



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

**Senate Standing Committee on Economic Development, Housing and General Affairs
Hearing on Senate Bill S.213
February 20, 2020**

Chairman Sirotkin, Members of the Committee, thank you for allowing me to testify on Senate Bill S.213 on behalf of FanDuel and DraftKings.

By way of introduction, my name is Kip Levin and I am the President and Chief Operating Officer of FanDuel Group. Based in Los Angeles, I've been in technology and sports most of the past 20 years of my career, with the past six years being spent in gaming and sports betting. I'm also a Vermont native, 3rd generation, and graduate of Burlington High School and University of Vermont, so it's an honor to be back in my home state to discuss the emerging sports betting industry with you today—and to be back in these chambers where I served as a legislative page back in 1987.

Fanduel began in 2009 as a fantasy sports start-up, and today operates paid fantasy sports contests in 43 states and the District of Columbia, generating a user base of over 7 million people. The growth of our business and the popularity of our contests result directly from our ability to innovate and create unique experiences that resonate with sports fans. While fantasy sports are distinct from sports betting, our experience has been key to developing the type of first-class online and mobile sports betting product that appeals to fans.

Following the Supreme Court's decision to strike down the Professional and Amateur Sports Protection Act (PASPA) in May of 2018, FanDuel recognized a significant opportunity to expand our product offerings to include sports betting. In July of 2018, FanDuel merged its business with the U.S. assets of Paddy Power Betfair, one of the world's largest sports betting companies, forming the FanDuel Group. FanDuel Group includes: the FanDuel fantasy sports business; Betfair Interactive, which operates one of the leading online casino platforms in New Jersey; TVG, which operates a horse racing television network and the leading online and mobile wagering platform in the nation for pari-mutuel horse-race wagering; and our Sports betting business, which operates eight brick and mortar sports books in six states and are a market leader in online sports wagering in the four states where we currently operate. Taken together, FanDuel is the leading online gaming operator in the United States.

We are excited about pursuing opportunities to bring our extensive and proven track record in operating a mobile-first sports entertainment business to Vermont. In fact, since the Supreme Court's decision in May of 2018, 21 states have authorized some form of sports betting, and I'm happy to be here today to share some of the learnings we have seen so far.

One of the most significant things we have learned is that healthy competition is the strongest driver of a thriving sports betting market, as operators strive to offer consumers more choice, variety, and better pricing across their products to keep users engaged. We believe that our products offer a great user experience, but we also recognize that multiple operators offering an array of products and promotions grows the overall market.

In opening a lawful market for sports betting however, 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 Vermonters. These offshore sites are not regulated, do not provide any tax revenue, and do not provide any consumer protections.

To shift consumer demand from the offshore market to the legitimate market, Vermont will need to create a free market 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 online sports betting market as the single most effective way to defeat the offshore 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 2018, and where the revenue numbers clearly demonstrate the power of a competitive online sports betting market. Of the twenty-one states that have authorized sports betting, New Jersey has the most competitive online sports betting market. And that's why it has been such a success story and is consistency challenging Nevada as the top state for sports betting in the country.

New Jersey saw \$184 million in wagers in the month of September 2018 alone, the first full month of operation for most online operators. That figure rose to over \$445 million in wagers in September 2019, and importantly, of the \$445 million wagered, almost 84% came from online bets. Overall, more than \$4.5 billion was wagered in New Jersey in 2019, and more than \$3.8 billion of that was wagered online, with the total generating over \$36.5 million in tax revenue for the state.

In other words, New Jersey's success is all about a competitive online sports wagering market, which continues to grow even as land-based sports betting has slowed. Other states have taken notice of their success and even states without an existing casino gaming industry, like Tennessee and Virginia, have enacted, or are considering, legislation to create a competitive online sports wagering market. As the Executive Director of the Mississippi Gaming Commission – a state currently without online 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."

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 Vermonters.

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