

## Deal reached on mobile sports betting

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In this Oct. 3, 2014 file photo, a gambler slides a \$100 bill into an electronic baccarat game at the Resorts World Casino at the Aqueduct racetrack, in the Queens borough of New York. | AP Photo/Julie Jacobson

State Legislators and Gov. Andrew Cuomo reached a deal to authorize mobile sports betting in New York, the first step in creating a multi-billion dollar wagering market that could become the largest in the nation.

The deal is a legislative victory for Cuomo, and it inspired a sigh of relief from state lawmakers who were afraid the state would fumble the deal in the fourth quarter. The law will license two state-sanctioned operators to open sports books from one of the state's licensed casinos and will process the billions of dollars of wagers that the state hopes will begin pouring in by the end of the year. It offers the opportunity for the state to recover millions of dollars in tax dollars being lost to neighboring New Jersey and the black market.

Under the deal, the state will license two “platform providers” that are housed in casinos, through a competitive bidding process and at the same tax rate. Preference will be awarded to those offering the highest tax rate.

The casinos will house all of the hardware, software and other materials needed to process the bets, and be paid \$5 million annually by the platform provider. The platform provider will then be able to choose two operators each to run their sportsbooks, also known as “skins.” Cuomo mentioned two companies by name in a Monday phone call: Fanduel and DraftKings.

Each license will come with a \$25 million licensing fee, and the state holds the right to add licenses as they see fit. Preference will also be given to licensing applicants that cut in Native American nations.

The deal also shows that Cuomo remains a force in New York politics. After abruptly endorsing sports betting only four months ago after years of decrying it as unconstitutional, the governor was able to place himself in the driver’s seat and steer legislation where he wanted it, largely stiff-arming legislative sponsors Sen. Joe Addabbo (D-Queens) and J. Gary Pretlow (D-Mount Vernon) on the critical issue of licensing.

Pretlow, who could not be reached by POLITICO, told the Buffalo News that he “did what I could,” and that “hopefully it works for New York.”

Much of the nitty-gritty detail of the bill, however, comes directly from Addabbo and Pretlow’s bill. Cuomo, who said in a phone call on Monday that “we don’t need the casinos,” seems to have conceded that casinos need to be involved because New York’s constitution requires betting to take place within their premises.

“Once fully phased in, legalization will provide more than \$500 million in much-needed revenue for the State to help rebuild from COVID-19 and grow what could be the largest sports wagering market in the U.S. into a profitable industry long-term,” Cuomo’s office said in a statement.

Cuomo’s \$500 million figure has been questioned by experts in the gaming industry, and no study has placed revenue that high.

Sports betting was never a sure bet, and anxiety was high before and during negotiations that the state could fumble a golden opportunity to stop money from leaking into neighboring states like New Jersey.

“This thing is fragile,” Addabbo said last week during negotiations, consistently describing the odds as 50/50. “If this thing falls apart, we [the Assembly and Legislature] did our jobs.”

Cuomo largely kept his views close to the vest. As details began to eke out over the weekend, it seemed as though Cuomo’s stonewalling strategy had worked in keeping the Legislature’s licensing plan — and commercial casinos — out of the final deal. Cuomo seemed triumphant in his phone call with reporters on Monday, a rare moment given the scandals that have enveloped the administration.

The bill now faces approval by the Legislature before being signed into law.

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