

# Wyoming Joint Appropriations Committee

Presentation submitted on behalf of the Sports Betting Alliance

By Scott S. Ward, Orrick, Herrington & Sutcliffe, LLP.  
May 7, 2024



# Presentation Overview

## BACKGROUND

- iGaming and its global footprint
- iGaming market framework
- Technology and platform consumer safety

## WYOMING'S OPPORTUNITY

- Wyoming revenue projections
- Illegal market
- Success of the U.S. legal market
- Economic impact on gaming markets

# What is iGaming?

- “Internet Gaming” or “iGaming” describes **online casino games**.
- iGaming can be played from a mobile device, tablet or computer.
- iGaming typically includes the following options:
  - Roulette
  - Craps
  - Poker
  - Blackjack
  - Slots

## 8 states have legalized iGaming

| State         | Launched | Games Permitted                |
|---------------|----------|--------------------------------|
| Nevada        | 02/2013  | Poker                          |
| Delaware      | 10/2013  | Slot games, table games, Poker |
| New Jersey    | 11/2013  | Slot games, table games, Poker |
| Pennsylvania  | 07/2019  | Slot games, table games, Poker |
| West Virginia | 07/2020  | Slot games, table games, Poker |
| Michigan      | 01/2021  | Slot games, table games, Poker |
| Connecticut   | 10/2021  | Slot games, table games, Poker |
| Rhode Island  | Q1 2024  | Slot games, table games, Poker |

*\*In 2024, several states have introduced iGaming legislation*

# iGaming Framework

Regulatory framework and technology mirrors mobile sports betting

## REGULATORY

- Competitive licensing framework similar to online sports betting.
- Regulation based on existing Wyoming online sports betting regulations where possible.
- Does not create or require any brick and mortar operations, igaming centers or cafes.

## TECHNOLOGY

- Online sportsbook operators will already have most of the tech and staff in place to administer iGaming. Casino games and remote gaming servers plug into existing Player Account management.
- The same platform/app and login can be used for sports betting & iGaming
- Top of the line geolocation technology, customer age & verification measures, safeguards for responsible gaming

# Consumer Protections in a Regulated iGaming Market

- Regulated iGaming markets implement consumer protection measures to ensure safe and responsible engagement.
- Every transaction takes place through a registered account where customer age, identity, and location is verified.
- Allows users to set parameters on their own activity, including deposit, wagering and time limits.
- Allows operators to implement monitoring and intervention capabilities for responsible gaming concerns.
- Operators use the same geolocation technology, customer age, and verification measures applied for sports betting.



# U.S. Footprint: Revenue Impact

In 2023, the five states offering both online sports betting and iGaming generated:

- **\$301 million** in sports betting tax revenue
- **\$1.2 billion** iGaming tax revenue
- MI, PA and NJ (The Big Three) each generated over **\$1.7 billion** in GGR from iGaming in 2023.

# Wyoming's iGaming Opportunity

- iGaming is an opportunity for Wyoming to modernize its gaming options to keep pace with modern consumers.
- American Gaming Association's 2022 study estimates **Wyoming's illegal iGaming market equates to \$590 million per year.**
- Wyoming could generate between **\$8 million to \$10 million per year in NEW tax revenue** from legalized iGaming.\*



*\*This figure is derived from the adult population in Wyoming multiplied by the average iGaming GGR per adult from New Jersey, Michigan and Pennsylvania taxed at 10%.*

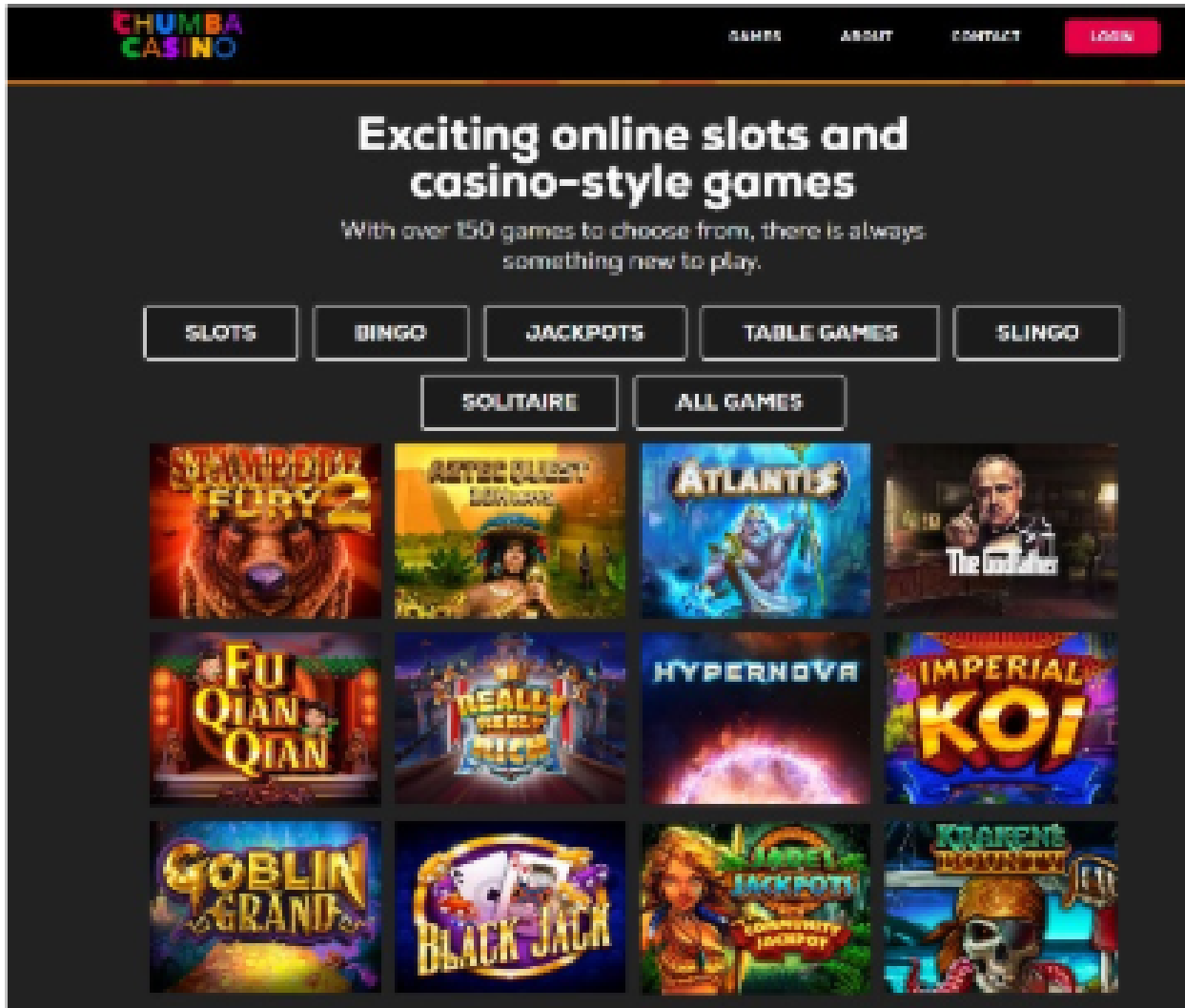
The screenshot shows the BetUS website's online casino section. At the top, there's a navigation bar with icons for Sportsbook, Live Betting, Casino, Racebook, Promotions, BetUS TV, and a More menu. Below this is a large banner for the "\$5,000 SLOTS LEADERBOARD" with a "PLAY NOW" button. Underneath the banner is a row of game categories: All Games, Promotions, Blackjack, Table Games, Slots, Video Poker, Live Dealer, Tournaments, and Other Games. At the bottom, there's a "FEATURED GAMES" section displaying four slot game thumbnails: Jungle Stripes, Stacked, The Hive, and Jungle Stripes again. Each thumbnail includes the game name and betting limits (Min Bet: 0.10 / Max Bet: 50.00).

The screenshot shows the BetUS login security screen. At the top, it says "Security 3/4" with a progress bar. Below this is a password input field with the placeholder text "Type Password". Under the field, there's a strength indicator showing "Weak" and a note: "Minimum 8 characters and no blank space". Below that is a checkbox labeled "I am over 18 years old and agree to the Terms & Conditions". At the bottom of the form is a large blue "Continue" button. The footer of the page contains several icons and text: "Fast Payouts", "30+ years as America's Favorite Sportsbook", "Live Betting", "Multiple Coins Accepted", and "US Players Welcome".

### BetUS.com.pa Terms of Service

"It is your responsibility to ensure that at all times you comply with all laws and regulations in any country or jurisdiction where you are located or reside...Persons found to have violated this section will not be entitled to collect any winnings."

## Social Casino



- Use various legal loopholes in sweepstakes laws to offer real-money gambling
- Available in app stores, widely advertised
- Untaxed, unregulated

# iGaming Benefits Existing Gaming Verticals

As U.S. iGaming markets mature, we are seeing a rapid rise in the study of iGaming and its impact on existing gaming revenue.

The majority consensus from recent studies conclude that iGaming expands the overall gaming market and increases the growth rates of overall gaming revenues.

## Analysis Group 2024 Study of iGaming\*:

The six iGaming states generally had stagnant or declining gaming revenues prior to legalizing iGaming, so the net effect of iGaming shows that total gaming revenues **far exceeded** the projected revenue that would have occurred based on the pre-iGaming growth rates of land-based revenues alone. Across the six iGaming states, total combined revenue from land-based casinos and iGaming has exceeded projected revenue in the most recent year of data from land-based casinos without iGaming by 75.1%.

## Market Attributes:

- iGaming creates a new way to engage with consumers.
- iGaming can capture taxable revenue from the existing market for offshore or illegal gaming, which is estimated to be very large in the U.S.
- iGaming can expand the gaming market because consumers are interested in engaging with established brands who are often already offering them other types of legalized betting opportunities, such as sports betting.

\* Analysis Group, "The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States," February 2024.

# Case Studies: New Jersey & Pennsylvania

The addition of new gaming markets **has helped existing brick and mortar casinos or VGTs**. Take NJ and PA, for example:

- **New Jersey.** Between 2006 and 2016, New Jersey's gaming market experienced consistent declines. With the introduction of iGaming in 2013, New Jersey saw growth across all gaming market verticals. The total change in land-based casino GGR growth post-iGaming introduction is +1.28%.\*
- **Pennsylvania.** Gaming revenues in Pennsylvania were stagnant before the introduction of iGaming as part of an omnibus gaming bill. Following the bill's passage in 2017, gaming has grown successfully across all verticals. In 2022, PA's Gaming Control Board reported the following levels of growth over the past 12 months:
  - VGT revenue increased by nearly 6%
  - iGaming revenue increased by 22%
  - Retail slot machines increased by 5%
  - Retail table games revenue increased by 7%
  - **Overall gaming revenue increase: 10%**

# Conclusion

The Sports Betting Alliance appreciates the opportunity to provide our insights and experience operating iGaming in legal U.S. jurisdictions and looks forward to contributing to the Joint Appropriation Committee's findings on the benefits of legalizing iGaming in Wyoming.