

Assembly Regulatory Oversight and Gaming Committee
December 8, 2011 Committee Meeting
Statement on A4385

by Donald F. Weinbaum, Executive Director,
The Council on Compulsive Gambling of New Jersey, Inc.

Good Afternoon Chairman Burzichelli and Committee Members:

Thank you for affording me the opportunity to comment on A4385. My name is Donald Weinbaum, and I am the Executive Director of the Council on Compulsive Gambling of NJ.

The Council is a not-for-profit (501c3) corporation that conducts education, prevention, outreach and referral services for people affected by compulsive gambling. We have been actively involved in serving New Jersey's citizens for more than 28 years. The Council owns and operates the 1-800-GAMBLER® HelpLine, which is available 24 hours a day/7 days a week to gamblers, their families and persons seeking information on treatment and other resources.

As Committee members know, the Council neither supports nor opposes bills that expand gambling. We are not an anti-gaming organization, and we recognize that the voters have indicated strong support for sports betting in NJ. Most of the attention so far has been focused on potential economic benefits of sports betting to our state. But there is another side to this issue: With every form of gambling, there are some gamblers that cross the line into addiction. That is why our Council exists, and that is what I want to discuss today.

This real issue right now is how to implement sports betting in a way that provides safeguards for problem gamblers and resources to support prevention, education

and treatment programs. We are encouraged to see some language in the bill addressing these areas, but we are concerned that they fall short of what will be needed. As I have stated previously, the Council believes that legalization of sports wagering in NJ is likely to have a significant public health impact by increasing prevalence of compulsive and problem gambling across our state.

At the moment, sports betting is illegal in NJ and in most states in this country. Even so, 9% of callers to our 1-800-GAMBLER helpline report a primary problem related to sports betting, and eleven (11) percent report some involvement with sports betting. These percentages appeared to be headed down a few years back but are now rising once more. Since there are an estimated 350,000 pathological and problem gamblers in NJ, this suggests that we have at least 35,000 compulsive sports bettors right now. **With legalization and competitive marketing of sports pools by casinos and racetracks, this number can only go up.** Allowing Internet and electronic betting, as provided for in this bill, will serve to ramp it up to another level.

Our state already is lacking in services for compulsive gamblers. Due to funding cuts imposed in the FY 2011 State budget, two programs closed their doors last year. The 10 remaining treatment providers in the Council's system are struggling to meet the need and to provide some form of help to compulsive gamblers and their families who have nowhere else to turn. More funding for treatment and intervention services is needed, just to keep up with current demand. Expansion of legal gambling virtually always increases demand, which makes it critical that every new bill includes provisions for additional funding for prevention and treatment services.

Annual funding for services is essential, and unfortunately, is not provided for in this bill. A4385 does contain language stipulating that an undetermined percentage of the fee paid for a license to operate a sports pool should be used to support additional problem gambling services. This language is problematic for several reasons: It is not clear from the bill what the license fee will be or whether it will take the form of an ongoing assessment. The bill states that the exact percentage will be determined by the

Casino Control Commission. Application fees to establish new types of gambling are usually one-time and intended to cover costs. They are typically kept low, so as not to create a barrier to entry. Compulsive gambling, on the other hand, is, and will likely continue to be, an ongoing public health issue that needs a stable source of annual funding.

A better approach is to allocate a percentage of revenues or to impose an annual assessment on each sports pool operator. And if we were to base this percentage on what we know about the incidence of new cases of problem and compulsive gambling, 2% of revenues is a good starting point. Research tells us that at least 2% of gamblers engaged in sports betting are likely to lose control and require help for an addiction. We also know that compulsive gamblers typically will wager more than other sports bettors or will bet more often; as a result, they will end up generating significantly more than 2% of total revenues.

A4385 includes provisions extending current self-exclusion requirements to the new sports wagering pools and limiting gambling to persons 21 years of age or older, which we support. We appreciate the sponsor's commitment to maintaining these important protections. However, we believe there are some gaps in the bill that could result in a diminishing of the problem gambling provisions that are applicable to other forms of gambling. Both casinos and racetracks should be required to post 1-800-GAMBLER awareness messages in all forms of advertising and promotions, whether broadcast, print, billboard or on-line, and in sports wagering lounges. Explicit language is needed, as current practices are inconsistent across racing and casino venues.

This Bill includes provisions allowing sports betting by persons not physically present in sports wagering lounges, both through electronic devices and through the Internet. The Council has submitted testimony in the past explaining our concerns with Internet gambling and associated risks for problem gambling. These include:

- Preventing on-line play by minors
- Wagering on credit

- Convenience and ease of Internet play can contribute to problem gambling
- 24 hour availability of play
- Solitary and immersive nature of Internet gambling

Playing with “electronic cash” can be a risk factor for compulsive gambling. We are especially concerned that on-line gambling on sports will increase the potential for problems with young adults, who are comfortable with and frequent users of the Internet. Young adults have double the rate of problem gambling as other age groups: 4-6% of players in this age range develop gambling problems.

The Council believes that further attention is needed to address these areas and to ensure adequate controls that reduce the risks for problem gambling. We recommend that operators of on-line sites be required to provide links to online help resources such as the Council on Compulsive Gambling of NJ. There are also protective software mechanisms that can be utilized with on-line betting systems, which are designed to provide information to the gambler and to identify potential gambling problems. We hope that these issues will be addressed by the several agencies with regulatory responsibility when the implementation rules for sports gambling are promulgated.

Some final thoughts for us all to consider: Whether or not sports gambling ends up being legalized in NJ, it is clearly here to stay. So the questions we must ask ourselves are: How much do we care about the lives lost and those destroyed when casual bettors get caught up in addiction? And what are we prepared to do to help?

It’s not a partisan issue, and it’s not complex. But it is real, and it is important. Thank you for consideration of our comments.

Donald Weinbaum
Executive Director
The Council on Compulsive Gambling of New Jersey, Inc.
3635 Quakerbridge Rd, Suite 7
Hamilton,
609-588-5515