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## Legalized fantasy sports in Missouri expected to get underway in September

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By Kurt Erickson St. Louis Post-Dispatch Jul 27, 2016

**JEFFERSON CITY** • Missouri could start reaping revenue from people who play fantasy sports as early as September.

Exactly how much cash might roll into the state's coffers, however, remains a mystery.

In action Wednesday, Missouri gambling regulators signed off on a set of emergency rules laying out how the newly legalized fantasy gambling market will work in the state.

Among the provisions unanimously approved by the Missouri Gaming Commission are a prohibition on betting on college, high school or youth sports and a tax and fee structure designed to raise money for education.

Under the plan, fantasy sports websites would pay an annual registration fee of \$10,000 or 10 percent of entry fees to the state, as well as an annual administration fee of 11.5 percent of revenue.

Companies that are already doing business in the state can begin registering on Sept. 8.

Missouri is among seven states in the U.S. where there are laws on the books making it legal for operators such as FanDuel and DraftKings to offer online fantasy sports games, in which players pick teams of real players and compete against others based on the statistics of their mock teams.

Gov. Jay Nixon called for the regulation of fantasy sports in his State of the State speech in January, suggesting that the taxes generated by the games could help schools. But revenue estimates have fluctuated from less than \$1 million to more than \$10 million.

Ed Grewach, general counsel for the gaming commission, said Wednesday that his office estimated there were about 200,000 players in Missouri. He offered no guess on a revenue figure.

“We don’t really have a firm number,” Grewach said. “We are regulating an activity that is totally new to us.”

Though the new laws represent a victory for the two big national companies — DraftKings and FanDuel — **smaller operators say the tax structure will decimate** dozens of smaller fantasy sports businesses.

Smaller companies, such as Real Time Fantasy Sports in St. Louis, typically serve hundreds of thousands of customers, rather than the millions who play on the DraftKings or FanDuel platform.

“The high tax rate will create challenges for small operators,” noted a statement from the Fantasy Sports Trade Association.

Anti-gambling groups also opposed the measure, saying it will allow operators to turn video game consoles such as PlayStation and Wii into the equivalent of an in-home casino.

“This bill represents the biggest expansion of gambling in Missouri history, and the governor and legislators are being misled into supporting it,” Les Bernal, national director of Stop Predatory Gambling, said in May.

The rule-making process comes after a furious lobbying effort by DraftKings and FanDuel this spring to convince lawmakers to legalize fantasy sports.

Records show DraftKings spent \$3,810 in April to send more than a dozen lawmakers, spouses, children and their staff members to a St. Louis Cardinals game. Among those on the junket were Reps. Shamed Dogan, Dean Dohrman, Ron Hicks, Justin Hill, Dave Hinson and Chrissy Sommer.

The two companies also have given a total of \$14,600 in campaign contributions to a handful of lawmakers and Attorney General Chris Koster, a Democrat who is running for governor.

Before this year, the companies had not donated to any Missouri campaign funds, according to records at the Missouri Ethics Commission.

Grewach said the emergency rules will be in place while the state works to adopt permanent rules by March. He said the rules were crafted in part by talking with others states, including Tennessee, which also has legalized fantasy sports.

“We were able to use some of their ideas,” Grewach said.