



## Electronic Gaming Group

The Electronic Gaming Group (EGG) is a trade association that represents licensed charitable organizations that operate electronic games, e-game manufacturers, distributors, and others in the E-gaming industry. We would like to convey our strong concerns with HF778 and how it would impact Minnesota's gaming environment.

To be clear, we are not opposed to sports betting in general, but we are opposed to bills that will allow our chief competitor, the tribal casinos, to VASTLY expand their operations outside of their existing jurisdictions, without allowing the charities a reasonable path to compete and grow going forward. The legalization of sports betting has been described by its proponents as the largest expansion of gambling in 40 years, and this bill would hand this multi-billion dollar industry to one interest group without accounting for the negative impacts to the overall gambling market.

We have heard again and again, whether from supporters of this bill or the media headlines, that this proposal "puts the tribes in charge of sports betting". They have been referred to as the experts in the gaming arena, while people make almost no mention of the nearly \$3 billion dollar industry that is charitable gaming. Charitable gaming takes place in thousands of locations across the state and in every single one of your districts. It is often played and regulated over the internet, connected to servers, and integrated with computers and handheld tablets.

The tribal casinos are not the only game in town when it comes to gambling. This legislation would pick winners and losers in Minnesota's gaming environment. Our charities have extensive experience in the conduct of gambling, and they should be treated as stakeholder peers to the tribes in this discussion.

These concerns of ours are exacerbated because of the Minnesota Indian Gaming Association's ongoing attempts to dismantle the electronic charitable gaming stadium agreement by banning e-pull tabs as we know them.

We have asked, and will continue to ask that our organizations and other charitable gambling stakeholders be a part of this conversation in a meaningful way, so that we can find a solution that will not jeopardize the integrity and financial stability of our local charities and their missions in our communities.

To that end, we ask that the following items be kept in mind and on the agenda for any legislative discussions on sports betting:

- **Charitable gaming representatives:** Charitable gaming representatives must be included as stakeholders in all discussions pertaining to the legalization of sports betting in Minnesota. Any expansion of gambling or deviation from the current gambling environment is of as much importance to the charities as it is to the tribal casinos.
- **Charitable gaming protections and competitiveness:** The long-term interests of charitable gaming as it relates to the passage of any sports betting legislation must be protected. Allowing the tribes to profit off of games that can be played in bars and restaurants off of tribally owned land without allowing the charities the ability to compete through new and improved games is blatantly unfair and unbalanced.

- **Sports-themed tip boards and parlay cards:** Authority to play charitable gambling sports-themed tip boards at bars and restaurants was derived from the U.S. Bank Stadium legislation. It is time to enhance these offerings with electronics, linkage, and the addition of electronic parlay cards to our list of allowed games.
- **Legalization of limited mobile phone based charitable gambling via site based wagering:** According to the authors, mobile gaming is an essential part of any sports betting legislation. If this is the case, charitable gambling games should be allowed on mobile phones in Minnesota's veterans' clubs, bars and restaurants that offer charitable gaming. Unlike the proposed tribal mobile sports betting provision, our proposal maintains destination gaming for charitable gaming organizations who wish to offer games on mobile devices. These games can only be played while connected to a charitable organization's network at a bar or restaurant.
- **A significant reduction in charitable gambling taxes:** In order for charitable organizations to fairly compete in a vastly expanded gambling market we need a significant tax reduction. Current proposals impose a 10% tax on sports betting operations, which is less than one-third of the taxes that most charities pay. After having virtually paid for the state's share of the stadium, it is time for the charities of our state to be able to direct a larger portion of their proceeds to their missions rather than a tax rate which can be as high as 36%.

In sum, the passage of any sports betting legislation without proper consideration of all stakeholders would lead to an unfair and monopolized market. Sports betting done wrong could permanently, and perhaps fatally, damage the ability of charities to compete and provide services and programming to the communities they serve. Charitable gambling money funds food shelves, veterans programs, ambulance service, fire departments, and countless other groups that make our communities better, stronger, and more charitable. The legislature must hear every side of this story, and we ask that our concerns be taken into account during these discussions.

Sincerely,

**Sam Krueger**  
**Executive Director**  
**Electronic Gaming Group**

**Tracy Wigen**  
**President**  
**Electronic Gaming Group**