

MLB Wants Cut Of Gambling Revenue, League Official Says

By Maria Koklanaris

Law360, Los Angeles (July 31, 2018, 8:32 PM EDT) -- A top Major League Baseball official said Tuesday that states should impose whatever tax rates they want on their fledgling sports betting industries but also said the league will be seeking “an integrity fee” from sports book operators.

Speaking to a packed auditorium at the National Conference of State Legislatures' annual meeting in Los Angeles, Bryan Seeley, MLB senior vice president and deputy general counsel, said he recognized that states view a May U.S. Supreme Court decision striking down the federal ban on states sports betting as a victory. After a 26-year moratorium on state sports betting via the Professional and Amateur Sports Protection Act, which the court found unconstitutional, states are now free to legalize, regulate and tax the practice.



A New Jersey teller counts cash while people place bets. (AP)

But Seeley made clear that the league, on the other hand, views the result of *Murphy v. National Collegiate Athletic Association* with much trepidation. He said MLB needs a small cut of the total amount wagered to compensate it for costs, such as increased monitoring, that it will incur from an expanded state sports betting industry.

“We are not looking to take away tax revenues,” Seeley said. “We are not looking to take away money from classrooms. That’s a great casino talking point. The casinos bear the profit of sports betting. We bear the risk.”

Citing a 12 percent state tax rate on sports betting, Seeley provided numbers of an estimated \$15.7 billion in revenue for operators and \$2.24 billion in tax revenue to states. On that \$15.7 billion, he said, MLB is seeking a fee of 0.25 percent.

“The idea that this is not affordable is a myth,” Seeley said.

Whether MLB or other leagues will be successful with their lobbying for an “integrity fee” is open to question. A policy directive passed Tuesday by the NCSL was aimed at Congress, asking it to respect states’ rights to legalize, regulate and tax sports betting. It did not address integrity fees. But states are not convinced it won’t hurt their revenues.

Addressing Seeley and other members of a panel on sports betting from the floor, Ohio state Sen. William Coley, R-Liberty Township, said a group he heads, that of legislators from gaming states, does not necessarily agree that leagues should get an integrity fee. He did agree with Seeley, however, on the need for strict monitoring, including the establishing of a portal through which all bets could be scrutinized.

On the day Seeley spoke at the NCSL summit in Los Angeles, another league — the National Basketball Association — made public that it will directly benefit from expanded sports betting. It signed a deal that will make MGM Resorts International its official sports betting partner.

In addition to Nevada, always exempted from the sports betting ban, the practice is now legal in two states. Since the decision, New Jersey — the state that brought suit against the NCAA — and Delaware passed bills allowing sports betting. There were 18 sports betting bills in state sessions in 2018.

“We expect that to double next year,” Seeley said.

A former team owner who was also on the panel said that he thought legalized sports betting was positive and that he expected states to regulate it fairly and effectively.

“To be able to monetize this issue is a huge upside,” said Jeffrey Moorad, a former owner and chief executive of both the Arizona Diamondbacks and the San Diego Padres, now with Morgan Lewis & Bockius LLP in Costa Mesa, California. “I will just sit on the sidelines and root for all of you to create the simplest, most manageable system for all concerned.”

--Editing by John Oudens.