

Mississippi Mobile-Online Sports Betting Task Force



Final Report

To the Legislature as required by H. B. 606,
Laws of 2023

Report Date: December 15, 2023

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Mississippi Mobile-Online Sports Betting Task Force

Senator David Blount, Chair
Senate Gaming Committee

Representative Casey Eure, Chair
House Gaming Committee

December 15, 2023

Dear Members of the Mississippi Legislature and the Public:

H.B. 606, Regular Session 2023, established a Mobile On-Line Sports Betting Task Force to undertake a comprehensive analysis of all matters related to online sports betting within this state. After taking testimony and collecting considerable information on the subject, we the Co-Chairs of the Task Force do hereby release this report to the public as required by the legislation.

A handwritten signature in black ink, appearing to read 'David Blount', is written above a horizontal line.

Senator David Blount, Chair

A handwritten signature in blue ink, appearing to read 'Casey Eure', is written above a horizontal line.

Representative Casey Eure, Chair

Mississippi Mobile-Online Sports Betting Task Force

House Bill 606, Laws of 2023

House Bill 606, 2023 Regular Session, created the Mobile-Online Sports Betting Task Force to undertake a comprehensive analysis of all matters related to online sports betting. The 13-member task force is co-chaired by the House Gaming Committee Chair, Representative Casey Eure, and the Senate Gaming Committee Chair, Senator David Blount. Per H.B. 606, the PEER Committee, in support of the task force, shall prepare and submit a final report as jointly approved by the co-chairmen to the Legislature by December 15, 2023. Once approved, H.B. 606 requires the report be made available to the public.

Refer to Attachment A on page 59 for a copy of H.B. 606.

Appointed Members

Co-Chairs

Senator David Blount, Senate Gaming Committee Chair; and, Representative Casey Eure, House Gaming Committee Chair.

The task force report shall be approved by the House Gaming Committee Chair and the Senate Gaming Committee Chair by December 15, 2023.

Mississippi Legislature

The Senate Gaming Committee Chair and the House Gaming Committee each appointed one member of their respective gaming committees, as follows:

- Senator Mike Thompson, Senate Gaming Committee; and,
- Representative Jay McKnight, House Gaming Committee.

State Agencies and Organizations

Three task force members served due to their current position:

- Chris Graham, Commissioner, Mississippi Department of Revenue;
- Jay McDaniel, Executive Director, Mississippi Gaming Commission; and,
- Penny Bankston, Chair, Mississippi Gaming and Hospitality Association.

Remaining Appointees

The Senate Gaming Committee Chair and the House Gaming Committee Chair were each authorized to appoint three appointees (six total) with one each (two total) representing a licensed casino operator. Chair appointees include:

- Cathy Beeding, Riverwalk Casino Hotel;
- Don Mitchell, Foundation Gaming;
- Jonathan Jones, Harrah's Gulf Coast (Caesars);
- Kevin Cochran, DraftKings;
- Michael Bruffey, Island View Casino Resort; and,
- Ronald Rychlak, University of Mississippi School of Law.

The remaining task force members attended meetings and offered experience and input on the potential of legalizing mobile-online sports betting. However, they have no vote as to what is included in the report or its approval.

Methods and Procedures of the Task Force

The Mobile-Online Sports Betting Task Force conducted three public hearings at the Mississippi State Capitol in Jackson, Mississippi, on September 7, October 24, and November 28, 2023.

Refer to Attachment B on page 61 for a glossary of common sports betting terms.

To conduct this analysis, PEER staff:

- Reviewed H.B. 606;
- Researched similar reports conducted in other states;¹
- Reviewed news articles and other publications regarding online sports betting and retail sports betting in various states;
- Researched efforts to legalize both retail and online sports betting in the U.S.;
- Surveyed the 26 commercial casinos regarding sports betting jobs, investment costs, operating costs, and ability to track sports betting ancillary revenue and distance traveled;²
- Interviewed Mississippi Gaming Commission staff and requested applicable background information;
- Interviewed Department of Revenue staff as to how gaming and sports betting revenues are collected and taxed, and efforts to forecast potential revenues if legalizing online sports betting;
- Reviewed National Conference of State Legislature, American Gaming Association, and state documents related to the existing sports betting structure in each state; and,
- Developed scenarios estimating the potential revenue if the state legalized online sports betting.

Refer to Attachment C on page 62 for a brief summary of each task force meeting.

¹ Indiana (2018), Virginia (2019), North Carolina (2020), New York (2021), and Vermont (2022). Maryland is currently conducting a study on I-gaming (i.e., online casinos and slots).

² I.e., Does each casino track the extent to which their sports betting patrons are local residents, travel from within 30 miles, 30 to 60 miles, more than 60 miles, or from outside of the state?

Overview of Mobile-Online Sports Betting in Other States

2018 U.S. Supreme Court Decision Spurs Growth in Sports Betting Nationally

In 1992, Congress enacted the Professional and Amateur Sports Protection Act (PASPA), which restricted the ability to offer sports betting in states that did not previously authorize it. This allowed Nevada, which legalized gambling and sports betting in 1931, to be the only state with legal sports gambling. However, in 2018, the U.S. Supreme Court overturned PASPA. As a result, 37 states and Washington D.C. have legalized either retail sports betting, mobile-online sports betting, or both. The following section provides an overview of the establishment of sports betting in Nevada and the enactment of PASPA, Mississippi's efforts to legalize gambling, and the U.S. Supreme Court's decision to overturn PASPA.

Establishment of Sports Betting in Nevada and Enactment of PASPA

In 1931, Nevada legalized gambling, including betting on sports. For decades, the state's casinos were the only places in the United States where it was legal to place a sports bet. In 1961, the federal government—to discourage the spread of legal sports gambling outside of Nevada—imposed a 10% tax on the money brought in by legal sports gambling in the state, which led to a sharp decline in Nevada's betting industry. However, in 1974, the federal government lowered its tax on sports betting from 10% to 2%, prompting casino operators to consider offering new places for Americans to legally bet on sports. In 1975, the first sportsbook inside a Las Vegas casino opened at the Union Plaza.

In 1983, the federal government reduced its tax on Nevada's legal sports bets to 0.25%, where it remains today. Sportsbooks began to proliferate in Nevada, spurred in part by advances in satellite television that allowed live broadcasting of U.S. and international sporting events.

In 1992, Congress enacted the Professional and Amateur Sports Protection Act (PASPA), which restricted the ability to offer sports betting in states that did not previously authorize it. PASPA further entrenched Nevada's position as the only state with legal sports gambling for the next 25 years. This is in part because prior to 1992, only three other states offered limited sports-related gambling opportunities:

- Delaware sports lottery (established in 1976);

- The Oregon Sports Action parlay game (established in 1989); and,
- Sports pools and fantasy sports offered by the Montana Lottery (pursuant to a voter referendum in 1986).

Efforts in Mississippi to Legalize Gambling Prior to 2018

In 1990, Mississippi enacted the Mississippi Gaming Control Act, legalizing dockside casino gambling after the state’s legislature passed a bill that established the Mississippi Gaming Commission to regulate dockside casinos. This set the precedent for establishing Mississippi’s current gaming industry structure, with 26 commercial casinos all located on the Mississippi Gulf Coast or the Mississippi River. Mississippi currently prohibits the establishment of casinos not on the Gulf Coast or the Mississippi River, therefore prohibiting casinos from locating in population centers such as DeSoto County or the Jackson metropolitan area.

Following the growth of fantasy sports in the 2000s and 2010s, Mississippi passed the Fantasy Contest Act in 2017 which made fantasy sports betting legal while continuing to ban traditional sports betting. In 2017, Mississippi repealed the part of the law prohibiting sports betting but waited on the U.S. Supreme Court to remove the final barrier to regulated sports betting—the Professional and Amateur Sports Protection Act (PASPA).

U.S. Supreme Court Overturns PASPA

In 2012, New Jersey first enacted its statutory sports wagering structure. However, sports betting remained illegal in New Jersey until the U.S. Supreme Court ruled in its favor in *Murphy v. NCAA*³ in 2018. In the case, New Jersey challenged the constitutionality of PASPA. The Supreme Court struck down PASPA, ruling that the law is not “consistent with the Constitution” and that states are free to establish their own sports gambling laws in the absence of a federally regulated system. New Jersey now permits both retail and mobile sports wagering through licensed casinos and racetracks.

Prior to 2018, only Nevada had legalized sports betting in the United States. In the five years since the U.S. Supreme Court overturned PASPA in 2018, 37 states and Washington, D.C., have legalized either retail sports betting, mobile-online sports betting, or both.

In the five years since the U.S. Supreme Court PASPA decision, 37 states and Washington, D.C. have legalized either retail sports betting, mobile-online sports betting, or both. In 2018, sports betting commenced at Mississippi’s casinos.

³ Case No. 16-476. Argued December 4, 2017. Decided May 14, 2018.

Although Mississippi does permit sports betting, Mississippi only permits sports bets made in person at licensed locations or bets that are made with apps on mobile devices while located at those locations.

Attachments D1 through D3 on pages 64 through 66 provide maps illustrating the states that legalize sports betting, retail sports betting, and mobile-online sports betting. Thirty-five states plus Washington, D.C., allow retail sports betting while 29 states permit online sports betting.⁴ An additional seven states considered legislation to legalize sports betting in 2023 that did not pass. Most states offer sports betting through their casinos or online sportsbooks, but some states like Oregon, Montana, and Delaware offer it either solely or supplementarily as a lottery product.

U.S. Sports Betting Revenue

In 28 of the 34 states and Washington, D.C., in which sports betting was legal through June 2023, more than \$246 billion has been wagered from FY 2019 to FY 2023, with sportsbooks generating more than \$19.9 billion in gross revenue (i.e.,

From FY 2019 to FY 2023, more than \$246 billion was bet on sporting events (in 28 of 34 states publishing figures), with sportsbooks generating \$19.9 billion in gross revenue, and \$3.5 billion in tax revenue. Revenue is expected to continue to increase as more states adopt sports betting.

amount bet minus winnings). The amount bet includes the fees placed to bet and any free play given betters. This has resulted in approximately \$3.5 billion in tax revenue. Six states do not publish revenue and/or handle data: Nebraska, New Mexico, North Carolina, North Dakota, Washington, and Wisconsin. This is either because sports betting is through tribal providers only or a limited number of commercial providers. Tennessee stopped publishing revenue data after July 2023. Kentucky, Vermont, and

Maine have since legalized sports betting. The U.S.'s three most populous states—California, Texas, and Florida—have not legalized statewide sports betting.

Exhibit 1 on page 6 illustrates the increase in U.S. sports betting handle (i.e., the amount bet on sports), revenue, and taxes, by fiscal year. Part of the revenue growth is attributed to the growing market within a state, while part of the growth

Exhibit 1 on page 6 shows sports betting revenue from FY 2019 to FY 2023.

⁴ Online sports betting in three states—Vermont, North Carolina, and Florida—is legal but not yet operational. Florida online sportsbooks are limited to the Seminole tribe through an agreement the Florida Governor reached in 2023 that permits the Seminole tribe to operate online sportsbooks statewide.

is attributed to the addition of new states each year as they legalize retail and/or mobile sports betting.

Exhibit 1: U.S. Sports Betting Revenue by Fiscal Year¹

Fiscal Year ²	Handle ³ (\$)	Revenue (\$)	Taxes (\$)
2019	9,432,921,427	604,362,261	77,309,951
2020	13,094,301,249	950,471,354	145,712,844
2021	40,640,224,757	3,091,067,678	455,854,098
2022	80,250,055,222	5,623,496,063	937,329,790
2023	102,804,803,459	9,642,278,102	1,890,083,856
Total	\$246,222,306,114	\$19,911,675,488	\$3,506,290,539

- 1) Six states do not publish revenue and/or handle data: Nebraska, New Mexico, North Carolina, North Dakota, Washington, and Wisconsin. Tennessee stopped publishing revenue data after July 2023.
- 2) July of the preceding year to June of the current year.
- 3) Handle – The amount wagered over a given period. In other words, the total amount of dollars placed by bettors.

SOURCE: "U.S. Sports Betting Revenue & Handle." Eric Ramsey and Adam Candee. *Legal Sports Report* (November 22, 2023).

CNBC, citing data from research firm Statista, reported that annual overall revenue from online sports betting is projected to reach \$7.6 billion by the end of calendar year 2023 in the U.S., largely driven by its introduction in new states over the past year. Revenue is expected to increase yearly by 17.3% to reach a projected market volume of \$14.4 billion by 2027, largely due to expansion of online sports betting into more states.

Exhibit 2 on page 7 provides the total amount bet on sports (handle), total revenue, and total taxes collected since 2018, by each state.

Exhibit 3 on page 9 lists the handle, total revenue, hold percentage, and total taxes collected for each state since August 2018. Hold is the share of the total amount bet that the operator retains (the higher the hold percentage, the more revenue the operator earns). Free play promos, if counted toward handle, could increase the hold percentage as players are incentivized to take riskier bets with the operator’s funds. Competitive markets, where odds better favor the bettor to attract customers, could drive hold percentage lower.

Exhibit 2: Sports Betting Total Amount Bet and Total Revenue, FY 2023

State	Handle ¹ (\$)	Revenue (\$)	Taxes (\$)	Retail Tax Rate ² (%)	Mobile/Online Tax Rate ² (%)
Mississippi	514,014,208	60,667,235	4,935,810	8% state 4% local	
Arizona	6,223,293,548	540,654,147	34,526,786	8%	10%
Arkansas	299,985,278	29,087,230 ³	4,321,011	13% - first \$150 million 20% - above \$150 million	
Colorado	5,176,551,806	392,792,033	25,589,208	10%	
Connecticut	1,570,062,815	175,153,516	18,220,982	Lottery ran – 0% Tribal - 13.75% (off reservation only)	Lottery ran – 0% Tribal - 13.75%
Delaware	71,774,910	13,201,371	9,829,648	50%	
District of Columbia ⁴	199,301,097	23,586,098	6,379,117	10%	
Florida	Tribal Only – FY 2024	Tribal Only – FY 2024	Tribal Only – FY 2024	10 to 13.75 ⁵	10 to 13.75 ⁵
Illinois	10,404,885,853	946,379,752	152,434,930	15% ⁶	15%
Indiana	4,202,451,103	416,283,942	39,621,789	9.5%	
Iowa	2,243,583,451	182,897,762	12,345,599	6.75%	
Kansas ⁷	1,676,590,465	149,123,675	5,820,203	10%	
Kentucky	Commenced FY 2024	Commenced FY 2024	Commenced FY 2024	9.75%	14.25%
Louisiana	2,523,993,303	265,302,194	38,873,456	10%	15%
Maine	Commencing FY 2024	Commencing FY 2024	Commencing FY 2024	10%	
Maryland	2,891,377,625	385,825,237	25,258,736	15%	
Massachusetts ⁸	1,969,372,826	205,122,869	39,904,617	15%	20%
Michigan	4,484,273,727	436,810,208	24,571,470	8.4%	9.65% - Commercial 8.4% - Tribal
Montana	59,100,366	8,127,680	1,330,586	State operated ⁹	
Nebraska	Not Reported	Not Reported	Not Reported	20%	
Nevada	8,348,527,928	462,576,000	31,223,884	6.75%	
New Hampshire	883,675,664	80,749,901	36,750,265	50%	51%
New Jersey	10,322,051,589	895,114,229	125,742,082	9.75%	14.25%
New Mexico	Not Reported	Not Reported	Not Reported	Gaming tax of 10% for nonprofits and 26% for commercial entities	

State	Handle ¹ (\$)	Revenue (\$)	Taxes (\$)	Retail Tax Rate ² (%)	Mobile/Online Tax Rate ² (%)
New York	16,850,624,702	1,576,545,885	800,148,132	10%	51%
North Carolina	Not Reported	Not Reported	Not Reported	18%	
North Dakota	Not Reported	Not Reported	Not Reported	Tribal only	
Ohio ⁸	3,773,770,418	539,056,107	53,949,661	20%	20%
Oregon	573,168,383	64,515,316	32,257,661	Lottery operated & tribal only	Lottery operated & tribal only
Pennsylvania	7,222,277,323	683,336,328	177,105,821	34% - state 2% - local	
Rhode Island	509,469,437	50,880,499	25,949,055	51%	
South Dakota	7,708,855	1,049,158	94,424	9%	
Tennessee	3,970,122,355	443,105,231	83,302,544		FY 2023 prior - 20% on revenue FY 2024 forward - 1.85% of handle
Vermont	Commencing FY 2024	Commencing FY 2024	Commencing FY 2024		20%
Virginia	5,123,431,065	546,561,501	71,047,158	15%	
Washington	Not Reported	Not Reported	Not Reported	Tribal only	
West Virginia	527,131,511	52,615,123	5,261,513	10%	
Wisconsin	Not Reported	Not Reported	Not Reported	Tribal only	
Wyoming	156,472,001	17,049,480	1,071,645	10%	

Note: Six states do not publish revenue and/or handle data: Nebraska, New Mexico, North Carolina, North Dakota, Washington, and Wisconsin; three of these states have tribal sports betting only. Tennessee stopped publishing revenue data after July 2023. Florida, Kentucky, Vermont, and Maine did not adopt retail and/or online sports betting until after June 30, 2023.

- 1) Handle – The amount wagered over a given period. In other words, the total amount of dollars placed by bettors.
- 2) Tax on gross revenue, unless specified.
- 3) Arkansas requires 51% of online revenue to go to the partner retail-based sportsbook. Each Arkansas online sportsbook must partner with a retail-based sportsbook.
- 4) Private retailers are not currently allowed to offer mobile/online sports betting. The government retains all profit from lottery-operated sites.
- 5) The rate will increase to 15.75% if the tribe does not reach a marketing deal with at least three pari-mutuel operators by the time the tribe commences sports betting operations.
- 6) The rate can range from 15% to 19%, due to an extra percentage applied if the wager is placed in Cook County and/or in the city of Chicago.
- 7) Kansas did not allow sports betting until September 2022.
- 8) Massachusetts and Ohio did not allow sports betting until January 2023.
- 9) Retail locations such as bars and taverns may earn up to 6% commission on lottery-operating betting kiosks at their establishments.

SOURCE: Compiled by PEER staff utilizing various sources, including the Mississippi Gaming Commission, the Mississippi Department of Revenue, Legal Sports Report, and American Gaming Association.

Exhibit 3: U.S. Sports Betting Revenue by State, August 2018 to September 2023¹

Market	Handle ² (\$)	Revenue (\$)	Hold ³	Taxes (\$)	Retail or Online ⁴
New Jersey	42,779,606,868	3,170,864,410	7.4%	439,709,795	Both
Nevada	35,171,295,862	1,991,275,000	5.7%	134,411,063	Both
New York	31,672,418,806	2,765,645,193	8.7%	1,387,561,571	Both
Illinois	25,347,303,601	2,082,868,320	8.2%	329,456,593	Both
Pennsylvania	24,715,151,470	2,026,646,918	8.2%	500,714,812	Both
Colorado	13,895,494,568	953,749,077	6.9%	53,201,934	Both
Indiana	13,823,578,645	1,196,076,488	8.7%	113,671,307	Both
Arizona	12,298,788,606	1,034,506,704	8.4%	59,559,506	Both
Michigan	11,972,967,481	1,041,784,951	8.7%	52,939,804	Both
Virginia	11,881,227,834	1,156,395,944	9.7%	121,905,885	Both
Tennessee	10,173,494,504	996,214,179	9.8%	177,736,537	Online
Iowa	7,037,290,607	510,578,804	7.3%	34,464,211	Both
Ohio	5,163,663,676	699,065,656	13.5%	86,002,398	Both
Louisiana	4,541,509,729	507,246,414	11.2%	67,843,214	Both
Maryland	4,502,878,606	562,771,861	12.5%	43,053,775	Both
Massachusetts	3,673,884,253	370,347,109	10.1%	71,959,964	Both
Connecticut	3,201,444,820	325,146,267	10.2%	33,230,357	Online
New Hampshire	2,475,164,340	189,603,797	7.7%	86,684,466	Both
Mississippi	2,344,122,939	261,090,516	11.5%	21,489,343⁵	Retail
Kansas	2,319,726,263	209,990,976	9.1%	9,230,872	Both
West Virginia	2,167,881,008	185,546,100	8.6%	18,556,520	Both
Rhode Island	1,787,827,135	159,126,610	8.9%	81,154,571	Both
Oregon	1,623,692,799	161,585,457	10.0%	80,792,729	Both
District of Columbia	637,337,541	78,864,481	12.4%	19,913,848	Retail
Delaware	588,528,377	115,893,442	19.7%	69,471,162	Retail
Arkansas	549,773,369	54,819,670	10.0%	7,875,881	Both
Wyoming	298,333,599	30,412,951	10.2%	1,640,357	Both
Montana	166,009,954	22,671,928	13.7%	3,642,560	Retail
South Dakota	15,745,415	1,932,619	12.3%	173,936	Retail
Total	\$276,854,180,512	\$22,874,841,907	8.3%	\$4,119,344,897	

- 1) Six states do not publish revenue and/or handle data: Nebraska, New Mexico, North Carolina, Washington, and Wisconsin. Tennessee stopped publishing revenue data after July 2023. Excludes new adopters Florida, Kentucky, Maine, and Vermont.
- 2) Handle – The amount wagered over a given period. In other words, the total amount of dollars placed by bettors.
- 3) Hold – The percentage of revenue retained by the operator as a share of handle, i.e., revenue divided by handle.
- 4) Nebraska, North Dakota, Washington, and Wisconsin offer retail sports betting. Mobile sports betting is permitted on tribal lands in Washington and Wisconsin.
- 5) Excludes local taxes.

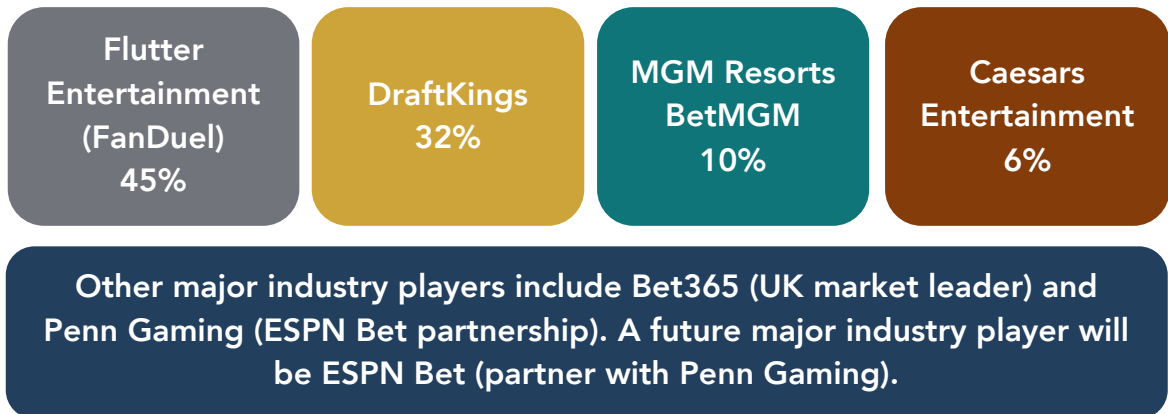
SOURCE: "U.S. Sports Betting Revenue and Handle." Legal Sports Report (November 22, 2023).

Legal Age for Sports Betting Generally Follows the Age Set for Gambling

The legal age for sports betting in each state generally follows the age that the state establishes for other forms of gambling. 31 states require sports bettors to be 21 years or older while six states and the District of Columbia set the minimum at 18 years of age. New York is the only state that has differing age requirements depending on the wagering location, with a minimum age of 21 at commercial casinos and online sportsbooks and a minimum age of 18 at tribal casinos. Mississippi sets the minimum age for sports betting at 21.

National Firms Dominate the Sports Betting Market

While there are dozens of sportsbook operators, gambling analytics firm Eilers & Krejcik determined four sportsbook operators controlled 93% of the sports betting market during the 12-month period ending May 2023. These include:



Indiana is an example of a state in which these four sportsbooks dominate the market. In April 2023, FanDuel Sportsbook (\$106 million), DraftKings Sportsbook (\$101.3 million), BetMGM Sportsbook (\$34.2 million), and Caesars Sportsbook (\$27.2 million) combined to accept \$268.7 million of the \$321.4 million wagered, (or 83.6% of handle).

Caesars, MGM, and Penn Gaming each currently own at least one Mississippi casino. (See Exhibit 6 on page 18 for a list of Mississippi casinos by owner.) FanDuel and DraftKings do not currently own a Mississippi casino. DraftKings recently entered an agreement with Fertitta Entertainment's Golden Nugget Casino in Biloxi to establish a sportsbook after its partnership with the Silver Slipper ended.

Caesars, MGM, and Penn Gaming each currently own at least one Mississippi casino. However, FanDuel and DraftKings do not currently own a Mississippi casino.

Per Front Office Sports, Eilers & Krejcik stated ESPN Bet and Fanatics represent perhaps the greatest threat yet to the established DraftKings-FanDuel market duopoly. Fanatics is continuing to integrate its recently acquired PointsBet assets. ESPN BET, a newly branded online sportsbook operated in conjunction with PENN Entertainment, went live on November 14, 2023, across 17 states.⁵

Summary of Sports Betting in Mississippi’s Contiguous States and Other Selected States

PEER staff researched how sports betting is structured in seven states including Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada. For comparison purposes, Exhibit 4 on page 11 lists the handle, total revenue, total taxes collected, and tax rate on sports betting for the seven states for FY 2023.

Exhibit 4: Sports Betting Total Amount Bet and Total Revenue, FY 2023, for Select States

State	Handle ¹ (\$)	Revenue (\$)	Taxes (\$)	Tax Rate ²
Mississippi	514,014,208	60,667,235	4,935,810 ³	8% - state 4% - local
Arkansas	299,985,278	29,087,230	4,321,011	13% - first \$150 million 20% - above \$150 million
Louisiana	2,523,993,303	265,302,194	38,873,456	10% - retail 15% - online
Tennessee	3,970,122,355	443,105,231	83,302,544	20% ⁴
Indiana	4,202,451,103	416,283,942	39,621,789	9.5%
Iowa	2,243,583,451	182,897,762	12,345,599	6.75% ⁵
New Jersey	10,322,051,589	895,114,229	125,742,082	9.75% - retail 14.25% - online
Nevada	8,378,766,215	460,694,000	31,096,849	6.75%

- 1) Handle – The amount wagered over a given period. In other words, the total amount of dollars placed by bettors.
- 2) Tax rate on gross revenue, unless specified.
- 3) Excludes local taxes.
- 4) Changed to 1.85% of handle beginning July 2023.
- 5) In addition, Iowa operators also must submit 0.75% of gross gaming revenue for charitable causes.

SOURCE: Compiled by PEER staff utilizing information from the Mississippi Gaming Commission, the Mississippi Department of Revenue, Legal Sports Report, and American Gaming Association.

⁵ Includes neighboring states Tennessee and Louisiana, as well as Arizona, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania, Virginia, and West Virginia.

Neighboring states Arkansas, Louisiana, and Tennessee, as well as New Jersey, assess higher tax rates on sports betting than Mississippi, while Iowa and Nevada have the lowest sports betting tax rates in the country. Louisiana and New Jersey both assess a higher tax rate for online sportsbook revenues than retail sportsbook revenues. Arkansas goes a step further, mandating a revenue-sharing agreement that requires online sportsbooks to partner with an in-state casino and requires the in-state casino to receive 51% of online sportsbook revenues.

Exhibit 5 on page 12 includes sports betting tax revenues for Mississippi's contiguous states and other selected states from FY 2019 to FY 2023. Sports betting tax revenues have increased in each of the seven states since FY 2019, although revenues have increased at a slower pace in Nevada. Indiana and Iowa, which adopted both online and retail sports betting at the same time, are beginning to experience a peak in sports betting wagers/revenues, particularly as neighboring states also adopt sports betting (e.g., Illinois, Ohio, Kentucky).

Exhibit 5: Sports Betting Tax Revenue, FY 2019 to FY 2023, for Select States

FY	Mississippi ¹	Arkansas	Louisiana	Tennessee	Indiana	Iowa	New Jersey	Nevada
2019	2,327,037						26,015,067	20,670,730
2020	3,054,046	312,690			7,457,351	1,736,899	40,766,083	17,443,218
2021	5,270,640	1,120,529		24,243,918	22,676,097	6,072,765	90,416,608	27,539,396
2022	4,981,055	1,110,616	14,036,327	45,869,556	31,271,357	9,421,674	105,807,972	29,167,630
2023	4,935,810	4,321,011	38,873,456	83,302,544	39,621,789	12,345,599	125,742,082	31,096,849

1) Excludes local taxes.

SOURCE: Compiled by PEER staff utilizing information from Mississippi Department of Revenue and Legal Sports Report.

Tennessee, which does not have any casinos or horse/dog racing tracks, does not permit retail sportsbooks. Arkansas, Louisiana, Indiana, Iowa, and New Jersey all require online sportsbooks to partner with a local, retail-based sportsbook to set up a new sportsbook. In the case of Arkansas, Iowa, and New Jersey, the retail-based properties are restricted to the casinos and racinos specified in law. For instance, Mississippi could limit retail sportsbooks to casinos licensed by the Mississippi Gaming Commission.

Iowa initially required in-person registration to bet online but eliminated the requirement in 2021. Nevada still requires in-person registration, including requiring a player make their first deposit in person. Both Nevada's in-person registration requirement and Arkansas's 51% local revenue retainment rule have to date deterred major online players DraftKings and FanDuel (and most recently new market entrant ESPN Bet) from entering their markets.

Arkansas

In 2018, Arkansas voters approved a constitutional amendment to legalize in-person sports betting and casino-style gambling at one horse track, one greyhound track, and two proposed casinos in Jefferson and Pope counties. This included Southland Casino (now Betly), BetSaracen, and Oaklawn Racing Casino.⁶ For the 12-month period of October 2020 to September 2021, Arkansas generated \$1,266,369 in taxes, or an average of \$105,531 per month.

Arkansas adopted online sports betting in February 2022. For the 12-month period of August 2022 to July 2023, Arkansas generated \$4,479,999 in taxes, or an average of \$373,333 per month. However, in legalizing online sports betting, the Arkansas Racing Commission mandated a 51% revenue-sharing agreement requiring the local casino retain 51% of revenue. For example, if FanDuel wants to partner with one of Arkansas's three casinos that offer sports wagering, the casino will receive at least 51% of the mobile betting revenue from the partnership. This has deterred larger private operators from entering the market and led Arkansas casino operators to launch their own sportsbook app (Oaklawn and BetSaracen) or partner with a smaller online sportsbook (Betly).

According to the Arkansas Department of Finance and Administration, there was \$300 million wagered on sports in Arkansas through the first ten months of 2023, more than the \$186 million wagered in 2022.

Arkansas taxes the first \$150 million in gaming revenue at 13% and amounts above \$150 million in gaming revenue at 20%.

Louisiana

Legislation enacted in June 2021 allows the Louisiana Gaming Control Board (LGCB) to issue up to 20 licenses to operate a sportsbook. The LGCB is required to first consider applications from the state's land-based casino,⁷ the state's 15 riverboat casinos, and the state's four racetracks. Additionally, the Louisiana

⁶ The proposed casino in Pope County has been delayed due to litigation.

⁷ Harrah's New Orleans.

Lottery Corporation may operate and administer a sportsbook, which must be offered exclusively through electronic (i.e., online) means.

Louisiana legalized retail-only wagering in June 2021, with retail-only wagering first commencing in October 2021. For the three-month-period November 2021 to January 2022, Louisiana generated \$1,539,900 in taxes, or an average of \$513,300 per month.

Louisiana launched online sports betting in January 2022. For the 12-month period of August 2022 to July 2023, Louisiana generated \$38,616,364 in taxes, or an average of \$3,218,030 per month.

Louisiana is an example of a state that taxes retail sports wagering at a lower rate (10%) than online sports wagering revenue (15%). Louisiana also charges online sportsbooks higher application, licensing, and renewal fees than retail sportsbooks.

Tennessee

Tennessee legalized mobile-online sports wagering in 2020 but does not have retail sports wagering or casinos. Through June 2023, Tennessee imposed a 20% tax on sports betting revenue. For the eight-month period of November 2020 to June 2021, Tennessee generated \$24,243,918 in taxes, or an average of \$3,030,490 per month. For the 12-month period of July 2021 to June 2022, Tennessee generated \$45,869,556 in taxes, or an average of \$3,822,463 per month. For the 12-month period of July 2022 to June 2023, Tennessee generated \$83,302,544 in taxes, or an average of \$6,941,879 per month.

In July 2023, Tennessee switched from taxing revenue at 20% to taxing total amount wagered at 1.85% (similar to imposing a sales tax on each bet). Which method is better largely depends on the tax rates utilized and the hold percentage. If wagers from November 2020 to August 2023 were taxed at 1.85%, total tax revenue would equal \$172,239,406. In comparison, total tax revenue utilizing the 20% tax on revenue for the same period equated to \$161,830,371.

Indiana

Indiana legalized retail and mobile sports betting in September 2019. Sports betting may be offered at the state's 11 casinos and two racinos as well as off-track betting parlors. Indiana permits licensed operators to offer both online and mobile wagering to customers. However, Indiana mobile sportsbook operators must partner with Indiana land-based properties to offer online sports betting.

Indiana established a 9.5% tax on adjusted gross revenue. An early adopter, Indiana sports betting has experienced upward revenue every year since

becoming legal. Tax revenue increased each year from \$7.5 million in FY 2020 to \$39.6 million in FY 2023. However, Indiana may have met its peak as each of its neighboring states has legalized sports betting, including most recently Ohio going live in January 2023 and Kentucky in fall of 2023. PlayIndiana estimates that Indiana residents will bet about \$4.1 billion on sports during 2023, down nearly 10% from \$4.5 billion in 2022.

Initially, 16 online sportsbooks entered the Indiana market. However, four have since left the Indiana market, including ScoreBet, MaximBet, TwinSpires, and WynnBet. In April 2023, four sportsbooks (FanDuel, DraftKings, BetMGM, and Caesars) combined to accept \$268.7 million of the \$321.4 million wagered (83.6%) in Indiana.

Iowa

Iowa legalized sports betting in 2019, launching retail and online sports betting both in August 2019. Retail sports betting may occur at one of Iowa's 19 casinos and racinos. Online sportsbooks must partner with a land-based casino. Iowa has 17 active sportsbooks. One sportsbook—Hard Rock Bet—stopped accepting sports bets in Iowa in 2023. Iowa initially required in-person registration to place bets either on-site or online, but that requirement expired January 1, 2021.

Sports betting in Iowa experienced its first year-over-year decline in FY 2023. Iowans placed \$208 million less in sports bets during the fiscal year that ended in June as compared to the previous year, according to an Iowa Racing and Gaming Commission (IRGC) report. Iowans bet \$2.247 billion in FY 2023, an 8% decline from the \$2.455 billion Iowans bet in FY 2022. Iowa taxes 6.75% of sports wagering net receipts. In addition, operators must submit 0.75% of gross gaming revenue (GGR) for charitable causes.

New Jersey

Following its successful challenge of PASPA, New Jersey became the first state to legalize retail and online sports betting. New Jersey is the largest sports betting market in terms of amount bet and second largest in terms of tax revenue generated from sports betting (New York has a higher tax rate for sports betting). New Jersey taxes retail sports betting at 9.75% and online sports betting at 14.25%.

Under New Jersey law, only licensed casino and racetrack properties can apply for a sports betting license. Online sportsbook operators must partner with a licensed casino or racetrack (i.e., license holder). New Jersey limits licensed casino and racetrack properties to three online sportsbook partners each.

New Jersey sports bettors have access to 17 sports betting apps. Five online providers have left the New Jersey market since 2022.

Nevada

Nevada casino operators may apply for a sports pool license. This license is in addition to the non-restricted gaming license, which must be obtained prior to applying to operate a sports pool. Nevada imposes a 6.75% tax on sports betting gross revenue exceeding \$134,000.

While Nevada sports betting tax revenues have increased since FY 2019, they have done so at a slower rate than other states. This can likely be attributed to several factors, including its established legacy sports betting market, the introduction of sports betting in other states, and in-person registration requirements.

Nevada already had a legacy sports betting market. As discussed on page 4, Nevada served as the lone hub of legal sports betting in the U.S. until the U.S. Supreme Court overturned PASPA in 2018. Nevada, particularly Las Vegas, has the benefit of being a national destination gaming and sports betting market. In addition, Clark County, Nevada, the county in which Las Vegas resides, is home to 2,265,461. In contrast, the total population of Mississippi's three coastal counties is approximately 400,000.

Additionally, neighboring states Arizona and Oregon have since adopted mobile and retail sports betting. Nevada likely also experiences attrition from other states adopting sports betting. Nevada still benefits from sports betting bans in neighboring states California, Utah, and Idaho.

Additionally, while Nevada permits online betting, sports bettors must initially register in person and make their first deposit in person. This in-person registration requirement has deterred FanDuel, DraftKings, and just recently ESPN Bet from entering the Nevada online sports betting market.⁸

⁸ FanDuel partners with Boyd Gaming to operate a retail sportsbook at Freemont Hotel Casino. DraftKings has offices in Nevada; however, per its website, it does not offer retail or online sports betting in Nevada.

Impact of Existing Mississippi Sportsbooks

Background of Sports Betting in Mississippi

In 2018, sports betting commenced at Mississippi’s casinos.⁹ Although Mississippi does permit sports betting, Mississippi only permits sports bets made in person at licensed locations or bets that are made with apps on mobile devices while located at those locations. Mississippi currently prohibits mobile-online sports betting (i.e., any sports bets not placed while on casino property).

In addition to the lottery, Mississippi has 29 casinos, including 26 commercially owned casinos and three tribal casinos. All 29 casinos offer retail sports betting. Only five casinos offer limited mobile sports betting while on the casino property.

Mississippi has 29 casinos including 26 commercially-owned casinos and three tribal casinos. Exhibit 6 on page 18 lists the Mississippi casinos, by owner, as of November 17, 2023.

All 29 casinos offer retail sports betting. As of October 18, 2023, three of Mississippi’s 26 commercially-operated casinos offer mobile sports betting while on casino property. This includes (casino – location – mobile app):

- Beau Rivage – Biloxi – BetMGM;
- Treasure Bay Casino – Biloxi – IGT platform; and,
- Palace Casino – Biloxi – IGT platform.

In addition, the Mississippi Band of Choctaw Indians offers mobile sports wagering while within the geo-fenced area of its Silver Star and Golden Moon properties.

Exhibit 6 on page 18 provides a list of Mississippi Casinos and ownership as of November 17, 2023. As shown in the exhibit, Penn Entertainment, Inc., owns the most casinos in Mississippi. The Mississippi Band of Choctaw Indians owns three casinos which are not regulated by the Mississippi Gaming Commission.

⁹ Mississippi removed the prohibition on sports betting in 2017, but sports betting remained illegal in the U.S. (except Nevada) until the U.S. Supreme Court’s 2018 PASPA decision.

Exhibit 6: Mississippi Casino Ownership, as of November 17, 2023

Mississippi has 26 commercially owned casinos and three tribal owned casinos.

Penn Entertainment, Inc. <ol style="list-style-type: none"> Hollywood Gulf Coast – Bay St. Louis Boomtown Casino – Biloxi Ameristar Casino – Vicksburg Hollywood Casino – Tunica 1st Jackpot – Tunica 	Caesars Entertainment, Inc. <ol style="list-style-type: none"> Harrah’s Gulf Coast – Biloxi Trop Casino – Greenville Isle of Capri – Lula Horseshoe Casino – Tunica
Bally’s Corporation <ol style="list-style-type: none"> Hard Rock Casino – Biloxi Bally’s Casino – Vicksburg 	Boyd Gaming Corporation <ol style="list-style-type: none"> IP Casino – Biloxi Sam’s Town – Tunica
Churchill Downs Inc. <ol style="list-style-type: none"> Riverwalk Casino – Vicksburg Harlow’s Casino – Greenville 	Foundation Gaming & Entertainment LLC <ol style="list-style-type: none"> WaterView Casino – Vicksburg Fitz Casino – Tunica
Cherokee Nation Businesses <ol style="list-style-type: none"> Gold Strike – Tunica 	Fertitta Entertainment, Inc. <ol style="list-style-type: none"> Golden Nugget – Biloxi
Full House Resorts, Inc. <ol style="list-style-type: none"> Silver Slipper Casino – Bay St. Louis 	Gulfside Casino Partnership <ol style="list-style-type: none"> Island View Casino – Gulfport
MGM Resorts International <ol style="list-style-type: none"> Beau Rivage – Biloxi 	New Palace Casino LLC <ol style="list-style-type: none"> Palace Casino - Biloxi
Land Holdings I, LLC <ol style="list-style-type: none"> Scarlet Pearl – D’Iberville 	Saratoga Gaming <ol style="list-style-type: none"> Magnolia Bluffs – Natchez
Treasure Bay Gaming & Resorts, Inc. <ol style="list-style-type: none"> Treasure Bay – Biloxi 	Mississippi Band of Choctaw Indians <i>(not regulated by the Mississippi Gaming Commission)</i> <ol style="list-style-type: none"> Bok Homa Casino – Heidelberg Silver Star Hotel & Casino – Philadelphia Golden Moon Hotel & Casino – Philadelphia

SOURCE: Mississippi Gaming Commission (November 17, 2023).

Impact of Mississippi's Existing Sports Betting Industry

To determine the impact of the existing Mississippi sportsbooks operated by Mississippi's 26 casino operators, PEER staff surveyed each commercial casino. A copy of the survey can be found in Attachment E on page 67.

Initial Start-up Investment Costs

Mississippi's 26 commercially owned casinos invested \$28,460,703 to start up their sportsbooks. This may include IT costs and costs to renovate facilities to establish an on-site retail sportsbook. Start-up investment expenditures varied significantly, ranging from \$5,000 to \$25,000 on the low end to more than \$1,000,000 on the high end.

Sportsbook Employment

Twenty-one of Mississippi's commercially owned casinos employ a total of 109.7 full-time sportsbook employees and 36.0 part-time sportsbook employees. These employees have combined wages and benefits of \$5,466,172. Five Mississippi casinos have sports betting kiosks only with no dedicated employees and no betting windows. Attachment F on page 68 lists the number of sports betting kiosks at each casino as well as well as the number of over-the-counter (OTC) terminals that can be staffed to accept wagers from customers at each property.

Annual Operating Costs

Mississippi's 26 commercially owned casinos reported a combined annual operating cost of \$29,413,980 to operate their sportsbook. Annual operating costs ranged significantly from \$5,000 to \$12,000 on the low end to more than \$5,000,000 on the high end.

Ability to Track Ancillary Revenue

Three of Mississippi's 26 casinos reported tracking ancillary revenue related to the sportsbook. Ancillary revenue includes food and beverages sold in the space designated as the sportsbook zone or lodging directly correlated to sportsbook visits. Two of the three respondents stated they were only able to track food and beverage revenue, with reported sales ranging from \$1.3 million to \$1.6 million. The third respondent limited tracking to rated sports bettors only.¹⁰

Mississippi's 26 commercially owned casinos invested \$28,460,703 to start-up their sportsbooks. Additionally, 21 of the 26 commercially owned casinos employ a total of 109.7 full-time sportsbook employees and 36 part-time sportsbook employees with combined wages and benefits of \$5,466,172.

¹⁰ Typically includes bettors who utilize a casino's players card when placing sports bets.

Ability to Determine Sports Betting Patrons' Home Location

PEER staff also sought to determine to what extent each casino operator could track its sports betting patrons' travel from within a 30-mile radius versus elsewhere in the state or out of state. PEER staff received responses from 19 casinos by November 28, 2023.

Five of 19 respondents reported they can track their sports betting patrons by how far they must travel to arrive at the casino. However, their capability to do so varies.

Fourteen of 19 respondents reported that they do not currently track their sports betting patrons. Of those 14, four stated they only had the capability to track players who utilize a player's card. Of those four only one reported currently utilizing this capability. Other respondents reported that they had the capability to track player casino gaming data, but not specifically for sports betting patrons.

Respondents who did not report any tracking capability reported having a general idea of where their sports betting patrons come from (e.g., majority local players, with some from out of state).

Refer to Attachment E on page 67 for a copy of PEER staff's survey, as sent to Mississippi's 26 casino operators.

Mississippi Sports Betting Revenue and Distribution to State Highway Fund

Mississippi currently taxes gross sports betting revenue in the same manner that it taxes gaming revenue:

- Four percent (4%) of all the gross revenue of the licensee which does not exceed \$50,000 per calendar month;
- Six percent (6%) of all the gross revenue of the licensee which exceeds \$50,000 per calendar month and does not exceed \$134,000 per calendar month; and,
- Eight percent (8%) of all the gross revenue of the licensee which exceeds \$134,000 per calendar month.

Additionally, localities in which gaming is legal may apply a 3% to 4% local option tax. Per MISS. CODE

Mississippi directs the state's share of sports betting revenue taxes to the State Highway Fund through June 30, 2028, after which funding is directed to the State General Fund. Mississippi sportsbook gross revenue increased from approximately \$30 million in FY 2019—the year in which sports betting was introduced in Mississippi—to approximately \$63 million in FY 2021. It has since plateaued at around \$61 million.

ANN. Section 75-76-197 (1972), if the gaming property is in an incorporated municipality, the municipality and the county split the revenue based on the municipality's share of the total county population as of the most recent federal census. Otherwise, the county receives the 100% of the tax revenue.

Mississippi Sports Betting Revenue and Distribution to State Highway Fund

According to data provided by the Mississippi Department of Revenue, Mississippi sportsbook gross revenue increased from approximately \$30 million in FY 2019—the year in which sports betting was introduced in Mississippi—to approximately \$63 million in FY 2021 but has since plateaued at around \$61 million. Exhibit 7 on page 21 illustrates the Mississippi sportsbook revenue and distribution to the State Highway Fund, by fiscal year.

Exhibit 7: Mississippi Sportsbook Revenue and Distribution to State Highway Fund, by Fiscal Year

Fiscal Year	Handle (\$)	Gross Revenue (\$)	Distribution to Highway Fund (\$)
2019	302,299,156	30,069,352	2,327,037
2020	317,659,562	36,357,054	3,054,046
2021	558,531,676	62,285,006	5,270,640
2022	560,142,466	58,656,000	4,981,055
2023	514,014,207	60,667,235	4,935,810
2024 (through September)	91,475,869	13,055,871	920,775

MISS. CODE ANN. Section 75-76-129 (1972) authorizes an 8% state tax on gross sports betting revenues, with revenues to be deposited into the State Highway Fund through June 30, 2028.

After FY 2021, sports betting revenues began to plateau at around \$61 million.

SOURCE: Mississippi Sportsbook Revenue, as compiled by Mississippi Department of Revenue. Handle compiled by Mississippi Gaming Commission.

Similarly, sports betting tax revenue increased from approximately \$2.3 million in FY 2019 to approximately \$5.3 million in FY 2021 but has since plateaued at around \$5.0 million. Per MISS. CODE ANN. Section 75-76-129 (3) (1972):

Revenue collected pursuant to the fee imposed under MISS. CODE ANN. Section 75-76-177(1)© (1992) as a result of wagers on sporting events shall be deposited into the State Highway Fund to be used

solely for the repair and maintenance of highways and bridges of the State of Mississippi.

After June 30, 2028, sports betting revenues shall be deposited in the State General Fund.

Factors Impacting Revenue Potential and Development of Scenarios

Factors Impacting Revenue Potential

Factors that would impact how much revenue Mississippi would receive if it legalized mobile-online sports betting include:

- the established tax rate;
- the rate at which new legal sports bettors enter the Mississippi sports betting market;
- requirements regarding in-person versus online registration; and,
- if and when nearby states (e.g., Alabama, Florida, Georgia, and Texas) legalize retail or online sports betting.

States that have online sports betting generate additional tax revenue but have little additional economic impact. Additionally, the revenues produced are small compared to the revenues produced by in-person casinos and the lottery, absent a significant increase in the tax rate. Several states that have permitted online sports betting have required online sportsbooks be tied to a land-based retail sportsbook (casino or racino).

Mississippi's five-year retail sports betting market is relatively mature. Significant growth would likely be spurred by the adoption of online sports betting, addition of retail sports betting locations near new population centers, interest/growth in new sports to place bets (e.g., e-sports), or a federal effort to stop illegal sports betting.

Conclusions of Virginia JLARC/The Innovation Group

The Virginia Joint Legislative Audit and Review Commission (JLARC),¹¹ after the passage of Senate Bill 1126 authorizing five casinos, conducted a 2019 study on the "fiscal and economic impact of casinos, sports wagering, and online gaming." Virginia did not have casinos or any type of sports betting at the time of the study.

JLARC estimated sports wagering would generate state tax revenue ranging from \$22 million (retail only) to \$55 million each year (retail and online).¹²

Virginia wrote:

¹¹ In partnership with The Innovation Group.

¹² Comparatively, online casino gaming was estimated to generate state tax revenue of \$84 million each year while providing negligible additional economic impact. Virginia has not legalized online casino gaming.

Sports wagering is believed to supplement casino gaming as it attracts customers to a casino who otherwise would not have visited. These customers, or their accompanying guests, partake in casino gaming and generate additional revenue, which can offset any decrease in casino gaming revenue resulting from the competition presented by sports wagering.

JLARC, in its 2019 report, noted while multiple operators (including online operators) operating in a competitive environment maximizes tax revenue potential (all other factors held constant), mobile-only sports wagering is estimated to have a negligible economic impact since the process is automated and likely to be operated by an out-of-state vendor. In other words, more people would place bets, but they would be online, thus requiring less staff to serve them at an onsite sportsbook and generating less food and beverage sales.

Online sports wagering products allow for increased consumer accessibility because a customer can place a wager from anywhere in the state. It is online sports betting's increased accessibility and convenience factors that are thought to give states a greater ability to capture customers from the illegal market, which is currently dominated by online, offshore sportsbooks that are accessible to players on mobile devices.

At peak, Eilers & Krejck Gaming estimated that a retail-only market would achieve about 46% of the potential size of an unrestricted Indiana sports betting market in revenue terms.

Eilers & Krejck Gaming 2018 Indiana Report

In 2018, following the Supreme Court decision overturning PAPSA, the Indiana Gaming Commission contracted with Eilers & Krejck Gaming to study the impact of legalizing sports betting (retail, online, or both). Unlike Mississippi, Indiana did not have an existing retail sports betting base.

On behalf of the Indiana Gaming Commission, Eilers & Krejck Gaming forecasted total annual revenue from regulated sports betting in Indiana over the first five full years of operation under two scenarios. In the first scenario, Eilers & Krejck Gaming assumed that retail (i.e., in-person bets) and mobile (i.e., remote bets) wagering would be authorized. Under the second scenario, meanwhile, Eilers & Krejck Gaming assumed that only retail wagering would be authorized.

Critically, Eilers & Krejck Gaming conjectured that mobile sports betting represented more than half of the total revenue potential of the Indiana market. Eilers & Krejck Gaming further surmised that a market limited to retail wagering would decline after year three due to increasing consumer preference for mobile

betting. Eilers & Krejcek Gaming estimated that, at its peak, a retail-only market would achieve about 46% of the potential size of an unrestricted Indiana sports betting market in revenue terms.

Market for New Sports Bettors

New sports bettors would be composed of those not currently betting who would opt to bet because of the convenience and accessibility of online sports betting. The convenience of online betting may also appeal to those who would not drive to Vicksburg, the Delta, or the Mississippi coast to place a bet, but regularly partake in local office or friend pools. Illegal sports bettors may also opt to enter the legal market.

Mississippi faces online sports betting competition from neighboring states Arkansas, Louisiana, and Tennessee, while attracting retail sports bettors from Alabama. In its State of the States 2023 report, the American Gaming Association stated *Mississippi's sports betting market suffered a decline in annual revenue in 2022 of 7.7%, as retail and online sports wagering launched in Louisiana.*

Most of the state's border with Alabama is rural except for Mobile, limiting the likelihood of significant crossover into Mississippi to make online sports bets on a regular basis unless traveling into Tupelo, Columbus, or the Gulf Coast. However, Mississippi might retain residents in DeSoto County or other parts of north Mississippi or southwest Mississippi who cross into Tennessee, Arkansas, or Louisiana to place online sports bets.¹³

GeoComply,¹⁴ in its presentation to the Mississippi Mobile-Online Sports Betting Task Force, reported it identified attempts to access legal sportsbooks in other markets from over 64,000 individual Mississippi sports wagering accounts between August 27, 2023, and October 22, 2023. Of these accounts, 67.9% were accessing Tennessee sportsbooks, and 27.7% were accessing Louisiana sportsbooks. During the same period, GeoComply identified 1,702 players who were geolocated in north Mississippi and then traveled to Tennessee to access their betting account, and 1,255 players who were geolocated in south or west Mississippi and then traveled to Louisiana to access their betting account.

¹³ Mississippi has casinos located at each of the Mississippi River bridge crossings in Natchez, Vicksburg, Greenville, and Lula/Helena.

¹⁴ A company that provides geolocation compliance, fraud prevention, and cybersecurity solutions that detect location fraud and verify a customer's true digital identity.

Impact of Illegal Gaming Market in Mississippi

The American Gaming Association retained The Innovation Group to conduct a study regarding revenue lost to illegal gaming for sports betting, including but not limited to online slots and table games, and unregulated machines in bars. (*Sizing the Illegal and Unregulated Gaming Markets in the United States*, November 2022). The Innovation Group estimated the U.S. illegal and unregulated sports betting market results in an estimated \$63.8 billion in wagers (handle); \$3.8 billion in revenue, and \$0.7 billion (or \$700,000,000) in lost state gaming tax revenue.

Assuming that Mississippi's share of illegal sports betting activity is proportionate to its share of the U.S. population, potential lost tax revenue ranges from \$2.7 million (proportionate share of illegal gaming revenue taxed at 8%) to \$6.2 million (proportionate share of illegal gaming taxes).

Assuming that Mississippi's share of illegal sports betting activity is proportionate to its share of the U.S. population, potential lost tax revenue ranges from \$2.7 million (proportionate share of illegal gaming revenue taxed at 8%) to \$6.2 million (proportionate share of illegal gaming taxes).

Potential Revenue Scenarios for Legalizing Online Sports Betting

To estimate the amount of revenue the state might receive if Mississippi were to legalize online sports betting, PEER staff developed three scenarios. Each scenario focuses on the introduction of new sports bettors into the Mississippi betting market under online sports betting and considers varying tax rates for taxing both online and retail sports betting.

PEER staff assumes retail sports betting remains constant and does not increase or decline as online sports betting increases. For comparison purposes, PEER staff utilizes current retail sportsbook tax revenue¹⁵ as our base scenario. Scenarios 1 and 2 forecast five years (i.e., through FY 2029), while Scenario 3 utilizes GeoComply data to estimate potential revenue for FY 2025 only.

PEER staff notes the tax rate plays a significant factor in how much revenue the state can expect to receive from legalizing online sports betting. As previously shown in Exhibit 3 on page 9, more money has been bet on sports in New Jersey (\$4.2 billion) than New York (\$3.1 billion), but New York has brought in more tax revenue (\$1.3 billion) than New Jersey (less than

Tax rate and population play a significant factor in how much revenue a state can expect to receive from legalizing online sports betting casinos and the lottery.

¹⁵ The average of retail sportsbook tax revenue collected for the years FY 2021 to FY 2023, or \$5,062,502.

\$500 million) due to its 51% tax on mobile sports betting revenue compared to New Jersey's 14% tax.

In all states, there is a growth period (three to five years) in betting and revenue collection in which revenues increase significantly as new online sportsbooks enter the market and recruit patrons to begin sports betting or move to their site from the illegal market. Mississippi, which has had sports betting in place since 2018, has a relatively mature retail sports betting market. All 26 Mississippi casinos currently offer retail sports betting, although five only have kiosks.

Because of Mississippi's existing casino market, Mississippi already has 16 casino owners who could potentially establish online sportsbooks. Several of these owners operate in other states (e.g., MGM, Penn, Boyd Gaming, Bally's, Ceasars) and likely would be able to offer online sports betting once any additional licensing and permitting requirements were met.

If Mississippi followed states such as Indiana and Iowa, the adoption of online sports betting would result in increased sports betting revenues, at least for online providers, as more participants partook in sports betting. However, because Mississippi's neighboring states (excluding Alabama) have adopted online sports betting, Mississippi's revenue growth will likely be less than Indiana and Iowa as Mississippi will benefit less from out-of-state participation.

Under each scenario, PEER staff assumes retail sports betting remains taxed at the state level at 8% of gross revenue with a 3-4% local tax option in counties that have casinos. For each of the following scenarios, PEER staff did not calculate the local share of sports betting tax revenue. Mississippi currently includes "vig" (i.e., fee to place the bet) and free play promotions as part of handle and revenue. PEER staff assumes both continue.

It is likely some retail betting will be lost, while in-state casino operators will make efforts to utilize online sports betting to drive patrons to casinos and retail sportsbooks through various promotions. Therefore, the focus is on new bettors entering the Mississippi online sports betting market.

Scenario 1: 20% year-over-year sports betting revenue growth over five years, with online sports betting taxed at either (a) 8% of gross revenue, (b) 12% of gross revenue, or (c) 15% of gross revenue.

As part of Scenario 1, PEER staff makes the following additional assumptions:

- In FY 2024, both retail sportsbook gross revenue and tax revenue equal the average of FY 2021 to FY 2023 retail sportsbook gross revenue and tax revenue, respectively.

- Online sports betting begins in FY 2025.
- Online sports betting revenue increases at a rate of 20% year-over-year, utilizing FY 2024 retail sportsbook gross revenue and retail sportsbook tax revenue as the initial starting point for calculating FY 2025 online revenue and taxes. FY 2026 online revenue and taxes are based on FY 2025 (20% increase), and so forth through FY 2029.
- Retail sports betting remains flat, neither adding nor losing revenue because of the addition of online sports betting.

Exhibit 8 on page 29 includes PEER staff's estimates for Scenario 1. Each of the different options estimates how much tax revenues would increase if online sportsbooks were permitted given the above assumptions and the tax options presented in Scenario 2.

Option 1-A: If the state taxes both retail and online sports betting at 8%, PEER staff estimates state sports betting tax revenues will increase from \$5.1 million in FY 2025 to \$12.6 million in FY 2029. Given the additional 4% local tax rate retail sportsbooks are subject to, the retail sportsbooks would effectively pay a higher tax rate unless online sportsbooks were subject to the local rate as well.¹⁶

Option 1-B: If a state tax of 8% of gross revenue for retail sports betting remains and a state tax of 12% for online sports betting is adopted, PEER staff estimates state sports betting tax revenues will increase from \$6.5 million in FY 2025 to \$15.9 million in FY 2029. Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks and retail sportsbooks at the same rate.

Option 1-C: If a state tax of 8% of gross revenue for retail sports betting remains and a state tax of 15% for online sports betting is adopted, PEER staff estimates state sports betting tax revenues will increase from \$6.9 million in FY 2025 to \$18.6 million in FY 2029. Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks at 3% more (15% to 12% combined) than retail sportsbook.

¹⁶ Louisiana directs approximately 10% of online sports betting revenue to local entities.

Exhibit 8: Scenario 1, FY 2024 to FY 2029

Scenario 1 projects 20% year-over-year online sports betting revenue growth over five years, with gross revenue taxed at one of three options.

				Option 1-A	Option 1-B			Option 1-C		
Fiscal Year (Actual)	Total Gross Revenue (\$)	Retail Gross Revenue (\$)	Online Gross Revenue (\$)	Total Tax Revenue – 8% Tax Rate ² (\$)	Total Retail Tax Revenue – 8% Retail Tax Rate ² (\$)	Total Online Tax Revenue – 12% Online Tax Rate (\$)	Total Tax Revenue – 8% - 12% Split State Tax Rate ⁴ (\$)	Total Retail Tax Revenue – 8% Retail Tax Rate ² (\$)	Total Online Tax Revenue – 15% Online Tax Rate (\$)	Total Tax Revenue – 8% - 15% Split State Tax Rate ⁵ (\$)
2021	62,285,005	62,285,005	N/A	5,270,640	5,270,640	N/A	5,270,640	5,270,640	N/A	5,270,640
2022	58,656,000	58,656,000	N/A	4,981,055	4,981,055	N/A	4,981,055	4,981,055	N/A	4,981,055
2023	60,667,235	60,667,235	N/A	4,935,810	4,935,810	N/A	4,935,810	4,935,810	N/A	4,935,810
Fiscal Year (Estimate)	Total Gross Revenue (\$)	Retail Gross Revenue (\$)	Online Gross Revenue (\$)	Total Tax Revenue – 8% Tax Rate ² (\$)	Total Retail Tax Revenue – 8% Retail Tax Rate ² (\$)	Total Online Tax Revenue – 12% Online Tax Rate (\$)	Total Tax Revenue – 8% - 12% Split State Tax Rate ⁴ (\$)	Total Retail Tax Revenue – 8% Retail Tax Rate ² (\$)	Total Online Tax Revenue – 15% Online Tax Rate (\$)	Total Tax Revenue – 8% - 15% Split State Tax Rate ⁵ (\$)
2024 ¹	60,536,080	60,536,080	N/A	5,062,502	5,062,502	N/A	5,062,502	5,062,502	N/A	5,062,502
2025	72,643,296	60,536,080	12,107,216	6,075,002	5,062,502	1,452,866	6,515,368	5,062,502	1,816,082	6,878,584
2026	87,171,955	60,536,080	26,635,875	7,290,002	5,062,502	3,196,305	8,258,807	5,062,502	3,995,381	9,057,883
2027	104,606,346	60,536,080	44,070,266	8,748,003	5,062,502	5,288,432	10,350,934	5,062,502	6,610,540	11,673,042
2028	125,527,615	60,536,080	64,991,535	10,497,603	5,062,502	7,798,984	12,861,486	5,062,502	9,748,730	14,811,232
2029	150,633,139	60,536,080	90,097,059	12,597,124	5,062,502	10,811,647	15,874,149	5,062,502	13,514,559	18,577,060

- 1) Average of FY 2021 to FY 2023. Assumes online sportsbooks are approved during the 2024 Legislative Session but do not bring in revenue until the beginning of FY 2025.
- 2) Retail sportsbooks are also currently subject to a 4% tax at the local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate.
- 3) Excludes 4% tax at local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate on retail sportsbooks.
- 4) Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks and retail sportsbooks at the same rate.
- 5) Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks at 3% more (15% to 12% combined) than retail sportsbooks.

SOURCE: PEER staff analysis. Base data based on Mississippi sportsbook revenues, as reported by Department of Revenue.

Scenario 2: 20% year-over-year sports betting handle growth over five years, with handle taxed at either (a) 1% or (b) 2%.

As part of Scenario 2, PEER staff makes the following additional assumptions:

- In FY 2024, both retail sportsbook handle, gross revenue, and tax revenue equal the average of FY 2021 to FY 2023 retail sportsbook handle, gross revenue, and tax revenue, respectively.
- Online sports betting begins in FY 2025.
- Online sports betting handle increases at a rate of 20% year-over-year, utilizing FY 2024 retail handle as the initial starting point for calculating FY 2025 online handle. FY 2026 online handle is based on FY 2025 (20% increase), and so forth through FY 2029.
- Online sports betting revenue increases at a rate of 20% year-over-year, utilizing FY 2024 retail sportsbook gross revenue and retail sportsbook tax revenue as the initial starting point for calculating FY 2025 online revenue and taxes. FY 2026 online revenue and taxes are based on FY 2025 (20% increase), and so forth through FY 2029.
- Retail sports betting remains flat, neither adding nor losing revenue because of the addition of online sports betting.

Exhibits 9-A and 9-B, beginning on page 32, include the estimates for Scenario 2. Each of the different options estimates how much tax revenues would increase if online sportsbooks were permitted, under the above assumptions and the given tax options presented in Scenario 2.

Base: The base scenario assumes online sports betting is not adopted and that retail sports betting remains flat through FY 2029. This scenario is intended solely to serve as a baseline for revenue comparison and not to forecast future Mississippi retail sportsbook growth.

Option 2-A: If a flat tax of 1% of handle is adopted, PEER staff estimates state sports betting tax revenues will increase from \$5.4 million in FY 2025 to \$13.5 million in FY 2029.

- Changing from an 8% tax on gross revenue to 1% tax on handle would have increased annual FY 2021 to FY 2023 tax revenue by an average of \$379,793 (as depicted for FY 2024), or 7%.

- Option 2-B:** If a flat tax of 2% of handle is adopted, PEER staff estimates state sports betting tax revenues will increase from \$10.9 million in FY 2025 to \$27.1 million in FY 2029.
- Changing from an 8% tax on gross revenue to 2% tax on handle would have increased annual FY 2021 to FY 2023 tax revenue by an average of \$5,822,087 (as depicted for FY 2024), or 115%.
- Option 2-C:** If a state tax of 8% of gross revenue for retail sports betting remains and a flat tax of 1% of handle is adopted for online sports betting, PEER staff estimates state sports betting tax revenues will increase from \$5.1 million in FY 2024 to \$13.2 million in FY 2029.
- Option 2-D:** If a state tax of 8% of gross revenue for retail sports betting remains and a flat tax of 2% of handle is adopted for online sports betting, PEER staff estimates state sports betting tax revenues will increase from \$5.1 million in FY 2024 to \$21.3 million in FY 2029.

Exhibit 9-A: Scenario 2, Options 2-A and 2-B, FY 2024 to FY 2029

Scenario 2 projects 20% year-over-year online sports betting handle growth over five years, with handle taxed at various options. In options 2-A and 2-B, retail sports betting is taxed at the same rate as online sports betting.

				Baseline	Option 2-A	Option 2-B
Fiscal Year (Actual)	Total Handle (\$)	Retail Handle (\$)	Online Handle (\$)	Total Tax Revenue – 8% Tax on Gross Revenue ² (\$)	1% Tax on Handle (\$)	2% Tax on Handle (\$)
2021	558,531,677	558,531,677	N/A	5,270,640	N/A	N/A
2022	560,142,467	560,142,467	N/A	4,981,055	N/A	N/A
2023	514,014,208	514,014,208	N/A	4,935,810	N/A	N/A
Fiscal Year (Estimate)	Total Handle (\$)	Retail Handle (\$)	Online Handle (\$)	Total Tax Revenue – 8% Tax on Gross Revenue ² (\$)	1% Tax on Handle (\$)	2% Tax on Handle (\$)
2024 ¹	544,229,451	544,229,451	N/A	5,062,502	5,442,295	10,884,589
2025	653,075,341	544,229,451	108,845,890	5,062,502	6,530,753	13,061,507
2026	783,690,409	544,229,451	239,460,958	5,062,502	7,836,904	15,673,808
2027	940,428,491	544,229,451	396,199,040	5,062,502	9,404,285	18,808,570
2028	1,128,514,189	544,229,451	584,284,738	5,062,502	11,285,142	22,570,284
2029	1,354,217,027	544,229,451	809,987,576	5,062,502	13,542,170	27,084,341

- 1) Average of FY 2021 to FY 2023. Assumes online sportsbooks are approved during the 2024 Legislative Session but do not bring in revenue until FY 2025.
- 2) Retail sportsbooks are subject to a 4% tax at the local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate.
- 3) Excludes 4% tax at local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate on retail sportsbooks.
- 4) Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks and retail sportsbooks at the same rate.

SOURCE: PEER staff analysis.

Exhibit 9-B: Scenario 2, Options 2-C and 2-D, FY 2024 to FY 2029

Scenario 2 projects 20% year-over-year online sports betting handle growth over five years, with handle taxed at various options. In options 2-C and 2-D, retail sports betting remains taxed at 8% of gross revenue while online sports betting handle is taxed at 1% and 2%.

				Option 2-C			Option 2-D		
Fiscal Year (Actual)	Total Handle (\$)	Retail Handle (\$)	Online Handle (\$)	Total Retail Tax Revenue – 8% Tax on Gross Revenue ² (\$)	Total Online Tax Revenue – 1% Tax on Handle (\$)	Total Tax Revenue (8% - 1% Split) ⁴ (\$)	Total Retail Tax Revenue – 8% Tax on Gross Revenue ² (\$)	Total Online Tax Revenue – 2% Tax on Handle (\$)	Total Tax Revenue (8%-2% Split) ⁴ (\$)
2021	558,531,677	558,531,677	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2022	560,142,467	560,142,467	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2023	514,014,208	514,014,208	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiscal Year (Estimate)	Total Handle (\$)	Retail Handle (\$)	Online Handle (\$)	Total Retail Tax Revenue – 8% Tax on Gross Revenue ² (\$)	Total Online Tax Revenue – 1% Tax on Handle (\$)	Total Tax Revenue (8% - 1% Split) ⁴ (\$)	Total Retail Tax Revenue – 8% Tax on Gross Revenue ² (\$)	Total Online Tax Revenue – 2% Tax on Handle (\$)	Total Tax Revenue (8%-2% Split) ⁴ (\$)
2024 ¹	544,229,451	544,229,451	N/A	5,062,502	N/A	5,062,502	5,062,502	N/A	5,062,502
2025	653,075,341	544,229,451	108,845,890	5,062,502	1,088,459	6,150,961	5,062,502	2,176,918	7,239,419
2026	783,690,409	544,229,451	239,460,958	5,062,502	2,394,610	7,457,111	5,062,502	4,789,219	9,851,721
2027	940,428,491	544,229,451	396,199,040	5,062,502	3,961,990	9,024,492	5,062,502	7,923,981	12,986,482
2028	1,128,514,189	544,229,451	584,284,738	5,062,502	5,842,847	10,905,349	5,062,502	11,685,695	16,748,196
2029	1,354,217,027	544,229,451	809,987,576	5,062,502	8,099,876	13,162,377	5,062,502	16,199,752	21,262,253

- 1) Average of FY 2021 to FY 2023. Assumes online sportsbooks are approved during the 2024 Legislative Session but do not bring in revenue until FY 2025.
- 2) Retail sportsbooks are subject to a 4% tax at the local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate.
- 3) Excludes 4% tax at local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate on retail sportsbooks.
- 4) Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks and retail sportsbooks at the same rate.

SOURCE: PEER staff analysis.

Scenario 3: Utilizing GeoComply Data to Forecast Additional Tax Revenue Due to Increase in New Online Sports Bettors Entering Mississippi Market, FY 2025 Only.

This scenario applies to FY 2025 only.

Under Scenario 3, PEER staff assumes retail betting remains constant, and retail betting remains taxed at the state level at 8% of gross revenue. It is likely some retail betting will be lost, while in-state casino operators will make efforts to utilize online sports betting to drive patrons to casinos and retail sportsbooks through various promotions. New Jersey is an example of a state that permits retail sportsbooks to deduct free play promotions prior to calculating taxes on gross revenue but does not permit online sportsbooks to do so.

Therefore, the focus is on new bettors entering the Mississippi online sports betting market.

Option 3-A: Assuming a hold rate of 10% and an 8% tax on gross revenue remains, PEER staff estimates state sports betting tax revenues would increase by approximately \$2,048,000 in FY 2025.

Option 3-B: Assuming a hold rate of 10% and a 12% state tax on online gross revenue, PEER staff estimates state sports betting tax revenues would increase by approximately \$3,072,000 in FY 2025.

Option 3-C: If Mississippi taxed the amount bet at 1%, PEER staff estimates state sports betting tax revenues would increase by approximately \$2,560,000 in FY 2025.

Option 3-D: If Mississippi taxed the amount bet at 2%, PEER staff estimates state sports betting tax revenues would increase by approximately \$5,120,000 in FY 2025.

Exhibit 10 on page 35 illustrates Scenario 3 by utilizing GeoComply data to forecast additional tax revenue due to an increase in new online sports bettors entering the Mississippi Market.

Exhibit 10: Scenario 3 Utilizing GeoComply Data to Forecast Additional Tax Revenue Due to Increase in New Online Sports Bettors Entering Mississippi Market, FY 2025 Only¹

Base Year	Base Gross Revenue (\$)	Base Retail Tax Revenue (\$)	Online Gross Revenue (\$)	Option 3-A: 8% Online Tax on Gross Revenue (\$)	Option 3-B: 12% Online Tax on Gross Revenue (\$)	Online Handle (\$)	Option 3-C: 1% Online Tax on Handle (\$)	Option 3-D: 2% Online Tax on Handle (\$)
FY 2021 Actual	62,285,005	5,270,640	N/A	N/A	N/A	N/A	N/A	N/A
FY 2022 Actual	58,656,000	4,981,055	N/A	N/A	N/A	N/A	N/A	N/A
FY 2023 Actual	60,667,235	4,935,810	N/A	N/A	N/A	N/A	N/A	N/A
FY 2024 Estimate	60,536,080	5,062,502	N/A	N/A	N/A	N/A	N/A	N/A
FY 2025 Estimate	60,536,080	5,062,502	25,600,000	2,048,000	3,072,000	256,000,000	2,560,000	5,120,000

1) Assumes online sportsbooks are approved during the 2024 Legislative Session but do not bring in revenue until the beginning of FY 2025.

SOURCE: PEER staff analysis. Base data based on Mississippi sportsbook revenues, as reported by Department of Revenue.

Scenario 4: Mississippi sports betting revenues increase at 20% year-over-year, while at the same time retail sportsbook revenue declines 10% per year until online sportsbooks comprise 80% of sports betting revenue in year 5.

Scenario 4 is the only scenario in which PEER staff project a decline in retail sports betting, estimating potential impact if online sportsbooks were to obtain 80% market share and online sports betting were to become the dominant form of sports betting in Mississippi. As part of Scenario 4, PEER staff makes the following additional assumptions:

- In FY 2024, both retail sportsbook handle, gross revenue, and tax revenue equal the average of FY 2021 to FY 2023 retail sportsbook handle, gross revenue, and tax revenue, respectively.
- Online sports betting begins in FY 2025.
- Online sports betting handle increases at a rate of 20% year-over-year, utilizing FY 2024 retail handle as the initial starting point for calculating FY 2025 online handle. FY 2026 online handle is based on FY 2025 (20% increase), and so forth through FY 2029.

Exhibit 11, beginning on page 37, includes the estimates for Scenario 4. Each of the different options estimates how much tax revenues would increase if online sportsbooks were permitted, under the above assumptions and the given tax options presented in Scenario 4.

Option 4-A: If a state tax of 8% of gross revenue for retail sports betting remains and a state tax of 15% for online sports betting is adopted, PEER staff estimates state sports betting tax revenues will increase from \$7.1 million in FY 2025 to \$20.5 million in FY 2029. Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks at 3% more (15% to 12% combined) than retail sportsbook.

Option 4-B: If a state tax of 8% of gross revenue for retail sports betting remains and a state tax of 20% for online sports betting is adopted, PEER staff estimates state sports betting tax revenues will increase from \$8.0 million in FY 2025 to \$26.5 million in FY 2029. Given the 4% local tax rate retail sportsbooks are subject to, this effectively taxes online sportsbooks at 3% more (15% to 12% combined) than retail sportsbook. sportsbook.

Exhibit 11: Scenario 4, FY 2024 to FY 2029

Scenario 4 projects Mississippi sports betting revenues increase at 20% year-over-year, while at the same time retail sportsbook revenue declines 10% per year until online sportsbooks comprise 80% of sports betting revenue in year 5. Two potential tax options are presented for this scenario.

Fiscal Year (Actual)	Total Gross Revenue (\$)	Retail Gross Revenue (\$)	Online Gross Revenue (\$)	Option 1			Option 2		
				Retail Tax (8%) ² (\$)	Online Tax (15%) (\$)	Total Tax Revenue (\$)	Retail Tax (8%) ² (\$)	Online Tax (20%) (\$)	Total Tax Revenue (\$)
FY 2021	62,285,005	62,285,005	N/A	5,270,640	N/A	5,270,640	5,270,640	N/A	5,270,640
FY 2022	58,656,000	58,656,000	N/A	4,981,055	N/A	4,981,055	4,981,055	N/A	4,981,055
FY 2023	60,667,235	60,667,235	N/A	4,935,810	N/A	4,935,810	4,935,810	N/A	4,935,810
Fiscal Year (Estimate)	Total Gross Revenue (\$)	Retail Gross Revenue (\$)	Online Gross Revenue (\$)	Retail Tax (8%) ² (\$)	Online Tax (15%) (\$)	Total Tax Revenue (\$)	Retail Tax (8%) ² (\$)	Online Tax (20%) (\$)	Total Tax Revenue (\$)
FY 2024 ¹	60,536,080	60,536,080	N/A	5,062,502	N/A	5,062,502	5,062,502	N/A	5,062,502
FY 2025	72,643,296	54,482,472	18,160,824	4,358,598	2,724,124	7,082,721	4,358,598	3,632,165	7,990,763
FY 2026	87,171,955	48,428,864	38,743,091	3,874,309	5,811,464	9,685,773	3,874,309	7,748,618	11,622,927
FY 2027	104,606,346	42,375,256	62,231,090	3,390,020	9,334,664	12,724,684	3,390,020	12,446,218	15,836,239
FY 2028	125,527,615	36,321,648	89,205,967	2,905,732	13,380,895	16,286,627	2,905,732	17,841,193	20,746,925
FY 2029	150,633,139	30,268,040	120,365,099	2,421,443	18,054,765	20,476,208	2,421,443	24,073,020	26,494,463

1) Average of FY 2021 to FY 2023. Assumes online sportsbooks are approved during the 2024 Legislative Session but do not bring in revenue until the beginning of FY 2025.

2) Retail sportsbooks are also currently subject to a 4% tax at the local level on gross gaming revenue, effectively netting a 12% combined state and local tax rate.

SOURCE: PEER staff analysis. Base data based on Mississippi sportsbook revenues, as reported by Department of Revenue.

Policy Considerations

Mississippi has an existing regulatory structure for retail sports betting that has been in place since 2018. **This section addresses items for the Legislature to consider if the Legislature were to adopt legislation to legalize mobile-online sports betting.** These items include:

- What shall be the tax rate for retail sports betting and online sports betting?
 - Shall it be the same rate or different?
 - Shall the state tax handle, revenue, or a combination?
- What licensing fees shall be required to operate a retail versus online sportsbook?
- What requirements will there be to initially register to be permitted to place mobile bets?
 - Can sports bettors register online, or will they be required to register in person through the Mississippi Gaming Commission or at a Mississippi Gaming Commission licensed site?
- What types of sports betting will be prohibited in statute?
 - What types of sports betting will the Mississippi Gaming Commission have authority to authorize or prohibit in regulations?
- What protections, if any, will be given to retail casino sportsbook operators?
 - Will a retail or physical presence be required to operate a mobile sportsbook?
 - Will online sportsbooks be required to partner with retail sportsbooks to operate? If so, will the state mandate minimum revenue-sharing agreements, as in Arkansas, or put other requirements in place?
- If online sports betting is approved, will it be permitted throughout the state?
 - Can counties opt out of allowing sports betting establishments or mobile sports betting, as in Louisiana?
 - Can retail locations be established at locations not on the Gulf Coast or Mississippi River?

Several of these issues are already addressed in statute or regulation but could be amended if the state were to authorize mobile-online sports betting, significantly expanding the sports betting market and introducing new vendors to the market.

The Task Force organized these items, as well as other policy concerns, into the following policy areas:

- Policy Area #1 – Method of Taxation and Tax Rates;
- Policy Area #2 – Licensing Fees;
- Policy Area #3 – Establishing In-Person Versus Online Registration Requirements;
- Policy Area #4 – Efforts to Restrict Certain Types of Sports Betting;
- Policy Area #5 – Protections for Retail-Based Sportsbook Operators;
- Policy Area #6 – Option for Counties to Opt Out of Online Sports Betting;
- Policy Area #7 – Use of Official or Unofficial Data to Determine Bet Outcomes;
- Policy Area #8 – Regulations Restricting Advertising or Other Promotional Activities;
- Policy Area #9 – Regulations Restricting Types of Payment for Sportsbook Accounts;
- Policy Area #10 – Limitations on Sports Wagering;
- Policy Area #11 – Concerns Related to Problem Gaming; and,
- Policy Area #12 – Concerns Related to Growth of Online Gaming.

Policy Areas for the Legislature to Consider

Policy Area #1: Method of Taxation and Tax Rates

Mississippi has a relatively low tax rate for sports betting. At least 11 states that permit online sports betting impose a higher tax on mobile sports betting than retail sports betting. Arkansas has the same tax rate but requires a minimum of 51% of online sports betting revenue be retained by the in-state casino instead of the partner online sportsbook.

Mississippi currently taxes sports betting revenue in the same manner that it taxes gaming revenue:

- Four percent (4%) of all the gross revenue of the licensee which does not exceed \$50,000 per calendar month;
- Six percent (6%) of all the gross revenue of the licensee which exceeds \$50,000 per calendar month and does not exceed \$134,000 per calendar month; and,

- Eight percent (8%) of all the gross revenue of the licensee which exceeds \$134,000 per calendar month.

Tax Rate

Most states set their tax rate between 6.75% and 20%, but three states—New Hampshire, New York, and Rhode Island—assess a rate of 51%. Approximately 14 states apply the same tax rate for retail and online sports betting while at least 11 states impose a higher tax rate for online sports betting. Louisiana, for example, has a 10% tax rate for retail sports betting and a 15% tax rate for online sports betting. Connecticut, meanwhile, levies a tax for online sports betting but not for retail sports betting.¹⁷

Although Arkansas has a 51% revenue sharing requirement for online sports betting, the revenue goes to the in-state casino. Arkansas taxes both retail and online entities at 13% up to \$150 million and 20% above \$150 million.

Pennsylvania imposes a 36% tax on sports betting revenues, regardless of source. In New York, land-based sports betting is subject to a 10% tax on gross gaming revenue while online sports betting is subject to a 51% tax on gross gaming revenue. The New Hampshire Lottery, as part of a competitive procurement, chose DraftKings as the state’s exclusive online and retail sports betting provider. As part of the agreement, New Hampshire receives 51% of online revenues if DraftKings is the sole provider. Per Legal Sports Report, the online revenue share declines to 21% if there are two to three mobile operators selected and 16% if four to five operators are selected. According to the state profiles compiled by the American Gaming Association (AGA), Rhode Island employs a revenue-sharing model with its casinos. Rhode Island receives 51% of sports betting revenue while communities Lincoln and Tiverton each receive \$200,000 for serving as the host communities for legal sports betting.

States tax sports betting handle, revenue, or a combination of both.

Sports betting is taxed differently across states. Methods utilized by states to tax sports betting include taxing:

- **Handle** – a tax on the total amount bet;
- **Gross gaming revenue** – amount bet minus amount won; and/or,
- **Net gaming revenue** – amount bet minus both the amount won and the cost of free play given to customers to generate betting activity.

¹⁷ North Carolina’s online sports betting is legal but not yet operational.

Most states tax gross revenue. Mississippi includes both “vig” (i.e., the fee charged by sportsbooks to place a bet) and free play dollars when calculating handle. Mississippi also does not permit the deduction of free play dollars when determining gross revenue. This scenario generates the most tax dollars, excluding options such as increasing the tax rate or adding online sports betting to increase revenue.

Colorado is an example of a state that taxes net gaming revenue. Colorado taxes sports-betting revenue at a rate of 10% but permits operators to deduct free bets, payments to players, and the 0.25% federal excise tax on sports bets, effectively lowering the 10% taxation rate. Arizona also permits limited deductions of free bets and other bonuses and promotions, up to a maximum of 20 percent of total revenue.

In June 2022, Iowa adopted legislation that enabled sportsbooks to deduct promotional credits from their taxable sports wagering revenue. On July 1, 2022, Iowa joined Colorado, Arizona, Michigan, Pennsylvania, and Virginia in permitting the deduction of free bets and promotional play from sports betting taxes. New Jersey adopted similar legislation but limited it to retail sportsbooks only.

Tennessee taxed gross gaming revenue through June 2023 but began taxing handle beginning July 2023. Since handle is a tax on every dollar bet, it can be taxed at a lower rate than a revenue tax. Revenue is also partly impacted by how well the sportsbook did, and if applicable, any deductions the state permits.

To determine the impact of Tennessee changing from a 20% tax on sports betting revenue to a 1.85% tax on handle, PEER staff applied the 1.85% tax to published Tennessee handle data from November 2020 to August 2023. Under the 20% tax on revenue method, taxes equated to approximately \$162 million. Utilizing the 1.85% tax on handle method, taxes would have equated to approximately \$172 million.

[States Differ in their Method for How to Allocate Sports Betting Revenue](#)

The allocation of tax revenue derived from sports betting varies by state. The most common allocation is to the state general fund, with at least 18 states allocating a portion of their tax revenue to the general fund. The other leading allocations include problem gambling programs (at least 13 states), sports betting administration (at least nine states), and education (at least eight states). Other allocations include payments to local governments, state pension programs, tourism promotion, local economic

development, and the South Dakota State Historic Preservation Grant and Loan Fund. Along with Illinois, Mississippi currently allocates its sports betting tax revenue to infrastructure projects.

Policy Area #2: Licensing Fees

Seven states charge an inclusive rate that does not distinguish between retail and online sports betting while 15 states charge different rates based on the type of licensee (e.g., operator, partner, restaurant) and the type of betting offered (e.g., retail, online sports betting).

Mississippi currently has no additional licensing fees for retail sports betting.

The majority of states that offer online sports betting also charge licensing and renewal fees for the right to operate a sportsbook. Seven states charge an inclusive rate that does not distinguish between retail and online sports betting while 14 states charge different rates based on the type of licensee (e.g., operator, partner, restaurant) and the type of betting offered (e.g., retail, online sports betting). Since Tennessee and Vermont only offer online sports betting, they have one set fee for sports betting. Florida has yet to set its licensing fees for online operators, while New Hampshire sets its fees through a competitive bidding process.

Most states charge fees of \$500,000 or less, but six states have fees that are over \$1 million. Iowa, for instance, charges a \$45,000 initial fee and a \$10,000 annual renewal fee, while Illinois charges a \$20 million initial fee and a \$1 million renewal fee for online-only retailers every four years. According to the AGA, Nevada has the lowest licensing fee, which is set at \$500 dollars annually.

New York online sports betting platform providers are required to pay a \$25 million license fee as well as a \$2.5 million annual payment to a licensed land-based commercial casino to house servers and other required equipment for mobile wagering.

Policy Area #3: Establishing In-Person Versus Online Registration Requirements

Nevada is the only state that currently requires in-person registration. Supporters of in-person registration note its two primary benefits include limiting underage sports betting and deterring larger online sportsbooks from entering the market. Opponents note that in-person registration restricts access and potentially lowers revenue.

One of the policy considerations for states that offer online sports betting is whether or not to require patrons to register for an account in person at authorized

sites. According to AGA, Nevada is the only state that currently requires in-person registration.¹⁸

In-person registration is a responsible gaming measure intended to prevent underage gaming and other unauthorized users. Proponents also support in-person registration as a means to preserve the customer base for brick-and-mortar casinos which may otherwise lose visitors to the ease of online betting. Nevada has a lower mobile-online sports betting market at 65% of the market. However, part of that could be attributed to Las Vegas being located near a population center and the attraction of Las Vegas as a national and international gaming market.

The advantages of remote registration, on the other hand, include convenience for consumers, potential for decreased illegal betting, and increased revenue. A survey conducted by Eilers & Krejcik Gaming found that 35% of respondents found in-person registration to be inconvenient, and that a material number of active bettors would be hesitant to move their action to legal sites if in-person registration were required. Remote registration can also lead to increased consumer participation and higher revenue, as evidenced by the growth in online revenue in Rhode Island after the state repealed its in-person registration requirements.

For the Mississippi retail locations that do offer mobile sports betting while on property, Mississippi Gaming Commission Regulation Rule 3.15 requires the player establish a wagering account through the property where mobile gaming will be conducted and an initial verification of the account be done in person by a patron at the licensee's premises before the acceptance of any wager that will utilize mobile wagering.¹⁹

Policy Area #4: Efforts to Restrict Certain Types of Sports Betting

Some states explicitly prohibit certain types of sports betting in statute. However, most restrictions are generally identified in policy by the agency tasked with governing and regulating sports betting in the state.

Although sports betting is legal in 37 states and Washington, D.C., there are restrictions on the types of wagers that bettors can place. At least 15 states (e.g., Connecticut, Virginia) prohibit betting on in-state collegiate teams, although there are some exceptions for multi-team or multi-site tournaments such as the National

¹⁸ Maine has yet to determine its online registration policy.

¹⁹ Mississippi Gaming Regulations, which cite MISS. CODE ANN. §§ 75-76-89, 75-76-89, and 97-33-1 (1972).

Collegiate Athletic Association (NCAA) men's basketball tournament. Oregon prohibits betting on all collegiate athletics, both in-state and out-of-state.

Some states explicitly prohibit certain types of sports betting in statute. However, most restrictions are generally identified in policy by the agency tasked with governing and regulating sports betting in the state.

The other most common restriction is for prop bets on collegiate events and athletes. Proposition or "prop" bets are special wagers that focus on the occurrence or non-occurrence of discrete, measurable action during a sporting event, but that usually does not directly impact or concern the outcome of the game. At least 11 states (e.g., Indiana, Iowa) prohibit prop betting either on in-state or on all collegiate athletes. Mississippi currently prohibits collegiate prop betting where one athlete determines the outcome.²⁰ At least four states—Tennessee, Louisiana, Illinois, and Arizona—include additional restrictions for betting on injuries. Tennessee, Louisiana, and Arizona also prohibit betting on penalties. Each state, including Mississippi, prohibits wagering on high school sporting events.

The Mississippi Gaming Commission, per Mississippi Gaming Commission Regulation Part 9, Rule 3.11, can authorize or prohibit any wager. To provide the state with flexibility to adapt to the changing and growing sports betting market, no prohibitions are specifically listed in regulation. Instead, the Mississippi Gaming Commission stated it posts a list of approved events and sports on its website and provides licensees a copy when it is updated. At the end of the list, the Mississippi Gaming Commission specifically prohibits *proposition wagers on individual NCAA players; proposition wagers on NCAA Division 1 sports are still permitted (e.g., total points in first half, total team yards)*. Additionally, the Mississippi Gaming Commission permits betting on NCAA Division 1 sports only, therefore not allowing betting on Division 2 and Division 3 sports involving schools such as Delta State, Belhaven, and Mississippi College. Volleyball is not listed as an eligible sport, regardless of level (professional, college) or type (beach, indoor).

Analysis for the following section includes select states (i.e., Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada) and, where applicable, other states cited in supplementary articles.

²⁰ Mississippi also prohibits betting on the outcome of an election for public office.

Out of the seven states selected for further review, five states (i.e., Louisiana, Tennessee, Indiana, Iowa, and New Jersey) establish restrictions on the types of prohibited sports wagers through both statutes and regulations while two states (i.e., Arkansas and Nevada) establish them only through regulations. Apart from Iowa, the four other states that include restrictions in both statutes and regulations have stricter limitations in their regulations than in their statutes.

In-play betting, or live betting, is gambling that happens during a live game. The lines are adjusted based on what has occurred in the game.

Indiana, for example, prohibits betting on high school and amateur youth sporting events in statute, and utilizes Gaming Commission directive (i.e., policy) to prohibit non-NCAA Division I sports and in-play collegiate prop wagers in its Gaming Commission directive.

The Iowa Racing and Gaming Commission strives only to permit sports wagers that maintain decorum and good taste of sporting events and uphold overall event integrity. Examples of impermissible propositions include, but are not limited to:

- Inherently objectionable wagers (bets related to player injuries, ejections, suspensions, etc.);
- Officiating-related wagers (bets related to penalties assessed or decisions made by a referee/official);
- Pre-determined and transactional markets (bets on who starts, is hired/fired, or is traded/transfers);
- Result of first play markets;
- Negative outcomes determinable by one person in one play; and,
- Individual pitch/shot/point markets in baseball, golf, tennis, and volleyball.

Although it permits betting on out-of-state college teams, New Jersey prohibits betting on college games that involve New Jersey teams, regardless of whether the game is played in New Jersey or not. There is an exemption that allows for wagers to be placed on multi-site tournament games that occur in-state if other games take place out-of-state (e.g., NCAA Division 1 Basketball Tournament).

Policy Area #5: Protections for Retail-Based Sportsbook Operators

States have sought to protect retail sportsbooks by assessing higher tax rates on online sportsbooks, requiring online sports to partner with in-state sportsbooks, imposing

higher tax rates and/or licensing fees on online sports betting, and in some instances, imposing minimum revenue-sharing agreements between the online sportsbook and the retail sportsbook.

Analysis for the following section includes select states (i.e., Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada) and, where applicable, other states cited in supplementary articles.

Arkansas, Louisiana, Indiana, Iowa, and New Jersey all require online sportsbooks to partner with a local, retail-based sportsbook to set up a new sportsbook. This prohibits an online sportsbook such as DraftKings, ESPN Bet, or FanDuel from opening an online sportsbook on its own. A single skin system essentially means that each retail-based casino can only partner with one online sportsbook.

A “skin” is a branded website or mobile app that an operator can use to accept bets.

Arkansas permits its three retail operators to each partner with up to two online sportsbooks or develop their own sportsbooks. Louisiana, which has 20 operators, also permits each operator to contract with up to two online sportsbooks (two skins), who may each provide individually branded websites along with a mobile application. New Jersey also requires online sportsbook operators to partner with a licensed casino or racetrack, permitting license holders to have/partner with three individually branded websites, or skins.

If Mississippi were to adopt such a requirement, would Mississippi do so by casino owner (16 currently) or casino operator (26). Due to the higher number of owners/operators, this method is likely to be less effective in Mississippi than Arkansas in enabling in-state casinos to establish their own online app or negotiate a partnership with online sportsbook entities seeking to enter Mississippi. If such was adopted, it may be prudent to start at permitting only one skin, given the number of operators.

Louisiana (15% versus 10%) and New Jersey (14.25% versus 9.75%) both assess a higher tax rate for online sportsbook revenues than retail sportsbook revenues. Arkansas goes a step further, mandating a revenue-sharing agreement that requires online sportsbooks partner with an in-state casino and requires the in-state casino receive 51% of online sportsbook revenues. Adopting a minimum revenue sharing component may have a greater impact. Although Mississippi may not require a 51% revenue share, mandating a minimum share (e.g., 20%) sets a floor for what each online sportsbook must pay to enter the Mississippi market, and may serve to limit the amount of online competition entering the market.

Policy Area #6: Option for Counties to Opt Out of Online Sports Betting

The state may consider an option to allow counties to vote whether to permit online sports betting or not. For example, Louisiana’s Constitution required each parish (i.e., county) to pass a referendum to permit online sports betting in the parish.

Although other states, including California, Colorado, and Maryland, placed the legalization of online sports betting on the ballot, research indicates that Louisiana is the only state that issued a county-by-county referendum to allow online sports wagering within particular jurisdictions.²¹ A provision allowing for a local referendum appeared on an early draft of Tennessee’s Sports Gaming Act, but it was removed before the Act passed into law.

Louisiana, in adopting online sports betting, authorized each of its parishes to have a referendum on whether to permit online sports betting in the parish.²² According to *The Advocate*, 55 parishes voted to legalize online sports betting in their county while nine parishes in rural north Louisiana voted to prohibit online sports betting. To date, PEER staff has not identified another state in which localities may opt out of permitting online sports betting within their borders.

Mississippi currently permits counties (or localities) to opt out of hosting brick-and-mortar casinos, alcohol sales, and more recently both medical cannabis dispensaries and production sites. For example, Jackson County voters have on at least two occasions voted against efforts to have casinos in Jackson County, including initially in 1991 when Mississippi first legalized casinos and more recently in 2007 when the Mississippi Band of Choctaw Indians explored bringing a casino to Jackson County.

Policy Area #7: Use of Official or Unofficial Data to Determine Bet Outcomes

Although pro leagues have pushed for official data to be required in the past, states have typically not required their sports betting operators to enter sole source agreements with professional leagues to obtain such data. Only two states—Tennessee and Illinois—mandate the use of official league data (e.g., official MLB, NFL, or NBA data) to settle in-play bets provided that the data is available under “commercially reasonable terms.”

Most states, including Mississippi, do not require sportsbook operators to utilize official league data to settle bets. Although pro leagues have lobbied for official data to be required in the past, states have typically not required their sports

²¹ The ballot measure in California did not pass. The measure in Maryland did not explicitly allow for the legalization of online sports betting, but it enabled the State Assembly to pass a law specifying what forms of betting are allowed. The state has since instituted online sports betting.

²² As required under Article XII of the Louisiana State Constitution of 1974.

betting operators to enter sole source agreements with professional leagues to obtain such data. Instead, professional leagues have argued that utilizing such data (and other pro-affiliated licensing) better helps sportsbooks compete against both U.S. and illegal offshore sportsbooks.

In 2019, Major League Baseball sought a 0.25% fee on all Major League Baseball bets. Based on the \$1.026 billion bet on pro baseball in Nevada in 2018, Nevada bookmakers would have paid MLB about \$2.57 million.

Only two states—Tennessee and Illinois—mandate the use of official data to settle in-play bets provided that the data is available under “commercially reasonable terms.” Illinois also requires official data to settle prop bets. An additional five states (e.g., North Carolina, Massachusetts) make provisions for official data utilization if sports’ governing bodies notify the state’s gaming commission that they desire wagering operators to use official league data to settle Tier 2 sports wagers.²³ Iowa and Kansas require that operators either provide the sources used to determine the outcome of a sports wager or to receive administrative approval for the sources they use.

Policy Area #8: Regulations Restricting Advertising or Other Promotional Activities

Arkansas and Nevada only include broad decency and honesty clauses while Tennessee and Louisiana outline detailed rules regarding minors, problem gambling, and self-excluded bettors. Some of the most prevalent state regulations include prohibitions against targeting minors, which can include forbidding the use of minors in advertisements or utilizing platforms that appeal primarily to minors.

Analysis for the following section includes select states (i.e., Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada) and, where applicable, other states cited in supplementary articles.

The American Gaming Association, in conjunction with its members, published the *Responsible Marketing Code for Sports Wagering* in 2019 to establish a standard for advertising for the legal sports betting industry. These can be found in Attachment G on page 69. The code includes marketing restrictions related to targeting those under the legal age for sports betting (21 years of age), limits on college and university marketing, advertising requirements related to responsible gaming, and marketing requirements related to the use of digital or social media.

²³ “Tier 1 sports wager” generally means a sports wager that is determined solely by the final score or outcome of the sports event and is placed before the sports event has begun. “Tier 2 sports wager” means a sports wager that is not a Tier 1 sports wager and would include live play bets and prop bets.

Many states that have legalized sports betting have instituted regulations on advertising. Some of the most prevalent regulations include prohibitions against targeting minors, which can include forbidding the use of minors in advertisements or utilizing platforms that appeal primarily to minors. Another common stipulation is that advertisements must display information on the resources available for problem gambling and addiction. Other regulations include requiring advertisements to maintain decency and honesty, avoid misleading information, and avoid targeting self-excluded bettors.

A self-excluded bettor is a person who officially excludes themselves from betting. To self-exclude in Mississippi, one must do so in person through one of three Mississippi Gaming Commission locations.

The specificity of advertising regulations varies by state. Arkansas and Nevada only include broad decency and honesty clauses while Tennessee and Louisiana outline detailed rules regarding minors, problem gambling, and self-excluded bettors.

Additional issues to be addressed pertain to marketing on college campuses and name, image, and likeness endorsements or partnerships with student-athletes. These issues would be issues whether or not the state legalizes online sports betting, although efforts and methods to promote sports betting would increase if online sports betting were legalized.

Policy Area #9: Regulations Restricting Types of Payment Accepted for Sportsbook Accounts

While Arkansas, Indiana, Louisiana, New Jersey, and Nevada allow the use of credit cards for sports betting accounts, Forbes Advisor reports that Tennessee, Iowa, and Massachusetts prohibit the use of credit cards. Forbes and Nerd Wallet both also reported that credit card companies themselves may deny use of credit cards for gaming, due to risk of nonpayment or illegal activity. In some cases, the charges may be processed as a cash advance, which can be more costly than a typical credit card transaction.

Analysis for the following section includes select states (i.e., Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada) and, where applicable, other states cited in supplementary articles.

According to the American Gaming Association, 17 jurisdictions restrict the ability of casinos or online gaming operators to accept credit card deposits, government-issued checks, or stored-value cards that represent public benefits.

According to an article in the *Nevada Gaming Lawyer*, the use of credit cards and the issuance of credit for wagering is controversial due to the tension between consumer convenience and concerns about problem gambling. The use of credit offers customers a convenient way to fund their accounts, but opponents argue that credit increases the risk that customers will develop habits related to problem gambling. Forbes and Nerd Wallet both reported that credit card companies themselves may deny use of credit cards for gaming, due to risk of nonpayment or illegal activity. In some cases, the charges may be processed as a cash advance, which can be more costly than a typical credit card transaction.

While Arkansas, Indiana, Louisiana, New Jersey, and Nevada allow the use of credit cards for sports betting accounts, *Forbes Advisor* reports that Tennessee, Iowa, and Massachusetts prohibit the use of credit cards. Tennessee's regulations additionally require sportsbook licensees to ensure that credit cards are not used to purchase other permissible payment sources such as debit cards or online money transfers.

Arkansas and Iowa outline the types of payment methods authorized for sports betting broadly. Louisiana, Indiana, New Jersey, Nevada, and Tennessee provide further specifications on permissible payment options. Indiana, New Jersey, Nevada, and Tennessee list debit cards as an acceptable payment method, and all but Tennessee, which offers online-only sports betting, list cash and cash equivalents (e.g., checks) as acceptable methods. At least three states allow the use of electronic banking transfers (i.e., Louisiana, Nevada, Tennessee) and/or the use of promotional funds (i.e., Louisiana, Indiana, New Jersey).

PEER staff notes that it is also possible to utilize your credit card or obtain other forms of credit at a casino as well as access an ATM at a casino. In its retail sports betting locations, Mississippi permits the following payment sources:

- cash;
- chips;
- tokens;
- other approved representatives of value;
- approved credits made to a wagering account; and,
- credit extended in accordance with the licensee's internal controls and the Mississippi Gaming Commission regulations.

However, a person's access to betting would be higher if sports betting were legalized.

Policy Area #10: Limitations on Sports Wagering

At least four states limit patrons to one active account per sportsbook licensee. At least four states require that sportsbook operators create mechanisms by which bettors may self-limit or self-exclude. According to the American Gaming Association, 25 jurisdictions with account-based online gaming, sports betting, or digital wallet wagering in casinos require operators to provide a mechanism through which patrons may self-limit deposits, losses, wagering amounts, and/or time spent gambling.

According to the American Gaming Association, 25 jurisdictions with account-based online gaming, sports betting, or digital wallet wagering in casinos require operators to provide mechanisms by which patrons may self-limit deposits, losses, wagering amounts, and/or time spent gambling. These mechanisms allow bettors to establish loss and deposit limits, the maximum amount of funds expendable on tournaments, the maximum amount of playing time, and/or maximum dollar amount of wagers.

Twenty-eight jurisdictions block or limit the use of house credit in land-based and/or online casino gaming and sports betting. This may include outright bans on credit advances from gaming operators to patrons.

Some online sportsbook apps may include options in which the sports bettor may self-impose betting limits. These monetary limits may fall under one of four categories:

- Deposit limits – the maximum amount of money that a player can deposit into their account at any given time. Winnings can either be included or excluded from this figure.
- Play limits – the maximum amount of money that a player can gamble with at any given time.
 - Winnings can either be included or excluded from this figure.
- Loss limits – the maximum amount of money that a player is allowed to lose at any gambling session.
- Bet limits – the maximum amount of money that a player can bet on a single game or on concurrent games.

Additional features may include requiring a player to set a monetary limit during account registration, displaying pre-set monetary limits onscreen during play, and requesting confirmation for any limit increase.

However, it may be difficult to impose dollar thresholds for setting such limits in regulation or statute, given losing a \$500 bet may impact person A significantly

more than person B. Attachment H on page 71 discusses potential best practices that could be reviewed and adopted by the Mississippi Gaming Commission, to require online sportsbooks to set limits for online sports betting.

Analysis for the following section includes select states (i.e., Arkansas, Louisiana, Tennessee, Indiana, Iowa, New Jersey, and Nevada) and, where applicable, other states cited in supplementary articles.

States have implemented a variety of regulations placing limitations on wagering. At least four states limit patrons to one active account per sportsbook licensee. The same number of states require that sportsbook operators create mechanisms by which bettors may self-limit or self-exclude. Six states, including Mississippi, allow operators to determine their own maximum wagering amount in their house rules, provided that those rules are made available to bettors and receive approval from the state's gaming commission. New Jersey also sets a mandatory maximum of \$5,000,000 from a patron on a single sports event. At least seven states, including Mississippi, require operators to establish measures to prevent patrons from structuring their bets through multiple wagers for the purpose of circumventing reporting requirements on wagers over \$10,000.

Along with Mississippi, all of the states under review stipulate that sportsbook operators cannot accept wagers from prohibited groups (e.g., minors, self-excluded bettors), and each of the states with online sports betting except for Nevada only permits in-state wagers. Based on analysis of the selected states and information discussed during Mississippi's Mobile-Online Betting Task Force meetings, at least five states (i.e. Mississippi, Louisiana, Tennessee, Ohio, and Maryland) assess fines to licensees for violating these limitations.

Policy Area #11: Concerns Related to Problem Gaming

Pennsylvania State University found that over one-third of online gamblers report at least one gambling problem, with sports betting being the most popular online format. In March 2023, NCSL identified 10 states that allocated a portion of their sports betting revenue to combat problem gaming and gambling addiction, while 41 states directly allocated funding through the budgeting process in 2021. At least 9 states direct a portion of gaming fee revenue (e.g., licensing fees) to problem gaming programs.

An academic literature review in the *Addiction Research & Theory* journal found that online wagering has transformed sports betting into a faster and more harmful gambling mode that provides a diverse range of features and betting opportunities. The authors conclude that the ease of access provided through online sports wagering may stimulate bettors to wager more than they usually would or place wagers in a less cautious or more spontaneous manner. Moreover, the ability to instantaneously place bets, including in-play wagers, and to immediately deposit funds fuels maladaptive sports betting behaviors. The authors determine that the structural characteristics of online sports betting may lead to extended sports betting sessions and facilitate illusions of control that lead to harmful gambling practices.

A Rutgers study found that individuals who bet on sports or horses were more likely to gamble at high frequency, to gamble in mixed venues, and to endorse symptoms of moderate and high-risk problem gambling. These bettors were also significantly more likely to use tobacco, alcohol, and/or illicit drugs and to report higher rates of mental health problems, anxiety, and depression.

Research conducted in New Jersey and Pennsylvania reveals similar trends. A report completed by the Rutgers University Center for Gambling Studies concluded that New Jersey gamblers who practiced gambling of any type—i.e., not restricted to sports wagering—in mixed-venue or online-only settings were more likely to report gambling problems than gamblers who practiced in land-based settings only. The authors noted that the ability to access gambling opportunities at all times through a medium that is easily concealed from friends and family members could contribute to increased problem gambling rates over time and may facilitate underage gambling. The study found, furthermore, that individuals who bet on sports or horses were more likely to gamble at high frequency, to gamble in mixed venues, and to endorse symptoms of moderate and high-risk problem gambling. These bettors were also significantly more likely to use tobacco, alcohol, and/or illicit drugs and to report higher rates of mental health problems, anxiety, and depression.

An online gambling report completed by Pennsylvania State University found, likewise, that engaging in increased numbers of online gambling formats is associated with increased rates of gambling problems. The researchers determined that over one-third of online gamblers report at least one gambling problem and that the most popular online gambling format was online sports betting.

JLARC also noted the negative impacts of gambling are not limited to problem gamblers; research consistently shows adverse effects on others, most often a

spouse or partner, but also the parents and children of problem gamblers, as well as other family members and close friends. The negative effects of problem gambling can be severe in a small portion of cases and include financial instability and mental health and relationship problems.

Responsible Gaming Strategies

JLARC, in its 2019 report, wrote that the most common responsible gaming strategies include offering self-exclusion lists, prohibiting credit advances and restricting the use of credit cards on the gaming floor, and providing disclosures, such as a problem gambling helpline number. Some states also impose restrictions on operators, such as limiting the availability of check cashing and ATMs for patrons; limiting advertising; restricting alcohol consumption and smoking in gaming venues; limiting hours of operation; and setting limits on wagering or allowing gamblers to set self-imposed limits on losses.

Mississippi's Self-Exclusion Policy

The Mississippi Gaming Commission maintains a master list of individuals who have self-excluded themselves from casinos. According to the Executive Director of the Mississippi Gaming Commission, the Mississippi self-exclusion list had 2,055 individuals on it as of December 6, 2023. A person who wants to self-exclude must do so at one of three Mississippi Gaming Commission offices.

According to the Executive Director of the Mississippi Gaming Commission, the Mississippi Gaming Commission must provide updated lists to the casinos, and the casinos must distribute and maintain copies in all operational areas that can identify whether a self-excluded player comes on property. If a casino identifies a self-excluded individual on property, the casino staff must escort the person from the property and notify the Mississippi Gaming Commission as to who it was, how they were able to get on property, and for how long.

While these practices could be implemented for online gaming for a person registering and betting under their own name, it does not prevent a self-excluded bettor from betting on an online sportsbook utilizing a non-excluded bettor's account.

How Do States Fund Problem Gaming Prevention/Support Efforts?

Mississippi does not provide any direct funding from gaming revenues to prevent problem gaming or provide counseling or outreach-related

problem gaming. According to the Mississippi Gaming Commission, the Legislature at times appropriates some funds directly to the non-profit Mississippi Council on Problem and Compulsive Gambling. In FY 2024, the Legislature appropriated \$75,000 to the Mississippi Council on Problem and Compulsive Gambling in the form of pass-through funds through the Mississippi Gaming Commission.²⁴ The Mississippi Department of Mental Health (MDMH) also has addiction programs that include gambling addiction, but no gaming revenue funds are specifically allocated to MDMH for gambling prevention.

A 2021 survey found 41 states funded problem gambling services through legislative authorization or through a state agency's dedicated budget line. NCSL, in 2023, reported at least 10 states allocate a portion of sports betting revenues to issues related to problem gaming.

A 2021 National Association of Administrators for Disordered Gambling Services (NAADGS) found that 41 states and the District of Columbia publicly funded problem gambling services through legislative authorization or through a state agency's dedicated budget line. Mississippi was among the nine states that did not report any dedicated funding for problem gambling in 2021.

Several states fund problem gaming efforts either through direct funding or allocation of a portion of gaming/sports betting tax revenue to entities that address problem gaming prevention/support. In its March 22, 2023, "As Sports Betting Expands, It's Easier Than Ever to Place Your Bets", NCSL staff reported the following states allocate portions of their sports betting revenue to issues related to problem gaming:

- The District of Columbia allocates \$200,000 to the Department of Behavioral Health for gambling addiction and treatment programs;
- Wyoming allocates \$300,000 to problem gambling treatment;
- Virginia allocates 2.5% of sports betting tax revenue to problem gaming initiatives;
- Nebraska allocates 2.5% of sports betting tax revenue to problem gambling prevention and treatment;

²⁴ While the Mississippi Gaming Commission had a long-standing practice of transferring \$100,000 to the Mississippi Council on Problem and Compulsive Gambling, the transfer ended in FY 2017 amid statewide budget cuts.

- Louisiana allocates 2% of sports betting tax revenue to the Behavioral Health and Wellness Fund; and,
- Ohio allocates 2% of sports betting tax revenue²⁵ to the problem sports gaming fund.

NCSL staff also identified Indiana, Nevada, New Hampshire, and Kansas (the Problem Gambling and Addiction Grant Fund) as states that allocate funding to efforts related to gambling addiction or problem gaming but did not specify a percentage or amount.

Additionally, at least nine states require gaming establishments and operators to pay a fee or make a mandatory contribution to problem gambling programs. Indiana, for example, charges racinos an annual \$500,000 fee while Maryland charges gaming licensees an annual fee based on the number of video lottery terminals and table games they offer. Florida utilizes funds generated by a \$250,000 regulatory fee paid by slot machine licensees.

Policy Area #12: Concerns Related to Growth of Online Gaming

Members of the task force voiced concerns that the legalization of online sports betting could clear the way for a greater threat to Mississippi casinos: online gaming (i.e., online casinos). Seven states have legalized online gaming as of December 1, 2023. While online gaming offers the potential to bring in more tax revenues than sports betting, such revenues may be offset due to the cannibalization of casino retail business and decline in retail casino operations.

Online gaming, or iGaming, includes traditional casino games such as blackjack, poker, and slot machines. Online gaming is currently legal in six states²⁶—New Jersey, Pennsylvania, Michigan, Connecticut, West Virginia, and Delaware. According to the AGA, the combined revenue generated from the iGaming market since Delaware and New Jersey first accepted online casino wagers in 2013 totals more than \$16 billion. From 2013 to 2023, the Associated Press reports that individual states have generated between \$59.1 million (Delaware) and \$6.9 billion (New Jersey) in total iGaming revenue. Over the same period, states have garnered more than \$4 billion in state and local taxes, ranging from \$19 million collected in Delaware to \$1.8 billion collected in Pennsylvania.

²⁵ Revenue, after state taxation department expenses incurred in administering the sports wagering tax levy.

²⁶ Rhode Island adds online casino gaming, effective March 1, 2024.

Despite being legal in six states through 2023, online gaming market revenue is projected to reach \$19.1 billion in 2023, according to Statista data. Revenue for online gaming is projected to increase 12.9% yearly to \$31.1 billion in 2027.

According to Front Office Sports, in August 2023, DraftKings surpassed FanDuel to take the U.S. online gambling lead, according to a new study by Eilers & Krejci Gaming. DraftKings captured 31% of overall gross gaming revenue compared to FanDuel's 30%. FanDuel had been the American market leader for several years.

A 2023 Maryland Lottery iGaming report conducted by The Innovation Group found online casino gaming gross gaming revenue could total more than \$900 million annually once the market begins to mature in Maryland around 2029. The report suggests legislators could consider taxing online gaming at a rate between 10% and 40%. The report projects that a 25% tax rate could lead to just over \$225 million in annual tax revenue in 2029 on about \$900 million in gross gaming revenue. For comparison, online sports betting has generated just over \$36 million for the state.

Concerns Related to Cannibalization of Retail Casino Revenue

Between 2019 and 2022, the Innovation Group reported that it observed 2% same-store casino revenue growth in non-iGaming states, versus an 8.2% decline in iGaming states, suggesting a cannibalization rate of approximately 10% of casino gaming revenue. Given Maryland's casino revenue is just over \$2 billion annually, the Innovation Group found online gaming would cannibalize more than \$200 million in retail casino revenue against a gain of \$900 million in iGaming revenue.

To minimize this effect, the Innovation Group suggests tethering online licenses to brick-and-mortar casinos, a practice states such as Arkansas, Louisiana, and New Jersey have adopted in approving online sports betting.

Report Attachments

Attachment A: H.B. 606, 2023 Regular Session

MISSISSIPPI LEGISLATURE
2023 Regular Session
To: Gaming; Appropriations
By: Representatives Eure, Felsher

House Bill 606

(As Sent to Governor)

AN ACT TO CREATE THE MOBILE-ONLINE SPORTS BETTING TASK FORCE; TO PROVIDE THE PURPOSES OF THE TASK FORCE; TO DESIGNATE THE CO-CHAIRS OF THE TASK FORCE; TO PROVIDE FOR THE APPOINTED MEMBERS TO THE TASK FORCE; TO PROVIDE FOR A REPORT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) There is hereby created the Mobile-Online Sports Betting Task Force to undertake a comprehensive analysis of all matters related to online sports betting within this state. The task force shall be co-chaired by the House Gaming Committee Chair and the Senate Gaming Committee Chair and shall be composed of a total of thirteen (13) members, with eleven (11) members to be appointed as follows:

(a) The Executive Director of the Mississippi Gaming Commission or a designee;

(b) The Commissioner of the Department of Revenue or a designee;

(c) The Chairman of the Mississippi Gaming and Hospitality Association or his/her designee;

(d) Three (3) members appointed by the Chair of the Senate Gaming Committee, at least one (1) of whom must be a licensed casino operator in the state;

(e) Three (3) members appointed by the Chair of the House Gaming Committee, at least one (1) of whom must be a

licensed casino operator in the state;

(f) A member of the House Gaming Committee appointed by the Chair of the House Gaming Committee; and

(g) A member of the Senate Gaming Committee appointed by the Chair of the Senate Gaming Committee.

(2) The members of the task force shall be appointed within thirty (30) days of the effective date of this act. Any vacancy in the task force shall not affect its powers, but shall be filled as prescribed in subsection (1) of this section. The task force shall hold its first meeting within sixty (60) days of the effective date of this act, on a joint call of the chairmen of the task force. A majority of the membership of the task force shall constitute a quorum, and shall meet at the call of the chairmen. All members must be notified in writing of all meetings at least five (5) days before the date on which a meeting of the task force is scheduled.

(3) The members of the task force shall serve without compensation.

(4) The PEER Committee shall prepare and submit a final report that contains a detailed statement of findings, conclusions and recommendations of the task force as jointly approved by the co-chairmen to the Legislature by December 15, 2023. The report shall be made available to the public.

SECTION 2. This act shall take effect and be in force from and after July 1, 2023.

Attachment B: Glossary of Terms

Sportsbook: An entity that offers and accepts sports wagers.

Retail sports wagering: Betting in person at a physical location, such as at a lottery retailer or casino.

Mobile or Online Sports Wagering: A prominent channel for internet sports wagering, with games typically played through an operator’s mobile application.

Online Gaming: Includes online sports betting, as well as online casino gaming such as blackjack, poker, or slot machines. Legal in seven states, including Rhode Island (effective March 1, 2024).

Adjusted Gross Gaming Revenue: The total revenue generated by an operator, based on the amount of money players wager, minus the amount players win and any allowable deductions.

Handle: The amount wagered over a given time period. In other words, the total amount of dollars placed by bettors.

Hold: The amount of revenue retained by the operator as a share of the handle.

In-play Wagers: Wagers placed after an event after it has started. Also known as live or immersive betting. Operators may post multiple in-play betting options throughout a sporting event. The odds are adjusted based on what has occurred in the game.

Operator: A licensee that offers a sportsbook, either at retail locations or through online sports wagering.

Parimutuel Wagering: A form of wagering—typically used in horse racing—in which all bets on a particular event are pooled, and payoff odds are calculated by sharing the pool among all winning bets.

Parlay: A single bet that consists of two or more contingencies. Each contingency must “win” to produce a win for the parlay bettor. If there is a tie or “push” the parlay bet is voided.

Proposition Bet: Proposition or “prop” bets are special wagers that focus on the occurrence or non-occurrence of discrete, measurable action during a sporting event, but that usually does not directly impact or concern the final outcome of the game.

Self-excluded bettor: A person who officially excludes themselves from betting. To self-exclude in Mississippi, one must do so in person through one of three Mississippi Gaming Commission locations. “Self-exclusion” means voluntarily having oneself barred from the premises of any licensed gaming establishment (hereinafter “casino”) in Mississippi and from all gaming-related activities and privileges, including the issuance of gaming credit and check-cashing privileges; the receipt of direct-marketing and promotional materials regarding gaming opportunities, junket solicitations, player club memberships, complimentary goods and services and the like; and collection of any winnings or recovery of any losses during the exclusionary period.

Vig (aka vigorish): The cut or amount charged by a sportsbook for taking a sports bet. If two parties bet \$110 each on opposing teams with -110 odds, the losing bettor would lose \$110, the winning bettor would win \$100, and the sportsbook would keep \$10 as the winner’s fee for placing the bet.

Source: As compiled by PEER staff.

Attachment C: Summary of Task Force Meetings

Meeting #1: September 7, 2023

Summary

The nine non-legislative Task Force members each presented to the task force regarding the current sports betting industry and the implications of legalizing mobile-online sports betting. Additionally, an NCSL staff member spoke to the task force regarding national trends in sports betting.

Meeting #2: October 24, 2023

Summary

Additional industry stakeholders addressed the task force regarding the implications of legalizing mobile-online sports betting. A University of Southern Mississippi professor presented on industry concerns, particularly as it relates to problem gaming and potential impact on younger audiences (ages 18 to 29). A representative from GeoComply discussed the capabilities of GeoComply and how such technology works in monitoring mobile-online sports betting (i.e., verifying a person is physically located in Louisiana before authorizing the person to make a sports bet utilizing a mobile device in Louisiana).

Meeting #3: November 28, 2023

Summary

Chris Hopwood, Sportsbook Director at Pearl River Resort, addressed the task force regarding the implications of legalizing mobile-online sports betting. PEER staff, at the request of the Task Force, provided an update to the Task Force. Task force members then had a round table discussion in which members discussed various issues related to legalizing mobile-online gaming, including but not limited to, the following:

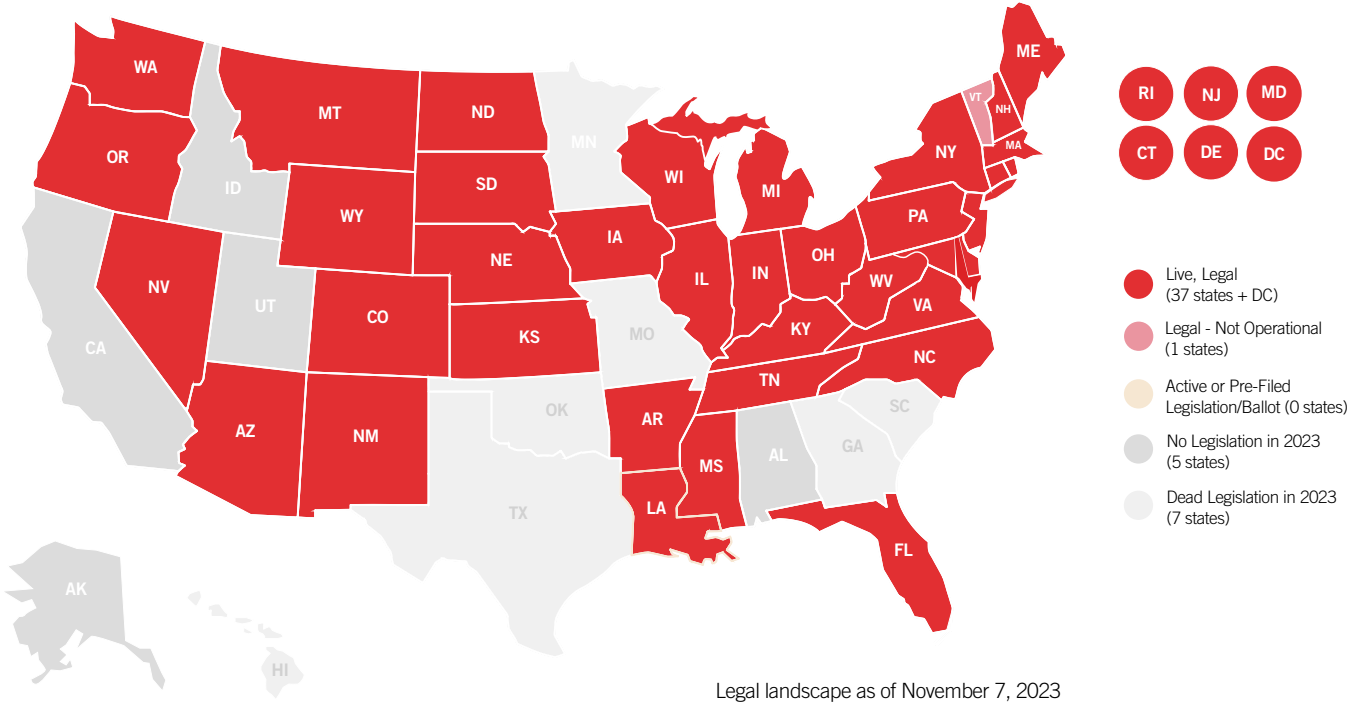
- Use of in-person versus remote registration;
- Jobs and local investment in the market versus;
- Potential increase in revenue due to both new consumers and capture of consumers utilizing black market sportsbook providers;

- Concerns among smaller, local casinos that larger out-of-state sportsbook apps would control 80% plus of the market;
- Concerns related to problem gaming (including use of credit cards or methods of credit to pay for online sports betting); and,
- Concerns related to future growth of online gaming (i.e., online casinos).

The Task Force co-chairs encouraged each task force member to submit a memo on their letterhead to include in the report.

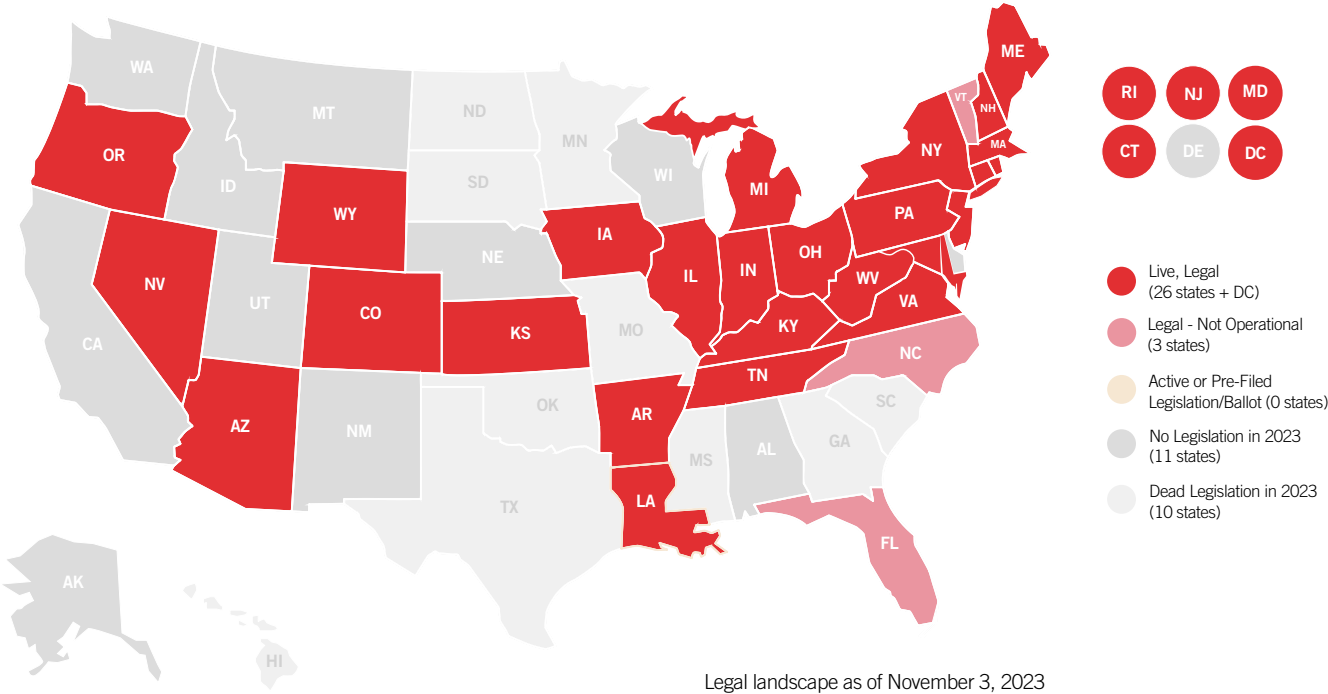
Source: As compiled by PEER staff.

Attachment D1: U.S. Legal Sports Betting



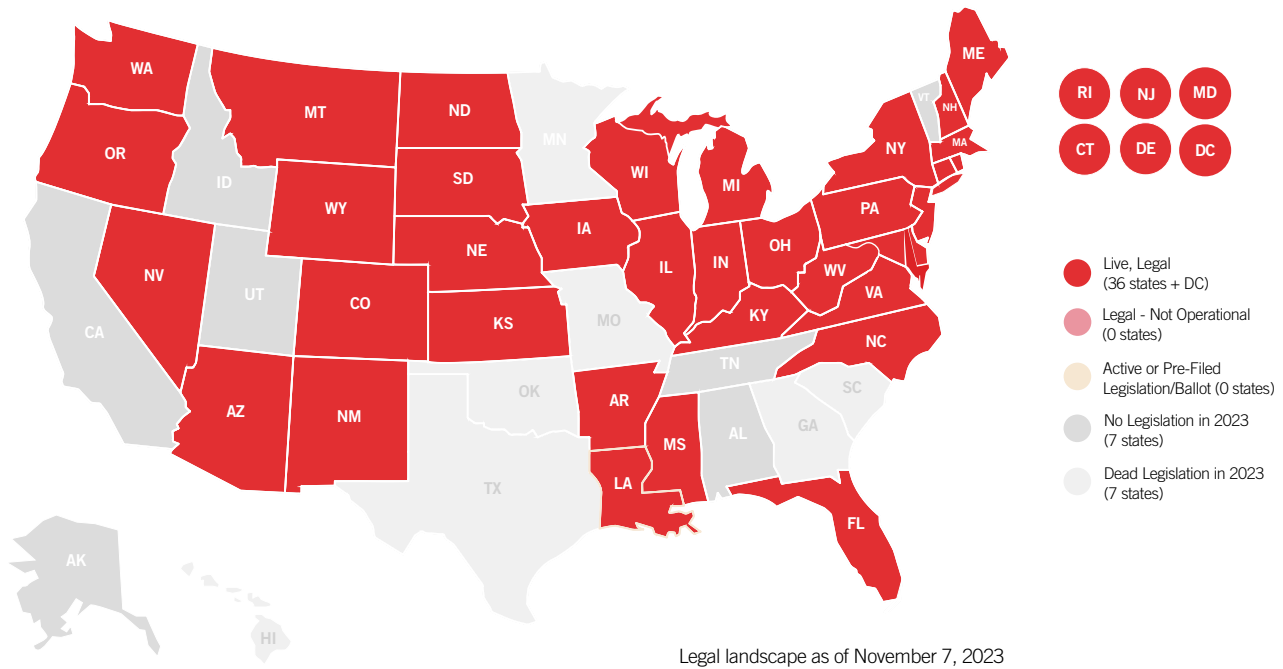
Source: American Gaming Association. Last updated November 7, 2023.

Attachment D2: U.S. Sports Betting – Mobile-Online



Source: American Gaming Association. Last updated November 3, 2023.

Attachment D3: U.S. Sports Betting – Retail



Source: American Gaming Association. Last updated November 7, 2023.

Attachment E: PEER Staff Sports Betting Survey, as sent to each Casino Operator

TO: Mississippi Casino Operators
FROM: Matthew Holmes, Lead Analyst, PEER Committee
DATE: November 7, 2023
SUBJECT: Survey – Current Impact of Mississippi’s Existing Legal Sports Betting Industry

PEER staff, in its support of the Mobile-Online Sports Betting Task Force, is seeking to survey each of Mississippi’s 26 casinos to determine the current impact of Mississippi’s existing legal sports betting industry. The Mississippi Gaming Commission provided PEER staff Mississippi sports betting revenue data.

PEER requests each casino operator answer the following questions. If you operate more than one casino, please answer the questions separately for each casino (except where costs are shared among the casinos you operate).

1. When did your casino commence operating the sports book at your casino?
2. Approximately how much did you invest to establish the sports book at your casino?
 - a. *This would include applicable renovation costs, equipment purchases, and other applicable start-up costs.*
3. Please specify the number of full-time employees your casino’s sports book currently employs?
 - a. Please provide the total salary/wages and fringe benefits paid for full-time employees?
4. Please specify the number of part-time employees your casino’s sports book currently employs?
 - a. Please provide the total wages and, if applicable, fringe benefits for part-time employees?
5. For the most recently completed fiscal year, provide the total cost to operate your casino’s sports book?
6. Does your casino track ancillary revenue related to wagers placed at your sports book?
 - a. *This would include, but not be limited to, revenue from food and beverage purchased at the sports book as well as hotel revenue received from a sports bettor.*
 - b. For the most recently completed fiscal year, provide the amount of ancillary revenue generated in relation to wagers placed at your sports book?
 - i. If not tracked, please put “do not track”.
 - ii. If only partially tracked, please note what is tracked (e.g., you can track food and beverage inside a space specifically designed as a sports book but cannot track hotel revenue or other revenue).
7. Are you able to track to what extent your sports betting patrons travel from say within a 30-mile radius vs. elsewhere in the state or out-of-state?
 - a. If so, briefly provide.

Responses shall be submitted electronically to Matthew Holmes at matthew.holmes@peer.ms.gov
Responses will be compiled and reported as a collective or range.

Source: As compiled by PEER staff.

Attachment F: Sports Betting Kiosks and Over-the-Counter Terminals, by Casino Operator

Casino	Sports Betting Kiosks	Over-the-Counter Terminals
Hollywood Gulf Coast – Bay St. Louis	10	4
Boomtown Casino – Biloxi	11	5
Ameristar Casino – Vicksburg	30	5
Hollywood Casino – Tunica	8	1
1st Jackpot – Tunica	6	1
Harrah’s Gulf Coast – Biloxi	27	5
Tropicana Casino – Greenville	20	1
Isle of Capri – Lula	10	1
Horseshoe Casino – Tunica	10	5
Hard Rock Casino – Biloxi	10	5
Bally’s Casino – Vicksburg	8	3
IP Casino – Biloxi	36	6
Sam’s Town – Tunica	6	4
Riverwalk Casino – Vicksburg	42	3
Harlow’s Casino – Greenville	35	2
WaterView Casino – Vicksburg	8	2
Fitzgerald Casino – Tunica	7	1
Gold Strike – Tunica	13	4
Golden Nugget – Biloxi	13	5
Silver Slipper Casino – Bay St. Louis	6	4
Island View Casino – Gulfport	20	5
Beau Rivage – Biloxi	9	6
Palace Casino – Biloxi	4	4
Scarlet Pearl – D’Iberville	13	3
Magnolia Bluffs – Natchez	2	3
Treasure Bay – Biloxi	3	3

Source: Mississippi Gaming Commission (November 17, 2023).

Attachment G: Responsible Marketing Code for Sports Wagering

The American Gaming Association *Responsible Marketing Code for Sports Wagering*—first published in 2019 and last updated in March 2023—establishes a standard for advertising for the legal sports betting industry. The *Responsible Marketing Code for Sports Wagering* includes marketing restrictions related to targeting those under the legal age for sports betting (21 years of age), limits on college and university marketing, advertising requirements related to responsible gaming, and marketing requirements related to the use of digital or social media.

Respecting the legal age for sports wagering

1. No sports betting message should be designed to appeal primarily to those below 21 – the prevailing legal age for sports wagering.
2. Advertising should not depict cartoon characters or feature entertainers, athletes, influencers, or music that appeal primarily to audiences below the age of 21.
3. Models, actors, influencers, athletes, and entertainers appearing in advertising should be a minimum of 21 years old, substantiated by proper identification.
4. No message should suggest or imply that underage persons engage in sports wagering.
5. Sports wagering advertising and marketing should be placed in broadcast, cable, radio, print, or digital communications (e.g., social media, SMS, websites, streaming) only where at least 73.6 percent of the audience is reasonably expected to be 21 years or older (determined by using reliable, up-to-date audience composition data).
6. No sports wagering messages—including logos, trademarks, or brand names—should be used or licensed for use on clothing, toys, games, or game equipment intended primarily for persons below 21.
7. To the extent that promotional products carry sports wagering messages or brand information, AGA members and their employees will use commercially reasonable efforts to distribute them only to those 21 years of age or older.

Limiting college and university marketing

1. Sports wagering should not be promoted or advertised in college or university-owned news assets (e.g., school newspapers, radio, or television broadcasts, etc.) or advertised on college or university campuses.
2. Partnerships with colleges or universities should not include any component that promotes, markets, or advertises sports wagering activity. This prohibition does not apply to alumni networks or content that is exclusively focused on responsible gaming education or problem gambling awareness.
3. Sportsbooks should not enter name, image, and likeness (NIL) endorsements or partnerships with amateur athletes.

Supporting responsible gaming

1. Each message will contain a conspicuous responsible gaming message, along with a toll-free helpline number, where practical.
2. Messages will not promote irresponsible participation in sports wagering.
3. No message should suggest that social, financial, or personal success is guaranteed.
4. No message should suggest engaging in sports wagering is without risk or utilize “risk free” language.
5. No message should encourage players to chase their losses or suggest that betting is a means of solving financial problems.
6. No message should imply or suggest any illegal activity of any kind.
7. Messages should adhere to contemporary standards of good taste that apply to all commercial messaging, as suits the medium or context of the message.

Controlling digital media and websites

1. Operator-controlled messages placed in digital media—including third-party internet and mobile sites, affiliate platforms, commercial marketing emails or text messages, social media sites, and downloadable content—shall comply with all applicable provisions of this Code concerning the content of such messages.
2. Owned websites and apps that offer sports wagering should include a responsible gaming message and a link to a site that provides information about responsible gaming and responsible gaming services.
3. Owned websites or profiles that include sports betting content, including social media pages and sites, shall include a reminder of the legal age for sports wagering.
4. Age affirmation mechanisms, utilizing month, day, and year of birth, will apply before a user can gain access to any page where individuals can engage in gambling.
5. Owned websites will include geolocation mechanisms on those pages where individuals can engage in gambling, in order to restrict access only to those wagering within a legal jurisdiction.
6. User-generated content on an owned site or web page will be monitored and moderated on a regular basis for compliance with the provisions of this code.
7. Digital marketing communications will respect user privacy and comply with all applicable legal privacy requirements including those governing consent. All such messages targeting an individual recipient will be clearly identified as originating from the sports betting operator or otherwise attributable to the operator. In addition, each such message sent via email or text message will provide the option therein of opting out or unsubscribing.
8. Owned websites shall disclose to users—in their terms of use or other policy statements—any practices of the website that involve sharing user information with third parties unrelated to the operator sponsoring the site.

The *Responsible Marketing Code for Sports Wagering* also includes additional tenets related to maintaining the code and monitoring code compliance.

Source: American Gaming Association. Published 2019. Updated March 28, 2023.

Attachment H: Best Practices for Setting Limits for Online Sports Betting

The following is a list of potential best practices that could be reviewed and adopted by the Mississippi Gaming Commission to require online sportsbooks to provide sports bettors options to set limits for online sports betting and other tools intended to curb problem gambling.

1. Make players aware of the ability to set limits (i.e., type and duration) as part of the registration process.
2. Require players to set a deposit limit as part of the registration process or prior to their first play session after creating an account.
3. Provide players with options for setting monetary limits. Limits could be set per session, per day, per week, or per month.
4. Display limits on the player account page and onscreen during play.
5. Provide players with a warning (e.g., a pop-up message) that informs them of the remaining limit when they are close to reaching their pre-set limit.
6. Provide players with the option to either choose to continue or to stop playing prior to reaching their pre-set limit.
7. Provide information about wins and losses or normative feedback about play when notifying players about pre-set limits.
8. Automatically log players off once they have reached their pre-set limits.
9. Prohibit gambling until the player's pre-set limit expires.
10. Enable players to change their pre-set limits through the player account or by contacting customer service. Decreasing limits take place immediately. Increasing limits must have a waiting period and take effect only once the current limit has expired.
11. Provide players with confirmation of change of limits by email.
12. Enable players to reconfirm their desire to increase their limit when they log in for the first time after the previous limit expires.
13. Allow players to see information about their set limits as part of their transaction or player history. History will include the types of limits set, the duration of limits, and changes made to those limits.

Source: Monetary Limits Tools for Internet Gamblers: A Review of their Availability, Implementation, and Effectiveness. Ontario Problem Gambling Research Centre. 2011.

Responses from Members of the Task Force

Response 1: Ronald Rychlak, University of Mississippi

University of Mississippi
School of Law
Khayat Law Center
University, Mississippi 38677
rychlak@olemiss.edu
(662) 607-3147

Rep. Casey Eure
Sen. David Blount
Mississippi Online Sports Betting Taskforce

Nov. 29, 2023

Dear Chairs,

Thank you for the opportunity to serve on this task force. My primary concern has been with college athletes and college students. To that end, most of my proposals may be better dealt with as regulations from the Mississippi Gaming Commission than in legislation. I do, however, wish to put them into the record.

1. Student-athletes and university employees who work with or around the athletes violate NCAA regulations if they bet on a sport (at any level) that is regulated by the NCAA. For that reason, colleges and universities should be permitted to identify athletes and relevant employees to the online operators, and they should be prevented from opening accounts. This is like the current policy that bars athletes and Athletic Department employees from the sports book areas in casinos.
2. We should continue the policy of no "prop bets" based on the performance of an individual student-athlete.
3. Sportsbooks should not enter name, image and likeness endorsements or partnerships with student-athletes.
4. Sportsbooks should not advertise on campus in areas where the predominant population is expected to be under 21 (e.g., dormitories, dining halls); not use likeness of any specific student athlete; and not advertise in conjunction with alcohol, cannabis, or other products that present risk to student health and safety.
5. Student-athletes should be protected from harassment, online otherwise. This may call for a change in the criminal code (which is currently being studied for revision).
6. State universities should establish campus-wide committees to develop and monitor comprehensive policies on gambling. (I have a soon-to-be published article in the UNLV Gaming Law Review that delves more deeply into campus relations and policies).

Thank you for your time and attention.

Very truly yours,



Ronald J. Rychlak
Distinguished Professor of Law
Faculty Athletics Representative

Response 2: Michael Bruffey, Island View Casino Resort



November 29, 2023

House Gaming Chair
Rep. Casey Eure
(ceure@house.ms.gov)

Senate Gaming Chair
Sen. David Blount
(dblount@senate.ms.gov)

Mobile – Online Sports Betting Task Force (HB 606)

Dear Chairman Eure and Chairman Blount:

On behalf of Island View Casino Resort, and our owners, Rick Carter and Terry Green, we want to thank you for the opportunity to serve on the Online Sports Betting Task Force. We hope our comments and perspective have been helpful to you in achieving the goal of the task force; that is, to create a comprehensive report on this topic in Mississippi so that the issues can be vetted, and our respective views can be understood.

We appreciate the opportunity to submit this letter as a summary of our position following the task force meetings that have taken place over the past few months. We respectfully request it be made part of the Peer Committee Report as an appendix.

The first concluding point we want to make is regarding our business. A key distinction in the positions you have heard is, on the one hand, you have stand-alone Mississippi casino operators asserting concerns about online gaming and large corporations based outside of Mississippi asserting positions in favor of online gaming.

Island View is a Mississippi partnership that began back in 1992. It employs more than 1,500 Mississippi residents with a payroll of over \$50 million. Island View is a tenant of the Mississippi State Port Authority and the Mississippi Development Authority paying millions each year in lease payments. Island View is part of the local community, and it supports the community with significant annual contributions to the City of Gulfport Harbor Lights Festival, the Mississippi State Aquarium as well as to numerous organizations and charities.

Mobile – Online Sports Betting Task Force
Letter from Island View Casino Resort
November 29, 2023
Page 2 of 4

The Mississippi gaming market operates on low margins. Anything that will reduce or lessen our revenues will harm our businesses and it will harm Mississippi. **To state it succinctly, statewide online sports betting will reduce our revenues, it will reduce jobs, and it will harm Mississippi.**

We heard it said during the first task force meeting that sports betting revenue is “a fraction of a fraction” of revenue made by the casinos. From Island View’s perspective, we cannot afford to lose those revenues or the ancillary revenues we get from retail sports betting. Sports betting has helped our business. It adds an important element to our business operations just as it has all of the casinos in Mississippi. We learned during the task force meetings that once a state goes online with sports betting, there will be a dramatic shift where 90-95% sports betting wagers will move from retail to online. Therefore, **if statewide online sports betting is passed in Mississippi, Island View will lose its retail sports betting business and the ancillary revenue and jobs that go along with it.** Even if we have an online gaming app, there is no way it can compete against the larger corporations with huge online gaming databases and outrageous player acquisition budgets (e.g., we learned four companies control 90% of the market and that larger companies like WynnBets shut down its online sports betting app in eight states).

The biggest hurdle facing the large online gaming companies in Mississippi is changing Mississippi’s public policy on gaming. We all know that for over 30 years most Mississippians have opposed gaming. We know that most Mississippians don’t want gaming in their counties. Mississippians have tolerated gaming because it is limited to dockside along the Gulf Coast (in two counties) and dockside along the river (in five counties). **Of the 82 counties in Mississippi, 75 counties have no gaming.** In the seven counties that have adopted gaming, they adopted a resort style form of gaming which greatly improved the economies in those areas. It has brought in tourism, and helped businesses and communities thrive. There is a balance.

Aside from the issue of online sports betting, there is the issue of full online gaming. Attached is an article that was published today (November 29, 2023) in the Miami Herald. It lists the top seven “Best Online Casinos for 2023”. According to the article, they are:

1. Caesars Palace Online Casino
2. Bet MGM Casino
3. FanDuel Casino
4. BetRivers Casino
5. Bet365 Casino
6. Betway Casino
7. Hard Rock Bet Casino

Mobile – Online Sports Betting Task Force
Letter from Island View Casino Resort
November 29, 2023
Page 3 of 4

Most of these companies are the ones pushing for online sports betting in Mississippi. It was said many times during the meetings, ***the end game of the large corporations pushing for online sports betting is full online casino gaming in every state, including Mississippi.***

IF the online companies can get the Mississippi legislature to expand sports betting online, then they will have re-written the rules of gaming in Mississippi and rewritten Mississippi's public policy on gaming. ***Gaming will be in the palm of each person's hand in all 82 counties.*** The next step to full online gaming is then much easier. They will lobby on the issue year after year.

IF the Mississippi legislature is to consider a bill for online statewide sports betting, we would implore you to include a provision requiring public notice in each county of intent to operate online sports betting. ***The provisions of Miss. Code Ann. Section 19-3-79 should be amended to apply to online sports betting so that voters in each county will have the option to petition for a referendum on the question of whether to allow this activity in their county.*** Since gaming began, this has been required before gaming operations commenced in any county, and it should be required for online sports betting as well. By looking to Louisiana, even if all 82 counties do not wish to legalize online sports betting, we know that (based on Geo-Comply's demonstration during the second meeting) those areas can be geo-fenced out, and Mississippi can offer a form of limited online sports betting only in those counties who wish to accept it.

IF online sports betting should be considered, ***the bill should include a requirement for in person registration and re-verification (in person) once per year.*** By looking to Nevada, we know that by requiring in person registration and by requiring re-verification once per year, there will be more retail sports betting retained at the casino (65% going online versus 90-95%).

In conclusion, we believe the Mississippi gaming industry is working well as is. There is a balance that should not be disturbed. ***We should leave the law as is and allow our industry to continue operating in its current form.***¹ Nothing in our law limits BetMGM, Caesars, Draft

¹ We allowed Draft Kings and Fan Duel to enter into Mississippi through the Daily Fantasy Sports Act back in 2017. You don't hear much about daily fantasy sports anymore, but it has allowed these companies to build huge databases in Mississippi marketing to Mississippians who are as young as 18 years of age using an app much like an online sports betting app. We should close this door in Mississippi. It provides no revenue to our state, and it only serves to allow two companies to market to young people and encourage online sports betting. At a minimum, the age should be changed to 21.

Mobile – Online Sports Betting Task Force
Letter from Island View Casino Resort
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Page 4 of 4

Kings² or any other online gaming company from using their online gaming app in Mississippi. The only limitation is where the actual betting activity is allowed. It should be limited to casinos, which provide the benefits of capital investment, jobs, taxes, and tourism.

This summarizes our position on this subject. Of course, if you have any questions or would like additional information, please let us know. We will be happy to respond.

Sincerely,



Michael Bruffey,
Task Force Representative for
Island View Casino Resort

cc: Mr. Rick Carter
Mr. Terry Green

Enclosures (as referenced)

² During the meeting held on Tuesday, November 28, 2023, the Draft Kings representative was asked who they were partnering with in Mississippi. He indicated he did not know. Attached is article published in the Sun Herald on November 28, 2023 announcing Draft Kings and Golden Nugget are partnering in Mississippi. Presumably, this relationship is exclusive but Draft Kings will have to address that question.

Response 3: Jonathan Jones, Harrah's Gulf Coast



To: PEER Committee on Online Sports Betting

From: Jonathan Jones (Task Force Member), SVP & General Manager / Harrah's Gulf Coast

Date: December 1, 2023

RE: Mississippi Legalizing Online Sports Betting

I would like to offer some points of consideration as the PEER Committee studies legalizing online sports betting.

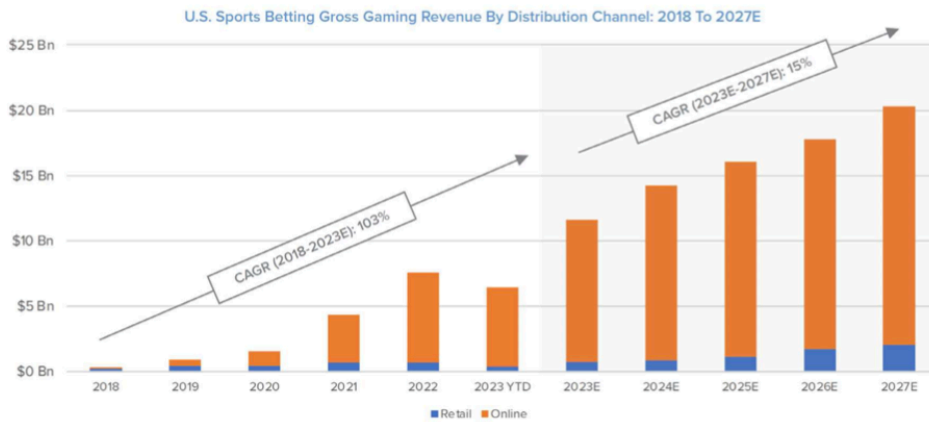
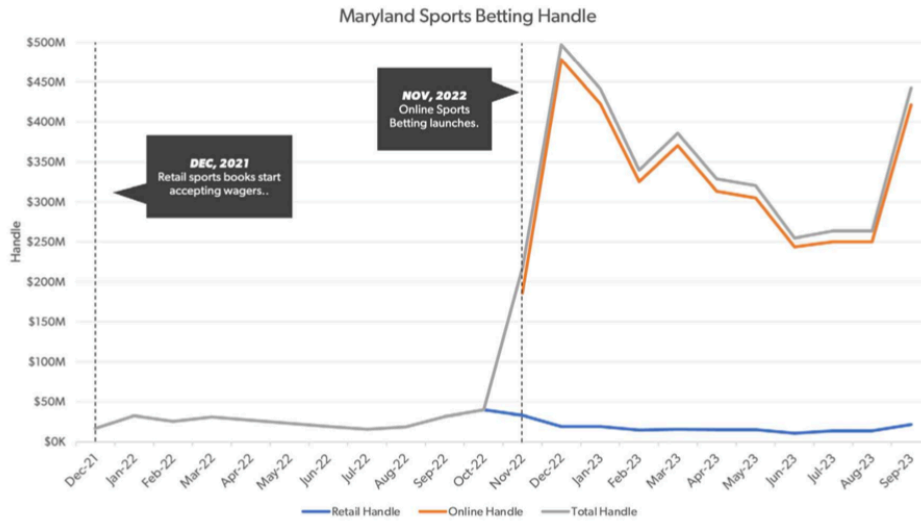
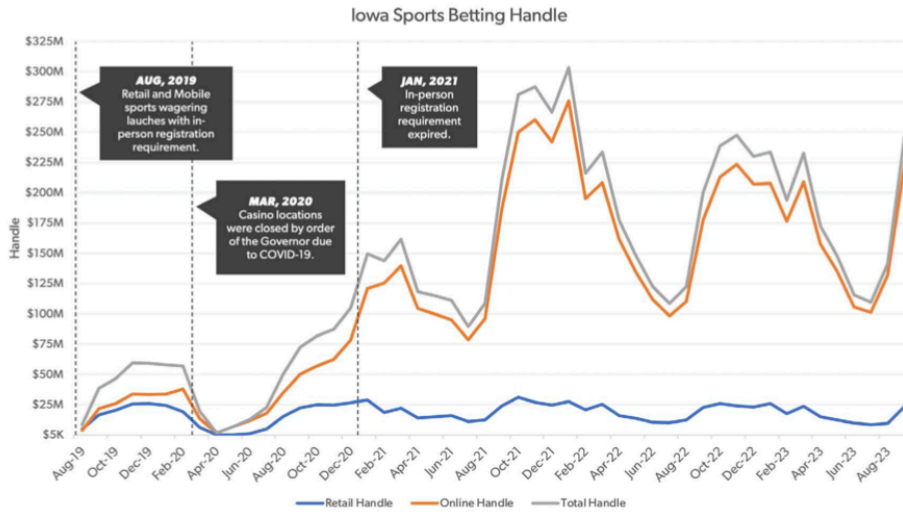
Currently, Mississippi sports betting is limited to casino premises, whether that's via mobile apps (of which there is one - BetMGM) or through retail sports books. This restriction is an outlier in the sports betting industry, as a majority of states who have legalized sports betting since 2018 have opted to allow online sports betting including Arkansas, Louisiana and Tennessee. This limitation has significantly impacted the state's ability to compete with the gaming industries in neighboring states. Over the last twelve months, Mississippi casinos reported \$510 million in sports wagers while Louisiana reported \$2.7 billion in wagers resulting in \$40.2 million in tax dollars to the state while Mississippi collected \$7.1 million.

Mississippians are eager to participate in mobile sports betting. Data from GeoComply showed 124,000 unique accounts in the state tried to access neighboring state's legal sportsbooks during the last NFL season. GeoComply identified about 3,000 people driving from Mississippi to place legal online sports bets in Tennessee and Louisiana since August of 2023. With Alabama possibly legalizing online sports betting soon, even more people will likely drive across the borders to make bets in other states. Analysts who study this space believe Mississippi could collect an additional \$20 million per annum upon legalization of online sports betting.

Beyond the tax benefits to the state, there are significant business benefits inherent in online sports betting for brick-and-mortar casinos. Sports betting applications provide an opportunity for casinos to reach a new audience that is different from their current demographic, thus providing new avenues for engagement with customers that will drive business to brick-and-mortar casinos. For example, this new line of communication can be utilized to attract an OSB customer to the brick-and-mortar casino for special events or via an offer to redeem reward points earned on the mobile app.

Lastly, I'd like to address the claim that online sports betting will decrease retail sports books business by 90%. This is a conflation of data. In most markets where online is available, on average 90% of wagers made in the state are placed via sports betting applications. This is primarily due to a convenience factor, but it doesn't mean OSB will cannibalize 90% of retail sports book business. Customers that prefer the in-person wagering experience will continue to utilize retail sportsbooks. In states that launched retail before online the retail books handle remained relatively stable. I've submitted a few graphs showing this trend and predictions for the future of retail sports books. Further, no casino retail sports book has closed because of an online sports betting launch.

In conclusion, OSB will result in more tax revenue from gaming in Mississippi, will make the Mississippi casino industry more competitive, drive new business to existing casinos, reduce the illegal online sports betting market, and provide Mississippi residents with important consumer protections.



Response 4: Donn Mitchell, Foundation Gaming and Entertainment



Date: December 1, 2023

To: Chairman Blount, Chairman Eure, PEER Committee

From: Donn Mitchell, Principal & Chief Financial Officer, Foundation Gaming & Entertainment (WaterView Vicksburg & Fitz Tunica Casino Resorts)

Subject: **Online Sports Betting Task Force PEER Report Letter**

I would like to thank the Legislature, Chairman Blount, Chairman Eure, and the PEER Committee for establishing the Online Sports Betting Task Force. I would also like to recognize all of the efforts that have gone into studying and reporting on the issue of online sports betting in Mississippi by all of those who participated in this process. Below is a recap of points that I believe should be included in the related PEER report.

Online Sports Betting will not benefit Mississippi.

- Commercial casinos were legalized in Mississippi for three primary reasons:
 - To create jobs in the state.
 - Commercial casinos have created tens of thousands of jobs (good jobs with a career path for many).
 - To incentivize capital investment.
 - Commercial casinos invested billions of dollars into brick-and-mortar casinos in the state.
 - To grow our economy through tourism.
 - Commercial casinos are bringing in people **and money** from outside of the state, providing hundreds of millions of dollars in tax revenues to the local and state economy.
- These goals, particularly the goal to increase tourism and bring outside money into our economy, are further highlighted by the fact that Mississippi now requires new casino projects to be a destination attraction unto itself, as it must have a unique amenity in order to attract new visitors to the market.
 - These requirements are set forth to ensure that new casinos help to grow the existing market by bringing in more visitors from outside of the state and that they don't just cannibalize the existing casino operations.

- Commercial casinos in Mississippi have deliberately been limited to areas that can most easily attract outside dollars to the state (in tourism markets and along the Mississippi River) and each of those communities were given the authority to approve or deny gambling for themselves.

Online sports betting accomplishes none of the goals discussed above and in fact will undermine the existing commercial casinos in the state by.

- It will not add any meaningful jobs in the state (in fact there will likely be a net reduction in jobs as in-person sports wagering transitions to online and less employees are needed to operate sports books in casinos).
- It will not result in any meaningful investment of capital in the state (long term it could result in less capital investment).
- It will not bring in any outside tourism dollars to the state (all online gaming would be geofenced to within the state; thus, targeting local Mississippians for any growth).
- It will not result in any meaningful increase in tax revenues (estimates range from \$5 - \$10 million in incremental gaming tax revenues to the state).
- It expands gaming statewide, making gaming available to everyone within the state borders, 24 hours a day, 7 days a week, through a cell phone and a credit card. It does not provide for local referendums to allow each county to choose whether or not they want this gambling in their community.

Online Sports Betting will harm Mississippi.

- One of the greatest benefits from this Task Force to study the issue of online sports betting has been the significant amount of independent research that has identified the many problems associated with online gaming. Below is a list of some of the many problems created by online sports betting (supporting documents are included as separate attachments).
 - **Increased Problem Gaming.**⁽¹⁾ The ease and access to online gaming through a cell phone significantly increases problem gaming. Countries, such as Australia⁽²⁾, are currently moving to prohibit the use of credit cards for online gaming due to the critical level of problem gaming in the country. Independent research by Rutgers University⁽³⁾ in New Jersey, and Penn State University⁽⁴⁾, as well as a recent white paper by Professor Greg Bradley⁽⁵⁾ from the University of Southern Mississippi, all find that online gaming results in a significant (100% - 300%+) increase in problem gaming.

- **Increased Underage Gaming.**⁽¹⁾ The inability to verify who is using an online sports betting account has led to a significant increase in underage gaming. This has been documented and highlighted by multiple Good Morning America “Cover Stories”⁽⁶⁾ and the recent investigation in Iowa of underage student athletes wagering through their relative’s accounts⁽⁷⁾. The target and core demographic for online sports betting is young men^(8,9).
- **Harassment of student athletes.** Due to the prolific rise in online sports betting many college student athletes have experienced harassment by bettors about their performances in games. This has been highlighted by both Professor Ron Rychlak of the University of Mississippi (and member of this Task Force) and NCAA President Charlie Baker, who has openly pleaded for “all the help we can get ... to protect student athletes”⁽¹⁰⁾.
- **Closing Casino Sports Books.** Online sports betting has led to the closure of onsite sports books in Colorado and Iowa casinos⁽¹¹⁾, resulting in the loss of jobs. The introduction of online sports betting 80-90% of all sports betting has transitioned to online platforms.
- **Undermine existing commercial (brick and mortar) casinos.** 90+% of all online sports betting revenue in the United States of America is controlled by four companies: Fan Duel, Draft Kings, MGM and Caesars. The largest two, Fan Duel and Draft Kings, with a combined 70+% of online sports betting revenues, have made no capital investment and have no employees in Mississippi. A review of the investor relations comments from these companies clearly shows the long-term business model is to transition online sports bettors to full online casino bettors⁽¹²⁾. Similar to online sports betting, the ultimate goal of full online casino gaming will be to transition a significant amount of casino gaming to online platforms, with lower operating costs and higher margin for the companies. This will ultimately result in fewer casinos, less capital investment in the remaining casinos and fewer jobs for casino employees.

Date: December 1, 2023

To: Chairman Blount, Chairman Eure, PEER Committee

From: Donn Mitchell, Principal & Chief Financial Officer, Foundation Gaming & Entertainment
(WaterView Vicksburg & Fitz Tunica Casino Resorts)

Subject: **Online Sports Betting Task Force PEER Report Letter**

I would like to thank the Legislature, Chairman Blount, Chairman Eure, and the PEER Committee for establishing the Online Sports Betting Task Force. I would also like to recognize all of the efforts that have gone into studying and reporting on the issue of online sports betting in Mississippi by all of those who participated in this process. Below is a recap of points that I believe should be included in the related PEER report.

Online Sports Betting will not benefit Mississippi.

- Commercial casinos were legalized in Mississippi for three primary reasons:
 - To create jobs in the state.
 - Commercial casinos have created tens of thousands of jobs (good jobs with a career path for many).
 - To incentivize capital investment.
 - Commercial casinos invested billions of dollars into brick-and-mortar casinos in the state.
 - To grow our economy through tourism.
 - Commercial casinos are bringing in people **and money** from outside of the state, providing hundreds of millions of dollars in tax revenues to the local and state economy.
- These goals, particularly the goal to increase tourism and bring outside money into our economy, are further highlighted by the fact that Mississippi now requires new casino projects to be a destination attraction unto itself, as it must have a unique amenity in order to attract new visitors to the market.
 - These requirements are set forth to ensure that new casinos help to grow the existing market by bringing in more visitors from outside of the state and that they don't just cannibalize the existing casino operations.

Exhibits List

- (1) National Council on Problem Gaming - A Review of Sports Wagering & Gambling Addiction Studies Executive Summary
- (2) Australia Advances Ban on use of Credit Cards
- (3) Rutgers University – 2023 Prevalence of Online Gaming Report
- (4) Penn State University – 2022 Online Gaming Report
- (5) 2023 – A Systematic Review of I-Gaming and its Potential Impacts in North America (Greg Bradley, PHD)
- (6) ABC Coverage of Good Morning America “Cover Story” on Underage Problem Gaming
- (7) Iowa Sports Betting Investigation: Seven Athletes Charged in Probe – Sports Illustrated
- (8) States Are Learning on the Fly About Sports Betting Addictions
- (9) Michigan Gaming Addiction Hotline – All Time High
- (10) NCAA Surveys Compliance Directors on Sports Betting Issues
- (11) Colorado Retail Sports Books Shuttering As Online Betting Takes Off
- (12) Clips of Investor Relations Presentations of Online Gaming
- (13) New York – CNN Article 2.10.2023 Darkside of the Sports Betting Boom
- (14) Sample - Fan Duel Promo October 2023 – “Bet \$5, Get \$200 Bonus Bets”
- (15) Sample - Draft Kings prompts to contact Mississippi Legislators

Response 5: Kevin Cochran, DraftKings, Inc.

DATE: November 28, 2023

TO: Chairman Eure, Chairman Blount, Members of Mobile-Online Sports Betting Task Force, PEER Committee Lead Analyst

FROM: Kevin Cochran, Director, Legal and Government Affairs, DraftKings Inc.

SUBJECT: Mobile-Online Sports Betting Task Force Third Meeting

During the second meeting of the Mobile-Online Sports Betting Task Force, I offered to provide some additional information in advance of the third meeting. Please find that additional information below, broken out into Findings, Conclusions and Recommendations, pursuant to H.B. 606. All Exhibits referenced will be sent in an accompanying PDF.

Finding #1: There is a demonstrated strong demand for mobile sports betting in Mississippi.

Conclusion: Persons in Mississippi are already trying to create accounts and place wagers from all over the state, as demonstrated by GeoComply identifying 1.72 million geolocation checks in Mississippi from over 64,000 individual sports wagering accounts during the first few weeks of fall.

Mobile sports wagering is in demand in the state currently, with GeoComply providing the following information¹ about activity in the state from August 27, 2023 to October 22, 2023, during the second task force meeting:

- Identified over 1.72 million geolocation checks from Mississippi accessing legal sportsbooks in other markets
- The attempts came from over 64,000 individual sports wagering accounts
- 67.9% of these checks were accessing Tennessee sportsbooks while 27.7% were accessing Louisiana sportsbooks
- Over 1,700 players were located in Mississippi and then traveled into Tennessee to access a betting account
- Over 1,250 players were located in Mississippi and then traveled into Louisiana to access a betting account
- There was a 37% year-over-year increase in new sports betting accounts created from devices in Mississippi over a one-month time period following the kickoff of the NFL season in 2022 compared to 2023

Recommendation: Allow for remote registration of sports wagering accounts in order to prevent unnecessary customer friction. Allow people to sign up for mobile sports wagering accounts like in neighboring states. Some states previously required in-person registration but realized this was not

good policy (Illinois¹, Iowa², and Rhode Island³). Additionally, a study performed by Eilers & Krejcik related to in-person registration requirements found, among other things: 1) convenience is core to success in sports wagering markets; 2) many consumers found in-person registration to be inconvenient at best and prohibitive at worst; 3) consumers both want and support remote registration; 4) in-person registration requirement decreases consumer choice; 5) in-person registration requirements risk increasing demand for illegal sports betting; and 6) in-person registration is not standard in comparable markets or with comparable products.ⁱⁱ

An example of legislation detailing mobile account creation can be found in Ky. Re. Stat. § 230.805(3)(a)

Prior to placing a wager online via websites or mobile applications operated by either a sports wagering licensee or a service provider, a patron shall register the patron's sports wagering account with the operating sports wagering licensee or service provider either in person at a licensed facility for sports wagering or remotely through the service provider's website or mobile application;

Conclusion: Offshore and illegal sports wagering is costing U.S. states approximately \$700 million in tax loss from \$63.8 billion wagered.

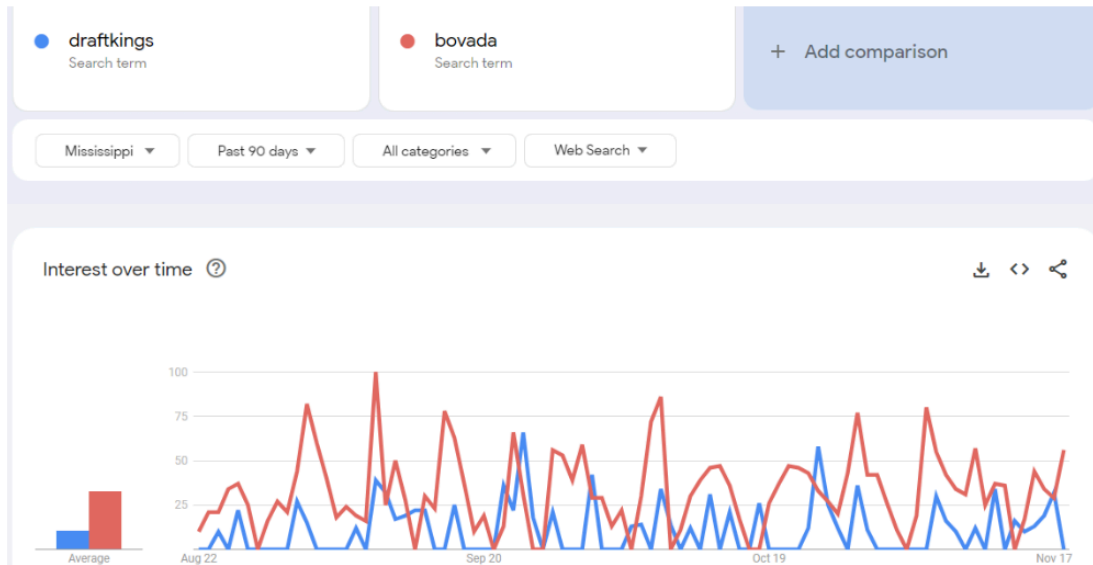
The American Gaming Association (AGA) estimates that there is approximately \$63.8 billion wagered on sports in the U.S. through illegal channels, resulting in \$700 million in lost tax revenue.ⁱⁱⁱ While the AGA's report does not break this information out by jurisdiction, Mississippi likely falls into a state with large portions of illegal sports wagering – a point specifically stated by Executive Director Jay McDaniel during the first task force meeting.^{iv}

For example, a Google Trends comparison for the last 90 days shows Bovada—a popular illegal sports wagering website—is drastically outperforming DraftKings in Google searches.^v

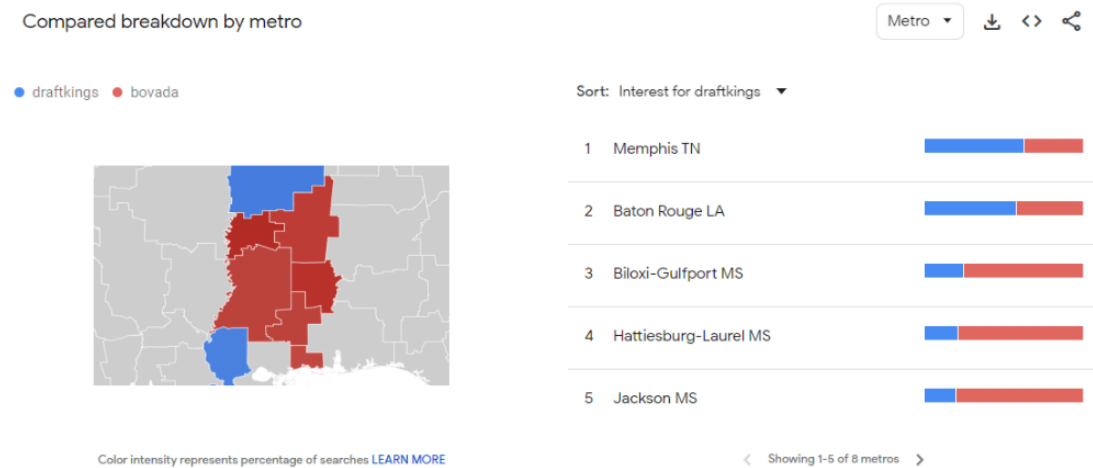
¹ Enacted an in-person registration requirement (with the requirement set to sunset) that was suspended by executive order during the COVID-19 pandemic, and a law was passed in December 2021 to remove the requirement sooner than the original sunset likely would have lasted, and the requirement was officially removed in March 2022.

² Iowa's sports wagering law created an in-person registration requirement that was statutorily set to sunset 18 months after the market launched. The market severely underperformed—for example DraftKings signed up more accounts in the first five days without in-person registration than over the previous entire year, and that was with having three casino partners in the state where persons could register.

³ Rhode Island had an in-person registration requirement that was removed by the legislature in July 2020. The state experienced significant account registration problems, stating that only 42.5% of persons that began the registration process completed it before the in-person registration requirement was removed.



When breaking down the regions by metro, the places where “DraftKings” is being searched by more people is in areas bordering regulated mobile sports wagering markets.



While this is not an exact science, it shows that people are actively searching for illegal, offshore sports wagering apps in Mississippi. These are the websites that do not provide consumer protections, do not guarantee customer payouts and offer wagering markets on things like the Little League World Series.

Conclusion: Legalizing and regulating sports wagering can provide regulators the authority to go after illegal sports wagering operators and will materially impact the illegal market by transitioning revenue to licensed and regulated operators.

During the initial task force meeting, Executive Director McDaniel talked through a slide with a bullet point reading, “Absent prosecution that can reach into offshore jurisdictions, the best defense is to create a robust, regulated market.”^{vi} A regulated mobile sports wagering market is one of the most

effective ways to curb illegal sports wagering, especially without an infinite amount of law enforcement resources as prosecuting off-shore operators is challenging.

New Jersey has been more successful than other states at curbing illegal sports wagering since its sports wagering market's inception in 2018. Some examples of how New Jersey has been effective include:

- The NJ Division of Gaming Enforcement (DGE) issued an advisory bulletin in November 2019 to “inform news and media outlets and other entities engaged in sportsbook advertising in New Jersey about the importance of not endorsing or referencing internet sportsbook operators that are not authorized to accept wagers in New Jersey.”^{vii} The bulletin continues on to remind entities that are licensed or registered with the DGE that they are “obligated to comply with the DGE’s mission to uphold the integrity of the Casino Control Act.”^{viii}
- In September 2023, the Office of the Attorney General, the Division of Consumer Affairs and DGE issued a joint release reminding New Jerseyans to avoid illegal sites when betting on professional and college football, or engaging in fantasy sports. Lyndsay V. Ruotolo, First Assistant Attorney General, said in the release, “Sportsbooks and daily fantasy sites licensed and authorized to operate in New Jersey are subject to nation-leading consumer safeguards against fraud, identity theft, and unscrupulous actors; however, illegal sites have none of these protections.”^{ix}

Likely connected to the focus on stamping out the illegal market, two popular off-shore sports wagering websites, BetOnline & Sportsbetting.ag, stopped accepting customers from New Jersey in 2018.^x

Similarly, in New York following passage of mobile sports wagering legislation, one of the largest illegal sports wagering websites stopped offering its services to residents of the state on July 21, 2021, citing “newly introduced regulation and its increased restrictions on our players...”^{xi}

Recommendation: Legalize and regulate mobile sports wagering to provide the Mississippi Gaming Commission with different tools to combat illegal sports wagering, including power over different entities in the sports wagering eco system and additional regulatory fees provided from an increased scope of licensees in the state.

Finding #2: Mississippi can generate additional state revenue from mobile online sports betting.

Conclusion: Mobile sports wagering could drive the state’s sports wagering tax revenue to over \$20 million in a mature market.

Through a comparison of neighboring markets with sports wagering, we estimate that the market, including both retail and mobile, could grow to over \$20 million annually for the state.⁴ While members of the task force have voiced concerns about the impact on retail sports wagering, we believe that while retail may decline nominally, the overall market will grow, increasing revenue for the state and drawing more players away from the illegal market.

Recommendation: Authorize mobile sports wagering in Mississippi in a way that allows mobile sports wagering operators to partner with the state’s land-based casinos. Any decline in retail

⁴ The estimate was created in-house and is based on publicly available information from other sports wagering markets adjusted by a multitude of factors, including GGR per adult adjusted by Household Income (HHI), expected tax rate of 12%, and a fully competitive market without significant limitations implemented through legislation or regulation.

sports wagering will be exponentially recouped through mobile sports wagering. Most mobile sports wagering market access agreements provide revenue to land-based casinos acting as market access partners and also ensure financial protections through tools like minimum guarantees. This recommendation is supported by the majority of casinos in the state, and nationally.

Conclusion: Gaming revenue continues to rise in most states, including states with mobile sports wagering. Mississippi was one of the few states that saw declining gaming revenue in 2022 compared to 2021.

According to data by the AGA, casinos in the United States set an all-time revenue record last year, generating a total of \$47.83 billion, a 6.4% increase year over year.^{xii} The top 20 casinos in the country by revenue outside of Nevada are all located in states with mobile online sports betting. Comparatively, Mississippi's casinos fared worse than casinos in other states, including those with mobile online sports betting. Specifically, the state's casino gross gaming revenue (GGR) declined by 3.6% and sports betting handle decreased by 9.2% in the last year.^{xiii} The National Conference of State Legislatures (NCSL)^{xiv} and the Fantasy Sports and Gaming Association (FSGA)^{xv} have both drawn similar conclusions from the available data, noting that sports betting tax revenues are lower in states that do not allow mobile sports betting.

Finding #3: Adding mobile sports wagering to the state would result in increased access to responsible gaming information and resources and provide important consumer protections not offered by the illegal market today.

Conclusion: Allowing mobile sports wagering will provide additional responsible gaming tools and resources for persons gambling in the state.

Mobile sports wagering is a highly regulated industry and operators in the industry are required in every jurisdiction they operate to comply with robust responsible gaming requirements. In general, mobile sports wagering operators use best in class technology to prevent minors from placing wagers, offer tools to help players enjoy sports wagering as a form of entertainment (including self-exclusion and limit setting on time, deposit and wagers), provide customers access to their wagering history and responsible gaming information.^{xvi}

The industry has worked to increase awareness around responsible gaming is working and is making an impact. According to a presentation from the AGA in June 2023, during the previous year^{xvii}:

- 92% of sports bettors recalled seeing or hearing about responsible gaming in the past year;
- 51% of sports bettors saw or heard more responsible gaming information in the past 12 months than in the previous year; and
- 81% of sports bettors agree that the industry is committed to encouraging responsible gambling and combating problem gambling.

At DraftKings, we have undertaken a number of initiatives to further responsible gaming over the past few years, including:

- Committing \$1.575 million over a three-year period to help fund state problem gambling councils^{xviii}

- Collaborating with BetBlocker to provide increased awareness of and access to BetBlocker’s self-exclusion software, which allows consumers to set restrictions on their gambling activities across their devices for thousands of gaming sites across all regions, regardless of whether the sites themselves are regulated or the operators licensed^{xix}
- Working with Kindbridge Behavioral Health to support individuals facing challenges related to problem gaming by providing complimentary access to a comprehensive mental health assessment for persons that self-exclude from the DraftKings platform in Colorado.^{xx}
- Funding research to a program that assists veterans transitioning from military service to pursuing advanced training in public mental health research^{xxi}

Recommendation: Require operators submit a responsible gaming plan with parameters required through enabling legislation or subsequent regulations. One example of a state that has done this is Maryland, where Md. Code Regs. 36.10.10.02 includes detailed requirements for responsible gaming plans that must be submitted at least annually to the state. This plan requires sports wagering operators, at a minimum, offer responsible gaming tools and resources, make responsible gaming information available, and mandate employee training on responsible gaming.

A. A sports wagering licensee shall establish a responsible gaming plan that sets forth its plan for addressing problem gambling that shall include at least the following elements of the plan:

- (1) Goals;*
- (2) Procedures and deadlines for implementation;*
- (3) Procedures for retrieving and securely maintaining the voluntary exclusion list;*
- (4) Procedures for notifying the Commission of an unauthorized access to the list within twelve hours of the unauthorized access;*
- (5) Identification of a sports wagering licensee's personnel responsible for implementation;*
- (6) Responsibilities of a sports wagering licensee's personnel identified as responsible for implementation;*
- (7) Training for a sports wagering licensee's personnel on problem gambling and voluntary exclusion;*
- (8) Means of controlling access to records pertaining to voluntary exclusion;*
- (9) Means of educating bettors about:*
 - (a) Problem gambling;*
 - (b) Problem gambling treatment resources, including treatment and prevention programs established under State Government Article, § 9-1A-33, Annotated Code of Maryland; and*
 - (c) Voluntary exclusion;*
- (10) Placement of responsible gambling awareness information:*

(a) In the premises of a sports wagering facility licensee; and

(b) On a sports wagering licensee's sports wagering platform;

(11) Ensuring that an individual on the voluntary exclusion list is not permitted to:

(a) Enter the part of the premises of a sports wagering licensee where sports wagering is conducted;

(b) Participate in sports wagering; or

(c) Claim winnings;

(12) The sports wagering licensee's response to the discovery of an individual who is enrolled in the voluntary exclusion list in the part of the premises of a sports wagering licensee where sports wagering is conducted, which may include pursuing criminal charges against the individual;

(13) The sports wagering licensee's response to the discovery of a bettor who is enrolled in the voluntary exclusion list using a sports wagering platform, which may include an action up to and including permanent suspension of the bettor's account;

(14) The sports wagering licensee's procedures for returning to a bettor the funds in the bettor's account that were placed by the bettor prior to the bettor's application for voluntary exclusion, including the requirement that:

(a) Funds be returned as soon as practicable after the time the bettor is placed on the voluntary exclusion list; and

(b) The sports wagering licensee return the funds to the bettor within 7 days of the bettor's placement on the voluntary exclusion list, by:

(i) Crediting the bettor's personal bank account; or

(ii) Paying the bettor by check; and

(15) Any other element required by the Commission.

B. A sports wagering licensee shall submit to the Commission the responsible gaming plan required under §A of this regulation at least 60 days before sports wagering operations are to commence or within a time-period approved by the Commission.

C. A sports wagering licensee shall submit any amendments to its responsible gaming plan to the Commission prior to implementation.

D. A sports wagering licensee shall annually submit to the Commission its responsible gaming plan.

Conclusion: Mobile sports wagering operators provide customers with consumer protections, including implementing protocols to confirm player identity, stop underage bettors and prevent fraud and criminal activity.

Mobile sports wagering operators implement robust processes and protocols to keep their customers safe. It is paramount for the gaming industry to confirm the identity of the person creating and using a

mobile sports gaming account. An online gaming trade association, iDEA, has put together responsible gaming pillars that detail the need for and strength of consumer protections offered by online gaming operators, including mobile sports wagering operators. These pillars dive into how mobile sports wagering operators help prevent underage gaming, support anti-money laundering efforts and use technology to prevent fraud.^{xii} These requirements are also based in law and regulation in sports wagering markets across the U.S.

The Financial Crimes Enforcement Network (FinCEN) has also weighed in on these identity verification processes and found them to be effective. Specifically, FinCEN provided exceptive relief for mobile gaming operators using remote identity verification procedures, detailing that, “[T]he use of third-party databases, which pull information from a multitude of publicly available resources, is widespread throughout the industry and can provide more comprehensive verification of an online patron’s identity than the documentary methods currently required by FinCEN’s regulations. These third-party databases can verify a customer’s identifying information across thousands of sources. This service can also validate that the information appears to be legitimate, belongs to a single identity and does not appear to be compromised or otherwise suspicious, and provides an overall risk assessment based on the information obtained.”^{xiii}

Recommendation: Adopt requirements limiting persons to creating one account, setting standards for identity verification around account creation and deposits/withdrawals, and mandating the use of geolocation technology to ensure bettors are located in the state. An example of legislating setting forth these types of requirements can be found in Ky. Rev. Stat. § 230.805.

(c) A sports wagering licensee or service provider shall adopt an account registration policy to ensure that all patrons are authorized to place a wager with a sports wagering licensee or service provider within the Commonwealth of Kentucky. This policy shall include, without limitation, a mechanism by which to:

- 1. Verify the name and age of the patron;*
- 2. Verify that the patron is not prohibited from placing a wager; and*
- 3. Obtain the following information:*
 - a. A physical address other than a post office box;*
 - b. A phone number;*
 - c. A unique user name; and*
 - d. An e-mail account;*

(d) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to ensure that each patron is limited to one (1) account with that service provider in the Commonwealth, but nothing in this paragraph restricts a patron from holding other sports wagering accounts in other jurisdictions;

(e) A sports wagering licensee or service provider, in addition to complying with state and federal law pertaining to the protection of the private, personal information of patrons, shall use all

other commercially and technologically reasonable means to protect this information consistent with industry standards;

(f) A sports wagering licensee or service provider shall use all commercially and technologically reasonable means to verify the identity of the patron making a deposit or withdrawal;

(g) A sports wagering licensee or service provider shall utilize geolocation or geofencing technology to ensure that wagers are only accepted from patrons who are physically located in the Commonwealth. A sports wagering licensee or service provider shall maintain in this state its servers used to transmit information for purposes of accepting or paying out wagers on a sporting event placed by patrons in this state.

ⁱ [Exhibit 1] "Mississippi Sports Betting Data 2023 College/NFL Football Season," GeoComply Solutions Inc., prepared for October 24, 2023 Mississippi Mobile-Online Sports Betting Task Force Meeting. See slides 3-8.

ⁱⁱ [Exhibit 2] "In-Person Registration for Online Sports Betting: A Quantitative and Qualitative Analysis," prepared by Eilers & Krejcik for iDEA, 2019. See page 3.

ⁱⁱⁱ [Exhibit 3] "Sizing the Illegal and Unregulated Gaming Markets in the United States," American Gaming Association, November 2022. See page 3.

^{iv} [Exhibit 4] "Mobile-Online Sports Betting Task Force," Executive Director Jay McDaniel, Initial Meeting / MGC Presentation, September 7, 2023. See slide 8.

^v [Exhibit 5] Google Trends Report, "draftkings" and "bovada," accessed November 22, 2023.

^{vi} "Mobile-Online Sports Betting Task Force," Executive Director Jay McDaniel, Initial Meeting / MGC Presentation, September 7, 2023. See slide 8.

^{vii} [Exhibit 6] "RE: Media Reference to Unauthorized Sports Wagering Websites," Director's Advisory Bulletin: 2019-01, November 26, 2019. See page 1.

<https://www.nj.gov/oag/ge/docs/Bulletins/DABMediaReportingAdvertising112619.pdf>

^{viii} "RE: Media Reference to Unauthorized Sports Wagering Websites," Director's Advisory Bulletin: 2019-01, November 26, 2019. See page 2.

<https://www.nj.gov/oag/ge/docs/Bulletins/DABMediaReportingAdvertising112619.pdf>

^{ix} [Exhibit 7] "With Kickoff to Pro and College Football Seasons Here, New Jerseyans Urged to Avoid Illegal Online Sports Betting and Fantasy Sports Sites," New Jersey Office of the Attorney General, September 1, 2023.

<https://www.njoag.gov/with-kickoff-to-pro-and-college-football-seasons-here-new-jerseyans-urged-to-avoid-illegal-online-sports-betting-and-fantasy-sports-sites/#:~:text=For%20questions%20or%20concerns%20about,%2D833%2D788%2D4DGE>.

^x [Exhibit 8] "BetOnline & Sportsbetting.ag in New Jersey: customers no longer accepted from NJ," ProfessionalRakeBack.com. <https://professionalrakeback.com/new-jersey-residents-lose-access-to-more-poker-sites-in-2019>

^{xi} [Exhibit 9] "Attention New York Residents," Bovada.lv Help Center. <https://www.bovada.lv/help/common-faq/new-york-residents>

^{xii} [Exhibit 10] "Commercial Gaming Revenue Tracker CY2022," American Gaming Association, February 2023. See page 2. https://www.americangaming.org/wp-content/uploads/2023/02/CGRT_CY_2022_Report.pdf

^{xiii} "Commercial Gaming Revenue Tracker CY2022," American Gaming Association, February 2023. See page 8. https://www.americangaming.org/wp-content/uploads/2023/02/CGRT_CY_2022_Report.pdf

^{xiv} [Exhibit 11] "The Early Bets Are in: Is Sports Betting Paying Off," National Conference of State Legislatures, March 2021. <https://www.ncsl.org/fiscal/the-early-bets-are-in-is-sports-betting-paying-off>

^{xv} [Exhibit 12] "The Case for Mobile Sports Betting: Revenue, Regulation and the Path to Defeating the Illegal Market," Fantasy Sports & Gaming Association, 2022. <https://thefsga.org/wp-content/uploads/2022/04/TheCaseforMobileSportsBettingUpdate2022.pdf>

^{xvi} [Exhibit 13] “Mobile Sports Betting Technology Keeps Mississippians Safe,” Sports Betting Alliance, prepared for the 2023 Mississippi Legislative Session.

^{xvii} [Exhibit 14] “Leading Responsibly, An Overview of AGA Responsible Gaming Efforts,” American Gaming Association, June 2023. See slide 13. <https://www.in.gov/igc/files/06-15-2023-American-Gaming-Association-Presentation.pdf>

^{xviii} [Exhibit 15] “DraftKings Announces \$1 Million+ Responsible Gaming Initiative Providing Multi-Year Financial Commitments to State Problem Gambling Councils,” DraftKings.com, January 20, 2022. <https://www.draftkings.com/news-2022-01-draftkings-announces-1-million-responsible-gaming-initiative-providing-multi-year?wpsrc=Organic%20Search&wpaffn=Google&wpkw=https%3A%2F%2Fwww.draftkings.com%2Fnews-2022-01-draftkings-announces-1-million-responsible-gaming-initiative-providing-multi-year&wpcn=news-2022-01-draftkings-announces-1-million-responsible-gaming-initiative-providing-multi-year>

^{xix} [Exhibit 16] “DraftKings and BetBlocker announce responsible gambling collaboration,” Zak Thomas-Akoo, iGaming Business, June 14, 2022. <https://igamingbusiness.com/social-responsibility/responsible-gambling/draftkings-responsible-gaming-collaboration/>

^{xx} [Exhibit 17] “DraftKings and Kindbridge Behavioral Health Join Forces to Support Responsible Gaming in Colorado,” Kindbridge Behavioral Health, September 27, 2023. <https://kindbridge.com/announcements/draftkings-and-kindbridge-behavioral-health-join-forces-to-support-responsible-gaming-in-colorado/>

^{xxi} [Exhibit 18] “DraftKings Announces Sponsorship of Military Research Associate Program Developed by Kindbridge Research Institute,” Yahoo!Finance, November 18, 2022. https://finance.yahoo.com/news/draftkings-announces-sponsorship-military-research-141000414.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAA E9Ew4bGsELVEoq1i7KCrownJnZK5aarthfXC6io-p_pmJnQnXjpl3NdWTcdelXjl2gRg6aSelFpEkrnVTGqPwAjt6wr_AtIKSijXSnnOHlsr3najh3zY0ZNV7Udl6WB177ZPgwtu mD3-XYIWU6fHNLy9kJs_5EvRy-j9Sq6PDnA

^{xxii} [Exhibit 19] “Responsible Gaming Pillars,” iDEA, March 2021. <https://ideagrowth.org/wp-content/uploads/2021/03/iDEA-Growth-Responsible-Gaming-Pillars.pdf>

^{xxiii} [Exhibit 20] “FIN-2021-R001: Exemptive Relief for Casinos from Certain Customer Identity Verification Requirements,” FinCEN, October 19, 2021. https://www.fincen.gov/sites/default/files/2021-10/Casino%20Exemptive%20Relief%20101921_0.pdf

Response 6: Jay McDaniel, Mississippi Gaming Commission

Francis C. Lee
Chairman

Kent Nicaud
Commissioner



Jay K. McDaniel
Executive Director

MISSISSIPPI GAMING COMMISSION
Post Office Box 23577
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December 6, 2023

Via Email

Senator David Blount, Co-Chair, Mobile-Online Sports Betting Task Force
Representative Casey Eure, Co-Chair, Mobile-Online Sports Betting Task Force

Re: PEER Report and Final Task Force Findings

Chairmen:

I wanted to take this opportunity to thank you for your diligent work in chairing the mobile-online sports betting task force, and for your efforts to ensure that all necessary information and viewpoints were considered. I believe that every significant issue that needed to be addressed was discussed during the meetings. While there were differing opinions among some task force members, it led to the collection of valuable factual information that could be provided to PEER for inclusion in its report to the Legislature. I have been in regular communication with PEER Committee analysts, and I believe I have provided all relevant information that has been requested from me. However if there is anything else that is needed, I am readily available to continue to help now and during the upcoming legislative session.

While I don't take a position on whether Mississippi should add statewide mobile-online sports betting to its gaming market, I am certain that if it is, it will be done with the same attention to what is best for Mississippi as was done when casino gaming was legalized over thirty years ago. If passed, I am confident that any new legislation could be added effortlessly to our current statutory and regulatory framework. If there is anything else that you should need from me please don't hesitate to reach out.

Sincerely,

A handwritten signature in cursive script that reads "Jay K. McDaniel".

Jay K. McDaniel
Executive Director
Mississippi Gaming Commission