

MGC Research Snapshot

Legalized Sports Betting in the United States and Potential Impacts in Massachusetts September 2022

What you need to know

If provided in the right fashion, an opportunity exists for legalized sports betting to create some modest economic benefits for Massachusetts that could offset a small and temporary increase in gambling-related harm.

What is this research about?

This research provides an overview that would allow a more comprehensive understanding of the impacts that may occur with the introduction of legal sports betting to Massachusetts (MA).

This report identifies the social and economic outcomes associated with the introduction of sports betting to date and based on this analysis, provides specific policy recommendations intended to optimize the economic and social benefits of sports betting in MA while minimizing social and economic harm.

What did the researchers do?

- Authors **examined the current status of legalized sports betting in the U.S.**, including variations in legislative, regulatory and operational models adopted, revenues generated, economic and social outcomes identified, and sports betting behavior observed in states where this activity has been legalized.
- Authors **conducted a literature review** on the demographic and behaviors of sports bettors, attitudes towards sports betting, harms associated with sports betting, prevention, the economic impacts of sports betting, and the relationship between sports betting and the pandemic.

- Authors also **reviewed the findings from 2018 and 2022 U.S. national surveys**, and from **MA studies since 2013**.

What did the researchers find?

Social Impact

- Sports betting seem to occur 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**.
- There is some evidence of an **increase in gambling harms, nationally and in MA**, aligning with a national increase of sports betting participation.
- **Problem gambling is higher among sports bettors**. However, this is primarily because sports bettors are typically involved in a wide range of gambling activities that collectively contribute to gambling-related harm.
- **Legalizing sports betting in MA would likely increase the rates of gambling-related harm and gambling problems. However, the magnitude of these impacts is likely to be modest**. This is because current rates of sports betting in MA is similar to states where it has been legal for some years and because only a small proportion of the MA population (13% - 20%) participates in sports betting. Hence, even a high rate of gambling problems among sports bettors would have a fairly small effect on the overall rate in the population.



- That said, **concerns remain about groups not previously involved in sports betting**, such as adolescents, young adults, women, immigrants, individuals in recovery from gambling problems, and college athletes.

Economic Impact

- There is **very little research on the economic impacts of sports betting**.
- There is **mixed evidence regarding the question of substitution, or cannibalization**, of other types of gambling when sports betting is introduced.
- Revenue maximization would require having a variety of different online operators; land-based options; and is not contingent on having collegiate sports betting.
- Maximizing revenue is not the same as maximizing the economic benefits for the state. **Economic benefits can occur by:**
 - Redirecting money back to the state that is currently being spent on illegal sports betting out-of-state.
 - Creating additional state-based jobs.
 - Creating tax revenue for the state government that is utilized for the good of the state populace.
- While there is limited potential for net economic benefits in MA, there is **significant potential for economic harm if:**
 - Sports betting causes high rates of problem gambling.
 - A significant portion of the revenue from sports betting operations leaves MA.

Authors provided policy recommendations intended to optimize the economic and social benefits of sports betting in MA while minimizing economic and social harm, including:

- **Requiring operators to provide player data to the MGC** on a regular basis and to cooperate with researchers.
- **Prohibiting in play sports betting** as it is disproportionately utilized by problem gamblers.
- **Restricting advertising and celebrity endorsement.**
- **Requiring responsible gambling features on all online sites.**

Citation

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Key Words

Gambling; Sports betting.

About the researchers

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About this Snapshot

MGC Snapshots are intended to translate lengthy and sometimes technical reports into an easily understandable overview of the research. The findings and recommendations in the Snapshot are those of the researchers and do not necessarily reflect the position of the MGC.

