

**2023 SENATE JUDICIARY**

**SB 2358**

# 2023 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Peace Garden Room, State Capitol

SB 2358  
1/30/2023

A bill relating to the creation of a sports betting task force; to provide for a legislative management report; and to provide an expiration date
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9:59 AM Chairman Larson called the meeting to order.

Present are Chairman Larson and Senators Luick, Myrdal, Sickler, Estenson, Braunberger and Paulson.

**Discussion Topics:**

- Sports betting
- Online betting
- Underage betting
- Geofencing

9:59 AM Senator Scott Meyer introduced the bill.

10:06 AM Deb McDaniel, Charitable Gambling, spoke in favor of the bill.

10:09 AM Patrick Gibbs, General Council, Sports Betting Alliance, testified in favor of the bill and provided written testimony #17558.

10:17 AM Chairman Larson closed the public hearing.

10:21 AM Deb McDaniel was called to the podium to answer a question.

10:23 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

**Judiciary Committee**  
Peace Garden Room, State Capitol

SB 2358  
2/7/2023

A bill relating to the creation of a sports betting task force; to provide for a legislative management report; and to provide an expiration date.

Chairman Larson opened the meeting.

Chairman Larson and Senators Myrdal, Luick, Estenson, Sickler, Paulson and Braunberger are present.

**Discussion Topics:**

- Committee action

11:09 AM Senator Myrdal moved to Do Not Pass the bill. Motion seconded by Senator Luick.

11:15 AM Roll call vote was taken.

<b>Senators</b>	<b>Vote</b>
Senator Diane Larson	Y
Senator Bob Paulson	Y
Senator Jonathan Sickler	Y
Senator Ryan Braunberger	Y
Senator Judy Estenson	N
Senator Larry Luick	Y
Senator Janne Myrdal	Y

Motion passes 6-1-0.

Senator Luick will carry the bill.

This bill does not affect workforce development.

11:16 AM Chairman Larson closed the meeting.

*Rick Schuchard, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2358: Judiciary Committee (Sen. Larson, Chairman)** recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2358 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**SB 2358**



## North Dakota Senate Judiciary Committee – Testimony in Support of SB 2358

*January 30, 2023*

Chair Larson, Vice Chair Dwyer, members of the Senate Judiciary Committee:

Thank you for the opportunity to provide testimony in support of SB 2358. And thank you to Senator Meyer, as well as the many co-sponsors and other supporters championing this legislation.

My name is Pat Gibbs. I am an attorney with the law firm Orrick, Herrington & Sutcliffe. It is my pleasure to serve as national Public Policy Counsel for the Sports Betting Alliance (or, “SBA”). The SBA is a trade organization comprised of many of the top operators in the mobile sports betting industry—DraftKings, FanDuel, BetMGM, and Fanatics. Together, our members advocate for competitive mobile sports betting in the United States.

North Dakota is smartly studying how to regulate sports betting in anticipation of a ballot measure projected to go before the voters of this state in November 2024. SB 2358 would ensure that state officials and industry experts have a platform to collaborate *before* the 2025 legislative session to discuss a sports betting regulatory framework designed specifically for North Dakota. Passing SB 2358 does not mean sports betting immediately becomes legal, it just means that a task force is created so that the legislature is poised to construct the strongest possible sports betting market *if* the voters of this state approve the proposed sports betting ballot measure.

In the past five years, more than half of the states and territories in the United States have authorized sports betting—with an overwhelming majority of these allowing for statewide mobile sports betting. But even before the Supreme Court decision that led to this broad legislative movement, people were betting on sports, on the internet, from all 50 states—including North Dakota.

According to an EY report, approximately 21% of Americans were illegally betting on sports using unregulated offshore websites or bookies before the broad sports betting legalization

movement. And according to Geocomply—the industry standard in geolocation services and compliance—people in North Dakota attempted to place a sports wager on participating, U.S. regulated platforms over 30,000 times in the last 4.5 months. That 30,000 number signifies a mere sliver of the interest in the market, only capturing the *real* pings of unsuccessful attempts to access one of the *participating, regulated* U.S. operators. It does not capture the far greater number of wagers that were *actually* placed on non-participating and unregulated offshore websites, or the wagers accepted by bookies.

If those numbers seem high, it's because they are. Interest in sports betting is high—particularly among the activity's primary demographic, who is much more likely to prefer mobile options to retail sports betting. In fact, in states with mature retail and mobile sports betting offerings, over 90% of the bets placed are done so via mobile apps. And the typical sports bettor demographic skews heavily male; almost exclusively 18 to 54 years old; and more college educated, higher income, and more full-time employed compared to the general population according to a study by the Fantasy Sports Gaming Association. This demographic is *online*—they are not the typical casino patron.

Unregulated, offshore websites like Bovada and MyBookie.com are accessible anywhere, and process bets from North Dakotans despite having no regulatory oversight or consumer protection accountability by the state. And they use ambiguous language to lull users into a false sense of security. According to the Fantasy Sports Gaming Association, 81% of these websites' users are unaware that the sites operate illegally in their state.

Because of this lack of information and strong preference for mobile options, many people continue to use these websites in North Dakota despite sports betting being authorized at the state's tribal casinos. And will continue to do so until the legal regulated market can provide the same level of convenience as the unregulated, offshore market.

For this reason, it is in the state's best interest to authorize and regulate statewide sports betting by licensed operators. Doing so captures revenue for the state that would otherwise go to unregulated overseas websites. And it provides the state with a means to establish safeguards to protect consumers. Regulated operators utilize the same sophisticated know-your-customer identification confirming techniques that banks use to approve major lending transactions. Regulated operators provide self-exclusion and bet limitation services and monitor for problem gaming practices. Regulated sports betting is a better, safer option than continuing to allow the market to be dominated by the unregulated offshore websites.

The SBA and our member companies are happy to help serve as a resource to the task force and share the lessons and best practices we have learned from our involvement in the dozens of states with legal sports betting markets. Again, I urge you to vote "yes" on SB 2358 so that North

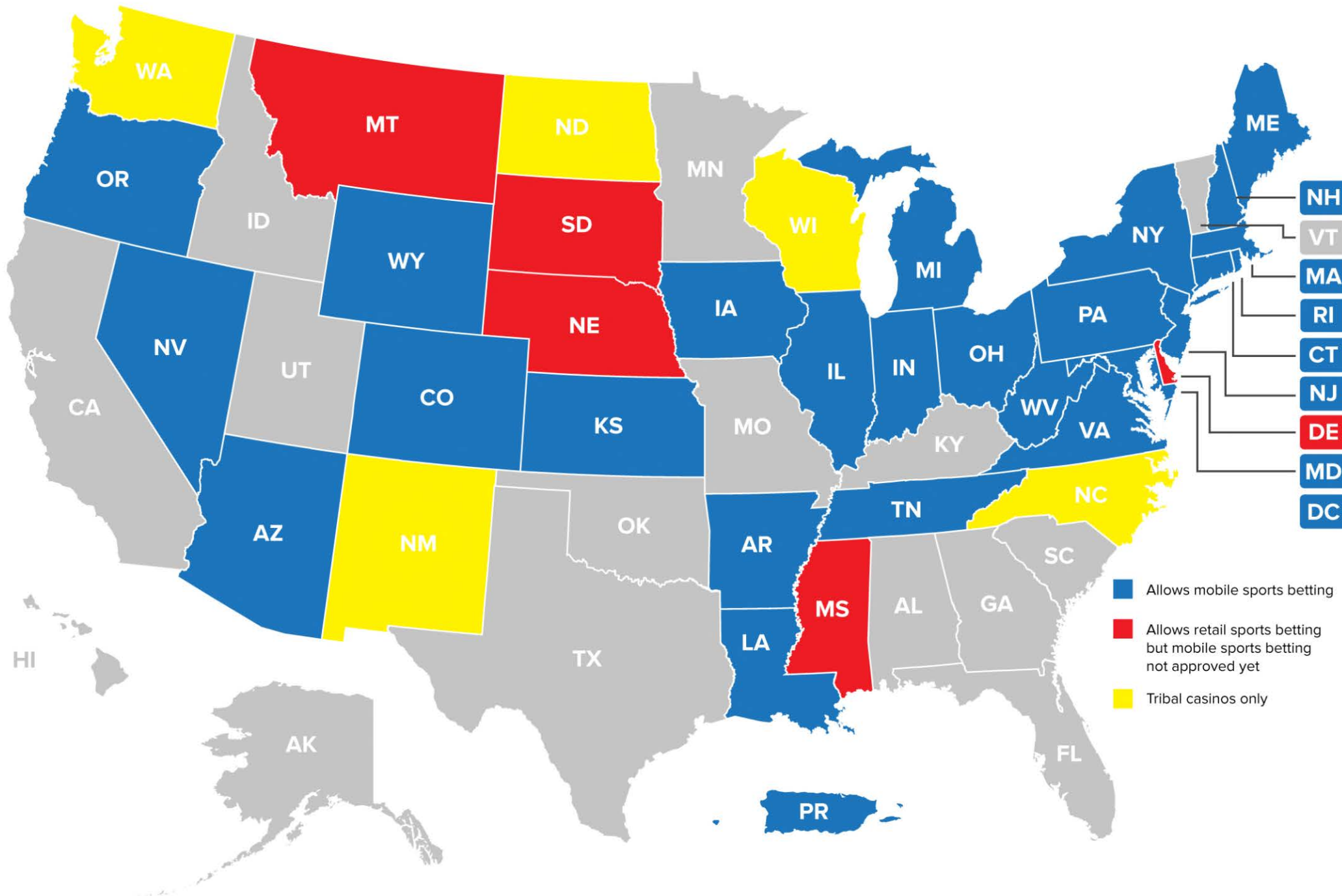
Dakota is best-positioned to enact the strongest possible legislation in 2025 *if* the voters support the proposed sports betting ballot measure.

Thank you for allowing me the opportunity to provide testimony. I would be happy to answer any questions you may have.



# SPORTS BETTING IN THE US

35 States Plus the District of Columbia and Puerto Rico Have Legalized Sports Betting



# North Dakota Data

September 8, 2022 – January 27, 2023



**Proven, tested, and accredited globally**



<b>39</b> jurisdictional licenses	<b>175+</b> global customers	<b>28m+</b> worldwide transactions everyday	Backed by: <b>Blackstone</b> ATAIROS	<b>FAST COMPANY</b>  Most Innovative Companies 2022
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**#1**  
Leader in device and location-based fraud detection in online gaming

**400m+**  
Device installs worldwide

**250+**  
Tech Engineers and Developers globally

**>98%**  
pass rate for geolocation check

**> 10 Billion**  
Transactions per year across Gaming, Media and Fintech

**500+**  
Employees globally

# GeoComply's Compliance Technology Can Support **Regulated** Sports Betting in North Dakota



## Geolocation

Technology to ensure **compliance with federal and state laws** that require players are located in legal online gaming jurisdictions.

Accurate geolocation is a **critical step toward legal wagering** in any state.



## ID Verification

Comprehensive KYC-tech that **confirms the age & identity** of players.

Regulator-approved tool that is customizable to **meet any state requirements** for player account creation.



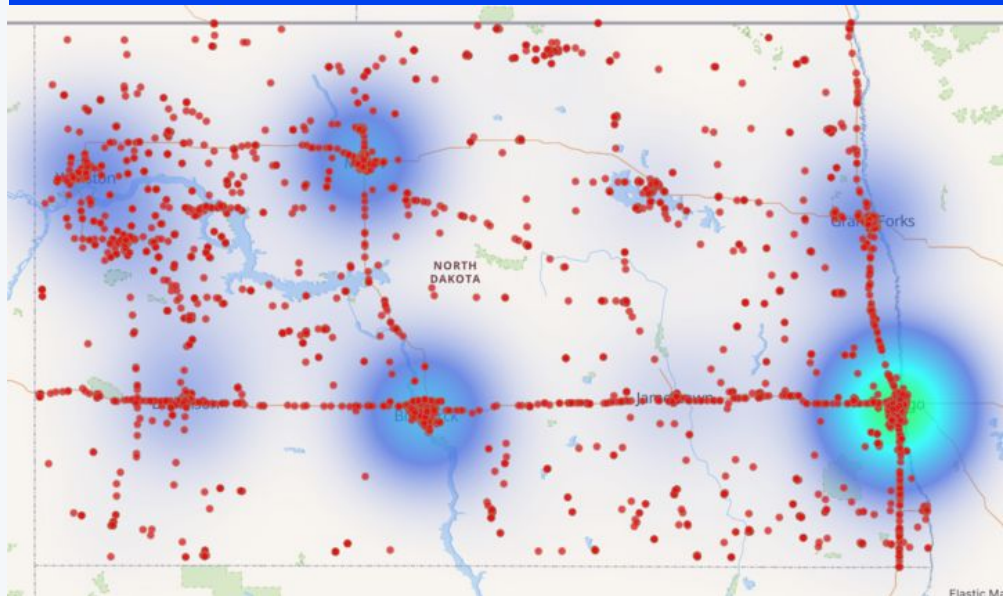
## Fraud Prevention

Risk engine that **protects players & operators from fraud**.

Recent news underscores importance of real-time analysis that gives lawmakers and regulators **confidence in industry integrity**.

# Thousands of North Dakotans Have Attempted to Access Legal Sportsbooks

- Nearly 31,000 geolocation checks originated from devices in North Dakota attempting to access legal US sportsbooks (and blocked)
- Almost 5,000 unique player accounts were geolocated in the state during this timeframe
- Regulated sportsbooks in Pennsylvania, Colorado and the newly launched Ohio market were the most popular choices





# North Dakota - Total Numbers

September 8, 2022 - January 27, 2023



**30,821**

Blocked Attempts



**4,869**

Unique Accounts



Questions?

Please contact Gabrielle Angle  
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