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N.J. bills approved to revive horse racing, gambling

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A package of bills to help revive New Jersey's struggling horse racing industry won final approval from the state Assembly Monday, as did legislation to boost gambling revenues by allowing sports betting at the state's casinos and racetracks.

Passage of the Democratic-driven bills sets the stage for Gov. Christie's proposed overhaul of Atlantic City gambling and horse racing. The Republican governor announced a sweeping plan on July 21 to turn both industries' flagging fortunes around. Last month, Atlantic City's 11 casinos reported a 12.5 percent revenue drop compared with a year ago.

Among the seven bills that sailed through the Assembly was expanding offtrack betting to make the state's four horse tracks more competitive with other states, including Pennsylvania and Delaware, which have added slot-machine gambling.

The new revenue from slots has resulted in higher purses in those states and horse breeders migrating to them, crippling New Jersey's horse racing industry.

"This is a vital step forward for our casino and horse racing industries that are key to the future of New Jersey," said Assemblyman John Burzichelli (D., Gloucester), chair of the Assembly Regulatory Oversight and Gaming Committee and sponsor of several of the bills. "These industries create jobs and economic growth in many ways, and they must remain strong and competitive economic engines.

"These bills help ensure we can accomplish that goal on many fronts."

A similar package passed the New Jersey Senate last month, after three Gaming Summit hearings hosted by Democrats took place statewide to review Christie's recommendations. Three of the seven gambling bills were sent to the Senate.

Winning final legislative approval Monday were four of the bills, which would:

Propose several changes to New Jersey's offtrack wagering statute, most notably allowing entities other than the New Jersey Sports and Exposition Authority to run the facilities;

Make New Jersey the first state in the country to allow exchange wagering - a form of betting in which two or more people place directly opposing wagers on the outcome of a horse race - for both in-state and out-of-state races.

Allow racetrack permit holders to provide for a single pari-mutuel pool for each running or harness horse race. By creating larger pari-mutuel pools, the tracks could handle a wider variety of wagers and reduce the adverse effect of large payouts, according to the bill.

The Assembly approved, 54-17-4, a highly watched proposal to add a constitutional amendment on the November 2011 ballot to allow wagering on sports events at Atlantic City casinos and the state's four current and former racetracks, including the old Garden State Park in Cherry Hill.

Sen. Ray Lesniak (D., Union), sponsor of the Senate version of the sports betting bill, said its passage comes down to "over \$1 billion in gross revenues for our casinos, \$120 million for our state treasury, and a revival of tourism for Atlantic City and other areas of the state, like Monmouth County, the Meadowlands and the Cherry Hill area."

"It doesn't get any better than that," Lesniak said after the Assembly vote.

Lesniak filed a lawsuit against the U.S. Justice Department in March 2009 to overturn the federal ban on sports betting outside of four states: Nevada, Delaware, Oregon, and Montana. That lawsuit is pending in federal district court and a decision is likely to be rendered sometime in the new year.

While Lesniak said he still must win his lawsuit to overturn the 1992 federal ban, the constitutional amendment would "send a message to the court and Congress that the people of New Jersey want the same right to bet on sports enjoyed by Las Vegas."

As a proposed amendment, the sports betting bill does not need to go to the governor's desk but instead goes before voters.

"With the growth of out-of-state competition, we should try to correct the mistake New Jersey made 17 years ago when it failed to legalize sports gaming," said Assemblyman Ralph Caputo (D., Essex), referring to New Jersey's missing the deadline to grandfather in sports betting within one year of the 1992 federal law's passage. "If we're to remain the East Coast's premier gaming destination, we need to make sure our racetracks and casinos are offering the best attractions, and that means adding sports gaming."

Gaming analyst Dennis M. Farrell Jr., of Wells Fargo Securities L.L.C., said, "If a full range of sports betting options were legalized in New Jersey, Atlantic City would benefit more from higher visitation" because the option is not available in surrounding states.

A vote on a bill to authorize Internet wagering by New Jersey residents on poker and other casino-type games was referred to the Assembly Budget Committee because it contains a tax provision. It goes before the full Assembly on Jan. 6.

Meanwhile, two related Assembly bills, which mirror Christie's proposals, were amended Monday. One would create a state-run casino tourism district in Atlantic City. The second would shift regulatory authority from the New Jersey Casino Control Commission to the state Division of Gaming Enforcement.

The Senate is expected to vote the bills out during its final session on Monday. The Assembly is not likely to return until the first week in January to take them up.

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