
Public Hearing

before

SENATE ECONOMIC GROWTH COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 132

(Proposes constitutional amendment authorizing Legislature by law to allow wagering at Atlantic City casinos and at horse racetracks on sports events)

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: December 9, 2010
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Raymond J. Lesniak, Chair
Senator Sandra B. Cunningham, Vice Chair
Senator Richard J. Codey
Senator Joseph M. Kyrillos Jr.
Senator Steven V. Oroho
Senator Robert W. Singer



ALSO PRESENT:

Kevin J. Donahue
Office of Legislative Services
Committee Aide

Eugene Lepore
Senate Majority
Committee Aide

Laurine Purola
Senate Republican
Committee Aide

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

TABLE OF CONTENTS

	<u>Page</u>
Donald F. Weinbaum Executive Director The Council on Compulsive Gambling of New Jersey, Inc.	1
 APPENDIX	
Testimony submitted by Donald W. Weinbaum	1x
Report, " <i>Sports Wagering in New Jersey</i> " submitted by The Club Cal Neva Hotel and Casino Reno, Nevada	
pnf: 1-6	4x

SENATOR RAYMOND J. LESNIAK (Chair): We're going to start right now. Please identify yourself.

DONALD F. WEINBAUM: Thank you, Chairman.

My name is Donald Weinbaum. I'm Executive Director of the Council on Compulsive Gambling of New Jersey, Incorporated.

First of all, I'd like to thank you and acknowledge your ongoing support for compulsive gambling and problem gambling services for our State. I appreciate the opportunity to comment once more--

SENATOR LESNIAK: Donald, one second, please.

Can everybody who is finished with their business here take their conversations out of the room so we can hear the testimony please?

Thank you.

MR. WEINBAUM: Thank you.

As I was saying, I do appreciate the opportunity to comment once more on the proposed constitutional amendment to authorize sports wagering at casinos and racetracks; and I also thank you for your ongoing support for compulsive gambling programs.

I have a prepared statement, so I will keep my remarks shorter.

SENATOR LESNIAK: I understand your prepared statement will be part of the record.

MR. WEINBAUM: Okay, thank you.

As you know, we're a nonprofit corporation that conducts education, prevention, outreach, and referral services for people affected by compulsive gambling across New Jersey, including operation of the 1-800-GAMBLER® number, and we've been doing so for 27 years.

As you noted, Chairman, we are neutral on this bill; we don't take a position for or against bills to expand gambling.

Several concerns we have about this bill relate, primarily, to the potential impact on the prevalence of compulsive and problem gambling in New Jersey, and also the availability of services for problem gamblers and their families. Nine percent of the calls to our helpline are related to sports betting; 11 percent report some level of involvement. And we do have 350,000 pathological gamblers and problem gamblers in the state.

We believe that legalized sports wagering will increase the scope of the problem, particularly among young adults, and that legalization will serve to normalize activities.

Some of the people that engage in -- 2 to 5 percent -- will develop problems. That's pretty much true across all types of gambling. Among young adults, the rates are 4 to 8 percent.

It's very clear that most gamblers do not develop gambling problems, and that many residents of our State already engage in sports wagering, albeit illegally. But for those who do, the problem could be very serious. I want to share with you some information from a study that came to me just yesterday, which I think brings the point home. This research study indicates that problem gamblers account for 5 percent of all suicides, and that the rate is three times that for non-bettors. For those of us in the field, that pretty much brings home what we've seen in dealing with individuals and their families: that lives can be devastated and that the addiction is so insidious, so engaging, that trying to win back losses, many problem gamblers -- compulsive gamblers -- continue to bet to the point when they become desperate and they see no other options.

This particular resolution does not address problem gambling specifically, but we are aware that the Committee has looked at this issue, that it's open to providing funding within the enabling legislation that will subsequently come out if the voters approve sports wagering.

The current system of services across the State is significantly inadequate -- it does not cover all counties of the State; it does not come close to meeting the needs of problems of gamblers and their families. We are concerned that legalized sports betting, to at least some extent, will increase the demand for gambling treatment services -- beyond already critical levels.

We also want to bring to the attention of the Committee a broader issue that the Legislature will eventually need to consider. The New Jersey Constitution places numerous restrictions on the use of funding derived from gambling activities -- whether from casinos, racing, lottery, or other types of gambling. Oddly enough, there's no mention of compulsive gambling in any of the lists of allowable uses. In the course of amending the Constitution to authorize new gaming and gambling activities, it would be wise to take the opportunity to also include language permitting revenues to be used for compulsive and problem gambling services.

Just briefly, that is the route that many states have taken; they don't all address gambling within the constitution, but there are always responsible gaming provisions that deal with funding.

And I'd just like to end by saying that we believe that legalized sports wagering will attract some new bettors; will increase the amount of wagering that takes place; and will have some crossover effects into casino gaming and racing as well. However it pans out, it will increase the number

of compulsive gamblers in this state. The research has clearly indicated that there's a direct correlation between accessibility and availability of gambling and the number of compulsive gamblers.

We certainly appreciate your willingness to consider these issues and to hear from the Council.

SENATOR LESNIAK: Thank you, and as I've assured you in many previous cases, I certainly will support, and I'm certain that the members of this Committee will support -- when we do enabling legislation, to include funding for compulsive gambling programs.

Any questions from the Committee members? (no response)

Thank you.

MR. WEINBAUM: Thank you very much.

SENATOR LESNIAK: All right, now I'm going to make my statement, so listen up. (laughter and applause)

First of all, I want to reiterate what it's in the statement -- in the Constitutional amendment -- that this Constitutional amendment differs from the Constitutional amendment we previously had released from Committee, in that it does not include Internet sports betting because that's not necessary to be included in the Constitution. When we amended the Constitution for simulcast horse racing, we did not include Internet gaming, yet we have Internet betting on horse races. So it's not necessary to be in the Constitutional amendment, therefore, it's not included.

SCR-132 would amend the New Jersey Constitution, if approved by the voters next November, to allow sports betting at our casinos and racetracks and former racetracks. Betting on New Jersey

amateur teams, or on any amateur sporting event in New Jersey, would not be allowed.

I have filed a lawsuit in Federal District Court to overturn the Federal ban on sports betting called PAPSA. Constitutional law authorities at George Washington, Vanderbilt, Willamette, and Whittier law schools agree that the Federal ban violates the 5th, 10th, and 14th Amendments to the United States Constitution and its commerce clause. Even the Justice Department had doubts on the legality of the sports betting ban, and expressed its concern in a letter to then-Chairman of the Senate Judiciary Committee, Joe Biden, in 1992 when PAPSA was enacted into law.

Club Cal Neva, a Las Vegas-based company which operates over 30 sports books and handles billions of dollars in bets, estimates that sports betting will bring in \$1.3 billion in gross wagering revenues, and \$120 million in tax revenues for New Jersey -- that's \$1.3 billion of gross profits for our casinos and racetracks, creating and preserving thousands of jobs, and attracting tourists to Atlantic City and the Jersey Shore in Monmouth and Ocean County. That's a lot of jobs, a lot of profits for New Jersey businesses, and a lot of revenue for the State.

I want included in the record the analysis of Club Cal Neva with regard to the potential revenues from this Constitutional amendment.

Do we have anyone else--

Yes, Senator Singer.

SENATOR SINGER: I just would like to, Mr. Chairman, just like to say that I appreciate the fact that you included the tracks in this. As you know, we're struggling in the horse racing industry. This would be, I think, a tremendous boon for them. In my particularly area of the state, we

have Monmouth Racetrack and Freehold Racetrack, which is also the same as Senator Kyrillos' area, and this would be absolutely an important aspect to the story.

Thank you for that, and I look forward to (indiscernible) both of us.

SENATOR LESNIAK: Thank you, Senator Singer.

Anyone else? (no response)

I guess we can declare the hearing now over. Have a happy--

SENATOR CODEY: (indiscernible)

SENATOR LESNIAK: There's no vote.

SENATOR CODEY: I have to tell you a story -- true story.

Years ago, I was in Florida at an anti-- It was a pro-- People with a gambling problem. And it was the day before the Super Bowl. So I was on a panel, and they said, "Are there anymore questions?" And I said, "Yes." So I asked the head of it, "Who do you like tomorrow?" (laughter)

SENATOR LESNIAK: Thank you. The hearing is over. Happy holiday everybody.

(MEETING CONCLUDED)