



**Written Statement of Cole Wogoman
Senior Manager, Government Relations
National Council on Problem Gambling**

**Minnesota Senate Finance Committee
January 8, 2025**

Dear Chairman Marty, Ranking Member Pratt, and Members of the Committee:

I write on behalf of the National Council on Problem Gambling (NCPG), the sole national advocate for problem gamblers and their loved ones, to submit remarks on the potential harms of online sports betting. NCPG's mission is to lead state and national stakeholders in the development of comprehensive policy and programs for all those affected by problem gambling. Our vision is to improve health and wellness by reducing the personal, social, and economic costs of problem gambling. NCPG is made up of 35 state affiliate chapters, including the Minnesota Alliance on Problem Gambling. NCPG is neither for nor against legalized gambling, and these remarks should not be taken as support or opposition to Minnesota legalizing online sports betting.

Gambling Addiction is Already in Minnesota

Gambling addiction has existed in Minnesota (and all states) long before online betting was created and debated. In fact, as of 2021, an estimated 57,000 (1.3% of the adult population) Minnesotans were struggling with a gambling problem. Not only do residents gamble at casinos in the state, but many gamble by playing the state lottery, and some also gamble illegally on offshore websites available for use in the state of Minnesota. Further, since 2020, over 11,000 calls, texts, and chats have been made to the National Problem Gambling Helpline (1-800-GAMBLER) from the state of Minnesota. Although not all calls represent an individual with a problem, this number does not include calls made to Minnesota's own problem gambling helpline, 1-800-333-HOPE. Whether Minnesota legalizes online sports betting or not, there is already work to be done in the state mitigating the harms of gambling.

With that being said, it must be stated that the majority of adults who choose to gamble will do so without any material harm to themselves or others. Although exact figures vary somewhat by study and methodology, NCPG estimates that around 2-3% of the U.S. adult population has a gambling disorder, and that 9 million Americans suffer from gambling addiction (with an annual societal cost of \$14 billion). These numbers are significant and underscore the importance of addressing the problem head on, but that prevalence rate is far below the approximately 60% of U.S. adults who have gambled in the past year.



Legalized Online Sports Betting May Increase Gambling Addiction Rates

One thing is clear: all available evidence points to increases in gambling problems among Americans. We work closely with treatment providers and individuals in recovery from gambling addiction and continue to hear their concerns about the rise of gambling-related problems. Research on the economic and social harms of gambling, though limited, is also consistent. Multiple studies in 2024 found significant concerns. For example, a study of 700,000 online gamblers found 96% lost money, with 43% exceeding the generally recommended guidelines of spending less than 1% of their monthly income on gambling.¹ Further, a National Bureau of Economic Research study from 2024 found that spending on sports betting comes at the expense of investment account contributions.²

Since the Supreme Court struck down the Professional and Amateur Sports Protection Act in 2018 and states across the country have legalized sports gambling, problem gambling indicators among players have been on the rise. NCPG's National Surveys on Gambling Attitudes and Gambling Experience (NGAGE) revealed troubling trends between 2018 to 2021. For instance, the percentage of gamblers who answer "many times" when asked if they relied on others to pay their debts in the last year tripled between 2018 and 2021 (2% to 6%), and those answering "many times" when asked if they had lied to hide their gambling in the last year doubled in the same time period (3% to 6%). The 2021 NGAGE survey also found that 15% of gamblers between the ages of 18 and 44 answered "many times" when asked if they lied to hide their gambling, and 10% of that age group answered "many times" when asked if they relied on others to pay their debts. The NGAGE survey also found that sports bettors tend to be of a younger and more impressionable demographic than other bettors and show more likelihood of engaging in problematic play than the average bettor.

NCPG will soon release its 2024 NGAGE survey. The preliminary data shows that risky gambling behavior appears to have leveled off after growing significantly during the pandemic, despite the continued expansion of sports betting; however, it is far too early to assume that rates of problematic play are stable. Many factors affect these rates, including risk factors like increased advertising and mobile betting as well as protective factors such as increased public funding for prevention, expanded education, and greater public awareness of gambling addiction as experienced by friends or family or reported on in the media.

¹ Taylor, Wayne and McCarthy, Daniel and Wilbur, Kenneth C., Online Gambling Policy Effects on Tax Revenue and Irresponsible Gambling (June 06, 2024). SMU Cox School of Business Research Paper No. 24-7, available here: <https://today.ucsd.edu/story/legalized-gambling-increases-irresponsible-betting-behavior-especially-among-low-income-populations>.

² Gambling Away Stability: Sports Betting's Impact on Vulnerable Households Scott R. Baker, Justin Balthrop, Mark J. Johnson, Jason D. Kotter, and Kevin Pisciotta NBER Working Paper No. 33108 November 2024 JEL No. D14, G11, G18, G51.



Online Sports Betting Creates Opportunities to Mitigate Harm

Legalized online sports betting may further increase risk factors for gambling addiction, but this technology also allows additional opportunities to enhance responsible gaming features and take a more proactive approach in encouraging players to utilize these features. For instance, rather than allowing players to receive push notifications on their mobile devices encouraging them to gamble more, regulations could require players to receive notifications alerting them to the amount of time they have spent gambling and the amount of money they have lost. Regulations could also ensure that players are encouraged or required to take “cool-off” breaks if their gambling frequency increases. Features like these present an opportunity to harness the aspects of online sports betting that have the potential to increase harm and use them to help mitigate harm.

NCPG urges legislators and regulators to utilize NCPG’s best practice Internet Responsible Gambling Standards (IRGS) as the basis for any internet or mobile gaming regulation. The IRGS was initially developed in 2012 with the express purpose of serving as a guide for operators, regulators, and vendors to base their programs on, ensuring that player protection remains at the forefront of operations. Over the years, NCPG has updated the IRGS as technology has evolved and research on best practices for protecting those who have or may develop a gambling problem has become available. Instituting the IRGS in legislation and regulations will help ensure that legalized mobile sports betting does not only create costs but also opportunities to prevent harm.

Recommendations for a Sports Betting Legalization Bill

Should Minnesota choose to legalize online sports betting, there are a number of legislative provisions meant to protect the public from gambling addiction that should be included. I will not list every provision here, but rather the highlights. NCPG is happy to provide a more exhaustive list to legislators drafting an online sports betting legalization bill in Minnesota.

First, NCPG recommends states dedicate a percentage of gross tax revenue from legalized sports gambling to preventing and treating problem gambling. NCPG has long believed that everyone who profits from sports betting bears responsibility for gambling problems. Dedicating a portion of profits from gambling to mitigate gambling harm is an ethical imperative and an economic necessity. Many states that have legalized sports gambling have devoted a portion of tax revenue to problem gambling. For instance, Tennessee designates 5% of tax revenue from sports gambling to problem gambling services; while Virginia designates 2.5% of tax revenue from sports gambling to problem gambling services. NCPG recommends that Minnesota devote at least 2.5% of gross tax revenue from legalized sports gambling to problem gambling research, prevention, treatment, and recovery services.



Problem gambling funding is critical to reduce harm, prevalence of gambling addiction, and to create a safe and sustainable gambling environment for all who play. Lack of comprehensive problem gambling programs increases the social costs of gambling addiction and often leads to backlash against those who promote and profit from legalized sports gambling. NCPG estimates that every dollar spent on gambling addiction prevention and treatment services saves at least two dollars in social costs and often many times more. We know that those with gambling problems are at higher risk of suicide, drug or alcohol dependence, and bankruptcy. Those suffering from a gambling problem frequently not only bankrupt themselves, but borrow and steal money from loved ones, coworkers, friends, and the general public.

Second, NCPG recommends Minnesota require that operators prominently display tools that assist players in making responsible decisions and allowing them to set limits. The state should require operators to provide a variety of information to players to assist them in their decision making. This includes practical tips on how to keep gambling within safe limits, common myths associated with specific types of gambling, information on how individual games work, how to use key responsible gambling tools, the risks associated with gambling, and signs of a potential gambling problem. In addition, operators should be required to provide players with information on their play. Players should have easily accessible and periodic updates regarding their gambling history including time and money spent, games played, net wins/losses, as well as session information. Players should have access to their account details including all deposit and withdrawal amounts. Players should be able to set limits on the amount of time they spend gambling and the amount of money they spend in a given time period (such as a day, week, or month).

Third, Minnesota should require gambling addiction education be taught in schools. The risk of gambling addiction is often best taught alongside the curriculum for substance abuse addiction in the middle and/or high school curriculum. In 2022, Virginia became the first state in the nation to require its public schools to teach about the potential harms of gambling and how to prevent gambling addiction. NCPG believes every state should follow Virginia's lead.

Conclusion

The evidence that expanded sports betting has led to increased harm on a national scale is overwhelming. This rapid expansion and its accompanying harm demands a public health response based on prevention, treatment, and research partnerships amongst all stakeholders and everyone who profits from legalized gambling. History shows that the expansion of gambling at the state level has not been uniformly accompanied by appropriate—or in some cases any—funds to prevent or treat gambling addiction. As a result, the existing public problem gambling prevention and treatment services—especially for youth—are insufficient in most states and nonexistent in many. If Minnesota chooses to legalize online sports betting, it should also devote significant funding to prevent and treat gambling addiction.



If you have any questions about these remarks, or want additional details or recommendations, please do not hesitate to contact us. I would be happy to answer any and all questions that you may have. Thank you for the opportunity to submit our testimony to the record.