

Testimony of Jeff Ifrah, Esq. on behalf of iDEA Growth (iDevelopment and Economic Association) for the PUBLIC HEARING ON: Bill 22-944, the “Sports Wagering Lottery Amendment Act of 2018”

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My name is Jeff Ifrah; my law firm Ifrah Law is a founding member of iDEA Growth, a not-for-profit association which seeks to grow jobs and expand the sports betting and online gaming business in the United States. Our 20 members represent all sectors involved in this growing industry, and we share the goal of expanding American consumers’ access to secure and regulated online gaming and sports betting.

From our peer –reviewed research on the effects of online gaming in jurisdictions that have permitted or expanded it, here are some of our findings.

1) Legalized online gaming and sports betting offer significant economic benefits to states in the form of tax revenue and improved employment opportunities.

People are betting anyway. Legalized sports betting and online gaming channel those funds towards tax revenue, business opportunities and technological innovation instead of offshore and illegal outlets.

Economic benefits have been demonstrated in states like New Jersey, where online gaming has been legal since 2013. From 2013 through 2016 New Jersey iGaming directly and indirectly generated close to \$1b in revenue, over 370 full time jobs, over \$200m in employee wages and over \$124m in tax revenue to state and local governments.

The introduction of sports betting and online gaming has been complementary to casino gaming, producing incremental revenue and not cannibalizing land-based revenue streams.

2) Legalized online gaming and sports betting work best when a strict regulatory framework protects consumers.

People are betting anyway- usually with illegal offshore entities. Through legalization and regulation we protect the consumer and the game, and keep the money in the state.

In fact, iDEA has been instrumental in assisting states like New Jersey and Pennsylvania create their own proper regulatory frameworks, and we are currently advising other jurisdictions including Ohio, Illinois and New York.

To combat cheating, software-monitoring applications effectively spot collusion and fraud. “Know your Customer” (KYC) procedures can track account funding and gaming transactions: they have been found to discourage money laundering more effectively than land-based methods and to prevent underage gambling better than land based casinos by requiring online ID and social security verification.

Technology effectively enforces rational regulation: for example, in 2014 the Director of New Jersey’s gaming enforcement body reported that geolocation was performing at a 98% success rate, ensuring that betting stayed properly within the state’s borders.

3) The most effective state legislation will provide for the triumvirate; sports, poker and casino games.

People are betting anyway. To maximize sports betting revenue, don't limit the options to just sports betting: expand into other areas, like online slots and poker.

Mobile gaming increases a casino's audience base, bringing new customers to the table and providing a new revenue stream from younger, more tech savvy gamers who expect to place bets from their phones.

Thank you for the opportunity to give testimony. Our group will be happy to provide the Council further information on how to properly set up an effective regulatory framework for successful online gaming and sports betting here in the District.