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Gambling Alert -January 27, 2023



Luring new sports gamblers with freebies

Legal gambling in Illinois may cost more than the revenue it generates

Sports gambling became legal in Illinois in March 2020. Since then, Illinoisians have wagered increasing amounts of money, reaching \$1 billion in each of October and November of 2022, the last months for which numbers are available. The Illinois Gaming Board reports \$14.5 million in tax revenue for November and year-to-date revenues in 2022 of more than \$100 million from sports gambling.

Sports betting in Illinois is aggressively marketed by the companies authorized to take bets on sports in Illinois. These "sportsbooks" compete fiercely for gamblers, particularly new ones. One of the tools they use is to boost a new bettor's wager with bonuses, so that the gambler feels like he's playing with free money. **Addiction experts fear too many will get hooked**.

Mercedes Kent treats patients with gambling addiction problems at the Gateway Foundation in Springfield. She notes **certain conditions that make gambling addiction more likely, and one of them is ease of access.** Sports gambling can be done online, eliminating the requirement of physically entering a sportsbook. The bonuses they offer also makes access easier. **"Free bets with online access in this context are really no different than free cocaine delivered to your home,"** Kent said in an interview.

At BetMGM you can earn a FreeBet bonus by depositing \$10 or more of real money into an account. If you lose your first bet, they will then give you a

FreeBet in an amount equal to your loss. If your losing bet was \$50 or more, you'll get five FreeBets, each worth 20% of your bet. If you win your first bet you get nothing extra; FreeBets are only awarded if you lose.

Other bonuses have what is known as a "playthrough" requirement. During the football season, DraftKings ran a promotion awarding "bonus funds" amounting to 20% of the initial deposit. But that money is only given to the bettor in increments of 4% of actual bets made. For example, if you deposit \$1,000, you will receive bonus funds of \$200. Then if you bet \$100, DraftKings will increase your wager to \$104 and reduce your bonus funds to \$196. In order to receive the entire \$200 in bonus funds, you would have to bet \$5,000 in total and do it within a period of 90 days. Stigma, according to Kent of Gateway Foundation, is another important factor in addictive behavior. "Patients may go to great lengths to hide their alcohol or drug use," and few will admit to spending all day at the track. Society attaches less stigma to sports gambling, because it is perceived to be a game of skill, and because people are emotionally invested in their favorite teams. Betting can therefore feel like an act of solidarity.

Normalization is the process by which behaviors feel routine and normal rather than unusual or abnormal. Pervasive advertising during sports broadcasts and at sporting events means that children are exposed to it repeatedly, leading to its normalization, and gambling is presented as an integral part of sport as entertainment. DraftKing's slogan is, "Life's more fun when you have skin in the game." Exposure of normalized gambling to children worries Kent. "An early start to gambling is a huge risk factor for addiction," says Kent.

The Illinois Department of Human Services found that about 383,000 adult Illinoisans have a gambling problem, and the state budgeted \$10 million in fiscal 2023 for gambling treatment services, about \$25 per Illinoisan with a gambling problem. Group sessions for treatment may cost \$50 or more each and may last for months or years.

A study conducted by Baylor University in 2011 estimated the societal costs of one pathological gambler to exceed \$9,000 per year. These costs include employment and business costs, illness and suicide, social services expense, divorce and child neglect, and direct losses from gambling. If that estimate is accurate, then problem gamblers in Illinois may cost society about twice as much as the state takes in from gaming taxes. So legal sports gambling may not be a such a good bet for Illinois.

(https://www.baylor.edu/content/services/document.php/144584.pdf)

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