

Testimony Submitted to the Iowa House Ways and Means Subcommittee March 19, 2025 hearing on HSB 223

Chairperson Nordman and Distinguished Members of the Subcommittee,

Thank you for the opportunity to submit testimony on behalf of the iDevelopment and Economic Association (IDEA), the leading trade association representing B2B and B2C companies in the U.S. online gaming industry. Our organization represents the entire ecosystem of companies that make up the online gaming industry and, on their behalf, we advocate for responsible internet gaming policies that drive economic growth, protect consumers, and support vibrant, competitive markets.

IDEA members are licensed sports betting operators, suppliers, and vendors in your state, and we are proud to be important contributors to Iowa's economy.

We want to thank Chairmen Bobby Kaufman for the continued efforts to regulate online gaming (iGaming) and we offer our support for HSB 223. With an uncertain long-term budget outlook and growing competition from surrounding states that are offering both land-based and internet gaming options, hearings like this are an important step to examine how legal iGaming can be a vital revenue stream for the state. More importantly, authorizing iGaming would mitigate the unregulated online gaming marketplace that already exists in Iowa and place operations into the hands of state-licensed entities, with strict oversight from the Iowa Racing and Gaming Commission.

A recent study conducted by Meister Economic Consulting, Regulus Partners and Victor-Strategies¹ dispels several of the false economic and social impact narratives being advanced by groups that oppose iGaming. We hope you will review this thoughtful analysis that uses real data from existing online gaming markets to demonstrate the true opportunity for Iowa as you explore legalization.

Consumer Protection

Simply type "Can I play online poker in Iowa" or "Can I play online slots in Iowa" into your web browser, and you will be directed to numerous websites claiming to be legal and legitimate

¹ [A Comprehensive Analysis of iGaming Economic Impact](#); Meister Economic Consulting, Victor Strategies and Regulus Partners; March 2024.

because they operate out of the reach of the state government. This should be a major concern for policymakers.

By transitioning from an unregulated to a regulated environment, Iowa can ensure that all iGaming operations adhere to strict standards of fairness, data protection, and responsible gaming practices. This shift not only protects your citizens from the risks associated with offshore and illegal sites but also promotes a culture of safe and responsible gaming.

Legalization goes hand-in-hand with stronger enforcement against illegal online gambling operations. Michigan, which has legal iGaming and sports betting, has demonstrated how they now have the power and force of law to shut down illegal operators. In the past year, the state has sent several cease-and-desist letters to companies operating gambling websites in contravention of their state law. These companies, even those based overseas, have complied with the order and no longer operate in the state.

Regulation Promotes Responsible Gaming

Leading online gaming operators and their suppliers in the U.S. market are committed to enhancing player protection measures and addressing problem gambling. The industry is moving towards an environment where enhanced responsible gaming tools are standard, sensible, and integral to every player's experience.

While traditional tools like deposit limits and self-exclusion remain important, sophisticated behavioral analytics now enable operators to identify potential issues early and deliver personalized interventions before significant harm occurs.

iGaming operators leverage advanced behavioral analytics and machine learning to monitor player activity and detect early signs of problem gambling. These systems analyze dozens of behavioral markers across financial indicators (e.g., deposit patterns, loss chasing, cancelled withdrawals), time-based activity (e.g., session duration, night-time play, continuous gaming), and gambling behaviors (e.g., bet size variability, product switching, responsible gaming tool usage).

By building detailed risk profiles, operators can deliver tailored interventions based on individual play patterns. Machine learning models, continuously refined with historical data—including self-exclusion records—enhance the accuracy of identifying at-risk players, ensuring timely and effective responsible gaming measures.

Organizations like iDEA Growth play a pivotal role in this effort. iDEA Growth's Responsible Gaming Pillars² outline a comprehensive framework that leading operators follow to ensure that responsible gaming is at the forefront of their operations. The pillars emphasize a proactive, data-driven approach to player protection, which regulated operators adhere to as part of their commitment to responsible gaming.

iGaming and Land-Based Casinos

iGaming complements land-based casinos by expanding accessibility, enabling cross-promotion, and offering extensive game varieties. It serves as a bridge for new players, integrating with land-based loyalty programs and providing valuable customer data insights for tailored marketing and game offerings.

Last year, our organization commissioned a study³ revealing that, in addition to adding a revenue stream for land-based casino operators, iGaming helps boost revenue from casino operators' brick-and-mortar properties. In the six states that offer iGaming, the evidence shows that online gaming is a catalyst for growth, not a competitor to land-based casinos.

Given the state demographics and the distribution of land-based casinos throughout the state, Pennsylvania serves as a strong comparison to the Iowa gaming industry. To assess the impact of iGaming on Pennsylvania's retail gaming market, we analyzed the revenue numbers from the five years before iGaming's introduction (2014–2018) and compared them to the five years following its introduction (2019–2024). This approach provides a balanced comparison, even accounting for the challenges posed by the COVID-19 pandemic in 2020, which significantly disrupted retail gaming revenues.

The results show that retail table games and slot revenues have increased considerably during the five years since iGaming was introduced, despite the unprecedented challenges of the pandemic year.

- Retail slot revenue grew by 13.25% between the two periods, rising from \$11.75 billion (2014–2018) to \$13.31 billion (2019–2024). This demonstrates that slots, a cornerstone of the retail casino industry, have remained strong and even grown in the presence of iGaming.⁴

² [Responsible Gaming Pillars](#); iDevelopment and Economic Association.

³ [Comparing Online and Land-Based Casino Gaming](#); Eilers & Krejcik; February 2024.

⁴ PA Gaming Control Board Reports Record High Gaming Revenue for 2024; Pennsylvania Gaming Control Board Press Release; January 21, 2025.

- Retail table game revenue experienced an even more remarkable increase, growing by 25.17% from \$4.18 billion (2014–2018) to \$5.23 billion (2019–2024). This substantial growth highlights the continued appeal of table games and their ability to thrive alongside iGaming.⁵

This growth occurred alongside the expansion in the state's land-based gaming footprint. Since 2018, five new casinos (two full casinos and three mini/satellite casinos) have opened in Pennsylvania, further contributing to the increased revenue from retail gaming. This demonstrates that iGaming and land-based casinos are not competitive but are complementary. The simultaneous growth of iGaming and new brick-and-mortar venues reinforces the idea that land-based and online gaming can coexist and thrive, creating a more robust and diverse gaming ecosystem.

The employment impact further underscores this complementarity. According to publicly available data from the Pennsylvania Gaming Control Board (PGCB) more than 1,000 new jobs have been added at land-based casinos over the past three fiscal years (FY21/22 to FY23/24). Additionally, the PGCB's job board highlights active recruitment efforts by casinos across the state, with hundreds of full-time and part-time opportunities available. These positions range from dealers and table games supervisors to roles in restaurants and other non-gaming amenities that are essential to the in-person casino experience.

Finally, the combination of iGaming and sports betting has driven record-breaking gaming revenues for the state. Total gaming revenue grew from \$3.27 billion in 2018 to \$6.14 billion in 2024, an increase of over 87%. iGaming and sports make up the lion's share of this growth. The availability of these new digital gaming channels has contributed to record tax revenues from gaming, benefiting Pennsylvania's economy and public services.

As this legislature considers the merits of legalizing and regulating iGaming, you can be assured that it will complement Iowa's existing land-based casinos to deliver even more gaming-related tax revenues to the state.

Modernization and Competition

The introduction of iGaming represents a significant stride towards modernizing Iowa's gaming industry. It acknowledges the evolving preferences of consumers who increasingly seek convenience and omnichannel experiences.

⁵ Ibid.

By integrating iGaming and sports betting with land-based casinos, Iowa can offer a seamless gaming experience that bridges the physical and digital realms. This not only caters to the preferences of a wider demographic but also positions Iowa as a leader in the gaming industry, capable of providing a comprehensive gaming ecosystem.

However, Iowa is facing increased competition in the region. Nebraska has recently opened new casinos, and mobile sports betting could be on the horizon there. Additionally, other surrounding states are actively exploring iGaming legislation. Without action, Iowa risks losing market share and gaming tax revenues to neighboring states that modernize their offerings first. Regulated iGaming will ensure that Iowa remains competitive and continues to generate revenue for state priorities.

Existing Regulatory Foundation

The technological infrastructure and regulatory frameworks—established and overseen by the Iowa Racing and Gaming Commission—that have successfully governed online sports betting in Iowa offer a blueprint for the safe and responsible expansion into iGaming.

Digital identity verification, geolocation technology, and integrity software—cornerstones of Iowa’s current sports betting system—can effortlessly be adapted to regulate online casino games, ensuring secure, fair, and responsible gaming. The regulatory safeguards in place, including consumer protection and anti-money laundering practices, are equally applicable, promising a safe environment for engaging in online gaming.

Other states have shown that regulating online sports betting and iGaming concurrently leads to a safer, more vibrant gaming ecosystem. These examples provide valuable lessons and best practices that Iowa can adapt to ensure the integrity and success of both operations.

Conclusion

Iowa has the opportunity to be at the forefront of modernizing its gaming industry while ensuring strong consumer protection and generating significant revenue for the state. By embracing iGaming, the state can create a robust, well-regulated market that enhances player protection, supports land-based casinos, delivers substantial revenues and keeps Iowa competitive in an evolving regional gaming landscape.

We encourage the committee to advance HSB 233 to ensure a thoughtful, responsible, and competitive iGaming framework for Iowa.

Thank you for your time and consideration. Please contact us with any questions you may have.

John A. Pappas
State Advocacy Director
jpappas@ideagrowth.org