



National Basketball Association

**Statement of the National Basketball Association
Kansas Legislature, Senate Federal & State Affairs Committee
Hearing on Senate Bill 455**

April 4, 2018

Thank you for the opportunity to share the views of the National Basketball Association on Senate Bill 455, which creates a regulatory framework for sports betting in Kansas. We are pleased that SB 455 contains strong consumer protections as well as safeguards that will enable sports governing bodies, including the NBA, to protect the integrity of our competitions in an environment where sports betting is legal. Although there are certain provisions of the bill that require further refinement, we generally are supportive of the approach reflected in SB 455.

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.

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.

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 Kansas and others have reacted by moving forward to discuss and advance new laws that could immediately thereafter permit legal sports betting. We have opted to engage in these discussions to ensure that the perspective of sports leagues is represented.

For these reasons, we support the general framework included in SB 455, which addresses what we consider to be the five key components of sports betting legislation:

- First, it enables the detection and prevention of improper conduct relating to sports betting. Among other things, SB 455 includes 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 civil and criminal prohibitions to prevent betting-related corruption.
- Second, SB 455 recognizes 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 Kansas and other states, sports leagues will need to invest more in compliance and enforcement. 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 a percentage 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.
- Third, SB 455 makes an effort to address leagues' ability 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, SB 455 includes important consumer protection requirements. These 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 include the use of official league data by gaming operators to ensure the accuracy and consistency of betting outcomes.
- Finally, SB 455 appropriately authorizes betting on internet and mobile platforms. If betting were limited to land-based locations, many consumers who live hours away likely would continue to bet illegally through offshore websites and other illegal channels.

Each of these elements is critical to the NBA's support for a sports betting bill. 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.

While we are generally supportive of the framework of SB 455, there are certain provisions that require improvements. For example, while the bill authorizes the racing and gaming commission to restrict certain bet types, leagues must be given

a greater voice on this subject. In addition, the bill currently limits the amount of compensation a sports league may receive based upon the revenue that sports betting operators retain after winnings are paid. Such a linkage could create a perception of a conflict of interest for sports leagues, since a league potentially could be paid more when consumers lose bets. For this reason, compensation to leagues should be based solely on a percentage of the total amount wagered, as is the case in HB 2792. We will work with the relevant stakeholders to incorporate modest changes in this provision and other limited areas, such as the official data requirement.

Subject to these additional changes, we are supportive of the framework of SB 455, which creates a strong regulatory structure with protections that are critical to protecting the integrity of sports. We look forward to continuing this discussion. Thank you again for the opportunity to share our views.