



**Written Testimony of FanDuel Group
Kip Levin, President and COO**

**Senate Standing Committee on Racing, Gaming and Wagering
Hearing on Senate Bill S17A
May 8, 2019**

Chairman Addabbo, Members of the Committee, thank you for allowing me to testify on Senate Bill S17A on behalf of FanDuel.

My name is Kip Levin and I am the President and COO of FanDuel Group, Inc. FanDuel Group was created in July 2018 via a merger that combined FanDuel, a leading fantasy sports contest operator, and the U.S. assets of Paddy Power Betfair plc, one of the world's largest sports betting operators. FanDuel Group is now the largest online gaming operator in the United States, with its headquarters located here in New York in the Flatiron District of Manhattan.

Across its different businesses, FanDuel Group has a rich heritage as an innovator focused on delivering a secure, fun and engaging online consumer experience in a regulated environment. FanDuel Group includes the FanDuel and DRAFT fantasy sports businesses, which operate online paid fantasy sports contests in 41 states and the District of Columbia, have a user base of over 7 million people, and are regulated by the New York Gaming Commission and deliver tax revenue to the state; TVG, which operates two cable channels centered around horseracing as well as online and mobile advance deposit wagering in over 30 states, including New York. TVG made over \$7m in tax and statutory payments to New York in 2018 through our ADW business; Betfair, which operates one of the leading online casino platforms in New Jersey; and finally, last July, we launched the FanDuel Sportsbook after the United States Supreme Court ruled that PASPA was unconstitutional last year and returned to the states the ability to determine sports wagering activities in their jurisdictions. Across all of our businesses, the growth and popularity of our products and services result directly from our ability to create unique experiences that resonate with sports fans and wagering customers via online and mobile platforms.

We now operate sports books in three states: 1) New Jersey, where our retail book at the Meadowlands racetrack and online business lead the market; 2) West Virginia, at the Greenbrier Resort in West Virginia; and 3) Pennsylvania at the Valley Forge Casino in Pennsylvania. We look forward to opening our fourth FanDuel retail sportsbook at the Tioga Downs Casino in New York later this year, and to bringing our mobile product to the West Virginia and Pennsylvania markets.

We are particularly excited about the prospect of extending our extensive and proven track record in operating a mobile sports entertainment business in New York to mobile sports betting. As the TVG ADW and FanDuel fantasy businesses demonstrate, regulated mobile entertainment businesses can thrive in this state. And the early returns in New Jersey and estimates of the offshore illegal mobile market make clear that mobile sports betting provides by far the biggest opportunity to generate significant tax revenues given the unprecedented level of consumer demand.

In opening a lawful market for sports betting, we cannot overlook the fact that a current market for those who want to bet on sports online exists today – an illegal market run by offshore sites has been



thriving for years and continues to advertise heavily to New York residents. According to a study by Oxford Economics, approximately 4.2 million New Yorkers place almost \$9.2 billion in sports wagers online in the illegal market. These illegal mobile sportsbooks are not regulated, do not provide any tax revenue, and do not provide any consumer protections.

To shift consumer demand from the illegal market to the legitimate market, New York will need to create a competitive, regulated, safe market for consumers where robust competition from experienced operators, subject to a reasonable tax rate, ensures that lawful products make for a compelling offering. Accordingly, we support the establishment of a robust mobile sports betting market as the single most effective way to defeat the illegal market, protect consumers and maximize state tax revenue and business growth.

This is not speculation. We need look no further than New Jersey, which legalized sports betting in June of last year, and where the revenue numbers clearly demonstrate the power of a competitive and mobile sports betting market. Even with eleven retail sports betting locations now live across the state, mobile now represents 80% of the market, and New Jersey's sports wagering revenues stand out as a success story. By contrast, other states that are now live with sports betting limited exclusively to retail are falling far below expected revenue and tax projections. The undeniable takeaway is that consumers expect and demand mobile sports betting. Where legal, regulated mobile betting is offered, they bring their dollars into lawful sportsbooks and state tax coffers. Where only retail is offered, those dollars remain in the entrenched, illegal, online and mobile market.

To cite specific figures, New Jersey saw \$184 million in wagers in the month of September 2018 alone, the first full month of operation for most mobile operators. That figure rose to over \$372 million in wagers in March, and again, of the \$372 million wagered, over 80% come from online bets. Overall, more than \$2.3 billion has been wagered in New Jersey from June 2018 through March 2019, and more than \$1.6 billion of that was wagered online.

New Jersey's success has been all about mobile wagering, and it continues to grow. As the Executive Director of the Mississippi Gaming Commission—a state currently without mobile sports betting—stated, “In the states that have mobile, it is big. If you want to do something to suppress illegal sports betting, mobile betting is the way to go. New Jersey has done a tremendous job of showing that it works.”

We know New Yorkers agree. It is easy for New Yorkers to go to New Jersey to bet on sports. And they have. One quarter of FanDuel's wagering activity in New Jersey is from New York residents who have made the short trip over the state line.

New Yorkers are already enthusiastically engaged in sports betting. As a result, if a mobile, competitive sports betting becomes legal, we expect that the first year of sports wagering activity will generate over \$150 million in taxes and licensing fees. This is all revenue that would otherwise be realized in New Jersey and the currently thriving illegal market.

A paramount goal of comprehensive sports betting legislation should be eliminating the illegal market and capturing as much of that activity on legal, regulated platforms as possible. An open market that



permits real competition among experienced operators is the best way to stomp out the illegal market, protect consumers, and generate tax revenue for the benefit of all New Yorkers.

Thank you, and I am happy to answer any questions.