

# A.C. sees sports betting as its best chance

As casinos struggle, advocates say new wagering would draw more visitors — and their money.

LAS VEGAS — Here in Sin City, at elaborate arena-like theaters with rows of plush seating and walls of giant LCD screens and monitors, sports wagering brings in very big bucks. This year's Super Bowl between the Pittsburgh Steelers and the Green Bay Packers drew wagers at casinos on the Strip totaling about \$87.5 million.



SUZETTE PARMLEY / Staff

**Chris Lindstrom, of Sacramento, Calif., settles into his front-row seat at Lagasse's Stadium in the Venetian Casino Resort in Las Vegas. For now, only four states can allow sports betting.**

It also attracted 272,000 visitors to Vegas who spent an additional \$84.6 million — nearly as much as was wagered on the game — on non-gambling-related items such as hotel rooms, meals, shows, and souvenirs, according to the Las Vegas Convention and Visitors Authority.

Which is why Atlantic City — whose casinos could raise a projected \$200 million a year from sports betting — is in the hunt now for a piece of the action.

It's a quest replete with legislative and legal challenges, but a statewide referendum on the Nov. 8 ballot that ultimately could allow sports betting at New Jersey's casinos and four racetracks is a key first step toward positioning Atlantic City on a playing field dominated by Las Vegas since the mid-1970s.

If approved, the nonbinding referendum would allow a change in the New Jersey Constitution to permit legislation authorizing sports betting, effective only after a federal law limiting it to four states is repealed or overturned.

In March 2009, a New Jersey lawmaker challenged the law in federal court; the suit was thrown out this year

on grounds the official had no standing. But legal and gaming observers say they believe that if both the referendum question and subsequent legislation pass, New Jersey will have a legitimate shot at striking down the federal limits.

"If [the referendum question] wins, the suit will be revived and will probably succeed. After all, it makes no sense to say the law should protect professional and amateur sports teams except in Nevada, Delaware, Oregon, and Montana," said I. Nelson Rose, a professor at Whittier Law School in Costa Mesa, Calif., who is recognized as the nation's leading expert on gambling law.

"It also violates the historical division of powers to say the federal government can prevent a state from changing its public policy toward gambling," Rose said.

Noted State Sen. Raymond Lesniak (D., Union), who filed the original lawsuit: "There's no need for a lengthy trial or testimony. We're just arguing the constitutional issues that we've already presented to the court, which said, 'Go put it on a referendum, and then come back to us, and we'll decide on the matter.'

"The referendum will send a strong message to the court that will be hard to deny," Lesniak said. "That Congress can say 'No' to the people of New Jersey and 'Yes' to the people of Nevada would be a very difficult pill for the court to swallow."

Proceeds from sports wagering make up a small fraction of total gaming revenue in Las Vegas, representing only 1.2 percent of the \$5.8 billion produced by the 42 casinos on the Strip in 2010. The ratio was similar statewide, with sports-betting revenue accounting for less than 2 percent of the total \$10.4 billion wagered in Nevada.

Yet sports betting's actual significance may be even greater. It is difficult to quantify, said Michael Lawton, senior research analyst at the Nevada Gaming Control Board in Carson City, "because we don't have the ability to extrapolate how it spills over into other revenue-generating areas, from table games, slots, rooms, food and beverage, shows, shopping, you name it."

Sports-betting proponents say that kind of multiplier effect would boost the fortunes of Atlantic City, where gambling halls have seen a 30 percent drop in revenue since 2006, when the first casinos opened in Pennsylvania.

Sports wagering could be expected to increase about \$225 million in new revenue for the 11 casinos and four racetracks (Atlantic City, Monmouth, Freehold, and the Meadowlands), according to a 2010 study by Econsult Corp. and the Interactive Media Entertainment & Gaming Association.

"Legalized sports betting will attract more tourists to visit our city and enjoy our world-class entertainment, thriving restaurant industry, brand-name retail shopping, and famous Boardwalk," said Robert Griffin, president of the Casino Association of New Jersey and chief executive officer of Trump Entertainment Resorts Inc., which owns Trump Taj Mahal and Trump Plaza. "Sports betting will allow Atlantic City to better compete, grow, and reinvest in the region."

Galloway Township, N.J., gaming analyst Cory Morowitz, a panelist at last week's G2E national gaming conference in Las Vegas, said sports betting was a natural fit for Atlantic City.

"The ability to place a legal wager on college and professional football and other sports is part of the appeal of traveling to Las Vegas," Morowitz said. It would allow Atlantic City casinos to maximize existing hotel rooms, restaurants, entertainment, and other destination assets and "would certainly lift revenue from all points of sale because of the type of customer who would be attracted and the length of stay associated with that type of customer."

The average visitor's stay in Las Vegas is 4.5 days; in Atlantic City, it's 1.5 days. The fact that many major contests are scheduled on weekends would work to the Shore's advantage, sports betting's supporters say.

Sports books, found in virtually every Las Vegas casino, began sprouting up in 1975, after a federal tax on sports betting was lowered to make it more profitable for the casinos. They have evolved in sophistication ever since.

At the Venetian Resort Hotel-Casino, the sports book calls itself Lagasse's Stadium (as in celebrity chef Emeril Lagasse). Chris Lindstrom, 48, had a front-row seat Wednesday for the Phillies-Cardinals National League division playoff game.

Taking up almost an entire wall to his right was "the board," a brightly lit menu of major sporting events — Sunday's NFL matchup between the Steelers and Titans, Saturday's NHL game between the Flyers and the New Jersey Devils, the Big Ten clash between Penn State and Iowa.

Lindstrom, who lives in Sacramento, Calif., and works for a political nonprofit organization, said he was "all over the board," picking the Eagles over the Buffalo Bills. "I'd be more inclined to go to Atlantic City if they get [sports betting]," he said. "I think more states should have it, too."

Leon Bennett, a federal employee from Northeast Philly, said there was no question where he would plunk down bets on the Eagles and Phillies.

"If they had the sports book in Atlantic City, I would be there every weekend," Bennett, 49, said Thursday as he placed a \$100 bet on the Phillies in the final game against the Cardinals at the sports book at Harrah's Casino. Sporting a Phillies jersey, Bennett and his wife were in Vegas for a six-day vacation, staying at Harrah's hotel, eating out every night, and taking in a show at the Mirage.

Of the four states where betting on professional and collegiate sports is permitted, only Nevada has a legitimate sports book. All four had some form of sports betting in place before Congress enacted the Professional and Amateur Sports Protection Act of 1992, which banned it everywhere else.

Delaware offered parlay betting on NFL games before the federal law's passage and sought to offer

single-game wagering two years ago. But the NFL and the courts quashed the effort. Today, Delaware's three casino racetracks can offer only parlay betting, where bets on at least three NFL games must be made and won in order to win the wager.

The federal law granted New Jersey a two-year window to adopt sports betting, but a bill in 1993 never made it through the Legislature.

If the Nov. 8 referendum question is approved and the federal ban lifted, Atlantic City's casinos and the four racetracks would be the only places in the state with sports wagering.

Borgata now offers a "\$1 Million Football Challenge," in which player-card holders can pick winners on NFL games for cash prizes and free slots dollars. Other Atlantic City casinos have similar promotions, but so do Pennsylvania's casinos.

Sports betting represents "an opportunity for us to offer a product that some of our neighboring, competing states can't — at least initially," said State Sen. James Whelan (D., Atlantic), who heads the Senate panel considering enabling legislation.

The proposal would prohibit wagering on any college team based in the state, such as Rutgers, and on any collegiate game taking place in New Jersey.

The state's racetracks, which have seen plummeting attendance and purses over the last decade, are just as eager to offer sports betting.

"The addition ... will entice a new, younger demographic to go to the racetrack, while generating much needed new revenue to support live racing," said gaming lobbyist Barbara DeMarco, who works with New Jersey's tracks.

As he handicapped horses inside the race book at the Borgata last week, Gene Polanski said New Jersey's tracks were in dire straits and needed the boost.

"Of course, I would bet on sports instead of giving it to my local bookie," said Polanski, 50, a mail handler from Berlin, Camden County. "I think it will save the racetracks and help prolong their life because people will go there and bet on races and throw a few bets on football games ... like a one-stop shop."

But few expect legalized sports betting in New Jersey to put the illegal bookies out of business. The bulk of the estimated \$380 billion bet annually on football, basketball, baseball, and other events goes to illegal bookmakers, many of them tied to organized crime, others operating online and sometimes offshore. None of it is taxed.

In fact, those bookmakers don't see Atlantic City as a threat. If anything, they say, legalized sports betting could bring them new customers. Most illegal bookmakers allow customers to gamble on credit, something legal sportsbetting operations cannot do.

"Even with some restrictions, it would offer a vast new [legal] area of gambling," said David G. Schwartz, director of the Center for Gaming Research at the University of Nevada at Las Vegas and author of *Roll the Bones: The History of Gambling*.

Although estimates vary of the money Atlantic City's casinos, the racetracks, and the state (through taxes) would realize, Whelan said the overriding issue was visitor draw and the spending spillover sports betting would bring.

For Atlantic City's much publicized travails, "this is not a magic bullet that is going to solve all the problems," Whelan said. "But it would be a great asset."