



Public Hearing

before

SENATE JUDICIARY COMMITTEE

SENATE CONCURRENT RESOLUTION No. 58 (1R)

"Provides for the transfer of certain judicial and probation costs from the county to the State by July 1, 1997"

and

SENATE CONCURRENT RESOLUTION No. 50

"Proposes amendment to the Constitution to permit wagering in person at casinos on the results of sports events"

LOCATION: Committee Room 7
Legislative Office Building
Trenton, New Jersey

DATE: June 15, 1992
1:15 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator William L. Gormley, Chairman
Senator James S. Cafiero, Vice-Chairman
Senator John O. Bennett
Senator John E. Dimon
Senator Louis F. Kosco
Senator Bradford S. Smith
Senator John A. Girgenti
Senator Edward T. O'Connor, Jr.
Senator Raymond J. Zane



ALSO PRESENT:

John J. Tumulty
Office of Legislative Services
Aide, Senate Judiciary Committee

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068

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WILLIAM L. GORMLEY
Chairman
JAMES S. CAFIERO
Vice-Chairman
JOHN O. BENNETT
LEANNA BROWN
JOHN E. DIMON
LOUIS F. KOSCO
BRADFORD S. SMITH
JOHN A. GIRGENTI
EDWARD T. O'CONNOR, JR.
RAYMOND J. ZANE

New Jersey State Legislature

SENATE JUDICIARY COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 292-5526

NOTICE OF PUBLIC HEARING

The Senate Judiciary Committee will hold a public hearing on the following topic:

SCR-58 1R Provides for the transfer of certain judicial
Gormley/ and probation costs from the county to the State
DiFrancesco by July 1, 1997.

SCR-50 Proposes amendment to the Constitution to permit
Bassano wagering in person at casinos on the results of
sports events.

The hearing will be held on **Monday, June 15, 1992 at 1:00 p.m. in Committee Room 7, Legislative Office Building, Trenton, New Jersey.**

This public hearing has been ordered by the Senate under Rule 166 of the Rules of the Senate and in compliance with the requirements of Article IX, paragraph 1 of the State Constitution, concerning proposed constitutional amendments.

The public may address comments and questions to John J. Tumulty, Committee Aide and persons wishing to testify should contact Karen M. Suta, secretary, at (609) 292-5526. Those persons presenting written testimony should provide 15 copies to the committee on the day of the hearing.

Any written testimony previously received on the above two bills will become part of the record.

Issued 6/10/92

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[FIRST REPRINT]

SENATE CONCURRENT RESOLUTION No. 58

STATE OF NEW JERSEY

INTRODUCED MAY 21, 1992

By Senators GORMLEY, DiFRANCESCO, Lynch, Bassano,
Kosco, O'Connor, Zane, Girgenti, Cafiero, Brown,
Dimon and Bennett

1 A CONCURRENT RESOLUTION proposing to add a new section
2 VIII to Article VI of the Constitution of the State of New
3 Jersey.

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

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

9
10 PROPOSED AMENDMENT

11
12 a. Amend Article VI by adding a new section VIII as follows:

13
14 Section VIII

15
16 1. a. On or before July 1, 1997:

17 (1) The State shall be required to pay for certain judicial ¹and
18 probation¹ costs;

19 (2) All judicial employees and probation employees shall be
20 employees of the State; and

21 (3) Any judicial fees and probation fees collected shall be paid
22 to the State Treasury.

23 b. As used in this section:

24 (1) ¹["County judicial employees" means the employees of the
25 surrogate's office and the sheriff's office who perform judicial
26 functions]"Judicial facility costs" means any costs borne by the
27 counties prior to July 1, 1993 with regard to the operation and
28 maintenance of facilities used by the courts or judicial
29 employees¹;

30 (2) ¹["County judicial costs" means any costs incurred by
31 county judicial employees in performing judicial
32 functions]"Probation facility costs" means any costs borne by the
33 counties prior to July 1, 1993 with regard to the operation and
34 maintenance of facilities used by probation employees¹;

35 (3) "Judicial costs" means the costs incurred by the county for
36 funding the judicial system, including but not limited to the
37 following costs: salaries, health benefits and pension payments of
38 all judicial employees, juror fees and library material costs
39 ¹except that judicial costs shall not include costs incurred by
40 employees of the surrogate's office or judicial facility costs¹;

41 (4) "Judicial employees" means any person employed by the
42 county prior to July 1, ¹[1997] 1993¹ to perform judicial

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.

Matter enclosed in superscript numerals has been adopted as follows:
Senate SJU committee amendments adopted June 8, 1992.

SCR58 [1R]

1 functions, including but not limited to employees working for the
2 courts, and the law library ¹and employees of the sheriff's office
3 who act as court aides¹, except that ¹[county judicial employees]
4 employees of the surrogate's office¹ and probation employees
5 shall not be construed to be judicial employees;

6 (5) "Judicial fees" means any fees or fines collected by the
7 judiciary but shall not include sheriff's or surrogate's fees or
8 municipal court fees or fines;

9 (6) "Judicial functions" means any duties and responsibilities
10 performed in providing any services and direct support necessary
11 for the effective operation of the judicial system;

12 (7) "Probation costs" means any costs incurred by the county
13 for the operation of the county probation department, including
14 but not limited to the costs of salaries, health benefits, and
15 pension payments of probation employees ¹but shall not include
16 probation facility costs¹;

17 (8) "Probation employees" means ¹[the officers and employees
18 of a county's probation department] any person employed by a
19 county probation department prior to July 1, 1993¹;

20 (9) "Probation fees" means any fees or fines collected in
21 connection with the probation of any persons.

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

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

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

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

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

41 b. In every municipality the following question:

SCR58 [1R]

1		
2		
3		
4		CONSTITUTIONAL AMENDMENT TO REQUIRE
5		STATE FUNDING OF THE JUDICIAL SYSTEM
6	YES.	Shall the amendment to Article VI, agreed to by
7		the Legislature requiring the State to assume by
8		July 1, 1997 certain costs now borne by the
9		counties ¹ through the county property tax levy ¹
10		in connection with the judicial system, be
11		adopted?
12		
13		
14		INTERPRETIVE STATEMENT
15		
16	NO.	Adoption of this amendment would require the
17		State to assume by July 1, 1997 certain costs now
18		borne by county taxpayers in connection with the
19		judicial system. County employees employed by
20		the court system and all employees of county
21		probation departments would become State
22		employees by that date. The State would be
23		responsible for their salaries, health benefits and
24		pension payments. As of that date, all judicial
25		fees and probation fees would be paid to the
26		State Treasury.
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Provides for the transfer of certain judicial and probation costs from the county to the State by July 1, 1997.

SENATE JUDICIARY COMMITTEE
STATEMENT TO
SENATE CONCURRENT RESOLUTION No. 58
with committee amendments
STATE OF NEW JERSEY

DATED: JUNE 8, 1992

The Senate Judiciary Committee reports favorably and with committee amendments Senate Concurrent Resolution No. 58.

SCR58 proposes to add an amendment to the New Jersey's Constitution requiring the State to assume by July 1, 1997 certain costs now borne by county taxpayers in connection with the judicial system. County employees engaged in judicial duties and all employees of county probation departments would be mandated to become State employees by that date.

The amendments adopted by the committee clarify that costs presently borne by the counties with regard to the operation and maintenance of facilities used by the courts and probation departments would not be assumed by the State. The amendments also add a phrase to the ballot question to clarify that the costs which the State will assume are costs presently paid through the county property tax levy. In addition, these amendments would also include employees of sheriffs' offices who act as court aides among those county employees who would be transferred to the State.

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SENATE JUDICIARY COMMITTEE

ADOPTED

AMENDMENTS

JUN 8 1992

to

SCR, No. 58

(Sponsored by Senators Gormley/DiFrancesco)

REPLACE SECTION 1 TO READ:

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

PROPOSED AMENDMENT

a. Amend Article VI by adding a new section VIII as follows:

Section VIII

1. a. On or before July 1, 1997:

(1) The State shall be required to pay for certain judicial ¹and probation¹ costs;

(2) All judicial employees and probation employees shall be employees of the State; and

(3) Any judicial fees and probation fees collected shall be paid to the State Treasury.

b. As used in this section:

(1) ¹["County judicial employees" means the employees of the surrogate's office and the sheriff's office who perform judicial functions]; "Judicial facility costs" means any costs borne by the counties prior to July 1, 1993 with regard to the operation and maintenance of facilities used by the courts or judicial employees¹;

(2) ¹["County judicial costs" means any costs incurred by county judicial employees in performing judicial functions]; "Probation facility costs" means any costs borne by the counties prior to July 1, 1993 with regard to the operation and maintenance of facilities used by probation employees¹;

(3) "Judicial costs" means the costs incurred by the county for funding the judicial system, including but not limited to the following costs: salaries, health benefits and pension payments of all judicial employees, juror fees and library material costs ¹except that judicial costs shall not include costs incurred by employees of the surrogate's office or judicial facility costs¹;

(4) "Judicial employees" means any person employed by the county prior to July 1, ¹[1997] ¹1993¹ to perform judicial functions, including but not limited to employees working for the courts and the law library ¹and employees of the sheriff's office who act as court aides¹, except that ¹[county judicial employees] employees of the surrogate's office¹ and probation employees shall not be construed to be judicial employees;

(5) "Judicial fees" means any fees or fines collected by the judiciary but shall not include sheriff's or surrogate's fees or municipal court fees or fines;

- (6) "Judicial functions" means any duties and responsibilities performed in providing any services and direct support necessary for the effective operation of the judicial system;
- (7) "Probation costs" means any costs incurred by the county for the operation of the county probation department, including but not limited to the costs of salaries, health benefits, and pension payments of probation employees ¹but shall not include probation facility costs¹;
- (8) "Probation employees" means ¹[the officers and employees of a county's probation department] any person employed by a county probation department prior to July 1, 1993¹;
- (9) "Probation fees" means any fees or fines collected in connection with the probation of any persons.

REPLACE SECTION 3 TO READ:

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

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

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

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

b. In every municipality the following question:

CONSTITUTIONAL AMENDMENT TO REQUIRE
STATE FUNDING OF THE JUDICIAL SYSTEM

YES. Shall the amendment to Article VI, agreed to by the Legislature, requiring the State to assume by July 1, 1997 certain costs now borne by the counties ¹through the county property tax levy¹ in connection with the judicial system, be adopted?

INTERPRETIVE STATEMENT

NO. Adoption of this amendment would require the State to assume by July 1, 1997 certain costs now borne by county taxpayers in connection with the judicial system. County employees employed by the court system and all employees of county probation departments would become State employees by that date. The State would be responsible for their salaries, health benefits and pension payments. As of that date, all judicial fees and probation fees would be paid to the State Treasury.

SENATE CONCURRENT RESOLUTION No. 50

STATE OF NEW JERSEY

INTRODUCED MAY 7, 1992

By Senator BASSANO

1 **A CONCURRENT RESOLUTION** proposing an amendment to
2 Article IV, Section VII, paragraph 2 of the Constitution.

3

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

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

8

9

PROPOSED AMENDMENT

10

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

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

20 A. It shall be lawful for bona fide veterans, charitable,
21 educational, religious or fraternal organizations, civic and service
22 clubs, senior citizen associations or clubs, volunteer fire
23 companies and first-aid or rescue squads to conduct, under such
24 restrictions and control as shall from time to time be prescribed
25 by the Legislature by law, games of chance of, and restricted to,
26 the selling of rights to participate, the awarding of prizes, in the
27 specific kind of game of chance sometimes known as bingo or
28 lotto, played with cards bearing numbers or other designations, 5
29 or more in one line, the holder covering numbers as objects,
30 similarly numbered, are drawn from a receptacle and the game
31 being won by the person who first covers a previously designated
32 arrangement of numbers on such a card, when the entire net
33 proceeds of such games of chance are to be devoted to
34 educational, charitable, patriotic, religious or public-spirited
35 uses, and in the case of senior citizen associations or clubs to the
36 support of such organizations, in any municipality, in which a
37 majority of the qualified voters, voting thereon, at a general or
38 special election as the submission thereof shall be prescribed by
39 the Legislature by law, shall authorize the conduct of such games
40 of chance therein;

41 B. It shall be lawful for the Legislature to authorize, by law,
42 bona fide veterans, charitable, educational, religious or fraternal

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.

SCR50

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1 organizations, civic and service clubs, senior citizen associations
2 or clubs, volunteer fire companies and first-aid or rescue squads
3 to conduct games of chance of, and restricted to, the selling of
4 rights to participate, and the awarding of prizes, in the specific
5 kinds of games of chance sometimes known as raffles, conducted
6 by the drawing for prizes or by the allotment of prizes by chance,
7 when the entire net proceeds of such games of chance are to be
8 devoted to educational, charitable, patriotic, religious or
9 public-spirited uses, and in the case of senior citizen associations
10 or clubs to the support of such organizations, in any municipality,
11 in which such law shall be adopted by a majority of the qualified
12 voters, voting thereon, at a general or special election as the
13 submission thereof shall be prescribed by law and for the
14 Legislature, from time to time, to restrict and control, by law,
15 the conduct of such games of chance;

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

21 D. It shall be lawful for the Legislature to authorize by law
22 the establishment and operation, under regulation and control by
23 the State, of gambling houses or casinos within the boundaries, as
24 heretofore established, of the city of Atlantic City, county of
25 Atlantic, and to license and tax such operations and equipment
26 used in connection therewith. Any law authorizing the
27 establishment and operation of such gambling establishments
28 shall provide for the State revenues derived therefrom to be
29 applied solely for the purpose of providing funding for reductions
30 in property taxes, rental, telephone, gas, electric, and municipal
31 utilities charges off[.] eligible senior citizens and disabled
32 residents of the State, and for additional or expanded health
33 services or benefits or transportation services or benefits to
34 eligible senior citizens and disabled residents, in accordance with
35 such formulae as the Legislature shall by law provide. The type
36 and number of such casinos or gambling houses and of the
37 gambling games which may be conducted in any such
38 establishment shall be determined by or pursuant to the terms of
39 the law authorizing the establishment and operation thereof. Any
40 such law may authorize wagering in person at such gambling
41 houses or casinos on the results of sports events conducted there
42 or elsewhere but shall not permit wagering on any sports event
43 that involves participation by any educational institution, or any
44 nonprofessional organization, which is principally located in New
45 Jersey; and

46 E. It shall be lawful for the Legislature to authorize, by law,
47 (1) the simultaneous transmission by picture of running and
48 harness horse races conducted at racetracks located within or
49 outside of this State, or both, to gambling houses or casinos in the
50 city of Atlantic City and (2) wagering at those gambling
51 establishments on the results of those races. The State's share of
52 revenues derived therefrom shall be applied for services to
53 benefit eligible senior citizens as shall be provided by law.
54 (cf: Article IV, Section VII, paragraph 2 amended effective
55 December 6, 1990)

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

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

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

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

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

20 b. In every municipality the following question:

21

22

23

24

PERMITS WAGERING AT CASINOS ON
THE RESULTS OF SPORTS EVENTS

26

27

YES. Shall the Constitution be amended, as agreed to
28 by the Legislature, to permit wagering in person
29 at casinos on the results of sports events other
30 than certain nonprofessional sports events, with
31 the State revenues derived therefrom to be used
32 like other State revenues from casinos for
33 benefits for senior citizens and the disabled?

34

35

36

37

INTERPRETIVE STATEMENT

38

39

NO. This amendment would permit the Legislature to
40 authorize wagering in person at casinos on the
41 results of sports events, except for sports events
42 involving participation by educational institutions
43 which are principally located in New Jersey or by
44 nonprofessional organizations which are
45 principally located in New Jersey. The State
46 revenues derived from this wagering would be
47 used, like other State revenues from casinos, for
48 benefits for senior citizens and the disabled.

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STATEMENT

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This concurrent resolution proposes an amendment to the
Constitution that would permit the Legislature to authorize
wagering in person at casinos on the results of sports events,
except for sports events involving participation by educational

SCR50

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1 institutions which are principally located in New Jersey or by
2 nonprofessional organizations which are principally located in
3 New Jersey. The State revenues derived from this wagering
4 would be used, like other State revenues from casinos, for
5 benefits for senior citizens and the disabled.
6
7
8
9
10 _____
11 Proposes amendment to the Constitution to permit wagering in
person at casinos on the results of sports events.

SENATE JUDICIARY COMMITTEE
STATEMENT TO
SENATE CONCURRENT RESOLUTION, No. 50

STATE OF NEW JERSEY

DATED: JUNE 8, 1992

The Senate Judiciary Committee reports favorably Senate Concurrent Resolution No. 50.

SCR-50 proposes an amendment to the Constitution that would permit the Legislature to authorize wagering in person at casinos on the results of sports events, except for sports events involving participation by educational institutions which are principally located in New Jersey or by nonprofessional organizations which are principally located in New Jersey. The State revenues derived from this wagering would be used, like other State revenues from casinos, for benefits for senior citizens and the disabled.

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mjz: 1-48

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SENATOR WILLIAM L. GORMLEY (Chairman): What we are going to do is the takeover bill, and get that out of the way -- SCR-58. Patrick O'Connor, from the Hudson County Executive Office?

Also, entered into the record will be statements from the Chief Justice and the Bar Association in support of the bill.

PATRICK O'CONNOR: I will just reiterate what we said last week, which was that we support the takeover. I will give you a copy of the written testimony, which you may already have a copy of, from the County Executive. I really don't have anything further to add. That's it.

SENATOR GORMLEY: Thank you very much. Well, that was an easy part of the hearing, wasn't it? Do we have any further witnesses? (no response) Okay, that will conclude the part of the hearing on SCR-58. Believe me, it was much more of a deliberative process for those who were here before.

(RECESS FOR DISCUSSION OF NOMINATIONS)

AFTER RECESS:

SENATOR GORMLEY: We are now going to commence the public hearing on SCR-50. I have a list of witnesses. What I will do is, we will run through them. Sometimes we will have two or three testify at one time, as we have in the past. It seemed to move it along fairly expeditiously.

The first two people I would like to call are Jay Moyer, Chief Counsel for the National Football League, and George Young, General Manager, New York Giants.

MR. TUMULTY (Committee Aide): They haven't arrived yet.

UNIDENTIFIED COMMITTEE MEMBER: That shows you must be an Eagles fan, Senator Gormley, if you don't recognize George Young.

SENATOR GORMLEY: I want to apologize if I didn't say it with the right inflection.

Next we will have-- I was just informed that Mr. Schultz is not here, from the NCAA Is Arnie Wexler here? Let's just start with Arnie. (no response) All right then, let's start with Pat Schuber. Pat? I know he is here on court takeover really. He's not really--

C O U N T Y E X E C U T I V E W M. "P A T" S C H U B E R:
Well, actually a little bit of that, too, but I know you did that one already.

SENATOR GORMLEY: All right, Pat. Go ahead.

COUNTY EXECUTIVE SCHUBER: Senator Gormley, members of the Committee: By way of an aside, I support the State court takeover. I think it is a good idea. That is on the prior bill.

I am here as part of the Coalition in opposition to SCR-50, which would authorize sports betting in the State of New Jersey. I come here not only as the County Executive of Bergen County, but also as a former member of the Assembly, and as the Chair, at that time, of the Assembly Independent Authorities Committee, which reviewed and oversaw actions that took place in Atlantic City.

I seem to remember that when I left the Legislature, back in '89 and '90, that there had been a report with regard to gambling which indicated that the State of New Jersey should be very, very careful before it opened up its doors to further gambling; and that it should take very, very sincere and very careful care with regard to becoming more reliant on gambling revenues for public purposes.

For the reasons espoused in that report, I wholeheartedly agree. I strongly oppose any attempts to change or dismantle or amend the present casino legislation to allow sports betting. I do that from my experience on the Committee,

as well as my opposition to the concept of the State relying further and further on gambling revenues for public purposes.

I don't think I can think of a more difficult area where we could tread, than the area of sports betting. The concept of sports and athletics is something which I think should be promoted for the nature of those particular games, especially for our young people, hopefully to be utilized in many cases -- not always -- as a set of examples.

When we get involved with regard to the concept of sports betting, however, we get away from the concept of it as an athletic event. It now becomes more of a wagering event in which the interests are not necessarily the outcome as far as whichever team you may happen to root for, but whether, in fact, the point spread has been met in any particular type of an occurrence. I am not sure this is the type of thing that the State of New Jersey should advertise itself for, and I am not sure this is something we should advertise for our young people, either.

I recognize the fact that the Casino Revenue Fund has difficulties. That may be more caused by the fact that we continued to jam programs into it, than the necessity that we need to raise revenues now for it. Maybe there are some tough decisions that have to be made with regard to that Fund, but I do not think the way -- or a vital public purpose is served by expanding casino gaming into this particular area in the State of New Jersey.

Now, having dealt with the casinos and their individuals over a period of time, they run a good ship, and they have provided a benefit for the State. But their desires are insatiable. Their requests for more and more come about every time. I predicted, I think, before I left the Legislature, that in bad times, they would be requesting a dismantling of the casino legislation as to regulation, and the addition of new games and new gaming. It has come across--

Just as I predicted it would happen, it is happening. I do not think this is something that this Legislature should countenance. If for no reason at all than for the support of the young people of our State and the prevention of sports gaming, this should be denied.

I notice what I think is most difficult about this legislation, as I understand it, is that although it exempts the State of New Jersey's nonpro teams from being bet upon, it does not exclude college athletics in other states from being bet upon. I find that something that the State of New Jersey should not tolerate whatsoever. I think there have been some articles you have seen in The New York Times which have indicated the rise of gambling rings on college campuses. I don't think this is something the State of New Jersey, which I have always considered a progressive State, should allow. I think that in the end, for our young people, it should be denied. For us, as public servants who are interested in sound fiscal policy and sound public policy, this is not the way to go. This is not something that the State of New Jersey should be involved with.

I think if you looked at them, most of the editorial comments I have seen have been opposed to it. Many sincere individuals have opposed it, from Senator Bill Bradley all the way down. Many of our organized sports -- our athletic organizations which appear on the witness list-- You will see when they arrive that they have been opposed to it.

So I am here, along with Clint Pagano and a number of other individuals, to implore the members of the Legislature-- This is just something that we should not be involved in. It is something that should be opposed, and I hope this measure will be defeated.

SENATOR GORMLEY: Colonel?

C O L O N E L C L I N T O N L. P A G A N O, S R.:
Senator Gormley, I think Pat Schuber has very properly put the

position of the Coalition before the Committee. I spent 40-odd years -- and I am being redundant as of the last hearing, Senator -- in State government with experience with this kind of activity before I came into the New Jersey State Police. To be very candid, my feelings echo the feelings of the other members of the Coalition, especially as they relate to the findings of the President's Commission on Gaming, which, in about 30 volumes, said in one line what they really meant to say in the first place; that is, "Gaming begets gaming."

When you begin to focus down into the area of sports, New Jersey has a history of sports corruption. Boxing, certainly going back into the '40s and the '50s, and continuing thereon, in fact, until the casinos really brought boxing back, had died. Certainly, with the work we did through the years in putting together the horse race integrity programs, there were serious problems there, and there still are serious problems. Again, going back to the concept of gaming begets gaming, it is no secret; all you really need to do is read the newspapers. There are casinos outside of Atlantic City now. They are not legal casinos, but there are casinos. In Passaic County, for some period of time, we saw the joker/poker machines translated into slot machines just as effectively as anything you can see in Atlantic City.

We assured the people of this State, when we went forward with casino gaming, that we would do what had to be done to see to it that regulation would continue and that it would be effective. Pat used the word "insatiable." I think we are to the point now where not only are we trying to satisfy an insatiable appetite, but are also trying to gear ourselves into an area where corruption hits in its worst light -- in college sports, in professional sports, where, in fact, as Pat has already mentioned, we are not talking about who won or who lost; we are talking about, did they make the spread.

Sports are healthy. Sports have a variety of benefits to our young people and to the citizens of the State which go far beyond the issue of gaming. I, for one, having seen the history of what has occurred in this State, and knowing what we assured the public we would do in the area of legalized gambling-- I don't believe it is proper for the State of New Jersey to join in league with the gaming interests to do what some of us think, very sincerely, would jeopardize sports as we now know them.

I would urge this Committee, and the Legislature, to vote against legalizing sports betting. Thank you.

SENATOR GORMLEY: Thank you, Colonel. Thank you, Pat.

COUNTY EXECUTIVE SCHUBER: Thank you, Senator.

SENATOR GORMLEY: Mr. Jay Moyer and Mr. George Young. Welcome to the Committee.

J A Y M O Y E R, ESQ.: Good afternoon, and thank you. I am Jay Moyer. I am the National Football League's Executive Vice President and League Counsel. With me here is the principal architect of the Giants' rather considerable successes over the past decade, Mr. George Young. We are late, and we apologize. We were stuck on the New Jersey Turnpike, where it took us an hour to go one mile, up close to New York. We understood when we got here that some other witnesses who will basically agree with our position, are stuck on an Amtrak train in Wilmington, Delaware. Quite obviously the casino industry is even more powerful than we thought. (laughter)

We are here, gentlemen, to express the position of the National Football League, its Commissioner, New Jerseyan Paul Tagliabue, all of the League's member clubs, and the players on our clubs -- to express our strongest possible opposition to SCR-50. Simply put, we do not want our games used as bait to sell gambling. We do not believe that gambling casinos should be allowed to appropriate our product and our sport as a magic cure for their own sagging fortunes. We do not believe it is

right for the government to send a message that we can gamble with impunity with our children's heroes, or with the positive values our sports represent to tens of millions of Americans of all ages.

Gambling and sports do not mix. Gambling brings no good to sports, only ugliness and trouble. We saw this in New Jersey not terribly many years ago, in the college basketball point-shaving scandals that involved schools in this State, as well as in New York and Philadelphia, two large metropolitan areas that bookend New Jersey.

I have been with the National Football League now for 20 years. In that time, and well before that time, the League has taken great pains to do whatever it can to preserve its reputation for integrity and for honestly conducted athletic contests. Part of that effort requires that we enact and maintain very stringent rules prohibiting gambling on NFL games by any of our participants, and prohibiting detrimental associations between our participants and sports gambling. Legalizing sports gambling in this State will badly undermine everything we worked for in that respect.

Beyond that, if sports gambling is legalized in New Jersey, it will be automatically declared to be a legitimate and desirable activity. It will then be heavily promoted and heavily encouraged, and it will be widely publicized. In short, it will openly become a fact, an accepted State-condoned part of the fabric of our everyday life. I think it is interesting that, as one New Jersey newspaper columnist wrote not long ago, and I quote: "If sports gambling were as legal as buying a soda, how pro teams or individual athletes failed to meet the previous morning's betting line would be all we would ever read or hear about." When that day comes, gentlemen, the ugliness and the trouble will truly begin.

First of all, legalized gambling threatens the integrity of team sports and, just as importantly, the public's

confidence in them. It does so by generating widespread suspicion and cynicism about every controversial play that affects the point spread. When you encourage people to gamble, you encourage them to stop looking at our sport as a fan, and to start looking at it as a gambler. When you encourage people to look through a gambler's eyes, you are going to change what they see.

As George knows very well, even our very best players make critical mistakes on the football field. Jeff Hostetler or Phil Simms are perfectly capable of throwing an interception. Freeman McNeil of the New York Jets can fumble; Rob Moore of the Jets can drop a pass; Lawrence Taylor or Carl Banks can miss tackles. Even in the year when the Giants went to, and won the Super Bowl, some of Bill Parcells' coaching decisions were widely criticized when they backfired, as things will do. It is obviously a rare game in which at least one of our game officials isn't excoriated at least once for a call he made, or didn't make.

These examples are part of our game -- an integral part of our game -- and all of them, all of them, can affect the point spreads on which football betting is based. Given the fact that there are very few less rational people in this world than losing bettors, legalizing team sport gambling is going to create a very pervasive climate of suspicion about every controversial play. When you are a losing bettor -- and I have seen this myself when talking to people through the years, talking to bettors who lose -- it is not the breaks of the game anymore, it's, "The fix was in."

I would like to share with you what a Florida sports writer wrote recently which I thought summed it up very well, in the context of a proposal in his own state to legalize sports gambling. He said, and I quote: "I like to gamble, but not on sports. Though I make predictions on the outcome of NFL

games, I never wager on them. Sure, one reason is that I might lose, but another reason is far more important.

"I love sports. I do not want to hate them. Believe me, friends, when a horse stumbles or a greyhound hits the rail, you can hate the animal for causing you to lose. You don't blame yourself; you blame it. Losing the mortgage payment was not your fault, but the fault of somebody else.

"It's even worse," he continues, "for jai-alai players. Let a jai-alai player drop what should have been an easy catch, preventing you from winning, and you know he dropped it on purpose.

"The game is fixed.' That is the only explanation. At least that is what you tell yourself, because it is so easy to believe."

He concludes by saying, "I do not exaggerate when I promise you that the same hatred and displacement of responsibility would take place in all our sports if widespread, legal gambling was involved -- fix. That is what you will believe."

Apart from the suspicion and cynicism that gambling brings, think about another kind of perverse aspect of widespread, legalized, State-encouraged gambling. Think about George Young leaving the stadium on a Sunday afternoon with boos ringing in his ears, even though the Giants have won, because they have not covered the point spread. Just as bad, so George's athletes will tell you, when they give their best and they lose, they feel lousy. They don't want to be patted on the back by some smiling fan who is grinning because, even though they lost, they did cover the point spread. Make no mistake, gentlemen, if team sport gambling is legalized, that is what you will see, and it will make you sick if you care about sports.

Beyond the issue of public confidence, legalizing head-to-head, high stakes gambling on sports may well threaten

more than public confidence. One of the things it would do would be to send a message to the athletes themselves that, "Hey, gambling on sports has official approval. It is okay." If it does that, the possibility of actual corruption is real.

Now, we have heard from time to time from proponents of casino gambling that, "Well, don't worry about corruption. So long as the State heavily regulates the gambling, we can avoid totally the corrupting influence of organized crime or other unsavory elements." That is beside the point. Whether or not the casinos are clean, is not what we are talking about. No amount of State regulation can protect the integrity of the sports themselves, if high stakes betting is legalized. It may well be that casino gambling can be conducted completely beneath the watchful eyes of State officials, but that is not where the action is. The action in sports betting is far away from the field and far beyond the reach of New Jersey's gambling regulators.

That concern may be one of the reasons why the New Jersey State Association of Chiefs of Police and the State Sheriffs Association and a wide variety of other amateur athletic bodies throughout the State have gone on record opposing any legalization of sports gambling. I think it is very telling that even the proponents of SCR-50 implicitly acknowledge the futility of preventing corruption. The language of SCR-50 is a dead giveaway, because it excludes New Jersey's own amateur sports teams. When they do that, the authors of SCR-50 acknowledge the obvious: that the taint on sports and the menace of actual corruption are real. They seem to be saying, "We can't assure, within our State's boundaries, that we can control it."

I think, too, gentlemen, the message you would send if sports gambling is legalized to our young people and the values that legalizing sports gambling would tell them are important. Team sports will no longer stand for competition, teamwork,

success through preparation, high motivation, and sportsmanship. Instead, looked at through a gambling prism, they will come to represent the fast buck and the quick fix. There is another ancillary message, too, that legalizing betting would send: Anything goes when it comes to raising money. We can legalize anything that goes on in society and promote and sponsor it, just so we get our cut.

Finally, in terms of the adverse effects on our young people, pathological gambling in this country is a problem. It is an increasingly severe problem, I am told, among young people. Dr. Valerie Lorenz, of the National Center for Pathological Gambling, said last year, when talking about teenage gambling and talking about State-sponsored gambling: "The message they are conveying is that gambling is not a vice, but a normal form of entertainment." She said, "Okay, fine, that bridge has been crossed in many states with a lot of types of gambling, but sports gambling is different. Sports gambling," in her words, "not only teaches youngsters how to bet football, but it encourages them to bet." The fact that, as I read recently, apparently a record number of New Jersey citizens are calling the State's Gamblers Anonymous hot line, is enough, I think, of a real world current example to bring home that point.

From a pure business standpoint -- and this is perhaps the least important of what I would like to convey to you -- State-legalized, State-sponsored sports betting really digs a large, large hole out of the good will that we, and the other sports leagues, have worked very hard for a long, long time to build and maintain. We believe that as producers of entertainment -- and that is what sports are -- we have a right to control how our product is presented and how our product is marketed, and we do not want it marketed as a gambling device or as bait to sell gambling. There is no earthly reason why the private gambling industry should be annointed to

appropriate sports leagues' products for their own commercial purposes.

Let me touch, please, now briefly not on the damage that team sport gambling would do if it is legalized, but to the good it will not do. We have seen in New Jersey, and heard, as we have in other places-- We have heard pro-gambling lobbyists holding up legalized sports betting as a solution to all sorts of ills. Supposedly here in New Jersey we have heard it said that sports gambling, if legalized, will bring an end to the gaming industry's recession, and it will cure the budget shortfall in New Jersey's Casino Fund for the elderly. No way! On a very practical level, you won't cut into illegal gambling by legalizing gambling in the casinos at all. If anything you will do just the opposite. Professional gamblers will acknowledge, in their candid moments, that they have an advantage that State-licensed gambling could never match. They can give better odds; they can give a bigger payout; they can give you tax-free winnings. They can give you very easy credit, and all you have to do to reach them is pick up the telephone. In fact, it has been said several times by candid bookmakers that if legalized gambling is put in, they would love it, because ultimately the flow would not be away from the bookies, it would be to the bookies, as you hook people on gambling, and then they realize they can do better with a bookmaker.

What would head-to-head legalized casino gambling do in New Jersey on sports? We have only one piece of real world evidence, and that is the State of Nevada, where, I am told, in the 1990-1991 year the state's tax cut was \$3 million -- \$3 million. It is a grain of sand on the beach financially. Those more knowledgeable than I about economics will also tell you that in a mature gambling structure such as New Jersey has, instituting a new form of gambling is less likely to generate new revenue than it is to simply siphon and divert revenues

from other forms of gambling. I am also told by the economists that it would take something like \$181 of sports betting to replace every dollar that legalized casino sports gambling would divert from the New Jersey Lottery. I am told, again, that the same is true -- to a lesser extent, but still very significantly -- of money that would be diverted from horse racing, from other kinds of casino gaming, and from general consumer spending.

To hear the casinos talk you would sometimes think that they want to legalize sports gambling just to help the elderly; just to help the senior citizens. I don't think \$3 million a year is going to make that much difference, and there have to be other and better ways to get that \$3 million.

In our view, SCR-50 is nothing short of a relief act, a bailout for Donald Trump and the other casino operators. For anyone to pitch this measure as a meaningful gesture for New Jersey's senior citizens, is perpetuating a cruel hoax on them.

Something else that the sports gambling lobbyists have done is to urge this body -- the Senate -- to skip the legislative step in the amendment process to your Constitution; to buck it over to the voters and let them decide. I think, gentlemen, that there are some serious flaws in that argument by which they would ask you, the elected leaders of your State, to simply step aside and rubber stamp whatever the lobby wants to throw at the people. Bear in mind as you consider that, that there is certainly no public clamor in this State to legalize sports betting. Polls have consistently shown that decided majorities of New Jersey citizens oppose such a proposal, as do many of New Jersey's leading newspapers.

For another thing, we understand that you have more than 50 different amendments to the New Jersey Constitution that have been proposed in this legislative session alone. I would ask the gambling proponents who would like you to simply place SCR-50 on the ballot, whether they would feel the same

way about every one of the other of the many proposed amendments, or whether it is just this one they are that interested in?

We believe, in short -- and I am no more qualified to give anyone a lesson in civics than any of you are, and probably less so-- We know that this country and this State is a representative democracy. You are elected to make decisions. You are leaders, and we believe it is perfectly appropriate for the Senate of the State of New Jersey to determine, collectively, whether, in its considered judgment, legalizing sports gambling is a good thing or a bad thing for the State of New Jersey to do.

We recognize that your State, as do many other states, has a serious financial problem. But please remember, team sports did not create your problem, and they cannot be expected to cure it. The effort to find a bailout -- an economic bailout -- in sports gambling is not going to work for you and for the people of New Jersey, but it will cause great, long-range damage to our sport and to the other team sports, and also to a generation of young people, whose attitudes towards sports would be distorted and diminished by a gambling-oriented outlook.

In short, gentlemen, we urge you, collectively, respectfully, and in the strongest terms, to reject legalized team sport gambling. We urge you to recognize that such gambling is not consistent with the positive role that sports can play in our society. We urge you to recognize that the financial promise of its proponents is an illusion. We urge you to recognize that legalized team sport gambling is not a solution to anything, but that it is, in the words of another perceptive sports writer, "A poison that goes directly to the heart."

We urge you to tell the casino operators that whatever else you have done for them, and whatever else you will do for

them in the future to help them, this is where you draw the line. Tell them that you, as elected leaders in this State, do not want them messing with our enjoyment of team sports, or compromising the values that sports stand for. Tell them that blackjack and roulette and poker and craps are one thing, but you, as elected leaders, are not going to advocate legalized gambling on the performances of live, vulnerable human beings in games that were never meant to be the functional equivalents of poker chips or slot machines or dice or lottery tickets.

We urge you, in short, to tell the casinos that you are not going to gamble away the future of team sports and the special role they play in the lives of our citizens. Tell them that you are not going to gamble with our children's heroes.

Thank you. George, have you anything to add?

G E O R G E Y O U N G: I didn't come with anything prepared because I didn't want to. I obviously concur with everything that Jay has said.

I do have two things that I want to bring up: One is personal and one is professional. Personally -- and I didn't bring this up when I got the job with the Giants -- my father was a bookmaker. He bet on everything. He didn't bet so much on the horses, because you are given the odds when you are the bookmaker. In fact, they had a very nice neighborhood bar, and they used to have a meat counter. They used to hide the book between the slices of ham, and wrap it in cellophane. They used to have two big, strong doors. I never knew why they had these, but they had two big, strong, green doors. When Captain Emerson came -- he was the head of the Vice Squad -- they would lock the doors, and then he would stand at the doors with a big mallet, wait until they took his picture, of course, and then knock down the doors. That would give the people inside time to take the book and flush it down the toilet.

Now, besides the book, he bet on baseball, football, and boxing. This was in the late '30s and the early '40s. He

bet on the Lou Nova/Joe Louis fight, if you remember that. Some of you may; others wouldn't. He bet the house and the bar on Joe Louis. If Nova would have knocked him out with that yogi punch, or whatever he had, we would have been on the street.

When my father lost his business because of this, he went to Florida and he came back, the people who took care of him were all the gamblers. He worked as a bartender in about five different places. All of those places were off limits to the Colts players. Now, I was young in the '20s, and I knew why they were off limits. He knew why they were off limits. There was never any question. All the people my father ever dealt with were gamblers, so I have a very personal feeling about this subject.

Team sports, of course, are what we are most concerned about now. In the old days, we used to be able to bar them from the different places. I understand you can't do that anymore. I wish you could. One of the big problems we have with our players-- Our players don't understand exactly that there is no such thing as a free lunch. They think everybody loves them and will always love them. They don't think that people love them because they can get something from them. They think everybody likes to be around them because it is wonderful to be around them. They can't distinguish between a gambler, a crook, or anything like that. We have some players who have been befriended by crooks. If you tell them, "This guy is a crook," they say, "Well, he is a good friend of mine." So what do you do? You say, "But he is a crook."

This is the problem we have with legalized gambling on games. How are we going to tell our players, "You can't hang around with that guy. You can't befriend that guy"? They think these guys are good guys. I remember the men my father befriended were all gamblers, but I was smart enough then. I wasn't involved in the gambling. One thing about a bar, I

learned not to drink; and one thing about gambling, I learned not to gamble. My problem was that my grandfather had a bakery catty-corner to the bar. I didn't survive the bakery. I did all right with the bar. (laughter)

One of the problems we have with our players is trying to get them to understand who are good people to be with and who are bad people to be with. If we legalize betting on games, there is no doubt whatsoever that they will flock to our players. We have a terrible time as it is. They attract. I would hate to say that water seeks its level, but sometimes that is the way it goes. This is a major problem to us as far as trying to keep our players away from unsavory people. It is unbelievable. You read in the paper how they are attracted by that. You can read it in the papers as well as I can.

I feel very strongly about this issue, probably more so in team sports because, as Jay said, you know, sometimes we do dumb things. I personally do dumb things; the quarterback does dumb things, as do the other players and the coaches. But it is not fixed. We can be dumb without fixing anything. But as soon as you start betting on games, as Jay said, it's fixed. I was in school in the '50s and we had all the basketball scandals and such, so I am very aware of all the activity that went on in that.

I appreciate your allowing me to come here, and thank you for listening to all my stories. Thank you very much. Don't ask me who the quarterback is going to be. (laughter)

SENATOR GORMLEY: Thank you. Are there any questions? (no response) Thank you very much for your time.

MR. MOYER: Thank you, gentlemen.

SENATOR GORMLEY: Next we will call Willis Reed and Joel Litvin.

J O E L L I T V I N, ESQ.: Chairman Gormley and members of the Committee: My name is Joel Litvin. I am the NBA's Assistant General Counsel. With me is Willis Reed, Senior Vice

President of Basketball Operations of the New Jersey Nets. On behalf of the NBA, I appreciate this opportunity to submit to you the views of the NBA and its teams on sports betting, and in particular the NBA's strong opposition to SCR-50.

Most of the NBA's concerns about sports betting have already been expressed here today by Mr. Moyer of the NFL, and are in the statement submitted by the League's General Counsel, Gary Bettman. I just want to highlight a few specific points and then introduce Willis to speak for a few minutes from the perspective of a team GM and former player.

First and foremost, the NBA is concerned that State-sponsored sports betting will damage the special relationship between our teams and our fans. Sports betting will create a new type of fan who is more concerned with the final score than with who wins or loses. There is no question that if a fan bets on a game his perspective on both the game and the players has been changed. If Nets fans begin to leave the Byrne Arena disappointed that the Nets failed to cover the point spread, even though they won the game, the relationship between the team and its fans has been damaged, as has the NBA's product.

This concern is heightened when you consider that children and teenagers are among the most avid of sports fans. I respectfully submit that New Jersey should not be suggesting to its children that their sports heroes are performing in games to which gambling is an acceptable and encouraged adjunct. In light of research showing that teenagers are four times as likely as adults to have a problem with gambling, the dangers of exposing children to State-supported gambling are evident.

Secondly, legalized sports betting unfairly places athletes, coaches, and officials under a cloud of suspicion, as missed shots, turnovers, referees' whistles, and coaching strategies fuel speculation about point shaving or game

fixing. The mere suspicion of a fix, no matter how unwarranted, can seriously harm a sport's popularity by placing its integrity in question.

Third, the argument that sports betting will divert money from organized crime is a myth. Legalized sports betting cannot compete with organized crime. Bookmakers offer better odds, credit, and tax-free winnings. If anything, State-sanctioned sports betting may lure new participants into the illegal sports betting market, and increase the incidence of illegal gambling.

Finally, sports betting does not represent a significant long-term source of revenue for New Jersey, for the reasons expressed by Mr. Moyer. In the past two years, numerous state legislatures, including this one, have considered bills to legalize sports betting. In New York, as well as in Massachusetts, Rhode Island, Illinois, Kentucky, Montana, and the District of Columbia, and at least a dozen other states across the country, legislators have recognized sports betting for what it is: a vice whose dangers far outweigh any possible benefits. We urge you to do the same.

I now introduce Willis Reed, Senior Vice President of Basketball Operations of the New Jersey Nets.

W I L L I S R E E D: Thank you, Joel. It is indeed a pleasure for me to appear before this Committee regarding sports betting.

Personally, myself, I came to New York as a young kid out of Louisiana -- Grambling. We played in a lot of games -- we lost a lot of games with the New York Knickerbockers. At some time during those games, even though we were down 10 or 12 points, the crowd would start to cheer and go on, and I would have no idea why they were cheering. I think this was all related to betting. One day, after losing a game to the Boston Celtics, the next day walking down the street with Emmett Bryant, a couple of fellows on the street asked me, "How did

you guys lose the game last night?" They said, "You guys didn't even cover the point spread." Being from Louisiana, I had never even heard of a point spread, so I asked Emmett Bryant what it was.

I think this is a more serious problem. We do have all forms of betting here, with the casinos, the tracks. Sports betting, to me, would be a very serious mistake on our part, and we vote not to have that legalized sports betting on the basis of the facts as stated by the General Manager of the Giants, Mr. Young.

Regarding associations, anytime anyone associates with anyone, if that person is involved at some level -- and we don't ever know what other people do with all their time-- I think that would be a very tough situation to put all our athletes in. If, in fact, someone had dinner with a guy who was actually involved in betting, then I think we would also have a problem. I think the most serious problem here is, I think our athletes, as much as we would like for them to be heroes, if we are going to put ourselves in a position where they may not become heroes-- I think the morals of our young people are definitely tied to what happens with sports betting.

I personally would like to see that this bill -- that we would not have a chance to have legalized sports betting in the State of New Jersey, because it would be very difficult for Willis Reed, the General Manager, to be concerned about all the negatives that would be created. I think we have enough other means by which to support the financing of the State. We do not want to put the State in a situation where we would be worried about sports betting.

SENATOR GORMLEY: Any questions from members of the Committee? (no response) Thank you very much for coming.

MR. LITVIN: Thank you, sir.

MR. REED: Thanks.

SENATOR GORMLEY: Tom Carver and Arnie Wexler.

T H O M A S D. C A R V E R: The last time I listened to Mr. Wexler, I wondered if I might be able to open up--

A R N O L D W E X L E R: Go ahead.

MR. CARVER: --only because there were some interesting comments made, which I would submit to you were not totally accurate. I said to Mr. Moyer, "I have been called bad names, but never in such classy language before." (laughter)

Let me just address, if I may, initially one issue about what has been said and what hasn't been said. Nobody that I know of, specifically myself, I guess, because I have been the chief spokesman on this issue, has talked about sports wagering casinos being the salvation of either the industry or the State senior citizens, nor have we said it would reduce organized crime's involvement in sports wagering. As a matter of fact, the present head of the State Police, Justin Dintino, has said on more than one occasion, as has Clint Pagano, whom I dealt with over the past 25 to 30 years in law enforcement, that it might, in fact, have no involvement, or either add or increase it. I would also tell you that Dintino has taken an official "no position" on the issue. I would hope that at some future date he might be asked to give his views.

I am not here to debate the issue, but I think it should be debated. All right? Now, we have been told that this is a bad idea, a terrible idea, and yet over and over and over again, both in Washington and here, a bad idea cannot be debated by the people. Don't give it to the people to debate. You were just told that. It is your responsibility to make those decisions by yourselves. I will tell you one thing: The people of this State are now voting, and it is a small rumble. Within the next week or two, we intend to deliver some of that vote to you, to at least allow you to know that there is another view here.

We have been told, by the way, that this is only a \$3 million item; a bad idea and a \$3 million item. Yet, time

after time after time the escalation of who shows up to talk about a \$3 million bad idea escalates. We have been in Washington. We have debated every Commissioner of every league. Here we now have the Executive Director of the NCAA. We have now the General Counsel of the National Football League. We have George Young of the New York Giants; not the New Jersey Giants, but the New York Giants, who came to talk to us this afternoon. And you know, there are other sides, if I may.

There is one particular quote which I really get a kick out of. I think the man who gave it is an honest man, as are these gentlemen also today. It was given on March 17, 1991 in The New York Times: "You know as well as I do how many people standing here can't tell me they haven't bet with a bookie on football or basketball," baseball Commissioner Fay Vincent said. "It has become part of America's culture. To my point of view, it is very important to be careful that we don't overreact to what people do in the winter, in the off-season." Another shade of opinion from the same group of people: "You are told enough is enough." I think the people determine when enough is enough. When is there enough football on television? The people are beginning to decide that maybe the World Football League is enough. But those people are deciding.

The most honest, intellectual argument you will hear from these leagues -- one that I do not agree with, but I tell you as an honest argument -- is the last one that was offered today. Gary Bettman, who is the General Counsel of the NBA, and a decent, honest, hard-working lawyer, has made it over and over again, particularly when he gets mad at me, because I goad him into making it if I can. It is the one argument that is meaningful to this group: "These are our games -- o-u-r -- our games. We control them; we market them. It is a product." You heard it here today. This is not language that I made up -- "our product." Okay? I always thought football and

basketball and baseball and hockey were sports. I don't think there is an athlete worth his salt who would put on a pair of sneakers or strap on a helmet and walk out on that field who wouldn't want to win that game regardless of a point spread.

I played sports in college. I was offered two pro contracts in baseball. I played basketball at Georgetown University. I still recruit for two Jesuit institutions on an active basis, to the degree that we are allowed to help. I have been involved in sports all my life. Gambling on games has nothing to do with those games. If we are so concerned in this country about America's heroes-- I don't want to debate that issue. I don't want to debate that issue. I think it is a bad issue to raise, and I think it is a bad issue for me to have to debate. But I will say one thing: The heroes that are pointed out to you, in many cases, day after day, week after week -- and pick up the newspapers -- are doing some rather uncharacteristically unheroic things.

Now, I don't want to get into that. That's not fair. There are too many good, honest, and decent people in sports, and I know a lot of them. They are sitting here today. But do you know something? Something happened last week, and I want to just, again, if I may, emphasize the fact that what we are asking here is not for you to authorize sports book. I have not asked one public legislator, nor will I, to support sports book. I am suggesting, however, and encouraging you to allow the people of the State to debate this bad idea.

You know, something happened last week. I am repeating myself, but something incensed me. Of all the debate that has taken place thus far, there is something that incenses me. I got a call from Bill Hughes -- Congressman of the 2nd District, Atlantic City's Congressman. There was a markup of the House Appropriations bill on the postal service last week. There was about to be an amendment offered. Now, I am not suggesting that the NFL was behind this amendment. The

California Congresswoman happens to be, I understand, a close personal friend of the Commissioner, but I am not suggesting to you that that was the source of the amendment.

The amendment says the following. I got the call at 12:00. The markup was to begin at 1:00 on the postal appropriations bill. Insert this following clause: "Provided that none of the funds available to the postal service by this act shall be used to collect, process, or deliver mail that carries any communication that advertises or promotes, or that licenses or otherwise regulates," and it goes into sports wagering, "except in those states that already have it."

If it is such a bad idea and it is not a lot of money, that is a pretty scurrilous thing to do, to block open, honest debate in this country, in my judgment. Now, the Chairman of the Committee that is hearing this legislation in Congress -- Jack Brooks of Texas -- was appalled by this. It did not go through. Bill Hughes made sure also that it did not go through. But it is a bad idea and it is not a lot of money. I submit to you -- I have said this before, and I will repeat it without fear of contradiction, and we will produce the studies within the next week -- \$17 million to \$32 million for the Senior Citizen Fund, but that is not the issue. That is not the issue. The issue is, 13 years ago we began a process in this State called the casino gaming industry. The State of New Jersey, at that time, went into partnership with that industry. We don't use the senior citizens to our benefit. That is in the law. That is what we are all about in the State of New Jersey. So it will produce a lot of money for the seniors, and it will, in addition, keep this industry thriving. This industry is 4 percent of the State budget; \$2 billion in terms of buying goods from over 4000 vendors in this State on an annual basis. We're talking about a lot of history here, and a lot of future. And that is what it is all about.

So, we are very happy-- When Pat Schuber, my good friend Pat Schuber, said that we are insatiable-- For 13 years this industry has been insatiable in one arena only, and that is to be allowed to be casinos. This is another example. This is a legal enterprise in the State of Nevada, where it is only a \$1.7 billion a year business. George Anastasia, from The Philadelphia Inquirer, is in the back of the room. So he doesn't misquote me a second time, I said before this Committee once before, serious people in the State of Nevada have said to me that they believe this could be a \$50 billion business in New Jersey. I don't know if that is so or not. I have no idea, and I am not promulgating that figure, but that is what I said, because that is what they have told me.

It is legal in Nevada. They have lived with it for years. They live with point spreads. They know what point spreads are all about. They have no problem with it. I think it is -- I won't say scurrilous, but it is certainly questionable to come into this State and lecture us on what we should and what we should not be doing.

Thank you.

SENATOR GORMLEY: Arnie?

MR. WEXLER: First, Senator Gormley, I want to apologize for the little discussion we had upstairs. We'll correct it. I will call your office and make an appointment.

SENATOR GORMLEY: Okay, thank you. That is something that Arnie and I talked about before, which is unrelated to this matter, whatever his view-- We know his view already, but that doesn't matter. What we are going to do is try to get some omnibus piece of legislation together that addresses funding across-the-board from all forms of gaming, something for compulsive gaming in this State. It is something that we have put off and put off. Arnie is correct. It should be done. Every hearing he will come in and I will say, "Let's do omnibus." We never get to doing it, and we are going to do

it. We are going to sit down and work on it. That has nothing to do with this testimony.

MR. WEXLER: I thank you for that effort.

SENATOR GORMLEY: Go ahead.

MR. WEXLER: It is interesting that Tom says Las Vegas has no problem with legalizing gambling. If they really didn't have a problem, how come you are not allowed to bet a game that takes place in the State of Nevada? I think that is an interesting factor. They must know there is some kind of a problem if they don't let you bet a game within their state.

The other thing is, I wish we had some money where we could throw it out to do a little survey on what the people in New Jersey think about something. We don't have that kind of money.

In September of 1976, I was on a panel that debated casino gambling. One of the sponsors of the bill held up the bill before the referendum vote on a debate we did, and before the vote of the people of New Jersey. It had no credit, no comps, no free drinks, no 4 percent tax write-off, no Comcheck, and no 24-hour gambling in this bill. But once it passed the referendum, all of a sudden all that changed and went in front of the Legislature. Let me refresh your memory on that happened.

In the last 14 years since the first casino opened, the casinos have won more than \$27 billion. The number is a little higher today. We now have gamblers signing markers for \$1.959 billion in 1991, and \$2.3 billion in 1990. In 1991, the casinos gave out over \$80 million in free drinks and \$736 million in complimentaries.

We also know that there is not only Comcheck, but hundreds, or maybe even thousands, of automatic teller machines in casinos. We don't know how much money comes out of these machines. We can't even find out in any way. There is no possible way we can get that information, or I can't anyway.

Last July, a bill was signed that would change the casino industry. Twenty-four-hour gambling was okayed on a three-year experiment, for weekends, when approved by the Casino Control Commission. The bill would allow 24-hour gambling anytime if in the judgment of the Casino Control Commission it would be making an economic impact on the casino industry. Red Dog was added, and your chances of winning at Red Dog are almost as bad as buying a winning lottery ticket in New Jersey. So was Pai Gow and Sic Bo. I don't even know if those games started, to be honest with you. Check cashing for gamblers was allowed at \$1500 a day, which also hasn't started yet, but I was assured that a gambler wouldn't be able to cash more than a \$1500 check before the check gets deposited. You can cash a check for \$1500 on a Friday night before midnight, and if you run around to all the casinos you can cash \$18,000 in that one day. Saturday, the same thing; Sunday, the same thing; and if you hang around until Monday morning -- Sunday night to Monday morning for a few hours -- you can do the same thing.

In my mind, that tells me that a gambler, especially a compulsive gambler, can cash \$72,000 in \$1500 checks before the first check gets deposited, and you know you have a bounced check in your hands.

Just a few weeks ago we dropped the three-year experiment. We added simulcasting. We will now allow casino workers to get credit. We know when you ask for credit it is because you have already gambled more than you intended to, or wanted to. I feel sorry for the Casino Control Commission when they have to face that first casino worker who comes in front of them, because they are going to take away his license, because he or she signed the marker and doesn't have the money to pay that marker.

The bill will allow new games that the Casino Control Commission determines to be compatible with the public interest.

Today, we know -- and this is a survey out of the University of Medicine and Dentistry -- that there are 450,000 compulsive gamblers. I used to say 400,000, and people used to laugh at me. We now have documentation. There are 350,000 spouses and 700,000 children living in a house with an active gambler. Gamblers, last year, lost over \$5.3 billion in New Jersey. There were over 50 weekly meetings of Gamblers Anonymous in New Jersey today, where there were only 15 meetings before 1978.

Who would believe that after all this, we would be here today to talk about legalizing sports betting? Just last month, six New Jersey papers did a survey that stated that 53 percent of our State residents oppose sports betting, and also oppose 24-hour gambling.

The Governor's Advisory Commission of 1988 stated: "The more opportunities that exist for expanding the leisure gambling dollar, the more evidence to substantiate an increase in compulsive gambling.

"Compulsive gambling, it has been documented, leads to misappropriation of funds, embezzlement, and other illicit activities; impacts on the family and business; and poses problems for the entire gambling industry."

Also, the Commission on the Review of the National Policy Toward Gambling -- in 1976, this was a Federal Commission -- recognized a direct relationship between the rate of addiction and increased availability. It seems apparent, then, that by sanctioning legalized gambling as a revenue-raising device, the State has contributed significantly to what is now known to be a major societal problem.

In June 1990, we received a letter from Governor Florio that stated: "My administration will continue to aggressively support programs for compulsive gamblers. I am committed to maintaining this program priority. Likewise, we will not support any review or recommendations for new or

expanding gambling initiatives without considering corresponding measures to address the needs of those persons with gambling problems."

I don't see any money for compulsive gambling in this sports betting bill. I also didn't see money for compulsive gambling in all the previous bills which passed since June 30, 1960 (sic).

Even though this bill only addresses betting on professional sports, we all know the history of New Jersey and gambling. How could you not believe, when the casinos cry they are losing money, and we need more money for the Casino Revenue Fund, that we won't add college sports, high school sports, Little League sports, and, eventually, Tee Ball. I think enough is enough.

I again invite everyone who sits here to come to my office and listen to the 800 gambler numbers and hear it for yourself. I think if you did, you would get on the floor when it comes up to vote, and you would vote no for casino sports betting.

Here is an editorial out of the Asbury Park Press; actually, it is a column: "The question still has to be battled. It is whether the gambling issue is settled by the voters at all. Perhaps best it should be kept off the ballot. Maybe they are not strong enough to fight off the casino money and the machines pouring out, and the good guys who say, 'Let's put it on the ballot.' There will be some ads that tell us of all the good things casinos are doing." And he says: "There is much truth to what they say. The revenue has helped New Jersey and its people. But maybe if there is some hope in the future, it comes from the belief that sometimes you say no to a quick fix of cash, so that years down the road you can look your kids in the eye and talk about how games are won and lost, instead of how spreads are being covered."

Also, I wouldn't be surprised if someone in the Legislature comes with this one next -- and it would be a hell of an idea, because we have the sand in Atlantic City -- why not run camel races? (laughter)

MR. CARVER: Better copy that down.

SENATOR GORMLEY: Thank you.

The next three witnesses will be: Executive Director of the NCAA, Richard Schultz; the President of Monmouth College, Dr. Sam Magill; and Director of Athletics at Rutgers, Fred Gruninger. We will have Mr. Schultz as the lead-off witness. Mr. Schultz?

R I C H A R D D. S C H U L T Z: Mr. Chairman and members of the Committee: Thank you for the opportunity to appear before you. Before I make my statement, I would like to present to you, for introduction into the record, a statement from P. J. Carlesimo, Head Basketball Coach at Seton Hall. He asked me to introduce this on his behalf, as he was unable to be here.

I am Dick Schultz, Executive Director of the National Collegiate Athletic Association. For your background information, the NCAA is an unincorporated, voluntary Association of about 1000 four-year colleges and universities and related organizations. Twenty-three of our members are in the State of New Jersey. In 1994, we are scheduled to hold our premier sporting event -- the Division I Men's Basketball Tournament -- in New Jersey at the Meadowlands.

Today, this Committee holds an open hearing on the issue of whether the New Jersey Senate should approve the proposed constitutional amendment -- SCR-50 -- authorizing casino-based betting on professional and college sports. Obviously, the NCAA vigorously opposes that proposal.

We understand that in its prior appearance before your Committee, the New Jersey casino industry essentially avoided discussing the merits and demerits of legalized sports

betting. Instead, we understand the casino owners asked the Senate to approve the amendment on the ground that it is up to the people of New Jersey, not the Legislature, to decide whether casino gambling should be allowed to attach itself to professional and college sports, and we have heard that position again today.

Please forgive me if I express some impatience with that not-so-subtle effort to avoid the issue. This Committee knows far better than I that the New Jersey Constitution squarely places responsibility on each House of your Legislature to decide whether a proposed amendment has sufficient merit to be placed on the ballot. And we believe that when the merits are considered, the scales tip radically against the proposal.

On the affirmative side, I understand, are the claims that the casinos will generate new profit from sports betting not diverted from other gambling forms; that some of that profit -- about \$3.3 million by State estimates -- will be reaped in taxes and will be earmarked to provide benefits to the elderly and the handicapped; and that more betting opportunities will generate a healthier casino industry and greater tourism in this State.

Now, what about the negatives? Well, first, I would ask, by what right do the casino operators arrogate to their own profit a form of human endeavor -- the college games -- which were never created for that purpose, and where the sponsors -- our member institutions -- vigorously oppose the games' exploitation for that purpose?

Second, what message does State-promoted sports gambling send to our young people who play the games, and to all the others -- the young people and their parents -- who enjoy them as spectators? Is sports gambling acceptable? Is sports gambling good, because it raises tax revenues? If it is good, why do law enforcement agencies, educational and

religious groups, and amateur and professional sports organizations uniformly oppose it, in New Jersey and across the country?

Third, what does sports gambling do to the meaning and integrity of the games themselves, when the issue is no longer who wins and who loses, but only who beats the spread? What does it do to the public credibility of individual performances, of coaching decisions, of officiating?

Just imagine yourself at a basketball game, for example, where the crowd temperature turns up pretty good; it is a very close game, or it is a game that is out of reach, one way or the other. The official makes a call and puts someone on the foul line. Suddenly you have the home team chanting for the home player either to make the field goal -- or the free throw -- to help the point spread, or to miss it because of the point spread. Just think of the pressure that puts on those individual players. There is enough pressure there already and on the officials themselves. Sportsmanship is a major concern now, and adding this type of pressure certainly is not needed in intercollegiate or interscholastic athletics today.

We ask these questions in common with the professional sports leagues, but our concerns in intercollegiate athletics go much further:

For the past several years, the NCAA and college presidents and athletics administrators throughout the country have been engaged in a major effort to improve the stature of intercollegiate athletics as an integral part of the education process. We've made some real progress in the tightening of academic issues, curbing of recruiting excesses, and limiting student playing and practice time -- to name a few of our successes.

Expansion of the business of betting on college sports significantly detracts from our current effort. Without doubt, the drafters of the casino betting amendment well recognized

its negative impact on college sports when they excepted New Jersey colleges from the sports betting authorization, thereby suggesting that betting on New Jersey schools is bad, but on all other schools is good. We find this distinction logically and ethically indefensible.

Chairman Gormley, the New Jersey Senate will soon have the opportunity to put a very bad idea to rest. Early this month, the United States Senate voted 88 to 5 to ban the spread of sports gambling in this country. Every state legislature that has considered sports gambling in the past year has rejected it.

I urge you and your fellow Senators not only to accept, but to embrace, your constitutional responsibility and help us to keep intercollegiate athletics as it was meant to be -- an extracurricular pursuit by which student athletes participate in competitive athletics within an educational environment.

I urge the Senate, and all members of this Committee, to vote "No" on SCR-50. Thank you. If you have any questions, I will be glad to answer them.

SENATOR GORMLEY: Thank you.

D R. S A M U E L H A Y S M A G I L L: Senator Gormley, members of the Committee, and Senator Bennett, my Senator: My name is Samuel Magill. I am President of Monmouth College in West Long Branch. Monmouth is an independent, comprehensive institution with over 4000 students. We participate, in our intercollegiate program, in the NCAA's Division I programs. We are a member of the Northeast Conference, which has members in several states, in addition to New Jersey, New York, Pennsylvania, and Maryland.

I appreciate the opportunity to express my views here. I thoroughly concur with the remarks of Dick Schultz and of all those who have spoken before me in opposition to the proposed change in the Constitution.

My interest in Senate Concurrent Resolution No. 50 is in the provision obviously permitting casino-based gambling on sports events. I think I can speak for all of my peers in the college presidency in New Jersey when I say we are opposed to this proposition, and further that this Legislature should exercise political and moral leadership by defeating the bill when it comes to the floor.

Gambling on sports, whether legal or not, creates an insidious influence on intercollegiate athletics, to say nothing of sports in general. Legalized gambling only exacerbates the negative influence which has existed for decades.

Let me offer a personal reminiscence: During the late 1950s and early '60s, I was an administrator at the University of North Carolina at Chapel Hill. It was during the heyday of the Dixie Classics, a highly respected Christmas basketball tournament. I knew personally, because I was the Assistant Dean of Students, students who were drawn into a point-shaving scam induced by gambling. That scandal destroyed young lives, and brought about the demise of a great sporting event.

The bill's limitation of gambling on sports to out-of-state institutions, I believe, is a snare and a delusion. New Jersey institutions do not exist in a vacuum, and the growth of gambling elsewhere can only contribute to greater temptation everywhere to participate in the corruption of the whole enterprise.

Gambling on sports is an incentive to cheat, as history and contemporary events demonstrate. It is totally inimical to the philosophy and purpose of all sports, particularly intercollegiate athletics. Gambling simply has no place in athletics because it is a corrupting influence. No need for enhanced revenues can justify the introduction of such influences. It would reflect, I believe, moral cynicism of the worst kind to allow such activity, while decrying the influence

of money in big time athletics. It would be alien to the ideals of honesty and fair play which we have celebrated for so long in the United States in our whole sports enterprise.

I urge the defeat of SCR-50, and beseech you to exercise the judgment the people of New Jersey have elected you to exercise.

Thank you very much for allowing me to express my opinions today.

SENATOR GORMLEY: Thank you.

F R E D G R U N I N G E R: Hi. Fred Gruninger, Athletic Director of Rutgers University. Thank you very much, Chairman Gormley, for the opportunity to participate today.

I shall be brief, after listening to many of my colleagues. I have had the opportunity in the past 40 years to represent the State of New Jersey as a participant, as a coach, and as an administrator in interscholastic and intercollegiate athletics. No one, I believe, could have a finer opportunity than I have had to represent, to be a part of, and to continue to be a part of college athletics today. I have just come from a very large national convention, where all the athletic directors from around the country came together. I can assure you, from my position and from the position of my counterparts in the State of New Jersey and around the country, that we do not need legalized gambling on sports. We do not need that. We do not need to have New Jersey become the place where people come in and gamble on college sports. We do not need that. We honestly do not need that.

We have an organization in the State of New Jersey called the Collegiate Athletic Administrators of New Jersey. There are over 40 institutions -- two-year and four-year institutions -- in the State of New Jersey where the administrators participate annually in several meetings, talking about key issues, and this is a key issue. We do not want our men and women exposed to the gambling habit that could

take place and, as Dick Schultz said, a point at the foul line, a field goal, or whatever it might be -- that success on the field based upon the score is not successful because a point spread has not been met.

So I urge you, as I said in my very brief statement right from the beginning, as do the constituencies we are part of, be it at the State level, be it at the national level-- We urge you not to include college sports. We do not need it. It sends the wrong message to our men and women.

Again, I really appreciate the opportunity to be here. Thank you.

SENATOR GORMLEY: Gentlemen, thank you very much for your testimony.

From the New Jersey State Association of Chiefs of Police, Paul Tighe.

P A U L T I G H E: Senator Gormley, I am the Legislative Chairman from the New Jersey State Association of Chiefs of Police. We would just like to inform this Committee that the New Jersey State Association of Chiefs of Police is on record opposing the legalization of sports betting in New Jersey. We oppose SCR-50 because we believe that legalized sports betting would have a detrimental effect on the youth of our State, and threaten to compromise the integrity of athletic events.

A small aside on the comment the NCAA Director made about basketball games. I went to bed, like most of you last night, after watching Michael Jordan and the Bulls come back from a game that they apparently lost in the fourth quarter. I woke up this morning to find out that there were riots in Chicago. I wondered what the point spread was, and what would have happened if Michael Jordan had been dribbling around in front of the basket, as often happens at the end of a NBA game, and the point spread was, say, five points, their team was ahead by four, and he either could shoot or not shoot, and did or did not shoot, and the next day the law enforcement

community woke up with a riot on its hands? I think that is a part of sports betting that no one bothers to think about, but I think it is a big concern in today's world for law enforcement officials.

Thank you very much.

SENATOR GORMLEY: Joe Riordan, United Senior Alliance? (no response) Not here, okay. Robert Hopec, New Jersey Principals and Supervisors Association?

R O B E R T H O P E C: Good afternoon, Mr. Chairman, and members of the Senate Judiciary Committee. My name is Robert Hopec, and I am here this afternoon representing the New Jersey Principals and Supervisors Association, as well as the Directors of Athletics of New Jersey, Inc., and the New Jersey State Interscholastic Athletic Association, with over 5000 members and over 500 school districts throughout the State.

We are voicing our opposition to any legislation which would legalize sports betting in New Jersey. You have heard extensive testimony this afternoon, and it is my intention to be as brief as possible. As the day grows longer, our comments and our attention spans may be shorter. I will be direct and to the point.

We feel State-sanctioned sports gambling threatens three important interests: First, it would undermine confidence in the integrity of professional and amateur sports, promoting suspicion and cynicism about controversial plays or close calls.

Second, State-sanctioned sports gambling would convert professional team sports from wholesome athletic entertainment into a vehicle for gambling, communicating very negative values about sports to America's youth, and turning role models into unwilling participants in gambling schemes.

Third, there is evidence that State-sanctioned sports gambling would promote gambling among our youth.

We, as educators, feel that legalized sports betting would be very counterproductive to the values which we attempt to teach through athletics, the other half of education. We feel this would be too available a concept. By legalizing sports betting on professional and amateur sports, we send conflicting messages to our youth, the future of our State and country.

Today, athletics play a significant role in developing positive values and role models. If we legalize sports betting, images become suspect and role models less important. Many children idolize their sports heroes. Legalizing sports betting would change the focus of sports forever. Athletes would be considered losers even if they won, if they did not cover the point spread, and the integrity of the game would be irreparably damaged.

We respectfully request that you vote "No" on the constitutional amendment which would permit sports betting. I thank you for the opportunity to express my concerns and the concerns of my colleagues throughout the State of New Jersey.

SENATOR GORMLEY: Thank you very much.

MR. HOPEC: Thank you.

E D L O O N E Y: Thank you for the opportunity to speak in front of you.

I have been involved in the compulsive gambling field for about 20 years, and I would like to just briefly tell you about the other side that we are not talking about, the human beings who are affected by this problem, particularly the young people.

I have been a counselor at the J.F.K. Gambling Treatment Program in Edison, New Jersey, for the last five years. There we treat people and families that are in the desperate phases of gambling. We know about compulsive gambling; we know a lot about gambling. We know that most people who gamble are going to gamble normally and are not

going to be affected by it; probably about 60 percent of the people. There is another 20 percent who are going to be affected severely, but yet they are not going to be involved in any criminal activity. They are not going to break up their marriages; they are not going to steal on their jobs; they are not going to commit insurance fraud, arson, loan sharking, bookmaking, that the other people do.

But there is about 5 percent to 8 percent who are actually what we call "compulsive gamblers." These people are in the grip of an illness, and they cannot stop gambling without treatment of some kind. What blows our minds, and boggles our minds, is, we have been speaking in high schools, and there is absolutely no education in this great State of New Jersey on compulsive gambling in any of our school systems. There is not a book, there is not a piece of paper, there is not a piece of literature, and we had one million youngsters who went to school last year in the State of New Jersey.

If it were not for The Council on Compulsive Gambling and the J.F.K. Treatment Center going into the high schools-- I, personally, have gone into high schools over the last four years, about 50 high schools, to present some programs on compulsive gambling. I can tell you that in 1985, the form of gambling for young people, their most favorite form of gambling, was card playing. That has switched now to sports betting. Sports betting is the number one form of gambling for young people.

I can tell you that the suicide attempts-- I have been called to four high schools. Actually six high schools in the last two-and-a-half months had gambling rings, with organized bookmakers doing business on premise in the schools. Okay? So we have on one hand the largest gambling State in the Union with all forms of gambling. We are going to have more forms of gambling. Why is sports gambling so important? Because sports gambling is the number one illegal form of

gambling with bookmakers. We can talk about horse racing; we can talk about illegal casinos; we can talk about lotteries, etc., but most income money for the mob comes from sports betting, particularly football betting. Football betting is the most popular, but if you talk with organized crime people, they are going to tell you that they get more money from baseball bettors, because the season is longer. So, sports betting is a big thing.

Now, this bill is not going to affect the person up in Clifton, New Jersey, where I live, who bets with a bookmaker. He is not going to go to Atlantic City to make a bet on a football game or a baseball game. He is going to find a bookmaker up in Clifton, New Jersey, and he is going to do his betting there. So it is not going to knock out the mob in any way.

A couple of other things I would like to say: If we are interested in what happens to these people who come-- I did evaluations on about 800 people in the last five years; 800 people in the desperate stages of gambling, from the age of 14 years old right on up to about 65 years old. I can tell you, we had to hospitalize some people. I can tell you, I got a call from a Bergen County mother whose son was on the top floor of her apartment building ready to commit suicide, after not going to school for two days, because he owed a bookmaker money for gambling.

One of the crimes of having more of this kind of gambling-- Last year, \$812 million was taken into the coffers of our State from gambling. Right now there is absolutely no money for the treatment of compulsive gamblers. This is a crime. We have a program at J.F.K. Edison that has about 110 families on it. We cannot afford the payments. The \$75,000 which was allocated last year to this program has been taken away. So I think it is wonderful for people to suggest new forms of gambling to get more money into the coffers, but the

victims are going to have to walk out the door. These people are going to end up in prison. They are going to end up in the court systems.

If you go to the courts-- I have testified in Federal and also local State courts on behalf of compulsive gamblers. These people are incarcerated, at the rate of \$25,000 a year, due to embezzlement, white collar crimes, and insurance fraud. Insurance companies in the State of New Jersey are being ripped off like crazy by compulsive gamblers in the desperate phases. Ninety percent of the people I see, whom I treat, have committed some kind of an illegal activity. So we are not talking about the fun and games, the guy who can make a bet, lose, and go home, We are talking about people who are so desperate that they can't stop. They need to continue to gamble, and they will do a lot of things.

In Passaic County, New Jersey, 1980 to 1990, 31 attorneys were indicted for misappropriation or some kind of illegal activity. I know for a fact that 13 of them were compulsive gamblers; 13 of these people with high standards, in desperate phases, did crazy things. It has not only happened with attorneys; it is happening with young people in school. There are absolutely no programs for schools. You've got to do something desperately. Let's have all the gambling we want in the world, but let's not lose that beautiful generation of kids. I can tell you, when they get into high schools and colleges-- Somebody mentioned before in their testimony about the newspaper articles on the gambling rings.

I have a client right now from Maine. He lost his scholarship up in Maine because of a gambling thing. He is back over here in Edison, New Jersey. He has to go to a different school because of a gambling situation. This is happening like crazy. Once the kids leave high school and go to college, they want to get known, they want to become a part of that school, that system, so they start drinking and they

start gambling, and they get involved. There are bookmakers at every college, and there are also many bookmakers in high schools today.

I just wanted to let you know, when you are considering this, it is not just the income. Consider the court costs. Okay? It is \$25,000 a pop to incarcerate a person in the State of New Jersey. We have 25,000 people-- I can guarantee you that between 10 percent and 20 percent of the people in the correction facilities are in there because of compulsive gambling problems. They are not getting any help, and they are going to get out of there.

I'll tell you one fast story, about the worst story I have ever heard, and I will end with that. In 1978, there was a youngster who was one of the greatest football players and soccer players in Essex County. The only thing was, Kenny loved to gamble. As a freshman, he won \$700 gambling. As a sophomore, he lost some money, and couldn't pay the bookmaker. His father sat down with him -- he came from a wonderful Jewish family -- and said, "What are you doing?" Just like some of us when we have trouble, we go to our fathers. They are the ones who are going to help us. He told him: "You can't win at gambling. What are you doing, Kenny? Stop this." He paid the bookmaker off, and he thought that was the end of it.

But Kenny continued to gamble, because he was one of those 5 percent to 8 percent. He was a compulsive gambler, but he didn't know it. In his junior year, he won a lot of money again, but in his senior year he got into a big jam in the amount of \$1400, and he couldn't pay. What did Kenny do? He went to school. He went to Montclair High School, and he asked this fellow in school who was doing some B&Es and stealing -- he was a drug addict -- "Please lend me this money. I have to pay my bookmaker. I'm so scared." The fellow said, "I am not going to give you the money, but I will tell you how to do it.

It's so simple to break into a house. Make sure nobody is home," and he proceeded to tell him what to do.

Kenny left the school. He said, "I am not going to do that, because I am not that kind of a guy." The bookmaker rang his bell that night, and said, "I want my money, and I want it now." Kenny was so scared. He had a scholarship, a nice girl, he had everything going for him. But he decided to break into a house. He broke into the house, after making sure nobody was home, and he did everything he was told to do. I am not going to tell you what those things were, but he knew that nobody was going to be home. He had a little bat in his waistband just in case there was a dog in there. As he broke into that house, here came a little old lady from the other side of the building with a pen in her hand. She had been writing checks. He didn't know it, but she was hard of hearing. She saw what was happening in her house and she lunged at Kenny, stabbing him in the arm.

When I visited Kenny in Northern State Prison nine months ago, he told me, "Mr. Looney, I don't remember doing anything except involuntarily. When she stabbed my arm, I hit her in the head." The coroner's report said he hit her 12 times. He didn't know he hit her. He didn't know he killed her. He thought it was a dream. Here is a kid, one little kid, one little story, Montclair High School in 1978. He was arrested for murder and sentenced to life imprisonment. That is one little story, and one little kid who could not control his gambling habit. Okay?

We are not providing our kids with education. We are not providing our kids with enough funds. So I think before we put more gambling in place, we should worry about the victims we would create.

Thank you very much.

SENATOR GORMLEY: Ray Funkhouser, Garden State Games.

RAYMOND C. FUNKHOUSER: Thank you. My name is Ray Funkhouser. I am Executive Director of Garden State Games. I thank you for the opportunity to come before you today to comment.

I come here representing the New Jersey Garden State Games Committee, Inc. The Garden State Games Committee, Inc. is a nonprofit corporation that was established in 1983. The Garden State Games is an Olympic style, multisport festival open to all New Jersey amateur athletes, and it is designed to accommodate all ages and skill levels. Currently, we have 31 sports that are part of the Garden State Games.

The purposes of the Garden State Games are 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, multisport, 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 amongst New Jersey's residents.

We are very involved in promoting amateur sports in the State of New Jersey.

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 makes to the development of sport through actual competitions and through other important parts of our society.

The Garden State Games is vehemently opposed to any bill that would legalize sports betting. This bill, if passed, would 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 his 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 a very positive influence on the values that many people, 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 could destroy the value of sports in our society.

Legalized sports betting would have very direct consequences throughout New Jersey. I fear legalized sports betting 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. We are funded partially by a State grant and corporate sponsorships. We have seen our State portion reduced in the last several years, and we have had to rely on increased corporate funding. It would make it much more difficult to get that corporate funding, seeing the whole meaning of sports undermined by this type of legislation.

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 in the papers, but are bumped for horse racing results from tracks that aren't even in New Jersey. Would we now see a lot of results of other states' 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 that many of them get in supporting their efforts to get to the top rung of the ladder is through the Garden State Games. Without that exposure, those athletes would suffer and the Garden State Games could not survive.

Sports betting 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 27 years. I have been a National Champion, American Record Holder, and have represented the United States internationally. Next week, I will be competing at the U.S. Olympic Track and Field Trials for a spot on the U.S. Olympic team bound for Barcelona. My greatest nightmare is that people could bet on many of my competitions when I am competing out-of-state. Most of my national level competitions are out of the State of New Jersey. I have not trained for 27 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 true costs. Thank you very much.

SENATOR GORMLEY: Thank you.

UNIDENTIFIED MEMBER OF COMMITTEE: Good luck next week.

SENATOR GORMLEY: John Sheridan?

J O H N P. S H E R I D A N, J R., E S Q.: Mr. Chairman, members of the Committee, for the record, my name is John Sheridan. I am with Riker, Danzik, Scherer, Hyland & Perretti, and we represent the NFL in opposition to sports betting. Mr. Stringer had planned to be here today, but, unfortunately, he was delayed on his train and will not arrive on time. I have presented his testimony for the record in written form.

I would just like to read two conclusions from that study, because I think they are apropos. His study finds that New Jersey should not expect a significant amount of revenue from sports betting and, in fact, should be prepared to see a decline. Furthermore, the risks in the analysis are mostly on the down side. It is more likely that revenues will be less. It would be a loss for the State, rather than a gain. At best, total net revenue to New Jersey caused by the advent of sports betting would be about \$5 million, and given certain conditions regarding the degree of substitution of sports betting for other forms of spending in the State, could actually be a loss of \$40 million.

He reaches this conclusion simply because the State makes 42 cents on every dollar bet on the lottery, and makes something on the order of five cents on other forms of gambling down to--

SENATOR GORMLEY: Let's hear it for Amtrak. Here is Bill Stringer.

MR. SHERIDAN: Bill, I think your job has been done for you.

Basically, what Mr. Stringer's study finds is that there will be substitution. There most likely will be substitution of great measure from other sports -- from other forms of gambling. What you are going to find is that money is going to be diverted from the Lottery, diverted from casino gambling, and diverted from horse racing, and that diversion is

going to result in a loss of revenue to the State. That loss could be as much as \$40 million.

Bill, is there anything you would like to add?

W I L L I A M L. S T R I N G E R: I think that sums up the results of the analysis. I would just point out that the reason becomes clearer when you consider that the Lottery has a State share which is 181 times the State's share that would occur under sports betting. That is why the substitution makes so much difference to State revenues.

SENATOR GORMLEY: Thank you very much.

That will conclude the hearing on sports betting.

(HEARING CONCLUDED)

APPENDIX

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COUNTY OF BERGEN

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William P. Schuber
County Executive

**STATEMENT
BY
BERGEN COUNTY EXECUTIVE WILLIAM "PAT" SCHUBER
MAY 18, 1992**

RE: SCR-50 AND SCR-16/ACR-53

AS A MEMBER OF THE COALITION "DON'T GAMBLE WITH OUR CHILDREN'S HEROES" AND AS THE FORMER CHAIRMAN OF THE ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE, I WANT TO TAKE THIS OPPORTUNITY TO REGISTER MY STRONGEST OBJECTIONS TO SCR-50 AND SCR-16/ACR-53 - LEGISLATION WHICH PROPOSES AN AMENDMENT TO THE CONSTITUTION PERMITTING WAGERING AT CASINOS ON THE RESULTS OF PROFESSIONAL SPORTS EVENTS.

I STRONGLY OPPOSE ANY ATTEMPTS TO CHANGE THE 1976 CASINO REFERENDUM.

NEW JERSEY HAS MANY OUTLETS FOR LEGALIZED GAMBLING -- THE RACETRACKS, THE STATE LOTTERY, AND THE CASINOS IN ATLANTIC CITY. THE CASINO INDUSTRY HAS ALREADY WON APPROVAL FOR LONGER HOURS AND MORE GAMES. NOW THEY WANT TO TAKE ONE STEP FURTHER. THEY WANT APPROVAL TO GAMBLE ON OUR CHILDREN'S HEROES.

WE ALL AGREE THAT CURRENT VITAL SERVICES PROVIDED BY CASINO REVENUE FUND MONIES SHOULD BE MAINTAINED. HOWEVER, SPORTS BETTING IS CLEARLY NOT THE WAY TO GO.

I URGE THE MEMBERS OF THE SENATE JUDICIARY COMMITTEE AND ALL OF THE MEMBERS OF THE NEW JERSEY SENATE AND GENERAL ASSEMBLY TO JOIN TOGETHER AND BECOME PART OF OUR GROWING COALITION. AND MOST IMPORTANTLY TODAY, I URGE THE MEMBERS OF THE SENATE JUDICIARY COMMITTEE TO VOTE NO ON SCR-50.

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STATEMENT OF JAY MOYER
EXECUTIVE VICE PRESIDENT
AND LEAGUE COUNSEL

to the

JUDICIARY COMMITTEE
NEW JERSEY STATE SENATE

JUNE 15, 1992

My name is Jay Moyer. I am the National Football League's Executive Vice President and League Counsel. I am here on behalf of the NFL, Commissioner Paul Tagliabue, the League's member clubs and their players to express our strong opposition to SCR 50, which would amend the New Jersey Constitution to permit the state legislature to legalize sports betting in Atlantic City gambling houses and casinos.

We do not want our games used as bait to sell gambling. Gambling casinos should not be allowed to appropriate our sport as a magic cure for their own sagging fortunes. We should not gamble with our children's heroes -- or with the positive values our sports represent to tens of millions of Americans, young and old.

Gambling brings no good to sports -- only ugliness and trouble. New Jerseyans saw this close up not so many years ago, in the college basketball point-shaving scandals that involved schools in this state as well as in the two major metropolitan areas that bookend New Jersey.

In the twenty years I have been privileged to serve the National Football League, and for many years before, the League has vigorously protected its reputation for integrity and the wholesome character of its games. As part of that effort we have maintained strict and wide-ranging rules prohibiting gambling on NFL games and detrimental associations with sports gambling. Legalizing sports gambling in this state would undermine everything we have worked for in this respect -- and considerably more.

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If it is legalized in New Jersey, sports gambling will automatically be declared a legitimate and desirable activity. It will then be heavily promoted and encouraged, and widely publicized. It will openly become an accepted, state-condoned part of the fabric of our everyday life. As a New Jersey columnist wrote not long ago, "if sports gambling were as legal as buying a soda, how pro teams or individual athletes failed to meet the previous morning's betting line would be all we would ever read or hear about." If and when that happens, the ugliness and trouble will begin.

First, legalized team-sport gambling would threaten the integrity of team sports, and the public's confidence in them, by generating widespread suspicion and cynicism about every controversial play that affected the "point spread." By encouraging people to gamble on our games, you encourage them to look at our sport not as a fan, but as a gambler. When you do that, you change what they "see."

Even our very best players make critical mistakes on the field: Phil Simms or Jeff Hostetler can throw interceptions ... Fraeman McNeil can fumble ... Rob Moore can drop a pass ... Lawrence Taylor or Carl Banks can miss a tackle. Even in the Giants' recent World Championship year, some of Bill Parcells' coaching strategy decisions backfired. And it is a rare game in which at least one referee's call isn't roundly booed.

These examples are inevitable parts of our game -- and all of them can affect the "point spreads" on which football betting is based. Since there is no less rational person than a losing bettor, legalized team-sport gambling would create a pervasive climate of suspicion about every controversial play in a game. Sports Illustrated noted it well: "As fans cheer their bets rather than their favorite teams, dark clouds of cynicism and suspicion hang over games, and the possibility of fixes is always in the air."

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In the warped and suspicious perspective of the losing bettor, "the breaks of the game" becomes "the fix was in." A Florida sportswriter summed it up very well:

"I like to gamble -- but not on sports. Though I make predictions on the outcome of NFL games, I never wager on them. Sure, one reason is that I might lose, but another reason is far more important.

I love sports. I do not want to hate them.

Believe me, friends, when a horse stumbles or a greyhound hits the rail, you can hate the animal for causing you to lose. You don't blame yourself -- you blame it. Losing the mortgage payment was not your fault, but the fault of somebody else.

It's even worse for jai-alai players. Let a jai-alai player drop what should have been an easy catch -- preventing you from winning -- and you know he dropped it on purpose.

The game is fixed. Only explanation. At least that's what you tell yourself, because it's so easy to believe.

I do not exaggerate when I promise you that the same hatred and displacement of responsibility would take place in all our sports if widespread, legal gambling was involved.... Fix. That's what you will believe."

Apart from the suspicion and cynicism that gambling brings, isn't it a total perversion of sports to have Giants or Jets fans leaving the stadium surly and disappointed when their team wins, because they didn't cover the spread? Or happy when their team lost, because they did cover? Make not mistake: with legalized team-sport gambling you will see this -- and it will sicken you.

Legalized team-sport gambling that involves head-to-head high-stakes betting may well threaten more than just public confidence in our games. By sending a message to the athletes themselves that sports gambling has official approval, it could well threaten actual corruption of the games by undermining the ability of professional and amateur sports organizations to enforce their own rules against gambling involvement.

Casino gambling proponents have always argued -- misleading -- that so long as a state heavily regulates legalized gambling, the corrupting influence of organized crime and other unsavory elements can be avoided.

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Whether or not the casinos in Nevada and Atlantic City are "clean," no amount of state regulation can protect the integrity of team sports if sports betting is legalized. Perhaps casino gambling can be conducted completely beneath the watchful eye of state officials -- but the "action" in sports betting takes place far beyond the reach of New Jersey's gambling regulators.

Perhaps that concern is why the New Jersey State Association of Chiefs of Police, the New Jersey State Sheriff's Association, and a wide array of amateur athletics governing bodies from throughout this state have gone on record opposing any legalization of sports gambling. The same concern has prompted Cook County (Chicago) Sheriff Michael Sheahan to observe that:

"From a law enforcement standpoint, it is common knowledge that large stakes gambling of any type attracts organized crime. I see no way that professional sports gambling could be adequately policed to rule out any organized crime influence. In addition, I am concerned about the influence legalized betting could have on organized sports at all levels -- from the professional athlete who could be pressured to shave points or throw a game to the impressionable youngster who could be led to believe it is cash that counts."

Even those promoting SCR 50 have acknowledged the futility of preventing corruption from undermining the integrity of team sports once sports gambling is legalized; the language of SCR 50 itself is a dead giveaway. By excluding New Jersey's own amateur sports teams from the reach of legalized sports betting, the authors of SCR 50 have acknowledged the obvious: that the taint -- and the menace of actual corruption -- is real, and that adequate control cannot be assured even within the state's boundaries.

In addition to the dangers of real and perceived corruption in sports, state-sanctioned betting converts team sports from wholesome athletic entertainment into gambling devices -- and into a vehicle for communicating

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very negative values to young people. Over time, the impact on the youth of New Jersey, and of America, will be devastating. Team sports will no longer stand for competition, intense cooperation among athletes, teamwork, success through preparation, motivation and sportsmanship. They will come instead to represent "the fast buck" and "the quick fix." Legalization of sports betting would also send another message to our young people: that "anything goes" when it comes to raising revenues, and that we might as well legalize, sponsor and promote any activity so that the state can get its "cut."

Further, legalized sports gambling would, by example, promote gambling among young people. Dr. Valarie Lorenz of the National Center for Pathological Gambling told Time last year that the rise in teenage gambling is linked to the spread of state lotteries generally: "The message they're conveying is that gambling is not a vice but a normal form of entertainment." That negative message would certainly be sent by state-endorsed gambling based on something as popular with young people as team sports. And, as Dr. Lorenz has written, a sports lottery "not only teaches youngsters how to bet on football pools, but also encourages them to do so." What is true in this regard for sports lotteries would obviously be even truer for casino-style sports gambling. The fact that record numbers of New Jerseyans are already calling a gambler's hotline, looking for help in breaking their addiction, should only heighten this concern.

The threatened perversion of the role played by team sports as one of the few positive influences left in the lives of many of today's youth may explain why the New Jersey State Interscholastic Athletic Association, the New Jersey Directors of Athletics Association, and the New Jersey Principals and Supervisors Association have also joined in opposing legalization of sports betting in any form.

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State-sanctioned sports betting also misappropriates the goodwill, public interest in, and entertainment value of the products of the NFL and other sports organizations. As a producer of entertainment, we have a right to control the presentation and marketing of our product -- and we don't want it marketed as a gambling device, or as bait to sell gambling. There is no reason why the private gambling industry should be anointed to appropriate sports leagues' products for their own commercial purposes -- and, in the process, to damage those sports and the positive values they stand for.

Let me move now from the damage team-sport gambling would do, to the "good" that it will not do.

As they have done in so many other states, pro-gambling lobbyists have presented legalized sports betting as a solution to all sorts of ills. Here in New Jersey, sports gambling will supposedly bring an end to the gambling industry's recession and the budget shortfall in New Jersey's casino fund for the elderly. But, like the "something for nothing" appeal that betting has for compulsive gamblers, the hyped economic promise of legalized sports betting is misleading and illusory.

On a very practical level, legalized sports betting will not cut into illegal gambling. If anything, it will do just the opposite. A bookie offers inducements that state-licensed gambling establishments could never match: better odds, a bigger payout, tax-free winnings, credit, and the convenience of doing business by telephone. In fact, as several bookmakers have publicly observed, the flow of gamblers will be to the bookies, not away from them, if team-sport betting is legalized. Once you hook people on point-spreads, it won't take long for them to recognize that they can do better with an illegal bookmaker.

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In Nevada, the only state to legalize head-to-head casino-style sports betting, the state receives very little revenue from sports gambling -- reportedly, only \$3 million in 1990-91. Nevada has learned the hard way that the state's "cut" of the casinos' gambling revenue must be minuscule -- only 2.7 percent -- if the legal bookmakers can hope to compete with illegal operators.

Rather than cutting into illegal sports gambling, legalized sports betting will more likely siphon away spending from other forms of legal gambling, including New Jersey's state lottery. Because sports gambling receipts are taxed at a much lower rate than lottery ticket receipts, I am advised that it would take \$181 of sports betting to replace every dollar diverted from the New Jersey lottery. To a lesser extent, the same is true of diversions from horse racing, casino gaming, and non-gambling consumer spending.

Even if sports betting succeeded in drawing entirely new dollars into New Jersey's gambling industry, very little additional money will be produced for the state's casino fund for the elderly. As I understand it, state officials have predicted a casino-fund shortfall of more than \$150 million this year alone, and they anticipate a larger deficit next year. Even if New Jersey received the full \$3 million collected by the state of Nevada in 1990-91 in sports gambling tax revenues -- and that is in line with what the Casino Control Commission itself projects -- it would hardly put a dent in the casino-fund deficit.

To hear the casinos talk, you would think they want to legalize sports gambling just to help the elderly. But let's face it: SCR 50 is nothing but a relief act -- a bailout -- for Donald Trump and the other casino operators. To pitch it as a meaningful gesture for New Jersey's senior citizens is nothing but a cruel hoax.

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Rather than responding to these moral, social, and fiscal concerns, proponents of legalized sports gambling have urged this body to skip the legislative step in the amendment process and simply "let the voters decide."

But there are serious flaws in the argument of those who would turn this legislature into a rubber stamp for whatever this week's lobby wants to amend New Jersey's constitution to say. For one thing, there is certainly no public clamor to legalize sports betting. Polls have consistently shown that decided majorities oppose such a proposal, as do many of New Jersey's leading newspapers. For another, more than fifty different amendments to the New Jersey Constitution have been proposed in this legislative session alone. I would ask the gambling interests supporting automatic placement of SCR 50 on the ballot whether they advocate putting every one of these proposed amendments on the referendum ballot -- or just the one that suits their short-term business interests?

We learned in high school that America was founded as a representative democracy -- and that in such a system, the people's representatives are not elected simply to "pass the buck".

Anyone with a casual interest in politics is aware of the current political climate: many voters are fed up with politicians who are unwilling to make the hard choices they were elected to make. This legislative body, in its leadership role, is a perfectly appropriate forum to determine whether, in its considered judgment, legalizing sports gambling is a good thing or a bad thing for the state of New Jersey to do.

We realize that New Jersey, like other states, faces significant fiscal pressures. But team sports did not create those pressures and cannot relieve them. The effort to find an economic bailout in sports gambling won't work for you and your citizens; but it will cause great long-range

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harm to our sport and the others -- and to a generation of young people whose attitudes toward team sports would be distorted and diminished by a gambling-oriented outlook.

The National Football League, its member teams, and its players and coaches therefore collectively urge you, respectfully and in the strongest possible terms, to reject legalized team-sport gambling.

We urge you to recognize that such gambling is not consistent with the positive role sports play in our society, and that the financial "promise" of its proponents is an illusion. We urge you to recognize that legalized team-sport gambling is not a solution to anything -- but that it is, in the words of a perceptive writer, "a poison that goes directly to the heart."

We urge you to tell the casino operators that, whatever else you have done and will do to help them, this is where you draw the line. Tell them that you, as elected leaders, do not want them messing with our enjoyment of team sports, or compromising the values sports stand for, as a quick fix for their current financial problems. Tell them that blackjack, roulette, and craps are one thing, but you are not going to advocate legalized gambling on the performances of live, vulnerable human beings in athletic contests that were never meant to be the functional equivalents of poker chips, dice, slot machines, or lottery tickets.

Tell the casinos that you are not going to gamble away the future of team sports and the special roles they play in the lives of our citizens. Tell them that you are not going to gamble with our children's heroes.



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**Statement of Gary B. Bettman, Sr. Vice President and
General Counsel of the National Basketball Association
Senate Judiciary Committee
May 18, 1992**

Good Morning. Chairman Gormley, and members of the Committee, I am Gary Bettman, Senior Vice President and General Counsel of the National Basketball Association. On behalf of the NBA, I appreciate the opportunity to present to you the views of the NBA and its member teams on sports betting, particularly, the NBA's position with regard to the proposed amendment to New Jersey's Constitution which would authorize Atlantic City's casinos to conduct wagering on sporting events.

The NBA and its teams strongly urge you to oppose any legislative initiative that would legalize any form of 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 betting in New Jersey would have a potentially devastating impact on our league, its players and our fans in this State. 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.

We believe that at the core of the NBA's success is a special relationship between our fans and our players who are recognized as premier entertainers of world-class stature and known for their spectacular skill and tough competitiveness.

All this is threatened if our games and our players become the object of widespread, state-promoted or state-sanctioned gambling. Legalized sports betting creates a new type of fan -- the "point spread fan" -- who is predominantly concerned 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 the impact on the betting line rather than on the performance of the teams and their players. It cannot be questioned that if a fan gambles on a game, that fan's perspective on both the game and the players instantly changes. In essence, sports betting transforms the betting line into the bottom line.

If Nets fans begin to leave the Byrne Meadowlands Arena feeling disappointed or even cheated even though the Nets have won, the special relationship between this team and its fans will be substantially, and potentially irreparably, altered. For these fans, the entertainment value of our games will have been replaced by the profit motive. As a result, the NBA and its product will be damaged.

For example, take a scenario in which the Nets are favored by five points over the New York Knicks in a game at the Byrne Meadowlands 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 wagered on the Nets, begin to boo because their team is not trying to beat the point spread. The fact that the Nets have just defeated their arch-rival is lost on these fans. Moreover, such a scenario could just as likely occur at New York Knicks or Philadelphia 76ers games -- games attended by many fans who work or live in the New Jersey metropolitan area. This is not, I submit, what our game is intended to be about or a scenario you should encourage.

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 "the fix." Beyond merely shifting the fan's focus away from winning the game to winning a bet, when a fan has money riding on a team to cover the point 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 such as horse racing and jai alai. Unlike horse racing and jai alai, NBA games are not played to be the subject of gambling.

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. The recent allegations of a gambling ring involving, among others, members of the University of Rhode Island's basketball team, the point shaving scandal at Boston College in the 1980's and the fixing of horse races at Garden State Park in the 1970's and 1980's and at the Meadowlands in the 1980's vividly illustrate the evils that arise when sports and gambling are combined and serve as distinct reminders of the clear and ever-present threat that gambling poses to the integrity of sports.

Moreover, the threat of sports betting tainting professional sports teams is much greater in New Jersey than in Nevada, the only state where single game wagering is legally conducted. New Jersey, unlike Nevada, is the home of a number of professional teams and is in close proximity to professional and collegiate teams located in Pennsylvania and New York. Thus, even though

the proposed sports betting amendment specifically excludes games played by this State's college and amateur teams -- an acknowledgment that sports betting is bad -- sports betting will, nevertheless, still have a deleterious effect on the professional teams located in New Jersey as well as on the professional and collegiate teams in nearby states.

Similarly, the convenience to gamblers from New Jersey, New York, Pennsylvania and other eastern states of placing a wager on sporting events at Atlantic City's casinos as opposed to the inconvenience of placing a bet in Nevada, will only foster an environment that encourages unhealthy levels of gambling. Simply stated, the societal cost of sports betting in New Jersey will far outweigh any revenue that it generates.

III. 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 cannot.

John McGinley, former Special Agent In Charge of the FBI's New York-New Jersey Office, has testified that legalized gambling has "created a new market of gamblers that does not either compete with illegal groups or hurt their operations at all."

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 -- who otherwise

might never gamble -- introduced to sports betting through a pari-mutuel sports pool game may eventually turn to illegal book-makers who offer better odds, credit and tax-free winnings. In fact, 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.

IV. 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 athletes 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 games to which gambling is an acceptable and encouraged adjunct or that the games children enjoy playing as they grow up are actually vehicles for gambling.

Moreover, fans who bring their children to Nets games will be surrounded by too many spectators who either wagered on that game or are disenchanted with players for "costing" them a bet on a previous game. These spectators will certainly detract from the atmosphere of family entertainment that the Nets and all the other NBA teams try to engender in their arenas. As a result, some parents will be deterred from bringing their children to Nets games.

The net result of this state-supported intermingling of sports and gambling is that children will be introduced to wagering on

sports at an early age. In light of preliminary research in Minnesota which revealed that teenagers are four times as likely as adults to have a problem with gambling, the dangers of such an early introduction to gambling are evident.

V. SPORTS BETTING DOES NOT REPRESENT A SIGNIFICANT, LONG-TERM STABLE SOURCE OF REVENUE FOR NEW JERSEY.

In New Jersey and throughout the nation, proponents of legalized sports betting have predicted that sports betting will generate significant amounts of new revenues and be the panacea to their state's fiscal problems. As recent experience has shown, these predictions concerning sports betting's revenue potential are unfounded.

Oregon, for example, in 1989, introduced its Sports Action lottery game, confidently predicting large weekly revenues. However, 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 the results of its games and the manner of their exploitation, Oregon discontinued its Sports Action basketball game after just one season. Moreover, after three seasons of play, the Sports Action football game has not significantly increased Oregon's overall lottery revenues. In fact, total lottery sales in Oregon for the calendar years 1989 and 1990, the first two years of Sports Action, fell below the level of sales in 1988. Although Oregon's lottery revenues

increased in 1991, this increase was primarily due to sales of lottery games other than Sports Action.

Similarly, Delaware conducted a football lottery in 1977. As with Oregon's Sports Action, Delaware's football lottery failed to produce the significant revenues predicted by that lottery's proponents. As a result, the Delaware football lottery was discontinued after only a few months.

Here in New Jersey, representatives of Atlantic City's casinos have predicted that sports betting will generate high revenues for the casinos, but will only generate \$4 million for the Casino Fund. This is not necessarily a generation of an additional or new \$4 million of gambling revenue. With New Jersey's multitude of gambling opportunities, legalized sports betting will undoubtedly siphon off or cannibalize some of the revenues presently generated by existing forms of gambling. Given that there is only a limited amount of gambling dollars, the potential exists that legalized sports betting will not increase the total amount of revenues that this State receives from gambling.

As New Jersey State Treasurer Samuel Crane recently testified before the Assembly Appropriations Committee, "Gambling is a competitive business. Casinos compete with other casinos. Casinos also compete with race tracks. The Lottery competes with casino slot machines. And they all compete with other forms of entertainment. A dollar wager at a craps table in Atlantic City or at a race track in Freehold is a dollar that could have been

spent, at least in theory, at a bowling alley in Parsippany or a restaurant in Hoboken. That makes it enormously difficult to estimate revenues from new games or new forms of gambling, because such projections must take into account anticipated losses from other wagers or other businesses. New Jersey gains nothing if a new revenue source does little more than cannibalize an existing revenue source. If a new form of gambling doesn't develop new markets, it doesn't accomplish anything. In fact, as far as revenues to the state are concerned, it simply reshuffles the deck." (emphasis added).

In light of Oregon's and Delaware's disappointing experiences with sports lotteries, despite original predictions that these lotteries would generate significant revenues, it is likely that the \$4 million predicted by the casinos will not be attained. The generation of, at most, \$4 million in additional revenues for the State is not worth the damage that sports betting will cause the Nets, their fans and the NBA. Moreover, should sports betting cause the State's overall gambling revenues to decline, the beneficiaries of the Casino Fund and all the other citizens of New Jersey will suffer when they are called upon to make up for this decline through decreased services or increased taxes.

In the past two years, numerous state legislatures, including this one, feeling a fiscal crunch, have considered bills to legalize sports wagering. In New York, as well as in Massachusetts, Rhode Island, Illinois, Kentucky, Montana, the District of Columbia and in at least a dozen other states across

the country, legislators comprehended the true ramifications of legalized sports betting and rejected these bills. The legislators in these states recognized sports betting for what it is -- a vice whose dangers far outweigh any possible benefit.

For all these reasons, we urge you to reject any form of legalized sports wagering in New Jersey.



STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
CN-001
TRENTON
08625

JIM FLORIO
GOVERNOR

DAVID B. APPELBAUM
EXECUTIVE ASSISTANT
TO THE GOVERNOR

June 13, 1990

Arnie Wexler
Executive Director
Council on Compulsive Gambling
of New Jersey, Inc.
1315 West State Street
Trenton, New Jersey 08618

Dear Arnie:

Congratulations on the 5th Annual Awards Luncheon to be held June 22, 1990 at the Hyatt Regency in Princeton. The status, diversity and commitment of your awardees is reflective of the substantial work you and the Council on Compulsive Gambling have been able to accomplish during the past year.

I would have liked to attend the Awards Luncheon personally but my schedule was previously committed. We have asked Riley Regan, Executive Director, Governor's Council on Alcoholism and Drug Abuse to attend as my representative. Riley has long been an advocate for programs for compulsive gamblers and their families.

I am impressed by the multitude of individuals, organizations and systems that are touched by your Council. I am pleased that the gaming industry is well represented on the Council along with education and treatment specialists. It demonstrates a high level of community and grass roots involvement.

As well, the Council has developed a philosophy that recognizes the role of legalized gambling while at the same time maintaining their deep commitment to providing help for those persons who develop the illness of compulsive gambling.

We believe that regulated gambling for the majority of New Jersey residents who choose to gamble is a healthy activity and recreation. We are just as concerned, however, with the problems that some persons experience through pathological gambling.

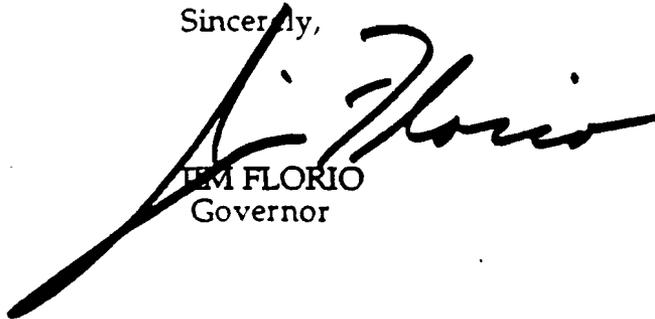
Page Two

My Administration will continue to aggressively support programs for compulsive gambling. While most areas of State government experienced a reduction in funding in the proposed budget, it is significant to note that funding for compulsive gambling programs experienced no reduction. I am committed to maintaining this program priority. Likewise, we will not support any review or recommendations for new or expanding gambling initiatives without considering corresponding measures to address the needs of those persons with gambling problems.

Finally, I want to thank you for your unending commitment to this problem. The Council has been the prime mover for community awareness and for insuring treatment. Your energy and dedication is a model for others in community services.

Again, thank you for your outstanding efforts, and I look forward to a continuing relationship with the Council as we address this major problem.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jim Florio". The signature is written over the typed name and title.

JIM FLORIO
Governor

THURSDAY
APR 10 1992
NEW JERSEY CLIPPING SERVICE
245
Rt 202

Legal betting — the road to corruption

We — all of us — must just say NO, NO, NO to the legalization of sports betting in New Jersey. Kill this bad idea before the mega-money gets rolling. Once the promoters, the casino boys — in cahoots with their legislative minions led by Republican State Sen. Louis Bassano — start dumping big bucks into the advertising hopper, look out! I know — from experience, from my personal horror story.

Two decades back, led by then-state Sen. Anne Martundell, a few of us banded together to defeat casino gambling. We coined a memorable call-to-arms, "Casinos, No Dice," mobilized thoughtful organizations throughout New Jersey, particularly the church groups, and we won handsomely. Happy ending?

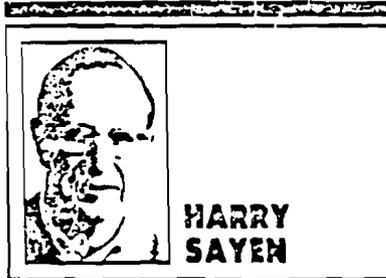
... NOT QUITE. The gambling fellows got smart, got tough, and got going — with dollars, millions and millions of dollars.

First, the money men and their political spear-carriers settled on one target: Atlantic City. Then, they co-opted a few legislative/lawyer-types to represent them. This act was followed by throwing a bone to the elderly: A small portion of the profits were earmarked for a Casino Revenue Fund for senior citizen services.

After lining up enough votes in the Legislature, the casino owners (no risk-takers they) poured tons of greenbacks into billboards and newspapers and radio advertising. We, who argued against, were steam-rollered by the sheer weight of the money. And so a new casino referendum was passed — or bought would be the more proper word. (What happened to "Casinos, No Dice" is proof positive that Initiative and Referendum is not democracy in action: big bucks stifle dissent every time.)

Was Atlantic City saved? Not even the staunchest of casino supporters will suggest that. Just take a ride around the ex-salt water taffy capital today — the same sagging anchor fencing, the same filthy, empty lots, and the same graffiti and broken windows.

Where do the profits go? Out of



state. What do the senior citizens win? A pittance. Oh yes, they do get cheap bus rides to casinoland so that they can throw away whatever gains they did secure. As a further irony, the Casino Revenue Fund is projected to be \$156 million in arrears by June, 1993.

Cost? Ask any local law enforcement official about the extra load on the police and judicial system to counter the nasty element attracted by loose money. Now, these same people who brought us the false promises of casinos are, with a recession dampening tax receipts, trying to sell Garden Staters on the simplistic beauties of sports betting.

Thank goodness the opposition to this morally polluted plan has organized: New Jersey Coalition to Ban State-Sponsored Sports Betting (609-394-7477). Legitimate sports associations, church groups, police organizations, academics and activists have banded together to stop the ethically indefensible proposition of milking tax monies from gambling on sports.

With the battle cry "Don't Gamble With Our Children's Heroes," the coalition has enlisted, among others, U.S. Sen. Bill Bradley, former Princeton and New York Knicks basketball legend, Bart Starr, the all-time all-pro Green Bay quarterback, and Donna de Verona, Olympic swimmer and founder of the Woman's Sports Foundation, to spread the word that state-sponsored sports betting is not a good bet.

The proponents argue that illegal sports betting has been in place for decades, so legalize it — then, tax it. So simple. But so wrong. Just because many cheat on their marriage partners doesn't make it right. Just

because many cheat on their federal income taxes doesn't make it right. "Just because" is no argument; "just because" doesn't make it so.

There is a moral corruptness of government — federal, state or local — having to promote gambling in order to provide services. Better not supply those services — or find another way — than living off people's foibles. Nor is foible a strong enough word. With too many, gambling is a vice so addictive that lives are destroyed — and, concomitantly, raise the need for more services. Ask Arnie Wexler, founder of the Council on Compulsive Gambling.

Already New Jersey is, after Nevada (not known for its progressiveness), the second leading state for gamblers — state lottery, casinos and horse racing. And we've been trying so mightily (and successfully) to shuck the negative image of our past.

With sports-betting condoned, we'd invite the sleaze factor. The mob types would have added incentives to entice athletes to fix games or shave points. We have few enough role models; let's not destroy our sports heroes, too.

If we legalize sports betting, we would be fostering a fresh market of gamblers, particularly children, already a teen-age gambling problem.

AND WE WOULD be sending the wrong message that gambling is A-OK. It is not. Gambling leads to more gambling and, because the odds are unbeatable, gambling leads to trouble — trouble with the family, with the loan-sharks and, eventually, with the law. Remember Pete Rose? His Hall of Fame ended up as a hall of shame.

I understand you can't prevent people from betting; I'm unafraid of a friendly wager myself. It's the promoting by the state that is so very wrong.

Don't let the casino crowd con us again. Sports betting is a no-win, no-win proposal. That's the only sure bet.

Harry Sayen is a columnist for *The Times*.

You're viewing an archived copy from the New Jersey State Library.

Bad bet

Arnold Wexler is right about gambling in New Jersey. Enough is enough.

Mr. Wexler is executive director of the New Jersey Council on Compulsive Gambling, an agency with expert knowledge of the toll that gambling can take on individuals and families. He was reacting to the news that Republican legislative leaders, in their search for non-tax sources of revenue, are considering allowing video lottery games in bars and restaurants.

They're a high-rollin' crew, those Republicans. Their video-game scheme comes on top of proposals to amend the state constitution to allow betting on sports contests, and legislation moving through the Assembly to allow unlimited round-the-clock casino gambling and the simulcasting of horse races into casinos. As always, it's argued that "voluntary" gambling is a kinder and gentler way to raise money for the state than involuntary taxes, and that legalizing specific forms of gambling cuts into the illegal action that is going on anyway.

Both arguments are rubbish. Mr. Wexler addressed himself in particular to the idea that gambling doesn't hurt anyone. He believes any enlargement of the state's legalized betting opportunities should include a requirement that money be set aside for treatment of gambling addiction.

Better by far, however, to settle for what we've got. New Jersey "already has more forms of gambling than any other state in the country," Mr. Wexler said. He noted that \$5.3 billion was lost on the lottery, casinos and horse racing last year, not counting the losses on Bingo and other sanctioned private action. That's a lot. That's enough.

The Times

Warnings issued on new forms of gambling

By MATTHEW REILLY

The head of the New Jersey Council on Compulsive Gambling said yesterday he opposes any new forms of legalized gambling—including video lottery and sports betting—to help balance the state budget.

Arnold Wexler, executive director of the council, reacted yesterday to Republican consideration of a bill to allow video lottery games in bars and restaurants to generate new revenue for the state.

Director of 'compulsives' council says 'enough is enough' in Jersey

"Enough is enough," Wexler said. "New Jersey already has more forms of gambling than any other state in the country. I believe at this point enough is enough."

Wexler said that \$5.3 billion was lost on gambling last year, "and that's

just on horse racing, casinos and lottery. That doesn't include amusement games, bingo and the rest."

Wexler said that if the Legislature moves forward with the idea, he will ask that the legislation include a component to pay for treatment of compulsive

sive gamblers. He said any new form of gambling should include a requirement that money be set aside for treatment.

"Anytime you add more gambling, more people are going to get hooked," Wexler said. "The bill needs to have a component to address compulsive gambling."

Jon Shure, spokesman for Governor Jim Florio, said the Governor would view the measure, but is skeptical.

"The Governor will look at the proposal, but is not about relying on gambling to balance the state budget," Shure said.

Rae Hutton, a spokeswoman for the Senate Republicans, said President Donald DiFrancesco (Union) is looking into video gambling as a way to balance the state budget.

Revenue source

"It's something he's considered in light of the budget crisis, but he hasn't discussed it with the Republicans," Hutton said. "We're looking at it as a new revenue source."

The Republicans could use the revenue to help balance the budget, but they could also make good on their campaign promise to cut the state sales tax from 7 percent to 6 percent on July 1.

The Office of Legislative Services (OLS), the Legislature's nonpartisan search arm, has estimated that

'New Jersey already has more forms of legal gambling than any other state in the country. I believe at this point enough is enough.'

— Arnold Wexler
executive director of the compulsive gambling council

lottery could produce \$200 million annually in state revenue. Supporters claim twice that amount could be generated.

WALL
STREET
JOURNAL

Green Eggs & Ham

To paraphrase Dr. Seuss, "I do like gambling, Sam-I-Am. I really like it, and I can. For I can do it in a plane, on a boat, at the track, and in the rain. I can do it in a casino, with the lottery, or with Keno." In a plane? Not quite yet, but the latest proposal is to equip airline seats with a video terminal that can eat credit cards and bankrupt you while you're still belted-in, which is in many ways the opposite of what happens to a Strasbourg goose.

Some estimates suggest that gambling revenues are higher than the defense budget, and they are now poised to take a leap to the next energy level as technology threatens to bring casinos to every home and conveyance. Mayor Daley of Chicago is backing "gaming executives" who want to build a 100-acre \$2 billion palace of sin in what the AP calls "downtown" Chicago: Finding a 100-acre site in downtown Chicago will be only the first problem. Riverboat gambling is back on the Mississippi, and Indians are opening casinos all over the West. Thirty-three states have fallen to the lottery and more are on the way. And then there are pull-tabs; blackjack; OTB; bingo; numbers; video poker; horse, dog and insect racing (in bars); Reno; Las Vegas; Atlantic City; and Ed McMahon, the classic figure of trust, who periodically announces to every household in America that if it has won \$10 million it has won \$10 million. (Thank you, Ed.)

Other than littering the desert with immense metastasized replicas of Port Said bordellos, gambling creates nothing. It reallocates resources from the desperate and the needful to the unspeakable and the inane. It, like the British royal family, is the worst possible model for the poor, being the polar opposite of thrift, discipline, hard work and ingenuity. It violates every standard, all common sense and every

sensible equation, from ancient religious edicts to the laws of thermodynamics (at least figuratively), and it runs with almost every other form of crime and corruption.

Are we for it because we favor free markets? No, in the same way that we do not favor a free market for recreational drugs, legalized prostitution or, for that matter, the unrestricted sale of nuclear weapons. The West long ago identified gambling as a sin not because it violates some mystical equilibrium, although it does, but because it, like drunkenness or (as one might now say) spouse-beating, is destructive to society. Among other things, it is the Arnold Schwarzenegger of regressive taxation. And lotteries don't actually pay much to education, which has little to do with money anyway.

In America we once dealt wisely with gambling by isolating it in the middle of a desert surrounded by unexploded practice munitions. This allowed the hardest cases to get to the roulette wheels, and served as a safety valve for the ill-effects of absolutism. Now, however, the thing is spreading, and government is the sponsor. But when government substitutes gambling for taxation it relinquishes its moral authority. To the argument that if government does not play, others will, we say, in that case why not have Mario Cuomo rob jewelry stores?

Although you'd hardly know it from observing our elected officials, government's job is to resist and suppress that which is immoral and destructive, not to form a partnership with it. We would like to hear from the presidential candidates on this subject, for gambling is now almost everywhere, and has achieved a terrible hold on a people raised to think that lunch can be free

BET ON JERSEY POLS TO DO THE VICE THING

NEW YORK POLS

BIG day in Trenton. The New Jersey Senate Judiciary Committee reconvenes today, with arguments to be heard on whether professional and collegiate sports gambling should be legalized in Atlantic City. The proposed state constitutional amendment will, in time, likely be approved because quick-fix, short-sighted, economic "cures" are impossible for politicians to turn down.

Legalized sports gambling is no different than illegal sports gambling in that it hurts more people than it helps. But legalized sports gambling actually is worse than the illegal variety because the state not only seeks revenue from existing gamblers, it enters the business of promoting gambling and creating gamblers among those who were never before moved to bet.

This country has reached a frightening reality. We no longer fight social vices, we seek to tap into them. A country so revenue-desperate that it looks for a piece of any and all action can't possibly hope to battle its ills successfully. Instead, we seek to create revenue by exploiting the desperate, while inspiring a new population of desperate from which to feed.

State-run lotteries aren't promoted to the public as voluntary contributions in an effort toward improving society, but as get-rich-quick fantasies; short-cuts from the work ethic.

A society can't possibly hope to cure itself — or even improve itself — by first blessing, and then promoting, vice. If legalized gambling is a viable means toward achieving social improvement, why is it that Atlantic City is every bit as filthy as it was before its casinos appeared?

Tapping into sports gambling is unlike tapping into other vices, in that no one has to instruct a kid how to open a can of beer and ingest its contents. One must learn the methods of sports gambling, including its language. Or is it that legislators see sports gambling as a means to teach our children responsible money management?

A recent editorial in *The Wall Street Journal* included the following:

"Legalized gambling reallo-

EQUAL TIME

PHIL MUSHNICK



cates resources from the desperate and the needful to the unspeakable and the inane. It, like the British royal family, is the worst possible model for the poor, being the polar opposite of thrift, discipline and ingenuity. It violates every standard, all common sense and every sensible equation ... and it runs with almost every other form of crime and corruption.

"Are we for it because we favor free markets? No, in the same way that we do not favor a free market for recreational drugs, legalized prostitution, or, for that matter, the unrestricted sale of nuclear weapons. ... And lotteries don't actually pay much to education, which has little to do with money anyway.

"In America, we once dealt wisely with gambling by isolating it in the middle of a desert surrounded by unexploded practice munitions. This allowed the hardest cases to get to the roulette wheels. ... Now, however, the thing is spreading and government is the sponsor. But when government substitutes gambling for taxation it relinquishes its moral authority. To the argument that if government doesn't play, others will, we say, in that case why not have Mario Cuomo rob jewelry stores?"

In short, this country doesn't need more homeless people nor families added to its welfare rolls. Additionally, so little sport remains in our sports that any further erosion will render sports unrecognizable as a form of family entertainment. And if the annual fifth-grade civics class bus trip endeavors to allow children a glimpse of government in action, why not a day at the Golden Nugget? Box lunch and a roll of quarters for all!

"And this room, kids, serves as our sports book. Now who here can tell us what a sports book

is?" If the good men and women of the New Jersey Legislature would be ashamed to teach it, how can they approve it?

And make no mistake about it — compulsive gamblers are casinos' best customers. That's why Vegas posts betting lines on preseason football games, the Blue-Gray Bowl and the Senior Bowl. These lines exist as a friendly service to the insane, not as a civic service.

As a society, are we no longer inclined to put the better of our two feet forward? Or is it, God forbid, that we are no longer capable?

CCGNJ
1315 West State Street
Trenton, NJ 08618
CONTACT: Arnold Wexler
(609) 599-3299
FAX (609) 599-9383

For immediate release 4/21/92

COUNCIL ON COMPULSIVE GAMBLING
RELEASES 1-800-GAMBLER HOTLINE
STATISTICS FOR 1991

Arnold Wexler, Executive Director of the Council on Compulsive Gambling of New Jersey, Inc., has just tallied the statistics on calls to the 1-800-GAMBLER hotline for 1991. Through this 24-hour toll free hotline, the Council is able to help compulsive gamblers and their families with counseling, information and referral services. By asking the callers a few simple questions, the Council is able to formulate statistical information on the impact and spread of this devastating disease. This information is then shared with the rest of the State and the nation through regular press releases.

I. A direct comparison of 1990 to 1991 showed that the volume of calls to the hotline increased by 25%.

II. Those who called the hotline in 1991 reported that they participated in the following types of gambling (figures add up to more than 100% because many callers mentioned more than one type of gambling):

- 72% Casino games
- 51% sports betting
- 50% lotteries
- 36% horse racing
- 3% bingo
- 3% stocks and commodities

III. Those who called the hotline in 1991 had an average gambling debt of \$36,882 and the three most frequently stated occupational categories were:

- 26% sales
- 8% professionals
- 7% students

-more-



NEWS RELEASE

The Council on Compulsive Gambling of New Jersey, Inc.

1315 West State Street • Trenton, New Jersey 08618

609-599-3299

28X

- IV. For the year 1991, the average age of the gambler who called the hotline for help was 33 years old.
- 7% were under the age of 21
 - 28% were between the ages of 21 and 29
 - 30% were between the ages of 31 and 40
 - 25% were between the ages of 41 and 54
 - 10% were over the age of 55
- V. For the year 1991, callers to the hotline had a family with an average of 2.3 children.
- 32% had children under the age of 10
 - 13% had children between the ages of 10 and 13
 - 15% had children between the ages of 14 and 19
 - 40% had children over the age of 25
- VI. Of those who called for help during 1991, 82% were male and 18% were female.
- In 1990, 87% were male and 13% were female
 - In 1989, 82% were male and 18% were female
 - In 1988, 81% were male and 19% were female
 - In 1987, 87% were male and 13% were female
 - In 1986, 87.2% were male and 12.8% were female
- VII. Of all the calls received in 1991, 66% were from the gambler and 34% were from some other person, such as a spouse, child, other family member, friend, professional, law enforcement official, or treatment center representative. Those other persons were seeking help either for the gambler or for members of the gambler's family.

In 1990 235,000 pieces of literature were distributed. In 1991, that number increased to 259,000.

In 1991, the number of persons who attended training sessions, exhibits, and educational presentations was 37,000.

Calls to the hotline indicate the impact that compulsive gambling is having on the citizens of New Jersey. By tracking these calls, the Council can target its education, training, information, and referral services to areas where they are needed most. By releasing these statistics to the public, Wexler hopes to better educate all people about this devastating "hidden" illness.

-end-

For Release
1:00 P.M.
June 15, 1992

STATEMENT OF
P.J. CARLESIMO, HEAD BASKETBALL COACH
SETON HALL UNIVERSITY
before the
Judiciary Committee
New Jersey Senate
June 15, 1992

My name is P.J. Carlesimo, and I am head basketball coach at Seton Hall University. I appreciate this opportunity to present my views on S.C.R. 50, which would authorize casino-based gambling on professional and out-of-state college sports events. I vigorously oppose the measure, and strongly urge each member of the Senate to vote against it.

Seton Hall is a Division I member of the NCAA and competes in the Big East Conference, one of the most competitive intercollegiate basketball conferences. I know first-hand the pressures on athletes and coaches during intercollegiate athletic competition, and also the corresponding excitement and satisfaction of a well-played game.

Betting undermines the integrity of collegiate sporting events. Worse, it sends a horrible message to our young people that gambling and sports are compatible. Point spreads have no place in intercollegiate athletic competition.

I take particular exception to that part of SCR 50 that would exempt only New Jersey colleges from the authorization for sports betting. What about the games of institutions in the other 49 states? If SCR 50 were adopted, the public could not bet on Seton Hall's games against Big East opponents, but could bet on Big East games involving out-of-state teams. Whom are the drafters trying to fool? The carve-out acknowledges that gambling and college sports do not mix, but simply sidesteps the issue.

-2-

This proposal would be seriously harmful to intercollegiate athletics. SCR 50 is a dangerous and poorly-conceived effort, and I urge each Senator to act responsibly and to reject the measure.

I request that a copy of this statement be included in the record of this hearing.

P.J. Carlesimo
Head Coach

SETON HALL UNIVERSITY BASKETBALL

STATEMENT OF P.J. CARLESIMO, HEAD BASKETBALL COACH

I wish to express my strong personal opposition to the proposed adoption in this state of a constitutional amendment which would authorize casino-based betting on sports events.

As the head coach of an NCAA Division I basketball program, participating in one of the most competitive intercollegiate basketball conferences, I firmly believe that authorizing gambling on the outcome of college contests would represent a serious disservice to the young men and women who participate in intercollegiate athletics programs across the country. Further, I find particularly troublesome the proposal to exempt New Jersey-based colleges from the gambling authorization: I believe that the student-athletes at all Big East institutions deserve, as much as the students at Seton Hall, to participate in intercollegiate sport free from the pressures which organized gambling, legal or illegal, inevitably brings to the game.

Gambling on intercollegiate athletics benefits no one -- not the students, not the coaches, not the institution, not the alumni, not the fans. It benefits only those who would seek to profit from the performance of athletic skills by a group of young men or women. More importantly, perhaps, the authorization of casino-based gambling communicates entirely the wrong message to the young people of this country concerning the role and meaning of sport.

I strongly urge the Committee to reject this proposed amendment. I request that a copy of this statement be included in the record of this hearing.



South Orange, New Jersey 07079-2696 • (201) 761-9070



Lorraine Kulick, Executive Director
New Jersey State Association of Chiefs of Police
Pennytown Village, 145 Rt. 31 North, Suite #24
Pennington, N.J. 08534-3603
(609) 466-0200

FAX # (609) 466-2583

President, Chief Larry Parker

TO: Terri Lillo

FROM: Kathleen L. Francis

DATE: May 18, 1992

SUBJECT: This Resolution is to serve as our prepared statement in opposition to legalized sports betting. The Association will also send out to each Senator a copy of the Resolution.

COMMENTS: per our recent conversation

PAGES: 1 (NOT INCLUDING COVER)

SHOULD YOU HAVE ANY QUESTIONS, PLEASE CALL THE STATE OFFICE.
(609) 466-0200

RESOLUTION

NEW JERSEY STATE ASSOCIATION OF CHIEFS OF POLICE

WHEREAS, the New Jersey State Association of Chiefs of Police is an organization committed to the enforcement of the Constitution of the United States of America and to The Constitution of the State of New Jersey; and the third State to Ratify the Constitution of this Great Nation and for being leaders in upholding the moral integrity of same; and,

WHEREAS, The 102nd Congress has introduced a Bill #H.R. 74, to prohibit sports gambling under State Law and entitled "Professional and Amateur Sports Protection Act"; and,

WHEREAS, we, The New Jersey State Association of Chiefs of Police find that sports gambling conducted pursuant to State law threatens the integrity and character of, and public confidence in, professional and amateur sports, instills inappropriate values in our Nation's youth, misappropriates the good will and popularity of professional and amateur sports organization, and causes negative aspersions and doubt on the credibility of the services projected by such organizations; and,

WHEREAS, overwhelming and unequivocal evidence has been presented, that state-sanctioned sports gambling promotes gambling among our youth and conveys a devastating message that "... gambling is not a vice but a normal form of entertainment." this type of rationale would be magnified many times over if New Jersey sanctioned betting in professional and amateur team sports.

THEREFORE BE IT RESOLVED, That the New Jersey State Association of Chiefs of Police is in full support of Bill #H.R. 74 to prohibit sports gambling under State Law, under the "Short Title" "Professional and Amateur Sports Protection Act; and

BE IT FURTHER RESOLVED, That the New Jersey State Association of Chiefs of Police are diametrically opposed to any "Sports Betting" which would undermine the public confidence in the integrity of professional and/or amateur sports, for we believe this would communicate a negative perspective about sports to the youth of America.

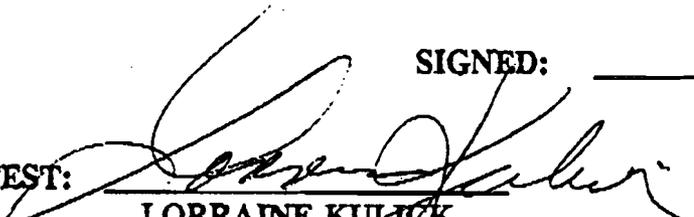
This Resolution presented, discussed and passed on this 5th day of December, in the year of Our Lord, one thousand nine hundred and ninety one.

SIGNED:



CHIEF LARRY D. PARKER
President

ATTEST:



LORRAINE KULICK
Executive Director

**STATEMENT OF JOE RIORDAN
UNITED SENIOR ALLIANCE
BEFORE
THE SENATE JUDICIARY COMMITTEE
MAY 18, 1992**

Thank you Mr. Chairman, and members of the committee for allowing me to testify today. My name is Joe Riordan and I represent the United Senior Alliance. For your information, the United Senior Alliance comprises over 40,000 senior citizens in New Jersey. Our members are active, involved citizens who routinely exercise their right to vote.

The United Senior Alliance vigorously opposes efforts to legalize sports betting as a means of generating revenue for the Casino Revenue Fund.

Please consider that the social and moral costs of allowing people to place bets on professional sporting events are high. Children who participate in sports learn healthy forms of competition, personal achievement and life-long values both on and off the field. Is figuring out the point spread a healthy activity for our children?

Furthermore, children look up to many professional athletes as role models. Legalizing sports betting will have a negative impact on children's perception of their heroes. Already, too many athletes have tarnished this social responsibility and image. The integrity of the sport and the professional athlete will be damaged forever if we sanction gambling on professional sporting events. Seniors do not want to benefit at the expense of today's youth.

As a matter of public and revenue policy, legalized gambling on professional sporting contests is unacceptable and ineffective.

On April 28, 1992 Casino Control Commissioner Steve Perskie testified before the Assembly Appropriations Committee about potential revenue raised by legalizing sports betting measures. In his testimony, he downplayed the revenue impact that legalized sports betting would have. Mr. Perskie stated, "Nevada casinos last year grossed only \$48 million from the \$1.7 billion spent on sports bets. Going by the same percentage, the new game would provide only about \$3.3 million in New Jersey."

It is well-known that the Casino Revenue Fund soon faces a projected shortfall in revenue. Proponents of legalized sports-betting claim that gambling on pro sports will help reduce the deficit and provide a fiscal "shot in the arm" to dwindling CRF revenues.

As a representative of a constituency who would directly benefit from any revenue raised by legalized sports gambling, I urge you to steer away from this alternative. Simply stated, the social costs of legalized sports betting far outweigh the limited fiscal benefits. Any revenue raised--great or small--exact too high a social price. The United Senior Alliance strongly believes that sports betting sends the wrong message to our youth--I urge you to oppose proposals that would legalize sports betting.

The United Senior Alliance strongly supports programs funded with Casino Revenue Fund

monies. These programs are necessary and vital for senior citizens and the disabled--and they should continue. Funding of these programs, however, requires hard choices. Sports betting as a means of raising revenue--great or small--is a bad choice.

New Jersey already has numerous gambling alternatives--the lottery, the racetrack and the casinos. Why do we need another form of gambling?

This concludes my statement, Mr. Chairman. Thank you for the opportunity to present United Senior Alliance's point of view on this very important matter. I would be happy to answer any questions.



New Jersey
Principals and Supervisors Association

1479 Pennington Road, Trenton, NJ 08618
TEL: (609) 771-8200 FAX: (609) 771-9375

NJPSA TESTIMONY BEFORE THE SENATE JUDICIARY COMMITTEE
SCR-50
MAY 18, 1992

Good afternoon, Mr. Chairman and members of the committee, I am William Applegate, of the New Jersey Principals and Supervisors Association. I am here today representing over 5,000 public school principals, vice-principals and supervisors throughout the state. We are vehemently opposed to any legislation which would legalize sports betting.

We certainly recognize the need for the state to seek additional forms of revenue, however, sports betting should not be one of them.

Already in place in our state are the casinos, race tracks and the lottery which not only provides needed revenue, but also produces staggering social problems among citizens. To further expand the area of gambling would be unconscionable.

Most importantly, sports betting would communicate very negative values about professional sports to the 1.4 million children in our public schools. Our children would see their role models as unwilling participants in gambling schemes - an image we must not convey to our youth. Rather, athletics should be a means to teach our children important values - sportsmanship, teamwork, fairness, and personal achievement. By legalizing sports betting on professional and amateur sports, we send mixed messages to our youth. This is a result we cannot afford in today's environment of increasing violence, drop out rates, and disenchantment amongst our young people. Let us allow our children to continue to believe in someone.

In conclusion, we ask you to vote no on the constitutional amendment which permits sports betting. Thank you for considering the views of the New Jersey Principals and Supervisors Association.

TESTIMONY ON SCR-50
BEFORE THE NEW JERSEY SENATE JUDICIARY COMMITTEE

Mr. Chairman and Members:

My name is John Sheridan, I am an attorney with Riker, Danzig, Scherer, Hyland and Perretti. We represent the National Football League. I am representing the N.F.L. today because the National Football League's top officials are all attending their Annual Meeting. With me today is William Stringer, who served as Deputy Treasurer of the State of New Jersey in the Kean Administration. He will present testimony regarding the fiscal impact of Sports Betting in New Jersey.

First I would like to offer a few remarks. I will try not to be redundant of views already expressed today. Suffice it to say that we share the views of the National Basketball Association and the National Collegiate Athletic Association.

The National Football League is unalterably opposed to the legalization of Betting on Sports in New Jersey.

The N.F.L. does not want its games used as bait to sell gambling. Legalized sports gambling fundamentally threatens public confidence in the integrity of N.F.L. 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.

To prevent gambling from tainting professional football, the N.F.L. strictly prohibits club owners, coaches, players and anyone else connected with the league from gambling on N.F.L. 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 resolution before you would clearly jeopardize the N.F.L.'s ability to enforce these policies.

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

All of these examples of human imperfection are inevitable parts of the exciting competition of N.F.L. 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.

All casino games presently involve random events and the skill of gamblers at playing games within the four walls of the casinos. Racing simulcast betting in casinos will be conducted with the permission of the racing industry. Sports betting would allow the casinos to make a profit but in doing so it will harm the integrity and financial interests of our colleges and professional sports. It is patently unfair for one business to be allowed to make money while causing injury to another's business.

Perhaps I can make this point by analogy to another business. Suppose this bill were to legalize betting on the outcome of jury trials. It would in effect create an aura of suspicion by bettors around the decisions of trial lawyers to call a witness, or not to call a witness, to introduce or withhold a piece of evidence, or to employ certain trial strategy. How long would it be before the public lost confidence in our courts? It is a farfetched example, but it proves the point. It would be unfair to legalize betting in that case and it is equally unfair in this case.

The New Jersey Sports Complex has been a catalyst for the creation of a positive image for New Jersey and a major contributor to the economic success of Bergen, Hudson and Essex Counties. A significant reason for the success of the Sports Complex has been due to the leases with the Giants, Jets, Nets, Devils and Knights as well as college basketball and football games. Why would New Jersey want to risk tarnishing the image of the Sports Complex by turning games into gambling events.

Sports betting is being pushed by some as a panacea for the Casino Revenue Fund. We have seen in print some wild examples as high as \$100 million annually. As you will hear from Mr. Stringer, the net revenue gain to the State from Sports Betting will be minuscule and, perhaps, result in a net loss of revenue to the State.

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MILENA S. OUAGLIETTA

*VA BAR ONLY
**NY AND CT BAR ONLY

May 14, 1992

BY HAND DELIVERY

New Jersey State Legislature
Senate Judiciary Committee
Legislative Office Building
CN-068
Trenton, New Jersey 08625-0068

Re: Legalization of Sports Betting

Dear Senator:

The Senate Judiciary Committee will hear testimony on the legalization of Sports Betting (SCR-50) on Monday, May 18, 1992, at 2:00 p.m.

Our firm represents the National Football League which along with the other professional leagues and the N.C.A.A. are vehemently opposed to the legalization of Sports Betting.

Attached is a short paper which sets forth some of the arguments against legalized sports betting.

I would be pleased to answer any questions you may have:

Weekdays: (201) 538-0800
Weekends: (908) 359-6406

John
This copy went
to all committee
members.
JYI
JMS

May 14, 1992
Page 2

Thank you for considering these arguments against Sports Betting. I hope you will be convinced to vote against SCR-50.

Sincerely,

John P. Sheridan, Jr.

JPS:gv
Enclosure

SPORTS BETTING

The Legalization of Sports Betting should be opposed for the following reasons:

1. Gambling and sports don't mix!

Gambling has brought dishonor and shame to professional and college sports alike: Pete Rose and the Black Sox scandals in baseball, Paul Hornung and Alex Karras in football, Seton Hall University's student athletes (Art Hicks and Hank Gunther) in the point shaving scandals of the 1960's, are some examples.

2. Legalized gambling will create an aura of suspicion about professional and college games and ultimately will threaten the integrity of the games.

Players occasionally fumble, miss a tackle, miss a field goal and drop a pass. Each of these mistakes can affect the point spread on which football betting is based. Legalization of betting would create a pervasive climate of suspicion about any controversial play. Ultimately professional and college games may come to be viewed not as entertainment but rather as gambling events, eventually undermining professional and college sports.

3. It is totally unfair for the casinos to be allowed to make money to the detriment of professional and college sports.

All casino games presently involve random events and the skill of gamblers at playing games within the four walls of the casinos. Racing simulcast betting in casinos will be conducted with the permission of the racing industry. But sports betting would allow the casinos to make a profit but in doing so it will harm the integrity and financial interests of our colleges and professional sports. It is patently unfair for one business to be allowed to make money while causing injury to another's business.

4. When legalized sports betting harms professional sports and college sport programs it will harm the Sports Complex.

The New Jersey Sports Complex has been a catalyst for the creation of a positive image for New Jersey and a major contributor to the economic success of Bergen, Hudson and Essex Counties. A significant reason for the success of the Sports Complex has been due to the leases with the Giants, Jets, Nets, Devils and Knights as well as college basketball and football games. Why would New Jersey want to risk tarnishing the image of the Sports Complex by turning games into gambling events?

5. Sports betting will produce relatively little money for the State of New Jersey and the Casino Revenue Fund.

In fact, it may produce a net loss to the State Treasury when diversions from other gambling and other taxes on economic activity are considered.

Sports Betting is wrongly being peddled as a panacea for shoring up the Casino Revenue Fund.

The Casino Industry testified in the Fall that revenue to the State from casino gambling will amount to between \$3 and 4 million dollars, and pick up spin off betting by sports gamblers that might produce another \$12 million to the State.

We believe that even these minimal figures are built on a "house of cards" - sort to speak:

A. For example it took the casinos in Nevada more than 10 years to reach a handle of \$1.7 billion (1990) which is the figure the casinos are assuming will be bet in New Jersey. But this took place only after a significant program to construct sports betting parlors. These parlors did not come on line over night it took more than a decade.

B. In November the casinos did not explain why they expected spin off revenue to the State of \$14 million. We would suggest that this is probably wishful thinking. In fact if history is any indication new gambling forms usually divert revenue from other forms of gambling. Thus, we should probably expect a diversion of revenue from:

1. the Lottery -
2. horseracing -
3. other forms of casino gambling

These diversions could produce a net loss of revenue to the State i.e. sports betting less diversions.

C. As noted by the Treasurer in his testimony to the Assembly Appropriations Committee additional money spent on gambling will divert that money from the economy i.e. money spent on automobiles, refrigerators and entertainment. This means less sales tax and probably less income taxes.

There have been some incredible statements made by proponents of sports betting. Projections of revenue to the State of \$100 million have been made. These revenue projections are apparently based on a misunderstanding of present gambling laws in New Jersey i.e. the tax is 8% of the "win" not 8% of the handle. Moreover the "win" on sports betting is considerably less than

the "win" on present forms of gambling in New Jersey. Historically Nevada casinos win less than 3% of the total sports betting handle, whereas slots in New Jersey produce a win of approximately 10%, and the New Jersey Lottery produces a win in excess of 40%

Even if it assumed that New Jersey's annual handle on sports betting will equal Nevada's bet, i.e. \$1.7 billion, which is unlikely for at least several years, and assuming the win is 3% (a high estimate) then the state tax on casinos of 8% would produce \$4 million:

\$1,700,000,000	handle
x 3%	win
<hr/>	
\$ 51,000,000	
x 8%	tax
<hr/>	
\$ 4,080,000	revenue to state

This does not account for diversions from other forms of gambling and taxes on other economic activity. The net affect of sports betting on the State Treasury could be a negative number.

**TESTIMONY OF
WILLIAM L. STRINGER
BEFORE THE NEW JERSEY SENATE JUDICIARY COMMITTEE
MAY 18, 1992**

**CONCERNING THE
FINANCIAL IMPACT OF SPORTS BETTING ON
THE NEW JERSEY STATE BUDGET**

Mr. Chairman and Members of the Committee. It is a pleasure for me to return to Trenton today to testify regarding the impact that sports betting in Atlantic City Casinos might have on revenues of the State of New Jersey. I am presently an independent economic and financial consultant with offices in both Washington D.C. and Philadelphia. I served as Deputy Treasurer of New Jersey, and Acting Treasurer upon many occasions, from 1982 until 1986, the first term of the Kean administration. Prior to that, I served as Staff Aide to the US Senate Finance Committee, Chief Economist of the US Senate Committee on Budget and as Assistant to the Chairman of the Federal Home Loan Bank Board. In addition to being an independent consultant, I have been Senior Lecturer for finance and economics at the Fels Center of Government at the University of Pennsylvania since 1986.

Today, I would like to present to you the results of the analysis I undertook at the requests of the National Football League and the National Basketball Association. That analysis estimates the revenues that might accrue to the State of New Jersey as a result of sports betting being permitted in Atlantic City casinos. I and my colleagues are fully responsible for the conclusions of the study and are convinced of their accuracy.

- The ultimate conclusion of the study is that the State should not expect any significant amount of revenue from sports betting, and, in fact, should be prepared to see a decline. Furthermore, the risks in the analysis are mostly on the down side. It is more likely that revenues will be less than our estimate rather than greater.
- Our estimate is that, at best, total net revenue to New Jersey caused by the advent of sports betting would be equal to \$4.7 million, and given certain more onerous assumptions with regard to the degree of substitution that would occur, could actually reduce state revenue by \$35 million.

The reason is simple--but requires some background. (See Exhibit A) New money for sports betting, in the short run, can only come from three sources:

- Out of state
- Current illegal sports betting, or
- Current consumer savings

Of course in the long run, new money could come from economic growth in the state, but the time frame is uncertain and the money generated by sports betting is not sufficient to produce such growth itself.

On the other hand, funds wagered on sports betting will also come from and therefore reduce other current spending. This is a simple substitution of one type of spending for another. Here, there are also three sources:

- Present consumption
- Wagering presently done at other casino games
- Wagering presently done at other types of gaming in the State, namely the State Lottery and at Pari-mutuel horseraces.

A comparison of the relative rates of taxation of other current spending alternative to the rates of taxation for sports betting illustrate the overwhelming magnitude of offset caused by such substitution. In 1991 the state share of lottery sales was 42.6%. This compares to a casino tax rate equal to 10.3 percent of revenues (the 8 percent casino revenue tax plus several other taxes or taxes in kind), a 9 percent blended sales-income tax for the state and a parimutuel rate of 3.8 percent (again the basic parimutuel rate on takeout adjusted for other taxes and taxes in kind). These are all considerably higher than the .23 percent that can be expected from sports betting. That number results as the product of an 8 percent tax applied to a 2.9 percent hold. (See Exhibit B)

I should note that everywhere possible we have used generous assumptions or we have used assumptions derived from studies done for the Casino industry itself. In this example, the effective tax rates for casinos and parimutuel horseracing in New Jersey are taken from a study prepared for the Atlantic City Casino Association by Rutgers University in July 1989 called Analysis of Taxation of Atlantic City Casinos. The rate reflects not only the 8 percent tax on hold, but additional taxes or taxes in kind paid by the casino industry.

Will the advent of sports betting attract a large number of new players from out of state? There are several reasons why sports betting should not be expected to draw a preponderance of its players from out of state.

The current Atlantic City market is regional. A 1987 study prepared by Touche-Ross for the Atlantic City Casino Association entitled The Casino Industry's Economic Impact on New Jersey, indicates that 32 percent of the visitors to Atlantic City were from New Jersey, 23 percent from Pennsylvania and 21 percent from New York. Visitors from other states accounted for only 24 percent of the total in 1984. Easier access to Atlantic City via bus and air should help these proportions--but they would help all games, not just sports betting.

Experience with sports betting in Quebec, or the sports lottery in Oregon show no particular out of state attraction, and sales have been flat in Oregon and declining in Quebec since their introduction. Exaggerated estimates of new sports pool players from out of state are speculative at best.

Will the advent of sports betting attract money from the illegal market? The chances are that sports betting will not draw appreciably from the illegal market.

Estimates of the size of the illegal market are difficult to come by and harder to trust. The Internal Revenue Service stopped publishing estimates in 1991 because they were not reliable. So any speculation of magnitude is simply that--speculation.

Sociological studies have revealed two types of sports bettors (although the proportionate split between the two has not been established to my knowledge). The first is the social player--the neighborhood or office pool. There is no reason to believe that this group would abandon the social allure of such wagering for the Atlantic City setting. The second is the serious handicapper or the professional. The attraction of the illegal market to this type of player is obvious--taxes can be avoided the game structure is flexible, and credit, albeit at a hefty price, can be arranged more easily. One source has indicated that the average payout on an illegal game is 91 percent of the drop, which when coupled with the ability to avoid taxes produces a return to win in excess of any that could be offered at legal sports gaming centers.

When casino wagering was proposed for Atlantic City, some of its early law enforcement proponents had hoped that legalized gaming would have taken the profits out of illegal gaming. Law enforcement professionals have indicated that this isn't the case, however. Former New Jersey State Police Superintendent, Clinton Pagano, suggested that "the legalization [of gambling] has had no or little negative effect on illegal gambling in New Jersey." Why would the legalization of sports betting be any different?

REVENUE ESTIMATION

The actual revenue effects of any policy action are difficult to estimate. The usual tendency, of course,--and this has been my experience in both Washington D.C. and New Jersey--is to anticipate more revenue than is actually received. The primary reason for overestimation is that the direct increments to income are easier to estimate than the more complex series of offsets. Conceptually, the total net revenue gain (or loss) can be developed in five steps (See Exhibit C):

- First, the direct tax revenue that could be anticipated from sports betting.
- Second, the direct tax revenue that could be anticipated from other casino game play that is stimulated as a result of sports betting.
- Third, a multiplier to capture the tax consequences of economic ripple effects caused by the new gaming.
- Fourth, the loss of revenue to the State caused by the substitution of sports betting for other forms of spending and wagering , and
- Fifth, the multiplier to capture the tax consequences of economic ripple effects caused by the substitution. (See Exhibit D)

The Direct Sports Bet Tax Revenue. In Nevada sports book win (\$48,325,000 in 1991) accounts for only .92 percent of the \$5,411 million of win from other games. Nevada's total win in 1991 was 47 percent higher than Atlantic City's \$2,995 million total win. If Atlantic City were to have the same proportion of sports bet win to other game win, then sports book win would be about \$27.5 million and the tax on that amount would be equal to 8 percent of that amount.

Thus, the direct gain using optimistic assumptions in State Revenue as a result of sports betting is \$2.3 million.

Even if New Jersey's sports pool were double the pool of Nevada (\$3,564 million), then direct resulting revenues would be only about \$4,130,000. In comparison, the New Jersey Lottery, with its current sales of \$1,224 million, generated revenue to the state of \$514 million, a much more efficient revenue producer.

If New Jersey's sports pool were large enough to provide, say \$25 million of revenue to the State directly, then the win would have to be \$312.5 million resulting from a drop of about \$10.8 billion. This is 8.8 times the entire sales of the New Jersey Lottery in 1991 and 6.05 times the entire drop in Nevada in 1991.

Also, I am certain that this Committee is aware in light of its recent consideration of simulcasting wagering in casinos, that Horse Book in Nevada, which would approximate casino simulcasting in New Jersey, produces one and one half times the win that sports book does.

Other Tax Revenue from Casino Spinoff. Over the five year period from FY1986 to FY1991, the 8.74 percent average annual rate of increase in Nevada's total win was associated with a 7.56 percent annual average increase in sports bet win. Assuming that one third of the growth in other games was the result of the growth in the sports pool then in Nevada the total new drop experienced in Atlantic City in any one year would be 38 cents for each dollar of additional drop in the sports pool. If the 1991 average percentage win for Atlantic City (11.81 percent of the drop) were to continue, and Atlantic City were to have the same percentage hold of drop as Nevada (2.9%) then the enhanced drop in other games occasioned by the advent of sports betting would result in an increased hold for Atlantic City of about \$45.5 million.

Notably the assumption that one third of each dollar spent on sports bet is also spent on other games is generous and will inflate the estimates of revenue gain. The actual proportion is not known and cannot be known.

When the 10.6 percent effective tax rate, as outlined in the paper prepared for Rutgers University for the Atlantic City Casino Association, is multiplied times this increased hold estimate, then it can be seen that casino spinoff effects of sports betting would provide tax revenue to the State of only \$4.7 million.

Tax Revenue from Multiplier Effects. Using the assumption outlined above, but prior to accounting for offsets, the increased revenue of the casinos resulting from both new sports bet win and enhanced win from other games would amount to \$73 million. Taxes of \$7 million (calculated in the two steps detailed above) leave an after tax net to the casinos of about \$65 million.

This amount is paid out in wages and other benefits, and cycles through the New Jersey economy many times over, each time producing additional income and tax revenue. The effect is called a "multiplier effect" and has been estimated by the New Jersey Office of Economic Policy and Planning to be a 1.6367 multiple of the direct effect (in this case the direct \$65 million addition to casino revenue net of taxes).

Using the multiplier and applying a combined sales, income tax percentage of 9 percent of income, the amount of additional revenue obtained from the multiplier effects would be \$9.7 million.

Thus, even if all funds for new games were wagered from out of state, or from illegal games the total impact would be in the neighborhood of only \$16.6 million. Even this estimate uses extremely optimistic assumptions. The likelihood that new gaming money--for both sports betting and other game wagering-- will be strictly new money is extremely slim.

Tax Revenue Loss Due to Substitution. There is clearly a pattern of substitution in the gaming industry. This effect is well documented. One study of the pari-mutuel industry in New Jersey by Thalheimer and Ali of the University of Louisville published just this February, for example, finds that a 1 percent increase in casino gaming was associated with a 0.339 percent drop in parimutuel wagering in the 1987 to 1988 period. The study also finds that a 1 percent increase in lottery handle was associated with an 17.2 percent decrease in parimutuel wagering in 1988. Similar correlations were found with the Oregon Sports Lottery. Using a similar statistical technique for this study, our analysis indicated that a 1 percent increase in casino gaming was associated with a .23 percent decrease in lottery sales and a .11 percent decrease in parimutuel gaming. There would also be offsets to consumption, but the model was unable to capture the impact in a statistically significant manner. Rough approximations of these findings are used in the analysis which follows.

The substitution effect is exacerbated in a mature gaming market. The slow growth of New Jersey's lottery, casino wagering and decrease in parimutuel wagering indicate that New Jersey's gaming market is mature and tapped out. Despite the fact that proponents of sports betting see it as a way of revitalizing the casino market as well as providing state revenue, the action can not help but cause substitution.

Only a small amount of substitution is required before the \$16.6 million direct revenue figure is substantially reduced. Given that the proportion of each dollar spent on sports book that goes to the state is 181 times less than the rate of each dollar spent on lottery that goes to the state, 39 times less than the rate on ordinary consumption that goes to the state, 45 times less than the rate spent on other casino games that goes to the state, and 17 times less than the proportion of dollar that's spent on parimutuel wagering that goes to the state, only a small amount of substitution is required before the \$16.6 million direct revenue figure is substantially reduced.

Assuming that the substitution effect of additions to casino wagering is a negative .25 percent for the lottery for each one dollar increase in casino gaming, a negative .05 percent

for parimutuel wagering, a negative .002 percent for personal consumption spending, and a negative .33 percent for other casino game--then the overall revenue impact of sports betting is reduced as follows:

Using these sensitivity estimates the \$73 million increased casino win causes a direct loss of \$3.2 million in State revenue otherwise derived from the lottery, a .04 million loss in State revenue otherwise earned by parimutuel racing, a \$ 2.5 million loss from substitution of sports betting for other casino games and a \$.7 million loss in state revenues from consumption spending that has gone to sports book instead. Thus, the direct loss in State revenue due to sports betting, to be netted against the gain is \$6.4 million.

Tax Revenue Loss Due To Multiplier Effects. The total multiplier effect of reduced revenues in non-casino industries would be equal to \$40 of sales and handle lost times the a multiplier, 1.500, which is somewhat smaller than that impacting the casino industry directly.

Taking this overall lost revenue times the average total tax rate of 9 percent would yield a revenue loss from indirect effects equal to \$5.4 million due to advent of sports betting.

The Total Revenue Impact. The amounts calculated above can be added and subtracted to gain an approximation of the net revenue gain that the State might anticipate in one year with the advent of sports betting. (See Exhibit E)

Thus the total revenue that the State of New Jersey could expect in one years operation (using 1991 bases) is equal to the \$16.6 million of revenue gain minus the \$11.9 million of revenue loss-- or a total revenue gain of only \$4.7 million.

Even this figure is based upon some extremely optimistic projections of New Jersey equaling Nevada's performance proportionately in the first years of operation. Multipliers were extremely generous and substitution is minimal.

If substitution were complete--that is, if all sports betting were derived from money that would otherwise be spent on lottery, parimutuel wagering or casino non-sports wagering--(inproportion to 1991 handle) then State revenue could actually lose \$35 million.

Mr. Chairman, I recognize the need to supplement State revenue with sources that are as painless as possible. Yet in both Washington D.C. and New Jersey I have seen many instances where the best of intention led to overestimates of revenue gain. I can assure you that if all suggestions for revenue gainers were accurate during my tenure in the New Jersey Treasury, we would have a surplus equal to our budget. I believe the above assessment is reasonable, even somewhat optimistic. I submit that sports betting in Atlantic City casinos cannot and should not be rationalized on the basis of revenue gain for the State of New Jersey

Thank you for the opportunity to present these findings.

United States Senate

WASHINGTON, DC 20510-3001

TESTIMONY OF SENATOR BILL BRADLEY BEFORE THE NEW JERSEY SENATE ON PENDING SPORTS BETTING LEGISLATION JUNE 15, 1992

Mr. Chairman, prior commitments prevent me from appearing in person to testify against the legislation pending in the Senate which would allow a referendum to be held on whether sports gambling should be in New Jersey's casinos. However, I am grateful for the opportunity to share my thoughts in writing.

As many of you know, I was a co-sponsor of S.474 in the United States Senate, which would prevent states like New Jersey from instituting state-sanctioned sports betting. The measure passed by a vote of 88 to 5.

State-sanctioned sports betting conveys the message that sports are more about money than personal achievement and sportsmanship. In these days of scandal and disillusionment, it is important that our youngsters not receive this message. Athletes are not roulette chips, but sports gambling treats them as such. If the dangers of state-sponsored sports betting are not confronted, the character of sports and youngsters' view of them could be seriously threatened. I am concerned that when young people see the state involved in sports gambling, they will change their attitude about sports and their motivations for participating in them.

Sports has always been very important and attractive to young people across the country. State-sanctioned sports betting would send these children the wrong message. Sports betting would convey the message that sports is about gambling, instead of personal achievement, sportsmanship and respect for the winner.

Sports betting also threatens the integrity of and the public confidence in professional team sports, converting sports from wholesome athletic entertainment into a vehicle for gambling. Sports gambling raises people's suspicions about point-shaving and game-fixing. Where sports gambling occurs, fans cannot help but wonder if a missed free throw, dropped fly ball, or a missed extra point was part of a player's scheme to fix the game. If sports betting spreads, more and more fans will question every coaching decision and official's call. All of this puts undue pressure on players, coaches and officials. State-sponsored sports betting could change forever the relationship between the players and the game and between the game and the fans. Sports would become the gamblers' game and not the fans' game.

Initiatives to sanction wagering on sporting events have become increasingly attractive to states as legislatures perceive this activity to be a panacea to their mounting deficits. We all recognize the fiscal constraints under which states operate in these tough economic times. Like most residents of the state, I would like to see benefits for senior citizens and the disabled funded at the state level. But we must not forget the consequences of sports betting. Based on what I know about the dangers of sports betting, I am not prepared to risk the values that sports instill in youth just to add a few more dollars to the state's coffers. I firmly oppose efforts to establish sports gambling in New Jersey and elsewhere.

The disadvantages of state-sponsored sports gambling far outweigh the advantages. Although New Jersey is facing difficult financial decisions, turning to sports gambling cannot be the means for it to raise the revenues it needs. To take that path would be choosing to gamble with our children and our future. I urge the Senate to protect our children by rejecting sports gambling.

WILLIAM J. HUGHES
2ND DISTRICT, NEW JERSEY

COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON INTELLECTUAL
PROPERTY AND JUDICIAL
ADMINISTRATION (CHAIRMAN)
COMMITTEE ON MERCHANT
MARINE AND FISHERIES
SELECT COMMITTEE ON AGING
SUBCOMMITTEE ON RETIREMENT
INCOME AND EMPLOYMENT (CHAIRMAN)
SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

Congress of the United States
House of Representatives
Washington, DC 20515-3002

May 18, 1992

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Honorable William Gormley
Chairman
Senate Judiciary Committee
State House, The Capitol
Trenton, N.J. 08625

Dear Mr. Chairman:

Thank you very much for giving me the opportunity to submit this statement to your Committee in support of the proposal to allow a voter referendum on the issue of legalized sports betting in New Jersey.

I want to commend you for moving so expeditiously to consider this issue. As you know from our previous discussions, there is a serious effort underway in the Congress to prospectively ban legalized sports betting in the United States. In view of this effort, it is very important for the Legislature and voters of New Jersey to consider this issue at the earliest possible date.

I strongly support the effort to put the issue of legalized sports betting on the ballot in New Jersey this November. Such a referendum would in no way guarantee that sports betting will come to New Jersey. It will simply give the voters of our State a chance to consider this issue and decide for themselves if they want to legalize sports betting in the State.

This issue is very important to the casino gaming industry in Atlantic City. The casino industry is looking for new ways to broaden its agenda and remain competitive with the gaming industry in Nevada. It would not be fair to the casino industry in Atlantic City to give Nevada a virtual monopoly on sports betting, without first giving New Jersey residents the opportunity to vote on this issue.

Just as importantly, I believe this is an issue which should be decided by the voters of New Jersey, not the federal government. New Jersey and Nevada are the only States which have highly regulated, legalized gaming industries in place. It is outrageous for the federal government to suggest what's best for New Jersey when it comes to this issue.

Honorable William Gormley
May 18, 1992
Page Two

Unfortunately, the threat of federal involvement in the decision-making process is very real. Last September, I was successful in the House Judiciary Committee in adding an amendment to the comprehensive crime bill which granted New Jersey a two-year exemption from the proposed ban on legalized sports betting, to give the State's voters time to consider this issue.

As one of the conferees on the crime bill, I was able to retain a one-year exemption for New Jersey in the final version of the bill. I held the line despite substantial pressure to defeat my amendment.

At the present time, the crime bill is on hold in the Congress. However, there is a good chance that there will be another House-Senate conference to try to resolve the differences in the bill. As one of the conferees, I will continue to do everything I can to preserve New Jersey's option to decide this issue for itself.

In the meantime, it is very important for the State to move forward on its own to present this issue to the voters. I appreciate your leadership of this effort and strongly support the proposal to put the question of legalized sports betting on the ballot in New Jersey this November.

Sincerely,


WILLIAM J. HUGHES
Member of Congress

WJH:mb

New Jersey Economics

Testimony on Sports Betting:

presented by:

Donald M. Scarry, Ph.D.
New Jersey Economics
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Suite 297
4201 Church Road
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(609) 778-9203

May 18, 1992

STATEMENT ON SPORTS BETTING

Good Afternoon, Mr. Chairman and Members of the Committee. My name is Donald M. Scarry; I am a principal in New Jersey Economics. New Jersey Economics is a local consulting firm that specializes in estimating the economic impact of actions, activities and legislative proposals here in our state. I want to thank you for the opportunity to speak to you concerning New Jersey's opportunity to create legalized and limited sports gambling as an adjunct to our already existing casino gaming industry.

The bottom line of my testimony is to urge you to take positive action to enable our state's casino industry to engage in a controlled, limited approach to sports gambling. I'm convinced that it will be good for the economy of our state, for our tourist business and the classes of citizens who benefit directly from casino taxes and payments. It will also be good for our state's current and near-term fiscal difficulties. Last, and frankly, it will be good for the casino industry itself.

For most of us, Atlantic City is pleasant diversion - spend a few dollars on the slots or some other game, take in a show, go home wishing we'd hit it big or rather knowing that we'd hit it big next time. I know there are some who are addicted to gambling and ruin their lives betting over their heads. That is a serious problem, but most of us just see it as a diversion, a night out.

Those of us who live in New Jersey and have been exposed to the garish

limousines that streak down the Parkway or across the Atlantic City Expressway, seem to concentrate too much attention on "high rollers." We think the casinos make the most of their money from the mysterious occupants of those thirty foot behemoths. The reality is quite different.

The real activity is in the 430,000 busses that bring more than a million low-rollers to the casinos. Of the total \$24 billion dropped at the casinos in 1990, more than \$16 billion was pumped into slot machines. High rollers aren't slot players; your grandmother is a slot player.

Another reality of casino gaming in New Jersey is that it's big business - big with a capital B, as in billions. Data from the New Jersey Casino Control Commission indicate that, in 1990, visitors to Atlantic City's casinos gambled \$24.1 billion dollars. Yes, that's "billion," not million. To dimension this a little, that's \$10 billion more than all expenditures by New Jersey state government.

The \$24 billion does not include any money spent in casino restaurants, on transportation to and from Atlantic City - it's just what casino patrons dropped at the tables or into slot machines.

The state's data on tourism is difficult to interpret, not because of any difficulty in collection, but because the nature of the industry is not precisely defined in the Standard Classification manuals. However, the New Jersey Division of Tourism has estimated that casino gaming may be responsible for about one-third of all expenditures that are classified as tourist expenditures in New Jersey.

Quarter slots are the most productive casino operation in terms of gross dollar volume. More than \$4 billion was pumped into quarter slots in 1990. That's 16 billion

pulls on the handle; sixteen billion waits for fame and fortune. Blackjack, a table game, is the second most productive casino operation in terms of dollar volume. \$3.8 billion was dropped at blackjack tables in 1990.

Of course, the casinos don't get to keep the \$24 billion; we have to get some back to keep our interest up. In 1990, the casinos kept just under \$3 billion of the money we brought to Atlantic City. We walked away with \$21 billion of it and considered ourselves lucky.

The amount that casinos "win" is an important number, called Gross Casino Revenue. It's the basis on which casinos pay a special tax - the Casino Revenue Tax. That tax is 8% of Gross Casino Revenue, and, in 1990, the casinos forked over just about \$240 million to the state of New Jersey. The casino industry pays all the regular taxes that any other industry does - corporation business tax, city and county taxes and so on - the Casino Revenue Tax is a special addition for them. It's the tax they pay for the privilege of conducting legalized gaming in New Jersey.

From 1978 through 1990, casino activity in New Jersey has given the state treasury an additional \$2 billion or so. That's "billion" again; these numbers have so many zeros after them that they are sometimes too large to really understand.

The casinos have some other aspects that are important, besides recreation and taxes. In 1989, they spent \$1.8 billion on purchases of goods and services from other businesses. Almost three-quarters of these purchases were from businesses in New Jersey. As you'd guess, the bulk of these took place in Atlantic County; the casinos spent about \$950 million there. Some of these purchases were made in Burlington County. A couple of hundred businesses grossed just under \$30 million from the casi-

nos. Businesses in Camden County picked up an additional \$48 million and, right here in Mercer County, businesses took in about \$43 million. Some of the \$3 billion we leave in AC finds its way back home.

Last, the casinos have become a major employer in Southern New Jersey. In March of 1991, total direct casino employment was 42,000. While that's down a bit from a high of almost 47,000, the casino industry is still a very major player on the employment scene in Southern New Jersey.

The total of direct and indirect jobs associated with casinos, this includes bus drivers, service workers in other sectors and employers of suppliers to casinos, is estimated to be much larger, more than 70,000 persons. The New Jersey Department of Labor estimates that the entire employment in the Atlantic City Labor Market Area is just a bit over 162 thousand persons in 1991. Clearly the casino industry plays a vital role in the economic health of the region, and, for that matter, the entire state.

The Atlantic County Division of Economic Development, which monitors casino activity fairly closely, has estimated that in 1990:

- the total impact of casinos on southern New Jersey's economy was \$6.2 billion in expenditures;
- 73,00 full-time jobs; and
- about \$2 billion in household wages, salaries, benefits and profits.

This is a potent, and important, New Jersey industry that we should all pay some attention to. Casino gaming has carried the ball, in terms of economic growth in the service sector of almost all of southern New Jersey throughout the Eighties.

Casino gaming is also attractive to other states that are looking for solutions to their own budget problems; we don't have a monopoly on this activity. Our industry

can easily be challenged - out of New York, Chicago, Miami, New Orleans or other places. The industry is more fragile than we think; we have to act to make it competitive and long lasting. Legalizing sports betting will help.

I urge you to take positive action on this issue. Thank you for your time.



The New Jersey Council of Churches

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Statement by the Rev. Charles W. Rawlings, Executive Director
Senate Judiciary Committee
May 18, 1992

SCR-50

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 seem 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.

Today we are confronted 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. Proposals to legalize sports betting exert a predatory and corrupting pressure on the children who will be tomorrow's leaders.

Sports Betting legislation 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 school and youth club athletic programs, we seek not only to teach young people self-discipline and self-development, but to teach early lessons that the vigor and joy of life lies 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 savour with some humility the limited returns of victory. It is there that young people often learn the grace of cooperation and tolerance. And it is our national professional athletics that they watch for signs of what it means to be human, to take your knocks, to keep trying.

Because we seek to season our young people for a mature, fully human and moral life in our athletic programs, the religious community in New Jersey-specifically, in this instance, the New Jersey Council of Churches-vigorously opposes any effort to turn professional athletics, where young people often get their life models, into a gamblers domain.

The Rev. Peter M. Paulsen
President of the Council

The Rev. Charles W. Rawlings
Executive Director

The Rev. Jean Paul Richter
Associate Director

The Rev. Dudley E. Sarfaty
Associate Director

Joan Diefenbach, Esq.
IMPACT Director

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Synod of the Mid-Atlantic

Religious Society of Friends
New York Yearly Meeting

The Salvation Army

Union American Methodist
Episcopal Church

United Church of Christ
Central Atlantic Conference

United Methodist Church
New Jersey Area

66X

SPORTS ARENA EMPLOYEES' LOCAL NO. 137, AFL-CIO

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affiliated with

Laborers' International Union of North America

New Jersey State AFL-CIO and Pennsylvania State AFL-CIO

Central Labor Unions of Atlantic & Cape May, Camden, Monmouth & Ocean Counties



June 3, 1992

The bill that would permit sports betting in Atlantic City's casinos threatens the very survival of our state's racing industry.

Unless New Jersey race tracks have an equal opportunity to offer sports betting to their patrons, the casinos will once again gain an unfair competitive edge that will seriously undermine the fiscal stability of our state race tracks.

This imbalance -- this favoritism -- jeopardizes an industry that serves as a unique and important resource for New Jersey.

Racing provides huge revenues for the state and thousands of jobs for our citizens. It is a national tourist attraction. In attendance, it is the number one spectator sport in New Jersey.

To weaken -- or destroy -- our race tracks in favor of the casinos is a gross injustice. This bill panders to special interests in a callous disregard for the interests of all of our citizens.

As a union which represents thousands of our race track employees -- whose dedication has brought New Jersey many millions in vitally needed revenue -- we must come forward and oppose this bill.

This appeasement to special interests -- this catering to greed -- must be opposed.

We urge the governor to speak out against this bill and call on every legislator to vote against it.

Sincerely,

Henry E. Desch
Business Manager

67X

**The New Jersey Thoroughbred Horsemen's
Benevolent Association**

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Coltsneck, NJ 07722
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Telefax 908-946-9188

TO: Members of the Senate Judiciary Committee

FROM: John Forbes, President
New Jersey Thoroughbred Horsemen's Benevolent Association

DATE: June 8, 1992

RE: Opposition to Senate Concurrent Resolution No. 50 (SCR-50)

This statement is submitted on behalf of the New Jersey Thoroughbred Horsemen's Benevolent Association ("THBA") in opposition to SCR-50, which proposes an amendment to the New Jersey Constitution which would authorize wagering at casinos on the results of sports events.

The THBA has more than 5,500 members (owners and trainers of thoroughbred horses in the State of New Jersey. Besides our membership, the thoroughbred industry also includes thousand of stable employees, farm employees, veterinarians and breeders.

Racing currently makes a tremendous economic contribution to New Jersey. It provides 25,000 jobs, is the major source of revenue for the New Jersey Sports and Exposition Authority and contributes greatly to the preservation of our green spaces. However, in the past decade, the industry has been in steady decline as a direct result of competition in the form of casino gambling and the lottery. In fact, a recent study performed at the University of Louisville, using New Jersey as a case study, confirmed that the introduction of casino gambling and the lottery in New Jersey has resulted in a 58% reduction in attendance and handle at New Jersey racetracks.

We are strongly opposed to the introduction of sports betting in New Jersey. Sports betting represents the kind of direct competition to racing which will cause irreparable damage, perhaps fatal.

This legislature has recently recognized the importance of the racing industry in New Jersey, and its current plight and has enacted simulcast legislation, which is hoped will advance our industry. At a time when racing is trying to recover from the present gambling competition which has already been introduced, and is facing intense competition from the neighboring states of Maryland, Pennsylvania and New York, it would be catastrophic to permit sports betting.

**New Jersey Thoroughbred Horsemen's
Benevolent Association**

TO: Members of the Senate Judiciary Committee
DATE: June 8, 1992
PAGE: 2

We respectfully urge this Committee to consider the negative consequences which would result to our industry from the introduction of sports betting. Please vote to keep New Jersey racing alive. Please oppose SCR-50.

Thank you for your consideration.

JF:ann

SUPREME COURT OF NEW JERSEY



ROBERT N. WILENTZ
CHIEF JUSTICE

257 MONMOUTH ROAD
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Statement by Chief Justice Robert N. Wilentz
on the Proposed Constitutional Amendment for
State Assumption of Court Costs
Senate Judiciary Committee
June 8, 1992

The origin of this proposed constitutional amendment for State assumption of court costs started with the question of who should pay the bill for the trial courts. It is a tax policy question of considerable importance. For the judiciary, however, the amendment concerns a different question. Do we want the best judiciary or not? We won't get it without this amendment. We cannot have it under a system in which the judiciary does not control its own work force, a system that doesn't allow uniformity, a system that prevents accountability and efficiency, a system that delivers unequal justice.

I am not talking just about making our judiciary better than other states, indeed, despite its needs, it is probably that right now. Nor am I talking just about a modest incremental improvement, but rather something much more extensive. If this constitutional amendment is passed, it will be by far the greatest reform and improvement of the judiciary since the

Constitution of 1947. It will give us a chance to make a good judiciary great. We can't do it under the present system.

Do not mistake me. We are a fine court system. The judiciary has performed well in New Jersey. We are probably regarded as one of the best state judiciaries in the nation. We owe that to our Constitution and my predecessors, and to the many judges and support staff who have given their heart and soul to a system they love. They have given us a tradition of excellence, integrity, and reform second to none. Their example in 1947 moved the entire country. And it set a spark and a fire for justice in this State that has not gone out. Even in recent years our achievements have been great, many nationally recognized and copied. But the systemic problems of the judiciary that this amendment addresses are there, and they are serious. Either we deal with them or, instead of becoming great, we will someday find ourselves second rate.

In 1948, it was said that our new Constitution made what had been the worst judicial system into the best. Left untouched, however, was a gaping hole in the fabric of a true State court system, for each county continued to rely on its own clerical and record keeping systems, security system, case processing and case management system, management information system, personnel system, and budget and finance system. And that continues to some extent today, for the counties still pay those who do the judiciary's work at the trial level, still control many of them,

still have their own systems, and still determine the courts' budgets. The result of that gaping hole, the result of that economic power, plus centuries of tradition, is twenty-one different systems, each resistant to change in varying degrees. This objective of "a true State court" is not just a noble conceptual goal, it is an intensely practical objective. The objective is not just to make New Jersey proud of its courts, although I hope we will be, but to give our citizens better justice, fairly priced justice, timely justice, quality justice.

It would be unthinkable for a business or industry to allow those who do its work to be controlled by others. It would be unthinkable for this Legislature to allow the Office of Legislative Services to be split into twenty-one parts, with twenty-one different systems, each controlled by a different county. Yet that is what we have in the judiciary today. It is a product of our history as a county court judiciary. We have learned to live with it but the cost has become too great, in dollars, in efficiency, and in justice, to allow it to remain.

I intend no criticism either of the counties which set our budgets or of the County Clerks who control so much of the judicial work force, and who generally do their job well. Very simply, they both are doing what they have done for hundreds of years, what they understandably feel is their right to do, indeed, their responsibility. Their exercise of control is based

on more than the fact that they pay the bill, it is based on history and tradition.

The heart of the problem is county control: control of the budget and control over a substantial portion of the judicial work force. Having decided which kind of organization of the judges and of the support staff works best, having decided which kind of case processing works best, and we have decided both of those, the judiciary cannot put them into effect. Why not? Because in one county, they are either unwilling or unable to budget for the needed personnel, in another county they are unwilling to allow the assignment of County Clerk judiciary employees to perform the functions called for in the judiciary's plans. Or in another county it is a combination of both. The result? Under the present system, when we have completed trying to implement the uniform statewide judiciary blueprint, we will still have twenty-one different systems and we will not know which is truly working best, for each will have, because of these differences, credible reasons to explain away comparisons with others, and even if we conclude that one system is working the best, we still will not be able to install it everywhere because we do not have the power to do so, at least we do not have that power unless we are willing to have a horrendous constitutional confrontation with the counties. We will make progress, we will improve. But essentially we will still be where we are today, each county having vastly different staffing ratios, vastly

different costs per case, and costs per judge, differences that are extreme and inexplicable, with the question left unanswered: what is the best way to dispose of cases, what is the best way to deliver quality justice efficiently and economically, and how do we get there?

More than ten years ago it was apparent that the court system could not cope with its work load. In addition to needed added resources, a new approach to its management was desperately needed, along with the use of modern technology. Today that work load has increased by 60% with more than a million new cases being added every year. We have tried our best in every way to deal effectively with the task, and we have achieved considerable success. Spurred on by the report of an independent blue ribbon committee, the Committee on Efficiency, a Committee led by the top chief executive officers of the state's business and industrial community, we have greatly revamped the organization of our court system, and with the consistent support of Governor after Governor, Legislature after Legislature, have brought to it, at least at the State level, most of the resources that it needs, including one of the most extensive computer systems of any judiciary in the nation. That blue ribbon committee said our judicial system was really no system at all. As a result of its work, there has been substantial change and the system is now well organized to do its job. Instead of a system where the movement, pace, and timing of the disposition of cases was

determined largely by the parties' lawyers, we now have a system dominated by one central premise: the need for early and effective case management, management by the judiciary itself, with the cooperation of the bar. In order for it to work, it is essential that the judiciary be able to direct and control everyone and anyone who has anything to do with the processing of a case from beginning to end, for by and large judicial management means management by staff, with the help and at the direction of a judge.

This constitutional amendment comes at a critical point, for we are poised, not because of it, but because of developments within our own judiciary, poised to move ahead in our management, our management of personnel, our management of the case load and the processing of all matters. Over these past ten years we have learned what works and what does not, and what works best. We have reached a consensus within the judiciary for use of those techniques, structures, and organizations, that will result, we believe, in very substantial improvements in case management. We are ready to implement them. At the very heart of these improvements are conclusions about the number of staff needed and the more effective and more extensive use of staff, professional staff, clerical staff. They are our most important resource, and in order for them to participate and work effectively they must work together, they must share their knowledge, they must often function as teams, they must be subject to the direction of court

administrators at the vicinage level, and ultimately by judges. It simply will not work if the number of support personnel supplied by a county and assigned to a court division falls far short of what is needed; it simply won't work if many of them sit in the offices of the County Clerk and others in the offices of the judiciary; it will not work if some report to the County Clerk and others to the judiciary; it will not work right if the judicial organization in each county must differ in order to adapt itself to whatever happens to be the differing resources and differing systems of that county.

While there will always be room for creativity and some diversity from vicinage to vicinage, all of us have agreed, all of the Assignment Judges of every vicinage, that the time has come to establish one system in this State, substantially the same within every vicinage, a system that incorporates what we have found works best, and we are in agreement that we simply cannot achieve this without reliable budgets that provide the needed resources and without control over all of the people who make the system work. It may cost more, it may not, for there will be savings from State take-over. We know it cannot happen, however, without a rational statewide budgeting system.

These obstacles to success are not theoretical. With each and every plan, each and every device, each and every case management technique, to be instituted or improved in the Civil Division, the Family Division, the Criminal Division, each and

every step of the way we face at some point, many points, the question of how do we get it done when we do not have the needed personnel and resources, how do we get it done when we cannot control and direct our own work force? As the Committee on Efficiency said: "the accountability of various court support units is so blurred between the judicial branch and the county government that efficient integration of their various operations is almost impossible."

These problems permeate the system and constitute an almost insuperable obstacle in our attempt to redesign the system. And it is wasteful. One example are the thousands of vicinage-requested modifications of our statewide computer system, modifications that would largely be unnecessary if we had one statewide judiciary instead of twenty-one different county systems.

As far as I am concerned the greatest benefit of this constitutional amendment is its promise of giving us a truly well managed judiciary for the benefit of our citizens. It will give them better justice.

This constitutional amendment will also bring about other substantial improvements. The judiciary will become fully accountable, it will no longer be uncertain, both internally and in its relation to others to whom it should be accountable, including you, why its costs in one vicinage far exceed those in others, why its productivity in one vicinage falls far short of

what it is in others, why in one vicinage we need twenty people per judge while in another we need only ten. The answer today is impossibly indefinite, ambiguous, uncertain, all because we have so many different systems, ultimately all because we cannot rationalize our own budgets or control our own work force. This accountability will inevitably lead to other improvements, for we will not only have to explain why these differences exist, we will be able to address them. These disparities are not new, they have always been there. What is new is our determination to uncover them, to measure them, and to address them.

The constitutional amendment will finally, for the first time in our history, start to bring equal justice to all of our citizens. Those counties today that devote more money to justice than others, either because they are richer or more willing, or both, usually get what their money pays for, better justice, quicker justice, more complete justice, proceedings in surroundings that encourage justice, justice with all of the court-related programs that are so necessary today, the availability of complementary dispute resolution, the services of highly-trained professional staff, all as compared to the justice received by those in the less fortunate counties, threadbare justice with long waiting lines, lacking many of the attributes found in other counties. It will not happen overnight, indeed it should not, for the transition itself could do damage and be unfair. And it will not diminish the quality of justice

anywhere, nor will it change our decentralized system of vicinages managed by Assignment Judges. But ultimately we will move to where we ought to be, the same standard of justice everywhere in New Jersey, whether the county be rich or poor, and no matter where the litigant lives or where the case is filed.

This constitutional amendment will help not only the judiciary but all of those who do its work. There is an inevitable tone of paternalism in suggestions of the need to be able to control and direct your own work force, but in truth that work force, clerical, professional, administrative, will benefit itself. Opportunities for advancement today are largely confined to vicinage openings, it is rare, and often impractical for someone who works in one county within the judiciary to take a promotion to another position in another county. That will end with this constitutional amendment. We will finally be able to give recognition and opportunity to those who want to advance, recognition and opportunity that extends throughout the entire State. We will have a system that promises not only the security that these public servants now have, but one that substantially expands their opportunities.

Finally, this constitutional amendment will allow the State judiciary to plan for the future. We do so today, we have done so in the past, but now we will be able to do so with greater assurance and greater motivation. First, we will know that we can accomplish the mission for which we plan without wondering,

as we now do, whether we will be able to overcome the obstacles of the present system. Second, we will have but one financial partner in that planning, State government, and we will be able to make rational arrangements and agreements with that government that we can rely on. For example, there is the possibility that in the not-too-distant future a paperless judiciary could be designed, could actually be put into effect using developing technology, a more efficient effective judiciary, delivering justice at a potentially lower price. The commitments and arrangements that are needed before even looking seriously into this possibility are unthinkable today. With this amendment we can start planning.

If this constitutional amendment passes, the judiciary will face a major undertaking in arranging for the transition from a county-based system to a true State court; and it will signal the beginning of an era of new relations between the judiciary and the Legislature and Executive. We want the transition to be successful, and we want the new relationship to be good. In order to achieve both, upon the passage of this amendment I shall appoint a statewide commission of the most outstanding public citizens, attorneys, legislators, and members of the Executive. We will ask the commission to assist us in this transition period and to report periodically on our progress, offering suggestions and criticisms. The commission's mandate will be open-ended: to do everything and anything it deems necessary or desirable in

order to help us complete the transition with all of its promise and potential, all of its advantages, to help us make sure that all of them are accomplished.

Finally, we will be fully accountable both in management and finance, accountable to the public and to those who fund us, and we will provide the information required to make us accountable.

I fully support the State take-over proposed in this amendment. It is a State judiciary, a State responsibility. The State should control its purse strings and the State should assure its excellence.

D R A F T

TESTIMONY BEFORE THE
SENATE JUDICIARY COMMITTEE

June 8, 1992

Senator Gormley, members of the Judiciary Committee, I thank you for the opportunity to appear before you today.

The New Jersey State Bar Association supports the proposed constitutional amendment and implementing legislation which would require the State to assume the costs of funding trial court operations. We have but one concern about the legislation which I will speak about in a moment.

This legislative initiative is long overdue. A state funded court system will benefit the citizens of New Jersey and it will benefit the judiciary. The result will be not only relief from increasing county tax burdens but the development of a more efficient and responsive court system.

Today, trial courts across the state are primarily funded by the counties. This funding system, based on a county's ability to produce tax revenues, is inherently unfair and has caused inequality among court vicinages. Poor counties must struggle to come up with the money necessary to provide adequate resources for court operations. In these counties, equally worthy county

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programs compete with the courts for scarce budget dollars. No one is a winner and the taxpayers are often the loser.

The quality of justice available to our citizens should not depend on the size of a county's tax base. We must devise a more rational approach to funding. The legislation sponsored by Senator Gormley accomplishes this goal.

State funding of the trial courts should result in an improved judiciary. In large part because of budget constraints and compromises, our trial courts now offer 21 varieties of programs and services. The resources and staff available to assist judges vary from county to county as do the pay scales and benefits of court workers, even those performing the exact same job.

Many counties have the resources to fund innovative programs and services which benefit the public. Other counties must scrape to find the money to pay for even the most rudimentary of services. Judges in some counties enjoy the use of computer research, fax machines, and telephone conferencing equipment.

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Judges in other counties may not be so fortunate. For instance, I know a judge who worked for months without a telephone. We cannot maintain a quality judiciary if some counties are forced to operate on a shoestring.

As judiciary representatives will no doubt tell you, state funding should allow the judiciary to begin to remedy the differences between counties by providing necessary resources to counties in need.

State funding will also bring about uniformity of services and programs offered by the courts in each county.

Because the judiciary will rely on one funding source efficiency should be able to be improved through the reduction of management, personnel, salary and program variations among the counties.

The State Bar Association is concerned about the quality of the judicial branch and its ability to maintain public confidence in the administration of justice. Continued reliance

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Our county based system of funding threatens the viability of our trial courts. New Jersey has long been recognized as one of the premier court systems in the nation. Our Chief Justice and Assignment Judges are committed to excellence. I fear, however, that our position is being jeopardized, in large measure due to the vagueness of trial court funding, which prevents long term planning and impedes truly effective management. As the Chief Justice noted in a recent statement to the Legislature, our trial courts are inadequately funded and often not capable of performing up to public expectation. It is the hope of the State Bar Association that state funding can help remedy this serious problem.

We do have one concern about a proposed jury demand fee contained in S. 888. This \$50 fee would be paid by civil litigants who request a jury trial. It would be in addition to the regular filing fee of \$135. Thus, for most civil plaintiffs it would cost \$185 to file a lawsuit.

We are concerned that a jury demand fee, on top of the regular filing fee, may prevent some plaintiffs with meritorious

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claims from filing their actions. Our courts should be open to all, and should impose no fee which might operate as a barrier to a potential litigant.

We understand that the proposed jury demand fee will raise additional revenue for the state, but would ask that you look to other sources for this revenue.

In conclusion, it is the view of the State Bar Association that state assumption of the burden of financing the trial courts is a solution which will make everyone a winner - the taxpayers, the litigants, the court employees, and the judges and lawyers. State funding of the trial courts is an idea whose time has come.

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