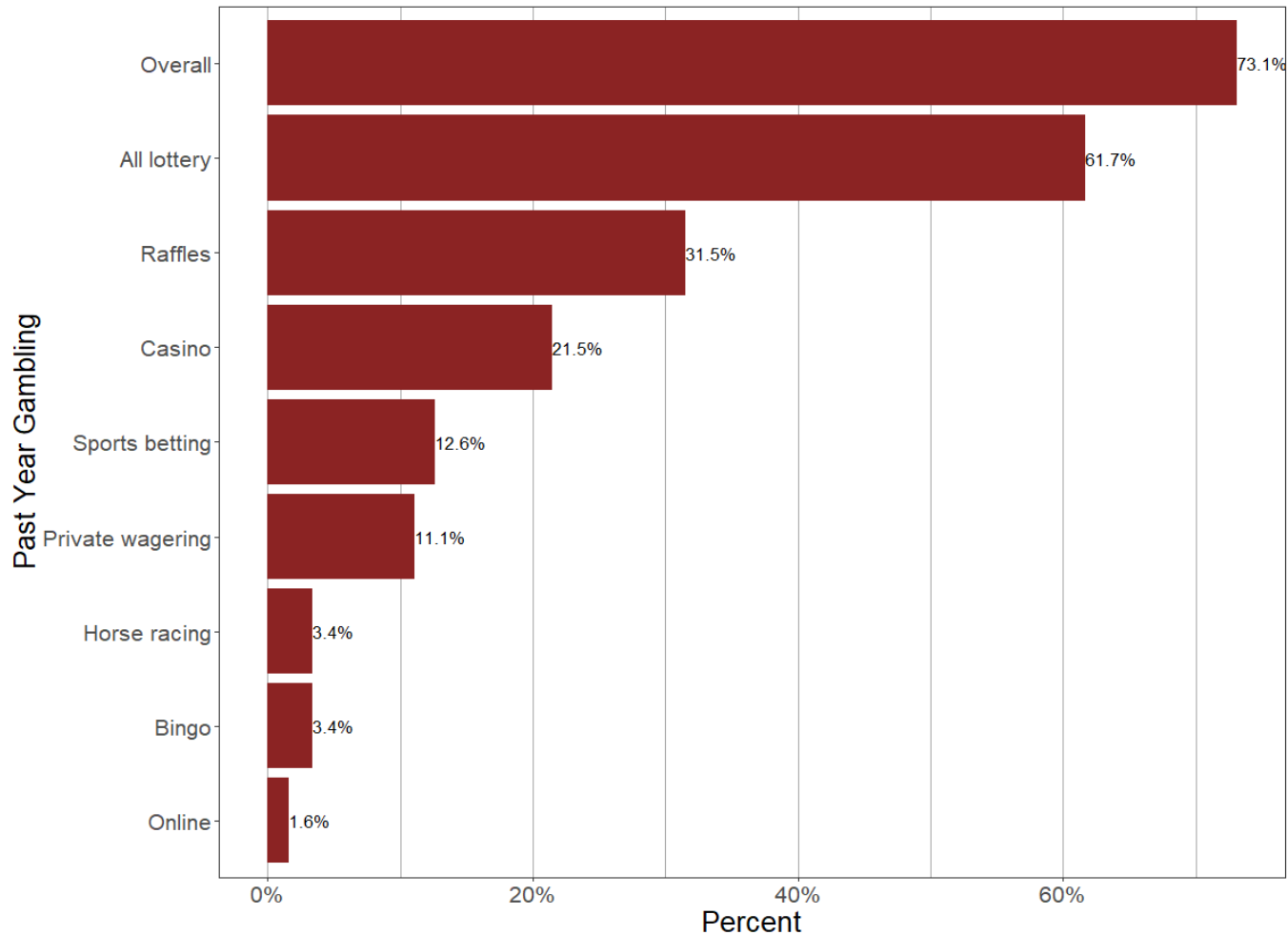
NGAGE 2

- NGAGE 2 completed in April 2021 (n=2,000) with no state samples
- Webinar in April 2022 but report not published yet
- Past year sports betting participation increased from 20% in 2018 to 26% in 2021
- Online gambling participation increased from 15% to 25%
- 18% of respondents reported gambling more often during COVID
- 3 of 4 gambling problem questions response of “many times” increased significantly
- Increases heavily concentrated among adults aged 18-44
- Problem behaviors strongly associated with number of types of gambling that people did
 - Financial problems 2% to 6%
 - Lying 2% to 6%
 - Withdrawal 3% to 7%

Sports Betting in MA

Survey	Sample Size	Year
Baseline General Population Survey (BGPS)	9,578	2013/2014
Baseline Online Panel Survey (BOPS)	5,046	2013/2014
Targeted Surveys (Plainville, Springfield)	~1,000	2016, 2019
Follow-up Online Panel Survey (FOPS)	3,041	2022
Follow-up General Population Survey (FGPS)	~6,200	2022 Results in 2023
MA Gambling Impact Cohort (MAGIC) – 5 waves	3,139	2013 - 2019

Past Year Gambling Participation (BGPS – weighted)



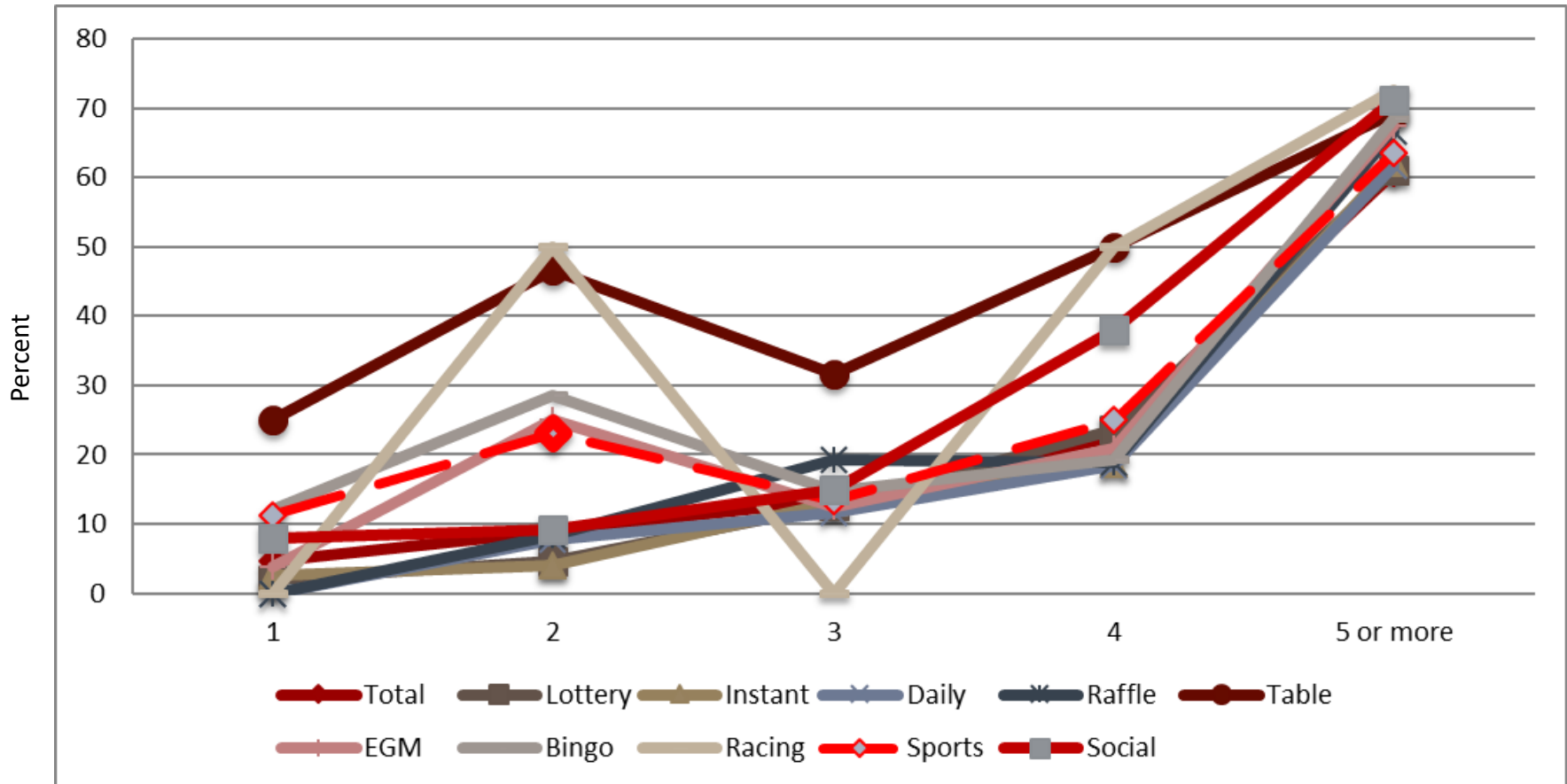
Past Year Gambling Participation (BGPS & BOPS – unweighted)

Gambling Format	BGPS (n=9,578)		BOPS (n=5,046)	
	%	95% CI	%	95% CI
All Gambling	73.0%	(72.1, 73.9)	78.2%	(77.1, 79.3)
All Lottery	60.3%	(59.3, 61.3)	73.2%	(72.0, 74.4)
Raffles	57.2%	(56.2, 58.1)	69.7%	(68.4, 71.0)
Casino	36.1%	(35.2, 37.1)	50.5%	(49.1, 51.9)
Sports Betting	12.3%	(11.6, 12.9)	17.8%	(16.7, 18.8)
Private Wagering	36.2%	(35.3, 37.2)	21.1%	(20.0, 22.3)
Horse Racing	19.2%	(18.4, 20.0)	30.6%	(29.3, 31.9)
Bingo	10.7%	(10.1, 11.3)	13.2%	(12.3, 14.2)
Online	8.8%	(8.2, 9.4)	15.2%	(14.3, 16.3)

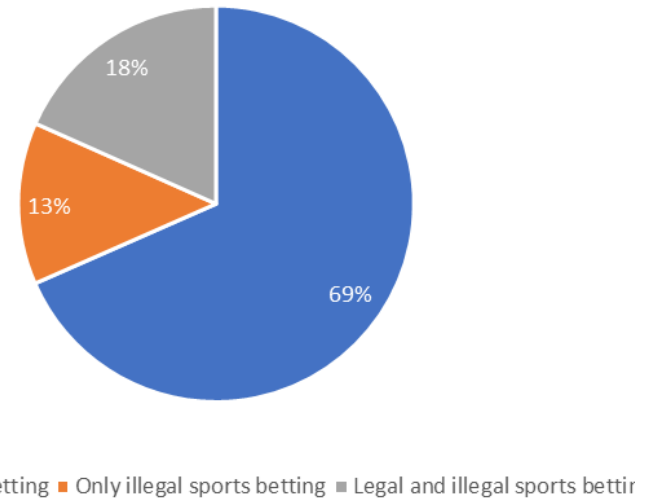
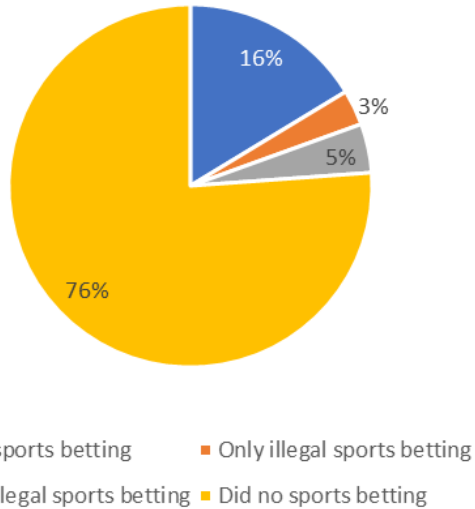
Comparing Sports Bettors in the BOPS & FOPS

Sports bettor in the past year		BOPS (n=5,046)		FOPS (n=3,041)	
		%	95% CI	%	95% CI
Any sports betting (total)		13.4%	(12.4, 14.3)	23.8%	(22.3, 25.4)
Total number of gambling types engaged in	1	4.2%	(2.7, 5.7)	2.9%	(1.7, 4.1)
	2	6.9%	(5.0, 8.8)	6.3%	(4.6, 8.1)
	3	12.4%	(9.9, 14.9)	9.1%	(7.0, 11.2)
	4	16.8%	(14.0, 19.6)	12.0%	(9.6, 14.4)
	5+	59.7%	(55.9, 63.4)	69.7%	(66.3, 73.0)
PPGM	Recreational gambler	55.8%	(52.0, 59.5)	40.3%	(36.7, 43.8)
	At-risk gambler	25.2%	(21.9, 28.5)	24.1%	(21.0, 27.3)
	Problem gambler	9.7%	(7.5, 12.0)	9.2%	(7.1, 11.4)
	Pathological gambler	9.3%	(7.1, 11.5)	26.3%	(23.1, 29.6)

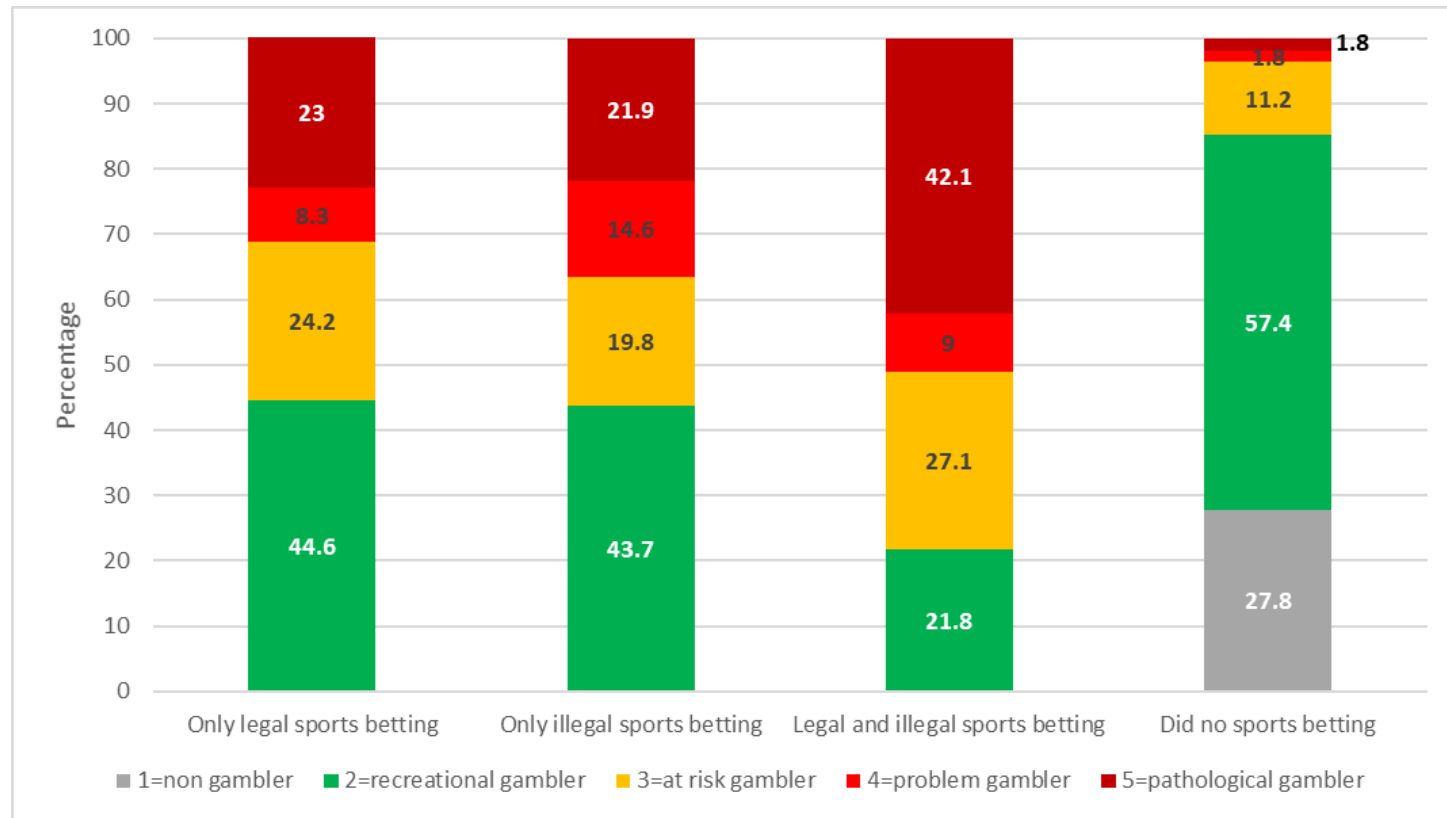
Problem Gambling Prevalence (FOPS – monthly gamblers)



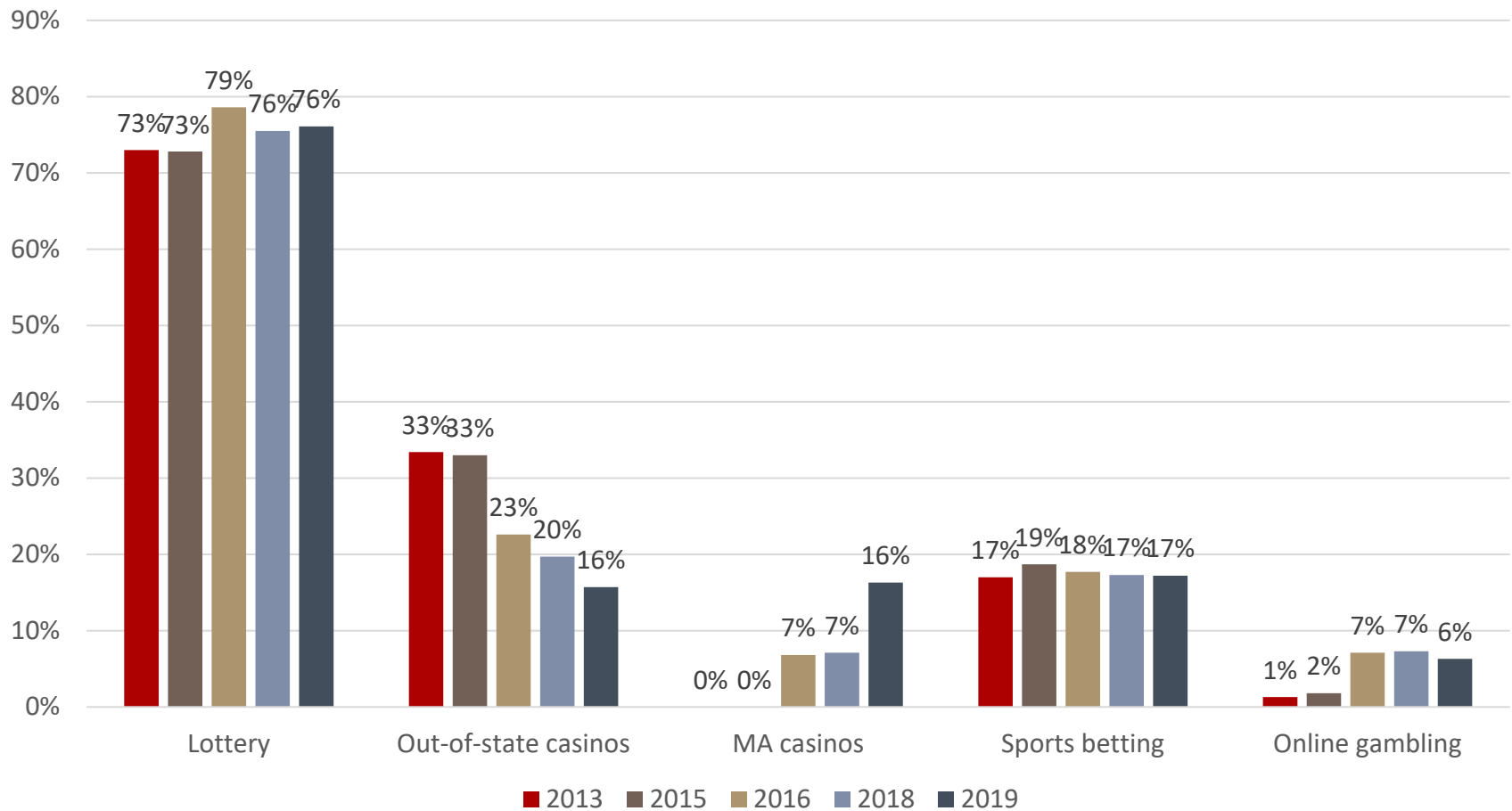
Focus on FOPS: Legal vs. Illegal



Focus on FOPS: Legal vs. Illegal



Changes in Gambling Participation (MAGIC Waves 1-5 - unweighted)



Identified Economic Outcomes

Outcomes identified to date include:

- Mixed evidence regarding the question of substitution, or cannibalization, of other types of gambling when sports betting is introduced
- A notable lack of research on other economic impacts of sports betting, such as job creation, recapture of gambling dollars from the illegal sports betting market or from neighboring jurisdictions that have already legalized sports betting
- Significant potential for economic harm if:
 - Sports betting causes high rates of problem gambling
 - Significant portion of revenue from sports betting operations leaves MA

Identified Social Outcomes

- Sports betting occurs in all demographic groups but appeals most to young, well-educated men
- Nationally and in MA, there is evidence of an increase in sports betting participation since 2018
- Some evidence of increase in gambling harms
- Problem gambling is higher among sports bettors
 - Primarily because sports bettors tend to be involved with a large number of other gambling activities
- Legalizing sports betting in MA has potential to increase rates of gambling harm, problem gambling

Conclusions (1)

- Revenue Maximization
 - Requires online operators
 - Variety of different online operators
 - Some land-based options
 - Not contingent on having collegiate sports betting
- Economic Benefits
 - Maximizing revenue is not the same as maximizing economic benefits
 - Sports betting will primarily re-distribute money already in the economy rather than attracting new money from outside the jurisdictions
 - Benefits can occur by:
 - Capturing money currently being spent on illegal sports betting out-of-state
 - Local job creation
 - Tax revenue



Conclusions (2)

- Gambling harm & gambling problems likely to increase but magnitude likely to be modest
 - Current rate of sports betting in MA similar to states where it has been legal for some years
 - Due to lack of significant barriers to online access
 - Small proportion of MA population (13% - 20%) currently participates in sports betting
 - Even a high rate of gambling problems among sports bettors will have fairly small effect on overall rate in population
- Concerns remain about groups not previously involved in sports betting
 - Adolescents, young/emerging adults, women, immigrants, college athletes, individuals in recovery from gambling problems

Thank you!

For more information:

www.umass.edu/seigma/reports

<https://massgaming.com/about/research-agenda/>