

HB 5307 AAC Sports Wagering in the State of Connecticut

Hearing 3/15/17

Thank you chairperson, committee members, Senators, and Representatives, for the opportunity to speak to you about sport wagering within the state of Connecticut.

My name is Avi Alroy. I'm a resident of West Hartford. I am employed as the Vice President of Interactive gaming for Mohegan Sun. Prior to Mohegan Sun, I was employed by Playtech, the largest software provider of online gaming in regulated markets. Playtech provides technology services for William Hill, Betfair, as well as state operated companies such as those in Finland and Italy.

In the last few years, I have lead and executed Mohegan Sun online gaming strategy in New Jersey with Resorts Casino Hotel, an Atlantic City casino managed by Mohegan Sun. New Jersey regulated online casino gaming a few years ago, and we are proud to be part of that success. The state has generated well over \$100 million in tax revenue, and created many jobs directly and indirectly. New Jersey is now leading the way in sport wagering, and I believe Connecticut should be as well.

Right now, the American Gaming Association estimates that US citizens wagered more than four and a half billion dollars on the 2018 Super Bowl with 97% of it done illegally. In the best case scenario, those billions of dollars went to off-shore companies that do not pay a dime in taxes to any US states. In the worst case, the funds went to organized crime. I believe that if the two tribes are allowed to operate online gaming and sport wagering, they will generate more than \$120 million in revenue to the state of Connecticut in the first five years alone.

Regulating sport wagering and online gaming will also allow us to more easily identify individuals that are underage or show signs of a gambling issue. Technology allows us to flag players with certain behaviors, allows players to self-exclude, and can easily identify underage players and deny their ability to play.

We also have an opportunity here to act fast and be one of the first states to allow sport wagering outside of Nevada. We certainly do not want to be one of the last states to do so. Massachusetts is discussing a sports wagering bill publically and New York State already introduced a bill this Tuesday. Pennsylvania also included online gaming and sports wagering in their latest casino expansion bill a few months ago.

To clarify, I believe that the state of Connecticut will benefit from both online casino gaming and sport wagering as it will reduce unregulated bets that are done locally and off-shore, and increase state revenues. Finally I believe that the two Connecticut tribes that currently operate casinos in Connecticut are best suited for the job as they have the required skill set, expertise and will be able to maximize the state income potential as their database and appeal through entertainment and amenities attracts visitation from the entire eastern region of the country and not just locally.

Reference to the AGA super bowl estimations:



Super Bowl Wagers In Nevada On Patriots Versus Eagles Expected To Top \$138.5m

2ND FEB 2018 | WRITTEN BY: NICHOLAUS GARCIA

Will Tom Brady score the first touchdown in Super Bowl 52? How many touchdown passes will Brady have in the game?

Will the last play of the first half of Sunday's game be a quarterback run? And will there be a blocked field goal or blocked punt returned for a touchdown?

You can even wager money on whether the Vegas Golden Knights and Washington Capitals will score more goals than Danny Amendola will have receptions for the New England Patriots.

These are just a few of the proposition (prop) bets gamblers will spend millions of dollars on in sportsbooks in Nevada.

But will the very long list of prop bets and the actual game between the Patriots (13-3) and the Philadelphia Eagles (13-3) in Minneapolis, Minnesota, be enough to top last year's handle of \$138.5m in Nevada.

"We should surpass that number this year," said Jay Kornegay, vice president of Race and Sports Book Operations at Westgate Las Vegas Casino and Resorts. "This is a pretty good game for sportsbooks so I don't think we're going to end up lopsided."

Last year, sportsbooks in Nevada won \$10.9m on \$138.4m between for a 7.9 percent hold percentage. New England defeated the Atlanta Falcons, 34-28, in Super Bowl 51.

Since 2014, more than \$506.2m has been wagered on the Super Bowl in Nevada's 196 sportsbooks, according to the Nevada Gaming Control Board (NGCB).

The sportsbooks recorded their largest hold percentage of 16.5 percent, or \$19.6m on \$119.4m wagered on Super Bowl 48, which saw the Seattle Seahawks defeat the Denver Broncos 43-8.

The [American Gaming Association](#) (AGA) estimates that Americans will wager approximately \$4.76bn on this year's Super Bowl with 97 percent of total wagers, or \$4.6bn, being bet illegally.

"Thanks to a failed federal ban on sports betting, Americans are sending billions of their hard-earned dollars to corner bookies, shady offshore operators and other criminals empires," said Geoff Freeman, president and CEO of the AGA.

Meanwhile, the Westgate Superbook in Las Vegas opened with the Patriots a 5.5 point favorite, but as of late Thursday the line has dropped to 4 points. William Hill, Wynn Las Vegas and Caesars Palace have the Patriots a 4.5 point favorite.

Kornegay said 57 percent of tickets issued at the Westgate have been on the Eagles.

"That surprises me a little bit. I thought there would be a little more support for the Patriots but it will come," Kornegay told GamblingCompliance.

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Data & Forecasts

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[Nevada - Sports Betting Report - Jan, 2004 to Jan, 2018](#)

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\$120 million estimation in CT:

Revenue to the state of Connecticut by allowing online gaming and sport wagering

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | Five year total |
|----------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Online gaming | \$ 14,250,000 | \$ 16,387,500 | \$ 18,026,250 | \$ 18,927,563 | \$ 19,873,941 | \$ 87,465,253 |
| Sport wagering | \$ 6,562,500 | \$ 7,546,875 | \$ 8,301,563 | \$ 8,716,641 | \$ 9,152,473 | \$ 40,280,051 |
| Total income | \$ 20,812,500 | \$ 23,934,375 | \$ 26,327,813 | \$ 27,644,203 | \$ 29,026,413 | \$ 127,745,304 |

Estimations based on:

- GGR for year one total at \$170 million with both tribes. Revenue to the state of Connecticut is based on 15% taxes for online gaming, and 8.75% taxes on sport wagering. Similar to Nevada and NJ.
- Online gaming estimations are based on per capita real numbers from NJ online gaming market.
- Sport wagering estimations are based on AGA latest gray market handle estimation in the US
 - Year one numbers are conservative estimations based on NJ online market and AGA sport wagering estimations with a year on year average increase of 8.75%. NJ online gaming year on year growth has an average of more than 20% so far.

Caveats:

- Online gaming includes slots, table and poker games on mobile and desktop within the state of CT
- Sport wagering includes both on reservation wagering as well as mobile, and desktop sport wagering within the state of CT
- Sport wagering GGR is based on the fact that CT will be first to market within its region (prior to NY and MA).