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C O M M I T T E E M E E T I N G

before

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

ASSEMBLY BILL Nos. 759, 2750, and 3009,

ACR-170 and SENATE BILL No. 3639

also

"Discussion and testimony on
the issue of legalizing sports betting in the State"

October 24, 1991

10:00 a.m.

Municipal Hall Council Chambers
Irvington, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Jimmy Zangari, Chairman
Assemblyman Anthony Impreveduto
Assemblyman Chuck Hardwick
Assemblyman John S. Penn

ALSO PRESENT:

Assemblyman Harry A. McEnroe
District 27

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent Authorities Committee

* * * * *

Meeting Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
162 West State Street
CN 068
Trenton, New Jersey 08625

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JIMMY ZANGARI
CHAIRMAN

JOSEPH A. MECCA
VICE-CHAIRMAN

ANTHONY IMPREVEDUTO
CHUCK HARDWICK
JOHN S. PENN

New Jersey State Legislature
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN JIMMY ZANGARI, CHAIRMAN

SUBJECT: COMMITTEE MEETING - October 24, 1991

The public may address comments and questions to Edward P. Westreich, Committee Aide, or make bill status and scheduling inquiries to Sharon Constantini, secretary, at (609) 984-7381.

The Assembly Independent Authorities Committee will meet on **Thursday, October 24, 1991 at 10 AM in the Irvington Municipal Hall Council Chambers, Civic Square, Irvington, New Jersey** to consider the following bills:

A-759 Duch/Rooney	Requires financial disclosure statements by members of local and regional authorities.
A-2750 Hudak	Requires municipal utilities authority to obtain Board of Public Utilities approval for rate increases.
A-3009 Foy/Gill	Permits racetracks to conduct wagering on certain sports events.
ACR-170 Marsella/Kenny	Memorializes Congress to enact the "Fairness to Fans Act of 1991."
S-3639 Codey	Authorizes N.J. Racing Commission to permit use of common pools in connection with certain simulcast horse races.

The committee will discuss and take testimony on the issue of legalizing sports betting in the State.

Issued 10/15/91

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Assemblymen DUCH and ROONEY

1 AN ACT concerning the filing of financial disclosure statements
2 by members of certain authorities and supplementing Title 40
3 of the Revised Statutes.

4
5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. As used in this act:

8 a. "Authority" means a body, public and corporate, created by
9 one or more municipalities or counties pursuant to any law
10 authorizing that creation, which law provides that the public body
11 so created has at least the following powers:

12 (1) To adopt and use a corporate seal;

13 (2) To sue and be sued;

14 (3) To acquire and hold real or personal property for its
15 purposes; and

16 (4) To provide for and secure the payment of its bonds or other
17 obligations, or to impose charges for the use of its facilities, or
18 any combination thereof;

19 b. "Division" means the Division of Local Government
20 Services in the Department of Community Affairs;

21 c. "Gift" means any money or item of value received other
22 than as income by an authority member, for which a
23 consideration of equal or greater value is not provided in return;

24 d. "Income" means any earned or unearned money or item of
25 value received or to be received from one of more sources
26 totaling amounts in excess of \$1,500.00, and received in the form
27 of a fee, expense, allowance, forgiveness, royalty, bonus, salary,
28 rent, capital gain, dividend or any other form of compensation or
29 combination thereof;

30 e. "Loan" means each amount of money owed by an authority
31 member in excess of \$1,500.00 and the amount representing the
32 interest thereon, excluding any money owed in installments
33 resulting from retail transactions and any money owed to a
34 member of the person's household; and

35 f. "Member of household" means the spouse of an authority
36 member residing in the same domicile and any dependent children.

37 2. Each authority member shall file a financial disclosure
38 statement with the division on May 1 following the transmittal of
39 the forms pursuant to section 3 of this act, and thereafter, no
40 later than May 1 of each year, except that no authority member
41 holding an appointive position on the effective date of this act is

1 subject to the provisions of this act until the time of his
2 reappointment.

3 3. Within 90 days of the effective date of this act, the division
4 shall prepare and transmit to each authority member the form for
5 the filing of financial disclosure statements. The form shall be
6 structured in a manner and form determined by the division and
7 shall provide for the following information, and any other
8 information it may deem necessary to be disclosed by an
9 authority member:

10 a. The sources of income received by an authority member or
11 a member of the household thereof in the preceding calendar year;

12 b. The source and amount of any gifts received by an authority
13 member or a member of the household thereof in the preceding
14 calendar year which singly or in the aggregate have a value of
15 \$250.00 or more;

16 c. The name and address of all businesses and labor unions in
17 which the authority member or member of the household thereof
18 has served or is serving as an officer, director, owner, trustee,
19 employee or partner, or with which the authority member or
20 member of the household thereof has had or has any fiduciary
21 relationship during the preceding calendar year;

22 d. The name and address of each business in which the
23 authority member or a member of the household thereof, holds,
24 or has held in a preceding calendar year, stocks, securities or
25 other ownership interest amounting to 10% or more of the stock,
26 securities or other ownership interest in the business; or in which
27 the authority member or member of the household thereof
28 maintains, or has maintained in the preceding calendar year, the
29 right upon liquidation or dissolution to receive 10% or more of
30 the net assets of the business;

31 e. Each creditor with whom the authority member or member
32 of the household thereof has or had, during the previous calendar
33 year, a loan and the amount of the loan and the interest rate
34 thereon; and

35 f. The address and lot and block number of all real property in
36 the State in which the authority member or a member of the
37 household thereof has or had in the previous calendar year any
38 direct or indirect interest.

39 4. a. The division shall review each financial disclosure
40 statement and determine whether or not the statement is
41 complete and accurate. Upon review, the division may issue an
42 advisory opinion to the authority member and the governing body
43 appointing the member stating that certain income, loans or gifts
44 give rise to an appearance of conflict with the member's service
45 as an authority member. Any advisory opinions issued by the
46 division shall be public records and shall remain on file for five
47 years from the date of issuance.

48 b. The division may impose and collect fines from any

1 authority member it determines has willfully and knowingly failed
2 or refused to file a financial disclosure statement or has willfully
3 and knowingly filed a financial disclosure statement which is
4 false, inaccurate or incomplete in any substantial and material
5 manner or particular. A fine shall not be less than \$500, nor
6 more than \$5,000.00. Any fines imposed and collected pursuant
7 to this act shall be used by the division to effectuate the purposes
8 of this act.

9 5. The division may adopt any rules and regulations pursuant to
10 the provisions of the "Administrative Procedure Act," P.L.1968.
11 c.410 (C.52:14B-1 et seq.) as it may deem necessary to
12 effectuate the purposes of this act.

13 6. This act shall take effect immediately.
14
15

16 STATEMENT 17

18 This bill would require members of local and regional
19 authorities to file financial disclosure statements with the
20 Division of Local Government Services in the Department of
21 Community Affairs. The source of income in excess of \$1,500
22 and gifts in excess of \$250 would be reported to the division.

23 This bill is part of a body of remedial legislation developed by
24 the County Government and Regional Authorities Committee
25 arising out of a series of public hearings conducted by the
26 committee on the structure and operation of regional authorities.
27
28

29 LOCAL GOVERNMENT 30

31 Requires financial disclosure statements by members of local and
32 regional authorities.

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Assemblyman HUDAK

1 AN ACT concerning rates charged by municipal utilities
2 authorities and amending P.L. 1957, c. 183.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. Section 23 of P.L. 1957, c. 183 (C. 40:14B-23) is amended to
7 read as follows:

8 23. Every municipal authority shall prescribe and from time to
9 time when necessary revise a schedule of all its service charges,
10 which may provide a single rent, rate, fee or charge for any of its
11 utility charges and which shall comply with the terms of any
12 contract of the municipal authority and may be such that the
13 revenues of the municipal authority will at all times be adequate
14 to pay the expenses of operation and maintenance of the utility
15 system, including reserves, insurance, extensions, and
16 replacements, and to pay the principal of and interest on any
17 bonds and to maintain such reserves or sinking funds therefor as
18 may be required by the terms of any contract of the municipal
19 authority or as may be deemed necessary or desirable by the
20 municipal authority. Said schedule shall thus be prescribed and
21 from time to time revised by the municipal authority, if approved
22 by the Board of Public Utilities, and after public hearing thereon
23 which shall be held by the [municipal authority] Board of Public
24 Utilities at least 20 days after notice of the proposed adjustment
25 is mailed to the Board of Public Utilities and the clerk of each
26 municipality serviced by the authority and publication of notice
27 of the proposed adjustment of the service charges and of the time
28 and place of the public hearing in at least two newspapers of
29 general circulation in the area serviced by the authority. The
30 municipal authority shall provide evidence at the hearing showing
31 that the proposed adjustment of the service charges is necessary
32 and reasonable, and shall provide the opportunity for
33 cross-examination of persons offering such evidence, and a
34 transcript of the hearing shall be made and a copy thereof shall
35 be available upon request to any interested party at a reasonable
36 fee. Persons opposed to the proposed adjustment shall be given
37 an opportunity to testify at the hearing and present evidence
38 relevant to their position. The municipal authority shall likewise
39 fix and determine the time or times when and the place

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

Matter underlined thus is new matter.

or places where such service charges shall be due and payable and may require that such service charges shall be paid in advance for periods of not more than one year. A copy of such schedule of service charges in effect shall at all times be kept on file at the principal office of the municipal authority and shall at all reasonable times be open to public inspection.

(cf: P.L. 1985, c. 118, s. 2)

2. Section 68 of P.L. 1957, c. 183 (C. 40:14B-68) is amended to read as follows:

68. This act shall be construed liberally to effectuate the legislative intent and as complete and independent authority for the performance of each and every act and thing herein authorized, and a municipal authority shall not [be subject to regulation as to its service charges by any other officer, board, agency, commission or other office of the State, or] constitute a municipality or agency or component of a municipality subject to, any provisions of Title 40 of the Revised Statutes and of Title 40A of the New Jersey Statutes, except P.L. 1971, c. 198 "Local Public Contracts Law" (C. 40A:11-1 et seq.); provided, however, that nothing contained in this act shall in any way affect or limit the jurisdiction, powers or rights of the Board of Public Utilities, State Department of Health, Interstate Sanitation Commission, Interstate Commission on the Delaware River Basin, Water Policy and Supply Council of the Department of Conservation and Economic Development, North Jersey District Water Supply Commission, Passaic Valley Sewerage Commissioners, or Passaic Valley Water Commission, or impair the obligations assumed by any municipality included in any district in any contract made prior to the creation of such district with any sewerage authority or any county sewer authority or with one or more other municipalities or with the Passaic Valley Sewerage Commissioners or with the North Jersey District Water Supply Commission.

(cf: P.L. 1975, c. 96, s. 5)

3. This act shall take effect immediately.

STATEMENT

This bill requires a municipal utilities authority to obtain the approval of the Board of Public Utilities, after a public hearing conducted by the Board, for any proposed change in its schedule of service charges.

PUBLIC UTILITIES

Requires municipal utilities authority to obtain Board of Public Utilities approval for rate increases.

ASSEMBLY, No. 3009

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 26, 1990

By Assemblymen FOY and GILL

1 AN ACT permitting wagering at horse racetracks on certain
2 sports events, supplementing P.L.1940, c.17 (C.5:5-22 et seq.)
3 and providing for the submission of this act to the legal voters
4 of the State for their approval or rejection before the same
5 shall become operative in this State.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. As used in this act:

10 "Commission" means the New Jersey Racing Commission
11 established pursuant to section 1 of P.L.1940, c.17 (C.5:5-22).

12 "Gross sports pool revenue" means the total of all sums,
13 including checks received by an operator, whether collected or
14 not, actually received by an operator from the operation of a
15 sports pool, less only the total of all sums paid out as winnings to
16 patrons.

17 "Operator" means the holder of a permit to conduct a horse
18 race meeting who has elected to operate a sports pool.

19 "Prohibited sports event" means any sports event held in New
20 Jersey for which the participants do not receive compensation,
21 any event wherever held if any participant in the event
22 represents a public or private school or institution of higher
23 education located in New Jersey, any running race or harness
24 race, and any professional wrestling match.

25 "Sports betting lounge" means a room located at a horse
26 racetrack wherein a sports pool is operated which is separate
27 from the areas in which pari-mutuel wagering is conducted on the
28 results of horse race meetings or simulcast horse races.

29 "Sports pool" means the business of accepting wagers on any
30 sports event, except a prohibited sports event, by any system or
31 method of wagering other than the pari-mutuel method of
32 wagering.

33 "Sports event" means any amateur, collegiate or professional
34 game or match except a prohibited sports event.

35 2. In addition to pari-mutuel wagering which is conducted
36 pursuant to the provisions of P.L.1940, c.17 (C.5:5-22 et seq.) on
37 the results of horse race meetings or simulcast horse races, a
38 permitholder may operate a sports pool. A sports pool shall be
39 operated only in a sports betting lounge. the size and design of
40 which shall be prescribed by regulation of the New Jersey Racing
41 Commission. A sports pool may be operated on every day of the

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1 week, including Sundays and holidays, during such hours as shall
2 be permitted by the New Jersey Racing Commission. The
3 operator of a sports pool shall establish the odds it will pay on
4 wagers placed on sports events.

5 3. All persons operating a sports pool for a permitholder shall
6 be licensed as pari-mutuel employees, except that a permitholder
7 may employ persons who are not so licensed solely for the
8 purpose of accepting wagers directly from and issuing tickets to
9 members of the public. Each permitholder who operates a sports
10 pool shall designate one or more pari-mutuel employees who shall
11 be responsible for the operation of the sports pool. At least one
12 such pari-mutuel employee shall be on the premises whenever
13 sports wagering is conducted.

14 4. Except as otherwise provided by this act, the New Jersey
15 Racing Commission shall have authority to regulate sports pools
16 to the same extent that the commission regulates pari-mutuel
17 wagering on horse racing. The commission shall, pursuant to the
18 provisions of the Administrative Procedure Act, P.L.1968, c.410
19 (C.52:14B-1 et seq.), adopt, amend or repeal, as necessary,
20 regulations which are necessary to carry out the provisions of
21 this act, including, but not limited to, regulations governing the:

- 22 a. amount of cash reserves to be maintained by operators to
23 cover winning wagers;
24 b. acceptance of wagers on a series of sports events;
25 c. maximum wagers which may be accepted by an operator
26 from any one patron on any one sports event;
27 d. type of betting tickets which may be used;
28 e. method of issuing tickets;
29 f. method of accounting to be used by operators;
30 g. types of records which must be kept; and
31 h. use of credit and checks by patrons.

32 5. There is imposed an annual tax on gross sports pool revenues
33 as defined in section 1 of this act in the amount of 8% of the
34 gross revenues. Each operator shall pay to the commission at
35 least monthly the tax due for distribution pursuant to section 8 of
36 this act. Gross sports pool revenues shall not be subject to any
37 other State or local tax.

38 6. Each operator shall, subject to the approval of the
39 commission, adopt comprehensive house rules governing sports
40 wagering transactions with its patrons. The rules shall specify
41 the amounts to be paid on winning wagers and the effect of
42 schedule changes. The house rules, together with any other
43 information the commission deems appropriate, shall be
44 conspicuously displayed in the sports betting lounge and copies
45 shall be made readily available to patrons.

46 7. Nothing contained in this act shall be construed as
47 authorizing the placing of wagers by telephone or on the outcome
48 of any election for public office.

49 8. a. All moneys received by the commission pursuant to

section 5 of this act, P.L. , c. (C.), shall be paid by the commission into the General Fund and shall be appropriated for such public purposes as shall be provided by law, except that one percent of the monies received by the commission shall, at least monthly, be transferred to the New Jersey Horse Breeding and Development Account established pursuant to section 5 of P.L.1967, c.40 (C.5:5-88) and appropriated for the purposes enumerated therein.

b. The commission shall require at least monthly deposits by the operator of the tax established pursuant to section 5 of this act, at such times, under such conditions, and in such depositories as shall be prescribed by the State Treasurer. The commission may require a monthly report and reconciliation statement to be filed with it on or before the 10th day of each month, with respect to gross revenues and deposits received and made, respectively, during the preceding month.

c. Any operator who fails to pay any tax or deposit when due shall be subject to penalties and interest as provided in the "State Tax Uniform Procedure Law," Subtitle 9 of Title 54 of the Revised Statutes.

9. For the purpose of complying with the provisions of the State Constitution, this act shall be submitted to the people for their approval or rejection at the next general election to be held 70 or more days following the date of its enactment.

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

If you favor making the act described below operative within the State, make a cross (X), plus (+) or check (✓) in the square opposite the word "Yes."

If you are opposed to making the act described below so operative, make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

		WAGERING AT HORSE RACETRACKS ON THE RESULTS OF SPORTS EVENTS
YES.		Shall chapter of the laws of making it lawful to conduct wagering at horse racetracks on the results of sports events, be approved and become operative?
		INTERPRETIVE STATEMENT
NO.		A "Yes" vote on this question would mean that wagering would be permitted at horse racetracks on the results of sports events.

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1 The chapter number assigned to this act shall be inserted in the
2 appropriate place in the foregoing question.

3 In any election district in which voting machines are used the
4 question shall be placed upon the official ballot to be used upon
5 the voting machines with the foregoing instructions to the voters
6 but with instructions to vote "Yes" or "No" by the use of such
7 machines without marking as aforesaid.

8 11. If at such election a majority of all the votes cast both for
9 and against the approval of this act shall be cast in favor of the
10 approval thereof, then all of its provisions shall forthwith take
11 effect throughout the State.

12 12. This section and sections 9, 10, and 11 of this act shall
13 take effect immediately and the remainder of this act shall take
14 effect as hereinbefore provided.

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17 STATEMENT
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19 This bill provides for a Statewide binding referendum in the
20 next general election to be held 70 or more days following the
21 date of its enactment on the issue of whether wagering should be
22 permitted at horse racetracks on the results of certain sports
23 events. Sports wagering could only be conducted in a sports
24 betting lounge which is separate from the parimutuel wagering
25 area. Wagering would be allowed on the outcome of any sports
26 event except an amateur event held in New Jersey, an event in
27 which any participant represents a school or college located in
28 New Jersey, a running race or harness race and any professional
29 wrestling match.

30 The bill places an 8% tax on gross sports pool revenues which
31 would be placed in the general fund of the State to be used for
32 such public purposes as shall be provided by law, except that 1%
33 of the revenues placed in the general fund would be transferred
34 to the New Jersey Horse Breeding and Development Account and
35 used to improve and promote thoroughbred and standardbred
36 breeding.

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38
39 GAMBLING
40

41 Permits racetracks to conduct wagering on certain sports events.

ASSEMBLY CONCURRENT RESOLUTION NO. 170

STATE OF NEW JERSEY

INTRODUCED AUGUST 1, 1991

By Assemblymen MARSELLA, KENNY and Doria

1 A CONCURRENT RESOLUTION memorializing Congress to
2 enact legislation to be known as the "Fairness to Fans Act of
3 1991."
4

5 WHEREAS, There is a growing trend toward shifting sports
6 programming from free television broadcasts to cable or
7 pay-per-view television which is causing consumers to pay for
8 sports programming that they previously received on free
9 television; and

10 WHEREAS, The most recent example of this trend involves the
11 Philadelphia 76ers which announced that the team had agreed
12 to take all but seven games to cable television in the upcoming
13 season; and

14 WHEREAS, The American public has given vast subsidies to
15 professional sports teams which have benefitted from the
16 construction of sports stadiums with governmentally-backed
17 low-interest loans, and the leasing of stadiums at a fraction of
18 the true cost; and

19 WHEREAS, Congress has given professional sports teams a
20 limited anti-trust exemption in order to negotiate their
21 television contracts; and

22 WHEREAS, It is altogether fitting and proper to expect that
23 professional sports teams which have received such
24 preferential treatment should have the responsibility to give
25 something back to their host communities by making sports
26 programming widely available through free broadcast
27 television; and

28 WHEREAS, The "Fairness to Fans Act of 1991," H.R. 2976 of
29 1991, which was introduced in the United States House of
30 Representatives on July 23, 1991 is intended to require
31 professional sports teams to broadcast a certain percentage of
32 their games on free television, based upon the number of games
33 broadcast on free television over the past decade; and

34 WHEREAS, The bill will not interfere with current contracts
35 between professional sports teams and cable operators but will
36 require all contracts signed after January 1, 1992 to include
37 the free television percentage rule in order for the team to
38 retain its anti-trust exemption; now, therefore,

39
40 BE IT RESOLVED by the General Assembly of the State of
41 New Jersey (the Senate concurring):

42 1. The Congress of the United States is respectfully urged to
43 enact the "Fairness to Fans Act of 1991," H.R. 2976 of 1991, to
44 require professional sports teams to maintain a reasonable

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1 percentage of sports programming available to the public without
2 charge and to thereby assist the many taxpayers who finance the
3 generous benefits enjoyed by professional sports teams but who
4 find themselves unable to afford to watch the teams they're
5 paying so much to support.

6 2. A duly authenticated copy of this concurrent resolution,
7 signed by the Speaker of the General Assembly and by the
8 President of the Senate and attested to by the Clerk of the
9 General Assembly and the Secretary of the Senate, be
10 transmitted forthwith to the presiding officers of the United
11 State Senate and House of Representatives and to each of the
12 members of the Congress of the United States elected from New
13 Jersey.

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16 STATEMENT
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18 This concurrent resolution memorializes the United States
19 Congress to enact the "Fairness to Fans Act of 1991," H.R. 2976
20 of 1991. The bill provides that the anti-trust exemption
21 applicable to television contracts negotiated by professional
22 sports teams may be revoked if the teams fail to include within
23 such contracts entered into after January 1, 1992 a free
24 television percentage rule based upon the average number of
25 games played annually at home during the past ten years and
26 telecast without charge to the public.

27
28
29 FEDERAL RELATIONS
30

31 Memorializes Congress to enact the "Fairness to Fans Act of
32 1991."

STATE OF NEW JERSEY

INTRODUCED JULY 15, 1991

By Senator CODEY

1 AN ACT concerning the use of interstate common pools in
2 connection with certain simulcast horse races and amending
3 and supplementing P.L.1985, c.269.

4
5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. Section 2 of P.L.1985, c.269 (C.5:5-111) is amended to read
8 as follows:

9 2. As used in this act:

10 a. "Horsemen's organization" means the Horsemen's
11 Benevolent and Protective Association, the Standardbred
12 Breeders and Owners' Association, or another organization or
13 group representing a majority of horsemen engaged in competing
14 for purses during a regularly scheduled horse race meeting, as the
15 case may be.

16 b. "Intertrack wagering" means parimutuel wagering on
17 simulcast horse races held at an in-State sending track by patrons
18 at a receiving track and the electronic transmission of the wagers
19 to the in-State sending track.

20 c. "Intertrack wagering license" means a license issued by the
21 New Jersey Racing Commission permitting intertrack wagering.

22 d. "Receiving track" means a racetrack within the State which
23 is operated by the holder of an annual permit to conduct a horse
24 race meeting and which is equipped to receive simulcast horse
25 races and to conduct intertrack wagering on those races.

26 e. "In-State sending track" means a racetrack within the State
27 which is operated by the holder of an annual permit to conduct a
28 horse race meeting and which is equipped to provide simulcast
29 horse races to a receiving track and to conduct intertrack
30 wagering on those races.

31 f. "Out-of-State sending track" means a racetrack in a
32 jurisdiction other than the State of New Jersey which is lawfully
33 permitted to conduct a horse race meeting and to provide
34 simulcast horse races to a racetrack in this State.

35 g. "Simulcast horse races" means horse races conducted at an
36 in-State sending track or an out-of-State sending track, as the
37 case may be, and transmitted simultaneously by picture to a
38 receiving track.

39 h. "Interstate common pool" means a parimutuel pool
40 established within this State or in another state or foreign nation

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

Matter underlined thus is new matter.

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2

1 within which is combined comparable parimutuel pools of one or
 2 more receiving tracks located in one or more states or foreign
 3 nations upon a race at a sending track located within or outside
 4 of this State for the purpose of establishing pay-off prices in the
 5 various jurisdictions.

6 (cf: P.L.1985, c.269, s.2)

7 2. Section 7 of P.L.1985, c.269 (C.5:5-116) is amended to read
 8 as follows:

9 7. Except as otherwise provided in sections 8 and 10 of this
 10 act, and in sections 7 and 8 of P.L. _____, c. _____, (C. _____) (now
 11 pending before the Legislature as this bill) and by the rules and
 12 regulations of the commission with respect to interstate common
 13 pools, sums wagered at the receiving track shall be deposited in
 14 the appropriate parimutuel pool generated at the in-State sending
 15 track for the race being transmitted and shall be distributed
 16 pursuant to P.L.1940, c.17 (C.5:5-22 et seq.) as if such sums were
 17 wagered at the sending track. Payment to persons holding
 18 winning tickets at the receiving track shall be made according to
 19 the same odds as those generated at the in-State sending track.

20 (cf: P.L.1985, c.269, s.7)

21 3. Section 8 of P.L.1985, c.269 (C.5:5-117) is amended to read
 22 as follows:

23 8. [The] Except as provided by section 8 of P.L. _____, c. _____
 24 (C. _____) (now pending before the Legislature as this bill) and by
 25 the rules and regulations of the commission with respect to
 26 interstate common pools, the in-State sending track shall reserve
 27 and set aside out of the portion of the parimutuel pool to be
 28 distributed as purse money pursuant to section 46 of P.L.1940,
 29 c.17 (C.5:5-66) an amount equal to 25%, of the amount that
 30 would be distributed as purse money pursuant to that section on
 31 the basis of the parimutuel pool generated at the receiving
 32 track. These sums shall be forwarded to the receiving track and
 33 shall be used to supplement the payment of overnight purses at
 34 the next horse race meeting to be conducted by the receiving
 35 track, except that if the receiving track is conducting a horse
 36 race meeting at the same time as the receipt of the simulcast
 37 horse races, the receiving track shall use those sums to
 38 supplement overnight purses at that horse race meeting.

39 (cf: P.L.1988, c.27, s.1)

40 4. Section 10 of P.L.1985, c.269 (C.5:5-119) is amended to
 41 read as follows:

42 10. Notwithstanding any other law to the contrary, the New
 43 Jersey Racing Commission, upon application by a receiving track
 44 and in accordance with applicable federal law, may permit the
 45 track to receive simulcast horse races of national interest held at
 46 out-of-State sending tracks and to conduct parimutuel wagering
 47 thereon. [All] Except as provided by section 7 of P.L. _____
 48 c. _____ (C. _____) (now pending before the Legislature as this bill)
 49 and by the rules and regulations of the commission with respect

1 to interstate common pools, all receipts from wagering under this
2 section shall form a pool at the receiving track and shall be
3 distributed pursuant to P.L.1940, c.17 (C.5:5-22 et seq.) as if
4 those receipts were the product of wagering on live races at that
5 time at the receiving track.

6 (cf: P.L.1985, c.269, s.10)

7 5. Section 11 of P.L.1985, c.269 (C.5:5-120) is amended to
8 read as follows:

9 11. Notwithstanding any other law to the contrary, the New
10 Jersey Racing Commission, upon application by an in-State
11 sending track and in accordance with applicable federal law, may
12 permit the track to contract with an entity in another jurisdiction
13 to permit any legal wagering entity in the other jurisdiction to
14 receive simulcast horse races run live at the in-State sending
15 track and to conduct parimutuel wagering thereon within the
16 other jurisdiction. The terms and conditions of the contract shall
17 be established by the parties and may include as consideration
18 therefor the receipt by the in-State sending track of a
19 percentage of the sum wagered on a given race or races in
20 accordance with the law of the receiving jurisdiction and may
21 include participation in interstate common pools as provided by
22 section 6. of P.L. , c. (C.) (now pending before the
23 Legislature as this bill).

24 (cf: P.L.1985, c.269, s.11)

25 6. (New section) Subject to applicable federal laws, the
26 commission may permit receiving tracks which are authorized to
27 receive simulcast horseraces of national interest held at
28 out-of-State sending tracks pursuant to section 10 of P.L.1985,
29 c.269 (C.5:5-114) and in-State sending tracks authorized to
30 transmit simulcast horse races to other jurisdictions pursuant to
31 section 11 of P.L.1985, c.269 (C.5:5-120) to participate in
32 interstate common pools.

33 Except as provided in sections 7 and 8 of P.L. , c. .
34 (C.) (now pending before the Legislature as this bill) and by
35 rule or regulation of the commission, all provisions of the laws of
36 this State governing parimutuel wagering shall apply to interstate
37 common pools.

38 Except as otherwise provided by rule or regulation of the
39 commission, participation in an interstate common pool shall not
40 cause any participating party to be deemed to be doing business
41 in any state other than the state in which it is physically located.

42 7. (New section) With the prior approval of the commission, a
43 receiving track which the commission has permitted to receive
44 simulcast horse races of national interest held at out-of-State
45 sending tracks and to conduct parimutuel wagering thereon
46 pursuant to section 10 of P.L.1985, c.269 (C.5:5-119) may
47 combine parimutuel pools in this state with comparable pools at
48 the out-of-State sending track. The types of wagering takeout,
49 distribution of winnings and rules of racing in effect for

1 parimutuel pools at the sending racetrack shall govern wagers
2 placed in this State and merged into the interstate common pool
3 Breakage for interstate common pools shall be calculated in
4 accordance with the law or rules governing the sending racetrack
5 and shall be distributed between participating jurisdictions in the
6 manner agreed to between the receiving track and the
7 out-of-State sending track.

8 With the prior approval of the commission and the concurrence
9 of the out-of-State sending track, a receiving track and receiving
10 tracks or entities in other states other than the state in which the
11 sending track is located may form an interstate common pool.
12 With respect to such interstate common pools the commission
13 may approve types of wagering, takeout, distribution of winnings,
14 rules of racing and method of calculating breakage which are
15 different from those which would otherwise be applied in this
16 State but which are consistent for all parties to the interstate
17 common pool.

18 The receiving track may deduct from wagers placed in any
19 interstate common pool any fee to the person or entity
20 conducting the race for the privilege of conducting parimutuel
21 wagering on the race and costs incurred in transmitting the
22 broadcast of the race and participation in the interstate common
23 pool.

24 Any provision of law or contract governing the distribution of
25 shares of the takeout, from wagers placed in this State in
26 separate parimutuel pools on races run in another state, to this
27 State as parimutuel taxes or respectively to breeder awards and
28 to purses in this State shall remain in effect for wagers placed in
29 interstate common pools. However, if the commission shall have
30 approved an adjustment in the takeout rates, the distribution of
31 the takeout within this State shall be adjusted proportionately to
32 reflect the adjustment in the takeout rate. In addition, with the
33 approval of the receiving track and the organization representing
34 respectively a majority of the breeders or other horse persons,
35 their respective share may be modified.

36 8. (New section) With the prior approval of the commission,
37 an in-State sending track which the commission has permitted to
38 contract with a legal wagering entity in another jurisdiction to
39 receive horse races run live at the in-State sending track and to
40 conduct parimutuel wagering thereon within the other jurisdiction
41 may permit parimutuel pools in other States to be combined with
42 its comparable wagering pools or with wagering pools established
43 by other states. The commission may modify its rules and adopt
44 separate rules governing interstate common pools and may
45 establish separate rules governing the calculation of breakage for
46 interstate common pools.

47 Parimutuel taxes shall not be imposed upon any amounts
48 wagered in an interstate common pool other than upon amounts
49 wagered in this state.

1 Any provision of law or contract governing the distribution of
2 shares of the takeout from wagers placed in other states in
3 separate parimutuel pools on races run in this State, to this State
4 as parimutuel taxes or respectively to breeders and to purses in
5 this State shall remain in effect for wagers placed in interstate
6 common pools. However, with the approval of the in-State
7 sending track and the organization representing respectively a
8 majority of the breeders or other horsepersons, their respective
9 share may be modified.

10 9. This act shall take effect immediately.

11
12
13 STATEMENT
14

15 This bill would allow racetracks located in this State which are
16 authorized by the New Jersey Racing Commission to send or
17 receive simulcast horse races to or from other jurisdictions to
18 participate in interstate common pools. This arrangement would
19 allow the participants to combine comparable parimutuel pools
20 for the purpose of establishing pay-off prices in the various
21 jurisdictions. Combining parimutuel pools would increase the
22 incentive for bettors to participate in wagering on horse races
23 which in turn would benefit this State's racetracks and State
24 revenues.

25
26
27 GAMBLING
28

29 Authorizes N.J. Racing Commission to permit use of common
30 pools in connection with certain simulcast horse races.

STATEMENT TO

SENATE, No. 3639

STATE OF NEW JERSEY

DATED: JULY 15, 1991

The Senate Institutions, Health and Welfare Committee favorably reports Senate Bill No. 3639.

This bill would allow racetracks located in the State which are authorized by the New Jersey Racing Commission to send or receive simulcast horse races to or from other jurisdictions, to participate in interstate common pools. This arrangement would allow the participants to combine comparable parimutuel pools for the purpose of establishing pay-off prices in the various jurisdictions.

Combining parimutuel pools would increase the incentive for bettors to participate in wagering on horse races which in turn would benefit this State's racetracks and State revenues.

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ASSEMBLYMAN JIMMY ZANGARI (Chairman): Good morning. May I have your attention, please? Could we have a little order in the back, please?

Good morning. The Independent Authorities Committee will come to order. I would ask that the Committee Aide call the roll. Mr. Westreich, please call the roll.

MR. WESTREICH (Committee Aide): Assemblyman Penn?

ASSEMBLYMAN PENN: Here.

MR. WESTREICH: Assemblyman Hardwick?

ASSEMBLYMAN HARDWICK: Here.

MR. WESTREICH: Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Here.

MR. WESTREICH: Assemblyman Mecca?

UNIDENTIFIED MEMBER OF THE COMMITTEE: Not here. Assemblyman McEnroe will be coming shortly.

MR. WESTREICH: Assemblyman Zangari?

ASSEMBLYMAN ZANGARI: Here.

Before we proceed this morning, I'd like to call on the Honorable Michael G. Steele; Mayor of the Township of Irvington, to give you a welcoming. Mayor Steele?

Assemblyman McEnroe is here. Kindly, record him in.

M A Y O R M I C H A E L G. S T E E L E: Mr. Chairman, Assemblyman McEnroe, Senator Rice, my representatives from the 28th District, ladies, and gentlemen: Welcome to the Township of Irvington. It's indeed a pleasure for us to have you here. This is an historic moment. Welcome to the very beautiful Council Chambers.

We see that there are some very important bills that are going to be discussed today, and we're just honored and delighted that Irvington was the site selected for you folks to be here today. So, participate in the hearings. It's an honor for me to be here, and I'll be stopping in and out during the course of this morning. Thank you, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Thank you, Mayor Steele.

I'd be remiss if I did not acknowledge my running mate, Senator Ron Rice, Senator from the 28th Legislative District.

Assemblyman Gill and Assemblyman Tom Duch-- Let me introduce, very briefly, the members on the Committee. To my far right is Assemblyman Harry McEnroe. To my immediate right is Assemblyman Anthony Impreveduto. To my far left is Assemblyman Jack Penn, and to my immediate left, former Speaker, the Honorable Chuck Hardwick. I'm Assemblyman Jimmy Zangari, Chairman of the Committee.

Let me also take this opportunity to welcome you to Irvington, and I think this a historic occasion in Newark -- in Irvington -- that for the first time since I can remember we brought government, for the elected people, here in Irvington. We will begin our Committee assignments this morning by calling on our Committee Aide to give us the remarks on A-759.

MR. WESTREICH: Assembly Bill No. 759 will require members of local and regional authorities to file financial disclosure statements with the Division of Local Government in the Department of Community Affairs. A source of income in excess of \$1500 and gifts in excess of \$250 would have to be recorded under the provisions of this bill.

ASSEMBLYMAN ZANGARI: Assemblyman Tom Duch?

A S S E M B L Y M A N T H O M A S J . D U C H: Thank you, Mr. Chairman and members of the Committee. I appreciate your calling A-759 for consideration by this Committee today. What this bill would do-- This bill is the result of work of the County Government and Regional Authorities Committee that met in the last session of the State Legislature. It is the product of many hours of work by Assemblyman John Rooney and myself. We looked into authorities; abuses and potential abuses by authorities, and authority commissioners in particular.

The bill would require members of local and regional authorities to file financial disclosure statements with the Division of Local Government Services. This has in fact been done, in part, by the ethics law of Paul Contillo which was recently passed. The difference in this bill is that we have the criteria; the threshold level is that any source of income in excess of \$1500, as opposed to \$2000 in the ethics law, would have to be disclosed -- would have to be reported to the Division of the Department of Community Affairs.

There is a letter that I believe have been submitted to the Committee, by Common Cause -- by Ed McCool, the Executive Director. He indicates in his concluding remarks that, "A-759 contains a lower threshold than this law, requiring disclosure of income over \$1500. We have no objection to the lowering of the threshold for disclosure to \$1500."

The amount of money was something that Assemblyman Rooney and I arrived at after comprehensive hearings on the subject. Mr. Chairman and members of the Committee, the difference in our law as opposed to the ethics law passed by Senator Paul Contillo is the fact that this particular bill provides for the review of those disclosure statements. The ethics law and the disclosure law as presently written by Senator Contillo does not provide for a review of those forms. It simply provides for a submission. So, we go one step beyond that and say, besides the submission to the Department of Community Affairs, we believe that these disclosure forms should be reviewed.

Now, the Department of Community Affairs has an objection that they may not have enough manpower to handle the review of each and every one of these forms. I've indicated to them that I would like to move the bill through the Committee today, if possible -- if the Committee feels that way -- and that I would work with them and possibly we could have a random

checking of these forms. In other words, every tenth form filed would be checked, something to that effect, so that we may be able to handle their particular manpower abilities.

So, Mr. Chairman and members of the Committee, I respectfully request that the bill be moved. I will submit to you this letter from Common Cause, from Ed McCool. He was unable to be present today, but he did indicate to me in a telephone conversation that he is supportive of the legislation.

ASSEMBLYMAN ZANGARI: It's amazing that the letter is addressed to, "Dear Assemblyman Zangari." I've never received a copy of the letter.

ASSEMBLYMAN DUCH: It was faxed to me this morning.

ASSEMBLYMAN ZANGARI: One of the practices that I have made since I became Chairman, Assemblyman, is that whenever there are amendments to any bill, and it's going to change the bill substantially, that the bill is not going to be moved out of Committee. I really don't know at the last second here what type of impact the amendments-- Because I have several questions that were here--

I'm told by the Committee Aide that you've discussed many of the questions, and that you've satisfied at least him, but I've also spoken to the people from Community Affairs and they told me that they would like to reach some type of a compromise. I don't know what the compromises are, and whether in fact the compromises should be between you and Community Affairs and not the Committee as a whole. I'm going to allow discussions on the legislation, but I'm not going to move the bill out until I know what type of amendments the Department of Communities Affairs -- through you--

ASSEMBLYMAN DUCH: Okay.

ASSEMBLYMAN ZANGARI: Would any member of the Committee like to comment?

ASSEMBLYMAN HARDWICK: I have a couple of questions, Mr. Chairman. Mr. Duch, are you suggesting that the \$2000

current disclosure limit which is in effect for local officials should be lowered for everyone, or is there some reason that the local and regional authorities are being singled out for a more stringent financial disclosure requirement than other people?

ASSEMBLYMAN DUCH: Mr. Chairman, I would say that the local and regional authorities are probably being singled out, in some respects, by Assemblyman Rooney and me because of our bad experience with the Bergen County Utilities Authority. It's an authority that, I guess, we characterize as a runaway authority. After extensive hearings in the last session, we determined that this would be a reasonable threshold amount. The difference in this bill is that we require some review of that disclosure form, and I think that that's the most important part of this bill.

ASSEMBLYMAN HARDWICK: I'm sorry, I missed that point. How is the review different than anything else?

ASSEMBLYMAN DUCH: Okay. In this bill, as opposed to the ethics law with the \$2000: That simply requires the filing of these forms and that's it. The Department of Community Affairs has a difficulty with my bill in that I require in this bill a review of the forms; all right? See, under Senator Contillo's proposal, simply filing is enough. There's no one who checks. It becomes a matter of public record, and if someone wishes to check, they certainly can. We attempt to go beyond that by requiring a checking of these disclosure forms.

ASSEMBLYMAN HARDWICK: How do you mean, checking? A verification or--

ASSEMBLYMAN DUCH: Yes, a verification. Exactly.

ASSEMBLYMAN HARDWICK: --to go back and investigate sources of income?

ASSEMBLYMAN DUCH: Correct.

ASSEMBLYMAN HARDWICK: I see.

ASSEMBLYMAN DUCH: The Department of Community Affairs objection is based on the fact that they don't believe they have enough manpower to handle checking each and every one of these disclosure forms. I've indicated to them that perhaps we might enter into some agreement, whereby they randomly check a certain number each and every year so that public officials would know that they might be subject to this kind of additional scrutiny. I think that's important.

ASSEMBLYMAN HARDWICK: My final question, Mr. Chairman. I notice the bill requires a reporting of all loans. Is that for the source and the amount of the loan that is required?

ASSEMBLYMAN DUCH: That's correct.

ASSEMBLYMAN HARDWICK: So, a person would report-- Anything over \$1500 they'd have to report: how much they owe on their automobiles, or home mortgages, or any loans at all? Are there any exemptions for that?

ASSEMBLYMAN DUCH: No. Our intention was that they would have to report the business entity that they had the loan with and just that the amount was over \$1500, but they would not have to specify the amount. That was our intention.

ASSEMBLYMAN HARDWICK: So they would report GMAC or Ford Credit or something--

ASSEMBLYMAN DUCH: Right. It would just say, "GMAC, automobile loan."

ASSEMBLYMAN HARDWICK: --that they have a car loan?

ASSEMBLYMAN DUCH: That's it.

ASSEMBLYMAN HARDWICK: I see. Do you think that's necessary?

ASSEMBLYMAN DUCH: It may be necessary if there's a private lender involved. Okay. So, that's why we wanted it in.

ASSEMBLYMAN HARDWICK: I see. Thank you, Mr. Chairman.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman?

ASSEMBLYMAN ZANGARI: Mr. Impreveduto.

ASSEMBLYMAN IMPREVEDUTO: Assemblyman Duch, I know where you're coming from and what you're trying to do, but I do have a single question and that question is, when you file the forms and report-- You talk about income from family members or household members. How do you define -- because there's nowhere here that defines -- what a household member is? Is it a son, daughter, niece, nephew? Is it someone who lives with you?

ASSEMBLYMAN DUCH: Member of household means, "The spouse--" "An authority member residing in the same domicile and any dependent children residing in the same domicile."

ASSEMBLYMAN IMPREVEDUTO: So anyone that lives in your house? Anyone who lives in your living unit?

ASSEMBLYMAN DUCH: As long as it's a spouse and children. I mean, if it's mom -- parents, uncles, aunts, or brothers, and sisters, no. We don't go that far. As far as spouse and dependent children, yes.

ASSEMBLYMAN IMPREVEDUTO: Okay.

ASSEMBLYMAN ZANGARI: Anyone further? Assemblyman Penn?

ASSEMBLYMAN PENN: Yes. Have you prepared any sort of fiscal statement on this, as to what the financial impact will be to administer this?

ASSEMBLYMAN DUCH: No, we have not requested that.

ASSEMBLYMAN PENN: All right. Don't you think that it's an important thing that should be done?

ASSEMBLYMAN DUCH: We certainly can. It's not a problem.

ASSEMBLYMAN PENN: I see that Assemblyman Rooney has made a statement that he was surprised that this bill was released today, because he felt that the present law was sufficient. I have a note here to that effect from him. He said, "The financial disclosures are incorporated in the new local government ethics law," and he felt that that covered it sufficiently.

I think that we have seen around the State-- I know that in my district-- In one particular town, the entire Board of Health resigned under the present law, and this one goes so much further. I think that what you're doing is you're going to lose a lot of very good people.

I think that when you get down and say, you have to put down everybody that you borrowed money from -- if you are financing a car with GMAC or anything else like that -- I think that goes much too far. If you said, if you have borrowed money from a private lender for something, perhaps. But to go into all of the other financial disclosures -- where you borrow money or don't borrow money -- I think that goes way beyond what really would be responsible.

I think that we have to look at that very carefully, so we don't discourage good people from getting involved in local government and authorities and that sort of thing. I think your bill is well-intentioned, but I think it goes much too far. Thank you.

ASSEMBLYMAN DUCH: Okay. Thank you. I would just respond in saying that, frankly, I'm surprised that Assemblyman Rooney didn't call me. I mean, we worked on this issue very closely, and I'm stunned that he didn't call me because this bill, again, is the outgrowth of what he and I have seen as abuses in the Bergen County Utilities Authority.

We have not extended it beyond utilities authorities, because, typically, utilities authorities are comprised of political appointees, and we thought that the disclosure requirements here were very important and should be very stringent. So, I will discuss this further with him.

ASSEMBLYMAN PENN: I will just say one other thing. If you have one authority, it's sort of like throwing the baby out with the bathwater. I mean, there are a lot of good authorities that don't have the problems they have with the Bergen County authorities. So, therefore, to in one way punish

one, it's sort of taking a shot at all of the authorities that are functioning very well throughout the State, and many of them are.

ASSEMBLYMAN DUCH: I don't view it as punishment. I think that disclosure by public officials is a necessary and vital part of State government.

ASSEMBLYMAN ZANGARI: Assemblyman McEnroe?

ASSEMBLYMAN McENROE: Thank you, Mr. Chairman. I'd like to commend the sponsor, Mr. Duch, and certainly Mr. Rooney also. I think it addresses a subject that the Legislature has a genuine interest in, and I think it goes beyond that. The public is interested in public affairs as represented by authorities. This bill needs some work. I say that respectfully, through the Chair.

The question of disclosure in New Jersey is a sensitive area. I think the passage of the Contillo bill has shown us that there are many sincere, capable individuals across the State performing very well their public function of representing our citizenry, and are concerned with the particular disclosure bill we have presently. Also, I react immediately to Community Affairs, a department of government, amending a legislative bill. To me that's a prerogative that belongs entirely to the Legislature.

I, respectfully, also question what is random checking? I think we have to nail that down, define that very carefully, because random checking can become specific prosecution, you might say, in one particular area. They could have an impact, perhaps, with political support in the Bergen County Utility Authority, as opposed to the Utility Authority in Passaic County, Essex County, or any other area of the State. So, its intention, I think, is laudable and deserves careful review by this Committee, but as a substitute member, I just feel that I have an obligation to just present to you that there is substantial room for improvement and careful and

further study. I know the kind of conscientious legislator you are, and I think that you will provide that.

ASSEMBLYMAN DUCH: I will take the comments of the Committee into consideration. We will review the bill, and come back with something that, hopefully, will pass your scrutiny.

ASSEMBLYMAN ZANGARI: We thank you, Assemblyman, for that fine testimony.

ASSEMBLYMAN DUCH: Thank you.

ASSEMBLYMAN ZANGARI: I'm going to direct the Committee Aide to get a fiscal note and work on-- I beg you pardon?

MR. WESTREICH: The sponsor will.

ASSEMBLYMAN ZANGARI: The sponsor will work on it, and also work out the language where it could be more specific, because I, too, have listened to a lot of people throughout the State who are very dissatisfied with the forms that they have to fill out, and I think you know that having the government under glass and having something to do with their private lives is not the thing that I want to be involved with. Thank you.

ASSEMBLYMAN DUCH: Thank you, Mr. Chairman and members of the Committee.

ASSEMBLYMAN ZANGARI: Next, we'll take A-2750. It's motherhood and apple pie legislation. (laughter)

MR. WESTREICH: Assembly Bill No. A-2750 requires the municipal utilities authorities, organized under Title 40, to obtain approval of the Board of Public Utilities after a public hearing is conducted by the Board for any proposed change or adjustment in its schedule of service charges.

ASSEMBLYMAN ZANGARI: Would anyone from the general public like to be heard on the legislation? (no response) Hearing none, do I hear a motion to move the bill?

ASSEMBLYMAN MCENROE: Move the bill.

ASSEMBLYMAN ZANGARI: Second?

ASSEMBLYMAN IMPREVEDUTO: Second.

ASSEMBLYMAN ZANGARI: Roll call.

MR. WESTREICH: This is the proposed amendment to the bill to--

ASSEMBLYMAN ZANGARI: Who's making them?

MR. WESTREICH: This is just to make some technical changes.

ASSEMBLYMAN ZANGARI: Are they apprised of the amendments?

MR. WESTREICH: Yes.

ASSEMBLYMAN ZANGARI: Okay. Are you satisfied with those minor amendments? Okay. There are some minor amendments that have been agreed to. On the amendment?

ASSEMBLYMAN IMPREVEDUTO: I'll move the amendment.

ASSEMBLYMAN McENROE: Second.

ASSEMBLYMAN ZANGARI: It's been properly moved and seconded. Roll call.

MR. WESTREICH: Motion to amend. Assemblyman Penn?

ASSEMBLYMAN PENN: No.

MR. WESTREICH: Assemblyman Hardwick?

ASSEMBLYMAN HARDWICK: Yes.

MR. WESTREICH: Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. WESTREICH: Assemblyman McEnroe?

ASSEMBLYMAN McENROE: Yes.

MR. WESTREICH: Assemblyman Zangari?

ASSEMBLYMAN ZANGARI: Yes. On the bill.

ASSEMBLYMAN McENROE: Move the bill.

ASSEMBLYMAN ZANGARI: Second?

ASSEMBLYMAN IMPREVEDUTO: Second.

ASSEMBLYMAN ZANGARI: Roll call.

MR. WESTREICH: Assemblyman Penn?

ASSEMBLYMAN PENN: No.

MR. WESTREICH: Assemblyman Hardwick?

ASSEMBLYMAN HARDWICK: Yes.

MR. WESTREICH: Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. WESTREICH: Assemblyman McEnroe?

ASSEMBLYMAN McENROE: Yes.

MR. WESTREICH: Assemblyman Zangari?

ASSEMBLYMAN ZANGARI: Yes.

Having received the proper number of votes I refer it out for a second reading. The next bill is ACR-170, Marsella, Kenny.

MR. WESTREICH: Assembly Concurrent Resolution No. 170 would memorialize Congress to enact a "Fairness to Fans Act of 1991." This is H.R. 2976 of 1991. The ACR provides-- That is, the Federal bill provides that the antitrust exemption applicable to television contracts negotiated by professional sports teams may be revoked if the teams fail to include within such contracts entered into after January 1, 1992, a free television percentage rule based upon the average number of games played annually at home during the past 10 years, and telecast without charge to the public.

This H.R. 2976 is currently pending in the House Judiciary Committee, Economic and Commercial Law Subcommittee. No action has been taken yet on this Federal bill.

ASSEMBLYMAN ZANGARI: Is there anyone from the general public that would like to be heard? (no response) Is there any member of the Committee that would like to be heard?

ASSEMBLYMAN IMPREVEDUTO: Yes, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Mr. Impreveduto.

ASSEMBLYMAN IMPREVEDUTO: I would just like to make a statement in favor of this particular piece of legislation. I guess this legislation began with something that happened in Philadelphia. For those of you who are unaware, the 76ers and the Phillies have decided that they would no longer have their games televised on free TV. I think they were down to six

games that would be played on regular -- commercial television. The rest of their games would be televised only on cable or pay television. I think that's an absolute, total disgrace.

I think that the people are subsidizing-- The fact that the 76ers, the Phillies, and any other team that plays in any stadium, or any arena-- Through taxes those stadiums and arenas are built and supported. People are paying for the support of those stadiums that enable these teams to play. Now you're asking them to pay again, in fact, making them pay twice to watch their favorite teams play.

When we get down to the fact that we need to watch our favorite team play baseball, basketball, or play football, I think we've really gone far. I think it's time to pull the reins in a little bit and say, "Hey, you've got to have a significant percentage of the games that you're playing in your hometown -- in your home state -- televised on commercial television allowing all of us who wish to watch participate, not just those of us who plan on paying to watch." I think that is totally wrong and I'm glad that this bill is a bill in the House, and I concur.

I agree with Assemblyman Marsella and Kenny, and, in fact, I would request to become a cosponsor in this piece of legislation, and I move it.

G A R Y B. B E T T M A N, ESQ.: Good morning.

ASSEMBLYMAN ZANGARI: State your name?

MR. BETTMAN: My name is Gary Bettman. I'm the Senior Vice President and General Counsel of the National Basketball Association. I'm really here to talk about another bill, but with respect to the limitations or restrictions on what teams can or can't do on television, I'd just like to briefly state that over the last 10 years the number of NBA games that have been telecast has over doubled. There are approximately 1600 telecasts, up from about 800 ten years ago. The issue is a

very complicated issue that isn't easily defined by averages. Let me just give you two examples of why.

The Knicks, for example, show all of their games on MSG Network. That's not because the Knicks have decided to take their games off of free television. It's that there was no outlet, and New York is the biggest television market in the country. There was no outlet that would carry Knicks games on a live basis. WWOR, which had previously carried Knicks games, decided that it would rather show syndicated shows during prime time, and were not going to show Knicks games live.

The Nets, for example, haven't been on local over-the-air free TV much. However, this year I think it's six games, where the Nets had to go purchase the time themselves and put the games on television themselves. The point that I'm making is that the dynamics of the marketplace isn't susceptible to simply saying, "A professional sports team in any league must, simply, show a certain number of games on free television based on some average."

In fact, I think, the NBA and the 76ers have been criticized. The NBA number of games on free television has gone up. And to the extent that there's been a reduction in the number of games, it's more a function of the marketplace and the willingness of television stations to carry the games than it is, simply, that the teams are trying to get more money and take the games off over-the-air television.

In fact, free over-the-air television is a great advertisement for the sports teams. They like being on free over-the-air television because more people can watch the games. It's like having a two-and-a-half hour commercial for people to get interested in the teams.

So the point that I'm making is, it's not just the sport teams that are at fault even though that's the perception, and I urge you to think hard and long about it. Just simply saying that we're going to have a rule in terms of

how a business can run itself -- because there are a number of factors that determine why teams put their games on television and why they don't, and it's not just how much money the teams are being paid. It's frequently the availability and the accessibility the teams have to get on over-the-air television.

ASSEMBLYMAN IMPREVEDUTO: Question of the witness?

ASSEMBLYMAN ZANGARI: Mr. Impreveduto.

ASSEMBLYMAN IMPREVEDUTO: Do the teams receive money, to be televised?

MR. BETTMAN: It depends. Many teams buy their own time and then try and sell the advertising to recoup it. It varies on a case by case basis. In the case of the Nets this year -- and Willis Reed can correct me if I'm wrong -- the Nets had to purchase the time themselves, which was a substantial expenditure, and then try to sell the advertising time to hopefully, at least, break even. It's not simply a case where WWOR came to the Knicks and the Nets and said, "We'd love to have 41 of your games." That's not the case.

ASSEMBLYMAN IMPREVEDUTO: I need to tell you this, respectfully. When that man played basketball (indicating Willis Reed in the audience), I was an ardent Knicks fan. I will never watch the Knicks again, because they don't come on free television.

MR. BETTMAN: The reason why they don't come on free television is because none of the independents-- In terms of the television business, the network affiliates in the New York market aren't going to carry Knicks games, and in terms of the independents there was no interest in carrying the Knicks games. Their view was, in terms of cost per thousands, advertising rates, ratings, and everything else, they would rather carry reruns of Cosby, Hawaii Five-O, or whatever it is. It's an issue of the television marketplace.

It isn't simply sports owners saying, "We're removing our games from free TV," because, again, free TV-- Some number

of games on free TV is a real plus for professional sports teams. It's a two-and-a-half hour advertisement, and that's the problem. It's not simply the teams are saying, "We're going to make more money on cable," because that's not always the case.

ASSEMBLYMAN IMPREVEDUTO: Again, respectfully, if the teams -- professional teams -- be they basketball, football, or whatever the team is -- hockey, need to spend dollars to go on free television then they should, only because in many instances that's the only means of recreation in the State that some people may have and damn it, they deserve it. So, if it costs a few bucks, cut back on the profits, pay the few bucks, and go on free TV. Pay for the their commercials.

MR. BETTMAN: That's what the Nets have been doing.

ASSEMBLYMAN IMPREVEDUTO: And maybe you need to do more of it.

MR. BETTMAN: Well, except, again-- Are you going to order the television stations to sell the time? In other words, you just can't say, "We're going to put it on ourselves." You've got to find the television station that's willing to sell you the time.

ASSEMBLYMAN IMPREVEDUTO: Let me just--

MR. BETTMAN: I guess the point that I'm making is, this is a very complicated issue. To simply say that teams are required to do the average number of games-- It may be an impossible position because the requirements and rigors of the television broadcast marketplace, on a market by market basis, frequently do not allow that to happen. And while I understand, and we're supportive of telecasting as many games as possible-- The NBA as a league, for example, we're not as popular as the NFL, so not all of our games are on the networks. We have to get on where we can.

Nine years ago CBS would only carry six NBA regular season games. This year, NBC is carrying 24 games. We have

always made a concerted effort to try and get more of our games on free television, but it's a question of the fact that we're in competition with other forms of entertainment on television -- not just sports -- and it's not always so easy to get on. That's really the point that I'm making in opposition to the bill.

To simply say we've got to have the same number of games on, may not be possible as a function of the marketplace, and it's very difficult, as the articles to what's happening to baseball and their television contract indicates. It's a very difficult marketplace for sports broadcasting.

ASSEMBLYMAN IMPREVEDUTO: Well, hopefully, since the World Series -- which was originally, intended by most people -- forecasted to be a bummer -- has turned out to be number one, number two, and number three, maybe some of the stations will take heed to that and say, "Maybe it's going to work, and we owe it to the people of this State and every state, to give them a form of recreation that they can afford to watch," and not pay \$35 a month to watch it, because, certainly, they can't afford the tickets to go to see them.

ASSEMBLYMAN ZANGARI: Assemblyman McEnroe, former all-American at La Salle, has got the mike. (laughter)

ASSEMBLYMAN McENROE: I'm with you, Mr. Chairman. (laughter)

ASSEMBLYMAN PENN: Mr. Chairman, maybe this resolution is aimed at the wrong person. From what I've heard here today the problem is not the team, but, rather the networks. I think, perhaps, that that's where we should be looking if you're going to say that you must do something. By the way, these networks are all regulated under a franchise, really, from the FCC -- on your public broadcasting--

I think that we may have the wrong target here. I think the target, if you're going to have it, might be the public broadcasting, or the free television, must offer a

certain number of hours, and that may be where the resolution should be going instead of to the teams. That's my only comment, Mr. Chairman.

ASSEMBLYMAN IMPREVEDUTO: If I can just get one clarification, Mr. Chairman?

ASSEMBLYMAN ZANGARI: Go ahead.

ASSEMBLYMAN IMPREVEDUTO: You originally stated that the channels -- the TV channels -- independents, would not give you the free time?

MR. BETTMAN: Certainly, they don't give the free time.

ASSEMBLYMAN IMPREVEDUTO: Now you're saying, they won't even let you pay if you want to put it on?

MR. BETTMAN: Well, it depends. That's a marketplace negotiation. Sometimes they're willing to sell time. Sometimes they can make more money doing other things, and the price that they would seek to charge just makes it prohibitive, and I'm not looking--

Assemblyman Penn, I agree with your point only to the following extent: I don't think you can point fingers to anyone in this. It's a complicated situation, and I don't think it's susceptible to just simply legislating that you have to do it this way. I think that it's important for teams to try and have free television exposure. We wouldn't disagree with that. In fact, I think if you look at the NBA records over the last 10 years, we've had more.

ASSEMBLYMAN IMPREVEDUTO: Have they looked at delayed game time? Maybe that or the prime time-- Instead of playing a Knicks game, or a Nets game-- Let's give the publicity to our New Jersey Nets.

MR. BETTMAN: Okay.

ASSEMBLYMAN IMPREVEDUTO: Maybe we can talk about delayed time. Instead of doing it at 8:00 at night, maybe we can play it at 10:00 on television, or something like that.

MR. BETTMAN: The ratings have indicated that people aren't interested in watching delayed games. Once they know the score, it kind of takes the fun out of it.

ASSEMBLYMAN IMPREVEDUTO: Well, not having seen those ratings, certainly, I would much enjoy to see a game if I couldn't afford to go to it, at some point.

MR. BETTMAN: Although, if you already knew the score you'd probably wouldn't bother watching it.

ASSEMBLYMAN ZANGARI: So, ratings do play an important factor in your determination--

MR. BETTMAN: Well, the ratings play a determination in the marketplace.

ASSEMBLYMAN ZANGARI: --because you know, in future testimony that's going to be one of the key subjects. So, I'm glad that you said that.

MR. BETTMAN: Sure.

ASSEMBLYMAN ZANGARI: Does anyone else wish to speak?
(no response) No one further on the resolution? (no response)

ASSEMBLYMAN IMPREVEDUTO: Move it.

ASSEMBLYMAN ZANGARI: Right here, moved. Second?

ASSEMBLYMAN McENROE: Second.

ASSEMBLYMAN ZANGARI: Roll call.

MR. WESTREICH: Assemblyman Penn?

ASSEMBLYMAN PENN: Yes.

MR. WESTREICH: Assemblyman Hardwick?

ASSEMBLYMAN HARDWICK: No.

MR. WESTREICH: Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. WESTREICH: Assemblyman McEnroe?

ASSEMBLYMAN McENROE: Yes.

MR. WESTREICH: Assemblyman Zangari?

ASSEMBLYMAN ZANGARI: Yes.

Having received the proper number of votes, the bill is released from Committee.

UNIDENTIFIED SPEAKER FROM THE COMMITTEE: That's a resolution.

ASSEMBLYMAN ZANGARI: The resolution.

Okay, we'll do one more final bill before we get on with the business at hand. Senate Bill No. 3639 authorizes the New Jersey Racing Commission to promote use of common pools in connection with certain simulcast horse races.

MR. WESTREICH: Senate Bill No. 3639 will allow all racetracks located in the State of New Jersey, which are authorized by the Racing Commission, to receive simulcast races from other states to participate in interstate common pools. The arrangement would allow participants in the common pools to combine the pari-mutuel pools for the purposes of establishing payoff prices in the various states receiving or sending the races.

The intent of the bill, by combining pari-mutuel pools, would be to increase the incentive for bettors to participate in wagering, which in turn should benefit the States racetracks and also increase State revenues.

ASSEMBLYMAN ZANGARI: Thank you. I'm pleased to support this measure. It's my understanding that 32 states presently have this ability, and I'm confident that this bill will provide a substantial economic boost to one of the State's premiere industries -- the horse breeding industry. Is there anyone from the general public that wants to be heard? (no response)

We have a statement from Mr. Van Wagner in support. Does anyone from the Committee want to be heard here? (no response) Motion to move?

ASSEMBLYMAN McENROE: May I ask a question, Mr. Chairman? Increased revenue to the State-- What's the anticipated increase in revenues to the State?

ASSEMBLYMAN ZANGARI: We have no idea right now because we don't know how many events are going to be held.

ASSEMBLYMAN McENROE: Thank you.

ASSEMBLYMAN IMPREVEDUTO: I'll move the bill, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Second?

ASSEMBLYMAN McENROE: Second.

ASSEMBLYMAN ZANGARI: Roll call.

MR. WESTREICH: Motion to release: Assemblyman Penn?

ASSEMBLYMAN PENN: Yes.

MR. WESTREICH: Assemblyman Hardwick?

ASSEMBLYMAN HARDWICK: Yes.

MR. WESTREICH: Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. WESTREICH: Assemblyman McEnroe?

ASSEMBLYMAN McENROE: Yes.

MR. WESTREICH: Assemblyman Zangari?

ASSEMBLYMAN ZANGARI: Yes.

Now we're going to take on Assembly Bill No. 3009. It permits the racetracks to conduct wagering on certain sports events, and also with this legislation we're going to be-- This is for discussion purposes only. We're going to be talking about sports betting. On the issue of sports betting, we are here today for a threefold purpose:

- 1) To gain public input from all interested and affected parties. We will hear from everyone in attendance today, in addition to incorporating the testimony of those who could not be here, into the official record.

- 2) To provide a focal point in a form for evaluation of all pertinent information which the general public will need to make a vital policy decision.

- 3) How the legalization of sports betting might have a positive impact on something the citizens of this great State have a very strong stake in -- the future of Atlantic City, as a world class destination resort -- and the dividends, in success or failure, pays into the Casino Revenue Fund and the

Casino Reinvestment Fund; not to mention the thousands of jobs and the rippling economic effects felt throughout the State.

When and if a Constitutional Amendment is released by this Committee, it will represent not the support or opposition of any particular member but rather the consensus of the membership to provide a vehicle for an informed public decision. I cannot stress that enough. The voters will make that decision. We will not. We will merely provide the means for their input. The facts must be carefully weighed, and when I say the facts, I mean exactly that: hard, cold, facts, not unsupported opinions or suppositions, but facts based on research and data.

There are those who have suggested that legalization of sports betting would create a new class of gamblers. I find that very difficult, if not impossible, to believe. As Baseball Commissioner Fay Vincent stated, "For better or for worse, sports betting is part of the American culture." We live in a society where it is common knowledge that on Sundays between 12:30 and 1:30 you cannot get a public phone at Giants Stadium because everyone is calling their wives to tell them they'll be home late for dinner. (laughter)

We live in a society where on the night of a major fight in Atlantic City the patrons of Atlantic City Casinos are jamming the phones calling Las Vegas to place legal bets on the outcome of what will take place in our own State. We live in a society where this type of wagering is so accepted that it's included in the sports pages of most daily newspapers, and I have taken the liberty of enclosing some of the copies for members in their packets. Any paper that you pick up, it will give you the line, the spread, and all of the data that is required for you to try to make an intelligent call on how you're going to bet your money.

We are here today to conduct fact-finding, to solicit input, and to make way for a new public policy decision based

on the wishes of the voters of the State of New Jersey. The voters will decide if sports betting should be allowed, how and where it is sanctioned, and where the proceeds should be dedicated.

On the Federal level, the New Jersey representatives, Torricelli and Hughes, voted in favor of allowing New Jersey voters the opportunity to decide this issue. On the opposite side, Senator Bradley has stated his intense opposition. I am personally disappointed that on an issue of this magnitude Senator Bradley did not feel it important enough to share his feelings with me, as Chairman, or any other member of the Committee which has a responsibility of acting on behalf of the people of the State of New Jersey.

In any case, it appears that our State may have two years to make a decision. Today is the first step in seeing that the voters of this State have the information required. Regardless of the outcome, sports betting is by no means a panacea or a catchall solution to any of the problems the State faces today. However, it is the duty and obligation of this Committee to do its job. With that, we'll begin the testimony. I'll call on the Committee Aide to read the statement of Assembly Bill No. 3009, and I'll call on Assemblyman Gill to take the stand -- the podium.

MR. WESTREICH: Assembly Bill No. 3009 would provide for a statewide binding referendum on the issue of sports wagering at racetracks in the State. The wagering would be allowed on the outcome of any sports event except for amateur events, events in which participants represent schools, running races, and any professional wrestling match.

The bill also would place an 8% tax on the gross sports pool revenues which would be placed in the general fund of the State to be used for such public purposes as shall be provided by law, except that 1% shall be dedicated to a fund for the New Jersey Horse Breeding and Development Account to be used to promote thoroughbred and standardbred breeding.

ASSEMBLYMAN ZANGARI: Mr. Gill?

ASSEMBLYMAN LOUIS J. GILL: Mr. Chairman and members of the Committee, good morning. I want to begin by commending Chairman Zangari for convening this hearing on sports betting and other issues. You'll have to pardon me for my voice. I'm just campaigned out.

ASSEMBLYMAN ZANGARI: You're campaigning too hard.

ASSEMBLYMAN IMPREVEDUTO: Is there an election coming?

ASSEMBLYMAN ZANGARI: That's the price you pay when you're in a marginal district. (laughter)

ASSEMBLYMAN HARDWICK: Even with a great record.

ASSEMBLYMAN GILL: Thank you, Mr. Speaker. Unfortunately, it is not the excitement of the World Series or the NFL football season which brings us here today. Today we're here to talk about sports in a very businesslike manner because the decisions we make on the legislation before this Committee will have a profound impact on life in New Jersey.

Given the current fiscal climate throughout our nation, state governments are searching for methods of raising additional revenue without overburdening beleaguered taxpayers. I believe legalized sports betting can be one of those methods, and that's why I introduced Assembly Bill No. 3009.

Mr. Chairman, I'm well aware that there are strong arguments on both sides of the sports betting issue. Supporters believe it can provide a badly needed source of revenue that can help put an end to mob-run bookmaking operations in much the same way that state lotteries have curtailed illegal number rackets. On the other hand, opponents have raised some very valid concerns about legalized sports gambling and its implications for society, especially its effect on the number of compulsive gamblers in the State.

My bill would solve the problem posed by these two divergent viewpoints in a very simple and fair manner, with a

public referendum that allows New Jersey voters to decide whether they want sports gambling legalized in our State. I believe it is important that we give voters an opportunity to make this decision so that we as lawmakers can determine whether the public wants us to legalize sports gambling or seek other revenue sources for State programs and services.

Mr. Chairman, as you know, there are numerous types of sports betting which have been proposed all over our nation. Personally, I would not want to see legalized sports betting take place at every corner market or newsstand in our State. There must be limits. That is why my bill would limit sports betting to New Jersey racetracks, and it could only take place in a special sports betting lounge, which would be separate from existing pari-mutuel wagering areas.

In addition, betting would not be permitted on amateur events held in New Jersey, or in any event for which a participant represents a school or a college located in our State. Betting on running races, harness races, and professional wrestling matches, also, would be prohibited. Under my bill, 8% of the gross sports pool revenues would be placed in the State's general fund.

Obviously, it's impossible to predict how much money would be wagered on sports were we to legalize it, but certainly it would provide a sizable portion of revenue which otherwise would have to be borne by our taxpayers. Mr. Chairman, I know that this is a complex issue, and that we are just beginning the process today. While this Committee may not act on this or any other sports betting bill today, I will urge you to act quickly. As you know, there is legislation pending at the Federal level which could place limits and outright restrictions on the State's ability to legalize sports betting.

It is still uncertain what form the Federal legislation will take, but one thing is clear: If we are to act

on this issue, the time is now. Mr. Chairman, thank you. I will be happy to answer any questions which you or any Committee members have.

ASSEMBLYMAN ZANGARI: Thank you for that splendid summation of your legislation. I have one question. One of the proposals for a method of sports betting is the use of pari-mutuel sports wagering, as opposed to traditional sports book betting. Since horse racing operates with the pari-mutuel method of wagering do you have an opinion as to whether sports wagering could successfully operate using the pari-mutuel method of sports betting, and what do you see as the potential risks and benefits of adopting pari-mutuel sports betting plans rather than sports book wagering?

ASSEMBLYMAN GILL: Well, Mr. Chairman, first of all we're talking about raising revenues for this State. We have all of the mechanisms intact at this point. This would be controlled by the Racing Commission. It would not be any additional burden on anyone. So, being that we have those restrictions in place and we have the Commissioner in charge of this -- the Racing Commissioner would control this -- it would pose no hardship at all.

ASSEMBLYMAN ZANGARI: The operators of sports books can at times have large losses on individual sporting events due to either luck or skill. Do sports gamblers win a much larger than normal share of the betting handled? Is the Meadowlands Racetrack financially stable enough to sustain a large revenue loss from this type of sports betting? Would you require a pari-mutuel system of sports betting in order to offer sports betting?

ASSEMBLYMAN GILL: Mr. Zangari, I personally feel that the Meadowlands track can sustain and operate this without a problem. I don't see any losses coming. You don't bet to lose, and the house seldom loses. I'm not a gambler, Mr. Zangari. I gamble on myself when I run for an election. That's about the only time.

ASSEMBLYMAN ZANGARI: And you've been a winner.

ASSEMBLYMAN GILL: But I can't see how all of these casinos and betting operations-- They're not geared up to lose money. They're geared up to make money, and 8% of the take is not a bad percentage for the State.

ASSEMBLYMAN ZANGARI: Would anyone on the Committee like to-- Speaker Hardwick?

ASSEMBLYMAN HARDWICK: Thank you, Mr. Chairman. Mr. Gill, did you distribute a copy of your statement? I didn't see one if you did.

ASSEMBLYMAN GILL: I'm sorry, I did not, Mr. Chairman -- Mr. Speaker.

ASSEMBLYMAN HARDWICK: Okay. I want to be sure I heard something that you said earlier on, and maybe you will say it again to be sure I heard it correctly. You made a reference -- maybe it was Mr. Zangari -- to the use of the Lottery having reduced illegal numbers?

ASSEMBLYMAN GILL: I did not.

ASSEMBLYMAN HARDWICK: As part of your rationale for sports betting -- let me put my question this way: Is part of your rationale that that betting is going on anyway, illegally, and this would reduce that or this would replace that? What exactly is that rationale?

ASSEMBLYMAN GILL: I did allude to that, and I did point out that there are, and have been, mob-run bookmaking operations, as I believe that there are other illegal activities taking place in this State which the criminal element or the mob does get its share. We can reduce the mob's influence in sports betting by making this a legalized State-run operation. Yes, I did make that point--

ASSEMBLYMAN HARDWICK: You made that point, okay.

ASSEMBLYMAN GILL: --and I do believe that to be true.

ASSEMBLYMAN HARDWICK: I've heard that said for a number of years, and it was said about the Lottery, "It would

reduce illegal numbers." It was said about casinos, "It would reduce illegal casino type gambling."

ASSEMBLYMAN ZANGARI: Excuse me, Mr. Speaker? We're speaking right now on just legalized gambling at the tracks, not the casinos.

ASSEMBLYMAN HARDWICK: Oh, I understand, but the point that Mr. Gill made was that if we legalize sports betting, it would reduce the illegal sports betting. Is that right?

ASSEMBLYMAN GILL: I believe that to be true. Yes, I do.

ASSEMBLYMAN HARDWICK: Okay. That was one of the rationales that we've heard for every new form of gambling. So, my question to you, Mr. Gill, is, is there any evidence, because the Chairman is not going to move this bill on opinions? He said in his statement, he wants facts.

ASSEMBLYMAN ZANGARI: Exactly.

ASSEMBLYMAN HARDWICK: Where are the facts that show -- where's the evidence that shows that by legalizing any of these forms of gambling, we've reduced the illegal form of that gambling?

ASSEMBLYMAN GILL: Mr. Hardwick, come to one of the urban centers and stand on the corner and make a bet any day of the week, almost any time of the day. You can bet on tomorrow's football games. You can bet on tomorrow's -- how fast the spit runs down the wall, if you can get two guys there. But you do have illegal gambling taking places in the urban areas.

ASSEMBLYMAN HARDWICK: You sure do.

ASSEMBLYMAN GILL: There's no doubt about that.

ASSEMBLYMAN HARDWICK: You sure do.

ASSEMBLYMAN GILL: You know that, and I know that. I can't come in and say, or provide you with witnesses who are taking the bets, but we know they exist.

ASSEMBLYMAN HARDWICK: Of course. Of course.

ASSEMBLYMAN GILL: Now, being that we know they exist, I believe that if people were giving a legalized form or method to participate in the sports betting, they would take advantage of it.

ASSEMBLYMAN HARDWICK: Mr. Gill, that's not my point. I know they'd take advantage of it. But, is there any evidence at all -- now the Chairman wants facts -- that it reduces illegal gambling, or is this new gambling? Because I'd suggest to you, Mr. Gill -- and I've followed this issue for a number of years -- that there is no evidence.

There is no evidence that when we legalized the Lottery we reduced numbers, when we legalized the casinos we reduced underground gambling, and if we legalize sports betting in the State -- Oregon has it -- there's no evidence that illegal sports betting, in any significant way is diminished. You may have that opinion, and I'm sure you do, but as the Chairman said, "We want to look at this on facts and not just opinions." That was my first question, which you have answered.

ASSEMBLYMAN GILL: Mr. Speaker -- Former Mr. Speaker -- all I'm asking you to do with this bill is to look at this. This is not in final form in any shape or matter at this point. This is an opportunity to introduce a vehicle by which we can explore these possibilities, go through them, and hope to find better direction.

ASSEMBLYMAN HARDWICK: I understand. My second question is, if the sponsor's willing to answer this--

ASSEMBLYMAN GILL: If I can.

ASSEMBLYMAN HARDWICK: --are you a sports fan? I'm not trying to put you on the spot.

ASSEMBLYMAN GILL: I like to watch baseball.

ASSEMBLYMAN HARDWICK: You're a sports fan of sorts. So am I. I'm probably an average sports fan. Don't you think that if the game -- if players-- If bettors have money on the game and they're betting a point spread, don't you think--

ASSEMBLYMAN GILL: What's that, Mr. Hardwick?

ASSEMBLYMAN HARDWICK: You're not sure what the point spread is Mr. Gill? I suspect you do know what the point spread is, but don't you believe that if the fans are watching the point spread that that then becomes as important, maybe, or more important to them than who really wins or loses? Don't we then take the game, the fun of winning-- We go to the Giants, the Nets, or whatever, and then, suddenly, if our team doesn't beat the point spread and we've bet heavily on that game, then it's taken something away from the win.

If you're favored to win the Super Bowl by three and you win it by one, then the team has let someone down. Don't you think that changes the nature of what a sports event should be about?

ASSEMBLYMAN GILL: You may be right, Mr. Hardwick. However, I do not bet the games. Therefore, I am there for the pure win or lose form of it. I don't believe in betting the sports spread. In fact, that doesn't make any difference to myself or many other pure sports fans. If you're talking about bettors, that's one thing; if you're talking about sports fans, the sports spread means nothing.

ASSEMBLYMAN HARDWICK: I'm not a sports bettor with any regularity, myself.

ASSEMBLYMAN GILL: You're a purest, as I am.

ASSEMBLYMAN HARDWICK: No. Maybe not as pure as you, but fairly pure. (laughter) I have seen, and I'm sure you've seen, when competing teams' scores are posted and the point spread is different. You hear the moans and groans of fans, on competing teams, who do have bets. The Chairman is right. There's a large amount of betting. But my point being, it changes the nature of the outcome--

ASSEMBLYMAN GILL: I agree with you.

ASSEMBLYMAN HARDWICK: --because the bettors not only want the teams to win, they want them to win by the point spread, which leads me to my third and final point.

ASSEMBLYMAN GILL: I agree with you there.

ASSEMBLYMAN HARDWICK: Okay.

ASSEMBLYMAN GILL: That's true.

ASSEMBLYMAN HARDWICK: And that's a serious thing, I think. I would hate to see nine-year-old Johnny jumping up and down because the Giants won, and his dad saying, "Oh, those dirty Giants," because they didn't beat the point spread. Third and final point: that's the impact on potential compulsive gamblers.

It certainly appears that there are unique forms of gambling that appeal to different people who become compulsive gamblers. That is, not every compulsive gambler is compulsive on every form of gambling. Some are compulsive gamblers on horse races, some on casinos, some on sports betting, and so forth. I would venture an opinion -- and you may ask now for my facts, and that's fair -- that the more gambling opportunities there are, the more potential compulsive gamblers will become real compulsive gamblers.

If they get into sports betting, which they can do legally now, in a pretty big way, if it's at the tracks or at the tracks and casinos -- as you know there's an alternative proposal for the 30 million people who visit, or 40 million who visit Atlantic City, to be able to do sports betting -- then I would venture to say that that's now another avenue of potential exploitation of some people who could become compulsive gamblers who otherwise would not get into the slots, would not get into the dice, or red dog, or any other form of gambler. But now we find the lure -- because they're sports fans -- of thinking that they can outsmart the oddsmakers who put those point spreads on, and they can't over a period of time; they may in the short run.

Therefore, we're creating more problems with compulsive gambling. Do you share that concern, Mr. Gill?

ASSEMBLYMAN GILL: I share your concerns, Mr. Speaker, particularly, being that I did sit on this Committee two years ago. In fact, when you were the Speaker, we did hold some hearings concerning compulsive gambling. So, these are real concerns. However, my bill is asking for a referendum. We're asking for the people to explore the possibilities of sports betting, and we're asking the people to give us input and to help us decide on this issue.

Certainly, your concerns are valid. I think they are concerns of any one of us who is interested in society, interested in bad habits, and some people who are compulsive gamblers. You may be right. Hopefully, in the future we can even take a part of this money to spin off into education programs to help those who are compulsive gamblers, to help rehab these people. Certainly, an 8% take may mean a lot of money, and possibly a percentage of that 8% can be used to rehab or retrain some of these people down the line. But your concerns are valid.

ASSEMBLYMAN HARDWICK: For the benefit of anyone in the audience who may not know the technical difference, of course you're asking for a referendum, because there has to be one to amend the State Constitution. So, you are taking it to the voters. I'm not saying that you wouldn't anyway, but in order to have sports betting, whether you even want to or not -- and you may or may not want to -- but in any event, it would have to go to the public for them to amend the Constitution. I know you know that, but for the benefit of--

ASSEMBLYMAN ZANGARI: And you'd have to get two-third votes in both Houses.

ASSEMBLYMAN HARDWICK: To get it on this year -- next year actually; next November-- But for the benefit of any high school civic students who may be here and missed that point--

Mr. Chairman, thank you for your patience.

ASSEMBLYMAN ZANGARI: Thank you.

ASSEMBLYMAN HARDWICK: Thank you.

ASSEMBLYMAN ZANGARI: "Assemblymen, Mr. Carver has to get back to Atlantic City. I want you to stay there. Let me get him to give his testimony -- you can be here a little bit -- this way we can ask some questions of Mr. Carver.

UNIDENTIFIED SPEAKER FROM THE COMMITTEE: It's halftime out there now. They're doing TV.

ASSEMBLYMAN ZANGARI: He's doing a little TV interview, as usual, you know.

UNIDENTIFIED SPEAKER FROM THE COMMITTEE: We now break for a commercial?

ASSEMBLYMAN ZANGARI: Okay, here's Mr. Carver.

T H O M A S D. C A R V E R: I'm sorry.

ASSEMBLYMAN ZANGARI: Mr. Murtha, Counsel to the Association, do you want to take a sit with him or do you want to wait?

W I L L I A M C. M U R T H A, ESQ.: That's very nice of you.

ASSEMBLYMAN ZANGARI: Mr. Foley, do you have written testimony? Do you want to bring a copy of here? You're on, Mr. Carver.

MR. CARVER: Thank you, Mr. Chairman. It's a great privilege, once again, to be before you and your Committee. If some of the things that I say sound repetitive, I apologize.

ASSEMBLYMAN ZANGARI: Well, try not to make them repetitive.

MR. CARVER: I thought I was listening to myself a few moments ago.

My name is Thomas D. Carver, and I'm President of the Casino Association of New Jersey. At the present time we represent 10 of the 12 operating casinos in Atlantic City.

This is the first hearing by a State Legislature on this topic. We hope that it is neither premature, nor that it will be the last of such sessions. Unfortunately, there are

some who oppose the introduction of sports wagering in New Jersey, who would like to deny you and your fellow legislators, as well as our citizens, the opportunity to debate these issues and to determine on their own motion whether or not to offer this attraction in New Jersey.

As you are aware, Mr. Chairman, professional sports leagues and several other groups have and continue to support Federal legislation which would ban such activity in all states except Nevada, Delaware, and Oregon. If they are successful, New Jersey voters and their elected representatives will be precluded from voicing an opinion on this issue. Our position is quite the opposite.

Let the voters of New Jersey decide after a full and open debate which would include such factors as the future of the casino industry in New Jersey, the future of the Casino Revenue Fund, the future of the Casino Reinvestment Development Fund, the future taxation policies of the State, and the effects on the citizens of New Jersey.

It will be alleged, Mr. Chairman, that we are a special interest. We plead guilty. We admit that an industry which has invested \$5 billion in Atlantic City, which has rescued virtually all of southern New Jersey from economic stagnation and which represents about 4% of the State budget is indeed a special interest.

We admit that we consider our 43,000 employees and the other 30,000 people who indirectly earn their living in New Jersey as a result of our presence are special interests. We believe the 10,000 or so businesses in New Jersey who share in the more than \$1.4 billion in annual purchases by this industry in this State are special interests.

The millions of seniors and the hundreds of thousands of disabled New Jerseyans who are dependent on us are special interests. We believe that you, Mr. Chairman, and your colleagues are placed in a position of trust by the people of

this State in order to consider these interests and their importance to the State. You not only have the right, but in our judgment, the obligation to analyze and debate these issues.

Casino gambling, or casino gaming as it is known, has a public purpose in this State, and as noted, it represents almost 4% of New Jersey's \$12.3 billion budget in 1991. Together with racing and the State Lottery, this figure increases to almost 7%.

The first 9.25% of all casino gross revenues is funneled directly into the State for specific programs outlined in our enabling statute. The first 8% supports the Casino Revenue Fund. From 1978 until today, the industry has produced more than \$2 billion for the CRF which supports programs for the State's seniors and disabled. These include pharmaceutical assistance, whereby seniors may purchase prescriptions for \$2, in-home health care, utility subsidies, and homestead and property tax exemptions.

In addition, 1.2% of casino gross revenues supports reinvestment in housing, day-care centers, shopping malls, and other public projects in the State's urban impacted cities, such as Newark, Camden, Paterson, Jersey City, Lakewood, Pemberton, and Bridgeton. I used those as examples because that's where the money has already been spent. This is in addition to the millions now invested in Atlantic City. Since 1984, more than \$285 million has been turned over to the State's CRDA fund. Over the next 20 years, it is anticipated, this fund will reach \$1.4 billion.

These programs are unique in the United States, and they are in deep financial difficulty. The funds are running dry, particularly the Casino Revenue Fund. Sports wagering alone will not rescue them. That will take intelligent, perhaps courageous political and social leadership. However, this activity will go a long way towards addressing the existing deficits.

In Nevada casinos during 1990, \$1.7 billion was wagered on sporting events. Taking into account the population base upon which New Jersey casinos draw from, we believe -- and I stress believe -- incremental increases in casino revenues resulting from the availability of sports betting in Atlantic City could yield in excess of \$18 million in new taxes, based on our current tax structure as applied to the casino industry. Again, it's not the total answer to bailing out these funds, but it will certainly help.

Sports book in Atlantic City should not be New Jersey's issue for 1992. As far as we are concerned, in Atlantic City, the real issue should be what is New Jersey doing to assure the survival and growth of its critical casino-tourism industry in the face of attempts to legalize casino gaming in Connecticut, New York, Pennsylvania, Florida, and all the states bordering the Mississippi, Ohio, and Missouri Rivers?

The present financial status of New Jersey casinos is a matter of deep concern. For the past several years our market has remained static, and gross revenues actually began to decline. This has an immediate and direct impact on the State. The majority of our houses have operated in the red. The State Legislature, and this particular group, cognizant of the need to address this situation, this year passed legislation which will allow more operating hours and greater flexibility to respond to market forces.

Balancing the equities, we respectfully submit that we are far more important to the economic future of New Jersey than those who would oppose us today.

This brings me to the issue of sports book, or sports wagering. As you are aware, Nevada and Oregon already offer sports book in either casinos or, in the case of Oregon, through the State Lottery. The legislation under consideration through the United States Senate would grandfather those states

while banning sports wagering in the other 47. This is neither fair nor equitable, nor should it, in our judgment, be a matter of Federal decision.

The reason that casino sports wagering and other forms of gaming are being introduced or actively pursued in Colorado, Iowa, Illinois, Indiana, South Dakota, New York, Pennsylvania, and Connecticut, to name a few states, is quite simple. States, counties, and cities are facing a revenue crisis as never before, and at the same time the Federal safety net for transportation, Medicare, and other support systems has been taken away.

States and cities have reached the end of this road, and I think we have had an experience with that, and the public will not support continued increases. You don't have to pick up more than one newspaper in this State, in any section, to know the problem that you gentlemen face in this area. Therefore, more and more, public officials are looking for sources of revenue outside of the normal taxation process. They are not unaware of the economic track record produced by casinos in Nevada, New Jersey, or lotteries in other states.

The Federal government has indicated it will no longer play a funding role in programs it has assigned to the states. Will it also deny state citizens the basic privilege of expressing their views at the ballot box to determine whether or not they will approve or disapprove sports book as an attraction and a revenue source?

It has been argued that the spread of sports book would destroy the games, compromise the players and undermine our children's heroes. Our national system of leagues continues to function and flourish beside the existing sports book operations in two aforementioned states. In fact, the leagues continue to grow and expand despite the existence of a national network of illegal gaming operations. Very few would disagree. In fact, as noted previously, Fay Vincent, the

respected Commissioner of Baseball, was recently speaking to a group of reporters and quoted in "Sports Illustrated" magazine said, "You know as well as I do how many people standing here can't tell me they haven't bet with a bookie in football or basketball," -- he left out baseball for some reason, -- "It's become a part of America's culture."

Personally -- and I don't have this in the statement -- I've been involved in sports all of my adult life, and I still am. If anyone has undermined America's heroes, it's been the institution of sports, in some cases starting in high school, continuing through college, and then to the professional leagues, and we intend to say quite a bit on this as this debate continues.

We believe New Jersey is part of America. It should be permitted the privilege of determining whether our citizens wish to have the ability to wager on an athletic contest. We have already proven that gaming operations can be conducted with the highest standards of integrity. If given the opportunity by New Jerseyans, we shall prove it again.

Mr. Chairman, I'm sorry to have gone so long, and to have reiterated some of the things you said, but I appreciate the opportunity.

ASSEMBLYMAN ZANGARI: I wouldn't have expected anything other. Mr. Carver, on page three of your testimony you state that the sports betting could generate in excess of \$18 million. How did you arrive at that figure? What type of formula did you use?

MR. CARVER: Well, we took, and again, I stress believe -- and I'll be happy to provide you with any data that we work on because we are trying to analyze this to the best of our ability-- Based on the Nevada numbers -- which quite frankly we believe to be conservative, but we use them because it's the only verifiable number that we have to use -- we have learned, in a degree of research that's been done, that unlike

people who bet on horse racing, in simulcasting there's not a great deal of crossover into the casino itself, based on the Nevada experience. In other words, the horse players, bet the horse races. They watch the horse races, and they sit there.

People who bet on athletic contests, for some reason, have a tendency to also subscribe to the attraction in the casino. So, based on what we were able to determine -- and there are no accurate statistics involved -- but based on what we considered to be a reasonable percentage of crossover -- we felt we could produce-- What was it, about \$4 million in ancillary-- What was the number?

MR. MURTHA: About \$14 million--

MR. CARVER: I'm sorry, \$14 million.

MR. MURTHA: --in extra taxes on just the casino games.

MR. CARVER: Just on the games themselves, based on the fact that more people would be there in terms of the sports wagering. Mr. Chairman, we'll be happy to provide you with the analysis that we've done, and I don't want to hold out to you that it's scientific at this point, but we'll certainly be looking more into this as we go down the line.

ASSEMBLYMAN ZANGARI: Can you describe for the Committee the types of sports betting facilities which might be built in Atlantic City casinos if there was legalization, including the potential costs to the casinos to build these facilities, and the minimum revenues which would be needed to support the capital and operating costs of these facilities?

MR. CARVER: I would assume, based on the experience, again, in Nevada, that the major houses -- and I'll cite Caesars; I will cite the Taj Mahal; I will cite Bally's -- would build what are known to be extensive sports betting parlors. What that is is a portion of the property which is dedicated-- I don't know if any of you have ever been to Nevada, but they are rather large facilities where you have seating. They serve food. They have television presentations,

and they have rather large boards which outline the horse racing across the country, or which outline the point spread which you've noted, and all of the contest including baseball, basketball, football, or whatever the prevalent activity -- boxing, tennis.

There are a variety of things that people, evidently, wager on. I don't do it myself. In almost any athletic contest, I guess, people have an opinion as to who's going to win or lose. Some of the other houses in Nevada -- and I suspect it would be the same in Atlantic City -- have built what they call "Defensive Mechanisms." In other words, they offer the activity to keep the people from wandering down the street. So, I would think-- It's not massive, in other words. The construction is small. The areas are smaller.

I would think, based on the difference in size of facilities that we have, the difference in marketing that they have, and the difference in revenue that they have produced, some houses are going to have large facilities and some have smaller, but they would all offer it. If we had the ability to do this, every house in Atlantic City would do some of this activity, I assure you.

ASSEMBLYMAN PENN: Mr. Chairman?

ASSEMBLYMAN ZANGARI: Go ahead.

ASSEMBLYMAN PENN: One of the things that bothers me, Mr. Carver, is that I advocated bringing Keno into Atlantic City which would have brought in \$432 million into the State of New Jersey in the casinos. The casinos told me at the hearings -- on the questioning -- that they were not able to handle that type of gaming. Now, I see a more family oriented type of person playing Keno in Atlantic City, rather than bringing in the \$18 million worth of revenues on people betting or wagering on all types of sports. Now, I want you to tell me what the difference is; whether, in fact, sports betting would be acceptable to the owners of the casinos in contrast to Keno?

MR. CARVER: Well, the primary business of the casino industry is to operate casinos. Starting at base one, those are games that are normally associated with that activity: table games and slot machines. Keno, obviously, being an attraction that is in Nevada, we don't have it. It's an attraction that is going to be opened in Connecticut.

The irony of this -- and I think we've discussed this in the past -- is that we have ex-New Jersey regulators who are going to run the Indian Gaming Operation in Connecticut appearing in newspapers saying, "One of the great attraction we have that New Jersey doesn't is Keno." Mr. Chairman, we'd take Keno tomorrow.

Keno is a revenue producer. With the type of population that we have that comes through Atlantic City, it would be an ideal attraction for us. We were not allowed to have it. As you know, under the legislation, we did not get that. We asked for it, but we did not received it.

The issue of sports wagering is the fact that this State has authorized the opening of casinos. That attraction, we know, produces revenue, and we know that people do it. There really should be no reason to debate the existence of whether or not people bet on sports. They do, and we all know it. Unfortunately, we can't categorize, or add up the illegal money, because the mob doesn't submit quarterly reports. We do.

The fact is that it's an attraction that we do not have in this State. As long as it is offered in Nevada, Nevada can produce revenues. Nevada can market itself. The \$43 million budget, annually, in Las Vegas to market Las Vegas, and every one of you, I'm sure, have seen the ads: "Come to Los Vegas. It's a great way to play. It's a great town to visit." I wish we had that money in Atlantic City to do the things that we should be doing in Atlantic City to market it and to make it a better place and a better attraction, but that's why we want sports book.

ASSEMBLYMAN ZANGARI: Okay.

ASSEMBLYMAN PENN: Mr. Zangari? Just follow up one thing, please? When they were putting through the new games: red dog and everything else like that, Mr. Zangari and I added into that, Keno, and I will tell you that Mr. Perskie and I think you, Mr. Carver, came and testified against casino--

MR. CARVER: No.

ASSEMBLYMAN PENN: --and you did not want it enlisted. Is that right, Mr. Zangari?

ASSEMBLYMAN ZANGARI: Mr. Perskie is the one that stated--

MR. CARVER: Mr. Chairman?

ASSEMBLYMAN PENN: We were in favor of this.

MR. CARVER: I know you were.

ASSEMBLYMAN PENN: We would have rather seen that than red dog. So, I just want to point that out.

MR. CARVER: We did too. I don't want to speak on behalf of Chairman Perskie, because I'd be chastised, ultimately, I guess, if I did, but the Chairman -- I'll be frank with you -- is not, to my knowledge, in favor of the introduction of Keno in Atlantic City. Now, he would have to explain why.

We'd like to have poker. I mean, the last time I was in Nevada, about a month ago, I was shocked, frankly, to see the numbers of people sitting around the tables playing poker. It's a different game in a sense. They don't play against the house. They play against each other, but people enjoy it. Those are the kinds of things you have to have to bring in a full spectrum of the type of things people want to do.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, can I bring us back to the issue of why we're here and get away from Keno and Red/Black Dog, and whatever the stuff is they were playing?

ASSEMBLYMAN ZANGARI: I stated at the outset that this hearing is fact-finding, and I'm in no hurry. I want everybody

to speak out and ask any questions you want. There's no bill at hand right now. We will come up with a compromise bill; a bill that the people in the State of New Jersey will have an opportunity, hopefully, to go to the polls to say whether they want sports betting or not, and that's what this Committee is faced with. We're going to give the people in this State an opportunity to decide; not a single person, or two people, or 17 people. This is going to be done by the State of New Jersey. Mr. Penn?

ASSEMBLYMAN PENN: Mr. Zangari, just one other question. As I read this bill it talks about the betting at the horse racetracks only. It doesn't mention anything in this bill about casinos.

ASSEMBLYMAN IMPREVEDUTO: That was my big question.

ASSEMBLYMAN ZANGARI: If you listened to my opening remarks--

ASSEMBLYMAN PENN: I remember your opening statement very well.

ASSEMBLYMAN ZANGARI: --we were going to incorporate--

ASSEMBLYMAN PENN: Mr. Bassano's bill with this bill?

ASSEMBLYMAN ZANGARI: Right. Whatever we have, that is one the table, proposed or otherwise, your feelings on legalized gambling-- Whether we're going to need two referendums: one for sports betting at the tracks, one for sports betting at the casinos, or one for casinos and tracks, this is what this Committee is going to come up with. So, you can ask your questions regarding either/or, or a combination of both.

ASSEMBLYMAN PENN: Thank you, Mr. Chairman.

ASSEMBLYMAN HARDWICK: Mr. Chairman?

ASSEMBLYMAN ZANGARI: Speaker Hardwick?

ASSEMBLYMAN HARDWICK: Thank you, Mr. Chairman. Mr. Carver, in looking at your statement, there are a couple of questions--

MR. CARVER: I'm sorry, sir?

ASSEMBLYMAN HARDWICK: I said, in looking at your statement, there are a couple of questions that come to mind. The Chairman mentioned your projection of \$18 million in new taxes. Are you saying, therefore, that you're projecting only about \$225 million or \$250 million in sports betting?

MR. CARVER: No. What we're saying is, using the Nevada figure, which we think is conservative-- We just used that figure, and I'll let Mr. Murtha give you some of the detail of our analysis and how we did it. The Nevada figure for sports book and race books is \$1.7 billion--

ASSEMBLYMAN HARDWICK: One point seven billion?

MR. CARVER: --exclusive of everything else.

ASSEMBLYMAN HARDWICK: One point seven billion is Nevada?

MR. CARVER: Yes, sir. And we relegated our analysis just to that figure.

ASSEMBLYMAN HARDWICK: Well, let me rephrase. I'm not sure I'm tracking with you. You're projecting revenues to the State of \$18 million--

MR. CARVER: The additional, based on the--

ASSEMBLYMAN HARDWICK: --additional revenues based on sports betting.

MR. CARVER: Right.

ASSEMBLYMAN HARDWICK: At your current tax rate, that would imply about \$220 million worth of sports betting.

MR. CARVER: Roughly.

ASSEMBLYMAN HARDWICK: Is that amount-- Am I not right on that?

MR. MURTHA: Let me get through the analysis a little more closely. Nevada does \$1.7 billion in gross amount wagered.

ASSEMBLYMAN IMPREVEDUTO: Was that billion with a "B"?

MR. MURTHA: Oh, yeah. With a "B." And that's in the entire State of Nevada. The majority of that is made up by the

Clark County casinos -- the Las Vegas strip casinos which are roughly equivalent to New Jersey casinos.

ASSEMBLYMAN HARDWICK: Excuse me, but does that include telephone sports betting?

MR. MURTHA: That includes-- Wagers have to be placed at the casinos in Nevada.

ASSEMBLYMAN HARDWICK: So, the phone calls that the Chairman is referring to are to bookies, not to Nevada casinos?

MR. MURTHA: As I understand it, people make calls from out-of-state, into the state, and people in the state place bets at casinos.

ASSEMBLYMAN HARDWICK: So, you can't-- You don't open up a line of credit with the Nevada casino and call them and place a sports bet?

MR. MURTHA: That's correct.

ASSEMBLYMAN HARDWICK: You cannot?

MR. MURTHA: Right.

ASSEMBLYMAN HARDWICK: Okay. I'm sorry, go ahead.

MR. MURTHA: The \$1.7 billion is what Nevada does on sports book now a year, and that is gross amount wagered. The whole percentage, or the amount of win, by the casinos out there is relatively low. It's less than 3%, the way it's done in a traditional book operation. So, 97 cents out of every dollar gets returned to the bettor in a form of a winning wager. So, with that 3 cents out of every dollar, they pay operating costs, capital costs, and they pay a state tax out there.

Now, using that 3% hold figure and saying we could do the same handle that Nevada does, we end up with about \$50 million generated, just out of the sports book operation, if we did it in a book, as opposed to a pari-mutuel or some other way of doing it, and that, under the current tax rate, would yield only about \$4.5 million in taxes to this State. Now, in

addition to that, there's going to be an incremental increase in our table and slot play because of the new market that we generate, and that gets you into the range of \$18 million.

ASSEMBLYMAN HARDWICK: Let me be sure I understand what you're saying here. You're saying that the State tax would be levied on the 3% margin that the house works on, and that 3% margin then would end up being whatever you get. We then tax at 9.2%. We then end up with \$18 million?

MR. MURTHA: You would end up with a tax of about \$4.5 million in terms of the sports wagering alone.

ASSEMBLYMAN HARDWICK: Well, how did you get--

MR. CARVER: Well, let me explain, Speaker. When we said, crossover before, and we said that there would be an increase in revenue produced in the existing facilities, the table games, the slot machines as a result of the additional people who came to bet on sports, they would also play in the casinos. The incremental revenue -- taxation revenue -- on the sports book, plus the additional revenue which we think will be derived from the crossover of play by those people who go into the casino, we think can produce \$18 million.

ASSEMBLYMAN HARDWICK: You really don't know, obviously?

MR. CARVER: No. As I say, we've estimated it.

ASSEMBLYMAN HARDWICK: So, your estimate is \$4 million directly from sports betting?

MR. MURTHA: About four-and-a-half.

MR. CARVER: Again, the way it's currently played, assuming a 3% takeout. Now, we had a question before of pari-mutuel. That's a whole different system where the house--

ASSEMBLYMAN HARDWICK: Let me understand the \$4 million. The \$4 million represents 9.2% of your winnings?

MR. MURTHA: Exactly.

MR. CARVER: Gross.

ASSEMBLYMAN HARDWICK: Is that right? So, that's about \$50 million that you would win?

MR. CARVER: Roughly.

ASSEMBLYMAN HARDWICK: So \$50 million represents 3% of what you're seeing being bet.

MR. MURTHA: That's what it would be if you applied the Nevada numbers. Now, again, that's another whole question as to what we would do here in terms of handle.

ASSEMBLYMAN HARDWICK: Just a minute. Let me understand how you got to where you got. So, you're saying you'd win \$50 million, and the \$50 million-- I'm not arguing with you; I'm just trying to understand what you're saying. Fifty million dollars would represent 3% of what is bet?

MR. MURTHA: Exactly.

ASSEMBLYMAN HARDWICK: So, how much does that mean is bet? Someone who's good in math--

MR. MURTHA: One point seven billion.

ASSEMBLYMAN HARDWICK: So, you're projecting you would do as much in the Atlantic City casinos as Nevada does?

MR. MURTHA: Many people project that we would do a lot more--

ASSEMBLYMAN HARDWICK: You might do more?

MR. MURTHA: --because of the population base in this area, versus Las Vegas.

ASSEMBLYMAN HARDWICK: So, there could be \$1.7 billion you're saying, and maybe more, that would be bet on sports betting in the 12 casinos?

MR. CARVER: Yes, and I'll be frank with you. We're pretty well convinced that it'll be a great deal more than that, but we would be misleading you-- If we had a figure-- We don't have a figure. We have every reason to believe, and the Nevada people have told us-- Some of the estimates they have made, I wouldn't repeat because it would sound-- It's astronomical.

ASSEMBLYMAN HARDWICK: The other thing that you said in your statement that's a question to me is, how much will people lose in the 12 casinos this year?

MR. CARVER: Three point two -- about \$3.2 billion.

ASSEMBLYMAN HARDWICK: Three point two billion. What did they lose last year?

MR. CARVER: A little under three.

MR. MURTHA: A little under -- \$2.9 billion, I believe.

ASSEMBLYMAN HARDWICK: Two point nine billion last year, three billion--

MR. CARVER: No, it wasn't-- The growth was not that dramatic.

ASSEMBLYMAN HARDWICK: Well, you said in your statement that gross revenues have begun to decline.

MR. CARVER: They did in the beginning of this year, Speaker. We had several months where there was an actual decline from one month of this year from the year previous.

MR. MURTHA: Between '89 and '90 we had an actual decline. The first six months of '91 we had a decline until we got to the summer and we kicked in the 24-hour operations on the weekends and some of the other things that the Legislature granted us.

ASSEMBLYMAN HARDWICK: So gross revenues in the casinos are now running ahead of last year?

MR. CARVER: Well, over the three months of the summer they've increased by 5%. For the year they're probably up about 2% to 3%.

ASSEMBLYMAN HARDWICK: So, your statement is not really accurate then, because you said here, "Gross revenues actually began to decline." The implication is that the casinos' winnings are running behind last year. You're telling me now, year to date, that's not the case?

MR. CARVER: Well, if you want-- Sure, I'll agree with that. Absolutely. I don't mean to mislead you. If you are more comfortable with that correction, I accept it.

ASSEMBLYMAN HARDWICK: It's not a matter of being comfortable or uncomfortable, it's what are the facts, and I think the implication is that--

MR. CARVER: The fact is, they began to decline.

ASSEMBLYMAN HARDWICK: But the fact is, year to date, they're ahead of the prior year. You just said, \$3.2 billion projected over \$2.9 billion.

MR. CARVER: Absolutely. As a result of--

ASSEMBLYMAN HARDWICK: A \$300 million decline, or increase, is not a decline, Mr. Carver.

MR. CARVER: As a result of the summer months, Mr. Hardwick, we did increase.

ASSEMBLYMAN HARDWICK: Okay. The last question I have for you-- I'm disturbed by your statement, which you stopped to emphasize, saying -- and I'm quoting your statement -- "If anyone has undermined our children's heroes, it has been professional sports, not outsiders."

MR. CARVER: I believe that.

ASSEMBLYMAN HARDWICK: I'm not sure what that even has to do with the issue, but--

MR. CARVER: I think it does because we are accused-- This activity is suggested by the opponents, that it would undermine our children's heroes, and when we were in Washington there were legions of people walking around with, "Don't gamble with our children's heroes" buttons on. So, that has been suggested. I don't agree with it.

ASSEMBLYMAN HARDWICK: You're saying professional sports have undermined our children's heroes more than some outsider, which I assume is legalize gambling?

MR. CARVER: I, absolutely, am convinced of that, and I would be very happy, at some future time, to debate anyone on that issue. I think it begins-- I'll cite a couple of examples. I think it begins when colleges accepts cheating on high school transcripts to accept students who have no business

being in college, and have no ability to matriculate, to play sports for those teams. I think when conferences -- entire conferences of schools are on probation for cheating, I think that's undermining America's heroes. I think that when schools measure matriculation in terms of four years eligibility and in not in the preparation for graduation from college, I think that's undermining America's heroes.

ASSEMBLYMAN HARDWICK: What does that has to do with professional sports?

MR. CARVER: Because I think that professional sports institution is part of that process. I think in order to protect antitrust legislation such euphemistic things as hardship drafts are borne into play. I think there's a lot of it. I think when our heroes don't honor their contracts, I think that's undermining America's heroes.

ASSEMBLYMAN HARDWICK: I won't debate the issue any further, but--

MR. CARVER: That's just my opinion.

ASSEMBLYMAN HARDWICK: --I think you got, exactly, the flip side of it. The argument is, that very few of those colleges students, who are college athletes, go on to professional athletics, and they end up not having a college education either. That's a separate issue, but that's not castigating professional sports. You're castigating our intercollegiate athletic system, and that's a whole other debate. I think it's unfair to blame professional sports for college admissions policy.

MR. CARVER: I would cite the fact that in the professional leagues we have people, a very select group of individuals, who control those institutions, who shake down cities as to where the best deal could be had so I can transfer my team. It happens over and over again. It happened in Mr. Davis' case in California. You have institutions being destroyed when an owner of a team, that was a tradition -- the

Baltimore Colts -- pulls up moving vans at 12:00 at night and move the team to Indianapolis. I think those are undermining the confidence that we should have in those institutions. Those are some of the examples I think that, very frankly, are not done by outsiders but done by insiders.

ASSEMBLYMAN HARDWICK: Thank you, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Thank you, Assemblyman Gill. He has to leave. Let me just bring up David Cornwell, Assistant Counsel to the National Football League, so that we can have a little dialogue. It's unfortunate that you have to leave, and we just can't get to the root of what we want to get to, to have a good bill. If we're not going to have the people that are going to be speaking in favor, or against, we're not going to be able to get all of the input. I know that you have to go.

MR. CARVER: I don't mean to run out on you. I'll be very happy to come back at anytime to talk on the issue.

ASSEMBLYMAN ZANGARI: Well, we're going to be discussing this legislation in far greater lengths than we are here today. How about your Counsel? Is he going to stay here, or does he have to go?

MR. CARVER: Well, we both-- By the way, I'll tell you where we're going. We have a 2:00 meeting with the people from the Sports and Exposition Authority, to discuss legislation which was passed -- or the vote that was taken with respect to simulcasting. We had set this meeting up several months ago. We tried to postpone it and push it back, but we were not able to.

ASSEMBLYMAN ZANGARI: We passed that simulcast a long time ago. You know that we did our job for the State. I think that this issue right now is the hottest issue that we have in the State of New Jersey, inasmuch that we're looking for the citizens of the State to have a voice in what is going on rather than being dictated from Washington to the State of New Jersey. Unfortunately-- Are you going to be able to stay here another 15 to 20 minutes before you go?

MR. CARVER: Sure.

ASSEMBLYMAN ZANGARI: Okay. Mr. Cornwell? Tom, excuse me? Is there another chair, because I would like to have Mr. Carver sit.

MR. CARVER: Yes.

ASSEMBLYMAN ZANGARI: Could you sit here in the event that some of the members may want to ask you some questions while we go on? Mr. Cornwell, the mike is yours.

D A V I D C O R N W E L L, ESQ.: Good morning, Mr. Chairman. I'd like to introduce John Sheridan, who joins me here today. He represents the National Football League in connection with our efforts here in the State of New Jersey.

Mr. Chairman and members of the Committee, my name is David Cornwell. I am Assistant Counsel for the National Football League, and I appreciate the opportunity to join you today to express the NFL's strong opposition to Assembly Bill No. 3009, which would authorize sports gambling at racetracks.

Mr. Chairman, we do not want our games used as bait to sell gambling. Legalized sports gambling fundamentally threatens the public confidence in the integrity of NFL games, and, ultimately, threatens the integrity of the games themselves.

Gambling brings ugliness to sports. From the Black Sox scandal in 1919 to the recent Pete Rose gambling controversy in baseball, gambling has been a source of dishonor and shame for professional and collegiate sports alike.

To prevent gambling from tainting our sport, the NFL strictly prohibits club owners, coaches, players, and anyone else connected with professional football, from gambling on NFL games or associating in any way with persons involved in gambling. Anyone who does so, faces severe disciplinary action from the Commissioner, including the possibility of lifetime suspension from the League. The bill before you would clearly jeopardize our ability to enforce these policies.

Our best running backs occasionally fumble in critical situations. Our most skilled linemen miss blocks. Our finest defenders miss tackles, and our top quarterbacks sometimes throw interceptions. The decisions of our best coaches sometimes backfire, and our game officials are constantly second-guessed on important calls.

All of these examples of human imperfection are inevitable parts of the exciting competition of NFL football, and all of them can affect the point spreads on which football betting is based. Legalization of sports gambling would create a pervasive climate of suspicion about any controversial play. Indeed, it would threaten to corrupt the games themselves.

From my experience playing basketball in high school and on the collegiate level, I can tell you that the impact of the Assembly's bill on the youth of America will, over time, be devastating. To youth throughout our nation, sports represent competition, intense cooperation among athletes, self-evaluation, teamwork, success through preparation, motivation, and sportsmanship.

Passage of Bill 3009 would mean that professional sports represent the fast buck, the quick fix, the desire to get something for nothing. The fact that 3009 excludes amateur athletic contests in which local teams compete -- but only those localized contests -- is a dead giveaway that the sponsors are uncomfortable with the negative messages the bill would send to young people.

Assemblyman Hardwick, here are some facts. As Dr. Valerie Lorenz of the National Center for Pathological Gambling told "Time" magazine earlier this year and as she testified in Congressional hearings this year, "Teenage gambling is on the rise. The message that kids are getting is that gambling is not a vice but a new form of entertainment." Dr. Lorenz has observed that legalized sports gambling, "not only teaches youngsters how to bet on a football pool, but also encourages them to do so."

Enactment of Assembly Bill No. 3009 would send a message to our young people that anything goes when it comes to raising revenues -- that we might as well legalize, sponsor, and promote any activity so that the State can get its cut. On that logic, you should justify legalizing prostitution or even the sale of hard drugs. We respectfully submit that this is not the message that you as elected leaders want to send to kids or to their parents.

You certainly will not cut into illegal gambling with this bill. If anything, you will do just the opposite. Once you hook people on point spreads, it will not take long for them to recognize that the track offers a sucker's bet. They will move on to bigger and better things with an illegal bookmaker. Even the casual office pool player will stay with what he has because the potential payout is much better, and not only is the potential payout better, winnings are tax-free and the bookie offers credit.

So, if what this bill proposes is to work, this Assembly would have to create a new class of bettors by promoting team sport gambling to the public as a legitimate activity encouraged by public officials. Over time, the illegal bookmakers will reap the real benefits of what you sow. Meanwhile, you will have made our teams and our players unwilling partners to what any professional bettor would recognize as a swindle.

On the same practical level, you should not overestimate the net revenue that sports betting would raise for the State. We realize that you face a significant budget deficit, but the NFL did not create the deficit nor did we contribute to it. Please do not try to climb out of it on our backs. The effort to do so will not work for you, but it will cause great long-range harm to our sport and other professional sports, and to a generation of young people whose attitudes towards team sports would be distorted by a gambling oriented outlook.

I'm sure that there are at least a few New York Giants fans in attendance here today. Recall, if you can, the joy and excitement that you felt in watching Super Bowl XXV last year as the Giants defeated the Buffalo Bills 20-19 in one of the most exciting Super Bowls ever.

As fans of a world championship team, imagine how you would have felt if instead of capturing Everson Walls enjoying the excitement of a Super Bowl victory, "Sports Illustrated" had memorialized Super Bowl XXV with a headline that read: "Giants fail to cover the spread."

I have a statement here from the Giants and from the Jets, and with the Chairman's permission I'd like to read it into the record.

"The Giants and the Jets, who both play their home games in the New Jersey Meadowlands Complex, are unequivocally opposed to any form of sports gambling based on the outcome of our games. We do not want our games to be used as bait to sell gambling. Gambling is bad for team sports. Legalizing it sends all of the wrong messages about team sports, and why they are important, especially to our young people.

"We do not want betting to replace the games themselves as the featured entertainment. We have benefited from loyal, enthusiastic fans. We want them to continue to cheer for a Lawrence Taylor sack, or a Rob Moore touchdown catch, not for the score that means winning or losing a bet.

"We urge the Legislature to reject any proposal to legalize betting on team sports." It's signed by Wellington Mara, the President of the New York Giants and Steve Gutman, President of the New York Jets.

ASSEMBLYMAN IMPREVEDUTO: I'm going to get you now.

ASSEMBLYMAN ZANGARI: Wait, let me--

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, may I please?

ASSEMBLYMAN ZANGARI: I yield to my--

ASSEMBLYMAN IMPREVEDUTO: Mr. Cornwell, I'm sorry to interrupt your statement, but I need to say this; I need to put this into the record. I said this to the Chairman, quite quietly before as I read the statement by the National Football League and by the Giants and the Jets. It's interesting to me that the first sentence says, "The Giants and the Jets, who both play their home games in New Jersey Meadowlands Complex, are unequivocally opposed." Then I go on to read the closing by, Wellington Mara, President of the New York Giants, and Steve Gutman, President of the New York Jets.

I look at the heading and it says, "Joint statement of President Wellington Mara, New York Giants; President Steve Gutman, New York Jets; who both play their games in New Jersey. I want to, again, thank Willis Reed for being here, because at least they're proud to say, "New Jersey" on their jerseys, and the Giants and the Jets don't want to be called New Jersey as home. So, I don't accept that from the Giants and the Jets.

ASSEMBLYMAN ZANGARI: Mr. Cornwell, in my opening remarks I made mention that prior to the game -- an hour before the game, you'll see that all of the phone booths are all taken. If you had an emergency and you had to call home, you couldn't do that. People are betting on the games. When you tell me that this is a sport -- and Mr. Mara, and all of the people who are naive enough to think that nobody's betting on the games -- maybe we're going to the wrong ballpark.

The people who go tailgating there earlier in the morning, not only do they drink sufficient number of cans of beer and get intoxicated, where you have to worry about going home -- throwing beer over the grandstand-- They're gambling on the games. This is what, when you state facts-- As an attorney you could take time for five or six months -- because I imagine you travel all over the country giving presentation on behalf of the NBA -- but you have to get hard cold facts.

People do bet on the games. It's a way of life. Everybody admits that. Fay Vincent admits that.

Willis Reed is here. I don't want to put him on the spot. I want you to tell me, with all of the disciplinary actions that have been taken, could you give me any data or statistics on how many people have been dismissed because of the action that have been taken by the NFL, or the NBA, or whatever?

MR. CORNWELL: The only case that I know, to date, Mr. Chairman, is Art Schlichter, the only individual that an intra-league investigation revealed that he had been involved in gambling on professional football games, and he was suspended from the League for life. He recently reapplied for reinstatement. Based on the threat to the very fabric of our game, the Commissioner decided that, at this point, Art Schlichter had not demonstrated sufficiently to the Commissioner the requisite rehabilitation and facts to warrant his reinstatement into the League. That was a gambling based suspension.

With respect to your observation regarding the proliferation of gambling on football games, I presume, first of all we think that it's bad. We do not sanction it. We do not encourage it, and the very reason that we have policies that I mentioned today is to ensure that whatever illegal betting takes place does not come anywhere close to the participants in our contest.

ASSEMBLYMAN ZANGARI: Maybe we buy newspapers just for taking up spare time, but I just submit to you that the small briefs in The Star-Ledger -- our biggest paper in the State of New Jersey -- of what the line is on the games that are going to be played. Here's a list of players that are sick or injured. I mean if this is evidence to the people in the State of New Jersey that are going to make them gamblers, or bet on the game-- A young boy 14 or 15 years old that attends a high school here--

We have 4500 students that go to the high school. They know. They become aware that they're going to make the smallest bet possible because they don't have the money of an older person that goes out and work, and if they have \$3 or \$4, and they know that they could put a bet, they want to get the most for their money. These kids play Nintendo. These are bright students, much brighter than we were when we were children. So, it would be naive to tell me or to tell members of this Committee that you really don't think that gambling goes, on or that there's a quick fix on how we could remedy it. There's no quick fix.

We spent millions and millions of dollars on players using steroids, drugs, and alcohol. It hasn't been done. You read every day that a player was picked up for drunken driving, using steroids, and using drugs. These players are getting \$2 million or \$3 million a year -- role models -- speeding on highways at 125 miles an hour; you know, players that could afford these fast moving vehicles.

MR. CORNWELL: May I make a few observations to the many points that you've made? First, with respect to the line that's published in newspapers, again, we don't sanction it, but we don't control the newspapers.

ASSEMBLYMAN ZANGARI: But that's not the point. Whether you sanction it or not, it's there.

MR. CORNWELL: With respect to illegal gambling, we do not pretend that it doesn't exist. We do not condone it. We do not sanction it, and we do our level best to ensure that it does not impact on the integrity of our game.

With respect to our injury reports that are reported in the newspapers, NFL clubs are required on a weekly basis to report all injuries and to assess certain categories: doubtful, probable, or questionable, whether or not a player will play. That's to give their opponent some indication of who to prepare for, for an upcoming game. Because we require our teams to do

so, we have made a public relations decision that because that information is available to the clubs, it should be available to the public.

Now, with respect to your observation for violations of the NFL drug policy, it is very important to recognize that we do have a drug policy, and we do spend millions of dollars educating our players about drug education and enforcing our drug policy. You pick up the paper and you read about -- I guess over the course of the past year-and-a-half -- maybe seven to 10 players that have been disciplined under our drug policy.

Mr. Chairman, we have 1700 players in the League, and it is important to recognize that those few players that violate the drug policy should not have an impact on the ability of our other close to 1700 players to act in an important role of role models.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman?

ASSEMBLYMAN ZANGARI: Mr. Improveduto.

ASSEMBLYMAN IMPREVEDUTO: Just a couple of questions for Mr. Cornwell, if I might. One, I think that it's quite admirable to say that in the history, in the short period of time that I've been able to watch football -- I'm 43, so I guess I go back to maybe 10, or earlier than that -- you could only name one person in the NFL, Art Schlichter, who was suspended for illegal gambling, and I could only think of two more: Alex Karras and Paul Hornung.

Three men, in the 30 years -- or 33 years -- that I can remember listening or watching the games. That's not bad for somebody doing something illegal. It's a pretty damned good ratio; of the number of people who have played, that only three were found guilty of doing something illegal. Secondly, it's quite obvious, and I think you would agree, that there is sports betting today, both legal and illegal. It goes on today. If you need to make a bet and you're in Las Vegas, you

can do it. I guess in the sports parlor-- Can you do that, Tom, in Las Vegas? Are there just parlors in Las Vegas where you can make a bet--

MR. CARVER: Not to my knowledge.

ASSEMBLYMAN IMPREVEDUTO: --or do you have to go to a casino to make a bet?

MR. CARVER: You have to go into a casino.

ASSEMBLYMAN IMPREVEDUTO: Well, you can go someplace in Las Vegas to make a bet or you could do it illegally by going to the guy on the corner. Assemblyman Hardwick asked Assemblyman Gill a little earlier about the facts, about the evidence. Quite honestly, if we were able to prove that -- were able to have the evidence -- and have the facts, those illegal people would be put out of business. We'd know who they were, and we could arrest them. It's not a study that we can do by calling up and saying, "Hey, do you take illegal bets?" You can't do that. It's very difficult to prove that.

If they could, I suspect that the State Police and the FBI would have put these people out of business a long time ago. So, it is there. We all know it's there. Everybody knows it's there. It goes on and will continue to go on. As Assemblyman Zangari pointed out, the spreads are in the paper every week, in every paper. Not only are the spreads in the paper, but they have certain people on their editorial sports page who tell you who to pick, who tell you that these people -- these teams -- can win by the spread or lose by the spread.

There are guys on television, Jimmy the Greek and those other guys on Sunday morning, who tell you these are the teams to beat. They don't say these are the teams to beat, but they tell you who is going to win by the spread in their best opinion, and who is going to lose by the spread in their best opinion. On HBO they have the other thing, on "NFL Today." I don't know what that is on HBO, where they have the two quarterbacks that talk about the games of the week, and they give t e picks for the following week.

So, wherever you turn, somebody's giving the pick; somebody's telling you this team is going to win by the spread or lose by the spread. If that's not gambling or telling people that it's okay to do it, and if that's not helping people to do it, then damn it I don't know what is. So, it's out there, and because it's out there and it's been going on, and going on, and going on, for not one year, or two years, or 10 years, or 20 years, or 30 years, but for a hell of a longer time period than that.

Do we have backs that drop the ball on purpose? Do we have quarterbacks that throw interceptions on purpose? Do we have linemen that miss blocks on purpose? I don't think any of us know that answer. I hope the answer is no.

MR. CORNWELL: Assemblyman, I can say, based on the pride and integrity of NFL players, that the level of preparation and commitment that they would have had to make to get to the point of being a professional football player, it's highly unlikely that any of them do--

ASSEMBLYMAN IMPREVEDUTO: So, the answer is no, which I hoped it would be.

MR. CORNWELL: But the point that I'm trying to make is that, whether or not they do it on purpose-- If we have Johnny and his father sitting in the living room watching the game and Sammy Smith fumbles against the Houston Oilers in the final minutes of the game with an opportunity to win -- fumbles at the goal line, they should be happy or sad because their team won or loss, not happy or sad because he fumbled and the point spread wasn't covered.

ASSEMBLYMAN IMPREVEDUTO: More practically, however, you asked the question of about watching the Super Bowl and the Giants winning, and I want you to know, as I talked to you outside, I'm a Packers fan not a Giant fan, and I'm proud of that. That why I knew about Paul Hornung.

MR. CORNWELL: As long as you're a fan of some team in professional football, we're pleased.

ASSEMBLYMAN IMPREVEDUTO: Absolutely. I was at a house party as many of us may have been, to watch the Super Bowl. During that house party, before the game started, the pool began. In every workplace, I'm sure -- as well as in the World Series -- there's a pool for the Super Bowl. I suspect that every one of us, maybe not Assemblyman Hardwick but at least the rest of us, may have participated in a pool for baseball or football for the Super Bowl, or swimming.

During the game there were people cheering. If your quarter ended and it ended in a certain score you got money out of the pool -- or something like that -- and at the end of the game, whatever the score is, you got a pool. I still can't figure out how they did it, but I won one quarter. I know I won something. But do you want to know what? At the end of the game, the Giant fans who didn't win said, "Hey, my team won," and those who weren't Giant fans, but were proud because at least they play in New Jersey -- although they don't call themselves New Jersey Giants -- said, "Hooray, the Giants won."

It wasn't whether or not they won money. It was the team they supported won. In addition to that, during the regular season -- let's put the Super Bowl and the big time games aside -- I can tell you right now, and I think it's practical, it happens and it is going on today. People are saying, "That damned guy fumbled, because the game was fixed." It's pervasive. People are saying that because they won or lost money on the game because people are betting.

I'm happy to hear you say, and I agree with you, that backs don't drop the ball, and linemen don't miss blocks, and quarterbacks don't throw interceptions on purpose. I believe that, and I know you believe that. I know it doesn't happen that way, but the good part about it is, gambling is taking place, illegally and legally, and our people are not doing that. They're not part of it.

You know, in a horse race the horse guys that ride the horses can't bet on the horses they ride on, or any other horse, but other people are betting on them and that's okay. I suspect, if this bill were to pass here, that the teams should not be betting on one another and they won't be betting on one another, but other people who want to place that bet can and still maintain the integrity of the game as it has been, illegally.

MR. CORNWELL: If I might reemphasize at least two major points with respect to legalized sports gambling. By legalizing sports gambling you put an official stamp of approval on that activity, and by doing so you increase the likelihood that the public will call into question the integrity of our games. By legalizing sports gambling you put an official stamp of approval on sports gambling, and by doing so you turn on its head the very values that sports stand for in America.

ASSEMBLYMAN IMPREVEDUTO: But isn't that happening? Isn't it legal today?

MR. CORNWELL: No. I do not believe that's happening, and no it's not legal.

ASSEMBLYMAN IMPREVEDUTO: What do we have in Las Vegas? Is legalized sports betting legal, or else we wouldn't call it legalized?

MR. CORNWELL: You also have in Oregon, and we have done our best to restrict the proliferation of legalized sports gambling.

ASSEMBLYMAN IMPREVEDUTO: But what I'm saying is this: not what you have done. Is it there, and is it legal? And the answer is yes.

MR. CORNWELL: Yes. I think that's a given.

ASSEMBLYMAN IMPREVEDUTO: Has it affected the integrity of the game?

MR. CORNWELL: I think in some respects it may have.

ASSEMBLYMAN IMPREVEDUTO: Was Schlichter, Karras, or Hornung, suspended because they bet legally or because they bet not in Las Vegas, and Oregon didn't have it then?

MR. CORNWELL: That, I couldn't tell you. I don't know, but I can find out.

ASSEMBLYMAN IMPREVEDUTO: I could tell you. It was no. The answer was, certainly, they were betting in another way. It wasn't betting in Las Vegas.

MR. CORNWELL: No. Assemblyman, one of our most important League policies is that anyone: coaches, players, league personnel, or anyone affiliated with professional football cannot legally or otherwise, vote on the outcome -- I mean bet on the outcome of professional football games. So, whether they placed their bets in Nevada then or whether a player was to have placed a bet in Oregon today, if we found out about it, he clearly would be suspended, and potentially suspended for the rest of his life.

ASSEMBLYMAN IMPREVEDUTO: Absolutely, and should be.

ASSEMBLYMAN ZANGARI: Tony, just a minute.

ASSEMBLYMAN HARDWICK: Just one--

ASSEMBLYMAN ZANGARI: Speaker, for a short second and then I want to recognize Freeholder Foley for coming, because he's got to go back to Atlantic City.

ASSEMBLYMAN HARDWICK: Just one small point that Mr. Impreveduto referred to on whether or not Assemblyman Hardwick would place a bet. There is a vast qualitative and quantitative difference between what I consider recreational betting that's done on Super Bowl Sunday, inside a family or a gathering where people exchange a few dollars on the outcome of the Super Bowl, and legalizing sports betting. It's the difference between once a year, driving five miles-an-hour over the speed limit, and legalizing 50 miles-an-hour over the speed limit, day after day, after day, after day.

In the first one, what you did was harmless entertainment. I find nothing morally reprehensible or wrong, and I do it myself. But to legalize sports betting, you're not deflecting that bet that you made down to the casino, but you're opening up for almost now -- 365 days a year with the way we're leaving the casinos opened -- and not just the Super Bowl, but for professional sports and amateur sports outside our State year-round, and not for the two bucks, three bucks, or five that you'd bet for an office pool, but for potentially megabucks. Why do you think Mr. Carver and his associate said we may be talking about \$2 billion in losses? There's no equating what you did on Super Bowl Sunday with what this bill would do, qualitatively or quantitatively.

ASSEMBLYMAN IMPREVEDUTO: I don't disagree with Chuck. I need to answer that, Chairman. I don't disagree with it. I agree with that 100%, but no matter what we're acting and we're sitting here, and we're sitting in an atmosphere which says, sports betting doesn't exist. It does. It's a multibillion dollar operation illegally. It's out there. It's going on. We're not in a vacuum. It's happening.

MR. CORNWELL: Mr. Chairman?

ASSEMBLYMAN IMPREVEDUTO: And what we're saying is, we should do this because it's not right. Certainly, we're not doing anything today but discussing it. But it is going on. It is out there, and it's not going to stop guys.

ASSEMBLYMAN ZANGARI: Freeholder Foley has to leave. He's got to go back to Atlantic City. At least I'd like to give him the respect and courtesy. Thank you for coming down, Freeholder. You can make a few brief remarks, if you would.

F R E E H O L D E R T H O M A S F O L E Y: Yes. Thank you, Mr. Chairman. Being a New Jersey Giants fan as we all are, I am very happy to be here today. Mr. Chairman and members of the Committee, I'm pleased to submit for the record a written statement in support of legalized sports betting in New Jersey.

As an Atlantic County Freeholder, I have been quite active in the senior citizens issues and regional economic development as it relates to the health of Atlantic City's casino industry. The issue of legalized sports betting has a direct benefit for both New Jerseys' senior citizens programs and the casino industry. It is a well documented fact that the Casino Revenue Fund is quickly running out of money. Just this week, the State Department of Treasury reported that the Casino Revenue Fund has a surplus of less than \$3 million. In previous years, the surplus was over \$200 million.

This Committee is well aware that the Casino Revenue Fund finances several important programs for New Jersey's senior citizens, including the Pharmaceutical Assistance for the Aged and Disabled -- the PAAD Program -- and energy assistance for the elderly. Clearly, Mr. Chairman, the demands placed on the fund from these programs are growing, and it is incumbent upon the Committee to find new revenue sources for the Casino Revenue Fund in order to maintain and enhance important seniors programs such as PAAD.

Equally important to this Committee, Atlantic City's casino industry needs further revitalization beyond the measures passed by this Committee earlier this year and signed into law by the Governor. In my opinion, legalized sports betting is the next logical step for New Jersey's casino industry.

But most importantly, Mr. Chairman, by legalizing sports betting in Atlantic City casinos and dedicating the revenues raised to the Casino Revenue Fund, two immediate needs can be met: strengthening the casino industry and securing an adequate funding source for the seniors programs. It is estimated in the United States between \$40 billion and \$100 billion is illegally wagered annually on sporting events. If a portion of that wagering were placed legally in Atlantic City

casinos, not only would the industry be given a much needed boost, but enough revenues could be raised to ensure the financial stability of the Casino Revenue Fund.

For these reasons, Assemblyman Fred Scerni and I have been promoting our proposal for legislation that would place a Constitutional Amendment on next year's ballot to legalize sports betting in Atlantic City's casinos. Our proposal is relatively straightforward: It would amend the New Jersey Constitution to legalize sports betting in Atlantic City casinos only, place a 5% charge on bets, and dedicate the revenues raised to the Casino Revenue Fund for senior programs. It is estimated that a 5% charge on such bets could raise between \$100 million to \$200 million each year for the fund. While I think these estimates are realistic, it is also plausible that the revenues raised could be higher, since no analysis can accurately measure how much wagering would occur if it were legal.

As you know, Assemblyman Scerni is currently working on the details of this plan with Assemblyman Anthony Marsella from Gloucester County. It is my hope that when the Assembly reconvenes later this year, such legislation will be passed to place the issue before the voters next year.

While I realize that views on the issue of legalized sports betting are divided, I believe it merits serious and immediate debate and discussion, and I commend you, Mr. Chairman, for holding this hearing to begin that debate. However, I am confident that once the issue is fully reviewed, there will be a consensus in favor of putting the issue before the people of New Jersey.

I cannot stress enough the importance of allowing legalized sports betting in Atlantic City casinos at this time. Currently, only Nevada and Oregon have legalized sports betting. In my opinion, we must take steps to place Atlantic City's casino industry on equal footing with Nevada's gaming

industry. I believe the first step in this process is to pass the sports betting legislation, not to mention the permanent 24-hour gaming.

Because of the Federal legislation to ban states from legalized sports betting now pending in the Congress, quick action on legalized sports betting is needed here in New Jersey. As I'm sure you're aware, United States Senator Bill Bradley has publicly announced his opposition to a provision in that bill which would grant New Jersey a two-year exemption from the ban. I have expressed to Senator Bradley my support for grandfathering New Jersey in this bill, and I asked him to reconsider his opposition.

While I understand Senator Bradley's concerns about the impact of legalized gambling on professional sports, I feel these concerns are unfounded. With anywhere between \$40 billion and \$100 billion in illegal sports betting already occurring each year, no one could argue that legalized sports betting would encourage such action. It is already happening. I believe we should make sports betting legal and regulate its activity so that it can only be done in Atlantic City casinos. In addition to the revenues raised, legalizing sports betting would have the same detrimental effect on organized crime as the State Lottery had on mob-run numbers games in the early '70s.

I also discount Senator Bradley's arguments that legalized sports betting will taint the image of professional sports and corrupt athletes' performances. With newspapers printing betting odds on games daily, and network television sports pregame shows highlighting betting lines and picks of the week, betting is already a fabric of the coverage of, and fan interest in, many games. Also, I find it hard to believe that legalized gaming that already exists will corrupt athletic performance. I fail to see how legalized betting will corrupt any sport with professional teams receiving hundreds and

millions of dollars in television contracts and professional athletes earning on the average \$250,000 a year.

While Senator Bradley and I may disagree on the merits of legalized betting in New Jersey, I hope we will agree on one thing: This is an issue we should allow the people of New Jersey to decide. For that reason, I do hope that Senator Bradley will reconsider his position, and not work to defeat the grandfathering provision in the bill pending in the Senate.

In conclusion, Mr. Chairman, New Jersey needs to take quick action to legalize sports betting. It's needed for the casino industry. It's vital to providing the funds needed to maintain important senior citizens programs, and it is an issue that ultimately must be decided by New Jersey voters. I'm confident that after reviewing this subject, your Committee will support sports betting and pass legislation to place this issue on next year's ballot.

Thank you for allowing me the time to express my views, and thank you for not making my wife commit murder, because if I don't get back there by 2:30, I'm in big trouble. (laughter)

ASSEMBLYMAN ZANGARI: Thanks, Freeholder. I guess when you sit as Chairman of a Committee, addressing such a topic as we're discussing this morning-- I'm getting so many daggers from a lot of my friends that are in attendance that have been here early and maybe up more in years than us younger fellows, but there are a lot of businesspeople that have to go. My friend Joe Job, I really, sincerely, apologize, but I don't get to see you that often. I know that you're the type of an individual who is going to have tremendous input, and maybe a little bit more convincing because we are the type of people and friends that we are for so long. Bear with me a little bit.

FREEHOLDER FOLEY: I just want to mention, Mr. Chairman, that we also -- the Atlantic County Board of Freeholders -- passed a resolution supporting this issue.

ASSEMBLYMAN ZANGARI: I'm going to submit that for the record.

FREEHOLDER FOLEY: Thank you very much.

ASSEMBLYMAN ZANGARI: Willis Reed and Mr. Bettman, Senior Vice President and General Counsel of the National Basketball League. My distinguished colleague, former Senator Richard Van Wagner is here now with a nice title. (laughter)

R I C H A R D W. V A N W A G N E R: I turned my statement in.

ASSEMBLYMAN ZANGARI: We're going to read your statement into the record. Before you go, I do want you to know that with the money you gave me, I bought you coffee. (laughter)

MR. BETTMAN: Mr. Chairman, Committee members, as I said before, my name is Gary Bettman. I'm the Senior Vice President and General Counsel of the NBA. With me today is the Senior Vice President and General Manager of the New Jersey Nets, Willis Reed, and while I have submitted a statement, which I hope will go into the record without reading it, I'd like to just simply raise a few issues with the Committee and then turn it over to Willis Reed.

We believe, as all of the professional sports do, that sports betting will change the nature of the game; that you will have people in attendance at games in large numbers, the way you don't now -- in large, large numbers -- who will be more concerned with the point spread than with the result of the game. When you have a lot of money bet on a game, you are going to come away with a different experience from the game than if you're there as a fan. It will put the players under suspicion. Turnovers, bad passes, substitutions-- No one is scorned as badly as a losing bettor, and there will be accusations and suspicions across-the-board.

This is not inconsistent with our view that a player's role as a role model is something that will be severely

undermined, because what we're talking about here is State-sponsored and State-sanctioned gambling, and that is gambling that is completely different than the illegal gambling. Nobody is denying that illegal gambling goes on, but when it's sanctioned by the State, you are encouraging more people to gamble than gambled when it's illegal, and what happens -- and Mr. Cornwell pointed this out -- when you have State-sanctioned gambling and more people try it? They realize that betting is better illegally because of credit, because of tax-free winnings, and because of better odds.

The casino interests came in and testified that they project that they're going to make \$4.5 million from sports betting. Those projections are probably optimistic. The projections in Delaware were projected that sports betting would be a terrific windfall for the State, and the State of Delaware dropped the game in 1977. There wasn't enough interest. In Oregon, they confidently predicted that they would do \$8 million or \$9 million a year from sports betting. They're now only doing \$1.5 million a year in sports betting, and they dropped the NBA as a betting vehicle.

The revenue projections are always overstated. They never bring in the revenues that are being projected. Now, I understand that Atlantic City may be having some problems, but to say that the sporting interest -- that sports leagues are supposed to bail that out, doesn't make sense. There is a cross elasticity. There's only a certain amount of money that's going to be bet, and to simply open up a new vehicle, I think, will take money away from the tables, not add to it.

During the last NFL strike, the handle at New York State racetracks went up 25%. That handle then dropped back down after the strike was over. There's only a fixed amount of money to bet. It will continue to be bet on illegal games because they exist and they're a better bet for the serious bettor. Superintendent Pagano of the New Jersey State Police

is on record of saying that, "The legalization of gambling has not reduced illegal gambling in the State of New Jersey." He was quoted in 1988 as saying that, and nothing has changed since then that would change that opinion.

The issue here is whether or not our game should be used as a vehicle to make money on, to change the nature of the game. We are not jai alai. We are not horse racing. This State rejected the notion of introduction of jai alai 12 years ago. We're not a jai alai fronton. That's not what we're selling. We're trying to sell family entertainment, and sports betting will severely undermine our ability to sell our product. I'd like to turn it over to Willis Reed now who, as a coach, general manager, and player, has a different prospective.

ASSEMBLYMAN IMPREVEDUTO: Just hold on one second. Let's get our Chairman back here. (Chairman returns)

W I L L I S R E E D: Thank you, Gary. Mr. Chairman, it's a pleasure for me to appear before you this morning. I was asked to, since I have some views and concerns about legalized sports betting. First of all, I would have to say, this is a chance for me to probably be here, and safely not spend New Jersey Nets money offering it to Kenny Anderson. (laughter)

Being a country boy from Louisiana, coming to New York to play basketball after graduating from Grambling, being very proud that I eventually was given a contract for \$11,000 -- if I made the team -- to play 79 ball games, and being proud of that and having played a basketball game on a Tuesday night at the Garden and practiced there on Wednesday--

Emmette Bryant who played at De Paul and I were roommates walking down 8th Avenue going back to the Paramount Hotel, which was my home for one year -- in a room that was about eight by eight -- and some gentlemen on the side of the street asked Emmette and I, said, "Do you guys play for the New York Knickerbockers?" Very proudly, we stuck our chest out, and we had these bags that had New York Knickerbockers on the

side of them, and said, "Yes, yes." They said, "How did you guys lose the game last night?" They said, "You guys didn't even cover the point spread." I looked at Emmette Bryant and said, "What is a point spread?" I never had heard that term.

A couple of times at the Garden there were nights when we were down, and at the last four or five minutes -- and the game is within 12 points -- we're still 12 to 14 points down and the crowd start to cheer. I had no idea what that's all about, but as a country boy from Louisiana, I eventually found out that they were talking about the fact that there was betting going on, on the games.

My concern, obviously, is that-- This issue becomes a moral issue to me, in a lot of ways: "Just because they do it, we should make it legal." I think that the scrutiny of sports-- I have to go out every day and try to preach to everyone -- to my children -- that sports is something that has made Willis Reed a person. A lot of kids who have grown up, have become better people because of their involvement in sports, and now we're going to take sports -- and just because they say illegal people are betting on it -- that we should go out and legalize it.

I have concerns that it's going to create more problems than we already have in this country and I hope that, in my way, the New Jersey Nets -- I know the NBA, definitely -- is strongly against legalized sports gambling, because we feel like it is definitely going to hurt the integrity of the sport, and we're going to hurt the integrity of the athletes, and question everyone they talk to, everything that happens on the floor. As a result of that, I think it would be a serious mistake by all of us if we used this as a vehicle for revenue to help our fiscal crisis here in New Jersey. Thank you.

ASSEMBLYMAN ZANGARI: Thank you.

ASSEMBLYMAN IMPREVEDUTO: Just a question of the witness? Mr. Reed, do you think that it should be left to the people of this State to make that decision?

MR. REED: I think it should be-- We should vote on it, but I do think that the facts should be there. I think that, as stated by Gary, in most production -- in terms of what the revenue would be-- It's always been overstated and as a result, the money never gets to be what they say. I think that is a major problem.

ASSEMBLYMAN IMPREVEDUTO: Yeah. I don't disagree with you on that end. It's impossible. We do know that there's a lot of money being bet right now, and nobody can put a handle on whether it's going to-- I suspect it will reduce the illegal stuff, but who knows?

MR. REED: You know, we have the same problem. As a sportsman, I hunt and I fish, and they say, "You have to register all of your guns." I think most of the guns that are utilized in robberies and everything else are illegal guns.

ASSEMBLYMAN IMPREVEDUTO: You belong to the NRA?

MR. REED: Excuse me? (laughter)

ASSEMBLYMAN IMPREVEDUTO: Do you belong to the NRA? (laughter)

MR. REED: Yeah. I belong to the NRA too, yes.

ASSEMBLYMAN IMPREVEDUTO: Oh, we're in trouble, Jimmy. (laughter)

MR. BETTMAN: If I may, also, respond to the question, approximately 20 states have considered the issue of sports betting in the last year-and-a-half: New York, Massachusetts, New Hampshire, Rhode Island, and each of those state legislatures have rejected sports betting without going to the public.

ASSEMBLYMAN IMPREVEDUTO: Well, I think the important thing here is, we're not looking at the State and Legislature to say what's good or bad for the State in this particular case. We're saying that the possibility exists, and that the people of New Jersey through their vote, will say what they

want as they did with casino gambling. And let them make the decision as to what it is they feel is right or wrong in the State of New Jersey.

ASSEMBLYMAN ZANGARI: We have recited that over and over again. This Committee is not here to put forward a bill that's going to mandate anything. What we want to do is leave it to the people. We have seven-and-a-half million residents in the State. They have to decide how to pick up the tab for all of the good programs that we have in the State of New Jersey. If they decide that we're going to need revenues, and this is a way to bring the revenues rather than direct taxation, then that's what it's going to be. This is only a five-member bipartisan Committee. There's nothing that's partisan on this Committee.

If the Committee would allow me, let me read a letter that I got from Senator Bill Bradley:

"Dear Assemblyman Zangari, I understand that your Committee will be holding a hearing to discuss legislation relating to sports gambling. This letter is to outline my views on this very important matter.

"As you are aware, I have cosponsored a bill in Congress, 'The Professional and Amateur Sports Protection Act,' that prohibits states from allowing sports gambling. I strongly believe that sports betting and sports lotteries should be prohibited in America. Sports betting threatens the integrity of, and public confidence in, professional team sports, converting sports from wholesome athletic entertainment into a vehicle for gambling. In addition, sports betting sends the wrong message to children; sports should be about personal and team achievements, not about winning or losing money.

"I recently joined with the New Jersey Coalition Against Sports Betting to educate the public about the pitfalls of sports gambling. The Coalition is made up of New Jersey citizens, professional athletic organizations, law enforcement

officials, and church groups. The Coalition has pledged to wage a campaign in New Jersey against the spread of sports betting, with a particular emphasis on the need to protect youth from the corruption and negative values associated with sports gambling.

"Some have argued that the Federal government should not get involved in the state sports gambling issues. I disagree. Congress has every right to get involved. The Federal government has regulated gambling and lottery activities for many years, and the U.S. Code addresses gambling issues on a comprehensive basis. While the Federal government has carved out narrow state exceptions, this issue remains squarely Federal.

"Others have argued that New Jersey should be exempted from any Federal law that prohibits sports gambling; this exemption is supposedly needed so New Jersey casinos can better compete with Nevada's casinos, which already permit sports betting. As you know, the House of Representatives this week passed a bill that gives New Jersey a two-year window to establish its own state-run or state-sanctioned sports gambling program. I do not support this exemption for New Jersey because it is not in the best interest of New Jersey's children.

"I support having no exemptions in the law for New Jersey, Nevada, or elsewhere, and will fight in Congress for no exemptions. My concern is stopping the spread of sports betting; the fewer the number of exemptions, the better.

"In summary, sports betting is bad for New Jersey, and bad for the country. I do not want to see athletes turned into roulette chips. Sincerely, Bill Bradley."

Take it for what it's worth. I can have a lot of questions or concerns. He does not support this exemption for New Jersey because it's not in the best interest of New Jersey's children. Well, the people that are going to be gambling are not going to be the children. It's the mothers

and fathers that are going to be gambling. If this is the course that they set to select for their children, so be it. We all have standards of morals of some type or another.

This Committee is not addressing, again -- once more -- the gambling issue. The issue that is at hand with this Committee is whether or not it should go before the voters of the State of New Jersey, period. On the other hand, let me read another letter that I received from Mayor Whelan to Senator Bradley.

"Dear Senator Bradley, I wish to express my anger over your position regarding sports betting in Atlantic City. To suggest that legalized sports betting in our casinos will adversely impact the integrity of sports is an insult to the Casino Control Commission, the Division of Gaming Enforcement, the Legislature that has established the regulatory process, the casino owners, operators, and 45,000 casino employees.

"Since the first casino opened in 1978, the regulatory system for casinos in New Jersey has worked. While there have been innumerable political scandals in that time -- 134 convictions in New Jersey since 1986 -- the industry's record is clean. There is absolutely no reason to believe sports betting would be any different.

"Frankly, I will match the casino industry's record on integrity with big time sports anytime. I guarantee you that if Tom Carver, the Casino Association's President, had been found playing in a high stakes poker game, as was Phillies center fielder, Lenny Dykstra, Casino Control Commission Chairman Steve Perskie would have acted far differently than Baseball Commissioner Fay Vincent. Carver would have had his license pulled. Dykstra received a tap on the wrist. Vincent in fact has said, 'You know as well as I do how many people standing here can't tell me that they haven't bet with a bookie in football or basketball. It's become a part of America's culture.'

"As to the issue of the negative impact on our youth, who's kidding who? Right now, each Sunday, pregame shows discuss favorites, point spreads, pick of the week, etc. This gaming information also runs in just about every major newspaper, for every major sport, pro or college, throughout the year. Teams are tracked not only by won or loss records but also by beating or losing to the spread. To suggest legalized sports betting, which in New Jersey would be inaccessible to people under 21, is going to unduly influence our youth, is to ignore the reality of what the media and the sports establishment are promoting.

"If the NFL, for example, is serious about this, they should put in their TV contracts a prohibition on discussing odds, favorites, point spreads, and other gambling references on pregame, half-time, or postgame shows.

"As a former NCAA athlete and coach, I share your concern with integrity in sports. But let's address the real issues. College graduation rates, drug and steroid abuse, institutional racism, locker room sexism, alcohol advertising, sports and fan violence, illegal sports betting, already threaten the integrity of sports. All negatively impact on our young sports fans. Legal sports betting whether in Nevada, New Jersey, or elsewhere, does not.

"As to the situation here in Atlantic City, there currently is a push by many to allow the people of the State to decide on legalized sports betting. Congressmen Hughes and Torricelli are in favor of giving the voters this opportunity. Indications from legislative leaders are that this will be considered in the next session. Obviously, there is local support.

"The reason is simple: Casinos are a major economic force in New Jersey. Currently, we are at a competitive disadvantage with Nevada, which has sports betting. As other venues get gambling, New Jersey casinos may be in for difficult

times. But this industry has been a boon to senior citizens and the handicapped, has provided millions to the State in revenues -- see attached -- has provided jobs to thousands, and service contracts to vendors in every county within this State, and has done so with integrity.

"So, in your attempt to address the ills of sports, don't question the integrity of one of the leading industries of this State. Don't squelch the possibility of our achieving parity with Nevada. Please, don't deny the voters of this State -- your State -- the chance to decide this issue. Very truly yours, James Whelan."

I read the two to give you an impact of how the input is going to be very tough for this Committee to decide. I think that when all of the testimony is reached -- not only today, but we're going to be discussing this at great length -- we want to make certain that Assemblyman Penn's recommendation, Speaker Hardwick's, Joe Mecca, and Tony Impreveduto, and our Committee people that work and labor so hard to get the best possible advise for the people of New Jersey, is going to be put in the right direction.

I don't want anyone speaking in the press saying, "The meeting held in Irvington today is in favor or not in favor of sports betting in New Jersey." We want to get the impact. That's why we're asking all of the people, and we thank you for being so generous with your time. I think that the people that are here now are going to be here, so you're going to give us all of the input that we need. Thank you.

Assemblyman Penn?

ASSEMBLYMAN PENN: Thank you, Chairman Zangari. This issue is a delicate issue, and it concerns me greatly. I think that we don't have any heroes here anymore, and I think our sports people out there are the heroes for our young people. And yes, like all heroes, I'm sure they'll point out that this one may have strayed here or done this, but I think what we're saying is that we're going to condone betting.

I very seldom agree with Bill Bradley. He and I don't agree on many things, but on this particular case I do have to agree with him. I know that newspapers print the line. I know that TV in the morning has their morning line, tell you how to bet and what the spread will be. But that doesn't make it right. I don't agree with newspapers half of the time either. I think they're wrong, but that's all right. They have it. It's a free press, and they print it, but I will tell you that I think to legalize this gambling -- sports betting -- is an insult to our athletes and to our young people. I just could not, Mr. Chairman, in any way support it.

I think that there's a lot of other things-- And I don't mean anything about the integrity of the casinos. I heard that. I don't think that the integrity of the casinos is even being questioned here. I have no question about them. I do question the fact that when they had opportunities to increase business in the gambling business with poker and keno they didn't do it, and that's their own damned fault, not yours or mine, but now to put it on the back of athletes I think is wrong. I think it sends out the wrong message.

I will tell you that I have seen and heard nothing here today that would change my mind. I think that the athletes in this country, the heroes in this country, should be looked up to by young people and as I look back today, not long ago they still talk about Bobby Thompson's home run. They talk about some great players. These are heroes. These people shouldn't be bet on like horses or, as Senator Bradley said, poker chips. So, that's all I have to say. You can agree with me or not agree. That's what it's all about. But I just want you to know where I stand. Thank you.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman?

ASSEMBLYMAN ZANGARI: Go ahead.

ASSEMBLYMAN IMPREVEDUTO: Jack, do you feel-- Just a question, through you, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Sure.

ASSEMBLYMAN IMPREVEDUTO: Do you feel that the people of the State should have or should not have the right to make that choice?

ASSEMBLYMAN PENN: I think that that's I&R, and I am against I&R. I think that we have to make the decision. We're elected by the people, and I don't think it's something we should bet on.

ASSEMBLYMAN IMPREVEDUTO: Just one other question. Assemblyman Penn mentioned heroes. Heroes are people that we want our youth to look up to and to emulate. Generally, our sports figures are the people that we want -- that many of our kids do emulate, and want to be like. And just put gambling aside for a second, guys; forget whether or not we're here to talk about gambling. We mention the word "heroes," and we don't want our kids to think that these are the guys that are doing bad things.

Last year -- and I don't remember what his name was -- I was driving home from Trenton. Obviously, it was in the spring; it may have been the fall. There was a guy from Boston, a pitcher from Boston -- I don't recall his name -- one of the big time-- There's no baseball people here I guess, huh? One of Boston Red Sox's top pitchers, and I forgot the guy's name-- Obviously, there was a couple of calls he didn't like that the umpire was saying. So, he told the umpire in no uncertain terms what he felt that the umpire was, using some very violent and very bad words, and may have approached the umpire and pushed him or hit him or something like that.

I could hear the people on the radio -- and I remember the channel, it was FAN -- saying, "Well, it was a tough game." It was a playoff game. Boston was in the playoffs last year. "That was a tough game. There was a lot of pressure on the pitcher. You can excuse it." You can't excuse that stuff. These are the guys that we want our kids to emulate,

whether it's gambling or no gambling you can't make excuses for people who are bad, and their actions that are bad.

ASSEMBLYMAN PENN: Is this a question to me?

ASSEMBLYMAN IMPREVEDUTO: No, no. Just a statement that I needed to say that I wanted to say for a year, but I had nobody to say it to, so I figured I'd say it here. (laughter)

ASSEMBLYMAN PENN: Many heroes are made in the heat of a battle, and many things are said in a battle--

ASSEMBLYMAN IMPREVEDUTO: This was not in the heat of a battle. This is the top pitcher on your team. Baseball, football, basketball, as we're all saying here, we want our kids to look at these guys and say, "Hey, they got to the top." Yet, when you're watching that kind of stuff, and then our news media defends it, saying, "The pressure of the game." That's donkey dust. If we're going to talk about our heroes, let's put our heroes all in the same light and play on an equal field. If we're saying, just because we don't have gambling, that our heroes or all of the athletes are good, that's wrong, too, because they're not.

ASSEMBLYMAN PENN: I think it's going to put a different light on the athlete. I don't think-- I'm not familiar with the incident you talked about, but I think what it does is, it puts a different light on the athlete when he becomes a part of a betting syndicate.

ASSEMBLYMAN IMPREVEDUTO: Jack, I would agree with you wholeheartedly, if in fact gambling on professional sports didn't exist.

ASSEMBLYMAN PENN: It does. But I'm saying, let's not condone it.

ASSEMBLYMAN IMPREVEDUTO: No, what I'm saying is, you can walk out of this door and stop the first person you run into, randomly -- just pick a person -- and ask that person if he ever bet on a basketball game, or a football game, or a baseball game, and I guarantee you that the answer is going to be yes. And do you know how he bet? Illegally.

ASSEMBLYMAN McENROE: Mr. Chairman, can I--

ASSEMBLYMAN ZANGARI: I've been waiting for Assemblyman McEnroe -- my new running mate--

ASSEMBLYMAN McENROE: Mr. Chairman, as a visiting member of the Committee, I appreciate, the opportunity of sitting in on such an important matter on your agenda. I commend you as Chairman for bringing this as a generally, populous public idea before the people. I think it has merit to find the sense of what the people feel, relative to this issue, and I respect, very much, the attorneys representing the NBA and the NFL, coming before our Committee today.

I do think that we must maintain some perspective. We're talking about an NBA which really is one of the institutions in this country that is recession proof. We're talking about an NFL whose profits are multiplying geometrically, in a sense, each year, and this is an industry that I understand. I concur with their intention of keeping it recession proof, so to speak, but I think we need to understand that this is a matter that they've come before us, really, to support and maintain the industry's profitability.

I think that the concern with the people and the right of people to recreate as they will, is a matter that we have to consider and evaluate as a public elected body. In no way should the testimony of the major sports industry go unchallenged, because I think it's important that they be represented and their testimony be heard.

Willis Reed's perspective, I think, is different. It is a peoples' perspective, if you will. It is a major public policy question. I really commend you for your efforts to bring it before the Committee, and hopefully to the ballot. It's a question that has to be answered. We could spend the whole afternoon evaluating the commitment, the moral position of the NBA, the NFL -- NFL violent sport. What are we doing for the education of our young people in this country?

Is your motivation totally to fill 26 stadiums every Sunday afternoon, or is it really to reach beyond that perspective and do good for this country? I think by being here, you certainly demonstrate that your industry -- that profitable industry that you both represent -- is interested in these public positions. We're a State laboring in a difficult circumstance. We're an urbanized State. We could ask, what was your perspective when sports betting was permitted in Las Vegas? What kind of campaign was waged at that time. There's a lot of history that we have to relate here before the Committee makes its final decision. Thank you.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, just one other thing, and I'm done. I think it's something that's a different slant, guys, on this whole issue. Currently -- we've said it, and we all agree to it -- there's illegal sports betting going on, and it's quite a big business. I heard Carver say, a multibillion dollar business for the bad guys. The bad guys are making the money. What are the bad guys doing with that money that they're making on illegal gambling of sports betting?

Well, the Federal prosecutors have said that they're using a lot of that money to make sure that there's dope. They can go out into the streets and defect our kids, and I think the game here is -- this is just something, as I sit I think about that-- Certainly if we have legalized gambling, our kids are going to look at sports in a different way. Well, with illegal gambling, the money that goes to the bad guys from the illegal gambling is being used to supply those very same kids, in many cases, with the drugs that don't make them see the sports games, and they can't see them because they're dead.

So, if we can take some of that money away from those bad guys and put it back into the mainstream, to the good guys, maybe that can help us to fight the crime and take the drugs off the street too. It's sickly. We talk about morality, but

we need to talk about the other end of the deal too. The deal is to take the money away from the bad guys who are making it from the illegal gamblers.

MR. BETTMAN: All of the law enforcement people, including Superintendent Pagano, said that legal gambling has never taken away or reduced the take of illegal gambling. What they have found is, you introduce -- because of the State's imprimatur -- people to gambling who wouldn't otherwise gamble, and the result of that is, when they become more sophisticated they go to illegal gambling, even though there's legal gambling, because it's a better payoff.

Nobody today has said that sports gambling is a good thing. There's been a lot of shots taken at the leagues, saying, we're not doing this right and we're not doing that right, but nobody said, "You know what, having sports gambling is going to enhance sporting events. Maybe it will raise some money." We submit that based on what's happened in Delaware where they gave it up, in Oregon where they're doing a fraction of what they projected, and they dropped doing an NBA game, we think the revenues will once again be overprojected, that it will wind up cannibalizing what existing dollars go into legal gambling, and the result will be that you will change the nature of our game.

We're not recession proof, by the way. It's not too many years ago that most NBA teams were losing money. Baseball-- It's widely known in the newspaper, CBS is taking multi-hundred million dollar hit, so their next TV contract is going to come down -- the ability of people to buy tickets-- What we have is a fragile relationship with our fans, and we submit that by having sports betting you're going to change the nature of that relationship, and you're not going to see the benefits that the proponents -- the casino interest -- are telling you are going to be there.

ASSEMBLYMAN ZANGARI: You let the recession keep going the way it is another 18 months as projected, and I guarantee you that with every State in the nation, the financial difficulties-- I don't know one legislator, in New Jersey right now or any other state, that has the guts to stand up and say we have to raise taxes. They'll fly every different way -- anything but raise taxes so that somehow, somehow, to keep at least on par the programs that we have in existence, you have to have revenues. Without the revenues, aid to the seniors, the PAAD, and the lifeline--

Let me see next year, when we go through another 15 months of this uncertainty in the economy and that we're not able to fund the PAAD, or you're going to have to increase the cost of the prescription plan, who is going to stand up to tell the seniors -- do the heavy hitting as far as the votes are concerned -- that we're now going to raise the prescription plan to \$3 or \$3.50? You're going to see that you're going to find alternatives in things like sports betting to get them off the hook.

Like I said, we're going to be looking at this closely. If you just give me like five minutes. Let me take a break for five minutes. We've got Joe Job, and Bruno Verducci, the Reverend is here, and we've got three or four more speakers. Give us a break for five minutes.

ASSEMBLYMAN IMPREVEDUTO: Jimmy's got to call his bookie.

(RECESS)

AFTER RECESS:

ASSEMBLYMAN ZANGARI: Thank you for allowing us that brief recess. We're going to reconvene the meeting.

If I might, I'd like to call on Sheriff Joe Job. I know that you've been waiting very, very patiently. And I want to thank each and every one of the persons that took the time to come here today, and have been very, very patient. We do appreciate it. You know, we have a lot of concerns and a lot of questions that we're going to ask. Sheriff Joe Job.

S H E R I F F J O S E P H J O B: Mr. Chairman and members of this honorable body, I want to thank you for affording me the opportunity to speak out on this bill.

First of all, may I say that I represent the Metropolitan Baseball League of Bergen County, which I've been the President of for the last 20-some-odd years. This organization is going on record as opposing sports betting.

It would seem to me that I recognize in you people the intelligent representatives of your respective districts here in the State of New Jersey. And, from what I've heard here today, we're talking about \$18 million or \$20 million in revenues accruing to the people of the State of New Jersey. It would seem to me that we're talking about nothing, really. And it would seem to me that with your backgrounds and knowing what's going on in our State, realizing that we have higher unemployment, homeless people, people that are in distress, and particularly, talking about Atlantic City--

I want you to know that I was one of the very few elected officials in the field of law enforcement that supported casino gambling. And I supported it because of a moral issue. Here was a city dying on the vine, with 75% of their labor people unemployed. Something had to be done to revitalize this city that was unduly blessed by Almighty God, in that they had the beautiful ocean. And so, we took our case to the people of this State for the purpose of affording Atlantic City -- who thought they had a partial solution to their problem-- We took it to the people of this State. Incidentally, I believe in the initiative and referendum very,

very much. Note all of my platforms over the years -- and I was elected some 12 or 13 times: Initiative and referendum meant a great deal to me. I think the people of this State, the voters, are a very intelligent electorate. They pretty much know what they want. However, as you know, initiative and referendum went down just a couple of years ago.

But I do believe that the people in Atlantic City-- People haven't been in charge in some of, what of course goes back to the last administration of Governor Kean. I don't think they did the proper thing for Atlantic City. When I supported casino gambling, I envisioned the passage of that bill by the people of this State. I envisioned that they would get planners, bring in the blockbuster, declare the city of Atlantic City a blighted area, and do something about revitalizing that city. At the present time, we still have-- You can't walk-- In fact, you can't walk a block off the city -- off the boardwalk, for fear of being mugged. You have nothing but dilapidated stores all along the waterfront. Going beyond that, on Atlantic Avenue and Passaic Avenue, you have nothing -- really nothing -- and the people are afraid to come there. Now, why couldn't we make this a Monaco? We could have, if the proper individuals made the proper responsibilities and did what they were supposed to do; and that was, of course, to revitalize this city.

Yes, there are many pluses. There are about 40,000 more people working today than we had in 1976. Atlantic City is not dying on the vine, but what has happened to Atlantic City is, the average individual, the so-called high roller, the person that wants to go on a vacation somewhere to a beautiful city-- They haven't got that in Atlantic City, and the Legislature has done nothing about it over all these years. In 1976 the people voted to do something about Atlantic City, and here we are in 1991, and I daresay that there isn't a single one of you people that would take your wife and walk down

Atlantic Avenue or Pacific Avenue any time after dark. That's the kind of a city that you have today because it hasn't been properly attended to. The local administration-- The present Mayor of that city has been indicted almost two years. Two Mayors prior to him went to jail. And still nothing has been done -- okay? -- about Atlantic City.

Now you come along with something that really amounts to nothing. They want to have betting on sport spectacles.

ASSEMBLYMAN ZANGARI: Excuse me, Mr. Job. It's not the present Mayor that's indicted. The former Mayor was indicted, not the present Mayor.

SHERIFF JOB: Oh yeah, Usry. Yeah, Mayor Usry. You're right.

ASSEMBLYMAN ZANGARI: Mayor Usury, okay. The present Mayor is-- You know, for the record--

SHERIFF JOB: I stand corrected. Thank you very much, Mr. Zangari.

I just want to say this to you people up here: There's much to be done in this area. The way to go is not with this \$18 million or \$20 million that you might get in revenue. I agree with each and every one of you up there that say there's gambling going on every single day of our lives. No question about that. That's a law enforcement problem at the local level of government. And if the individuals make the proper application of their responsibilities, they should be locking these people up. That's not happening, as you know. And I don't know of a single, solitary individual who would want to gamble \$5000 legally, when he can do it illegally and keep the entire amount of money. If the odds are six to five, he's going to get \$6000 for his \$5000. You won't do that if you bet legally. You know that and I know that, and the people you're dealing with are individuals who are outside of the law. We're not asking -- and incidentally, this is the thing that also bothers me--

When we went out and campaigned, based upon casino gambling, we said to the people, "We don't want you who have never gambled before to gamble. That's not our intention. We want to permit the 95 million Americans who gamble every day to be able to come to Atlantic City, and not go to Las Vegas or not go to one of our islands." So, we made a good case. We went into the various churches. I know you have Reverend Rawlings here. At that time, our former State Senator Alfred W. Kiefer, who was a Democrat from Hasbrouck Heights -- and a great Senator -- said, "Joe, the Council of Churches wants you to tell us why you're for casino gambling. They want an answer." So I said, "Wonderful. Send me anywhere that you want, and I'll be very happy to go." And I'm reminded of just one.

I went to Dover, to a Lutheran Church. The Lutherans don't bet on anything. There's no bingo. I happen to be a Roman Catholic. We have bingo. We have games of chance. We have everything. Okay? Any way to make a dollar. (laughter) Not the Lutherans. So when I walked in there I said, "How many of you" -- incidentally, the church was jammed -- "people are for casino gambling?" Not a hand went up. I looked around. Nothing. I said, "You're all against casino gambling, right?" "Yes, we are." Okay. I turned to the minister, and I said, "Now, Reverend, I have the highest regard for individuals who give themselves up to Almighty God. You're a servant of God, and I respect that very much. I want you to take your Bible and show me anyplace in the scriptures where it says, "Thou shalt not gamble." Couldn't do it, and I knew that. I said, "Now, Reverend, turn to any scriptures and show me where it doesn't say, "Love thy neighbor. Help thy neighbor." And every page does, okay?

So I said to these people out there -- this congregation -- "You people have a moral obligation. Atlantic City-- The people down there think they have a partial

solution to their problem, and all they're saying to you is, 'Permit us to try to exploit this thing, and give us casino gambling.' They're not asking you to go down there and gamble. And I'm saying to you, if I was the chief law enforcement officer of this State, I could lock you up if I found you down there gambling. And I would lock you up for going down there and gambling, if you've never gambled before. But you do have a moral obligation." And I say, today, the people of this State have a moral obligation to reject this thing here, because I think it's going to adversely affect each and every individual.

I'm not telling you that there's not gambling going on. There's a lot of gambling going on, and they're betting on football games and baseball games. I've never done that in my life. I don't believe in it. But you can rest assured that it's going on all the time. And a lot of you people are taking the position, "Well, as long as it's going on, why don't we get a piece of the action?" Wrong. For the Legislature of New Jersey, or any legislature, to look for a piece of the action, when the action is one that will revert almost to nothing-- I'm talking about \$18 million to \$20 million. What are we talking about? We're talking about nothing.

So, I'm saying to you, respectfully, I appreciate the positions that some of you have taken. I'm not unaware of the fact that you've taken a position. Yes, you are an impartial group of individuals; an intelligent group of individuals, individuals who are elected by the people who know you best, and I appreciate that. They know your talents. They know that you've reflected favorably upon them and that goes to the credit of each and every one of you. Some of you have served for 10 years, 12 years, 14 years, and more power to you. I'm in hopes that you realize that you're not doing the right thing, those of you who are for sports betting. It's the wrong thing, gentlemen, and I leave you with that. If there are any questions you might want to ask of me, please ask them.

ASSEMBLYMAN ZANGARI: Thank you for that eloquent presentation, Sheriff. You touched on many, many subjects. One, you know that the hiding cover, the line if the guy's going to get six to five-- He's going to get 60 to 50, and he's just not going to do it. I know when I was a young boy, we had the Italian lottery in Newark, and we had, you know, the numbers, and if you bet with--

SHERIFF JOB: You're talking about Newark now, Mr. Zangari--

ASSEMBLYMAN ZANGARI: Newark, the whole State of New Jersey. You got 500 to 1 when you played.

SHERIFF JOB: Well, you were in the mecca of the gambling world.

ASSEMBLYMAN ZANGARI: You know, you got 500 to 1. Today when you play with the Lottery -- and, you know, I think we're the second highest revenue raiser in the nation, second to Florida -- that you get whatever is bet, prorated. You know, sometimes you get \$230 for the half-dollar; sometimes you get 300-and-some-odd dollars, you know. So I think, you know, these are not things where we, as a Legislature, are going to set policy or regulation. I think that's going to be done by the professionals, if, in fact, it comes to that point.

Atlantic City I spoke to earlier. When the Legislature votes, we vote on whatever goes on the board, and people like myself, as Chairman, along with the Committee, have that prerogative of drafting or rejecting legislation or amending legislation. It was evident at that time that the Committee that was in power felt that this was the best avenue. As for myself, I thought the planning was very bad. You hit it right on the head. I don't take my wife to Atlantic City to travel at night. When I go to Atlantic City, I'm there to stay in that particular hotel, and you're isolated there.

SHERIFF JOB: And you don't go out of the hotel, Mr. Zangari.

ASSEMBLYMAN ZANGARI: Right. Well, if it were planned a little differently that the casinos were west of Pacific Avenue, and they had left the Boardwalk for the people of the State to enjoy as a resort -- and it was the marriage mecca of the world-- When I got married in 1950, that's where you went for your honeymoon. Well, that doesn't exist today. The casinos were allowed to take over the existing structures that were there, and with a few dollars they renovated them. Under the current administration we have, I think more has been done in the past year-and-a-half to bring about the reforms that you speak about. Just recently we had, through that Mayor, 1000 homes demolished. We've already got a commitment for an airport. We've had discussions with Assemblyman Penn. We had a remedy to pay for a convention center through the increased revenues we would have generated with the keno and by allowing the casinos to have 45% slots. They got a free ride. We were willing to give 50%, provided they gave us an additional 1%, which they would have done. So there were so many aspects.

We released a bill out of this Committee, but we weren't able to get in on-- So, it's not just the Committee as a whole. We set the tune on one aspect of it, but there's more to it than our having participation in it, you know.

SHERIFF JOB: With the Legislature in the past, as you know, you had a Senator down there, a very powerful Senator by the name of Farley. He envisioned for Atlantic City that one day it would probably be one of the most beautiful places in the world to come to. I'm talking about people from all over the world. I received a call from England in 1976 from a woman who spent her honeymoon there and she said, "I'm just in hopes that you people will revitalize that city and I can come back." But, Farley had a vision. The Garden State Parkway is there because of Farley. The Expressway from Philadelphia -- because of Farley. What I'm saying to you young men who are representing us here -- and women -- in our government today,

is, I would be in hopes that you would go a little bit deeper than looking at something like this today, and trying to do something for Atlantic City to make it the mecca -- make it the mecca of gambling in the world. You have Dubrovnik, one of the cities over in Yugoslavia where the environment all around is great. You can go and gamble. You have San Remo in Italy. You have Monaco. These are places that people look forward to going for a vacation where they can also gamble, and this is what we ought to be talking about here.

ASSEMBLYMAN ZANGARI: We're going to have that. We're going to have that for the State of New Jersey in Atlantic City. You can trust that.

Assemblyman Impreveduto?

ASSEMBLYMAN IMPREVEDUTO: Sheriff, I just need to tell you this: The enabling legislation that was put together to have gambling in Atlantic City also had in it that the moneys generated, the first 9.25% of all casino gross revenue -- not net profit, gross revenue -- be funneled directly to the State for specific programs. One of those specific programs is the \$2 prescriptions which enable senior citizens who are on reduced incomes to get the medication that they need for \$2. It also enabled day-care centers to be developed throughout the State.

SHERIFF JOB: That was part of our program.

ASSEMBLYMAN IMPREVEDUTO: This is what I'm telling you -- throughout the State. It did the shopping malls and other public projects in the urban areas in the impacted cities. What you're saying is something that-- There have been-- Right now, since 1984, there has been \$285 million in the State's CDRA -- CRDA rather, I'm sorry -- and over the next 20 years they're just spending \$1.4 billion. Had that enabling legislation said, "That money has got to go into Atlantic City to fix it up," I think you would see what you're looking at -- a Monaco which you would want to see.

However, the problem is, in the enabling legislation it stated that the money that was generated -- that 9.25% that was generated of gross income -- couldn't be spent on Atlantic City, but had to spread throughout the State for seniors and Medicaid; for seniors with busing, for senior housing, for shopping centers, for day-care centers, for helping the urban areas. Now what you're saying is, we shouldn't have done that--

SHERIFF JOB: No, I'm not saying that. What I'm--

ASSEMBLYMAN IMPREVEDUTO: Well, you are, because what you're saying is we didn't do anything for Atlantic City.

SHERIFF JOB: No, no. What I'm saying is this: We had a Governor in there for eight years who had the ear of the President of the United States, and all he had to do at that time was get to Washington and say, "Do what we did in Atlanta, Georgia. Declare all of Atlantic City a blighted area." That wasn't done. Nothing was done in the way of planning for the city itself. I don't care what you're giving to all of the poor people, and it's greatly appreciated, I know that. Can you walk beyond the Boardwalk? That's all I want you to tell me. I want any legislator in this State to tell me whether you would walk down the street, Atlantic Avenue, Pacific Avenue, after dark? And what have you got to look at when you come into the city? What are you looking at? You're looking at a sad, sad, broken-down, dilapidated city. That's what you're looking at. You could give me all the medicine you want, and I would appreciate it. I think the elderly people didn't expect as much as they got, because a lot of them--

ASSEMBLYMAN IMPREVEDUTO: And may, in fact, lose. They'd be in trouble

SHERIFF JOB: I agree with that, but what I'm saying to you, you know-- Hey, you could put on a tuxedo, and if you don't take a bath, you know, that tuxedo doesn't do any good. You stink. The trouble with our politicians is, they haven't made the proper application to their responsibilities down

there, and it's about time that someone did something about it. I'm ashamed of Atlantic City, and let me tell you this: It didn't help me politically after I went out and campaigned on its behalf, because a lot of people said, "Joe, how could you be associated with the mob?" I appeared in New York City on the Victor Rizer Show -- Dintino, the present head of the New Jersey State Police; the former head of the New Jersey State Police -- okay? -- Mr. Goldstein, the U.S. Attorney, and a plain ordinary Sheriff of Bergen County. And the very first thing Victor Rizer says, "How can you, a law enforcement official, be connected" -- okay? -- "connected with the mob?" I said, "I don't know what you're talking about. What mob?" I said, "Let me tell you something, Mr. Goldstein." I turned to him. "If what the records of Dintino," -- who was the head of the Intelligence Division of the State Police at that time -- "If they reflect accurately what's going to take place in Atlantic City, and if you, as the U.S. Attorney, can't do something about it, then you ought to resign; Dintino ought to resign; and Pagano ought to resign. All of you ought to resign if you can't do the job that you're supposed to be doing, if the intelligence report states the Mafia--" I asked Mr. Rizer, "What do you mean by Mafia? Explain what you mean by Mafia. I know what you're doing," I said, "I know who you're directing that to." "Oh," he says, "the Jewish Mafia, the Irish Mafia," you know, the Italian Mafia was last. But this is the kind of stuff that went on in 1976.

And I'm saying to you: from 1976 to the present time, very little has been done to do anything that would reflect favorably on Atlantic City, or reflect favorably on the legislators who are in Trenton at the present time; not so much the present time, but going back, like, from the beginning, during the entire Kean administration. Nothing was done down there.

ASSEMBLYMAN ZANGARI: Well, we're taking steps and action to rectify, at least through this Committee, some of the inequities that existed in the past. Again, I want to reemphasize that we're on a fact-finding mission, listening to some of the history that existed in the past, and hopefully we can correct some of the ills that transpired in those days. This is a young, vibrant group of legislators here, as noted. I think, you know, that I'm the youngest member here. (laughter)

SHERIFF JOB: Are you the youngest? Well, I played with his father. (witness points to Assemblyman McEnroe) I played baseball with his father, and he was a great ball player. If his son is anything like his father, he's a good legislator.

ASSEMBLYMAN ZANGARI: I want to thank you for your comments, Sheriff.

I do want to hear from the Reverend Charles Rawlings, who you've mentioned, and who has been mentioned quite frequently. I know that I received a lot of correspondence from him in the past, and I look forward to listening to him.

We're going to be asking you some-- You're going to stick around, right?

SHERIFF JOB: Thank you very much for permitting me to break--

ASSEMBLYMAN McENROE: Can I say something, Mr. Chairman? I just want to comment, for the record, that it's a great experience to be with the Sheriff of Bergen County. Joe has a formidable constituency, not only in Bergen, but around the State, and his comments and his admonitions about the future and this bill, we should take seriously, and we do. Thank you.

SHERIFF JOB: Thank you very much. Thank you.

ASSEMBLYMAN ZANGARI: Reverend Charles Rawlings.

REVEREND CHARLES W. RAWLINGS: Thank you, Mr. Chairman. I think I should also thank you for the broad education I've received throughout the day in the hearing, including the theological and scriptural lecture of the last presenter. (laughter) I'm glad that Chuck Hardwick wasn't here to hear about the ruination of a Lutheran congregation.

ASSEMBLYMAN ZANGARI: Well, his able assistant is here. She'll convey all the--

REVEREND RAWLINGS: She can carry the word.

I'm the Executive Director of the New Jersey Council of Churches, an association of 17 Christian denominations with 3000 local congregations in our State.

Our thesis is that legalized sports betting makes no sense, either as moral policy or as economic strategy. New Jersey, as we all know, has been one of the leading States that in asserting a relationship between legalized gambling and the public good. It is also a State where we can measure the results of that assertion, and we've just heard that eloquently with the last speaker. Atlantic City was to be relieved of its poverty, bad housing, inadequate education and job opportunities as the result of the million-dollar casino industry. Yet, as Mr. Job pointed out, a tour of that city reveals the urban blight typical of all our cities, with glittering wealth looming alongside abject poverty and a lack of opportunity for marginalized people.

I want to lay before you a characterization of the broad economic crisis New Jersey and the nation face, and ask that you and the Committee consider whether and how the expansion of legalized gambling responds either to the producer side or the consumer side of this crisis. The distinguished economic historian, Robert Heilbroner, wrote last week in the "New York Review of Books" as follows: "At the apparent zenith of its triumph, its enemies confounded, America seems headed

for disaster. What may seem a hyperbole is only to repeat what I hear, as an economist, on every side. The country is visibly decaying. I do not know of anyone who sees a bright future."

"The basic facts can be briefly summarized. For almost two decades, the United States has been suffering from what the economist Wallace Peterson calls a 'silent depression.' 'In spite of the vaunted prosperity of the Reagan years,' he writes, 'the real weekly income of a worker in 1990 was 19.1% below the level reached in 1973.'"

So, during all those years while we were developing casino gambling and seeking to use that as an economic development strategy in New Jersey, the fact is that the standard of living of New Jersey workers was declining.

I'm going to skip over a little bit of the long quote that I've given you in my written testimony. He goes on to say, "This seemingly contradictory state of affairs is the consequence of an unprecedented shift toward income inequality... What appears to be a positive, albeit miniscule improvement in the income of the 'average' family, is a statistical illusion arrived at by adding together a great many small declines with a much smaller number of substantial gains. If we look at income 'deciles' -- tenths -- between 1977 and 1988, we discover that real incomes declined in every family decile except the highest ones."

Skipping on to not use too much of your time, as I read his testimony -- his remarks -- he says only when we arrive at the final 5% of the population do we see where the gain occurred. "The income of the top 5% of families in 1988 averaged \$166,016. This was a 23.4% gain over their real income in 1977. The income of the top 1% in 1988 averaged \$404,566. This was up by 49.8% over the same period."

I want to say that the existence or proposal of laws that may produce certain benefits always must be weighed against the losses. One of the losses, I think, is certainly

the diversion of our attention from the need for fundamental economic development strategies, if we are tempted to believe that a reed as slender as the expansion of legal forms of gambling is any kind of contribution to, or substitute for, a diverse, competitive, and productive economy.

We believe legalized sports betting reflects a growing desperation across the country to solve very basic economic deficiencies in our economic life with extremely superficial measures. While there may be some economic benefit to pending proposals in certain states to legalize sports betting, such as-- I forget whether it's Minnesota or Wisconsin where they're proposing Nintendo-style, interactive connections to home television. That is not just a corruption of family life, but equally important, it is no substitute for sound, economic development strategies based on high quality education, productivity, and competitive prowess.

The real tragedy, Mr. Chairman, is that the whole State policy arena of proposed legalized sports betting promises little or no impact on the growing global competition that now finds the United States falling behind both the Western European economic powerhouse and the growing economic muscle of the Asian perimeter nations such as Japan, South Korea, and China.

In our view, the proposed revenue benefits of legalized sports betting are no substitute for the kind of long-term revenue and spending strategies New Jersey needs if its people are to be viable in this new and demanding world economy. We can't build this State's future at the racetrack.

Now I want to pause and say that it seems to be that that's one of the reasons why a referendum on this issue is not the route the Legislature should go. The Legislature needs to tackle the complexity of problems that we face. You are the elected representatives, and it seems to me that the process that we've set up in our government is for you to look at the

breadth and depth of these issues and to bring forth concrete policy proposals within the context of your legislative process.

We believe it is ludicrous to imagine that we can build our future around gambling strategies, and that it is exceptionally foolish to let our attention be diverted from the complex task of shaping fundamental policy initiatives to meet human needs in New Jersey.

As we consider proposals to legalize sports betting, we need to remind ourselves that legality and morality are not the same thing. The existence of a particular policy shaped into law is no guarantee that our children or our children's children will have a better future, or our State have better health.

Visions of a moral universe, to say nothing of idealism, are not what leap to our minds these days as we scan our newspapers. On the contrary, we have become a people hammered into a very tawdry corner by the seductive pressure of money and power, and the extraordinary ease with which we are led to believe that anything that can be installed in the marketplace has an inherent moral legitimacy.

Now we're faced with proposals to legalize sports betting at a time when every American family is desperately struggling to build a genuine moral platform under themselves and their children.

And I want to add that, as the Executive Director of the New Jersey Council of Churches, I'm in constant interaction with dozens, really hundreds of priests and clergy who are seeing the struggle that people are having in the face of the downturn of economic opportunities. This proposal to legalize and extend gambling is no answer to that struggle and to that crisis.

Legalizing sports betting, moreover, exerts a predatory and corrupting pressure on the children who will be tomorrow's leaders, in our opinion. Evidence reported recently

indicates that we're facing a rise in teenage gambling linked to state lotteries. And I think, perhaps, Valerie Lorenz was already quoted earlier this morning by the NFL witness, and I would extract from the comments in "Time" magazine, this remark: "The message they're conveying is that gambling is not a vice, but a normal form of entertainment."

Now here are families trying to survive, struggling in an atmosphere of great difficulty, with more and more diversions and temptations from sound, moral practices and sound economic life being thrust at them.

It is an entirely and especially pernicious idea to move, I think, in this direction, because in our country's sports tradition we have established a training ground for moral experience and decision-making. Traditionally, in thousands of schools and youth athletic club programs, we seek not only to teach young people self-discipline and self-development, but also to teach early lessons that the vigor and joy of life lie more in the effort and struggle than in the victory. It's in athletics that we have sought to teach young people to accept defeat as part of life and to savor with some humility the limited returns of victory. Competitive sports is one of the places we teach young people the grace of cooperation and tolerance; and it is our national professional athletes that they watch for signs of what it means to be human, to take your knocks, and to keep trying.

It makes no sense to enlarge the influence of gambling in an arena where we try to mold youth to good character. Legalized sports betting makes no sense either as moral policy or as economic strategy.

When we polled the Governing Board of the New Jersey Council of Churches, 60 members, without a single dissenting vote, voted to support Senator Bradley's proposed initiative, "The Professional and Amateur Sports Protection Act," which would prohibit sports gambling, as you know, conducted pursuant

to State law. We urge New Jersey's State legislators, and we urge this Commission, to turn your backs on proposals to legalize betting on either professional or amateur sports.

I thank you, Mr. Chairman, for the privilege of giving me the opportunity to make these comments. I'd be happy to respond to any questions any of you may have.

ASSEMBLYMAN PENN: Not a question, Reverend, but when you did the economic analysis and we talked about the workers, everything changed since 1973 -- 1972, I think. We went off the gold standard. That may be part of our problem.

REVEREND RAWLINGS: Because we went off the gold standard?

ASSEMBLYMAN PENN: Yes, it made a big difference in the value--

REVEREND RAWLINGS: Well, it was also the year of the oil price shocks. It's when we discovered we were involved in a global interdependent economy.

ASSEMBLYMAN ZANGARI: You cited many income figures. Where did you get the numbers?

REVEREND RAWLINGS: I was reading a statement from the economic historian, Robert Heilbroner, which appeared in "The New York Review of Books" in a discussion of current literature on our economic crisis, and I was quoting from that. It was published last week, and it's an error on our part that we don't have the date of the publication in here. I'll be glad to supply that to you.

ASSEMBLYMAN ZANGARI: Can I get a clarification on something? Are you saying that you feel that Atlantic City would be better off without the casinos?

REVEREND RAWLINGS: No. I said that the notion that by creating a casino industry we would, among other things, redevelop and overcome the poverty of Atlantic City, has not been borne out by our experience.

ASSEMBLYMAN IMPREVEDUTO: You're right, as far as the poverty in Atlantic City goes. But, again, I need to stress that had the money that the casinos put into the Casino Reinvestment Fund only been used for Atlantic City, I think you would have. It might today, after the hundreds of millions of dollars that were put into the State, again, to see that our seniors got the medication that they needed if they weren't rich enough to afford it. You know, Mr. Halpern (phonetic) doesn't point that out; doesn't point out where some of the dollars did go. Maybe our income is down, but we are affording certain citizens the ability to afford medication that they may not have been able to get, had we not had that.

REVEREND RAWLINGS: I tried not to use your time, but in my written text I acknowledged that that benefit exists. Of course, we're now hearing that the casinos are in trouble, and we're hearing that we may not be able to extend those benefits as we have in the past.

But, Mr. Impreveduto, let me just point out to you: I know sometimes people don't understand why the religious community is discussing economics, but 10 years ago the Roman Catholic Church in America and the major Protestant denominations began publishing documents and theological texts about the need to establish in the United States economic justice. And we have, in the life of our churches, moved to look at what is going on not only in our own communities, but around the world.

What I see is a burgeoning-- What our world church leaders report to us -- and our connection, as you know, is throughout the world-- They report the tremendous accomplishments of the European economy, even Italy, which has never been ranked among the top economic leaders in the country (sic). In Italy, intricate programs of flexible manufacturing networks have been created. Manufacturing has been brought into the neighborhood level. One man does the design on a

CAD-CAM computer in his garage. The man across the street designs the system for a manufacturer of that item. Up the street they have mass production systems at the neighborhood level. While all that's going on in Europe, while we are becoming, not a major league player any longer as a nation, but a Triple A League ball city, and we're talking about casino strategies and gambling strategies as a source of revenue and as a source of economic health, the rest of the developed world is working on ways to educate, technologize their work force, and create interrelated schemes of manufacture and economic development. And the contrast, I think, is striking.

ASSEMBLYMAN IMPREVEDUTO: Interesting that you point that out. I heard an economist who I feel is renowned, from Brown University where he received his Ph.D. I read the magazine article. You can agree with him or not. He espoused the same thing you said. And do you know why Europe is able to do that, and why the United States isn't? Because they don't believe in Europe in supply side economics. The government has gotten involved. Here, we don't; it's laissez-faire, as you well know. And that's the big difference in why we don't see what's happening in Europe in the United States today.

REVEREND RAWLINGS: My only comment would be that that is one of the reasons why it seems to me that you as the elected legislators need to tangle with these issues at a policy level and keep them your prerogative: What is the legitimate and appropriate role for government in restimulating and redeveloping the American economy? That, by the way, is the moral task. I use the term "moral" in my testimony, and people so often think that that is a reference to individual private behavior. We're really talking about the common good, the needs of the public interest, and that's the task that we elect you, as legislators, to address.

ASSEMBLYMAN IMPREVEDUTO: You're correct, but I need to say something else. I've been thinking about it and saying, "Should I say it; shouldn't I say it?"

ASSEMBLYMAN ZANGARI: Don't say it.

ASSEMBLYMAN IMPREVEDUTO: No, I'm going to say it.

You know, we look at gambling, and the Council of Churches looks at gambling, and 60 out of 60 said no, we shouldn't go that route. It's not the way to go. But yet, when the church needed money, which way did it go? Bingo. What is bingo? It's gambling. I'm not saying that sarcastically. I'm saying that there's somewhere here that I'm getting a mixed message. Somewhere in my brain I'm getting a message that says--

ASSEMBLYMAN ZANGARI: The devil's talking to you.
(laughter)

ASSEMBLYMAN IMPREVEDUTO: Yeah, maybe.

REVEREND RAWLINGS: We are, Mr. Impreveduto, a divided community in the religious community--

ASSEMBLYMAN PENN: I'd like to--

ASSEMBLYMAN ZANGARI: Assemblyman Penn wants to get into this.

REVEREND RAWLINGS: I have to tell you that my side of it doesn't do bingo. (laughter)

ASSEMBLYMAN IMPREVEDUTO: I understand, but it's not just the Catholic Church, which I'm part of. You know, we have the synagogues doing it. We have everybody that wants to do it, can do it. At the same time, I'm hearing--

REVEREND RAWLINGS: But, as State policy? That's a whole different picture.

ASSEMBLYMAN IMPREVEDUTO: No, but what you're saying to me is that gambling isn't good. It's not the way to raise money. We need to look at other ways to do it. But, at the very same time, the same people that are saying to us, "This is not the way to go," are the ones doing it. So, I'm confused.

REVEREND RAWLINGS: Well, I want you to hear me very clearly. The New Jersey Council of Churches represents a religious community that does not support, nor practice, gambling in any of its churches.

ASSEMBLYMAN IMPREVEDUTO: Including bingo?

REVEREND RAWLINGS: I beg your pardon?

ASSEMBLYMAN IMPREVEDUTO: Including bingo?

REVEREND RAWLINGS: Including bingo. There is no bingo practiced in the churches of the New Jersey--

ASSEMBLYMAN IMPREVEDUTO: Are there Catholic Churches part of this?

REVEREND RAWLINGS: The Catholic Churches are not a part of the Council. Don't get me into a religious war here.

ASSEMBLYMAN ZANGARI: No, no. Assemblyman Penn would like to--

ASSEMBLYMAN PENN: I was just addressing the issue here, and I'm not making a judgment one way or the other on gambling. But I look at it a little bit differently. We talk about bingo and we talk about betting on athletes, and I think that gambling is already a fact in New Jersey. We have it. I think this is two different issues. I mean, going down and going to a bingo parlor and then going out and betting the game-- I think there's a double moral standard there which I feel a little differently about than maybe somebody else does.

ASSEMBLYMAN IMPREVEDUTO: I wasn't equating it with sports gambling; I was equating it with gambling in general.

ASSEMBLYMAN PENN: Okay. Right now we're talking about sports betting.

REVEREND RAWLINGS: I'm going to have to call my friend, Archbishop McCarrick, as soon as I get out of here, to make sure he and I-- (laughter)

ASSEMBLYMAN ZANGARI: Thank you very much, Reverend. I've two raffle tickets to get you on the way out-- (laughter)

REVEREND RAWLINGS: How much do they cost? (laughter)

ASSEMBLYMAN IMPREVEDUTO: We'll give you two to one.

ASSEMBLYMAN ZANGARI: We have Ray Funkhouser of Garden State Games. In summation, you could stay here, maybe? Assemblyman McEnroe has a couple of questions. He's been listening very, very intently.

The mike is yours.

R A Y M O N D C. F U N K H O U S E R: Thank you. My name is Ray Funkhouser and I am Executive Director of New Jersey Garden State Games. I thank you for the opportunity to come before this group to comment on Assembly Bill No. 3009. I come here representing the New Jersey Garden State Games Committee, Inc.

The Garden State Games Committee, Inc. is a private 501 (c) (3) nonprofit corporation established in 1983. The Garden State Games is an Olympic-style, multi-sports festival open to all New Jersey amateur athletes, and is designed to accommodate all ages and skill levels. Currently, 29 different sports are part of the Garden State Games. Since 1983, over 100,000 athletes have participated in the Garden State Games.

The purpose of the Garden State Games is to:

- * Inspire New Jersey residents of every age and skill level to develop their physical abilities.

- * Encourage all New Jersey residents to participate in regular physical activities.

- * Promote physical fitness and sports activities as a means of improving the health of New Jersey's amateur athletes, with the opportunity to compete in a statewide, multi-sport, Olympic-style setting.

- * Encourage New Jersey athletes to develop their athletic skills to their fullest potential and reach higher levels of competition.

- * Improve the quality of life throughout New Jersey.

- * Create positive peer pressure on and off the playing field among New Jersey's residents.

Now, the Garden State Games is a member of the National Congress of State Games. The National Congress of State Games is a member of the United States Olympic Committee. The United States Olympic Committee recognizes the contribution that State Games make to the development of sports

through actual competitions and through other important parts of our society. State Games' programs are measured according to the highest principles of amateur sports and the philosophies of the Olympic movement.

I mentioned all these things because these are really the principles by which sport is all about.

The Garden State Games is vehemently opposed to Assembly Bill No. 3009, and any bill that legalizes sports betting. This bill, if passed, would be extremely destructive and devastating not only to the Garden State Games, but the role that sports play in the positive development of values by our youth.

In the philosophical arena, this type of legislation runs counter to everything that sport stands for. We cannot afford to see the measure of athletic success change from the athletes doing their best to someone else setting how good or not good they should be on that particular day.

Youths do look up to sports figures, and these figures have a very positive influence on the values that many people, both young and old see as important. We already see many mixed messages sports figures are sending to our youth that reflect many other problems in our society -- drugs, moral issues, salary disputes, etc. Adding betting on athletic performances to this list will be the most damaging of all, and will destroy the value of sport in our society.

This bill would also have very direct consequences through New Jersey. I fear Bill No. 3009 could be the end of not only the Garden State Games, but many of the grass-roots athletic development programs in the State. I don't know if the Garden State Games could survive. The Garden State Games is funded by a State grant, which many of you are aware of, and corporate sponsorships. With the reduction in State funds, increasing corporate funding is a must for us to be able to reach all of New Jersey's athletes. New Jersey is already one

of the more difficult states for amateur athletes to thrive in. We are part of two of the largest sports markets in the country. We have to compete with all the professional teams for sponsors, spectators, and exposure. Even now, many results of New Jersey's amateur sports competitions are not listed in the paper, but bumped for horse racing results from tracks that aren't even in New Jersey. Would we now have results from other states' games being covered because there's a line on them? I certainly hope not. Many of the athletes in the Garden State Games are Olympic hopefuls. The only recognition many of them get in supporting their efforts to get to the top rung of the ladder is through the Garden State Games. Without exposure, the Garden State Games could not survive.

The wording of the bill itself gives me concern that some of our sports in the Games could be bet on. That puts too much added pressure and sends the wrong message to New Jersey's athletes. But beyond that, sports betting of any type is wrong, and the support for this sports betting is not coming from the people that it affects most -- the athletes.

I have been an athlete that has been competing continuously for 26 years. I've been a National Champion, American Record Holder, represented the United States internationally, and last year in 1990, was top ranked in my age group. According to this legislation, people could bet on many of my competitions when I'm competing out-of-state. Most of my national level competitions are out-of-state. I have not trained for 26 years, for this. I still compete because I enjoy it. Being physically fit has helped me lead a more healthy, active life, and has taught me the values of discipline, goal setting, and hard work. I would have to give all this up rather than to risk even the slightest hint that my performance was suspect. This is the type of devastating effect this legislation would have.

Even if the revenues from this legislation eliminated all our deficits, it would not be worth the cost.

Thank you.

ASSEMBLYMAN ZANGARI: Thank you. Does any member want to--

ASSEMBLYMAN PENN: I agree.

ASSEMBLYMAN ZANGARI: We commend you for your efforts, your testimony here today.

Does any member of the general public want to make a statement?

Mr. Sheridan, our distinguished Commissioner? (no response)

Okay. In closing, I want to thank my Committee and everyone in this room. And I want everyone to know that I personally do not gamble and I do not condone gambling. I believe in earning wages through hard work in order to put food on the table, not through pie in the sky gambling dreams. Moreover, I believe in people. I represent a wide variety of constituency and I respect the power of the electorate to make the right choice for our State.

We will be conducting hearings in Bergen County, Ocean County, and Atlantic City, in the near future. The members of the Committee will put a bill together and decide whether we're going to put a bill together-- Let's rephrase that. And if they decide to put a bill together, then we're going to go forward and bring the bill up to the floor for a vote and let the fate--

ASSEMBLYMAN PENN: Thank you, Mr. Chairman, for your hospitality today. The pastries were delicious and it was a good meeting. I think you ran a very professional hearing.

Thank you.

(MEETING CONCLUDED)

APPENDIX



NATIONAL BASKETBALL ASSOCIATION

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**Statement of Gary B. Bettman, Sr. Vice President & General
Counsel of the National Basketball Association
Assembly Independent Authorities Committee
October 24, 1991**

Good morning. Chairman Zangari and members of the committee, I am Gary Bettman, senior vice president and general counsel of the National Basketball Association. I am joined today by Willis Reed, vice president and general manager of the New Jersey Nets. We appreciate the opportunity to present to you the views of the NBA and its member teams on sports betting, particularly those concerning Assembly Bill 3009 which would permit racetracks to conduct wagering on sporting events.

The NBA and its teams strongly urge you to oppose any legislative initiative that would legalize sports betting in New Jersey. The NBA has achieved international recognition that its athletes are among the finest in the world, competing in honest, exciting and hard-fought games. Some of these athletes will soon be representing the United States in Olympic competition. Legalized sports gambling in New Jersey would have a potentially devastating impact on our league and its players. I would like to make several specific points in support of that view.

I. SPORTS BETTING CHANGES THE INTERESTS OF OUR SPECTATORS FROM THAT OF FANS TO THAT OF BETTORS WHO ARE FIRST AND FOREMOST INTERESTED IN BEATING THE POINT SPREAD.

At the core of the NBA's success is a special relationship between our fans and our players, and the recognition of our players as premier entertainers of world-class stature. Our players have attained a special level - Larry, Magic, Michael and Patrick - first names are enough to evoke the images of spectacular skill and tough competitiveness that these players embody.

All this is threatened if our games and our players become the object of wide-spread, state promoted or state sanctioned gambling. No one has said it more eloquently or forcefully than Senator Bill Bradley of New Jersey: "Don't turn athletes into roulette chips."

What happens when a person gambles on a game? That fan's perspective on both the game and the players instantly changes. The bettor is only interested with the game's ultimate point differential, regardless of who wins or loses. Missed baskets by players, strategic decisions by coaches and every referee's whistle comes to be viewed through the prism of its impact on the betting line rather than on the performance of the teams and their players.

In essence, what sports betting does is transform the betting line into the bottom line. If New Jersey Nets fans begin to leave the Brendan Byrne Arena after a Nets victory feeling

disappointed or even cheated because the Nets didn't cover the point spread, the special relationship between the New Jersey Nets and their fans is substantially and potentially irreparably altered and the NBA is damaged. For these fans, the entertainment value of our games has been replaced by the profit motive.

For example, take a scenario in which the Nets are favored by five points over the Knicks in a game at the Brendan Byrne Arena. With a few seconds left, and the Nets leading by just four, Derrick Coleman rebounds Patrick Ewing's missed shot. Sound winning basketball strategy would compel the Nets to simply hold on to the ball and run out the clock. However, as they do this and win the game, thousands of Nets fans, having placed their bets at the racetrack at the other side of the Meadowlands parking lot, begin to boo because their team isn't trying to beat the spread. The fact that the Nets have just defeated their arch rival is lost on these fans who tear up their betting slips as they leave the arena. This is not, I submit, what our game is intended to be about or a scenario you should encourage for New Jersey.

II. LEGALIZED SPORTS BETTING UNFAIRLY PLACES ATHLETES AND THE GAMES UNDER A CLOUD OF SUSPICION AND COULD ERODE PUBLIC CONFIDENCE IN ORGANIZED SPORTS.

Gambling on sporting events inevitably gives rise to suspicions of "fixing." Beyond merely shifting the fan's focus from winning the game to winning a bet, when a fan has money riding on a team

to cover the spread, normal incidents of the game such as missed shots, turnovers, referees' calls and coaching strategy, will inevitably fuel the fires of speculation, suspicion and accusations of point-shaving or game-fixing. All of this can occur even when totally baseless and unfounded.

The potential for injury to the league, its teams and its players is very real. Public opinion surveys conclusively demonstrate that while the public has a high degree of confidence in the integrity of professional baseball, football and basketball, it has much less confidence in the integrity of sports traditionally associated with wagering.

Moreover, the mere suspicion of a fix, no matter how unwarranted, can seriously harm a sport's popularity by placing its integrity in question and by creating associations in the public's mind between the game and unsavory characters. New Jersey has its own history here with the problems that plagued the Seton Hall basketball program in the 1950's. More recently, we have seen the tragedy of the Pete Rose scandal, Art Schlister's continuing effort to overcome compulsive gambling and seek reinstatement in the NFL, and accusations of point shaving at North Carolina State. These are all too vivid reminders of the clear and ever present threat that gambling poses to the integrity of sports.

III. LEGALIZED SPORTS BETTING WOULD ADVERSELY IMPACT THE MOST VULNERABLE ELEMENTS OF OUR SOCIETY.

Children and teenagers are among the most avid of sports fans. Professional basketball players are often idolized and held up to our youth as role models. I respectfully submit that New Jersey should not be suggesting to its children that their sports heroes are performing in a game to which gambling is an acceptable, and encouraged adjunct.

This unhealthy mixing of sports and wagering takes on its most odious form in Assembly Bill 3009 which would permit such wagering right in the same complex with Giants Stadium and the Brendan Byrne Arena. Can you imagine fans taking their children to games and first stopping by the racetrack to place a bet. Will the Sports Authority be posting the point spread on its billboards outside the Meadowlands complex and encouraging fans to wager? How soon will they be back before your committee asking to just move the pari-mutuel machines from the track right into Giants Stadium and the Brendan Byrne Arena?

I respectfully submit to you that the end result of this process will be to transform Giants Stadium and the Brendan Byrne Arena into little more than jai-alai frontons.

The net result of this state-supported intermingling of sports and gambling is that children coming to our games will be introduced to wagering on sports at an early age, thereby

detering some parents from bringing their children to sporting events at the Meadowlands.

IV. LEGALIZED SPORTS WAGERING DOES NOT DIVERT MONEY FROM ORGANIZED CRIME.

One of the great myths offered by the proponents of legalized sports betting is that the state can somehow successfully compete with organized crime. It can't.

New Jersey's own law enforcement experts have rejected legalized gambling as a means of deterring illegal activity. I call your particular attention to the report submitted by Director Anthony J. Parrillo of the Division of Gaming Enforcement (June 20, 1988) entitled PROPOSAL TO CONSOLIDATE ALL LEGALIZED GAMING ENFORCEMENT FUNCTIONS WITHIN A SINGLE AGENCY OF THE DEPARTMENT OF LAW AND PUBLIC SAFETY. You may wish to particularly review the section on legalized gambling and its impact on illegal gambling which begins at page 186 of that report. The report cites expert testimony from state and federal law enforcement officials. Let me quote from just two. First, then New Jersey State Police Superintendent Clinton Pagano testified that "the legalization has no or little negative effect on illegal gambling in New Jersey." He then added that "legalization of gambling has augmented in many respects organized crime enterprises, giving them new opportunities to spread out and operate."

John McGinley, Special Agent In Charge of the FBI's New York-New Jersey office testified that legalized gambling "created a new

market of gamblers that does not either compete with illegal groups or hurt their operations at all. It has, though, created an even broader acceptance of gambling and has made it harder for law enforcement to verbalize why illegal gambling should be prosecuted."

The law enforcement community knows that state sanctioned sports wagering will only serve as a lure to eventual participation in the illegal sports betting market. Many persons first introduced to sports betting through state sanctioned betting opportunities will eventually turn to illegal book-makers who offer better odds, credit and tax-free winnings. There is a substantial likelihood that legalized sports gambling will actually increase the incidents of illegal gambling and its attendant problems of crime, financial insolvency and family discord.

V. SPORTS BETTING DOES NOT REPRESENT A SIGNIFICANT, LONG-TERM STABLE SOURCE OF REVENUE FOR NEW JERSEY.

There are only so many gambling dollars to go around. New Jersey already has an abundance of gambling opportunities in its state lottery, racetracks and casinos. Legalized sports betting in New Jersey may draw money away from these existing forms of gambling and not produce the additional significant revenue that its proponents are suggesting.

Let's look at the experience of other states that have experimented with legalized gambling. In neighboring Delaware, a football lottery was attempted in 1977. It was discontinued

after only a few months because of disappointing and diminishing revenues.

Similarly, in 1989, Oregon introduced its Sports Action game, confidently predicting large weekly revenues. Oregon's net revenue from basketball Sports Action in 1989/1990 averaged less than \$15,000 per week - less than one-tenth of what had been projected. In part because of these poor revenues, and in part because of a lawsuit brought by the NBA to protect the ownership rights to its games and the manner of their exploitation, Oregon discontinued its Sports Action basketball game after just one season.

Although single game wagering, such as what takes place in Nevada, might generate additional revenue, this revenue comes at a great societal cost. The higher bets and payoffs associated with single game wagering magnify perceptions of game-fixing and point-shaving as well as the societal problems related to compulsive gambling. The convenience to gamblers from New Jersey, New York, Pennsylvania and other eastern states of placing a wager at betting parlors located at racetracks throughout New Jersey, as opposed to the inconvenience of placing a bet in Nevada, will only foster an environment that encourages unhealthy levels of gambling. Moreover, the threat of sports betting tainting professional sports teams is much greater in New Jersey, home to a number of teams and nearby to teams located in Pennsylvania and New York, than in Nevada, which is not the home of any professional team. Simply stated, the societal cost of

sports betting in New Jersey will far outweigh any revenue that it generates.

In the past year and a half, numerous state legislatures, feeling a fiscal crunch, have considered bills to legalize sports wagering. In every case where such action has been taken, the proposed bills have been rejected. In Rhode Island, Illinois, Kentucky, Montana, North Dakota, the District of Columbia and in at least ten other states across the country, legislators have recognized the true ramifications of legalized sports betting. Its dangers far outweigh any possible benefit.

For all these reasons we urge you to reject legalized sports wagering in any form in New Jersey.

Joe Calabrese's picks

RUTGERS (5-1) OVER x-PENN STATE (5-2) taking 25½ — The one thing that the Knights are good at is defense and parlay that with what should be a natural letdown by a Nittany Lion team that lost all hope for a national championship last week in Miami. Penn State, 23-0.

WEST VIRGINIA (4-2) OVER x-BOSTON COLLEGE (1-4) taking 1½ — Eagles have clearly improved and had last week off to prepare for the inconsistent Mountaineers. The deciding factor here, however, will be defense. West Virginia, 17-14.

SYRACUSE (4-2) OVER x-PITT (5-1) giving 2½ — In the famous words of Meadowlands Race Track guru Hollywood Heyden, this one ought to be a "jogola." Syracuse, 31-14.

x-TEMPLE (1-5) OVER NAVY (0-5) giving 17 — Owls' coach Jerry Berndt suffered dizzy spells after last week's bitter 10-9 loss at West Virginia. If he has a recurrence tomorrow, it'll be from watching QB Trent Tucker fill the air with TD bombs. Temple, 38-14.

x-VIRGINIA TECH (2-4) OVER CINCINNATI (2-4) giving 27 — Why is this spread so huge? Tech has scored 22 or more points in one game this season. Something's fishy ... and that's why I like the Hokies. Tech, 45-14.

ARMY (3-3) OVER x-LOUISVILLE (3-3) taking 9½ — Mark it down. If Cadets fumble less than four times, it's a blowout. These Cards have folded. Army, 24-20.

x-VIRGINIA (3-2-1) OVER NORTH CAROLINA (4-1) giving 8 — Tar Heels can score, but they seem to be a tad overrated and especially so on the road. Cavaliers are coming on. Virginia, 27-10.

Last week: 6-1

Record to date: 17-16

TESTIMONY
Of
THOMAS D. CARVER, PRESIDENT
CASINO ASSOCIATION OF NEW JERSEY
Before
The
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

Irvington Municipal Hall Council Chambers
Civic Square
Irvington, New Jersey
October 24, 1991
10:00 a.m.

Good morning Mr. Chairman and members of the Committee.

My name is Thomas D. Carver, the President of the Casino Association of New Jersey which represents 10 of the 12 operating casinos in New Jersey.

We deeply appreciate the opportunity to speak with you today about a topic which is of vital interest to our state and our industry.

This is the first hearing by the State Legislature on this topic. We hope that it is neither premature nor that it will be the last of such sessions. Unfortunately, there are some who oppose the introduction of sports wagering in New Jersey, who would like to deny you and your fellow legislators, as well as our citizens, the opportunity to debate these issues and to determine on their own motion whether or not to offer this attraction in New Jersey.

As you are aware, Mr. Chairman, the professional sports leagues and several other groups have and continue to support federal legislation which would ban such activity in all states except Nevada, Delaware and Oregon. If they are successful, New Jersey voters and their elected representatives will be precluded from voicing an opinion on this issue. Our position is quite the opposite. Let the voters of New Jersey decide after a full and open debate which would include such factors as the future of the casino industry in New Jersey, the future of the Casino Revenue Fund, the future of the Casino Reinvestment Development Fund and the future taxation policies of the state and the effects on the citizens of New Jersey.

It will be alleged, Mr. Chairman, that we are a special interest. To this we plead guilty. We admit that an industry which has invested \$5 billion in Atlantic City, which has rescued virtually all of southern New Jersey from economic stagnation and which represents about 4% of the state budget is indeed a special interest.

We admit that we consider our 43,000 employees and the other 30,000 people who indirectly earn their living in New Jersey as a result of our presence are special interests. We believe the 10,000 or so businesses in New Jersey who share in the more than \$1.4 billion in annual purchases by this industry in this state are special interests.

We think the millions of seniors and thousands of disabled New Jerseyans who are dependent on us are special interests. We believe that you, Mr. Chairman, and your colleagues are placed in a position of trust by the people of this state in order to consider these interests and their importance to the state. You not only have the right but the obligation to analyze and debate these issues.

May I provide background on our industry. Casino gaming has a public purpose in New Jersey, and as noted, it represents almost four percent of New Jersey's \$12.3 billion 1991 budget. Together with racing and the state lottery, this figure increases to almost seven percent.

The first 9.25 percent of all casino gross revenues is funneled directly to the state for specific programs outlined in our enabling statute. The first 8% supports the Casino Revenue Fund (CRF). Since 1978 until today, the industry has produced more than \$2 billion for the CRF which supports programs for the state's senior citizens and disabled. These include pharmaceutical assistance, whereby seniors may purchase prescriptions for \$2.00, in-home health care, utility subsidies and homestead and property tax exemptions.

In addition, 1.25% of casino gross revenues supports reinvestment in housing, day care centers, shopping malls and other public projects in the state's urban impacted cities, such as Newark, Camden, Paterson, Jersey City, Lakewood, Pemberton and Bridgeton. This is in addition to the millions now invested in Atlantic City. Since 1984, more than \$285 million has been turned over to the state's CRDA fund. Over the next twenty years, we anticipate this fund will reach \$1.4 billion.

These programs are unique in the United States, and they are in deep financial difficulty. The funds are running dry. Sports wagering alone will not rescue these funds. That will take intelligent, perhaps courageous political and social leadership. However, this activity will go a long way towards addressing the existing deficits. In Nevada casinos during 1990, \$1.7 billion was wagered on sporting events. Taking into account the population base upon which New Jersey casinos draw from, we believe that incremental increases in casino revenues resulting from the availability of sports betting in Atlantic City casinos could yield in excess of \$18 million in new taxes based upon our current tax structure. Again, it's not the total answer to bailing out these funds, but it will help.

Sports book in Atlantic City casinos should not be New Jersey's issue for 1992. The real issue should be what is New Jersey doing to assure the survival and growth of its critical casino-tourism industry in the face of attempts to legalize casino gaming in Connecticut, New York, Pennsylvania, Florida and all states bordering the Mississippi, Ohio and Missouri Rivers.

The present financial status of New Jersey casinos is a matter of deep concern. For the past several years our market has remained static, and gross revenues actually began to decline. This has a direct and immediate negative impact on the state itself. The majority of our houses have, in fact, been

operating in the red. The State Legislature, cognizant of the need to address this situation, this year passed legislation which will allow us more operating hours and greater flexibility to respond to market forces.

We not only directly employ more than 43,000 people in Atlantic City, including more than half of the city's resident work force, but we buy over \$1.4 billion in goods and services from New Jersey companies in each of our 21 counties annually. Some 30,000 other New Jerseyans are employed indirectly through casinos.

Balancing the equities, we respectfully submit that we are far more important to the economic future of New Jersey than those who would oppose us today.

This brings us to the issue of sports book. As you are aware, Nevada and Oregon already offer sports book either in casinos or in the case of Oregon, through the state lottery. The legislation under consideration through the United States Senate would grandfather those states while banning sports wagering in the other 47. This is neither fair nor equitable, nor should it be a matter of federal decision.

The reason that casino sports wagering and other forms of gaming are being introduced or actively pursued in Colorado, Iowa, Illinois, Indiana, South Dakota, New York, Pennsylvania and Connecticut, to name a few states, is quite simple. States, counties and cities are facing a revenue crisis at the same time the federal safety net for transportation, medicare and other support systems has been taken away. States and cities have reached the end of the taxation road - the public will not support continued increases. Therefore, more and more, public officials are looking for sources of revenue outside of the normal taxation process. They are not unaware of the economic track record produced by casinos in Nevada or New Jersey and lotteries in other states.

The federal government has indicated it will no longer play a major funding role in programs it has assigned to the states. Will it also deny state citizens the basic American privilege of expressing their views at the ballot box to determine whether they will approve or disapprove sports book as an attraction and a revenue source?

It has been argued that the spread of sports book would destroy the games, compromise the players and undermine our children's heroes. Our national system of sports leagues continues to function and flourish beside existing legal sports book operations in the two aforementioned states. In fact, the leagues continue to grow and expand despite the existence of a national network of illegal gaming operations. Very few would disagree. In fact, Fay Vincent, the respected Commissioner of Baseball, recently told a group of reporters, "You know as well as I do how many people standing here can't tell me they haven't bet with a bookie in football or basketball. It's become a part of America's culture." If anyone has undermined our children's heroes, it has been professional sports, not outsiders. We shall have much more to say on these issues during the coming months.

New Jersey is part of America. We should be permitted the privilege of determining whether our citizens wish to have the ability to wager on an athletic contest. We have already proven that gaming operations can be conducted with the highest standards of integrity. If given the opportunity by New Jerseyans, we shall prove it again.

STATEMENT OF DAVID CORNWELL
ASSISTANT COUNSEL
NATIONAL FOOTBALL LEAGUE
before the
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
NEW JERSEY GENERAL ASSEMBLY
October 24, 1991

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY NAME IS DAVID CORNWELL. I AM ASSISTANT COUNSEL FOR THE NATIONAL FOOTBALL LEAGUE AND I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO EXPRESS THE NFL'S STRONG OPPOSITION TO ASSEMBLY BILL 3009, WHICH WOULD AUTHORIZE SPORTS GAMBLING AT RACETRACKS.

MR. CHAIRMAN, WE DO NOT WANT OUR GAMES USED AS BAIT TO SELL GAMBLING. LEGALIZED SPORTS GAMBLING FUNDAMENTALLY THREATENS PUBLIC CONFIDENCE IN THE INTEGRITY OF NFL GAMES -- AND, ULTIMATELY, THREATENS THE INTEGRITY OF THE GAMES THEMSELVES.

GAMBLING BRINGS UGLINESS TO SPORTS. FROM THE "BLACK SOX" SCANDAL IN 1919, TO THE RECENT PETE ROSE GAMBLING CONTROVERSY IN BASEBALL, GAMBLING HAS BEEN A SOURCE OF DISHONOR AND SHAME FOR PROFESSIONAL AND COLLEGE SPORTS ALIKE.

- 2 -

TO PREVENT GAMBLING FROM TAINTING OUR SPORT, THE NFL STRICTLY PROHIBITS CLUB OWNERS, COACHES, PLAYERS AND ANYONE ELSE CONNECTED WITH PROFESSIONAL FOOTBALL FROM GAMBLING ON NFL GAMES OR ASSOCIATING IN ANY WAY WITH PERSONS INVOLVED IN GAMBLING. ANYONE WHO DOES SO FACES SEVERE DISCIPLINARY ACTION BY THE COMMISSIONER, INCLUDING LIFETIME SUSPENSION. THE BILL BEFORE YOU WOULD CLEARLY JEOPARDIZE OUR ABILITY TO ENFORCE THESE POLICIES.

OUR BEST RUNNING BACKS OCCASIONALLY FUMBLE IN CRITICAL SITUATIONS, OUR MOST SKILLED LINEMEN MISS IMPORTANT BLOCKS, OUR FINEST DEFENDERS MISS TACKLES, AND OUR TOP QUARTERBACKS SOMETIMES THROW INTERCEPTIONS. THE DECISIONS OF OUR BEST COACHES SOMETIMES BACKFIRE. OUR GAME OFFICIALS ARE CONSTANTLY SECOND-GUESSED ON IMPORTANT CALLS.

ALL OF THESE EXAMPLES OF HUMAN IMPERFECTION ARE INEVITABLE PARTS OF THE EXCITING COMPETITION OF NFL FOOTBALL -- AND ALL OF THEM CAN AFFECT THE "POINT SPREADS" ON WHICH FOOTBALL BETTING IS BASED. LEGALIZATION OF SPORTS GAMBLING WOULD CREATE A PERVASIVE CLIMATE OF SUSPICION ABOUT ANY CONTROVERSIAL PLAY. INDEED, IT WOULD THREATEN TO CORRUPT THE GAMES THEMSELVES.

FROM MY EXPERIENCES PLAYING BASKETBALL IN HIGH SCHOOL AND ON THE COLLEGIATE LEVEL I CAN TELL YOU THAT THE IMPACT OF THE ASSEMBLY'S BILL ON

- 3 -

THE YOUTH OF AMERICA WILL, OVER TIME, BE DEVASTATING. TO YOUTH THROUGHOUT OUR NATION, SPORTS REPRESENTS COMPETITION, INTENSE COOPERATION AMONG ATHLETES, SELF-EVALUATION, TEAMWORK, SUCCESS THROUGH PREPARATION, MOTIVATION AND SPORTSMANSHIP.

PASSAGE OF BILL 3009 WILL MEAN THAT PROFESSIONAL SPORTS REPRESENT THE FAST BUCK, THE QUICK FIX, THE DESIRE TO GET SOMETHING FOR NOTHING. THE FACT THAT 3009 EXCLUDES LOCAL AMATEUR ATHLETIC CONTESTS IN WHICH LOCAL TEAMS COMPETE -- BUT ONLY THOSE LOCALIZED CONTESTS -- IS A DEAD GIVEAWAY THAT THE SPONSORS ARE UNCOMFORTABLE WITH THE NEGATIVE MESSAGES THE BILL WOULD SEND TO YOUNG PEOPLE.

AS DR. VALERIE LORENZ OF THE NATIONAL CENTER FOR PATHOLOGICAL GAMBLING TOLD TIME MAGAZINE EARLIER THIS YEAR (FEBRUARY 25), AND HAS TESTIFIED IN CONGRESSIONAL HEARINGS THIS YEAR, TEENAGE GAMBLING IS ON THE RISE. THE MESSAGE KIDS ARE GETTING, IS THAT GAMBLING IS NOT A VICE BUT A NORMAL FORM OF ENTERTAINMENT. DR. LORENZ HAS OBSERVED THAT LEGALIZED SPORTS GAMBLING "NOT ONLY TEACHES YOUNGSTERS HOW TO BET ON FOOTBALL POOLS, BUT ALSO ENCOURAGES THEM TO DO SO."

ENACTMENT OF ASSEMBLY BILL 3009 WOULD SEND THE MESSAGE TO OUR YOUNG PEOPLE THAT "ANYTHING GOES" WHEN IT COMES TO RAISING REVENUES -- THAT WE MIGHT AS WELL LEGALIZE, SPONSOR AND PROMOTE ANY ACTIVITY SO THAT THE STATE

19X

- 4 -

CAN GET ITS "CUT." ON THAT LOGIC, YOU COULD JUSTIFY LEGALIZING PROSTITUTION, OR EVEN THE SALE OF HARD DRUGS. WE RESPECTFULLY SUBMIT THAT THIS IS NOT A MESSAGE THAT YOU, AS LEADERS, WANT TO SEND TO KIDS OR TO THEIR PARENTS.

YOU CERTAINLY WILL NOT CUT INTO ILLEGAL GAMBLING WITH THIS BILL. IF ANYTHING, YOU WILL DO JUST THE OPPOSITE. ONCE YOU HOOK PEOPLE ON POINT-SPREADS, IT WILL NOT TAKE LONG FOR THEM TO RECOGNIZE THAT THE TRACK OFFERS A "SUCKER BET." THEY WILL MOVE ON TO BIGGER AND BETTER THINGS -- WITH AN ILLEGAL BOOKMAKER. EVEN THE CASUAL OFFICE POOL-CARD PLAYER WILL STAY WITH WHAT HE HAS -- BECAUSE THE POTENTIAL PAYOUT IS MUCH BETTER. AND NOT ONLY IS THE POTENTIAL PAYOUT MUCH BETTER -- WINNINGS ARE TAX-FREE AND THE BOOKIE OFFERS CREDIT.

SO, IF WHAT THIS BILL PROPOSES IS TO WORK, THIS ASSEMBLY WOULD HAVE TO CREATE A LARGE NEW CLASS OF BETTORS BY PROMOTING TEAM-SPORT GAMBLING TO THE PUBLIC AS A LEGITIMATE ACTIVITY ENCOURAGED BY PUBLIC OFFICIALS. OVER TIME, THE ILLEGAL BOOKMAKERS WOULD REAP THE REAL BENEFITS OF WHAT YOU SOW. MEANWHILE, YOU WILL HAVE MADE OUR TEAMS AND OUR PLAYERS UNWILLING PARTNERS TO WHAT ANY PROFESSIONAL WOULD RECOGNIZE AS A SWINDLE.

ON THE SAME PRACTICAL LEVEL, YOU SHOULD NOT OVERESTIMATE THE NET REVENUE THAT SPORTS BETTING WOULD RAISE FOR THE STATE.

20X

- 5 -

WE REALIZE THAT YOU FACE A SIGNIFICANT BUDGET DEFICIT. BUT THE NFL DID NOT CREATE THAT DEFICIT OR CONTRIBUTE TO IT. PLEASE DO NOT TRY TO CLIMB OUT OF IT ON OUR BACKS. THE EFFORT TO DO SO WILL NOT WORK FOR YOU; BUT IT WILL CAUSE GREAT LONG-RANGE HARM TO OUR SPORT AND OTHER PROFESSIONAL SPORTS -- AND TO A GENERATION OF YOUNG PEOPLE WHOSE ATTITUDES TOWARD TEAM SPORTS WOULD BE DISTORTED AND DIMINISHED BY A GAMBLING-ORIENTED OUTLOOK.

I AM SURE THAT THERE ARE AT LEAST A FEW NEW YORK GIANTS FANS IN ATTENDANCE TODAY. RECALL IF YOU CAN THE JOY AND EXCITEMENT THAT YOU FELT IN WATCHING SUPER BOWL XXV LAST YEAR AS THE GIANTS DEFEATED THE BUFFALO BILLS 20-19 IN ONE OF THE MOST EXCITING SUPER BOWLS EVER.

AS FANS OF A WORLD CHAMPIONSHIP TEAM, IMAGINE HOW YOU WOULD HAVE FELT IF -- INSTEAD OF CAPTURING EVERSON WALLS' ELATION WITH A SUPER BOWL VICTORY -- SPORTS ILLUSTRATED HAD MEMORIALIZED SUPER BOWL XXV WITH A HEADLINE THAT READ: "GIANTS FAIL TO COVER THE SPREAD."

FOR ALL OF THESE REASONS, THE NATIONAL FOOTBALL LEAGUE, ITS MEMBER CLUBS, AND ITS PLAYERS AND COACHES COLLECTIVELY URGE YOU, RESPECTFULLY AND IN THE STRONGEST POSSIBLE TERMS, TO REJECT ASSEMBLY BILL 3009. IF YOU CARE ABOUT SPORTS, YOU CANNOT ENCOURAGE PEOPLE TO GAMBLE ON THEM. IF YOU CARE ABOUT THE VERY SPECIAL COMBINATION OF KIDS AND SPORTS, YOU'LL RUN FROM THIS IDEA AS FAST AS YOU CAN.

21X

County of Atlantic, New Jersey



Resolution No. 644

Approved as to Form and Legality

Submitted By:

Freeholder Dennis Levinson
Freeholder Tom Foley

Vincent Syta, Legislative Counsel

Freeholder Sponsor

RE: SPORTS BETTING IN ATLANTIC CITY
RESOLUTION

WHEREAS, certain legislation has been proposed in the U. S. Congress that would allow sports betting in certain areas of the country; and

WHEREAS, the proposed legislation does not include Atlantic City as an area where sports betting would be legalized; and

WHEREAS, sports betting would help to infuse new life into the casino industry in Atlantic City, thus substantially improving the local economy; and

WHEREAS, the Atlantic County Board of Chosen Freeholders is of the opinion that the question of the legalization of sports betting is one which the residents of the State of New Jersey should decide.

NOW, THEREFORE, BE IT RESOLVED BY THE ATLANTIC COUNTY BOARD OF CHOSEN FREEHOLDERS, that this BOARD urges our federal legislators to push for legislation that would allow the residents of the State of New Jersey to decide

I, Thomas R. Somers, Clerk of the Board of Chosen Freeholders of the County of Atlantic, State of New Jersey, do hereby certify that the foregoing is a correct and true copy of a resolution adopted by the Board at a meeting duly held

on the _____ day of _____ 19____

Adopted: 10/22/91
County of Atlantic

Signed, _____
Clerk of the Board

RECORD OF VOTE															
FREEHOLDER	AYE	NAY	NV	ABS	RES	SEC.	AB	FREEHOLDER	AYE	NAY	NV	ABS	RES	SEC.	AB
Conover	✓					✓		LuFevre	✓				✓		
Fichwald							✓	Levinson	✓						
Foley	✓							Nelson	✓						
Gallouy	✓							Nickols	✓						

22X

whether or not there will be sports betting in Atlantic City.

AND BE IT FURTHER RESOLVED BY THE ATLANTIC COUNTY BOARD OF CHOSEN FREEHOLDERS, that copies of this Resolution be sent to Governor James Florio, U. S. Senator Bill Bradley, U. S. Senator Frank Lautenberg, Senator William Gormley, Congressman William Hughes, Assemblywoman Dolores Cooper, and Assemblyman Fred Scerni.



Richard W. Van Wagner
General Manager
Governmental & Regulatory Affairs

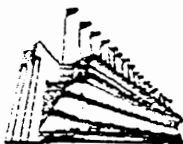
October 22, 1991

The Honorable James Lanzari
Chairman
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
1200 Clinton Avenue
Irvington, NJ 07111

Re: Sports Betting

Mr. Chairman, thank you for the opportunity to address this committee on the subject of Sports Betting in New Jersey. As you know, Congressional action has already begun regarding this issue and most recently HR74, which is a companion bill to Senator Bradley's Bill banning sports betting, has been merged into the omnibus crime bill and amended to include the Hughes/Torricelli language which in effect would allow sports betting in states which already allow it in licensed casinos. In New Jersey's case, we would have two years after enactment of the Legislation to place a referendum on the ballot for the people's consideration.

Presently, the NJSEA has no position on this issue. We are presently analyzing the impact it will have on our present franchise relationships and what conflicts there will be with Sunday football. Obviously, we also have concerns on how it will affect the next generation of racing patrons. We are also concerned with the overall impact on the Racing industry. As you know, the Racing industry in our state is an important industry in terms of economic benefit as well as open space preservation. The industry employs 6,050 workers at New Jersey racetracks and another 4,350 workers at other Equine operations. This is 1986 data compiled by the Department of Agriculture. This data also indicates that the sale and stud service fees in 1986 were in excess of 70 million dollars in the State of New Jersey. Obviously, the Equine industry plays a major role in New Jersey's economy.



Meadowlands Racetrack



Giants Stadium



Meadowlands Arena



Monmouth Park Racetrack

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

24X

(201) 460-4121/East Rutherford, New Jersey 07073-0700

As mentioned earlier, the New Jersey Sports and Exposition Authority has no position on this legislation. If in fact sports betting is approved, it should be looked at, for our purpose, as an extension of horse racing or pari-mutuel betting rather than a new form of gambling. Pari-mutuel machines at racetracks could be adapted to receive bets on other sporting events. To give you some idea on how much of an effect sports betting can have on racing handle, consider the period in 1982 in which the NFL was on strike. During that period NYRA (New York Racing Association) showed a 25% increase in the handle at NYRA tracks.

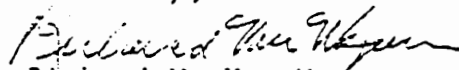
Obviously, we are cognizant of the ethical considerations. Will it turn sports fans into gambling fans? What effect will it have on Sports and the integrity of the game?

In my opinion, no one should be misled into thinking that the legalization of sports betting will eliminate or even deter illegal sports betting. Keep in mind, illegal betting operators will offer better odds, can afford a lower takeout, can provide confidentiality and do not charge taxes. In most cases, the margin of takeout or profit in legal sports betting will be less than 3.5%.

In conclusion, it is our feeling that a very long and in depth analysis should be made to determine the overall effect that sports betting will have on the racing industry and racetracks throughout the region and perhaps, most importantly, on this generation and future generations of Sports fans as well as to both amateur and professional sports.

Once again, thank you for your time and consideration and I will be happy to answer any questions.

Sincerely,


Richard W. Van Wagner
General Manager
Governmental & Regulatory
Affairs

RWVW:dln

cc: Robert E. Mulcahy III
Harold G. Handel

CASINO INDUSTRY TAXES, REGULATORY FEES AND REINVESTMENT OBLIGATIONS
(\$ IN MILLIONS)



26X

DIRECT TAXES (in millions)	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
N. J. Casino Revenue Tax (excluding interest)	\$ 10.7	34.4	68.6	.5	117.4	139.5	154.6	169.2	181.2	198.1	217.0	222.5	232.8	\$ 1,832.5
Atlantic City, Atlantic County & School Property Taxes	\$ 2.3	6.0	13.3	28.3	40.2	41.1	48.6	63.6	66.2	71.6	82.8	88.8	91.1	\$ 643.9
Federal Corporate Tax	\$ 36.4	48.6	27.9	36.0	50.3	82.2	74.4	47.5	54.0	70.1	67.0	68.6	39.4	\$ 702.4
Social Security	\$ 2.2	11.6	13.5	28.4	29.3	32.9	38.4	43.7	49.6	51.5	68.2	72.0	80.7	\$ 522.0
State Corporate Taxes	\$ 6.5	11.1	12.8	17.1	17.8	21.1	25.8	15.3	19.1	18.8	18.7	25.2	14.8	\$ 224.1
State Unemployment Tax	\$ 1.3	3.8	4.9	8.0	9.9	11.9	16.2	10.3	18.9	17.9	16.0	17.4	15.9	\$ 160.4
Federal Unemployment Tax	\$ 0.1	0.4	1.1	2.4	2.4	2.9	3.7	2.8	2.9	2.6	2.7	2.8	3.2	\$ 30.0
TOTAL DIRECT TAXES	\$ 59.5	115.9	142.1	204.7	267.3	331.6	361.7	360.4	391.9	430.6	472.4	497.3	477.9	\$ 4,115.3
Regulatory Fees* (Fiscal Year)	\$ 3.1	9.2	15.4	23.4	30.7	33.0	36.9	41.2	44.4	47.3	51.6	58.4	58.8	\$ 453.4
Reinvestment Obligations	\$ 0.0	6.5	8.2	15.2	20.8	24.5	22.6	24.1	27.1	29.1	33.4	34.8	36.4	\$ 282.7
GRAND TOTAL	\$ 62.6	131.6	165.7	245.3	318.8	389.1	421.2	405.6	463.4	507	557.4	590.5	573.1	\$ 4,851.4

*Includes casino and employee licensing fees.

SOURCE: COMPANIES' ANNUAL REPORTS
PREPARED BY: CASINO ASSOCIATION OF NEW JERSEY

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON
INDEPENDENT AUTHORITIES
BY THE REV. CHARLES W. RAWLINGS, EXECUTIVE DIRECTOR,
NEW JERSEY COUNCIL OF CHURCHES

October 24, 1991

Mr. Chairman, I am the executive director of the New Jersey Council of Churches, an association of 17 Christian denominations with more than 3,000 local congregations in our state. I come before you this morning at their request to seek, with you, the common good of the people of our state concerning pending questions of sports betting legislation.

Our thesis is that legalized sports betting makes no sense either as moral policy or economic strategy.

New Jersey, as we all know, has been one of the leading states in asserting a relationship between legalized gambling and the public good. It is also a state where we can weigh such claims on the basis of experience. Atlantic City, for example was to be relieved of its poverty, bad housing, inadequate education and job opportunities as the result of a multi-billion dollar casino industry. Yet a tour of that city reveals the urban blight typical of all our cities—with glittering wealth looming alongside abject poverty and lack of opportunity for marginalized people.

To be fair, I am confident that some claims of good can be documented, for example, in the benefits to disabled and elderly persons from the Casino Revenue Fund. In that regard, however, I want to underline that recent reports of the recessionary impact on the Casino industry and its potential ripple effect in lowered benefits for the elderly and disabled send a strong signal that this way of pursuing economic health and the common good of all in our society is open to increasing question.

I want to lay before you a characterization of the broad economic crisis New Jersey and the nation face and ask that you and the committee consider whether and how the expansion of legalized gambling responds either to the producer side or the consumer side of this crisis. The distinguished economic historian, Robert Heilbroner, wrote last week as follows:

At the apparent zenith of its triumph, its enemies confounded, America seems headed for disaster. What may seem a hyperbole is only to repeat what I hear on every side. The country is visibly decaying. I do not know of anyone who sees a bright future....

The basic facts can be briefly summarized. For almost two decades, the United States has been suffering from what the economist Wallace Peterson calls a "silent depression." In spite of the vaunted prosperity of the Reagan years," he writes, "the real weekly income of a worker in 1990 was 19.1 percent *below* the level reached in 1973." During the same period, average family income managed to inch ahead—a rate of improvement of 0.04 percent a year, compared with 2.72 percent over the fifteen years prior to 1972—but this near-invisible gain was only achieved because more mothers and wives entered the labor force. Thus, the overall growth in GNP has masked a serious decline in well-being.

This seemingly contradictory state of affairs is the consequence of an unprecedented shift toward income inequality during the Reagan years. What appears to be a positive, albeit miniscule, improvement in the income of the "average" family is a statistical illusion arrived at by adding together a great many small declines with a much smaller number of substantial gains. If we look at income "deciles"—tenths—between 1977 and 1988, we discover that real incomes declined in every family decile except the highest ones. In the lowest decile, family incomes (which averaged a distressing \$3,504) were 14.8 percent lower in 1988 than in 1977, in constant dollars. In the middle income brackets—the fifth, sixth and seventh deciles—the average family incomes were lower by about 5 percent, again in inflation-adjusted terms. Even the eighth and ninth deciles—the upper middle class—saw a slight shrinking in real incomes, off 1.8 percent in the eighth decile and 1.0 percent in the ninth.

Not until we reach the tenth decile (\$119,635 per family in 1988) is there real growth. Here the ten-year gain, in real terms is 16.5 percent. And if we look "inside" the top decile we can see even more plainly how GNP could rise and "average" income fall at the same time. The income of the top 5 percent of families in 1988 averaged \$166,016. This was 23.4 percent over their real income in 1977. The income of the top 1 percent in 1988 averaged \$404,566. This was up by 49.8 percent over the same period. [emphasis added]

The existence or proposal of laws that may produce certain benefits always must be weighed against the losses. One of the losses is certainly the diversion of our attention from the need for fundamental economic development strategies if we are tempted to believe that a reed as slender as the expansion of legal forms of gambling is any kind of contribution to or substitute for a diverse, competitive and productive economy.

We believe legalized sports betting reflects a growing desperation across the country to solve very basic economic deficiencies in our economic life with extremely superficial measures. While there may be some economic benefit to pending proposals in

certain states to legalize sports betting with Nintendo-style interactive connections to home television, that is not just a corruption of family life but, equally important, it is no substitute for sound economic development strategies based on high quality education, productivity and competitive prowess.

The real tragedy is that the whole state policy arena of proposed legalized sports betting promises little or no impact on the growing global competition that finds the United States falling behind both the Western European economic powerhouse and the growing economic muscle of Asian perimeter nations like Japan, South Korea and China.

In our view the proposed revenue benefits of legalized sports betting are no substitute for the kind of long term revenue and spending strategies New Jersey needs if its people are to be viable in this new and demanding world economy. We can't build this state's future at the race track. It is ludicrous to imagine that, and exceptionally foolish to let our attention be diverted from the complex task of shaping fundamental policy initiatives to meet human needs in New Jersey that will make us a competitive state within the new, hard realities of global competition.

As we consider proposals to legalize sports betting we need to remind ourselves that legality and morality are not the same thing. The existence of a particular policy shaped into law is no guarantee that our children or our children's children will have a better future, or our state have better health.

Visions of a moral universe, to say nothing of idealism, are not what leap to mind these days as we scan our newspapers. On the contrary, we have become a people hammered into a very tawdry corner by the seductive pressure of money and power, and the extraordinary ease with which we are led to believe that anything that can be installed in the market place has an inherent moral legitimacy.

Today we are faced with proposals to legalize sports betting at a time when every American family is desperately struggling to build a genuine moral platform under themselves and their children. Legalizing sports betting exerts a predatory and corrupting

pressure on the children who will be tomorrow's leaders. Evidence reported recently indicates that we already are facing a rise in teenage gambling linked to state lotteries. Valerie Lorenz of the National Center for Pathological Gambling said in Time Magazine, February 25, 1991, "The message they're conveying is that gambling is not a vice but a normal form of entertainment."

It is an especially pernicious idea because in our country's sports tradition we have established a training ground for moral experience and decision-making. Traditionally, in thousands of schools and youth club athletic programs, we seek not only to teach young people self-discipline and self-development, but also to teach early lessons that the vigor and joy of life lie more in the effort and struggle than in the victory. It is in athletics that we have sought to teach young people to accept defeat as part of life and to savor with some humility the limited returns of victory. Competitive sports is one of the places we teach young people the grace of cooperation and tolerance; and it is our national professional athletes that they watch for signs of what it means to be human, to take your knocks, and keep trying.

It makes no sense to enlarge the influence of gambling in an arena where we try to mould youth to good character. Legalized sports betting makes no sense either as moral policy or economic strategy.

The 60 member Governing Board of the New Jersey Council of Churches, without a single dissenting vote, supports Senator Bradley's proposed initiative, "The Professional and Amateur Sports Protection Act," A.474, which would prohibit sports gambling conducted pursuant to state law and urges New Jersey's state legislators to turn their back on proposals to legalize betting on either professional or amateur sports.

REMARKS BY
RAYMOND C. FUNKHOUSER
EXECUTIVE DIRECTOR
GARDEN STATE GAMES
ON
ASSEMBLY BILL NO. 3009
OCTOBER 24, 1991

Thank you for the opportunity to come before this group to comment on Assembly Bill No. 3009. I come here representing the New Jersey Garden State Games Committee Inc.

The Garden State Games Committee Inc. is a private 501 (c) (3) non-profit corporation established in 1983. The Garden State Games is an Olympic style, multi-sports festival open to all New Jersey amateur athletes, and is designed to accommodate all ages and skill levels. Currently, 29 sports are part of the Garden State Games. Since 1983 over 100,000 athletes have participated in the Garden State Games.

The purpose of the Garden State Games is to:

- Inspire New Jersey residents of every age and skill level to develop their physical abilities.
- Encourage all New Jersey residents to participate in regular physical activities.
- Promote physical fitness and sports activities as means of improving the health of New Jersey's amateur athletes with the opportunity to compete in a statewide, multi-sport, Olympic style setting.
- Encourage New Jersey athletes to develop their athletic skills to their fullest potentials and reach higher levels of competition.
- Improve the quality of life throughout New Jersey.
- Create positive peer pressure on and off the playing field, among New Jersey's residents.

The Garden State Games is a member of the National Congress of State Games. The National Congress of State Games is a member of the United States Olympic Committee. The USOC recognizes the contribution that state games make to the development of sport through actual competitions and through other important parts of our society. State games' programs are measured according to the highest principles of amateur sports and the philosophies of the Olympic movement.

The Garden State Games is vehemently opposed to Assembly Bill No. 3009. This bill if passed will be extremely destructive and devastating not only to Garden State Games, but the role that sports play in the positive development of values by our youth.

In the philosophical arena, this type of legislation runs counter to everything that sport stands for. We cannot afford to see the measure of athletic success change from the athlete doing their best to someone setting how good or not good they should be on that particular day.

Youth look up to sports figures and these figures have very positive influence on the values that many people young and old see

Pg. 2

as important. We already see many mixed messages sports figures are sending to our youth that reflect many other problems in our society; drugs, moral issues, salary disputes, etc. Adding betting on athletic performances to this list will be the most damaging of all, and destroy the value of sport in our society.

This bill would also have very direct consequences throughout New Jersey. I fear Bill No. 3009 would be the end of not only the Garden State Games but many of the grass roots athletic development programs in the state. I don't know if the Garden State Games could survive. The Garden State Games is funded by a state grant and corporate sponsorships. With the reduction in state funds, private increasing corporate funding is a must to be able to reach all of New Jersey's athletes. New Jersey is already one of the more difficult states for amateur athletes to thrive in. We are part of two of the largest sports markets in the country. We have to compete with all the professional teams for sponsors, spectators and exposure. Even now, many results of New Jersey competitions are not listed but bumped for horseracing results from tracks that aren't even in New Jersey. Would we now have results from other state games being covered since there may be a line on them? I certainly hope not. Many of the athletes in the Garden State Games are Olympic hopefuls. The only recognition many of them get in supporting the efforts to get to the top rung of the ladder is through the Garden State Games. Without exposure, the Garden State Games could not survive.

The wording of the bill itself gives me concern that some of our sports in the Games could be bet on. That puts too much added pressure and sends the wrong message to New Jersey's athletes.

I have been an athlete that has been competing continuously for 26 years. I have been a National Champion, American Record Holder, represented the United States internationally, and last year in 1990 was top ranked in my age group. According to this legislation, people could bet on many of my competitions when I am competing out of state. Most of my national level competitions are out of state. I have not trained for 26 years for this. I still compete because I enjoy it, being physically fit has helped me lead a more healthy, active life, and has taught me the values of discipline, goal setting, and hard work. I would have to give all of this up rather than to risk even the slightest hint that my performance was suspect. That is the type of devastating effect this legislation would have.

Even if the revenues from this legislation eliminated all our deficits, it would not be worth the costs.

Thank you.

THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

2000 Lake Avenue • Champaign, Illinois 61820 • Telephone 312/244-1400

October 23, 1991

Assemblyman Jimmy Zangari
Chairman, Independent Authorities Committee
Clinton Plaza
1200 Clinton Avenue, Suite 120
Irvington, NJ 07111

Dear Chairman Zangari:

I have been advised that your committee will tomorrow be considering a legislative proposal to authorize certain forms of gambling on sporting events at race tracks in New Jersey. I am further advised that the legislation, if enacted, would prohibit gambling on sports events involving New Jersey educational institutions.

Please be advised that the NCAA strongly opposes this legislation, or any legislation which would authorize gambling on sporting events. In cooperation with the professional leagues, the NCAA has vigorously supported bills in the United States Congress which would prohibit state-authorized or state-sponsored gambling schemes based upon the outcome of, or performances in, professional or amateur sports events.

As you can well imagine, the NCAA would find equally offensive the notion of legislation in New Jersey which would prohibit gambling on sports events involving our member institutions in New Jersey, but authorizing such gambling as to all the rest of our member institutions.

I strongly urge your committee to reject this proposal. Please let us know if we can provide further information.

Best wishes.

Very truly yours,



Richard D. Schultz
Executive Director

cc: John Sheridan
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TO: Assembly Independent Authorities Committee

FROM: Leon J. Zimmerman

DATE: October 24, 1991

RE: SBOA of New Jersey Support of S-3639

This statement is being submitted in support of S-3639 on behalf of the Standardbred Breeders and Owners Association of New Jersey, a statewide organization that represents several thousand people involved in all aspects of breeding and racing harness horses.

The SBOA of New Jersey has been concerned for sometime about the decline of purse money available at New Jersey racetracks. The cost of maintaining and racing standardbred (harness) horses has increased significantly. Purse money has not kept pace with those costs.

The SBOA of New Jersey has been mindful of the need to increase the handle in order to increase available purse money. By using common pools for betting on simulcast horse racing, whether received in or sent from New Jersey, can provide this much needed source of revenue.

LJZ:kls

