

JFO Sports Betting Revenue Model and Estimates

House Committee on Government Operations and Military Affairs
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JFO

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Sports Wagering Revenue is a function of...

- *The maturity of the sports wagering market:* all else equal, more gambling occurs in more mature markets.
 - Ramp up period from year 1 to year 2 of market.
- *The legal and regulatory structure:* how many operators are allowed in the state? Are they public or private? Are the operators competitive? Online or in person or both?
- *The tax rate or revenue share:* does the state opt for a low tax rate or a high tax rate/revenue sharing agreement?



Year 1 Estimated Revenues

Preliminary Potential State Revenues under Differing Frameworks Year 1 of Operations				
	More Competitive Market		Less Competitive Market	
	Low Tax Rate	High Tax Rate	Low Tax Rate	High Tax Rate
Total Handle	\$230,800,000	\$124,900,000	\$26,900,000	\$64,600,000
Per Capita Handle	\$359	\$194	\$42	\$100
Hypothetical Hold	7.7%	7.7%	11.2%	7.2%
Hypothetical Tax Rate	11%	50%	15%	50%
Potential Revenue	\$1,960,000	\$4,810,000	\$450,000	\$2,340,000

- Note: Holds and Tax rates are assumptions. Changing them lead to different revenue estimates
- Estimates updated to January 2023



Year 2 Estimated Revenues

Preliminary Potential State Revenues under Differing Frameworks Year 2 of Operations				
	More Competitive Market		Less Competitive Market	
	Low Tax Rate	High Tax Rate	Low Tax Rate	High Tax Rate
Total Handle	\$336,600,000	\$267,000,000	\$67,200,000	\$51,900,000
Per Capita Handle	\$523	\$415	\$104	\$81
Hypothetical Hold	6.7%	8.0%	12.8%	9.8%
Hypothetical Tax Rate	11%	50%	15%	50%
Potential Revenue	\$2,480,000	\$10,640,000	\$1,290,000	\$2,550,000

- Note: Holds and Tax rates are assumptions. Changing them lead to different revenue estimates
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Notes on money on the Problem Gambling Special Fund

- Proceeds from received by DLL minus the amount due to the Problem Gambling Special Fund will be sent to the General Fund
- 5% or \$250,000 in year 1 and 5% or \$500,000 in year two of the revenue DLL receives goes to the PG Special Fund

	Year 1	Year 2
Estimated Sports Wagering Revenue	\$9,620,000	\$21,280,000
Revenue Share %	50%	50%
Revenue to DLL	\$4,810,000	\$10,640,000
% of Revenue to PG Special Fund	5.00%	5.00%
Calculated Revenue to PG Special Fund	\$240,500	\$532,000
Actual Revenue to PG Special Fund	\$250,000	\$532,000
Revenue Deposited in GF	\$4,560,000	\$10,108,000

