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Fitch: Sports Betting Win Could Bump Revenues for Some U.S. States.

Fitch Ratings-New York-26 April 2018: An overturn of a two decades-old law banning sports gambling throughout most of the country could position some states for a modest spike in tax revenues, according to Fitch Ratings.

The law in question is the federal Professional and Amateur Sports Protection Act (PASPA), which was enacted in 1992 and rendered sports gambling illegal in all states except for Nevada, Delaware, Montana, and Oregon. New Jersey has challenged the law's constitutionality, saying that PASPA violates states' right to modify or repeal existing state laws, which is protected by the 10th Amendment. A U.S. Supreme Court overturn could allow sports gaming across the U.S. and establish an important precedent according to Senior Director Marcy Block.

'If the courts rule in favor of New Jersey, not only would the ruling immediately position other states to adopt a similar approach to sports betting, but it would affirm states' sovereign right to legislate where the federal government has chosen not to regulate,' said Block. Not surprisingly, many states are watching intently for the final outcome. Connecticut, Mississippi, New York, Pennsylvania and West Virginia have all enacted laws to advance legal sports betting if SCOTUS rules in favor of New Jersey. In addition, 13 other states have had sports gaming legislation introduced in recent sessions.

States are looking to bring in additional tax revenue from legalizing a market that has reached \$150 billion. However, legalized sports gaming will not add to state coffers unless operators and players participate. Fitch believes that Pennsylvania's \$10 million initial operator license fee, 34% state tax on gross gaming revenue (GGR) and 2% GGR local share assessment are likely to deter certain operators' interest and could incentivize them to outsource sports betting operations. By contrast, West Virginia's 10% GGR tax rate and much lower licensing fees are expected to generate greater operator interest.

'States Move On Sports Betting As SCOTUS Decision Nears' is available at 'www.fitchratings.com'

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