



**LEAGUE OF WOMEN VOTERS
OF NEW JERSEY EDUCATION FUND**

**CONSTITUTIONAL AMENDMENT TO APPEAR ON
THE NOVEMBER 8, 2011 GENERAL ELECTION BALLOT**

**Constitutional Amendment Authorizing Legislature by Law to Allow
Wagering on Sports Events at Atlantic City Casinos and At Horse Racetracks**

Shall the amendment to Article IV, Section VII, paragraph 2 of the Constitution of the State of New Jersey, agreed to by the Legislature, providing that it shall be lawful for the Legislature to authorize by law wagering at casinos or gambling houses in Atlantic City and at current or former running and harness horse racetracks on the results of professional, certain college, or amateur sport or athletic events, be approved?

Interpretive Statement (Official explanation by the state)

A “Yes” vote on this question would allow the Legislature, when permitted by federal law, to legalize the placing of bets on certain sports events at casinos, racetracks, and former racetrack sites. Currently, federal law only permits this type of betting in Nevada and Delaware. It also occurs through illegal betting operations. If legalized in New Jersey, bets could be placed on professional, college, or amateur sports or athletic events, except that bets could not be placed on any college sports or athletic event that takes place in New Jersey or in which a New Jersey college team is playing.

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BALLOT QUESTION ANALYSIS

SUMMARY

In order for New Jersey to have sports betting, the following steps need to be taken:

One is to change the New Jersey Constitution to grant the Legislature the authority to allow such betting, which is what this amendment would do. However, there is currently a federal ban on sports gambling in New Jersey. So the second step would be to overturn that ban. This amendment does not change federal law and it is not certain whether the ban can be overturned. If the ban is in fact overturned, the legislature would then have to pass a law to actually allow the sports betting. This amendment merely gives them the option to do so.

Thus, if approved, this constitutional amendment will expand *allowable* gambling in the New Jersey Constitution so that if the federal ban is reversed -- either by Congress or the courts -- the New Jersey Legislature could introduce legislation to permit sports betting.

BACKGROUND

The federal Professional and Amateur Sports Protection Act of 1992 (PASPA) prohibits sports betting in all states except for Nevada, Delaware, Montana and Oregon, which had existing sports betting authorization in place when the law was adopted. The law provided a one year grace period after its passage, during which other states could elect to institute their own exempt sports betting schemes. New Jersey did not act within the one year window established by the law.

Nevertheless, in 2010 the current Legislature authorized this current ballot question. State Senator Raymond Lesniak, prime sponsor of the ballot question, joined with the New Jersey Thoroughbred Horseman's Association, the Thoroughbred Breeders Association of New Jersey and Interactive Media Entertainment & Gaming Association to challenge PASPA in federal court, claiming the law was unconstitutional on various grounds. The New Jersey Senate also joined the suit in February 2011, after the Legislature authorized placing this question on the ballot. In March 2011, the suit was dismissed by the court, which found that the plaintiffs lacked standing to bring the suit. The court noted that sports gambling is illegal in New Jersey, hence there is no imminent threat that anyone will seek to enforce PASPA against the state.

If the voters approve this ballot question, and if the federal prohibition is reversed, the Legislature could then adopt specific legislation permitting sports betting at Atlantic City casinos and current or former racetracks in accordance with the limitations set forth in the proposed constitutional amendment.

Reasons to Vote YES:

- If the amendment is approved, the federal courts may allow a challenge to PASPA to go forward.
- Supporters argue that sports betting is already widespread, and legalizing it will allow for state regulation and reduce crime.
- Estimates of the tax revenue that could be generated by legalization of sports betting range from \$30.6m to \$220.7m, depending on the number of locations and whether or not internet wagers are permitted.

Reasons to Vote NO:

- Expansions of gambling have historically increased the number of participants; as 2% to 5% of gamblers become problem gamblers, the legitimization of sports betting may increase the number of problem gamblers in New Jersey, currently estimated at 300,000 to 350,000.
- It is unclear exactly where sports betting would be allowed, as the amendment does not define the term "former racetracks." For instance, most county fairgrounds were sites of horse racing in the past.