

## **New Jersey Set For Vote On Exchange Betting**

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The New Jersey Assembly is expected to vote Monday on a bill to allow exchange betting in another effort to bolster the faltering horse racing industry.

Operating like a stock exchange, the exchange betting system allows gamblers to set their own odds as they wager on horses they think will win and against horses they think will lose.

“We hope this will attract younger customers to race tracks,” said Connie Wagner, a Democratic assemblywoman from Paramus whose district borders the Meadowlands Racetrack in Rutherford, N.J.

“Exchange betting can be done on the Internet and it allows gamblers to make the odds against each other,” said Wagner, who is co-sponsoring the bill with Republican Assemblywoman Caroline Casagrande of Freehold, N.J.

Exchange betting, pioneered by market leader Betfair, has been a remarkable success in the United Kingdom in the last 12 years, despite some opposition from the traditional bookmaking industry.

Wagner pointed to the relative health of British racing where tax revenues from the industry in the UK have risen 54 percent over the past decade.

“We want to be the first state to do this,” Wagner said. “California and other states are watching what we’re doing with exchange betting because they are considering doing it, too.”

The penetration of broadband Internet service made exchange betting possible, according to Laurie Itkin, vice president of government and public affairs for TVG/Betfair US.

“Exchange betting is a way to draw younger and tech-savvy customers to the sport, creating a whole new generation of racing enthusiasts,” Itkin said.

This is the latest step by the New Jersey legislature to prop up the horse racing industry, which is struggling to survive in a diminishing gambling market.

Last month, both chambers voted unanimously to slash thoroughbred race dates at tracks operated by the state. The truncated racing schedule is projected to increase purse prizes to \$1m per day.

Wagner insists the Meadowlands has the potential to become the economic engine of New Jersey.

“We have the Super Bowl coming (in 2014), and exchange betting could help make the Meadowlands the center of tourism in the state,” Wagner said.

The New Jersey Assembly’s Regulatory Oversight and Gaming Committee released the

[exchange betting bill](#) last Thursday and Wagner said she is optimistic the full assembly will pass it on Monday.

“This is a win-win for horse racing and the state because of the employment and tax revenue that exchange betting will produce,” Wagner said.

Citing the support of State Sen. Richard Codey of West Orange, Wagner said she hopes the bill wins approval from the Senate by the end of the month when the legislative session is scheduled to end.

June 30 already is an important date because that’s when a report is expected to be released recommending ways to increase tax revenues from gaming in New Jersey. The report is being prepared by advisers to Gov. [Chris Christie](#), R-N.J.

The success of the exchange betting bill as well as legislation to legalize sports betting and Internet gambling by Atlantic City casinos may hinge on the report to the governor.

Meanwhile, Democratic leaders are calling for a gaming summit to help the state prepare to take a leadership role if and when Internet gambling becomes legal in the United States. Summit organizers want to allow New Jersey voters to decide this November if they want to legalize sports betting and [Internet gambling](#) for Atlantic City casinos.

“We have 32 gambling sites on our border that are draining revenue from New Jersey. We need to figure out what to do to recapture that revenue,” said Barbara DeMarco, a lobbyist for the New Jersey Thoroughbred Horsemen's Association.

The 11 casinos in Atlantic City sustained a [25.2 percent decline](#) in gross operating profits during the first quarter of 2010.

“If Atlantic City keeps going the way it is, the governor is going to look at other forms of gambling – like slots, or exchange betting or sports betting,” DeMarco said.

The [downward spiral of Atlantic City casinos](#) has increased their resentment of New Jersey’s horse racing industry.

State Sen. James Whelan, a former Democratic mayor of Atlantic City, has said the addition of slot machines at New Jersey horse racing tracks amounts to a \$30m subsidy from the state’s casinos.

Nevertheless, casino officials are supportive of the exchange betting bill, according to DeMarco and Wagner.

“They see this as another vehicle that helps us help ourselves,” DeMarco said.

Donald Weinbaum, executive director of the Council on Compulsive Gambling New Jersey, Inc., said he is concerned exchange betting will increase the number of young people who are

problem gamblers.

“The rates for problem gamblers tend to double among younger people ranging from adolescents to 25-year-olds,” Weinbaum said.

“The bill also does not speak to the extension of the self-exclusion list,” he said. “At present, the rules for off-track betting in New Jersey preclude people from gambling if they volunteer to be on the list.”

Despite his concerns, Weinbaum said he is neutral on the exchange betting bill. After talking to Wagner last week after the bill was released from committee, he said he is hopeful the bill will be amended to address the council’s concerns.

Wagner said she is confident the bill will be amended to allay Weinbaum’s reservations before the assembly votes on the bill.

“There is risk with this bill, but I think the benefits are worth the risk,” Wagner said.

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