



**Illinois Joint House Revenue and Finance Sales and Other Taxes Subcommittee and House
Executive Gaming Subcommittee**

**Testimony of Michael Pollock, Managing Director
October 17, 2018**

We at Spectrum Gaming Group have worked in 36 US states and territories, and we also serve as the Executive Director of the National Council of Legislators from Gaming States, a group in which Illinois lawmakers participate. Spectrum and NCLGS abide by a common principle: We do not promote the expansion of gaming. We simply promote best practices.

When it comes to the authorization of legal sports betting or any other expansion of gaming, the legislators we have met from various states range from those who are eager to do it right, to those who are eager to do it in time for the beginning of the next football season, or by the next fiscal year. While those goals are not necessarily mutually exclusive, the priority should be the former, not the latter.

The issues that lawmakers must grapple with as they establish their policies are complex, and will vary from state to state. With that in mind, I will endeavor to focus on recommendations that are somewhat universal.

Our first recommendation is to ensure that the basic principle of legal gaming in the United States remains paramount: A gaming license is a privilege limited to those who have affirmatively demonstrated their good

character, honesty and integrity, as well as their business ability and similar requirements.

The concept of a license as a privilege has led to a 40-year expansion of gaming across the world, as the public trusts the brands that have affirmatively demonstrated their suitability for licensure.

Suitability also requires a commitment to responsible gaming, which means developing approved controls to ensure that all regulatory requirements – including avoiding underage or problem gaming issues – are not only addressed, but exceeded.

Moreover, we note that the entities that have proven their suitability have leveraged their licensure by investing billions of dollars in brick-and-mortar gaming properties. States are not only obliged to maintain their standards for responsible gaming, but they are equally responsible to ensure that the dollars invested in those facilities are not put at risk.

Our second recommendation is to view sports betting, as well as any expansion of gaming, through the widest possible prism. If you look at sports betting by projecting the amount to be legally wagered on sports, and multiply that by the state's share of revenue, you will arrive at a number.

If, however, you broaden that vision to consider how sports betting can potentially work in conjunction with your existing gaming operators to become an effective marketing tool, to encourage visits to land-based casinos where adults will spend money on other forms of gaming, as well as in numerous non-gaming areas, ranging from dining to lodging to entertainment, you will also arrive at a number. But it will be a very different number, and a larger number.

Make no mistake. We are agnostic when it comes to how sports betting should be implemented and whom it should benefit. Those are policy decisions that you are empowered to make. We are not, but simply urge you to base those policies on a broad base of information.

Related to that, policymakers should also examine how any expansion of gaming might benefit – or prove detrimental to – existing licensees. If an expansion cannibalizes revenue, diminishes the value of a casino license, or discourages capital investment in existing facilities, that must also be taken into account.

Our third recommendation is to abide by an existing law that no government has the authority to amend, overturn or veto. That is the law of unintended consequences. We simply do not know how technology, player preferences, business pressures or other forces will precisely interact in coming years, and it would be a foolish exercise to build a policy that is frozen in the present, without the ability to adapt to the future.

A corollary to this recommendation is rather simple: Empower your regulators as much as possible to make decisions in response to changing circumstances. If you trust your regulators – and Illinois has a tradition of having some of the best in the nation – then empower them to act appropriately, within the broad guidelines of the policies that elected officials establish.

Our fourth recommendation brings us full circle to the point I raised at the beginning of my testimony: Ignore the calendar.

More important, and admittedly more difficult, is to avoid looking at any expansion of gaming – including sports betting – as a fiscal cure-all.

Gaming, when managed effectively, can be a powerful economic tool, but it is a long-term solution, and cannot be easily undone.

I am not a golfer, but I urge you to abide by a sports metaphor we have developed that should be top of mind. There are no mulligans in gaming. You have to get it right the first time.