



National Basketball Association

Statement to New York State Senate Standing Committee on Racing, Gaming and Wagering

January 24, 2018

Good morning, Chairman Bonacic and members of the Committee.

My name is Dan Spillane, and I am Senior Vice President and Assistant General Counsel, League Governance & Policy at the National Basketball Association. I appreciate the opportunity to share the NBA's views on how sports betting should be addressed in the State of New York.

While the NBA's business is global, New York has been our headquarters since the league was formed in 1946, and two of our teams are based in the State along with one team in the WNBA and two in the NBA G-League. Our long-standing presence in New York, coupled with the State's national reputation as a policy leader, makes this a particularly suitable forum to discuss this important issue.

The NBA's position on sports betting has evolved in recent years. For decades, the NBA, along with the other major professional sports leagues, opposed the expansion of legal sports betting. The leagues were instrumental to the passage in 1992 of a federal law – the Professional and Amateur Sports Protection Act, or "PASPA" – that prevented the spread of state-authorized sports betting beyond Nevada and a handful of other states.

Despite this prohibition, illegal sports betting remains widespread in the United States. It is impossible to measure the amount of betting with any precision. But many experts estimate that illegal betting in the U.S. is in the range of \$100 to \$200 billion per year, and some think the number is even higher. These bets are taken in a black market that does not support local businesses, cannot be taxed, and most important from our perspective, cannot be monitored or regulated.

At the same time, legal non-sports gambling has become more popular and accepted. Most states offer lotteries, and there are hundreds of legal casinos and

race tracks across the country. Regulated online gambling is still in its early stages but also is growing.

Creating a legal framework for sports betting is not a novel proposition. Nevada has a small but long-standing regulated sports betting market. Sports betting also is popular and regulated in many other parts of the world, such as Europe and Australia, in which the NBA has done business for years. In England, a sports fan can place a legal bet on a smartphone, at a stadium kiosk, or even on a television. There are extensive regulations in these jurisdictions to protect the integrity of sports and the consumers who place bets.

We have studied these issues at length. Our conclusion is that the time has come for a different approach that gives sports fans a safe and legal way to wager on sporting events while protecting the integrity of the underlying competitions.

There are different ways to implement legal sports betting. One approach, which we would prefer, is for Congress to adopt a federal framework that would allow New York and other states to authorize betting on sports, subject to strict regulatory requirements and technological safeguards. We believe a federal approach is the simplest way to create clear and uniform protections for the integrity of our games.

But as we are all aware, the U.S. Supreme Court is currently in the process of deciding a case that could narrow or invalidate PASPA. And states like New York and others have reacted by moving forward to discuss and advance new laws that could immediately thereafter permit legal sports betting. We cannot sit on the sidelines while this activity is occurring.

New York is further along than many other states. In 2013, this legislature passed a law that would allow the State's four casinos to offer sports betting to customers on their premises immediately if the Supreme Court were to invalidate PASPA. But that 2013 law does not include safeguards that are necessary to protect our fans and the integrity of our sport.

For these reasons, we support the passage of a comprehensive sports betting bill that would serve as a model for a 50-state solution—whether that happens in Congress or on a state-by-state basis.

That legislation should, at a minimum, include five key components:

- First, it should enable the detection and prevention of improper conduct relating to sports betting. Among other things, this would include mandatory alerts by gaming operators of unusual betting activity; centralization of betting data to facilitate monitoring of bets across operators and jurisdictions; eligibility requirements to prevent insiders from placing bets on their sports; and enhanced criminal prohibitions to prevent betting-related corruption.
- Second, the legislation should recognize that sports leagues provide the foundation for sports betting while bearing the risks that sports betting imposes, even when regulated. Without our games and fans, there could be no sports betting. And if sports betting becomes legal in New York and other states, sports leagues will need to invest more in compliance and enforcement, including bet monitoring, investigations, and education. To compensate leagues for the risk and expense created by betting and the commercial value our product creates for betting operators, we believe it is reasonable for operators to pay each league 1% of the total amount bet on its games. This approach draws from how sports betting is legally regulated in some other international jurisdictions, like Australia and France.
- Third, leagues should have the right to restrict wagering on their own events. Certain types of bets are more susceptible to manipulation than others, such as whether a player will commit the first foul of the game. Different sports will have different types of bets, and so each league needs the ability to approve the types of wagering that are offered.
- Fourth, sports betting legislation should include consumer protection requirements. These would include a rigorous licensing program to ensure operators are properly vetted; age restrictions; self-exclusion programs and other measures to address problem gambling; and regulations of gambling advertising to protect vulnerable persons. These also would include the use of official league data by gaming operators to ensure the accuracy and consistency of betting outcomes.

- Finally, the law should authorize betting on Internet and mobile platforms. If betting were limited to the four land-based casinos that are located miles from New York City or other major population centers in the State, many consumers likely would continue to bet illegally through offshore websites and other illegal channels.

Each of these protections is critical. The NBA's first and paramount responsibility is to protect the integrity of professional basketball and preserve public confidence in the league and our sport. We urge the legislature to act as soon as possible to amend the existing law and create a robust regulatory structure that includes the protections we have outlined today.

The NBA looks forward to continuing this discussion. Thank you again for the opportunity to share our views.