SEIGMA SOCIAL AND ECONOMIC IMPACTS OF GAMBLING IN MASSACHUSETTS

UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

Legalized Sports Betting in the United States and Potential Impacts in Massachusetts

Rachel A. Volberg

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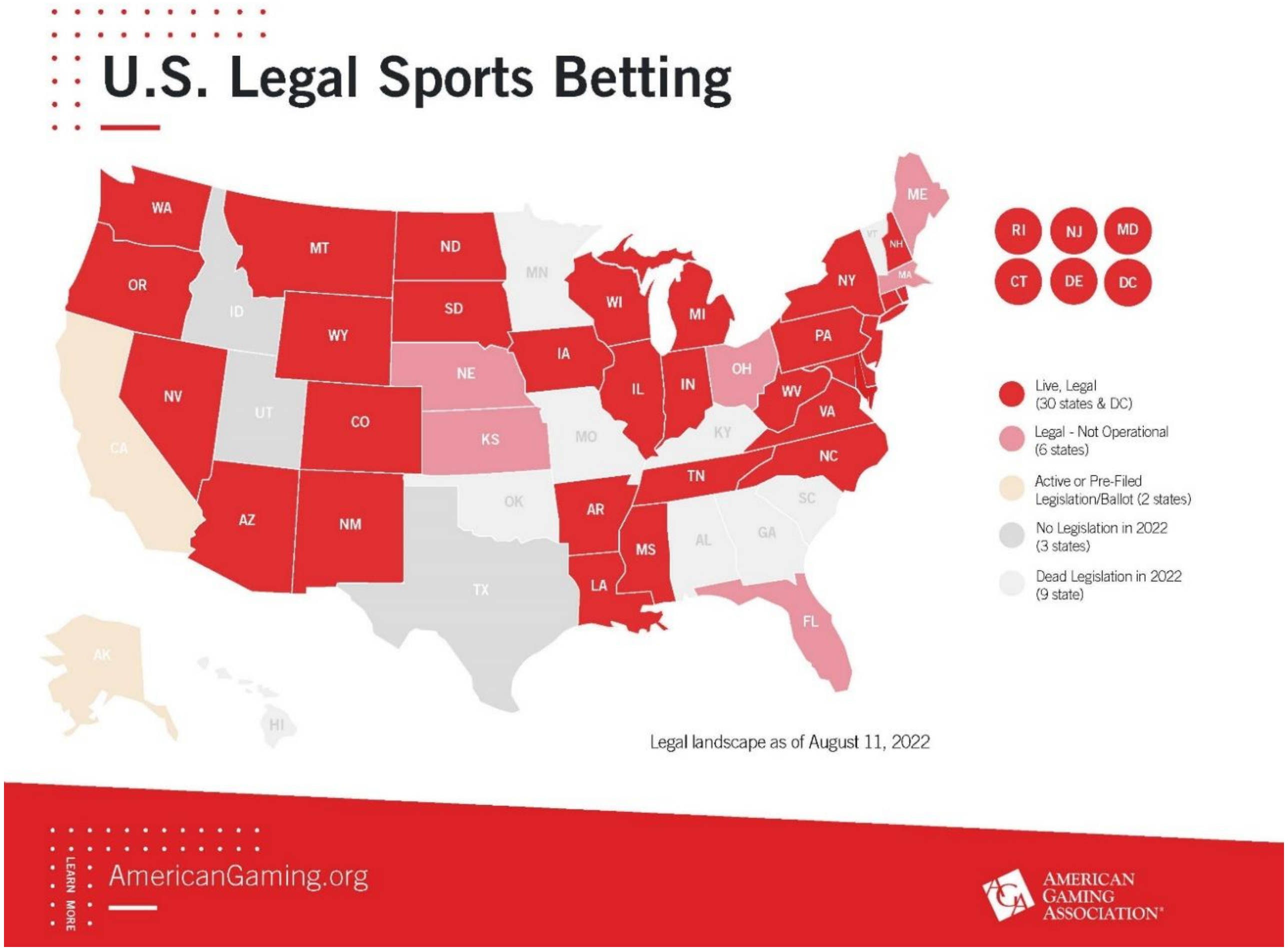
Overview

- History of Sports Betting
- Variations in Legislation
- Variations in Regulatory Framework
- Variations in Operations
- Identified Outcomes
- Issues of Concern
- Conclusions
- Policy Recommendations

Methods

- Search, review & extract info from:
  - Official state government websites
  - Operator websites
  - American Gaming Association
  - National Council on Problem Gambling
- Literature review
- Findings from 2018 & 2022 national surveys
- Findings from MA studies 2013-2022

History of Sports Betting



Variations in Legislation (1)

Permitted Types of Sports Betting Operations	Number	Percent	States
Online only	2	6.5	TN, WA
Land-based only	7	22.6	AR, DE, NM, NC, ND, SD, WI
Land-based & Online	22	71.0	AZ, CO, CT, DC, IL, IN, IA, LA, MD, MI, MS, MT, NV, NH, NJ, NY, OR, PA, RI, VA, WV, WY
Total	31	100.0	

Variations in Legislation (2)

Funding for Research and Services	Number of States	Percent	Notes
No funding for services or research	15	48.4	Tribal sports betting only in 6 of these states
Services funded	12	38.7	Amount specified or proportion of tax revenues
Research and services funded	4	12.9	LA, MD, NJ, TN
Total	31	100.0	

Variations in Regulatory Framework

Permitted Operators	Number	Percent	States
Tribal Casinos	6	19.3	AZ*, NM, NC, ND, WA, WI
Lottery	3	9.7	MT, NH, RI
Online Operators	2	6.5	TN, WY
Commercial & Tribal Casinos	3	9.7	MS, NY, SD
Lottery & Tribal Casinos	2	6.5	CT, OR
Commercial Casinos & Online Operators	2	6.5	NV, VA
Commercial Casinos & Racetracks & Online Operators	5	16.1	IL, IN, NJ, PA, WV
Commercial & Tribal Casinos & Online Operators	3	9.7	CO, IA, MI
Mixed	5	16.1	AR, DE, DC, LA, MD
Total	31	100.0	

*Allows sports arenas to operate sports betting

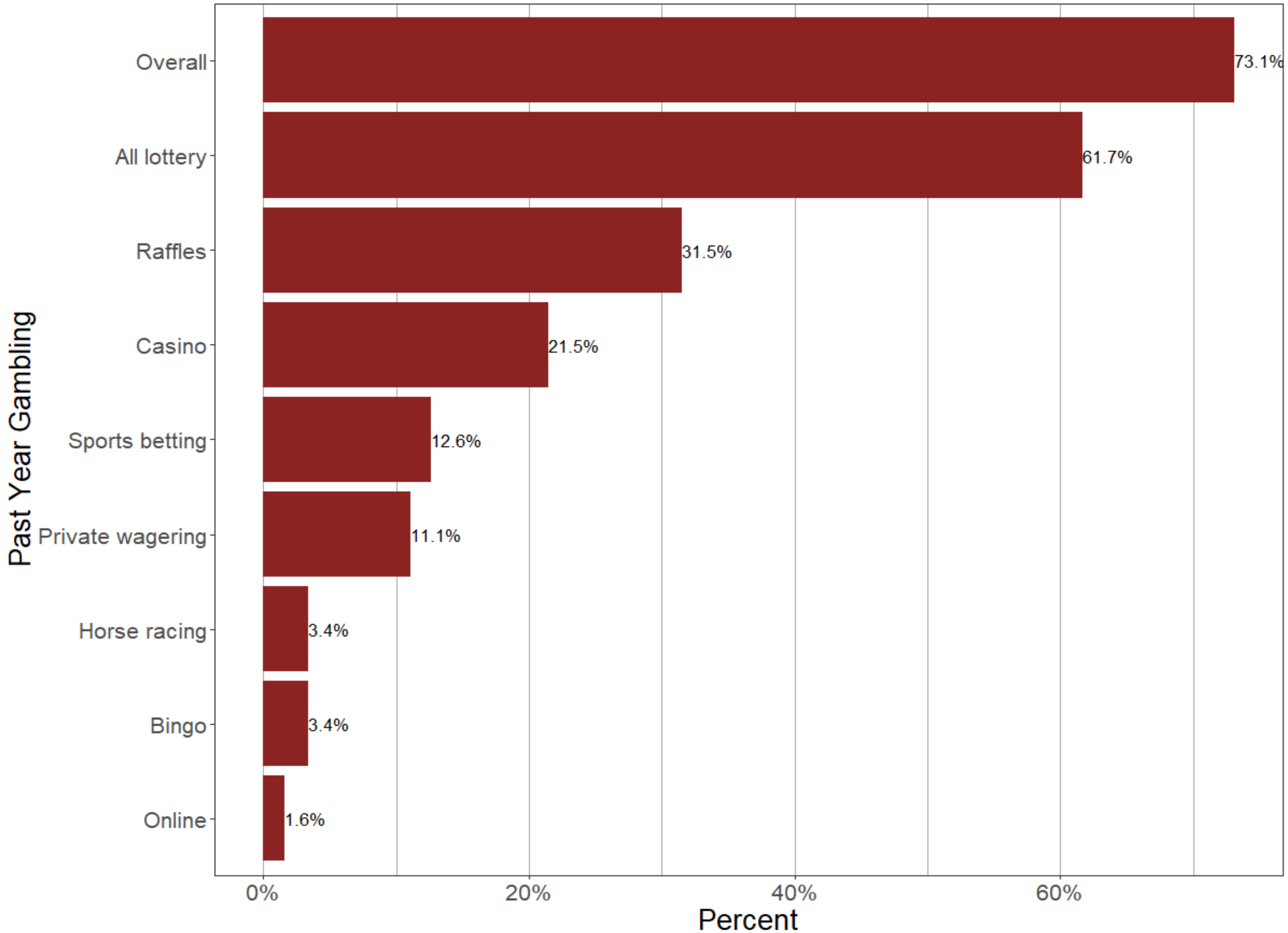
Variations in Operations

- Direct economic impacts depend on shifting spending from illegal to legal market
- Indirect & induced impacts will not be entirely new since majority of these already occur due to illegal market
- Potential amount of MA tax revenues
  - $8.6 million to $61.3 million (Oxford Economics, 2017)
  - MA casinos = $169 million in 2019
  - MA Lottery = $1.1 billion in 2019

Sports Betting in MA

Survey	Sample Size	Year
Baseline General Population Survey (BGPS)	9,578	2013/2014
Baseline Online Panel Survey (BOPS)	5,046	2013/2014
Targeted Surveys (Plainville, Springfield)	~1,000	2016, 2019
Follow-up Online Panel Survey (FOPS)	3,041	2022
Follow-up General Population Survey (FGPS)	~6,200	2022 Results in 2023
MA Gambling Impact Cohort (MAGIC) – 5 waves	3,139	2013 - 2019

Past Year Gambling Participation (BGPS – weighted)



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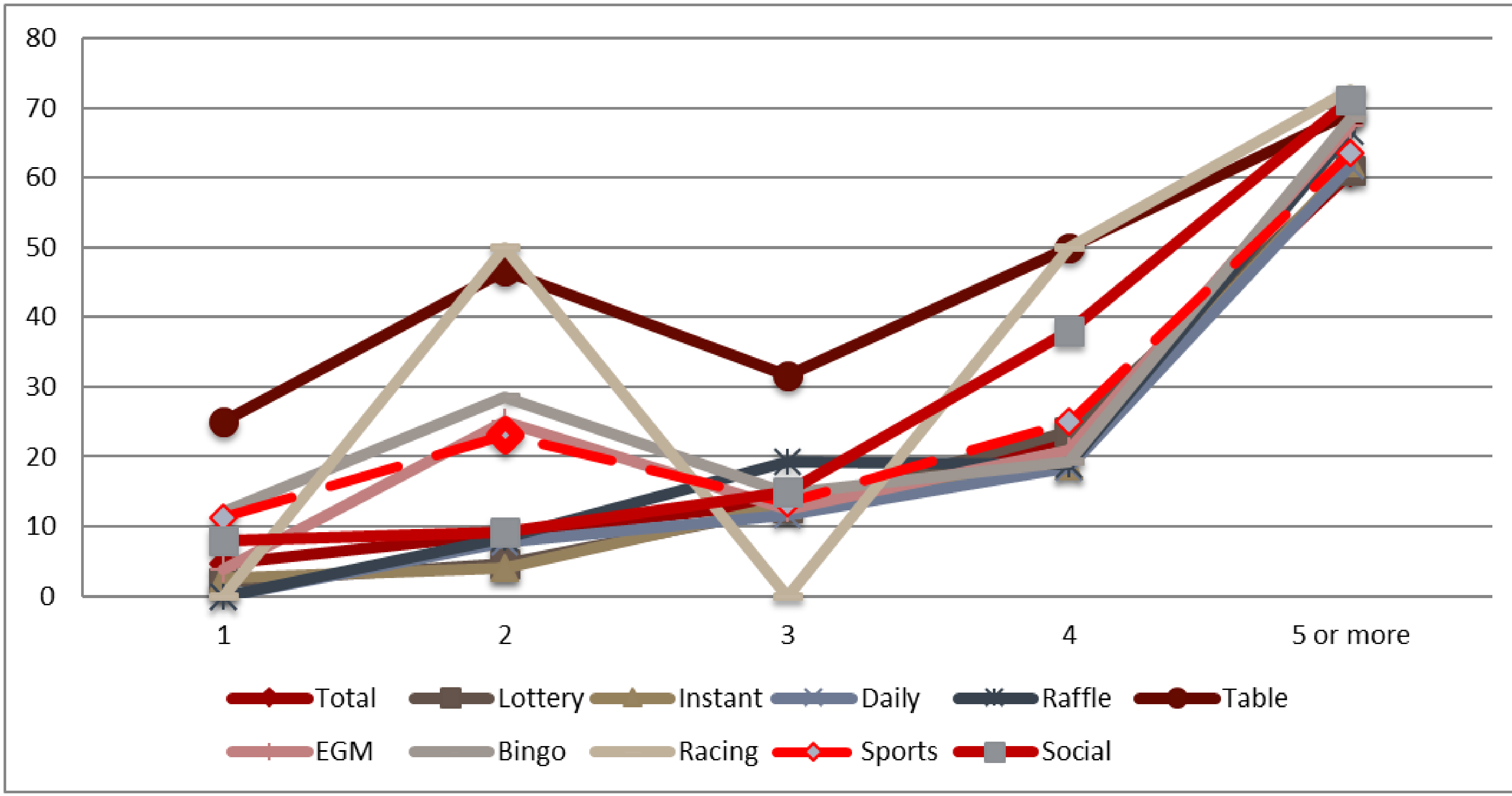
Past Year Gambling Participation
(BGPS & BOPS – unweighted)

Gambling Format	BGPS (n=9,578)		BOPS (n=5,046)	
	%	95% CI	%	95% CI
All Gambling	73.0%	(72.1, 73.9)	78.2%	(77.1, 79.3)
All Lottery	60.3%	(59.3, 61.3)	73.2%	(72.0, 74.4)
Raffles	57.2%	(56.2, 58.1)	69.7%	(68.4, 71.0)
Casino	36.1%	(35.2, 37.1)	50.5%	(49.1, 51.9)
Sports Betting	12.3%	(11.6, 12.9)	17.8%	(16.7, 18.8)
Private Wagering	36.2%	(35.3, 37.2)	21.1%	(20.0, 22.3)
Horse Racing	19.2%	(18.4, 20.0)	30.6%	(29.3, 31.9)
Bingo	10.7%	(10.1, 11.3)	13.2%	(12.3, 14.2)
Online	8.8%	(8.2, 9.4)	15.2%	(14.3, 16.3)

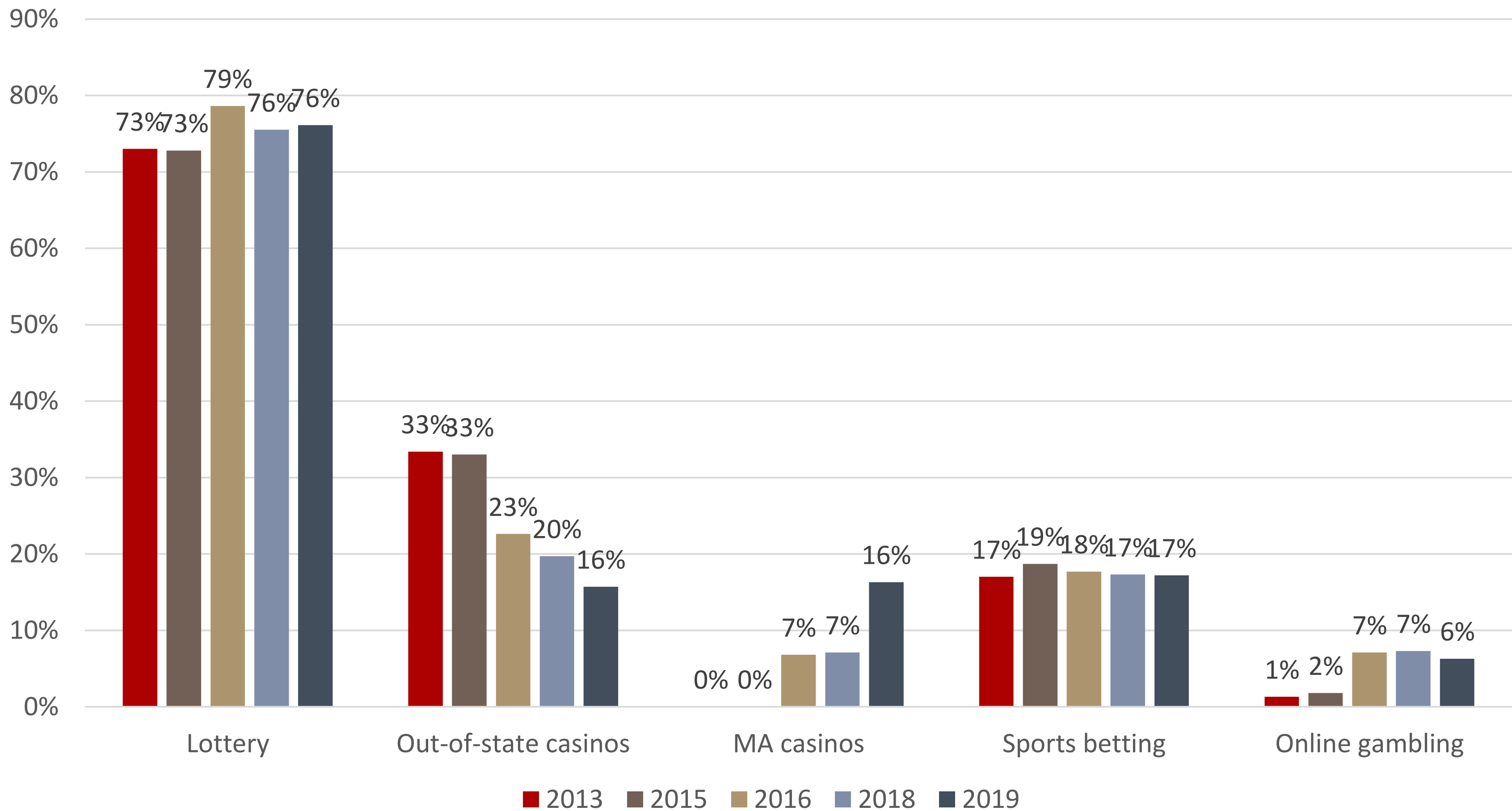
Comparing Sports Bettors in the BOPS & FOPS

Sports bettor in the past year		BOPS (n=5,046)		FOPS (n=3,041)	
		%	95% CI	%	95% CI
Any sports betting (total)		13.4%	(12.4, 14.3)	23.8%	(22.3, 25.4)
Total number of gambling types engaged in	1	4.2%	(2.7, 5.7)	2.9%	(1.7, 4.1)
	2	6.9%	(5.0, 8.8)	6.3%	(4.6, 8.1)
	3	12.4%	(9.9, 14.9)	9.1%	(7.0, 11.2)
	4	16.8%	(14.0, 19.6)	12.0%	(9.6, 14.4)
	5+	59.7%	(55.9, 63.4)	69.7%	(66.3, 73.0)
PPGM	Recreational gambler	55.8%	(52.0, 59.5)	40.3%	(36.7, 43.8)
	At-risk gambler	25.2%	(21.9, 28.5)	24.1%	(21.0, 27.3)
	Problem gambler	9.7%	(7.5, 12.0)	9.2%	(7.1, 11.4)
	Pathological gambler	9.3%	(7.1, 11.5)	26.3%	(23.1, 29.6)

Problem Gambling Prevalence
(FOPS – monthly gamblers)



Changes in Gambling Participation
(MAGIC Waves 1-5 – unweighted)



Identified Economic Outcomes

Outcomes identified to date include:

- Mixed evidence regarding the question of substitution, or cannibalization, of other types of gambling when sports betting is introduced
- A notable lack of research on other economic impacts of sports betting, such as job creation, recapture of gambling dollars from the illegal sports betting market or from neighboring jurisdictions that have already legalized sports betting
- Significant potential for economic harm if:
  - Sports betting causes high rates of problem gambling
  - Significant portion of revenue from sports betting operations leaves MA

Identified Social Outcomes

- Sports betting occurs in all demographic groups but appeals most to young, well-educated men
- Nationally and in MA, there is evidence of an increase in sports betting participation since 2018
- Some evidence of increase in gambling harms
- Problem gambling is higher among sports bettors
  - Primarily because sports bettors tend to be involved with a large number of other gambling activities
- Legalizing sports betting in MA has potential to increase rates of gambling harm, problem gambling

Conclusions (1)

- Revenue Maximization
  - Requires online operators
  - Variety of different online operators
  - Some land-based options
  - Not contingent on having collegiate sports betting
- Economic Benefits
  - Maximizing revenue is not the same as maximizing economic benefits
  - Sports betting will primarily re-distribute money already in the economy rather than attracting new money from outside MA
  - Benefits can occur by:
    - Redirecting money back to MA currently being spent on illegal sports betting out-of-state
    - MA-based job creation
    - Tax revenue

Conclusions (2)

- Gambling harm & gambling problems likely to increase but magnitude likely to be modest
  - Current rate of sports betting in MA similar to states where it has been legal for some years
    - Due to lack of significant barriers to online access
  - Small proportion of MA population (13% - 20%) currently participates in sports betting
  - Even a high rate of gambling problems among sports bettors will have fairly small effect on overall rate in population
- Concerns remain about groups not previously involved in sports betting
  - Adolescents, young/emerging adults, women, immigrants, college athletes, individuals in recovery from gambling problems

Policy Recommendations (1)

- Require operators to provide player data to the MGC on a regular basis and to cooperate with researchers
- Prohibit in-play sports betting
  - Disproportionately utilized by problem gamblers
- Restrict advertising and celebrity endorsement
  - Tends to promote sports betting in young people
  - Precipitates relapse in recovered gamblers
  - Counteracts effectiveness of messages advocating limited (lower risk) involvement

Policy Recommendations (2)

- Require responsible gambling features on all online sites:
  - Deposit, loss, time, and betting limits that should be presented at sign-up/registration or before first betting session and be opt-out rather than opt-in
  - Self-banning option that would apply to all MA-based online sites
  - Readily available info on cumulative monetary losses and time spent
  - Automated alerts for patterns of betting that predict future self-banning
  - Restricting bonuses and rewards associated with increased expenditure
  - At the same time, providing bonuses for responsible gambling (e.g., taking a self-assessment of problem gambling; correctly identifying gambling fallacies; establishing and staying within pre-commitment limits)

Thank you!

For more information:

www.umass.edu/seigma/reports