

Pennsylvania Pushing Ahead With Sports-Betting Regulations

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The Pennsylvania Gaming Control Board (PGCB) will begin proposing regulations next week for the rollout of land-based and online sports betting via the state's casinos, according to a board spokesman.

Although there is no firm timeline for when sports wagering will actually be launched, regulators plan to present "the first part of the regulations" for approval by the seven-member board at its meeting next Wednesday, said Doug Harbach, the PGCB's director of communications.

"At the same time it is paramount for the PGCB to protect the public in our regulatory practices, so we will make sure this is done correctly before the public is given access to sports wagering," Harbach told GamblingCompliance in an email.

Pennsylvania legalized sports betting via a sweeping gaming expansion law passed last October, positioning the Keystone State to capitalize on any victory for neighboring New Jersey in its challenge to a federal ban before the U.S. Supreme Court.

Until now, the PGCB seems to have prioritized the development of regulations for the more legally-certain aspects of the sweeping expansion package — internet gaming, new mini-casino licenses and slot machines at truck stops, among other things.

However, regulators are understood to have quickly come under pressure from Pennsylvania lawmakers in the wake of the Supreme Court's May 14 ruling to put sports wagering firmly on the front-burner so that betting may even be up and running in time for football season.

One possibility being floated by Harrisburg sources is the prospect that land-based sports betting at casinos could kick off first, with online wagering perhaps following a few months later once Pennsylvania's internet gaming industry has gotten off the ground.

Last year's law appears to grant the PGCB broad discretion to determine exactly how sports betting can be offered as "a form of interactive gaming," with little clarity as to exactly how wagering should mesh with the commonwealth's nascent regulatory regime for internet casino games and poker.

Harbach said the PGCB was unable to comment on what would be included in its regulations "at this juncture," although he noted the statute does intend to allow for internet wagering alongside physical sportsbooks at casinos and off-track betting outlets affiliated with Pennsylvania racetracks.

“Any internet-based sports wagering system will certainly possess similarities to the iGaming systems that casinos may also seek, so I would not think this would lead to any complications in rolling out sports wagering through the internet,” he added.

Industry enthusiasm for the rollout of sports betting in Pennsylvania has been tempered by the \$10m upfront licensing fee that casinos will be required to pay, and especially the tax rate of 36 percent that will be applied to gross wagering revenue.

Still, seasoned observers of the Pennsylvania gaming industry believe the smart bet remains that at least some of the Keystone State’s 13 casinos and racinos will ultimately apply for a license, in spite of the tax rate.

The prospect of lawful sports betting in New Jersey could conceivably force the hand of casinos in the Philadelphia area lest they hand a competitive advantage to rival venues in Atlantic City, or so some believe.

"In order to compete with New Jersey and potentially New York, I think there will be some operators who will clench their teeth and pay the fee, so that they have a complete product offering," said Frank DiGiacomo, a partner at law firm Duane Morris in Cherry Hill, New Jersey.

Casinos could also look upon sportsbooks as an important amenity to drive visitation than a revenue-generator in their own right. Then there is the potential — should regulations allow — to tie online sportsbooks to the internet casino platforms launched by any Pennsylvania casinos that obtain interactive gaming licenses.

“Even if it’s [sports betting] only revenue-neutral, you sort of have to be there,” said Jeremy Kleiman, a partner at Saiber law firm in New Jersey who represents gaming clients in Pennsylvania.

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