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Analysis of the Sports and Event Wagering Industry and Relevant North American Industry Classification System (NAICS) Codes

Maryland Lottery and Gaming Control Commission Final Report, September 30, 2020

Introduction and Background

In 2018, the United States (U.S.) Supreme Court overturned the Professional and Amateur Sports Protection Act, allowing states to determine if and how to license sports wagering operations. Since then, 22 states have legalized and initiated sports wagering. In November 2020, Maryland voters will decide if the State of Maryland can issue sports wagering licenses.

Background. Legal sports wagering operations can have direct, indirect and induced economic impacts on local economies. For example, there could be increases in:

- State tax revenue;
- Tourist and other visitor spending at local businesses;¹
- Major league sports franchise revenue from media rights, merchandising and ticket sales;² and
- Local employment in sectors related to sports wagering, such as food and beverage, maintenance, utilities, legal services and financial services.³

¹ Kelly, J. (2019). Sports wagering exceeded all our expectations. *The Current*. Retrieved September 10, 2020, from https://pressofatlanticcity.com/currents_gazettes/mainland/sports-wagering-exceeded-all-our-expectations-tourism-today/article_c9e8360d-adb4-5b64-baa4-65887fa9062e.html

Pempus, B. (2019). Tennessee Tourism at Record Levels Ahead of Sports Betting Launch. *TNBets*. Retrieved September 10, 2020, from <https://www.tnbets.com/tennessee-tourism-record-levels-sports-betting-launch/>

² The Nielsen Company. (2018). How Much Do Leagues Stand to Gain from legal Sports Betting. *American Gaming Association*. Retrieved September 10, 2020, from <https://www.americangaming.org/wp-content/uploads/2018/10/Nielsen-Research-All-4-Leagues-FINAL.pdf>

³ Oxford Economics. (2017). Economic Impact of Legalized Sports Betting. *American Gaming Association*. Retrieved September 8, 2020, from <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf>

Because money going to government, businesses and employees then circulates through the local economy, other sectors can see increased revenue and jobs as well.

Since legalization is relatively recent, there are limited data on economic impacts. Researchers have had to estimate these local effects, including analyses by the Maryland Department of Legislative Services in association with Senate Bill 4 (SB4).⁴

State Minority Business Enterprise Program. The State of Maryland has a Minority Business Enterprise (MBE) Program that encourages participation of minority-owned firms in State contracts and other State-related activities.⁵ The MBE Program already applies to firms with casino gaming licenses in Maryland. Those licensees strive to meet overall individual annual goals for MBE participation in work contracted to construction, goods and services companies, and show good faith efforts to do so.

The State periodically conducts disparity studies to assess the continued need for the MBE Program and the types of activities for which it will apply. The last study was issued in 2017.

Sport and event wagering study need. Because sports wagering was not part of the data examined in the 2017 disparity study conducted for the State, the Maryland State Lottery and Gaming Control Commission (MLGCC) sought to engage a firm to provide information about the types of spending that potential licensees might generate if they were to be issued a license for sports wagering. MLGCC selected Keen Independent Research (Keen Independent) after reviewing proposals to perform this work. MLGCC authorized initiation of this study in late August 2020 with the requirement that it be completed before October 1, 2020.

MLGCC requested a comprehensive list of industries that are projected to see increased spending from entities or venues that might receive sports wagering licenses if voters approve granting of such licenses. In addition, MLGCC requested estimates of the percentage of additional spending that would occur in each industry from future contracts awarded by potential licensees.

The State will review the projected mix of spending by industry to determine whether those sectors were included in the 2017 disparity study for the State. This information may be important in determining whether sports wagering will be considered under the State's MBE program.

Scope of spending examined. Keen Independent's analysis is much narrower in scope than other researchers' projections of spending impacts from sports wagering.

- Keen Independent examined new short-term and long-term spending that licensees might contract out to construction, goods, services and other companies.

⁴ Maryland General Assembly, Department of Legislative Services. (2020). *Expansion of Commercial Gaming – Sports and event wagering referendum and minority business enterprise disparity study*. Senate Bill 4.

⁵ The State's MBE program is the product of State Finance and Procurement Article §§ 14-301.1 and State Government Article 9-1A-10.

- Keen Independent did not include additional hiring by those entities or impacts such as increased state revenue, growth in tourism or circulation of that spending through the state economy. Those types of impacts might occur but are not the subject of this analysis.

Methodology

Keen Independent's scope of work included six tasks:

1. Develop a comprehensive list of NAICS codes potentially involved in the sports and event wagering industry;
2. Analyze major activities that will be involved in Maryland's sports and event wagering industry;
3. Estimate the percentage of funds that will likely be spent in each NAICS code during each work phase;
4. Estimate the percentage of funds by NAICS code that will be spent in each phase;
5. Prepare a report; and
6. Provide other guidance or information as required and requested.

Assumptions. Keen Independent, in coordination with MLGCC, projected additional spending assuming that the licenses for sports wagering would go to the same or similar facilities provided in the previous version of the state legislation. This assumption was necessary to complete the study and does not imply that those specific facilities will receive licenses if licensing is approved by Maryland voters.

Secondary research on the economic impacts of legalized sports wagering. Keen Independent reviewed the literature on economic activities directly linked to sports wagering. This information helped the study team develop an initial list of major activities and corresponding NAICS codes that could see additional spending due to new sports wagering licenses. Appendix A provides an annotated bibliography of relevant literature.

Interviews with casinos, racetracks, stadiums and other potential licensees about operational changes due to potential sports wagering licenses. Keen Independent identified and reached out to leaders of 14 entities that were either potential sports wagering licensees if legislation is passed or key external stakeholders familiar with the Maryland sports and event wagering industry. Interviews included operators of casinos, racetracks, sports teams, off-track betting facilities and other groups.

Keen Independent interviewed ten of the fourteen originally identified entities. Four entities declined to participate or did not respond after several follow-up calls and emails.

These interviews included questions regarding:

- Types of events, entertainment, gaming and/or sports in which the entity is currently involved;
- How the entity would change operations if it received a license for sports and event wagering;
- The amount of additional spending the entity would incur for architecture and engineering, construction, IT, media installation and other one-time expenditures if it obtained a license; and
- Projected new and expanded contracts for goods and services the entity foresees if it were to obtain a sports and event wagering license (new annual spending).

Examples of short-term expenditures are:

- New construction or remodeling that would create space for sports wagering at the above types of facilities (or new facilities);
- Wagering equipment such as self-betting kiosks; and
- Services related to wagering, such as software and security technology.

Examples of increased long-term on-going operations include additional advertising as well as facility cleaning and maintenance. It should be noted that entity spending in the following tables do not include food and beverage expenditures, as entities reported folding any additional food and beverage spending into existing operations.

Keen Independent used the information from each interviewee to identify major activities and new spending by industry during the short-term and long-term (one-time versus on-going operations).

Self-reported NAICS code spending in dollars. Keen Independent asked entities to fill out a form describing anticipated spending if they were issued a sports and event wagering license. The form was broken down by industry (by NAICS code) and divided into (a) categories of one-time spending and (b) types of on-going (annual) spending. The form also asked respondents to identify types of spending beyond those listed.

Eight of fourteen identified entities completed and returned anticipated spending forms. Six entities declined to complete the form or did not respond after several follow-up calls and emails.

The data generated from these forms were used in Keen Independent's analysis of major activities and estimated percentage of funds that will likely be spent in each NAICS code during each work phase (one-time versus on-going operations). Keen Independent added all identified entities' estimates together by NAICS code and then analyzed what percentage of spending each NAICS code accounted for out of a total of 100 percent.

Results

Keen Independent developed results shown in Figures 1 and 2.

Differences in responses among entities providing data. Projected spending varies between different types of entities.

- Some entities (primarily casinos and off-track betting facilities) have preplanned for sports and event wagering implementation and have either already invested in updating operations in anticipation of future legislation or only need to make minimal adjustments to operations. Several casinos have already completed remodeling inside their existing facilities to accommodate sports and event wagering operations.
- Other entities plan substantial upgrades to their current operations if they were to obtain sports and event wagering licenses. These upgrades could involve large investments in capital improvements and new construction.

External sports book operator partnerships. Some Maryland entities indicated that they will likely partner with established external sports book operators rather than employ them as contractors. Sports book operators may be attractive partners for entities because they have access to infrastructure, staffing and technology that can be adapted to entities' existing operations. This has been the trend across other states and gaming companies. As part of a national business model, some casinos have already forged partnerships with external partners that will manage their sports and event wagering operations. For example, FanDuel recently announced a partnership with Cordish Companies to manage the company's sportsbook,⁶ and Churchill Downs Incorporated, Kentucky's well-known racetrack, recently announced a sports book partnership with BetAmerica.⁷

Because of the potential partnership between entities and sports book operators, Keen Independent interviewed representatives from the sports book sector. Figures 1 and 2 include their information about projected spending.

These external partners may have substantial involvement in in-person wagering operations or may focus primarily on virtual wagering operations. How future Maryland sports wagering legislation is crafted will have substantial impact on partner relationships.

⁶ FanDuel (2019, December 12). "The Cordish Companies and FanDuel Group enter into strategic partnership." Retrieved on September 29, 2020 from <https://newsroom.fanduel.com/2019/12/12/the-cordish-companies-and-fanduel-group-enter-into-strategic-partnership-press-release/>

⁷ Finley, M. (2020, August 28). "Churchill Downs Inc. enters new sports betting, gaming partnership." Business Journal. Retrieved on September 25, 2020 from <https://www.bizjournals.com/louisville/news/2020/08/28/cdi-sports-betting.html>

One-time expenditures. Figure 1 on the following page shows aggregate projected one-time expenditures. This spending would not be recurring. Keen Independent added dollars for each NAICS code identified in the forms submitted by each participating entity to create these totals.

In general, entities reported one-time expenditures in areas such as construction and associated trades, sign manufacturing, and architecture and engineering if issued a license for sports and event wagering in Maryland. These types of spending are typical for commercial new construction or renovations regardless of industry.

Figure 1.
NAICS projected one-time expenditures

NAICS code	NAICS description	\$1,000s	Percent of dollars
236220	Commercial and institutional building construction	\$ 10,517	27.58 %
237310	Highway, street and bridge construction	3,000	7.87
541810	Advertising agencies	2,800	7.34
337127	Institutional furniture manufacturing	2,775	7.28
238190	Other foundation, structure and building exterior contractors	2,500	6.56
339950	Sign manufacturing	2,181	5.72
541511	Custom computer programming services	2,040	5.35
541310	Architectural services	1,805	4.73
333921	Elevator and moving stairway manufacturing	1,575	4.13
238160	Roofing contractors	1,226	3.21
443142	Electronics stores	1,079	2.83
238990	All other specialty trade contractors	1,015	2.66
238210	Electrical contractors and other wiring installation contractors	1,009	2.64
238220	Plumbing, heating and air-conditioning contractors	830	2.18
423430	Computer and computer peripheral equipment and software merchant wholesalers	500	1.31
541110	Offices of lawyers	450	1.18
423440	Other commercial equipment merchant wholesalers	400	1.05
811213	Communication equipment repair and maintenance services	250	0.66
561730	Landscaping services	205	0.54
713290	Other gambling industries	200	0.52
238320	Painting and wall covering contractors	182	0.48
221210	Natural gas distribution	150	0.39
711219	Other spectator sports	150	0.39
238350	Finish carpentry contractors	112	0.29
238390	Other building finishing contractors	105	0.28
541620	Environmental consulting services	102	0.27
238330	Flooring contractors	100	0.26
561612	Security guards and patrol services	100	0.26
324121	Parking lot paving	100	0.26
238310	Drywall and insulation contractors	90	0.24
333413	Industrial and commercial fan and blower and air purification equipment manufacturing	90	0.24
517311	Wired telecommunications carriers	75	0.20
334290	Other communications equipment manufacturing	75	0.20
423850	Service establishment equipment and supplies merchant wholesalers	60	0.16
423210	Furniture merchant wholesalers	50	0.13
517919	All other telecommunications	50	0.13
541611	Administrative management and general management consulting services	50	0.13
448190	Other clothing stores	48	0.12
238290	Other building equipment contractors	20	0.05
541330	Engineering services	20	0.05
561311	Employment placement agencies	18	0.05
424120	Stationery and office supplies merchant wholesalers	10	0.03
541211	Accounting, tax preparation, bookkeeping and payroll services	10	0.03
446110	Pharmacies and drugstores	5	0.01
541214	Payroll services	4	0.01
561790	Other services to buildings and dwellings	3	0.01
562111	Solid waste collection	1	0.00
Total		\$ 38,135	100.00 %

Note: This figure considers outside expenditures only and does not include internal staffing costs.

Source: Keen Independent Research.

On-going operations. Figure 2 on the following page shows projected aggregate annual on-going operations expenses. Keen Independent added dollars for each NAICS code identified in the forms submitted by each participating entity to create these totals.

Entities reported increased spending in areas to support expanded on-going operations. These sectors include advertising, janitorial services, security services, accounting, and data processing and hosting if entities were issued a sports and event wagering license.

This spending and how it is distributed appears to reflect the unique business model of sports and event wagering and how it likely will have an in-person and virtual component in Maryland. Keen Independent was informed that advertising would be a substantial area of expenditures for obtaining customer acquisition and retention.

Figure 2.
NAICS projected increase of annual on-going operations expenses

NAICS code	NAICS description	\$1,000s	Percent of dollars
541810	Advertising agencies	\$ 1,800	24.93 %
561720	Janitorial services	735	10.19
221121	Electric bulk power transmission and control	720	9.97
561612	Security guards and patrol services	670	9.28
238210	Electrical contractors and other wiring installation contractors	420	5.82
541211	Offices of certified public accountants	370	5.13
515210	Cable and other subscription programming	320	4.43
541110	Offices of lawyers	302	4.18
811310	Commercial and industrial machinery and equipment repair and maintenance	175	2.42
423430	Computer and computer peripheral equipment and software merchant wholesalers	137	1.89
518210	Data processing, hosting and related services	120	1.66
561730	Landscaping services	117	1.63
532490	Other commercial and industrial machinery and equipment rental and leasing	108	1.50
811213	Communication equipment repair and maintenance	95	1.32
541214	Payroll services	89	1.23
522110	Commercial banking	78	1.08
423850	Service establishment equipment and supplies merchant wholesalers	72	0.99
238220	Plumbing, heating and air-conditioning contractors	71	0.99
562111	Solid waste collection	63	0.88
337127	Institutional furniture manufacturing	63	0.87
423840	Industrial supplies merchant wholesalers	59	0.82
334290	Other communications equipment manufacturing	56	0.78
443142	Electronics stores	45	0.62
713290	Other gambling industries	44	0.61
339950	Sign manufacturing	43	0.59
323111	Commercial printing (except screen and books)	38	0.53
424120	Stationery and office supplies merchant wholesalers	37	0.52
811212	Computer and office machine repair and maintenance	33	0.46
333921	Elevator and moving stairway manufacturing	33	0.45
561311	Employment placement agencies	29	0.40
532289	All other consumer goods rental	25	0.35
561710	Exterminating and pest control services	24	0.34
334419	Other electronic component manufacturing	23	0.32
424710	Petroleum bulk stations and terminals	22	0.30
238290	Other building equipment contractors	20	0.28
811412	Appliance repair and maintenance	20	0.28
492210	Local messengers and local delivery	18	0.25
621999	All other miscellaneous ambulatory health care services	18	0.25
325611	Soap and other detergent manufacturing	16	0.22
541330	Engineering services	16	0.22
541990	All other professional, scientific and technical services	12	0.17
448190	Other clothing stores	11	0.15
532420	Office machinery and equipment rental and leasing	10	0.14
812320	Drycleaning and laundry services	10	0.14
423440	Other commercial equipment merchant wholesalers	10	0.14
541350	Building inspection services	7	0.09
492110	Couriers and express delivery services	6	0.08
541922	Commercial photography	6	0.08
446110	Pharmacies and drugstores	2	0.03
921190	Other general government support	0	0.00
	Total	\$ 7,218	100.00 %

Note: This figure considers outside expenditures only and does not include internal staffing costs.

Source: Keen Independent Research.

APPENDIX A.

Economic Activities Directly Linked to Sports Wagering

Annotated Bibliography

Keen Independent provides a summary of existing research on economic activities directly linked to sports wagering. This appendix is divided into three sections:

- A. Overall summary;
- B. Direct economic impact; and
- C. Indirect and induced economic effects.

A. Overall Summary

In 2018, the U.S. Supreme Court overturned the Professional and Amateur Sports Protection Act (PASPA), giving states the right to determine if and how to license legal sports wagering operations. Since then, 22 states have legalized and initiated sports wagering. Three states, including Maryland, are projected to legalize and/or begin sports wagering operations in 2020, and 15 are expected to legalize sports wagering in 2021. These states must contend with the integration of sports wagering into existing casino and other venue operations and the enforcement of wagering laws in online and mobile sports wagering.

The following source provides background information on the legalization of sports wagering and basic economic considerations.

How will legal sports betting do in Arkansas?⁸ This study has found that sports wagering alone produces a “fairly small” long-term impact on the local economy. However, when sports wagering is paired with other gaming operations in a facility, there is a noticeable positive, long-term economic impact. This is because sports bets tend to be single-game plays that take several minutes to hours in order to complete. The most popular sports bets are on football, basketball and baseball, games that last between one to three-and-a-half hours. Therefore, sports wagers generate comparatively less profit than video lottery terminals (VLTs) and table games, which have quick play turnover.

The addition of sports wagering to a casino’s offerings produces a “modest additional employment [to the local workforce] at the venues offering the sportsbooks,” according to this study. Little additional labor is needed to input and process sports bets or service sports clientele, particularly if venues use self-service kiosks and mobile apps. Workforce increase may be seen tangentially in online sports wagering companies, such as DraftKings, which may hire more individuals to meet growing client demand, however, these employment opportunities may be in other states (e.g., DraftKings is headquartered in Boston).

⁸ Walker, D. (2018). How Will Legal Sports Betting Do in Arkansas? Retrieved September 9, 2020, from <http://walker.d.people.cofc.edu/pubs/2018/Arkansas%20DIST%2011-27-18.pdf>

Including sports wagering in a state's legalized wagering allows the state to capture residents who were originally travelling to other states to wager (e.g., Marylanders traveling to Delaware, New Jersey and West Virginia). Residents' wagering revenues thus will remain in state. If organized and marketed well, a state's new sports wagering facilities may "cannibalize" the market of surrounding states, a gaming industry term for the takeover and funneling of consumers from another state to one's own market.

B. Direct Economic Impact

The following sources explore the direct economic impact of sports wagering. Direct impacts are proceeds generated solely from online or on-site sports wagering and operations. This includes state taxes on gaming revenues, money spent on building new facilities, license application fees, new wagering equipment (i.e., VLTs and wagering kiosks) and facility furnishings and remodeling.

Expansion of commercial gaming — Sports and Event Wagering Referendum and

Minority Business Enterprise Disparity Study (Maryland Senate Bill 4).⁹ Using figures from surrounding states with sports wagering operations, the writers of Senate Bill 4 (SB4) estimated in-person sports wagering to increase state-wide wagering revenues by \$36.5 million in 2022. About \$7.3 million of these revenues would be collected via taxes by the State (at the 20% tax rate applied to table games). If mobile sports wagering online is allowed, revenues are projected to further increase to \$91.1 million in 2022. At this rate, the State of Maryland would collect \$18.2 million in taxes during that year.

SB4 provides that proceeds from sports wagering will go to the Education Trust Fund (ETF), a special fund established in 2007 that supports public schools, specifically, supplemental education and school construction funding.

Gaming regulations and statutory requirements: Maryland.¹⁰ The American Gaming Association has commissioned comprehensive research on wagering across the nation. The association provides insight on national trends in gaming licensing fees which can be a significant source of proceeds for states.

However, at the time this research was published, the State of Maryland's sports wagering bill, SB4, had not provided specific information about sports wagering licenses.

Keen Independent studied current Maryland gaming licensing operations and national licensing trends to estimate future proceeds generated by licenses. Maryland currently has six VLT licensees. These licensees pay a principal license application fee of \$10,000, an initial principal license fee of \$5,000 and a five-year renewal fee of \$5,000.

⁹ Maryland General Assembly, Department of Legislative Services. (2020). *Expansion of Commercial Gaming — Sports and Event Wagering Referendum and Minority Business Enterprise Disparity Study*. Senate Bill 4

¹⁰ American Gaming Association. (2019). *Gaming Regulations and Statutory Requirements: Maryland*. Retrieved September 10, 2020, from https://www.americangaming.org/wp-content/uploads/2019/07/AGAGamingRegulatoryFactSheet_Maryland.pdf

Depending upon the fee structure established in the enabling legislation, principal licensing application fees could generate additional revenue. For example, of the nine states that currently require sports wagering licenses in addition to gambling licenses, six require a license application fee. These fees range from \$45,000 (Iowa) to \$10 million (Pennsylvania).

Written testimony from Maryland businesses about Senate Bill 4.¹¹ Maryland Lottery and Gaming provided Keen Independent with written testimony concerning SB4. Materials include statements from a wide range of community members, such as the Baltimore Teachers Union, local casinos and the board of the Maryland Association of Counties. These testimonies aid our understanding of the direct impacts gaming has already had on the local Maryland economy. The following is a summary of the economic information provided. Noted in parentheses are the individuals and entities that provided testimonies:

- Over \$3 billion has been spent on the construction of casinos in Maryland (VLT Licensees).
- Each facility can cost several hundred million dollars, like Horseshoe Casino in Baltimore City, which cost \$400 million (R. Conroy).
- Maryland casinos employ over 15,000 individuals directly (VLT Licensees).
- Casinos have provided \$3.3 billion to the Education Trust Fund, and \$4.4 billion in overall taxes to the State of Maryland (VLT Licensees).
- Casinos support local communities via “impact grants.” Horseshoe Casino, for instance, provides \$7.5 million per year to this grant (R. Conroy).
- Gaming facilities encourage the construction of auxiliary entertainment and food service venues, consequently creating new jobs. Horseshoe Casino recently constructed a \$15 million outdoor gaming area, spent \$1.4 million renovating their food service hall and has plans for a golfing facility and concert venue (R. Conroy).
- The National Football League team, the Washington Football Team, is seeking to add the FedEx Field as a sports wagering location. This will likely generate additional revenue and tax proceeds (J. Ross).

C. Indirect and Induced Economic Effects

The following sources explore the indirect and induced economic impact of sports wagering. Indirect impacts are economic effects of third-party goods and services associated with sports wagering facilities or wagering itself (e.g., restaurants, utilities, maintenance, legal and financial services), while induced impacts are the effects on the local economy by individuals employed by wagering establishments (or associated businesses or public agencies) as they spend their earnings on items such as rent and food.

¹¹ Maryland Senate (2020). SB4 Bill Hearing, Written Testimony. Collection of testimony provided by Maryland Lottery and Gaming.

Economic impact of legalized sports betting.¹² This report by Oxford Economics estimates the total potential economic impact of sports wagering on every state. While the report does not provide information about specific sectors, it notes that the following third-party sectors will see a positive indirect impact from sports wagering:

- Food and beverage;
- Utilities;
- Maintenance, repair and cleaning services; and
- Legal, marketing and other financial services.

Additionally, Oxford Economics predicts that sports wagering venues will positively impact the sports media sector, as well as invest in companies within this industry.

This report also offers job creation estimates for every state based on the availability of future wagering facilities (ranked as convenient/moderate/limited) and state tax rates (categorized as base/low/high).¹³ According to SB4, sports wagering in Maryland may incur the same 20 percent tax of VLT gaming. Using this tax rate, Figure A-1 provides Oxford Economics’ estimates for the projected impact of sports betting on Maryland’s job market and wages. Indirect jobs include employment at gaming facilities and indirect or induced employment includes employment at operations that serve gaming facilities.

Figure A-1.
Projected additional employment if sports wagering is legalized in Maryland

Availability	Direct employment	Indirect and induced employment	Total employment
Limited	339	608	1,008
Moderate	939	1,246	2,184
Convenient	1,350	2,104	3,363

Source: Keen Independent Research from Oxford Economics data sample.

Figure A-2 on the following page shows estimates of the additional total, direct, indirect and induced impacts of sports wagering on overall wages paid in the State of Maryland.

¹² Oxford Economics. (2017, May). Economic Impact of Legalized Sports Betting. American Gaming Association. Retrieved September 8, 2020, from <https://www.americangaming.org/wp-content/uploads/2018/12/AGA-Oxford-Sports-Betting-Economic-Impact-Report1-1.pdf>

¹³ Note: A base tax rate is 10 percent of gross gaming revenues (GGR) plus the federal handle tax; a low tax rate is 6.75 percent of GGR plus the federal handle tax; and a high tax rate is 15 percent or more of GGR plus the federal handle tax.

Figure A-2.

Projected wage impact if sports wagering is legalized in Maryland (in millions)

Availability	Direct impact on wages	Indirect and induced impact on wages	Total impact on wages
Limited	\$ 20.9	\$ 36.6	\$ 57.5
Moderate	45.2	74.3	119.5
Convenient	70.2	120.1	190.3

Source: Keen Independent Research from Oxford Economics data sample.

Oxford Economics did not provide specific data on which sectors will see increases in employment.

How much do leagues stand to gain from legal sports betting?¹⁴ Maryland is home to multiple professional sports teams. This report from The Nielsen Company estimates that legal sports wagering operations will nationally increase major sports leagues' revenues by \$4.2 billion. More specifically, Major League Baseball teams, such as the Baltimore Orioles, are estimated to see an 11.1 percent increase in revenues generated from media rights, 6.8 percent increase in sponsorship revenues, 3.4 percent increase in merchandise sales and a 12.2 percent increase in ticket sales due to sports wagering. National Football League teams, including for instance the Baltimore Ravens and Washington Football Team, can expect to see a 17.9 percent increase in revenues generated from media rights, 7.6 percent increase in sponsorship revenues, 2.1 percent increase in merchandise sales and a 6.5 percent increase in ticket sales from sports wagering. Nielsen projects that partnerships between sports teams and local gaming industries will result in increased indirect and induced economic benefits.

Sports betting effects on tourism. Sports wagering has led to boosts in tourism in legalized states. New Jersey and Tennessee provide examples of the indirect impact on tourism that sports wagering is expected to have.

Eleven months after the legalization of sports wagering, third-party businesses in Atlantic City, New Jersey, saw their sales increase by 40 percent. Tourism in the State of New Jersey also grew by 7.4 percent during this time period.¹⁵

Prior to the launch of legal sports wagering in 2019, the State of Tennessee anticipated that 3.5 million additional tourists would travel to the state expressly for sports wagering, an increase of 3 percent to overall leisure tourism. Each sports wagering tourist was projected to spend an average annual amount of \$30 in the local economy in addition to their wagers.¹⁶

¹⁴ The Nielsen Company. (2018). How Much Do Leagues Stand to Gain from Legal Sports Betting. American Gaming Association. Retrieved September 10, 2020, from <https://www.americangaming.org/wp-content/uploads/2018/10/Nielsen-Research-All-4-Leagues-FINAL.pdf>

¹⁵ Kelly, J. (2019, June 20). Sports Wagering Exceeded All Our Expectations. *The Current*. Retrieved September 10, 2020, from https://pressofatlanticcity.com/currents_gazettes/mainland/sports-wagering-exceeded-all-our-expectations-tourism-today/article_c9e8360d-adb4-5b64-baa4-65887fa9062e.html

¹⁶ Pempus, B. (2019, August 8). Tennessee Tourism at Record Levels Ahead of Sports Betting Launch. TNBets. Retrieved September 10, 2020, from <https://www.tnbets.com/tennessee-tourism-record-levels-sports-betting-launch/>