

ENTERTAINMENT, MEDIA & SPORTS

>>ALERT

BALLOTS CONTINUE TO COME IN FOR LEGALIZED SPORTS BETTING

While more than \$1 billion was wagered internationally on the 2020 U.S. presidential election, a different kind of betting was on the minds of voters in Maryland, South Dakota and Louisiana, who passed ballot measures to legalize sports betting in their states.

Joining a growing list of states where sports betting is legal, these states could prove to be the tipping point that accelerates sports betting legalization and transforms it into a truly national industry. While a national marketplace for sports betting appears on the horizon, it remains elusive as states continue to grapple with the regulation of both on-site and online sports betting.

MARYLAND

In Maryland, voters passed Question 2 by a roughly 2 to 1 margin, enabling the General Assembly to authorize sports and event betting in the state. Yet, sports bettors will have to wait a while to place their first bet.

Before sports betting can take place in Maryland, the General Assembly must pass legislation that sets the rules for:

- 1) Who is eligible to apply for a license to operate sports and event betting;
- 2) What forms of betting are allowed;
- 3) How betting must be conducted; and
- 4) Where individuals can place bets.

THE BOTTOM LINE

Maryland, South Dakota and Louisiana join 18 states plus the District of Columbia that have already implemented legalized sports betting and four others that have legalized it pending regulatory legislation, pushing sports betting to the half-way point in the United States. Businesses involved in the sports betting industry will continue to take a local-first approach in the short term, but long term planning for national marketing, sponsorship and implementation of sports betting is already underway.

In addition, as part of the legislation, the General Assembly must evaluate a prior study on disparities of access to the sports betting market and implement a minority business enterprise or similar program to assist minorities and women in the sports and event wagering industry if disparities do exist. While there is general consensus throughout the state on sports betting, working out the details between the Republican governor's office and the Democrat-controlled General Assembly will remain a challenge.

SOUTH DAKOTA

In South Dakota, nearly 60% of voters passed Constitutional Amendment B. On its face, the South Dakota referendum is a much narrower

expansion of sports betting than in Maryland. Amendment B only legalizes sports betting within the city limits of Deadwood, South Dakota. However, by extension, tribal casinos can also offer any gaming that is legal elsewhere in the state, so the 11 tribal casinos in South Dakota will also be permitted to offer sports betting. In addition, some contend that the language of Amendment B would enable online and mobile sports betting, so long as the computer servers processing bets are located in Deadwood.

Like Maryland, the details surrounding the implementation of sports betting in South Dakota are subject to follow-up legislation by the South Dakota Legislature, where the issue of online betting is expected to be contentious.

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LOUISIANA

Louisiana took a localized approach to sports betting this election, with voters in each parish voting on whether to permit sports betting in their parish. When the votes were tallied, 55 out of 64 parishes approved sports betting, including parishes covering New Orleans, Baton Rouge and Lafayette. As with the other states, the referendum simply legalized sports betting within each parish that voted in favor of it.

Now, the legislature must come back to pass two additional bills, one to establish regulation and licensing procedures (including determination of whether online and mobile gaming will be permitted) and a second setting the tax rate.

IMPLICATIONS FOR SPORTS BETTING ECOSYSTEM

The legalization of sports betting in Maryland, South Dakota and Louisiana follow a pattern where legalization in one state pushes neighboring states to follow. The presence of legalized sports betting markets in Pennsylvania and Delaware, as well as the April 2020 legalization of sports betting in Virginia, no doubt weighed heavily on Maryland voters as their gaming operations operated without the full complement of available games that their neighbors offered. Similarly, the sports betting taking place in Mississippi and Arkansas definitely affected attitudes toward sports betting in Louisiana. Pressure is expected to increase on those states without sports betting as more of their neighbors legalize it.

FOR MORE INFORMATION

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