

BLOG

Esports Included in Recent Flurry of States' Sports Betting Legalization Bills

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Most states with recently passed sports betting legislation include esports under the definition of "sporting event" or "sports event." Maryland's HB940, Arizona's HB2772, Wyoming's HB133, and Connecticut's HB6451 include "electronic sports," "e-sports," or "video game competitions" within their definition of a "sporting event." Some of these bills require further negotiations with tribal gaming commissions, and then approval from the U.S. Department of the Interior before they can go into effect but will eventually open avenues for betting on these kinds of competitions along with traditional events like football and basketball. Because they are included and categorized as part of the broad definition of a "sporting event," gambling on esports events will be regulated and administered the same way as traditional sports betting.

Other major states with bills introduced, but not yet passed, take a similar approach. Ohio's SB176, which has been approved by the Senate and referred to committee in the House, includes "esports events" in its definition of a "sporting event." Texas's HB2070, which is still in committee, also includes "electronics sports events" and "competitive video game events" in its legalization bill. Interestingly, Louisiana's HB697, which has been signed by Louisiana Governor John Edwards, specifically excludes "electronic sports" and "competitive video games" from its definition of "sports event." Meanwhile, the competing state Senate bill, SB247, includes "competitive video game or other electronic sports event" in its purview. SB247 was passed by both chambers of Louisiana's legislature and sent to the Governor for review. If signed into law, SB247 would likely expand the scope of the more restrictive House bill. The inclusion of esports in the Louisiana Senate bill shows the growing influence of the esports industry in the wider sports entertainment sector.

As more states pass sports betting legalization bills, the inclusion of esports and videogame events may also signal a growing respect for esports as legitimate competitive events. As streaming platforms like Twitch already allow informal non-monetary betting of "channel points" on the outcomes of esports events, gamers and fans will likely jump on the opportunity to wager real money on video game competitions as more states approve legislation. Gambling on esports events will also provide a smaller but steadier stream of tax revenue for states that include it in part of their sports betting bills, as esports events happen year-round and often without a defined season. As more data becomes available, industry observers and commentators will be watching to see how much revenue esports can provide in comparison to traditional sporting events. Winston & Strawn will provide updates on these developments as bills are introduced and passed in states around the nation.

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