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With sports betting legalized, New Jersey leads a race to lure gamblers. Will Pa. lag behind?

Justine McDaniel, Staff Writer - May 21, 2018



At the Westgate Superbook sports book in Las Vegas, people watched in March coverage of the first round of the NCAA college basketball tournament. The Supreme Court has struck down a federal law that bars gambling on football, basketball, baseball and o other sports in most states, giving states the go-ahead to legalize betting on sports.

Lifting a longtime federal ban, the Supreme Court on Monday legalized sports betting in the United States — and effectively fired the starting gun for a new gambling race among states.

New Jersey, which brought the lawsuit to strike down the ban, is poised to jump out of the gate: By June, it may well be the first state, outside Nevada, with casinos and racetracks offering bets on America's favorite pastimes.

A handful of others, including Delaware and West Virginia, appear to be hot on the Garden State's heels, and over the last week have set waiting cogs in motion. Pennsylvania, however, might take it a little slower, even though it had positioned itself in the front of the pack with a law allowing the Gaming Control Board to move forward immediately.

The justices' 6-3 decision set off a seismic shift in the nation's gambling industry. In states that choose to authorize sports wagering, legal bets could soon be placed on the NBA finals, on the Phillies' World Series odds, on the Eagles' opener. The major-sports leagues and the NCAA have opposed legal betting vociferously.

Analysts expect it to bring in billions of dollars — at least — in revenue for states and draw sports fans currently wagering under the table as well as attract new bettors. In 2017, nearly \$250 million in revenue came in from sports betting in Nevada, where a record amount of money — \$4.9 billion — was wagered last year.

"There's just enormous amounts of money for these states to make right now," said John Boyd, a gaming analyst based in Princeton.

How the logistics will play out from state to state is uncertain — as is whether sports betting will bring the economic prosperity gaming insiders predict.

"The whole landscape was just so radically different five or six months ago when states began to make accommodations and preliminary plans," Boyd said. "But now the reality is setting in, and you have developers that are doing site visits and deciding where to build new projects. ... There are a lot of sort of compliance issues that will be worked out. There really is not much of a precedent for this."

Meanwhile, the NFL and NBA have called for federal regulation of sports betting, and Sen. Orrin Hatch (R., Utah), one of the authors of the original ban enacted in 1992, introduced a bill to do just that. The sports leagues have a variety of demands they want to secure from states, including a so-called integrity fee that would give them a cut of profits.

The leagues could collaborate to suggest a uniform framework for wagering, said Steve Smith, a sports attorney based in Colorado. But congressional involvement is unlikely.

"At least in the short term, there doesn't seem to be a lot of appetite in Congress to deal with it given that the term's up [and] we have midterm elections in six months," Smith said.

In New Jersey, Monmouth Park racetrack is poised to become the first to open the sports books, but track officials have to wait until the Legislature has passed a bill implementing a state framework, likely ruling out a hoped-for start date of Memorial Day.

"The answer as to when we will start is: as soon as possible," John Heims, in-house counsel for Monmouth Park, said Thursday. The racetrack started building its sports-wagering outfit six years

ago and has invested more than \$1 million for retrofitting, partnering with William Hill, the British bookmaker considered one of the world's largest.

New Jersey lawmakers are aiming for early June to open sports betting, with both state houses planning votes June 7 on the necessary legislation, NJ Advance Media reported.

"We're moving quickly," State Senate President Stephen Sweeney told the news outlet.

In Pennsylvania, analysts say sports betting might be six months to a year away.

Unlike in New Jersey, additional legislation isn't necessary. The Gaming Control Board is free to authorize sports wagering once it has published a public notice; then it must craft regulations. Officials are working on temporary regulations they hope to finish "as soon as possible," said Doug Harbach, spokesman for the Gaming Control Board.

Pennsylvania lawmakers would only need to pass a new bill if they wanted to change something about the existing law, such as the 36 percent tax rate on sports-betting revenues. Experts say that rate could put the state at a competitive disadvantage, but lawmakers aren't indicating whether they'll consider changing it. Competition with other states, notably New Jersey, is likely to be incentive for lawmakers to lower the rate, Boyd said.

"I would expect Pennsylvania to have a sports-betting tax rate that's comparable to what New Jersey will put forth," he said.

Stephen Miskin, a spokesman for House Majority Leader Dave Reed (R., Indiana), would not say whether the legislature might reconsider the tax rate, and said he didn't know how long the state's regulation and licensing process would take.

"We believe this board will work to get it right and not just get it done, so we don't expect anything until next year," said Miskin.

While the gaming board does not yet have a timeline for the sports-gambling rollout, its spokesman said creating regulations should not take anywhere close to a year.

"Bottom line is that our agency top priority is to protect the public and our goal is to get the regulations right," Harbach said in an email to the Inquirer and Daily News. "The timelines for other states does not weigh into our work."

Like Pennsylvania, New York had been primed to be among the first to offer sports betting, but Gov. Andrew Cuomo cautioned Monday that it might not happen before the end of the current legislative session June 20.

Among other states ready to legalize, Delaware could give New Jersey a run for its money. Delaware Gov. John Carney said Monday that "full-scale" sports gambling could be in the state's

casinos before the end of June. His administration had been working on a plan for operations for months, making manuals and doing software tests, according to the News Journal.

“If we can get to market faster than some of our neighbors there could be some real upside,” state Finance Director Rick Geisenberger told the News Journal. “We’re working to roll it out as quickly as possible.”

In Mississippi, where sports betting was legalized in 2017, casinos are getting ready to offer sports wagering by the start of the NFL season or sooner, according to local news reports.

“Oh, I would say all 28 casinos in our state are raring to go now,” Michael Bruffey, vice president and general counsel for Island View Casino Resort in Gulfport, Miss. told the New Orleans Times-Picayune. “It’s just very exciting.”

And in West Virginia, officials are saying sports betting in casinos there should be operating in about 90 days. Its legislation was modeled on Nevada’s sports-betting framework, which is a “strong foundation,” said Geoff Freeman, president of American Gaming Association.

“It’s really going to depend on good policy in each of these states,” he told reporters Monday. “There’s no need to reinvent the wheel as we go into all of these states. Nevada has a functioning market.”

One thing is certain: Sports betting is off to the races.

“We are very excited about this,” said Heims of Monmouth Park. “I think the stakeholders feel very vindicated that ... they were right all along, and they will be able to commence sports wagering as soon as possible.”