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STATE OF NEW JERSEY,

# GAMBLING STUDY COMMISSION.

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REPORT .

TO THE

GOVERNOR AND LEGISLATURE
(PURSUANT TO SCR 58 (OCR) OF 1972)

FEBRUARY 5, 1973

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LETTER OF TRANSMITTAL

February 5, 1973

HIS EXCELLENCY, WILLIAM T. CAHILL, GOVERNOR

THE HONORABLE, THE MEMBERS OF THE SENATE AND GENERAL ASSEMBLY

Your Excellency and Ladies and Gentlemen:

The Gambling Study Commission created pursuant to Senate Concurrent Resolution 58 (OCR) of 1972 herewith respectfully submits its final report in compliance with the terms of the Resolution.

(s)WAYNE DUMONT, JR.
WAYNE DUMONT, JR.
Chairman

(s)VINCENT O. PELLECCHIA
VINCENT O. PELLECCHIA
Vice Chairman

(s)JOSEPH A. MARESSA
JOSEPH A. MARESSA

(2)
GARRETT W. HAGEDORN

(s)WILLIAM V. MUSTO
WILLIAM V. MUSTO

(3)
PAUL T. JORDAN

(s)COLBERT CURRIN
COLBERT CURRIN

(2)
BRIAN T. KENNEDY

(s)JOHN J. NERO
JOHN J. NERO

(1)
ANN KLEIN

(1)
CHARLES E. REID

(s)ALLEN B. TAYLOR, JR.
ALLEN B. TAYLOR, JR.

(1) Assemblymen Klein and Reid have submitted a joint Minority Report, which may be found on page 53.

(2) Senator Hagedorn and Assemblyman Kennedy have indicated their opposition to any proposal for the extension of legalized gambling.

(3) Mayor Jordan did not participate in the final meetings of the Commission and was out of the country at the time this Report was completed and approved; hence he did not sign the Report, and his position on its contents is not known.

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Gambling Study Commission

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Assemblyman Vincent O. Pellecchia, Vice Chairman[2]
District 14 (Passaic County)

Colbert Currin[1]
Paterson (Passaic County)

Senator Garrett W. Hagedorn[1]
District 13 (Bergen County)

The Hon. Paul T. Jordan[2]
Mayor, Jersey City (Hudson County)

Assemblyman Brian T. Kennedy[2]
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Assemblyman Ann Klein[2]
District 10B (Part of Morris County)

Senator Joseph A. Maressa[1]
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Allen B. Taylor, Jr.[1]
Wildwood Crest (Cape May County)

---

John B. Lee
Secretary

1 - Appointed by President of the Senate
2 - Appointed by Speaker of the General Assembly.

## INTRODUCTION

This Commission was formed pursuant to Senate Concurrent Resolution 58(OCR) of 1972 (filed April 6, 1972), with a broad authorization to study the desirability and feasibility of extending legalized gambling in the State. The full text of the resolution may be found in Appendix A. It may be noted here that the resolution was amended before final passage to delete specific reference to any study of "off-track betting on horse and other races"; this reflected the prior establishment of another commission for that particular purpose (by L. 1972, c. JR 1, approved March 3, 1972).

The formation of this Commission and its activities up to June 1, 1972 are detailed in its Initial Report, submitted on that date.

## BACKGROUND

The work of this Commission between June 1, 1972 and the date of this Report was undertaken against a background of developing interest, both in this State and nationwide, in the potential benefits of legalized gambling. The reasons for this interest appear to be connected with certain emerging social and political trends, and (as typically expressed by proponents) are essentially threefold[1]:

1. In an era of fiscal stringency, legalized gambling holds forth a promise of providing substantial revenues through as nearly "painless" a method as can be conceived. [2]

2. In an era increasingly vexed by problems of crime and corruption, legalization of gambling is put forward as a means of (a) undercutting organized crime by depriving it of the revenues which it now derives from illegal gambling, most of which it controls; (b) freeing law-enforcement manpower and resources for use against both the "organized crime" and the violent "street crime" which alarm the citizenry and undermine social order, and (c) eliminating opportunities and temptations for the corruption of various public officials whose protection or connivance is necessary to the survival of most illegal gambling operations.[3]

3. In an era when assertion of personal liberty against state control has been ever more vociferously expressed, the legalization of gambling would remove restrictions on personal action which many people resent as puritanical, hypocritical, repressive and archaic.[4]

None of these claims is newly devised,[5] but in recent years they have commanded increasing attention -- in proportion, it appears, as the problems to which they purport to apply have thrust themselves upon the notice of the public and of public officials.

To illustrate: In the past (1972) Session of the Legislature 24 separate items of legislation, including 12 proposed Constitutional amendments, all aimed at the extension of legal gambling, were introduced. Five years previously, in contrast, the 1967 Legislature had only six such items, including four proposed Constitutional amendments; none passed.

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A similar increase of tempo is shown, on a national basis, in the development of state lotteries. New Hampshire was first in this field; it began, in 1964, a lottery with seven drawings a year. Three years later New York commenced a monthly lottery. New Jersey entered the field in 1970,[6] with weekly drawings that featured such innovations as a simplified ticket-selling system and an unprecedentedly low-priced (50 cents) ticket. In the past year, Connecticut, Pennyslvania and Massachusetts entered the field, while New Hampshire (in 1971) and New York (in 1972) revamped their systems along lines suggested by New Jersey's highly successful operation. Reports of interest in lotteries or similar gambling operations have come from states in all sections of the country.

It was in this context of increased interest and awareness that this Commission commenced and carried on its hearings and deliberations.

## PROCEDURE

This Commission, being established without appropriation or other specific allocation of funds for operating purposes, was from its inception aware that it would be unable to conduct any detailed technical surveys or develop original statistical data on such matters as revenue projections, marketability of particular gambling systems, professional-quality public opinion research and the like. In all such matters the Commission found it necessary to rely upon previously published research[7] and upon such expert testimony as it was able to obtain through a series of public hearings.

Public hearings constituted the single most important technique of the Commission's work. Six were held -- the opening and concluding hearings at the State Capitol, two in the northern part of the State (Jersey City in Hudson County and Saddle Brook in Bergen County) and two in the southern part of the State (Atlantic City in Atlantic County and Cherry Hill in Camden County).[8] Every effort within the Commission's resources was made to publicize these hearings. Press releases announcing each hearing, recapitulating the full schedule and describing the purpose of the hearings were distributed to the State House press; in addition, each regional hearing was preceded by the mailing of additional releases directly to local newspapers in the region.

## FINDINGS

1. Gambling, legal or illegal, is widespread, has been widely practiced at all times in living memory and historical record, and will in all probability continue to be widely practiced regardless of legal status.

So much gambling today is illegal and clandestinely practiced that accurate data are necessarily unavailable. Even well-informed sources differ so markedly in their estimates of total wagering that no figure can be reliably quoted. There is really no disagreement, however, about the fact that illegal gambling is "big business". No one seriously expects that repressive laws are likely to curtail this activity much below its present level. On the other hand, law-enforcement officials and others differ in their assessment of the probable effects of further legalization. Some feel that the availability of legal betting opportunities and the removal of legal sanctions will encourage much more gambling than now exists, with the possibility of attendant social ills. Others, however, maintain that the total potential "market" for gambling services is relatively fixed, so that money attracted to any new wagering outlets will for the most part be attracted away from those already in existence.

2. Public sentiment in this State is generally favorable to extension of legalized gambling.

That the practice of gambling is favored and practiced by many New Jerseyans is shown by its prevalence in the State. That they also favor its legalization might be assumed; furthermore, we have, in the form of election returns dating back to 1897, more

accurate and reliable evidence of public sentiment.

Beginning in 1939, the voters of this State have, by majorities ranging from decisive to overwhelming, approved referenda to legalize parimutuel horse racing (1939), night racing (1966), bingo and raffles (1953), amusement games of chance (1959), the extension of such games to agricultural fairs (1962), the State Lottery (1969) and, most recently, the conduct of bingo games by senior citizen organizations (1972).

Reference has been made to the 1897 referendum, which first placed in our Constitution the stringent anti-gambling provision that remained in force -- except for the authorization of parimutuel horse racing by the Constitutional amendment approved in 1939 -- until it was somewhat liberalized by the framers of the 1947 Constitution. This was the only occasion on which anti-gambling sentiment prevailed at the polls, and it would appear to be an exception to the general observation that public sentiment in this State favors legalization. It is, however, one of those apparent exceptions which, on closer inspection, reinforce the general rule. The 1897 amendment was proposed in the wake of one of the most scandalous episodes in the history of the State -- a scandal attributed to the efforts of gambling interests to corrupt the Legislature and obtain legal sanction for activities which they had deliberately begun contrary to law. It was also an era of nationwide gambling scandals, and it was about this time that the nationally-promoted, lucrative and notorious Louisiana Lottery was finally suppressed. Despite all these

developments, which naturally disposed the public to favor suppression, the 1897 anti-gambling amendment passed by only 800 votes in a total vote of about 140,000. The slimness of the margin is illustrated by the fate of the other two amendments on the same ballot: one, restricting the Governor's power of ad interim appointments, passed by about 8,000 voters; the other, which would have given women the vote, was defeated by about 10,000 -- nearly the same total of votes having been cast on all three referenda.[9]

3. Scandal and abuses of gambling have consistently resulted not from legalization, but from inadequate controls over gambling.

The gambling interests responsible for the scandals that disgraced the 1893 Legislature were not legal interests. They were, in fact, a classic instance of the abuses which result when the guardians of the law wink at its consistent violation. While bookmaking was forbidden, the tracks operated unhindered, and the bookmakers plied their trade. Local officials refused to prosecute; grand juries were drawn which would refuse to indict. The scandal reached its climax, when the gamblers attempted to suborn the Legislature to legalize these practices -- not, in fact, to regulate racing, as is done today, but simply to cast the mantle of legality over the existing state of affairs.

A similar pattern is evident in the original 1844 Constitution provision to forbid "lotteries". These were not State-controlled like the Lottery we have today. Various lotteries, to raise funds for a variety of public and quasi-public purposes, such as the building of churches

and schools, had been authorized by the Legislature from time to time. Their purposes were similar, in fact, to those for which various organizations today raise money through legalized bingo and raffles. But they were privately conducted and not closely regulated by the State, and abuses developed. The concept of continuing regulation under general statute was not then well developed (it was not until many years later that even business corporations became incorporated under general laws rather than by special legislative charter in each case) and the penal statutes of the time apparently proved insufficient to curb the abuses -- despite the contention of some of the 1844 Convention delegates that those statutes would be sufficient, if adequately enforced. The result was a decision in favor of the total suppression of lotteries. (Note that control of other forms of gambling continued to be a matter of statute only, until 1897.)

There is also a similar background to the history of bingo and raffles. For many years prior to their legalization these forms of gambling were practiced in many parts of the State, under sponsorship of impeccable respectability and with the indulgent disregard of many local officials. In such areas bingo games became both popular and respectable, though strictly illegal. One result of this extra-legal toleration was a regulatory void which attracted professional gamblers; and these professionals, while undeniably efficient in running profitable operations, often enriched themselves at the expense not only of the players but also of the worthy organizations which turned to them for assistance in fund-raising projects.

In all three cases -- lotteries, horse betting and bingo -- we may note that suppressive legislation proved impotent to curb the abuses; while regulatory legislation has been effective in those spheres where it has been operative.

4. The success of legalization, in those areas where it has been applied, has been related both to the strictness of regulation and to the flexibility of the regulatory mechanism.

The substance of this finding is to a large extent comprehended within the foregoing. It is evident that the comprehensive powers of the Racing Commission, the Legalized Games of Chance Commission and the Lottery Commission have largely succeeded in preventing dishonest and abusive practices in their respective spheres of jurisdiction. Public confidence in the honesty of these legalized operations is high and, it appears, justifiably so.

The importance of flexibility, however, should also be emphasized. One of the objects of legalization is to draw patronage away from illegal and unregulated gambling operations; this can be done only if the regulatory authority has power to bring under its jurisdiction those modes of gambling which will attract such patronage. It must be recognized that a narrow legal definition of what is permitted does not in fact prevent bettor patronage of those modes which fall outside the definition; it merely assures that such modes will remain outside the scope of regulation.

A notable instance of the value of flexibility is the outstanding success of the State Lottery. The Constitutional authorization for this operation was drawn

in the broadest manner conceivable. The implementing legislation was preceded by a comprehensive practical study indicating how such a lottery could best be organized to achieve broad popular participation, simplicity of administration and absolute integrity of operation. One result was that the New Jersey Lottery, from its beginning, enjoyed such success, as measured by popularity, public confidence, broad participation and substantial revenue, that it has become a model for other states either in setting up new lottery operations or in revamping those which had previously proved less successful.

Two recent developments illustrate both the advantages of flexibility and the disadvantages of the reverse. When the Lottery Commission decided, on the basis of its continuing studies, that the time was opportune for the establishment of a daily lottery, it was able to implement this decision by administrative action. In this case, not even legislative authorization, which might have involved the decision in extraneous political complications, was necessary.

By contrast, a relatively minor adjustment in the law governing bingo games -- to allow senior citizen organizations to play such games, for small prizes at their meetings -- required the full-dress procedure for a Constitutional amendment, including a State-wide referendum at the past general election, despite the fact that there was hardly any serious opposition. Yet we may assume, on the basis of common experience, that senior citizens (and others) have been playing such small-stake games of chance as bingo (and others) for years, and

would continue to do so no matter what the Constitution said; and further, that few law-enforcement officers would put devotion to duty so far ahead of common sense as to try to enforce the letter of the law against them.

5. Possible revenue from legalized gambling is substantial, but has often been exaggerated, and is not the most significant justification for legalization.

Perhaps the most popular single argument in favor of legalized gambling is that it would divert into the public treasury vast sums which now go to line the pockets of racketeers. The potential diversion, however, is problematical, and the vastness of the sums appears to have been over-estimated. Obviously, the State Government cannot operate or even countenance such an exploitation of its citizens as is the common relationship between the professional gambler and his patrons (or "suckers", as they are commonly known). It cannot deliberately lead them into the quicksands of unlimited wagering credit, enlist a corps of Civil Service hoodlums to "enforce" gambling debts, or maintain an auxiliary squad of loansharks to finance their losses at usurious interest. Nor can it connive with large bettors to conceal their winnings from the Federal revenue service. There are many aspects of gambling in which honesty and fair dealing are inimical to profit. The same may be said, however, of other businesses and occupations; in legitimate business, however, there is such fair opportunity for honest profit that un-

ethical practices are discouraged, and one may hope that a similar situation might develop in the business of gambling under an adequate system of legalization.

Allowing for such considerations, one might posit a hypothetical sum, namely the "divertible profit" of present illegal gambling, which could come to the State as a result of legalization. As noted above, there is no really reliable estimate on which to base such an overall figure.[10] Detailed studies of particular proposed systems may furnish a more useful basis for conjecture. It has previously been pointed out that this Commission had not the resources for such studies. One such study, relating to casino gambling, has been done for Atlantic City resort interest by Horace DePodwin Associates; another, relating to Off-Track Betting, has been done by the State Off-Track Betting Commission.

Both these recent studies project significant revenues; but the figures must be measured against both revenue needs and other actual or potential revenue sources.[11] Compared with the sales tax at present levels, or with an income tax at any levels which have been recently proposed, the most optimistic estimates of gambling revenue fade if not into insignificance, at least into a distant perspective. Compared with the massive levies of the current real property tax, they are trivial.[12]

These comparisons are emphasized because of two misconceptions which have come to the notice of this Commission in the course of its public hearings. One misconception is that adequate exploitation of gambling revenue will be a useful instrument of reforming the revenue system of the State. This misconception apparently arises from the dramatic publicity which has been given to the most exaggerated estimates of gambling revenue. (Although the official estimates of State Lottery revenue were, in fact, far below the revenue actually realized when it first began, it appears that the estimates which actually stuck in the public mind were both unofficial and much, much higher.)

One source of such overestimation, obviously, must be a confusion between the gross volume and the net revenue in many forms of gambling. Vast sums must be handled, must be won and lost many times over, in order to provide a certain quantum of revenue. The net return, therefore, is not comparable to ordinary taxation, in which only the costs of assessment and collection must be allowed for.

The second misconception, voiced by responsible and informed citizens, is that this Commission and other responsible public officers and agencies are offering or preparing to offer legalized gambling as an alternative to "tax reform". Every member of this Commission has dissociated himself from such a position. It is not a position that can be sincerely put forward by any responsible public official

familiar with the realities of public finance.

The principal object of "tax reform" as it has been conceived is to alter the revenue structure so as to ease the bone-crushing burden of the current property tax. A comparison of the most optimistic gambling revenue projections with the actual level of property levies immediately illustrates the absurdity of the proposition that gambling can do the job.

The usefulness of gambling revenue should not be overlooked. To bring any "big business" -- which gambling undoubtedly is -- within a revenue system which it has previously escaped is not a negligible reform of that system. It is only because that usefulness has been so often overstated and has so exaggeratedly impressed itself upon the public imagination that this Commission feels it necessary to emphasize a more sober perspective upon the revenue potentialities.

6. Among officials involved in law-enforcement there seems to be general agreement that a disproportionate amount of time, manpower and other resources is devoted to enforcement of existing anti-gambling laws, both in relation to the actual benefits achieved and in relation to the amount of such resources thus diverted from more urgent needs of public order and safety.

So far as appears from testimony before this Commission, the above view is shared both by those officials who favor, and those who oppose, extension of legalized gambling. Those who favor it seem to feel that there will be a net relief of the enforcement burden, that manpower now

devoted to gambling enforcement will be shifted to more effective use. Those in opposition feel, on the contrary, that the legalized operations will require considerable policing and, furthermore, may enlarge the social ills which are associated with gambling generally and which lead to law-enforcement problems: pauperization, crime such as burglary and embezzlement which are committed by losers, loansharking and the takeover of losers' legitmate businesses by racketeering usurers, attraction into communities of "undesirable elements" traditionally associated with gambling.

Responsible opinion seems to be divided upon this matter. This Commission's attempt to resolved the contradiction will be found in the "Conclusions" section of this report.

7. As noted, there is general agreement that organized crime derives considerable revenue from illegal gambling operations, and law-enforcement officials agree that revenue from this source is used to finance many other criminal endeavors, including the takeover of legitimate businesses and the corruption of public officials.

That the facts are as stated is not seriously questioned. Open to interpretation, however, is the extent to which the involvement of organized crime is based simply upon the illegality of gambling. It has been pointed out that other aspects of gambling operations, such as the considerable volume of cash transactions and the ease with which the source and amount of such cash can be concealed or misrepresented, also answer the needs which gambling satisfies for the racketeering entrepeneur.

On the whole, however, it is evident that, to the degree that legalized and adequately regulated gambling results

in a withdrawal of patronage from the illegal operations, organized crime would be deprived of the financial opportunities associated with such patronage.

8. In some forms, the establishment of a legal gambling "industry" can be expected to have locally beneficial economic impact; but the economic benefits to the State generally are more problematical.

Casino gambling has many proponents, especially in Atlantic City, where local interests appear to be convinced that it would restore the city's pre-eminence as a resort and tourist attraction. Similar benefits have been suggested for other shore areas and also for the resort areas of the northwest.

Not only business interests, but also -- and perhaps even more impressively -- representatives of organized labor speaking on behalf of many thousands of persons whose livelihood depends upon the continued vigor of the State's tourist and resort industry have testified before this commission as to the projected benefits to be derived from the legalization of gambling.

For the business interests, these benefits involve an ability to extend the "season" beyond the summer months -- an extension during which not only the casinos, but also the hotels, restaurants, shops and other associated enterprises can derive additional revenue. The added revenue would enable them to restore and improve their facilities and attractions, leading to still further increase in patronage and thus to a cumulative upgrading of the entire resort industry.

Labor contemplates the consequent increase of employment opportunities and the diminution of seasonal layoffs.

It may be assumed that these advocates of casino gambling understand their own interests, and that their own interests would be advanced thereby, as they claim. A question remains as to the overall economic benefits to the State.

First, as to casino gambling alone, it is obvious that the number of locations must be limited. This means that the local economic benefits must be restricted. On the other hand, the health of the resort industry is vital to the overall economy of the State; hence, if the maintenance of that industry requires the establishment of casinos, then casinos will be of benefit to the entire State and not only those areas where they happen to be located. (We are leaving out of account here the revenue which the State Treasury may expect to derive, which has been dealt with elsewhere.) Any estimate of these benefits must, however, take into account the fact that the necessary limitation of competition is only partly within the power of this State. Nearby States may also establish or license casinos; and it appears that the State of New York may, in fact, contemplate such establishments.[13]

Casino gambling designed to attract tourists in certain well-defined areas is a quite different proposition from legalized gambling in general. Legalized bookmaking or "numbers", for example, may be expected not to generate any new sources of wealth to a significant extent. It may take some patronage away from the existing illegal operations. Or it

may generate some new wagering among those who would otherwise have spent their money on other goods or services. In neither case is there a net creation of wealth -- assuming that, unlike the tourist-oriented casino, these forms of gambling will be patronized by New Jerseyans mainly or exclusively. On the other hand, as has been pointed out to this commission in testimony, legalization of such gambling would tend to upgrade the economic status of the lower-echelon labor force now employed in such operations; they would become eligible for such standard benefits as union representation, minimum-wage protection and other perquisites which their illegal status currently denies them. Legalization of their status would certainly enable persons employed in this field to assert themselves against any exploitation which they now suffer; and, considering the reputation of "management" in the business, it is not likely that many opportunities for such exploitation have been neglected.

9. "Compulsive gambling" is an affliction comparable to alcoholism, affects a significant proportion of the population and poses a problem for public policy which will continue to exist regardless of whether gambling is legalized.

While interpretations of the problem of the conpulsive or addictive gambler differ, most authorities seem to agree that the person who gambles in this manner "wants to lose" (and, of course, he usually gets his wish) -- that is, that, like alcoholism or drug addiction, it is usually a self-destructive impulse, a symbolic act of suicide.

This Commission heard considerable testimony from persons who had either suffered from this affliction or had been involved in studying it or counseling its victims. These persons were reluctant to approve any form of legalized gambling; it was their feeling that legalized gambling would mean additional gambling, additional facility of access to gambling opportunities -- hence, the creation of more gambling addicts who might not have otherwise become involved.

One point agreed upon was that the origin and nature of the affliction are not well understood, and that it has not been seriously studied to the extent that alcoholism, for example, has been.

The gambling compulsion has been dealt with in classic literature -- notably Dostoyevsky's The Gambler (autobiographical in nature) and Beerbohm's James Pethel, and is undoubtedly a permanent aspect aspect of the human psyche. It is also, if the testimony before this Commission may be credited, a social problem of sufficient magnitude to warrant serious interest of public agencies.

## CONCLUSIONS

### I

Gambling is a pervasive and perhaps innate form of human activity. It is also an activity inherently vulnerable to abuses, the abuses being of two principal kinds: (1) those arising out of the ruinous compulsion which afflicts some bettors, and (2) those which stem from the deceptive, dishonest and fraudulent practices which appear to be common among "professional gamblers" (who are not, of course, "gamblers" at all).

In both social acceptability and potentiality for abuse, gambling has been compared with the use of beverage alcohol. In our culture, at any rate, it seems to be too popular to be suppressed, to dangerous to be let run uncontrolled.

Historically, the social ills connected with gambling appear to have been kept within tolerable limits only by strict regulation. Total suppression has been unsuccessful; indeed, such laws have proven counterproductive in that they have led to extra-legal but accepted forms of toleration, have habituated both citizens and public officials to such extra-legal arrangements, and have prepared the way for extensive corruption.

Regulation within a framework of law is necessary. A prerequisite to such regulation is legalization of the activity to be regulated. State policy should recognize

not only the futility of total suppression, but also the positive social ills and corrupting influence which arise from attempting to maintain a set of suppressive laws which generate hypocrisy in their enforcers and resentment among the general citizenry.

II

Assuming legislation upon the above principles, it is necessary that an adequate regulatory system be devised. A question arises whether, to assure sufficient stringency of regulation, the operation of legal gambling should be restricted to direct State agency. There is no doubt that, if the State is to embark upon extensive legalization, such direct State Government involvement would serve to enhance public confidence and provide reassurance in the initial stages of the new venture.

On the whole, however, such a restriction seems unwise -- at least, if it is to be regarded as a permanent principle of public policy. The possibility of licensing arrangements, with the State regulating but not directly operating certain gambling facilities, should not be totally precluded. Indeed, it may be questioned whether some forms of gambling, such as casinos, are proper activities for direct State involvement rather than external supervision. Furthermore, the history of horse racing and other licensed operations indicates that supervision, rather than direct operation, is quite sufficient, if the system is properly devised and competently administered, to assure the highest possible integrity of operation.

Another question of administrative system involves the relationship between the various regulatory agencies. Different forms of gambling naturally pose differing regulatory problems and require different regulatory techniques and procedures. In many respects, however, they have common features and, especially from the financial point of view, reciprocal impact; due consideration, therefore, must be given to a proper coordination of regulatory agencies and activities. This need will increase in proportion to the separate modes of gambling authorized and the number of separate regulatory agencies established.

Aside from the foregoing considerations of administrative system, an adequate system of controls requires:

(1) That the regulatory agency be given sufficiently broad jurisdiction to encompass all the modes of gambling which are or may reasonably become fit subjects for regulation by that agency.

(2) That the regulatory agency be given sufficient powers, disciplinary techniques and enforcement resources to assure its ability to effectuate the regulatory policy.

(3) That the regulatory agency be insulated to the greatest practicable extent from political issues, involvement in policy decisions and reliance upon political processes for the determination of questions relating to administrative details.

The enabling legislation should so clearly state its aims and so amply delegate the powers needed to achieve those aims that it would not be necessary for the agency to seek repeated legislative clarification or revision, and that

the Legislature would not have to act further except upon actual changes in fundamental policy.

III

As a corollary of the foregoing conclusion, it may be again emphasized that a regulatory agency, within the scope of its jurisdiction, should be endowed with sufficient flexibility to deal with future developments as they arise. There appears to have been a tendency in past gambling legislation to incorporate detailed regulations in statutes, or even in the Constitution. This impedes the ability to adapt to changing circumstances. It also tends to make great debates out of small questions. Reference has heretofore been made to the disproportionate difficulties encountered in legalizing senior citizen organizations' bingo games, and a contrast made to the simplicity of the procedure by which the daily lottery was authorized. Any model of regulatory administration should approach more closely to the latter than to the former of these examples.

IV

If the objectives of legal regulation of gambling are to be achieved in line with the principles set forth in this Report, it is necessary that the existing form of Constitutional restrictions in this area be removed.

The existing Constitutional provision is a partial and hesitant liberalization of the 1897 amendment. The 1897 amendment was totally suppressive, forbidding the authorization of any form of gambling or the legalization

of any gambling activity or even the relaxation of any of the penal laws against gambling then in force. These strictures could be altered only by further amendment, which was done in 1939 to permit pari-mutuel horse race betting.

Alteration of this provision was one of the most controversial topics at the 1947 Constitutional Convention.[14] The compromise measure finally incorporated in the new Constitution retained the language banning legislative authorization of any kind of gambling (the ban upon repeal or relaxation of penalties was dropped), but added an exception which was the key to the compromise: the Legislature might authorize any form of gambling if it submitted its proposal, including the "specific kind, restrictions and control" of that form, to the people at a general-election referendum and received their approval.

The referendum procedure was meant to find a middle ground between those who feared blanket legalization and those who demanded legalization of certain forms -- specifically, bingo and raffles, which commanded considerable support among Convention delegates.

As a compromise for the occasion, this was masterful and effective. As a continuing guide for policy, it has proven nugatory. Of the three forms of legal gambling instituted since 1947, only the so-called "amusement games of chance" -- the sort of petty gambling run by boardwalk concessionaires -- gained authorization through this method. Bingo and raffles (formally separate types, but submitted

and approved in tandem) and the State Lottery were authorized by further amendment of the Constitution itself -- a method also requiring referendum, but not the detail of "specific kind, restrictions and control" in the public question.

Constitutional amendment was also used for the recent extension of bingo to senior citizen organizations. The statutory referendum procedure has been used also to permit night racing and to extend the "Amusement Games Licensing Law" to agricultural fairs.

It is evident that, in this area, recourse has been had to the electorate upon relatively trivial questions. This is an almost inevitable consequence of the highly restrictive framework erected by the Constitutional provision. Such restrictions, it is evident, are derived from a fear of the usual abuses and corruption to which gambling seems prone, and to a belief that legalization is a direct means of extending and facilitating such undesirable consequences. But on the basis of the findings of this Commission it appears that the reverse is true: that legalization, as a necessary precondition of effective regulation, is a means toward obviating or diminishing such consequences.

It has been pointed out that the regulatory benefits of legalization can be fully realized only through a system with adequate flexibility. For this purpose, the referendum procedure is of no use, since its effect -- and, indeed, its purpose -- is to tie the hands of the Legislature and, a fortiori,

any regulatory body established thereby. In practice, this procedure has been very nearly a nullity; with one minor exception, every significant development in legalization of gambling has been accomplished through the only alternative method -- Constitutional amendment. The brief, comprehensive State Lottery amendment amounted to a practical recognition of the fact that detailed referenda are an impractical, cumbersome and undesirable method of instituting and maintaining legal regulation of any form of gambling.

One defense of the referendum method is that it precludes abuse of the legislative prerogative. This defense gains power from the memory of old scandals. No doubt the curtailment of legislative power protects legislators from pressures, importunities and temptations; but this line of argument suggests its own refutation. The surest way to preserve the purity of the Legislature (or any other arm of government) would be to deprive it of all its powers, since powers not possessed can never be abused. The absurdity of the proposition, however, is obvious, since the exercise of power and the assignment of responsibility cannot be avoided. Vast powers and responsibilities, dwarfing in scope and in potential for abuse the powers associated with gambling regulation alone, are and always have been accorded to the Legislature in consequence of the fundamental principles of representative government. It is true that such powers have occasionally been abused, in this State and elsewhere and at all eras of history. But the type of remedy embodied in

our existing Constitutional provision on gambling is -- aside from its inherent absurdity in bringing such a solemn weight of Constitutional sanction to bear upon a single, relatively trivial phase of the legislative prerogative -- no remedy at all, and in fact merely complicates the affliction. It is as if the 19th-century scandals associated with issuance of corporate charters had led to a Constitutional requirement that every such incorporation be subject to State-wide referendum. What actually occurred, of course, was that the Legislature was empowered to pass only "general" laws in such matters (formerly covered by innumerable "private" and "special" laws) laying down general principles and leaving their application in individual cases to the administrative mechanism.

It is in line with such principles of general legislation that Conclusion II, above, emphasizes the need for a definite separation between the political (policy-making) and administrative (policy-effectuating) aspects of gambling regulation. It should be an object of the original legislative framework to obviate the need for repeated legislative intervention in the details of the regulatory system. And recourse to popular referendum should be confined to issues of great moment and decisions of highest policy.

V

From legal, regulated gambling, operated in conformity with the principles suggested in this Report, certain benefits may be expected, as summarized below:

1. With realistic recognition of the public's gambling propensities, safer and more honest outlets for those propensities will be provided. It must be recognized that vast numbers of ordinary citizens will never be persuaded that their wish to wager is wicked or anti-social; they will, on the contrary, resent such laws as tyrannical and violate them without compunction. Under present conditions, such citizens become perforce the patrons of illegal gamblers, the tolerators and indirect supporters of official laxity and corruption. Such citizens, it must be emphasized, are in the main law-abiding individuals and do not nurture crime by choice; their behavior as bettors is much more a rebellion against what they conceive to be unwarranted governmental dictation of private morality. It may be assumed that most such individuals would prefer to patronize legal establishments if such were available.

2. Along with realistic legalization and regulation would go an elimination of the hypocrisy and most of the corruption which the present anti-gambling laws foster. It is common knowledge that suppressive laws have not prevented illegal gambling from reaching the status of "big business", nor have they seriously curtailed its operations or endangered its profitability. The average citizen knows this, and his respect for law and law-enforcement is not much enhanced thereby, regardless of his personal views on gambling *per se*.

3. Governmental corruption is a necessary consequence of unrealistic suppressive laws. To the extent that the public patronizes illegal operations, resents their suppression and encourages public officials to tolerate them, it condones the corruption which necessarily results from a system of extra-legal toleration. While public opinion denounces bribery and other outright criminal involvement by public officials, it condones and even encourages laxity in enforcement to a degree that such involvements can logically be expected to occur. Legalization would remove the underpinning of public toleration of illegal gambling upon which the edifice of corruption is erected.

4. A substantial amount of bettor patronage would be withdrawn from the existing illegal operations. The precise amount of such withdrawal cannot be estimated. That it would be substantial may be concluded from the fact that the ordinary bettor -- one who enjoys wagering but does not pursue it as a means of livelihood or a consuming passion -- prefers legal channels and will transfer his patronage to a legal system which is realistically designed to provide him with the amounts and forms of gambling entertainment to which

he feels himself entitled. It is not to be expected that illegal operations would automatically wither away; many bettors are not ordinary and will demand "services" (even some which are, in fact, harmful to themselves) which the State can neither provide nor condone. But it is evident that such withdrawal of patronage as does occur will directly deprive organized crime of the corresponding revenue, will indirectly weaken illegal gambling systems through the loss of the broad base of "ordinary" wagering, and will increase the vulnerability of illegal operations by drastically reducing public sentiment for their toleration.

5. The foregoing considerations persuasively support the additional conclusion that legalization and regulation would significantly reduce the burden now placed upon law-enforcement by duties associated with gambling. First, it would divert wagering into legal channels, which, while requiring strict regulation, could be controlled mainly by administrative agencies other than the police. Second, it would (as discussed above) increase the vulnerability of the remaining illegal operations and remove many of the conditions which now hinder or undermine police efforts in this area.

6. To some extent, there would be a favorable economic impact upon the State through conferring legal status, with consequent upgrading of working conditions, upon persons employed in gambling; by increasing the overall number of employment opportunities, and, to a degree (depending upon the form of gambling involved), attracting additional tourist patronage and spending. Casino gambling may be expected to have a more pronounced economic benefit to those localities in which casinos might be located.

7. As previously noted, substantial public revenues may be anticipated through taxation of legal gambling. It would be a mistake, however, to approach legalization with maximization of revenue as a major goal.

## VI

Government should take an interest in contributing to the understanding and solution of the problems of compulsive gambling. This is an affliction comparable to alcoholism in its social consequences as well as its personal devastation.

One witness before the Commission stated that, upon an average, the personal dislocation suffered by the compulsive gambler touches about 15 other individuals; these include wives, children, friends, employers, business associates and others whose lives are disrupted or distressed by direct consequence of their relationship to the primary victim. Another estimate cited in testimony was that there are upwards of three million compulsive gamblers in this country; but one witness cautioned that, if the extent of compulsive gambling were to be as thoroughly explored as alcoholism has been, the estimate would need to be revised upward. It seems fair, therefore, to state that compulsive gambling is a public health problem affecting upwards of 40 million Americans. Accordingly, it is suggested that the State establish a program in this area comparable to that which has heretofore been established (by L. 1948, c. 453) for the rehabilitation of alcoholics and the prevention of alcoholism.

The problem and the need to deal with it exist independently of the question of legalization. This Commission, however, considers it appropriate to point out the State's responsibility in this matter.

Moreover, the witnesses who came before the Commission for the purpose of testifying on this aspect of gambling were unanimous in their belief that legalization would lead to an increase of compulsive gamblers in direct proportion to the increase in legal and openly operating gambling es-

tablishments. If true -- and it seems likely -- then any State action to expand legal gambling will increase the State's moral obligation to address itself to the problems of compulsive gambling.

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## RECOMMENDATIONS

Upon the basis of the foregoing findings and conclusions, this Commission offers the following specific recommendations:

1. That a Constitutional amendment be submitted to the people in substantially the form annexed hereto as Appendix B.

The first paragraph of this amendment provides, in summary:

(a) The existing requirement for a referendum on any legislation to authorize a form of gambling is deleted, permitting the Legislature to pass general regulatory legislation.

(b) The types of gambling which may be so authorized must be either operated by the State (the entire net proceeds going into the Treasury) or by persons operating under State licensing, supervision and control.

(c) The "specific kind, restrictions and control" of any authorized gambling must be set forth in the law authorizing the same; and in the case of operations other than those conducted by the State itself, the authorizing legislation must establish a licensing system and provide for a "reasonable revenue" to the State.

(d) No casino, betting parlor or similar gambling establishment may be located in particular municipality unless that form of gambling has been approved by local referendum.

2. That immediately upon the adoption of such an amendment the Legislature should authorize and adequately finance studies to determine what particular forms of gambling should be legalized, and when, and under what system or systems of regulation.

The general principles of legalization and regulation of gambling are dealt with in this report. Before any particular form or forms are authorized, however, there should be specific, detailed, technical studies of their likely

consequences and of the probable cumulative and inter-reactive effects of authorizing several of them simultaneously or in sequence.

Such studies should aim at reasonably accurate estimates of the current status of the corresponding illegal operations; the probable consequences, in both social and financial terms, of shifting patronage to the legal operation, and the most appropriate system of operation and regulation in order to achieve such a shift; the possible effects which authorizing a particular form of gambling may have upon any other form which already is legal or is proposed for legalization, and the optimum revenue yields (bearing in mind the primary importance of non-revenue objectives).

In emphasizing the need for thorough preliminary studies, reference must again be made to the excellent preparatory work of the Lottery Planning Commission, which was largely responsible for the outstanding success of the State Lottery. A similar approach has been indicated in the Interim Report of the Off-Track Betting Study Commission, which concludes with recommendations for further studies.

The reasons why this Commission was not able to pursue such detailed studies have been explained. It should also be noted that studies of that nature would have been largely pointless except upon the assumption of prior acceptance of the general principles set forth in this report.

The recommended studies would be able to resolve those questions which this Commission has left open or has expressed tentative or incomplete judgment upon. It would be able to recommend specific forms of gambling for legalization, suggest useful priorities in introducing such legalization, propose practical systems for operating and regulating particular gambling operations and for coordinating the administration of the various gambling laws.

It is immaterial whether this Commission, continued for the purpose, or another body be charged with the responsibility for conducting such studies. What is essential is that sufficient funds, staff and facilities be assigned to the task to assure that a competent, comprehensive, soundly based and effectively designed program results.

3. The State should act to assist research, rehabilitation and prevention in the field of compulsive gambling.

Whatever disposition is made of the other points in this report, the problem of compulsive gambling will remain and should be faced. For reasons hitherto explained, this Commission believes that the State has a responsibility in this area.

It is suggested that a statute modeled upon the existing law (L. 1948, c. 453) which deals in this manner with the similar problems of alcoholism be enacted.

## ALTERNATIVE RECOMMENDATIONS

The first and most fundamental recommendation in this Report calls for a constitutional amendment of broad significance. That recommendation is firmly based upon certain conclusions drawn from historical and other evidence about the nature of gambling and its effective control; hence it is offered as the most philosophically correct and theoretically sound approach to dealing realistically and adequately with the phenomena of gambling in our society.

It is recognized, however, that there can be a most important distinction between the theoretical soundness of a proposal and the parliamentary viability of a specific act of legislation. It is apparent that the opponents, as well as the proponents, of legalization are often actuated by exaggerated notions of the probable consequences. The proponents project grossly inflated revenues; the opponents conjure up unlikely spectres of fulminating moral degeneracy, with hordes of ravenous racketeers and professional gamblers descending upon the State like a plague of locusts.

Though this Commission cannot accept such views, it does not feel entitled to ignore them. They are not held

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only by the ill-informed or the habitually alarmist. We must consider, for example, such an expression of views as the following, which was delivered by Colonel David B. Kelly, Superintendent of New Jersey State Police:

> I would now like to make a statement in summation [said Colonel Kelly during his appearance before this Commission]. Miles Ambrose, now in charge of the Dale Program, the President's program on narcotics, formerly in charge of customs -- Miles Ambrose, the night before last, made a statement that if things continue, because of the availability, permissiveness and accessibility of drugs in this country, by the year 2000 we will create a drug culture that will be accepted and dominate the country.
>
> I am saying that I will predict that if we provide accessibility, permissiveness and availability to bettors, probably by 1985 we will have a totally gambling-addicted culture. Are we ready to cope with the crime, the permissiveness and corruption that goes with it?

Colonel Kelly's picture may be somewhat over-drawn, but its general outlines are based upon facts which are, to be sure, quite consistent with the findings of this Commission. Conclusion I in this Report points out that gambling is "an activity inherently vulnerable to abuses".

Although this Commission's position is that the only way of effectively combatting those abuses is through "regulation within a framework of law", it is not at all surprising that many persons -- including many highly placed, well informed and conscientious public officials -- feel that the abuses will remain a grave threat to the health of society as long as the use is permitted.

In the views of such persons, therefore, it is necessary to confine legal gambling -- if permitted at all -- within as narrow a scope as possible.

We believe that such views are widespread and would be very influential in determining the fate of any question put to the public in the way of a referendum. The broader (the more "permissive," to use Colonel Kelly's phrase) the question, the more would its success be jeopardized. Now, it must be recognized that the form of public question recommended by this Commission is extremely broad (as it must of necessity be in conformity with the conclusions upon which it is based), and, therefore, most vulnerable from this point of view.

A further practical point which must be considered is that the form of question recommended asks the voters of the State to surrender a power over gambling legislation which they have traditionally possessed for the past three-quarters of a century. Moreover, in offering such a question the Legislature of the State would be asking to have that power surrendered into its own keeping. Here are two points of vulnerability: first, that the voters may be reluctant, on general principles, to surrender a traditional prerogative; second, that legislators may be reluctant to go to the voters with a request for such a surrender.

For all these reasons it appears that many of those to whom this Report is addressed will, while agreeing in general principle with the underlying findings and con-

clusions, be unprepared to act upon its principal recommendation in the form in which it is offered.

There is, however, a feasible compromise, which is hereby offered in the form of Alternative Recommendations. This compromise is based upon the obvious consideration that, while the various forms of gambling are protean in their variety, there are but a few major types which comprise almost the whole of the vast enterprise of commercial gambling. If one or more of these major forms could be legalized and brought within the scope of that careful regulation which this Report conceives to be needed, then a very large proportion of the benefits of regulation will be achieved and a correspondingly large proportion of the evils now attendant upon unregulated commercial gambling will be eliminated.

There are four such major areas which deserve consideration: (1) off-track betting; (2) betting upon organized athletic events, (3) casino gambling and (4) the "numbers game".

On the first of these, this Commission expresses no opinion, inasmuch as another Commission is currently in existence which has been studying this form of gambling and may be expected shortly to offer recommendations based on more detailed study than can be drawn upon here.

This Commission is not ready at this point to recommend legalization of betting upon organized athletic contests specifically. All the officials of organized sports seem to oppose it. Peter Rozelle, Commissioner of

the National Football League, delivered an eloquent statement on the subject at one of this Commission's public hearings; National Baseball Commissioner Bowie Kuhn filed a statement in opposition to legalization of this kind of wagering. Both cited numerous other sports organizations which endorsed their positions; and of course the various public statements by sports officials on the subject are a matter of recent and common knowledge.

The principal hazard involved in legalization of sports betting, as distinct from other forms of betting, is the possible deleterious effect upon the character of the sports themselves. While everyone agrees that sports betting is already, though illegal, a major business -- some authorities estimating it as the largest single illegal wagering outlet in terms of dollar volume -- it remains a fact that the economic lifeblood of organized sport is not the bettor but the "fan". Competitions between human individuals or teams arouse many forms of interest independent of the hazard of the outcome. The nearest parallel in the world of gambling is perhaps horse racing. It is evident, however, that horse racing could not be the commercial industry of today's proportions if its following were confined to genuine connoisseurs of the equestrian art and individuals with sentimental attractions to particular animals.

Whenever the question is discussed, sports officials like to cite the very small percentage of sports "fans" who are also "substantial" (the term is subject to some in-

terpretation) bettors; while those who favor legalization prefer to cite estimates of the enormous cash volume of wagering which that small percentage generates. Both are, of course, substantially correct, and the difference is primarily one of point of view.

On balance, this Commission believes that the vast majority of sports fans would certainly object to the potential change in character of the sporting scene if wagering were to become an accepted and routine feature of such contests -- that is to say, wagering on a large-scale commercial order with elaborate facilities routinely attached to each scene of contest, in the manner now accepted at race tracks.

In addition, it has been pointed out that there are elements in sports contests which increase many-fold the difficulties of insuring absolute honesty when large sums of gambling money may be involved. Scandals have erupted in connection with illegal gambling, despite the extraordinary (and in large measure effective) precautions which sport officials have taken to exclude gambling elements from association with their sports. Legalization would increase the difficulties of such efforts.

Legalization of sports betting cannot at this time be recommended without a good deal of further study of the methods which would have to be developed (if, indeed, adequate methods can be developed) to insulate such betting from the greatly increased pressures and temptations to dishonesty in the sports themselves.

Casino gambling, on the other hand, offers itself as a likely candidate for legalization. By their nature, these establishments are localized, and, as the DePodwin study points out, economic practicality dictates that the locations be relatively few. The professional practitioners can be easily indentified and regulated. If run in the manner recommended in the DePodwin study, casinos are probably the one form of gambling with the least potential adverse economic and social effects; and their economic benefits, both from the point of view of tax revenue and from the point of view of local resort economies, are clear. This is also the one form of gambling with a potentiality for bringing into New Jersey revenue from out-of-State sources.

For ease of regulation, economic benefit and the minimum of attendant problems, casino gambling is probably the prime candidate for legalization at this time.

Conversely, it must also be recognized that casino gambling is the form least likely to have any appreciable impact upon the existing illegal gambling industry. It is designed for a limited clientele, and is not likely to divert into legal channels much of the revenue that now goes to the various illegal enterprises, or to dry up the flow of funds which those enterprises currently invest in bribery and other forms of corruption.

For such effects we must look to such forms of legal gambling as off-track betting (which is out of the province of this Commission) or to the last item on our list above, the "numbers game".

"Numbers" is, of course, a form of lottery. It differs, however, in some important respects from what is commonly understood by the term "lottery" and from those lotteries which are currently operated in New Jersey and other states.

The origin of the game indicates those differences. Originally, it was known as "insurance" or "policy" (a term still sometimes used), and a bet in it was, in theory, an "insurance policy" against the drawing of some number in a (usually) legal lottery. Its origin in this sense has been traced to 18th-century England. It was favored by the poor, since a "policy" could be bought for much less than the ticket in the actual lottery. It was also favored by those who liked to pick their own numbers, either because they were convinced of psychic powers or had advance knowledge of a fix. Lottery operators also promoted it, since, unlike the lottery upon which it was based, the entire proceeds went to them and not to the charitable enterprise for which the lottery itself was organized.

The essential feature of "numbers", therefore, is that the bettor picks his own number and is paid off (if at all) on predetermined odds; while in the lottery (as commonly understood) the bettor is assigned a number, and is the only one to get that number, and the odds are fixed by the total number of tickets sold.

"Numbers" is also traditionally characterized by wagering in small amounts and by an aggressive sales apparatus offering great convenience to the bettor. The

agent ("runner") of the operation goes forth into the neighborhood, the office, the plant and solicits wagers. It is known as the poor man's gamble; and it is surely the one form in which the poor man's convenience is as elaborately served as the well-to-do are accustomed to in other forms.

As noted, this is a lottery of a sort. There are those who feel that, as such, it is within the scope of the Lottery Amendment adopted in 1969, and that legalization under State operation could be accomplished without further amendment.[15] The argument has some force, but certain reservations must be noted.

In the light of the history of "numbers" or "policy", as very briefly summarized above, the requirement of the amendment that State lotteries be "restricted to the selling of rights to participate therein" may acquire an additional meaning. Aside from stating the obvious (since "selling of rights to participate" is all that lottery ticket-selling is or can be), the language appears designed to permit only <u>direct</u> participation and forbid the "insuring" of lottery numbers. If so, any form of "numbers" -- even if not directly based upon the outcome of another lottery -- would appear to violate the spirit, if not the letter, of the amendment.

Moreover, setting aside technicalities and speaking in a broader spirit of fairness, it must be recognized that, in all probability, few persons who voted in favor of that amendment in 1969 probably conceived of it as authorizing a lottery other than in the sense which we have previously

described as the one commonly understood. Common sense and political practicality indicate that, if "numbers" were to be legalized on the basis of an interpretation of the amendment as it stands, there would probably be an undesirable side-effect of public resentment and distrust.

Accordingly, our Alternative Recommendations offer two proposed amendments to the existing Constitutional provision on gambling. One, enlarging the existing sub-paragraph C., would specifically authorize the conduct of State lotteries having the essential characteristics of "numbers": the selection of the number by the bettor himself, and the payoff at predetermined odds.

The second amendment would add a new sub-paragraph (D.) authorizing the Legislature to permit a limited number of casinos, either operated by the State or under a State-supervised licensing system, subject to approval by local referendum in any municipality where location of such an establishment is proposed. This paragraph is similar to subparagraph D. in the Commission's primary recommendation, except that it is limited to casinos only, rather than permitting "any gambling enterprise".

NOTES

1. Cf. a summary of six principal arguments for, and eight against, legalized gambling, in a 1971 survey, Legalized Gambling in the United States, by the Congressional Research Service, Library of Congress, pp. 15-20.

2. Revenue seems to have received the greatest emphasis; see, e.g., New York Times survey (April 10, 1971), "More States Look to Legal Gambling to Raise Revenue and Stem Tax Increases"; also, "Gambling in America", Editorial Research Reports, Vol. I, No. 10, March 8, 1972.

3. The recommendation of New York City's "Knapp Commission" is the best known instance. A powerful argument on this basis is also made by James F. Ahern, former police chief of New Haven, Conn., in his book Police in Trouble (New York: Hawthorn Books, 1972).

4. Under this heading may be included those who protest that gambling is "not inherently immoral" and those who, in more modern terminology, class it among "victimless crimes" which should be "de-criminalized". Not everyone, however, agrees that gambling is "victimless".

5. Nor is the list exhaustive -- only the principal lines of argument being summarized. Another argument which perhaps deserves special notice here, in view of the resort interest, is based on the asserted economic benefits of a legal gambling industry.

6. L. 1970, c. 13. Lottery Commission regulations were not actually in effect, and the first drawing held, until early 1971.

7. In addition to material specifically cited, particular reference may be made to the following works which proved helpful and informative: Allen, David D.: The Nature of Gambling (New York: Coward-McCann, 1952; American Academy of Political and Social Science: Gambling [comprising Vol. 269 of the Society's Annals] (Philadelphia, 1950); American Bar Association Commission on Organized Crime: Final Report (September 2, 1952); Bergler, Edmund, M.D.: The Psychology of

Gambling (New York: Hill & Wang, 1957); Davis, Clyde B.: Something for Nothing (Philadelphia and New York: J. B. Lippincott & Co., 1956); Kaplan, Dr. Lawrence J.: "Economic Implications of Crime in Gambling: Possibilities of Gaining Revenue and Eliminating Corruption through Government Ownership and Operation", in Proceedings of the John Jay College Faculty Seminars, Vol. I; Scarne, John: Scarne's Complete Guide to Gambling (New York: Simon & Schuster, 1961); Williams, Francis Emmett: Lotteries, Laws and Morals (New York: Vantage Press, 1958); Wykes, Alan: The Complete Illustrated Guide to Gambling (Garden City: Doubleday & Co., 1964).

8. The dates were: July 26, 1972 (Trenton); August 23, 1972 (Atlantic City); September 27, 1972 (Jersey City); October 26, 1972 (Cherry Hill); November 29, 1972 (Saddle Brook), and December 6, 1972 (Trenton). In all, 60 witnesses were heard in person, and several other persons submitted written statements.

9. The exact figures: (1) On the gambling amendment, 70,443 for, 69,646 against; (2) on ad-interim appointments amendment, 73,722 for, 66,296 against; (3) on women's suffrage amendment, 65,021 for, 75,170 against. (Source, Legislative Manual, 1898.)

10. The well-known gambling expert John Scarne estimated in 1961, on the basis of an extensive survey involving written questionnaires and personal interviews, that the total annual gambling "handle" (total wagering, which counts the same money several times over as it changes hands each time) in the United States was about $500-billion -- about half of it privately conducted and the other half commercial, of which only about $10-billion was legal. He calculated the gross profit of commercial gambling at $37.5-billion, and estimated another $12.5-billion went to hustlers, cheats and "advanced" gamblers in private gambling of the so-called "friendly" type. His estimates are higher than most; recent estimates have ranged from $5 to $50-billion in total wagering. (See Editorial Research Reports and Congressional Research Service surveys cited above.)

11. The OTB Commission estimated the State could realize $19-million annually once the system it described was in full operation. (Interim Report, June 1, 1972, p. 16.) DePodwin's estimates vary, according to the number of casinos (from 8 to 12) and the assumed gross winnings of each (from $7.5 to $15-million), assuming a 40% tax on the gross winnings, from $24-million to $72-million. (Horace J. DePodwin Associates, Inc.: Feasibility of Casino Gaming for New Jersey. Prepared for New Jersey Hotel-Motel Association. April, 1971. Pp. 26-7.)

12. Cf. the figures cited in note 11, above, with any recent Governor's Budget Message or Annual Report of the Division of Taxation.

13. The pending New York Constitutional Amendment would require that such establishments be operated by the State or a "public benefit corporation".

14. See Baisden, Richard N.: Charter for New Jersey: The New Jersey Constitutional Convention of 1947, Chapter III, "The Problem of Gambling". (Trenton: Division of the State Library Archives and History, 1952)

15. From a strictly legal standpoint, the Lottery Commission's authority to run "numbers" seems well founded. Upon inquiry, the Chief Counsel of the Law Revision and Legislative Services Commission advised: "A system whereby the purchaser could select a ticket number would be authorized [under existing provisions of the laws and Constitution] but if the winning number or numbers is determined other than by a drawing as in the 'numbers game', the system would not be authorized." (Letter of William M. Lanning, Esq., to Senator Wayne Dumont, Jr., May 15, 1972.) The illegal "numbers game" has not used "drawings" since the turn of the century, when the business was damaged by publicity given to crooked lottery drawings rigged to suit the racketeers who "insured" them. The U. S. Treasury balance and other unimpeachable sources (including, according to our Superintendent of State Police, the daily New Jersey Lottery) are now used. As we have seen, the original form of "insurance policy" was based on lottery drawings, and a

State-operated form could be so based. The recommended amendment does not alter the requirement that prizes be awarded "by drawings". This Commission's recommendation of a specific amendment to authorize this type of lottery does not reflect any lack of confidence in the Chief Counsel's opinion, but is based on the broader considerations mentioned in the text of the Report.

MINORITY REPORT

(Assemblymen Klein and Reid)

A

We disagree with the recommendation of the majority of the Commission that the Legislature propose a referendum asking the people of New Jersey to vote to repeal all Constitutional restrictions on gambling. We believe it to be important that the voters retain their authority to vote upon the extension of gambling in each specific instance. At present, the Legislature cannot extend gambling without going to the voters for approval. Under this Constitutional restriction New Jersey has moved slowly and cautiously in the enactment of legalized gambling -- always with the approval of the voters. The Legislature should not ask the voters to give up this control.

B

We disagree with the recommendation of the majority of the Commission that the Legislature propose a referendum to the voters to legalize "numbers". We recommend that the Lottery Commission, under existing law, undertake changes in the Lottery in order to compete with the existing illegal numbers racket. The changes which they should consider are:

1. Enabling the player to choose a number. From testimony we have heard this is one of the most attractive aspects of the illegal numbers game and an essential ingredient to those who regularly play the numbers.
2. Providing lottery chances of varying denominations from 10¢ to 50¢.
3. Extensive public education to the effect that, if you are going to play the numbers, playing the legal lottery will provide revenue for public services. Playing the illegal numbers provides revenue for gangsters, who deliver drugs to your neighborhood.

With churches running bingo games and the Governor advertising the lottery, this State has long moved away from the concept that it is morally or ethically wrong to gamble. Those who engage in illegal gambling are struck by the hypocrisy of a society which has a double standard. We have not done an adequate job of explaining why illegal gambling is destructive to our society. While advertising the big winners in the lottery and enticing people to gamble on the lottery, we have not adequately explained that: "In the numbers and in the lottery the chances are very great you will lose. If you are going to take those

chances, let your losses support your schools and not your local junkie." In summary: The Lottery Commission shouldactively seek to compete with the numbers by adopting regulations which would appeal to regular numbers players and at the same time actively campaign and educate against illegal gambling. We do not believe that another referendum is necessary to achieve this, but we would support such a referendum if a formal opinion to the contrary were received from the Attorney General.

C

We disagree with the majority of the Commission that we have adequately studied the proposal to recommend to the Legislature a referendum to legalize casino gambling in New Jersey at this time. While there was considerable testimony of great expectations that casino gambling would produce great economic benefits to the State and especially to depressed resort areas, there has also been considerable testimony from law-enforcement officers that casino gambling would adversely affect law enforcement and the quality of life. We recommend that the Legislature, through Constitutional amendment, ask the voters to approve a pilot project to permit a single

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State-owned and -operated casino to be located in a major resort city which is economically depressed, subject to approval by the voters of that city and all contiguous communities within 30 miles.

| | |
|---|---|
| (s) ANN KLEIN | (s) CHARLES E. REID |
| ANN KLEIN | CHARLES E. REID |

Passed Senate, March 9, 1972; passed General Assembly, amended, March 23, 1972; Assembly amendment concurred in by Senate, March 27, 1972. Filed April 6, 1972.

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# SENATE CONCURRENT RESOLUTION No. 58

# STATE OF NEW JERSEY

INTRODUCED FEBRUARY 14, 1972

By Senators DUMONT, MUSTO, MARAZITI, McGAHN, TURNER, MARESSA, HUGHES, LAZZARA, BROWN, WENDEL, THOMAS and DUGAN

(Without Reference)

A CONCURRENT RESOLUTION creating a Legislative Gambling Study Commission.

WHEREAS, The popularity and economic success of the New Jersey Lottery dictates a study of the desirability and feasibility of extension of legalized gambling in the State of New Jersey; and

WHEREAS, It is widely held that broadening of legalized gambling can be a most effective means of destroying organized crime by depriving it of its economic strength.

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

1. There is hereby created a Legislative Gambling Study Commission to consist of 12 members to serve without compensation, four of whom shall be members of the Senate to be appointed by the President thereof, four of whom shall be members of the General Assembly to be appointed by the Speaker thereof, and four citizens of the State, two of whom shall be appointed by the President of the Senate and two by the Speaker of the General Assembly. No more than two of the members of the Legislature and one of the citizen members to be appointed by the President of the Senate and the Speaker of the General Assembly, respectively, shall be members of the same political party. Vacancies in the membership of the commission shall be filled in the same manner as the original appointments were made.

2. The commission shall organize as soon as may be after the appointment of its members by the election from among its members of a chairman and vice chairman and the selection of a secretary who need not be a member of the commission.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

3. It shall be the duty of the commission to study the desirability and feasibility of authorizing State-operated or State-licensed and supervised systems of gambling, including, but not limited to, *[off-track betting on horse and other races,]* betting on the outcome of organized sports events, casino type gambling, bookmaking and such other forms or systems of gambling as the commission shall determine to include in its studies.

4. The commission shall consider and evaluate as to each type of gambling it studies:

a. The public interest of the State of New Jersey and its residents;

b. The anticipated revenues to be derived by the State therefrom;

c. The effect it may have on the existing legalized and illegal systems of wagering;

d. The experience of other states and nations;

e. The various methods and manner of establishing, financing and administering, promoting and controlling it;

f. Whether any recommended proposal or proposals should be the subject of local adoption or rejection;

g. Such other relevant matters as the commission may deem necessary or advisable.

5. The commission shall be entitled to request the cooperation of Federal agencies, call to its assistance and avail itself of the services of such employees of any State, county or municipal department, board, bureau, commission or agency as it may require and as may reasonably be made available to it for said purpose, and to employ such stenographic, clerical, technical and expert assistance and incur such traveling and other miscellaneous expenses as it may deem necessary, in order to perform its duties and as may be within the limits of funds appropriated or otherwise made available to it for said purposes.

6. The commission may meet and hold hearings at such place or places as it shall designate during the sessions or recesses of the Legislature and shall make an initial report to the Governor and the Legislature on or before June 1, 1972 with relation to any proposals it recommends for submission to the people at the 1972 general election, and such further report, as soon as may be, accompanying its reports with any legislation which it may desire to recommend for adoption by the Legislature.

A CONCURRENT RESOLUTION proposing an amendment to Article IV, Section VII, paragraph 2, of the Constitution of the State of New Jersey:

BE IT RESOLVED by the Senate of the State of New Jersey (the General Assembly concurring):

1. The following proposed amendment to the Constitution of the State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

Amend Article IV, Section VII, paragraph 2 to read as follows:

2. No gambling of any kind, unless heretofore authorized by vote of the people, shall be authorized by the Legislature, except as hereinafter provided, to wit:

A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizen associations or clubs, volunteer fire companies and first aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as

bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers as objects, similarly numbered are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein.

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first aid or rescue squads to conduct games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious

or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance.

C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, State aid for education.

D. The Legislature may by law provide for the establishment of any gambling enterprise, the specific kind, restrictions and control whereof shall be provided for in the law authorizing the same, to be conducted by the State through its direct agency or through an instrumentality of State Government created by law for said purpose, in which enterprise or operation no person other than the State shall have any interest of a proprietary nature, and the entire net proceeds of which shall be paid into the State Treasury to be used for public purposes through appropriations made in the manner provided by law. The Legislature may by law authorize the conduct under State supervision and control of any gambling enterprise by persons licensed by the State to conduct the same; and

the specific kind, restrictions and control of any such enterprise, including the system of State licensing and supervision, shall be specified in the law authorizing the same, which shall also provide for the State to derive therefrom a reasonable revenue for public purposes. No casino, betting parlor or other similar establishment in which any gambling games or wagering authorized pursuant to this paragraph is to be carried on may be located within the territorial limits of any municipality unless the question of permitting the location therein of such establishments pursuant to the particular law authorizing the same shall have been submitted to the voters of the municipality, by resolution of the municipal governing body, at any general or special election and approved by a majority of the legally qualified voters of the municipality voting thereon.

2. When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after such final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate and the Speaker of the General Assembly and the Secretary of State, not less than three months prior to said general election.

3. This proposed amendment to the Constitution shall be submitted to the people at said election in the following manner and form:

There shall be printed on each official ballot to be used at such general election, the following:

1. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

2. In every municipality the following question:

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| | Yes. | Shall the amendment of Article IV, Section VII, paragraph 2 of the Constitution, agreed to by the Legislature, (1) permitting the Legislature to provide by law for the establishment of any gambling enterprise, the specific kind, restrictions and control whereof shall be provided for in the law authorizing the same, to be conducted by the State and the net proceeds thereof used for public purposes, (2) permitting the Legislature to authorize the conduct under State supervision and control of any gambling enterprise by persons licensed by the State, the specific kinds, restriction and control whereof, including the system of State licensing and supervision, shall be specified in the law authorizing the same, which shall also provide for the State to derive therefrom a reasonable revenue for public purposes, and (3) prohibiting the location within any municipality of any gambling establishment authorized pursuant to the said amendment unless the question of permitting the location of such establishments pursuant to the particular law authorizing the same within such municipality shall have been submitted to and approved by the voters of such municipality, be approved? |
| | No. | |

A CONCURRENT RESOLUTION proposing an amendment to Article IV, Section VII, paragraph 2, of the Constitution of the State of New Jersey:

BE IT RESOLVED by the Senate of the State of New Jersey (the General Assembly concurring):

1. The following proposed amendment to the Constitution of the State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

Amend Article IV, Section VII, paragraph 2 to read as follows:

2. No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by, the people at a special election or shall hereafter be submitted to, and authorized by a majority of the votes cast thereon by, the legally qualified voters of the State voting at a general election, except that, without any such submission or authorization;

A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizen associations

or clubs, volunteer fire companies and first aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers as objects, similarly numbered, are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein.

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first aid or rescue

squads to conduct games of chance of, and restricted to, the selling or rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or by the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance, and

C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, State aid for education.

D. The Legislature may enact general laws under which gambling houses or casinos may be established and operated. The type and number of such casinos or gambling houses and of the gambling games which may be conducted in any such establishment shall be determined by or pursuant to law in a uniform manner for all such establishments. Gambling establishments authorized

pursuant to this subparagraph may be operated either by the State through an agency or instrumentality thereof established for the purpose or by persons licensed by the State to conduct the same under a system of supervision and control established by law. The entire net proceeds of any gambling establishment operated by the State under authority of this subparagraph shall be paid into the State Treasury to be used for public purposes through appropriations made by law; and any laws authorizing the establishment and operation of any gambling establishments by persons licensed by the State shall provide for the State to derive therefrom a reasonable revenue for public purposes. No gambling establishment authorized under this subparagraph may be located within the territorial limits of any municipality unless the question of permitting the location therein of such establishments pursuant to the particular law authorizing the same shall have been submitted to the voters of the municipality, by resolution of the municipal governing body, at any general or special election and approved by a majority of the legally qualified voters of the municipality voting thereon.

2. When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after such final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate and the Speaker of the General Assembly and the Secretary of State, not less than three months prior to said general election.

3. This proposed amendment to the Constitution shall be submitted to the people at said election in the following manner and form:

There shall be printed on each official ballot to be used at such general election, the following:

1. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

2. In every municipality the following question:

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| | Yes. | Shall the amendment of Article IV, Section VII, paragraph 2 of the Constitution, agreed to by the Legislature, (1) authorizing the Legislature to enact general laws permitting the establishment of gambling houses or casinos, the type and number whereof and of the gambling games permitted therein shall be determined by or pursuant to law in a uniform manner for all such establishments, (2) providing that such establishments may be operated either by the State or by persons licensed by the State to conduct the same under a system of supervision and control established by law, (3) providing that the entire net proceeds of any such establishments operated by the State shall be used for public purposes, and that the State shall derive a reasonable revenue for public purposes from any such establishments operated by persons licensed by the State, and (4) prohibiting the location of any such gambling establishment within any municipality unless the question of permitting such location of establishments pursuant to the particular law authorizing the same shall have been submitted to and approved by the voters of the municipality, be approved? |
| | No. | |

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BE IT RESOLVED by the Senate of the State of New Jersey (the General Assembly concurring):

1. The following proposed amendment to the Constitution of the State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

Amend Article IV, Section VII, paragraph 2 to read as follows:

2. No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by, the people at a special election or shall hereafter be submitted to, and authorized by a majority of the votes cast thereon by, the legally qualified voters of the State voting at a general election, except that, without any such submission or authorization;

A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizen associations

or clubs, volunteer fire companies and first aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers as objects, similarly numbered, are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein.

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first aid or rescue

squads to conduct games of chance of, and restricted to, the selling or rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or by the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance, and

C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, State aid for education; and such lotteries may include that form of lottery in which the bettor is permitted to choose among possible numbers of combinations of numbers upon which to place his bet, and payment is made to winning bettors in accordance with odds set when the bet is placed.

2. When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after such final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate and the Speaker of the General Assembly and the Secretary of State, not less than three months prior to said general election.

3. This proposed amendment to the Constitution shall be submitted to the people at said election in the following manner and form:

There shall be printed on each official ballot to be used at such general election, the following:

1. In every municipality in which voting machines are not used, a legend which shall immediately precede the question, as follows:

If you favor the proposition printed below make a cross (X), plus (+) or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

2. In every municipality the following question:

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| | Yes. | Shall the amendment to Article IV, Section VII, paragraph 2 of the Constitution, agreed to by the Legislature, providing that State lotteries authorized under subparagraph C. thereof may include that form of lottery in which the bettor is permitted to choose among possible numbers or combinations of numbers upon which to place his bet, and payment is made to winning bettors in accordance with set when the bet is made, be approved? |
| | No. | |