

## Game On: The Rise of Esports Betting in the U.S.

Esports have boomed in the US and beyond in recent years, but when it comes to betting on these events, states have exhibited differing approaches on how to regulate the vertical.

Following the Supreme Court's 2018 decision striking down the Professional and Amateur Sports Protection Act, states were free to legalize and regulate sports betting, and if they wished, esports betting.

To date, esports is expressly permitted, through legislation, regulation or otherwise, in Nevada, New Jersey, Colorado, Tennessee, Virginia, West Virginia and Washington.



### Nevada

Because sports wagering was legal in Nevada prior to the repeal of PASPA, Nevada was well-positioned to become an early esports betting leader. In 2017, the state amended Section 464.005 of the Nevada Revised Statutes to allow gambling on "other events" which clarified any possible confusion over whether esports were included under the existing sports betting law.



### New Jersey

New Jersey currently lists esports among permissible "sports events" wagering offerings, including "all professional electronic sports and competitive video game events that are not sponsored by high schools, do not include high school teams, and do not include any participant under the age of 18 years."



### Colorado

In 2019, the Colorado Limited Gaming Act was amended to permit wagering on any "sports event" including "any individual or team sport or athletic event in which the outcome is not determined solely by chance".

While esports is not mentioned by name, a "prohibited sports event" includes only video games that are "not sanctioned by a sports governing body as an electronic competition" and the Colorado Limited Gaming Control Commission's official catalog of events and wagers contains every approved esports wager to date.

Recently, GameCo announced a partnership with the Sky Ute Casino Resort in Colorado and US Bookmaking to launch the first esports dedicated sportsbook in the US.



### Tennessee

The Tennessee Sports Gaming Act expressly includes esports in its definition of "sporting event," and defines esports as: "any multiplayer video game played competitively for spectators, either in-person or via remote connection, in which success principally depends upon the superior knowledge, training, experience, and adroitness of the players." This allows sportsbooks to list esports contests among events for other sports leagues.



### **Virginia**

Similar to Tennessee, esports contests are expressly included in the definition of “sports event” in Virginia, along with professional sports, college sports and any athletic event, motor race event or competitive video game event.



### **West Virginia**

The West Virginia Lottery Sports Wagering Act broadly defines “sports events” as “any professional sport or athletic event, any collegiate sport or athletic event, motor race event, or any other special event authorized by the [West Virginia State Lottery Commission],” and the Commission has authorized wagering on esports events.



### **Washington**

Washington legalized sports betting, including esports, for federally recognized tribes within its borders in March 2020.

Such tribes are permitted to accept wagers on “sporting events, athletic events, or competitions by any system or method of wagering” including “[a]n electronic sports or esports competition or event”. This is defined as “a live event or tournament attended or watched by members of the public where games or matches are contested in real time by players and teams and players or teams can win a prize based on their performance in the live event or tournament.”

Despite promising developments around the country, not every state – or even every state that has legalized and regulated sports betting – is on board.

For example, in Indiana, “sports wagering” excludes “wagering on esports,” which is defined in Indiana as “a single player or multiplayer videogame played competitively, typically by professional gamers.”

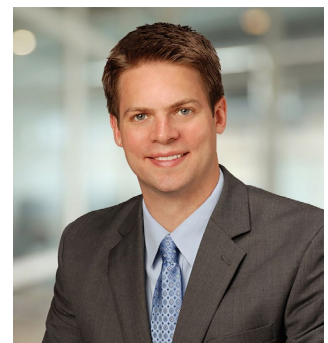
Further, in Iowa, despite requests from industry stakeholders for the Iowa Racing & Gaming Commission (IRGC) to consider esports as an “authorized sporting event,” such betting is prohibited, due in part to the Iowa Attorney General’s opinion that esports would not fit the definition of an “authorized sporting event.” Ironically, esports is considered a permissible “fantasy sports contest” in Iowa.

In other states, esports betting currently falls in a gray area, not expressly authorized or prohibited.

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