Dominant themes in sports wagering state legislation following the Supreme Court ruling on the Professional and Amateur Sport Protection Act of 1992

Michael Lynch
Iowa State University

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Dominant themes in sports wagering state legislation following the
Supreme Court ruling on the Professional and Amateur Sport Protection Act of 1992

by

Michael J. Lynch

A dissertation submitted to the graduate faculty

in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Major: Hospitality Management

Program of Study Committee:
Tianshu Zheng, Major Professor
Jewoo Kim
Liang Tang
Eric D. Olson
Chunhui Xiang

The student author, whose presentation of the scholarship herein was approved by the program of study committee, is solely responsible for the content of this dissertation. The Graduate College will ensure this dissertation is globally accessible and will not permit alterations after a degree is conferred.

Iowa State University

Ames, Iowa

2020

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<td>96</td>
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ACKNOWLEDGEMENTS

I would like to thank the many people who assisted, supported, motivated and guided me along the way. I would especially like to thank Dr. Tianshu Zheng, for his encouragement and direction. I also would like to thank Dr. Eric Olson for giving useful feedback and suggestions that have contributed to the successful completion of my dissertation. I also owe appreciation to Dr. Liang Tang, Jewoo Kim and Chunhui Xiang for serving on my committee.

I deeply appreciate the assistance of Dr. Lorraine Krajewski, Professor Emeritus at Louisiana State University in Shreveport, for teaching me how to write. Thank you for being honest, and sometimes brutal, when evaluating my written submissions. I became a better student, marketer and instructor because of the things that I learned from you.

I would like to thank my colleagues at DePaul University, particularly Dr. Chris Roberts, for their support, guidance and encouragement throughout this process. They made themselves available to answer my questions and to calm my nerves. Their insight and direction have been invaluable.

To my friend, Vicky Laws, thank you for supporting me and believing in me. You never doubted that I could complete this process. Your confidence emboldened me to keep moving forward. I had to just keep on swimming.

To my daughter Sara, everything I do and everything I am is with you in my heart. You amaze me. You inspire me. You have strength that I can scarcely imagine. Thank you for being by my side.

The ability to complete my doctoral degree was made easier by a scholarship from the American Hotel & Lodging Association. I would like to express my gratitude for their support in awarding me the scholarship.
ABSTRACT

On May 14, 2018, the United States Supreme Court overturned 28 U. S. C. §3702, known as the Professional and Amateur Sports Protection Act of 1992 (PASPA). PASPA forbid states that did not have sports wagering schemes in place, or those that did not offer casino gambling, from allowing sports wagering. Nevada has allowed sports wagering since 1949 and was the only state where it was legal before PASPA was overturned. As of July 1, 2019, eight states had passed legislation concerning sports wagering schemes and were accepting sports wagers throughout the state. Other states and the District of Columbia have passed sports wagering laws. The purpose of this study is to identify the dominant themes of legislation in place in states where sports wagering schemes were legal and active as of July 1, 2019. This study used content analysis software to identify and measure the frequency of common phrases and terms. This study also used sentiment analysis to identify and measure the sentimental motivation of the legislation in different states. The results of this study will provide valuable information to state legislators and public administrators considering the creation of state-sanctioned sports wagering schemes.
CHAPTER 1: INTRODUCTION

Background of the Study

People have gambled on sporting activities since, and possibly before, the first recorded history (Ignatin, 1984). The presence of a 3,600-year-old ballcourt in the Mazatan region of Southern Mexico indicates a connection existed between ballcourts, competitive sport and gambling in Mesoamerica (Hill & Clark, 2001). The earliest evidence indicates that the formation of governments in the pre-Columbian Americas was fostered by ritual drinking, feasting, gambling and competitive team sport (Hill & Clark, 2001).

Gambling has been defined as placing value on a game or event or a wager of any type that has an unpredictable outcome and in which the result in some way is determined by chance (Bolen & Boyd, 1968). Eadington (1976) defined gambling as “staking something of value on the outcome of an uncertain contingency”.

The benefit approach has been suggested as an explanation for why people gamble (Jang, Lee, Park & Stokowski, 2000). The benefit approach takes into consideration the advantages and consequences of participating in an activity (Magidson, Roberts, Collado-Rodriguez & Lejuez, 2014). This approach to leisure is a part of expectancy-value theory. Expectancy-value theory proposes that behavior, including gambling, is motivated by the notion that the behavior will produce a desired outcome or provide value (Smith, 1990).

The theory of reasoned action (Fishbein and Ajzen, 1975) suggests that behavior and behavioral intentions can be predicted from attitudes toward a behavior. In other words, if one believes that one is likely to receive pleasure or value from a behavior, one is likely to participate in that behavior.
Different types of gambling motivations can further be explained by Deci and Ryan’s (1985) self-determination theory (SDT). SDT refers to the condition where self-determined individuals feel free to participate in activities they deem important, interesting and vitalizing. Deci and Ryan (1985) stated that pathological gamblers are less likely to have their behavior directed by self-determination. According to the U.S. Commission on the Review of the National Policy toward Gambling (1976), the most common reason to make a sports wager with friends is for enjoyment and the most common reason to place a wager with a bookmaker is the desire to make money.

According to operant theory (Perone. Galizio & Baron, 1988) periodic winning provides positive reinforcement of gambling behavior. Operant theory has shown that behavior can be triggered by the anticipation of a reward. When the reward appears, the frequency of the behavior increases.

Researchers have observed the same phenomenon in near-miss episodes in a gaming environment (Clark, Lawrence, Astley-Jones & Gray, 2009). In a test environment, the behavior of slot machine players was observed. The baseline condition was set when the outcome was a total miss. When the subject had a win or a near-miss, the subsequent behavior, starting the next spin of the reels, occurred more quickly than the baseline behavior. A “near-miss” is defined as an icon appearing in an adjacent spot on the slot machine reel when, if moved to the pay line, it would have created a win. A “total miss” is defined as no winning icon appearing on or near the pay line.

From this, one could conclude that patrons are motivated to gamble by expectancy-value theory, the theory of reasoned action and self-determination theory. One expects to receive pleasure or value based on participating in sports wagering. One might see the activity as
important, interesting and vitalizing. Croatian students have stated that placing a wager on a sporting event made them feel more engaged in the event (Dodig, Ricijaš & Rajić-Stojanović, 2014). The students were observed to watch sporting events longer if a wager had been placed on the outcome of that event.

One is motivated to continue gambling by operant theory, including “near-miss” theory. Operant behavior could become relevant for those jurisdictions that allow “in-game” wagering. “In-game” wagering is the placing of a wager on a real time event, such as whether the next field goal will be converted in American football or whether the next batter will safely reach first base in a baseball game. According to operant theory, the more success one has with such wagers, the more frequently one is likely to place this type of wager. Likewise, when one experiences a “near miss”, one is likely to try again sooner.

The formalization of the rules and regulations for some sports, such as golf and cricket, occurred because bookmakers needed standardized guidelines when settling wagers (Munting, 1996). Some spectator sports in the United States, such as horse racing, dog racing and jai-alai, would probably not exist without the opportunity to wager on the outcome of the competition (Forrest & Simmons, 2003).

As of 1992, only two states, Nevada and New Jersey, had legalized casino gambling (American Gaming Association, 2016). Only one state, Nevada, allowed wagering on a variety of sporting events. By 1992, Iowa and Illinois had created legislation allowing casinos to be placed on riverboats and Colorado had created legislation allowing limited-stakes casino gambling in designated historic mining towns. At the time, at least thirteen states were considering enacting legislation allowing sports wagering (Galasso, 2010).
In 1992, Senator Bill Bradley of New Jersey, a former National Basketball Association player, introduced the Professional and Amateur Sports Protection Act (PASPA). Bradley believed that, without federal prohibition, state budget deficits might lead officials to consider the legalization of sports wagering to raise revenues (Welsh, 2014). According to Bradley, PASPA was created with three goals in mind. The goals were to stop the spread of state-sanctioned or state-run sports gambling schemes, maintain the integrity of sports and reduce the promotion of sports gambling among America’s youth (American Gaming Association, 2016).

Since 1992, forty-three states have sanctioned lotteries and twenty-four states allow commercial casino gambling (American Gaming Association, 2016). An additional sixteen states have Native American casinos within their borders.

In addition to the expansion of casino gaming, fantasy sports leagues and televised gaming events (e.g., the World Series of Poker) make keeping minors from being exposed to gambling virtually impossible (Meer, 2011). The Internet offers a variety of opportunities to place sports wagers and proof of age is not always verified (Wyant, 2017).

The American Gaming Association estimated that $154 billion was wagered on all sports in 2016, with 97% of that amount wagered illegally through bookies and offshore web sites (American Gaming Association, 3/30/2017). None of the wagers placed with bookies or offshore websites were subject to taxation, regulation or oversight.

In 2009, Delaware Governor Jack Markell signed a bill allowing wagers to be taken on all professional and amateur American sporting events (Fielkow, Werly, & Sensi, 2017). Major League Baseball (MLB), the National Basketball Association (NBA), the National Football League (NFL), the National Hockey League (NHL) (the Leagues) and the National Collegiate Athletic Association (NCAA) filed an injunction in District Court to stop Delaware from
expanding sports wagering. The Leagues claimed that Delaware’s proposed sports wagering scheme violated PASPA. The District Court denied the injunction, but the Third Circuit reversed the District Court’s ruling.


On May 14, 2018, the United States Supreme Court declared as unconstitutional the Professional and Amateur Sports Act of 1992. In so doing, the Supreme Court allowed states to enact legislation legalizing and regulating sports wagering within their borders. The Supreme Court found that PASPA violated the anti-commandeering provision of the Tenth Amendment to the U.S. Constitution (U.S. Constitution). The Tenth Amendment states that all powers not delegated to the federal government by the Constitution will be reserved for the states and the people. The Supreme Court found that, although well-intentioned, PASPA violated states’ rights and created a virtual monopoly on sports wagering for the State of Nevada.
In the first twelve months after PASPA was overturned, at least $9 billion in sports wagers were placed legally in Nevada, New Jersey, Delaware, Mississippi, West Virginia, Rhode Island and Pennsylvania (Parry, 2019). Numbers from New Mexico, where sports wagers are accepted at a limited number of Native American casinos, are not included as these casinos are not required to publish revenue numbers.

This current study uses an exploratory approach to determine the prevailing themes that present themselves in current sports wagering legislation, with data retrieved from state legislative documents. This study is intended to identify the prevailing motivations behind existing legislation to establish guidelines for the creation of future legislation.

**Problem Statement**

As of December 1, 2018, nine states had legalized sports wagering, seven of which were accepting bets. The states that had legalized sports wagering and were accepting wagers as of December 1, 2018 are Nevada, Delaware, New Jersey, West Virginia, Mississippi, Rhode Island and Pennsylvania. The Santa Ana Casino, a Native American casino near Albuquerque was the first location in New Mexico to accept sports wagers, claiming its right to do so under its compact with the state. The Pojoaque Pueblo’s Buffalo Thunder Casino near Santa Fe followed by opening a sports book in March 2019. Arkansas, where sports wagering was legalized in November 2018, started accepting wagers on July 1, 2019. One casino in New York started accepting wagers on July 16, 2019. Six casinos in Iowa started accepting wagers on August 15, 2019. Statewide sports wagering started in Indiana on September 1, 2019. Indiana added mobile sports wagering on October 3, 2019.

As more states consider legalizing sports wagering, they will depend on benchmarks and guidelines to craft legislation. Legislation will need to be written to protect the citizenry and to
assure that regulations are fair as not to defeat the intentions of legalizing sports wagering; creating revenues for the states and reducing the influence of illegal sports wagering outlets, such as bookies and offshore sports wagering sites.

**Objectives of the Study**

The primary objectives of this exploratory study are to:

1. Explore the history of sports wagering.
2. Explore the history of gambling in the United States
3. Identify the purposes of various legislation and court rulings that affected sports wagering in the United States.
4. Identify the key words and themes present in existing sports wagering legislation.
5. Determine the motivations and intentions behind existing sports wagering legislation.
6. Identify benchmarks used in framing existing sports wagering legislation.

**Significance of the Study**

This study contributes to the theoretical and practical aspects of state legislation, particularly as it relates to sports wagering schemes. From a theoretical perspective, this study offers empirical findings to the literature of sports wagering, particularly in understanding the underlying reasons for past legislation. This study explores the historic nature of gambling in the Americas and how gambling has become part of the fabric of modern life. This study endorses the application of several theoretical frameworks supporting the implementation of effective and reasonable sports wagering rules and regulations.

In the United States, from 1949 to 2018, only the State of Nevada offered full-scale sports wagering. Between the time the United State Supreme Court determined that the Professional
and Amateur Sport Protection Act was unconstitutional, and July 1, 2019, Arkansas, Delaware, New Jersey, Pennsylvania, West Virginia, Mississippi and Rhode Island passed legislation allowing for sports wagering schemes and started accepting sports wagers. As of October 1, 2019, Iowa, Indiana and Oregon are accepting sports wagers statewide and New York is accepting wagers at a limited number of casinos.

One of the reasons for passing sports wagering legislation is to increase state revenues. Since PASPA was overturned, revenues generated have been significant in some of the states where sports wagering has been legalized. See Table 1 for the total amount wagered (handle), total revenue, hold percentage and tax revenue generated for those states from June 2018 to December 2019.

Table 1-Total Handle, Revenue, Hold Percentage and Tax Revenue by State

<table>
<thead>
<tr>
<th>State</th>
<th>Handle</th>
<th>Revenue</th>
<th>Hold</th>
<th>Taxes/State Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>$8,340,376,488</td>
<td>$522,968,000</td>
<td>6.27%</td>
<td>$35,300,340</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$5,830,205,870</td>
<td>$393,348,631</td>
<td>6.75%</td>
<td>$51,778,548</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$1,507,754,787</td>
<td>$114,248,502</td>
<td>7.58%</td>
<td>$31,186,640</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$526,313,245</td>
<td>$59,627,038</td>
<td>11.33%</td>
<td>$7,155,245</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$276,270,298</td>
<td>$25,077,152</td>
<td>8.73%</td>
<td>$2,607,715</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$259,582,208</td>
<td>$18,837,604</td>
<td>7.26%</td>
<td>$9,607,176</td>
</tr>
<tr>
<td>Delaware</td>
<td>$189,620,187</td>
<td>$24,465,854</td>
<td>12.90%</td>
<td>$10,703,810</td>
</tr>
<tr>
<td>Indiana</td>
<td>$435,998,645</td>
<td>$42,758,939</td>
<td>9.81%</td>
<td>$4,062,099</td>
</tr>
<tr>
<td>Iowa</td>
<td>$212,225,668</td>
<td>$19,283,689</td>
<td>9.09%</td>
<td>$1,301,649</td>
</tr>
<tr>
<td>Oregon</td>
<td>$45,067,568</td>
<td>$2,794,206</td>
<td>6.20%</td>
<td>$2,514,785</td>
</tr>
<tr>
<td>Total</td>
<td>$17,623,415,451</td>
<td>$1,224,580,656</td>
<td>6.95%</td>
<td>$156,268,623</td>
</tr>
</tbody>
</table>

Aggregated results from June 2018 to December 2019

Notes: Arkansas does not track sports wagering information separately.

Table 2 shows the monthly amount wagered (handle), total revenue, hold percentage and revenue to the states from June 2018 to December 2019 for the states in the current study.
Arkansas is not included in the monthly figures because the state does not track sports wagering figures separately.

Table 2- Monthly Handle, Revenue, Hold Percentage and Revenue

<table>
<thead>
<tr>
<th></th>
<th>Nevada</th>
<th>Handle</th>
<th>Revenue</th>
<th>Hold</th>
<th>Taxes/State Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-18</td>
<td>$286,548,295</td>
<td>$20,173,000</td>
<td>7.04%</td>
<td>$1,361,678</td>
<td></td>
</tr>
<tr>
<td>Jul-18</td>
<td>$244,638,554</td>
<td>$4,061,000</td>
<td>1.66%</td>
<td>$274,118</td>
<td></td>
</tr>
<tr>
<td>Aug-18</td>
<td>$247,622,790</td>
<td>$12,604,000</td>
<td>5.09%</td>
<td>$850,770</td>
<td></td>
</tr>
<tr>
<td>Sep-18</td>
<td>$571,034,483</td>
<td>$56,304,000</td>
<td>9.86%</td>
<td>$3,800,520</td>
<td></td>
</tr>
<tr>
<td>Oct-18</td>
<td>$528,568,873</td>
<td>$29,547,000</td>
<td>5.59%</td>
<td>$1,994,423</td>
<td></td>
</tr>
<tr>
<td>Nov-18</td>
<td>$581,070,664</td>
<td>$27,136,000</td>
<td>4.67%</td>
<td>$1,831,680</td>
<td></td>
</tr>
<tr>
<td>Dec-18</td>
<td>$561,859,873</td>
<td>$44,106,000</td>
<td>7.85%</td>
<td>$2,977,155</td>
<td></td>
</tr>
<tr>
<td>Jan-19</td>
<td>$497,482,993</td>
<td>$14,626,000</td>
<td>2.94%</td>
<td>$987,255</td>
<td></td>
</tr>
<tr>
<td>Feb-19</td>
<td>$458,591,549</td>
<td>$35,816,000</td>
<td>7.81%</td>
<td>$2,417,580</td>
<td></td>
</tr>
<tr>
<td>Mar-19</td>
<td>$596,752,294</td>
<td>$32,523,000</td>
<td>5.45%</td>
<td>$2,195,303</td>
<td></td>
</tr>
<tr>
<td>Apr-19</td>
<td>$328,121,212</td>
<td>$21,656,000</td>
<td>6.60%</td>
<td>$1,461,780</td>
<td></td>
</tr>
<tr>
<td>May-19</td>
<td>$317,380,282</td>
<td>$11,267,000</td>
<td>3.55%</td>
<td>$760,523</td>
<td></td>
</tr>
<tr>
<td>Jun-19</td>
<td>$322,077,670</td>
<td>$16,587,000</td>
<td>5.15%</td>
<td>$1,119,623</td>
<td></td>
</tr>
<tr>
<td>Jul-19</td>
<td>$235,659,955</td>
<td>$10,534,000</td>
<td>4.47%</td>
<td>$711,045</td>
<td></td>
</tr>
<tr>
<td>Aug-19</td>
<td>$287,757,296</td>
<td>$18,733,000</td>
<td>6.51%</td>
<td>$1,264,478</td>
<td></td>
</tr>
<tr>
<td>Sep-19</td>
<td>$546,358,867</td>
<td>$52,068,000</td>
<td>7.39%</td>
<td>$3,514,590</td>
<td></td>
</tr>
<tr>
<td>Oct-19</td>
<td>$543,552,781</td>
<td>$47,887,000</td>
<td>8.81%</td>
<td>$3,232,373</td>
<td></td>
</tr>
<tr>
<td>Nov-19</td>
<td>$614,118,812</td>
<td>$31,013,000</td>
<td>5.05%</td>
<td>$2,093,378</td>
<td></td>
</tr>
<tr>
<td>Dec-19</td>
<td>$571,179,245</td>
<td>$36,327,000</td>
<td>6.36%</td>
<td>$2,452,073</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$8,340,376,488</td>
<td>$522,968,000</td>
<td>6.27%</td>
<td>$35,300,345</td>
<td></td>
</tr>
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Table 2 (continued)

<table>
<thead>
<tr>
<th>New Jersey</th>
<th>Handle</th>
<th>Revenue</th>
<th>Hold</th>
<th>Taxes/State Revenue</th>
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</thead>
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<td>Jun-18</td>
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<tr>
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<tr>
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</tr>
<tr>
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<td>$722,733</td>
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<tr>
<td>Nov-19</td>
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<th>Pennsylvania</th>
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<td>Nov-18</td>
<td>$1,414,587</td>
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<td>$183,239</td>
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<td>Dec-18</td>
<td>$16,173,090</td>
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<td>Jan-19</td>
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<table>
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Table 2 (continued)

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<tbody>
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<table>
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<th>Handle</th>
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<td>$8,411,970</td>
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<td>13.00%</td>
<td>$477,142</td>
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As more states consider the legalization of sports wagering, benchmarks and guidelines need to be identified to assure that the goals of legalizing sports wagering are achieved. The results of the current study identify key words, themes and sentiments that will allow for reasonable legislation to protect each state’s citizens. The findings will also provide a solid framework for future research to address the limitations of this current study.

**Research Questions**

This exploratory study is designed to provide answers to the following questions:

1. What is the history of sports wagering?
2. What is the history of sports wagering in the United States?
3. What legislation has affected sports wagering?
4. Why was the Professional and Sports Protection Act of 1992 (PASPA) passed?
5. Why did the Supreme Court overturn PASPA?
6. In what states are sports wagers being accepted?
7. What states have legalized sports wagering, but are not yet accepting wagers as of July 1, 2019?
8. What states have started the process of legalizing sports wagering?
9. What states have yet to introduce legislation that could lead to the legalization of sports wagering?

10. What are the key words and themes in the legislation that legalized sports wagering in the states that were accepting wagers as of July 1, 2019?

11. How are these state’s laws similar and different?

12. What is the underlying motivation behind the wording of sports wagering legislation?

13. How can the phrasing of these laws affect legalization in other states?

**Dissertation Organization**

This dissertation is presented in accordance with a conventional format as outlined by the Graduate College at Iowa State University. It consists of five major chapters and is organized as follows:

- Chapter 1 provides the introduction to the study.
- Chapter 2 reviews the literature to lay out the study structure.
- Chapter 3 describes the methodology employed in this study.
- Chapter 4 presents the findings of this study.
- Chapter 5 summarizes the study and the findings, provides discussions, explains the limitations, and proposes future research.

A reference list is included at the end of the dissertation. Appendices are attached after the reference list.
CHAPTER 2: REVIEW OF LITERATURE

The History and Current State of Gambling in the United States

The tradition of setting up government-authorized gambling schemes in the U.S. can be traced back to the colonial settlements of the eighteenth century. Revenue generated from colony-sanctioned lotteries was used to build cities (such as Washington, DC in 1793), establish universities (such as Columbia University in 1746) and to help finance the Revolutionary War in 1776 (Munting, 1996). Gambling was such an important part of financing colonial governments that playing the lottery was considered one’s civic duty (Clotfelter, 1991). Many nineteenth-century lotteries ended in scandal, however, due to the rigging of results or winners not being paid, with operators stealing or misappropriating proceeds (Munting, 1996).

Some religious organizations and members of the Progressive Movement, who considered gambling to be among the many social ills in need of reform, succeeded in their campaign to close racetracks and outlaw nearly all forms of gambling across the United States in the mid-nineteenth century (Munting, 1996). State legislation on gambling took on a paradoxical nature at this time, caught between governmental financial need and public perception (Kallick-Kaufmann, 1979). By the beginning of the twentieth century, virtually all forms of gambling had been made illegal across the United States. New York State made gambling on horse races illegal in 1908 and completely banned gambling in 1910. The U.S. Congress banned casinos in 1910. One could not legally place a wager on the Kentucky Derby for many years preceding 1906 (Munting, 1996).

During and after the period of the Great Depression from 1929 to 1939, the need for revenues compelled states to once again legalize certain forms of gambling. In 1931, Massachusetts
decriminalized bingo and charitable gambling and Nevada legalized many forms of gambling (excluding sports gambling).

In 1951, in response to a national basketball wagering scandal, Congress imposed an annual fifty-dollar excise tax on bookmakers and a ten percent tax on all sports wagers (Davies & Abram, 2001). The tax, intended to discourage sports wagering, only impacted Nevada, the one state with legalized sports wagering at that time. Nevada casinos chose to abandon the sports wagering industry because the tax made offering the activity unprofitable.

Federal policymakers discovered that even though Congress could attempt to prohibit or discourage sports gambling, underground bookmakers would continue to survive and thrive. The heavy tax created an environment for illegal underground “turf clubs” to flourish, denying tax revenue to local, state and federal governments. Congress reduced the tax to two percent in 1974, and Nevada experienced increased prosperity as sports wagering returned to profitable levels at casinos. The federal government was able to collect its tax at the lower rate and “turf clubs” soon disappeared (Davies & Abram, 2001).

In 1964, New Hampshire established a statewide lottery (Petry & Blanco, 2013). Since 1974, other states have allowed more types of gambling activity, such as lotteries, pari-mutuels and casinos. Currently forty-three states have sanctioned lotteries, while twenty-four states allow commercial casino gambling (American Gaming Association, 2016). An additional sixteen states have Native American Casinos. See Table 3 for a full list.
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America’s attitude toward gambling issues has changed significantly over the years. In 1938, Americans were asked if "government lotteries would produce an unwholesome gambling spirit in this country." Fifty-one percent thought it would, and forty-nine percent thought it would not. During the 1940s, support for the concept of using lotteries to fund government services ranged between forty-five percent and fifty-four percent (Norman, 2018).

By 2007, playing state lotteries had become the most popular form of gambling among Americans. Nearly twice as many Americans played the state lottery as visited a casino (Jones, 2008). See Table 4.

Table 4-Most Common Forms of Gambling

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<th>Most Common Forms of Gambling</th>
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<td>Bought a state lottery ticket</td>
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<td>Visited a casino</td>
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<tr>
<td>Participated in an office pool on the World Series, Super Bowl, or other game</td>
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<td>Played a video poker machine</td>
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<td>Done any other kind of gambling not mentioned here</td>
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<tr>
<td>Bet on a professional sports event such as baseball, basketball, or football</td>
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<tr>
<td>Played bingo for money</td>
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<td>Bet on a horse race</td>
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<td>Bet on a college sports event such as basketball or football</td>
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<td>Gambled for money on the Internet</td>
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Dec. 6-9, 2007

GALLUP POLL

Participation in sports gambling decreased appreciably between 1992 and 2007. In 1992, 12% of Americans said they had wagered on an individual professional sporting event in the previous 12 months, compared with just 7% in 2007. According to Gallup's annual Lifestyle Poll
taken from December 6 to December 9, 2007, 17% of Americans reported gambling on professional sports in the previous 12 months either by wagering on an individual sporting event or participating in an office pool (Jones, 2008). The percentage who said they had participated in an office pool dropped from 22% in 1992 to 14% in 2007 (Jones, 2008). See Figure 1.

**Participation in Sports Gambling, by Type**

*Based on all Americans*

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<th>Year</th>
<th>% Bet on professional sports event</th>
<th>% Participated in office pool</th>
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*GALLUP POLL*

*Figure 1. Participation in sports gambling by type. Adapted from “One in six Americans gamble on sports,” by J. Jones, 2008. Copyright 2008 by Gallup.*

In 2013, about eighty-five different countries, including the United Kingdom, France, and Italy offered legal, but regulated, sports wagering (Stewart & Gray, 2011). These countries offered approximately 2,100 online gambling options, including sportsbooks (Gross, 2006). The availability of these online sites, along with a lack of legislation and enforcement of existing laws, made illegal online gambling a popular and profitable industry that continues to grow in the United States (Gross, 2006). According to Christian Capital Advisors, in 2006 the United States accounted for almost half of the global online gambling market (Basu, 2006). All online wagers placed from the United States in 2006 were considered to be illegal.

In 2015, approximately 40 million people filled out an estimated 70 million NCAA basketball tournament (commonly known as “March Madness”) brackets (including U.S.
President Barack Obama) and wagered about $9 billion on the games (Furman, 2015). In 2016, Americans wagered an estimated $154 billion on all sports, nearly all of it illegally through bookies and offshore, illicit web sites (American Gaming Association, 3/30/2017).

In 2016, the American Gaming Association (AGA) estimated that fans would illegally wager $2.4 billion on MLB postseason games. That same year, only an estimated $85 million of that total was placed legally, according to Nevada Gaming Control Board data (Schwartz, 2018).

Before the 2017 season started, the AGA estimated that sports fans would wager $36.5 billion on Major League Baseball (MLB) during that season. Of the $36.5 billion anticipated to be wagered, $35.4 billion (about 97%), was projected to be placed illegally.

The AGA commissioned a study that estimated that $8.5 billion would be wagered, legally and illegally, during the 2019 NCAA basketball tournament (Brant, 2019). This would be the first NCAA basketball tournament after the Supreme Court overturned PASPA. The study, conducted by Morning Consult, estimated that 47 million Americans would participate in wagering pools or would place a legal or illegal wager. An estimated 4.1 million Americans would be expected to place a bet legally at a sportsbook or legal online site. An additional 2.4 million would place an illegal bet with a bookie and 5.2 million would place an illegal online bet. The AGA estimates that $6 billion was wagered on the 2019 Super Bowl between the New England Patriots and the Los Angeles Rams, either legally or illegally (Brant, 2019).

A Gallup Poll taken from May 1 to May 10, 2018, and published June 7, 2018 (Norman, 2018), indicated that 69% of Americans believe that gambling is morally acceptable, up from 65% in 2017. This is the highest level in the 16 years that Gallup has asked this question. See Figure 2.
When the last three years’ surveys are combined, results show that Americans, when asked about the morality of gambling, differ most strongly by religious attendance, with only 48% of those who attend religious services at least weekly saying gambling is acceptable, compared with 63% of those attending nearly weekly or monthly, and 78% who attend seldomly or not at all (Norman, 2018). Income and education differences are also related to views on the morality of gambling. The higher the income status and the higher the educational level, the more likely Americans are to find gambling morally acceptable (Norman, 2018). See Table 5.

**History of Sports Wagering and Gambling Legislation**

Gambling on sporting competitions was an integral component of nearly all Western Hemisphere tribal and rank societies in pre-Columbian times and it continues to form an important economic and social lifeline for many native communities (La Potin, 1997). Anthropologists working in the Amazon Basin observed that gambling was commonplace,

*Figure 2. Moral acceptance of gambling. Adapted from “Acceptance of gambling reaches new heights,” by J. Norman, 2018. Copyright 2018 by Gallup.*
recording that "they played not merely for the fun of the game, but to win substantial stakes," the wagers consisting of "baskets of maize, strings of glass beads and, when necessary, everything the players had in their houses" (Cooper, 1949).

Table 5-Views on Gambling Differ Significantly Within Subgroups

<table>
<thead>
<tr>
<th></th>
<th>Morally Acceptable %</th>
<th>Morally Wrong %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Religious attendance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At least weekly</td>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td>Nearly weekly/monthly</td>
<td>63</td>
<td>30</td>
</tr>
<tr>
<td>Seldom/Neve</td>
<td>78</td>
<td>18</td>
</tr>
<tr>
<td><strong>Annual household income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $20,000</td>
<td>54</td>
<td>43</td>
</tr>
<tr>
<td>$20,000-$29,999</td>
<td>60</td>
<td>35</td>
</tr>
<tr>
<td>$30,000-$49,999</td>
<td>62</td>
<td>32</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
<td>72</td>
<td>25</td>
</tr>
<tr>
<td>$75,000 and above</td>
<td>76</td>
<td>20</td>
</tr>
<tr>
<td><strong>Education</strong></td>
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<td></td>
</tr>
<tr>
<td>No college</td>
<td>60</td>
<td>35</td>
</tr>
<tr>
<td>Some college</td>
<td>68</td>
<td>28</td>
</tr>
<tr>
<td>College degree, no postgrad</td>
<td>74</td>
<td>23</td>
</tr>
<tr>
<td>Postgraduate work/degree</td>
<td>76</td>
<td>17</td>
</tr>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>70</td>
<td>26</td>
</tr>
<tr>
<td>Non-Hispanic black</td>
<td>62</td>
<td>34</td>
</tr>
<tr>
<td>Hispanic</td>
<td>57</td>
<td>35</td>
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<tr>
<td><strong>Region</strong></td>
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<td></td>
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<tr>
<td>East</td>
<td>68</td>
<td>29</td>
</tr>
<tr>
<td>Midwest</td>
<td>73</td>
<td>23</td>
</tr>
<tr>
<td>South</td>
<td>60</td>
<td>33</td>
</tr>
<tr>
<td>West</td>
<td>71</td>
<td>25</td>
</tr>
</tbody>
</table>

Aggregated results from Gallup's annual Values and Beliefs polls in 2016, 2017 and 2018

In Europe, the first official rules of cricket and golf were instituted in 1744 in direct response to the needs of bookmakers to have contests operated with consistent guidelines and with a
governing body that could resolve disputes on the settlement of wagers (Munting, 1996).

Munting (1996) cites a newspaper editorial of 1774 which complained that the game of cricket had been “perverted from diversion and innocent pastime to excessive gaming and public dissipation”.

American sports wagering as we know it today has existed since professional and amateur teams and leagues were formally established and organized in the late nineteenth century. By the early twentieth century, wagering on sporting contests was a widespread occurrence (Schwartz, 2005). Although wagering on sporting contests was technically illegal, authorities did not bother to enforce the prohibition because the activity largely consisted of casual wagers among fans.

Wagers that were not simply among fans were frequently handled underground through organized crime syndicates (Stewart & Gray, 2011). The negative stigma attached to gambling and sports in the United States was intensified by the 1919 Black Sox scandal when notorious gangster Arnold Rothstein paid members of the Chicago White Sox professional baseball team to lose games during the World Series (Stewart & Gray, 2011). After this incident, the public perception of sports wagering became associated with criminal activities and the concern that gangsters could ruin the integrity of sports. Subsequently, no state legalized any form of sports gambling for many years, until Nevada authorized sports wagering in casinos in 1949, at standalone locations in 1955 and in hotels in 1975 (Stewart & Gray, 2011).

With the understanding that match-fixing scandals could lead to a decline in popularity and revenues, professional baseball owners attempted to regain respectability for their league by appointing Judge Kenesaw Mountain Landis (a federal judge from 1905 to 1922) to become the first commissioner of baseball in 1921 (Stewart & Gray, 2011). Judge Landis has been credited
with restoring the public image of professional baseball, placing lifetime bans on all eight of the Chicago White Sox players who participated in the 1919 scandal with the warning that:

Regardless of the outcome of juries, no player that throws a ball game, no player that entertains proposals or promises to throw a game, no player that sits in a conference with a bunch of crooked players where the ways and means of throwing games are discussed, and does not promptly tell his club about it, will ever again play professional baseball (Stewart & Gray, 2011).

The lifetime bans revitalized the image of professional baseball. Following the MLB’s lead, each major professional sports league in the United States appointed a Commissioner who was charged with, among other things, maintaining the integrity of his respective sport (Fielkow, Werly, & Sensi, 2017).

The popularity of sports grew during the 1920s, where professional baseball, professional and collegiate football and collegiate basketball saw large increases in fan viewership and attendance (Stewart & Gray, 2011). This rise in popularity led to more underground sports wagering activity, which increased the potential for corruption and scandal. Large multi-state organized crime syndicates took control of many underground sportsbooks during the middle of the twentieth century (Stewart & Gray, 2011).

Sports wagering soon attracted the attention of the federal government. The organized crime syndicates were sophisticated and worked across state lines, accepting wagers and passing along wagering information through phones and telegraphs, openly defying state authorities (Schwartz, 2005). The rise in popularity of sports wagering in the middle of the twentieth century increased the potential for corruption and scandal. To combat organized crime, Congress believed that legislative action was necessary (Raj, 2006).
During the 1960s and early 1970s, Congress enacted the Wire Act, the Travel Act, the Interstate Transportation of Wagering Paraphernalia Act, and the Illegal Gambling and Business Act (Raj, 2006). These federal statutes were intended to complement existing state laws, which made in-state bookmaking illegal. While these laws helped to prevent large syndicate operations from participating in interstate gambling activities, they avoided regulating any intrastate gambling activities, leaving states to regulate and control aspects of sports gambling as they saw fit (Stewart & Gray, 2011).

In 1961, Congress enacted the Wire Act. The Wire Act criminalized the act of “being engaged in the business of betting or wagering to knowingly use a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest” (18 U.S.C. § 1084(a) of 1961).

The Travel Act, passed in 1961, criminalized “traveling or using the mail or any facility in interstate or foreign commerce, with intent to distribute the proceeds of any unlawful activity; or commit any crime of violence to further any unlawful activity; or otherwise promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on, of any unlawful activity” (18 U.S.C. § 1952 of 1961).

The Interstate Transportation of Wagering Paraphernalia Act, passed in 1961, criminalized the interstate or foreign transportation of “any record, paraphernalia, ticket, certificate, bills, slip, token, paper, writing, or other device used, or to be used, or adapted, devised, or designed for use in bookmaking; or wagering pools with respect to a sporting event; or in a numbers, policy, bolita, or similar game” (18 U.S.C. § 1953 of 1961).

The Illegal Gambling Business Act, passed in 1970, criminalized the operation of any “illegal gambling business,” defined as a business that “is a violation of the law of a State
political subdivision in which it is conducted, involves five or more persons who conduct, finance, manage, supervise, direct or own all or part of such business; and has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of $2,000 in any single day” (18 U.S.C. § 1955(b)(1) of 1970).

Despite the federal government’s best efforts, illegal sports gambling persisted. The Commission on the Review of the National Policy Toward Gambling (1976), reported that “effective gambling law enforcement is an impossible task.” The Commission found that over two-thirds of the population gambled and that approximately 80% of the population approved of gambling. According to the Commission, “Gambling is inevitable. No matter what is said or done by advocates or opponents of gambling in all its various forms, it is an activity that is practiced, or tacitly endorsed, by a substantial majority of Americans” (U.S. Commission on the Review of the National Policy toward Gambling, 1976).

The Commission’s report supported the continued prohibition of sports wagering. The report maintained that states should not engage in legal sports wagering activities because a “single-event sports wagering system would provide relatively little revenue for the state, and existing Federal tax policies make effective competition with illegal bookmakers impossible” (U.S. Commission on the Review of the National Policy toward Gambling, 1976).

As the amounts wagered on sports increased, so did questions about whether the results of certain sporting events had been manipulated (Stewart & Gray, 2011). In 1980, a scheme to shave points by Boston College basketball players was revealed when Henry Hill informed federal prosecutors that he worked with several players to shave points in nine games during the 1978–79 season (Underwood, 1986). In 1985, three Tulane University basketball players were indicted in another point-shaving case (Marcus, 1985).
Point-shaving is the illegal practice of a favored team conspiring to win by less than the published point spread to guarantee gambling wins for those who bet on the underdog. Suspicion arises when an overwhelming favorite consistently wins by less than the published spread (Bernhardt & Heston 2010).

A 1986 Sports Illustrated article expressed the feelings of those who saw gambling as a plague on sports: “Nothing has done more to despoil the games Americans play and watch than widespread gambling on them. 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” (Underwood, 1986).

The conflict between participants in illegal sports gambling and its opponents reached its height in August 1989, when MLB Commissioner A. Bartlett Giamatti ruled that Pete Rose had wagered on baseball while he was the manager of the Cincinnati Reds Major League Baseball team. The Commissioner announced that Rose would receive lifetime banishment from the game and exclusion from the Baseball Hall of Fame (Holtzman, 1989).


It shall be unlawful for either a governmental entity or a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity, a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly, through the use of geographical references or otherwise, on one or more competitive
games in which amateur or professional athletes participate, or are intended to participate, or on one or more performances of such athletes in such games (28 U.S.C. § 3702 of 1992).

**Why PASPA Was Passed**

The Professional and Amateur Sports Protection Act of 1992 (PASPA) was passed as a response to pending state legislation that intended to legalize sports wagering to raise tax revenues (Meer, 2011). At the time PASPA was being considered by Congress, up to thirteen states were considering enacting legislation allowing sports wagering (Galasso, 2010). According to Congress, state-by-state prohibitions would have been insufficient because the moral erosion produced could not be contained within state borders. Congress concluded that without a federal prohibition on sports wagering, budgetary deficits could entice state officials to sanction sports gambling to raise revenues (Welsh, 2014).

According to the Judiciary Committee’s report recommending the passage of PASPA, the Act's purpose was "to prohibit sports gambling conducted by or authorized under the law of, any State or other governmental entity" (S. Rep. No. 102-248, 1992). According to the report:

PASPA serves an important public purpose, to stop the spread of State-sponsored sports gambling and to maintain the integrity of our national pastime. The threat of expanding sports wagering changes the nature of sporting events from wholesome entertainment for all ages to devices for gambling, and thereby undermines public confidence in the character of professional and amateur sports, as well as promotes gambling among our Nation's young people. PASPA represents a judgment that sports gambling is a problem of legitimate Federal concern for which a Federal solution is warranted. We must do everything we can to keep sports clean so that the fans, and especially young people, can
continue to have complete confidence in the honesty of the players and the contests (S. Rep. No. 102-248, 1992).

The report explained that the need to protect the integrity of professional and amateur sports outweighed the potential economic benefit legalized sports wagering might offer to states in need of revenues. Specifically, the report stated that:

The answer to State budgetary problems should not be to increase the number of lottery players or sports bettors, regardless of the worthiness of the cause. The risk to the reputation of one of our Nation's most popular pastimes, professional and amateur sporting events, is not worth it (S. Rep. No. 102-248, 1992).

Former National Football League (NFL) Commissioner Paul Tagliabue, in his September 1991 Congressional testimony, explained that gambling posed a threat to the integrity of sports.

First, sports gambling threatens the character of team sports. Our games embody our very finest traditions and values. They stand for clean, healthy competition. They stand for teamwork. And they stand for success through preparation and honest effort. With legalized sports gambling, our games instead will come to represent the fast buck, the quick fix, the desire to get something for nothing. The spread of legalized sports gambling would change forever, and for the worse, what our games stand for and the way they are perceived. Second, sports gambling threatens the integrity of, and public confidence in, team sports. Sports lotteries inevitably foster a climate of suspicion about controversial plays and intensify cynicism with respect to player performances, coaching decisions, officiating calls, and game results (S. Rep. No. 102-248, 1992).

When asked how the expansion of sports wagering would change anything considering the amounts already wagered illegally on sports, Tagliabue added, “There will be millions of
additional Americans induced and seduced into gambling if this growth industry is permitted to take the imprimatur of the State and support State-sanctioned point-spread betting” (S. Rep. No. 102-248, 1992).

Francis T. “Fay” Vincent, Jr., the MLB Commissioner at the time, concurred.

Once the moral status of sports betting has been redefined by legalization, however, many new gamblers will be created, some of whom inevitably will seek to move beyond lotteries to wagers with higher stakes and more serious consequences (S. Rep. No. 102-248, 1992).

Proponents of the Act, including Senator Bill Bradley of New Jersey, believed that, concerning the threat to the integrity of sports, "the harm that state-sponsored sports betting causes far outweighs the financial advantages received” (Bradley, 1992). The reasoning for PASPA, according to Senator Bradley (1992), was "that the revenue earned by the states through sports gambling is not enough to justify the waste and destruction attendant to the practice. Just as legalizing drugs would lead to increased drug addition (sic), legalizing sports gambling would aggravate the problems associated with gambling”.

Rep. Hamilton Fish, Jr., a member of the House Commission on the Judiciary, was particularly concerned that allowing legalized sports gambling to grow would represent a tacit approval of the activity. He stated in Committee, “If a large number of States and localities make betting on sports a public institution, they are really incorporating it into the fabric of public policy and implicitly giving it the stamp of an official sanction” (138 Congressional Record 32,439, 1992).

Senator Chuck Grassley of Iowa, a member (becoming chairman in 2015) of the Senate Judiciary Committee, was one of the few outspoken opponents to PASPA (S. Rep. No. 102-248,
Grassley argued that PASPA would be an intrusion into state rights, raising constitutional issues and violating the principles of federalism. The Department of Justice expressed similar views (S. Rep. No. 102-248, 1992). Grassley argued that preventing states from sanctioning sports gambling would interfere with state revenues while "creating a virtual monopoly for illegal gambling operators over a multi-billion-dollar industry" (S. Rep. No. 102-248, 1992). Grassley was concerned by the grandfather clauses in the PASPA bill which allowed certain states to keep their existing forms of sports gambling. He argued that such clauses would effectively create an additional "monopoly on lawful sports wagering to the exclusion of the other 47" (S. Rep. No. 102-248, 1992).

The final provision of PASPA stated that the prohibition on sports gambling did not apply to any wagering scheme that existed between 1976 and 1991 or pari-mutuel animal racing or jai-alai games. Section 3704 of PASPA (28 U.S.C. § 3704 of 1992) forbids sports wagering in every state, except Nevada, Oregon, Montana, and Delaware. PASPA also contained a loophole allowing states that had casino gaming within ten years prior to the Act's effective date to establish a sports wagering scheme. It gave those states one year from the effective date of the Act to do so. New Jersey, the only state other than Nevada to have casino gaming at the time and the only state affected by the loophole, failed to meet the deadline and forfeited its opportunity to legalize sports wagering. Montana had discontinued sports wagering but reintroduced it in 2008 when it began offering Montana Sports Action, a lottery game that let participants create fantasy football teams (Fielkow, Werly, & Sensi, 2017).

A Judiciary Committee report attempted to explain the reasoning behind these exclusions and loopholes. While reiterating that "all sports gambling is harmful," the report expressed "no wish to apply this new prohibition retroactively to Oregon or Delaware, which instituted sports
lotteries prior to the introduction of our legislation," or "to threaten the economy of Nevada, which over many decades has come to depend on legalized private gambling, including sports gambling, as an essential industry." (S. Rep. No. 102-248, 1992). As explained by the Judiciary Committee, PASPA was designed to stop the growth of sports wagering, not to eliminate the activity.

Because of its discriminatory application and numerous exemptions, PASPA faced strong opposition in the U.S. Senate. Critics felt that PASPA represented an intrusion into states’ rights by restricting the right to raise revenue. PASPA’s discriminatory nature led the U.S. Department of Justice, the National Conference of State Legislatures and the Counsel of State Governments to oppose the legislation (Welsh, 2014).

Why PASPA Was Overturned

The stated goals of PASPA were to stop the spread of state-sanctioned or state-run sports gambling, maintain sport’s integrity and reduce the promotion of sports gambling among America’s youth (Goodall, 2015). When PASPA became law in 1992, only two states, New Jersey and Nevada, had legalized casino gambling. Today, all states, except for Utah and Hawaii, offer some form of gambling, as does the District of Columbia (American Gaming Association, 2016).

PASPA was passed soon after reports surfaced alleging that Pete Rose, manager of the Cincinnati Reds at the time, had gambled on baseball games in 1989 (Wyant, 2017). The Black Sox scandal of 1919 and the basketball point-shaving scandals of the City College of New York in 1951, Boston College in 1979 and Tulane University in 1985 were recalled when the passage of PASPA was being considered. Despite best intentions and the passage of PASPA, the integrity of sports continued to be put at risk. A 2007 scandal involved Tim Donaghy, an NBA referee.
Donaghy was found to have bet on NBA games illegally through bookies, including games he officiated (Meer, 2011).

The public’s attitudes toward and perception of sports gambling were profoundly affected by the introduction of daily fantasy sports (DFS) games. FanDuel, founded in 2009, and DraftKings, founded in 2012, allow participants to assemble sports teams through an online draft and compete against other online players. Participants in these DFS games compile, or draft, a new sports team each day or every competition, rather than putting together a team at the beginning of the season and having competition progress throughout the full season, like most traditional fantasy leagues (Billings, Ruihley, & Yang, 2017).

This new sports gaming format proved extremely popular. The DFS industry had 59.3 million participants in North America in 2017 (Fantasy Sports Trade Association, 2017). From its introduction to 2009, DFS game participation grew at a rate of 15% per year (Billings & Ruihley, 2014). Monetarily, the industry expanded even more rapidly. FanDuel showed revenues of about $170 million in 2015, an increase of about 300% compared to 2014. DraftKings revenues grew from about $3 million in revenues in 2013 to about $105 million in 2015 (Fantasy Sports Trade Association, 2017).

In 2012, the average participant in DFS games spent about $80 per year on the activity. In 2015, the amount grew to $465 per year (Fantasy Sports Trade Association, 2017) leading states to question the legal status of DFS. The win/loss element within DFS lead some states to consider whether fantasy sports should be considered a form of gambling (Moorman, 2008; Drape, 2015).

With the public’s acceptance and the popularity of this new form of entertainment, major media organizations started to invest in DFS companies. Entertainment and Sports Programming
Network (ESPN) bought a $250 million stake in DraftKings (Lefton & Ourand, 2015). Time Warner, with other partners, invested $275 million in FanDuel (Sacco, 2015). Major sports leagues, such as the National Basketball Association (NBA), also partnered with DFS games companies (Rovell, 2014).

When DraftKings aired national ads every 90 seconds during the 2015 NFL season, many states concluded that DFS was gambling and that it should be regulated (Udland, 2015). FanDuel and DraftKings asserted that PASPA offered an exception for fantasy play.

With the expansion of casino gaming, fantasy sports leagues and televised gaming events (e.g., the World Series of Poker), keeping minors from being exposed to gambling was rendered nearly impossible (Meer, 2011). The Internet permits almost any minor who wishes to place a sports bet to do so, as proof of age is not always verified (Wyant, 2017).

Seeing that America’s attitude toward sports wagering was changing, the commissioners of major sports leagues declared their acceptance of sports wagering. In 2009, David Stern, then commissioner of the National Basketball Association, stated:

> Considering the fact that so many state governments, probably between 40 and 50, don't consider it immoral, I don't think that anyone should. It may be a little immoral, because it really is a tax on the poor, the lotteries. But having said that, it's now a matter of national policy: Gambling is good. So, we have morphed considerably in our corporate view where we say, “Look, Las Vegas is not evil.” Las Vegas is a vacation and destination resort, and they have sports gambling and, in fact, there's a federal statute that gives them a monopoly of types. And we actually supported that statute back in '92 (Thomsen, 2009).
In an op-ed piece in *The New York Times*, Adam Silver (2014), the current commissioner of the National Basketball Association, stated:

> Times have changed since PASPA was enacted. Gambling has increasingly become a popular and accepted form of entertainment in the United States. Most states offer lotteries. Over half of them have legal casinos. Three have approved some form of Internet gambling, with others poised to follow. There is an obvious appetite among sports fans for a safe and legal way to wager on professional sporting events. Mainstream media outlets regularly publish sports betting lines and point spreads. In light of these domestic and global trends, the laws on sports betting should be changed. Congress should adopt a federal framework that allows states to authorize betting on professional sports, subject to strict regulatory requirements and technological safeguards. I believe that sports betting should be brought out of the underground and into the sunlight where it can be appropriately monitored and regulated (Silver, 2014).

The Vice President and Chief Operating Officer of the Ultimate Fighting Championship (UFC), Lawrence Epstein, stated, "I think sports wagering will enhance the game as opposed to doing anything to hurt it. Sports wagering done in a way, like Nevada, that is properly regulated, will give more confidence to fans that games and fights aren't fixed" (Purdum, 2014).

The idea that bribery can be used to lower the integrity of the game has been refuted (Furman, 2015). Because of the increase in the popularity of sports, pay for professional athletes is dramatically higher today than it was in the years when bribery and corruption occurred during the twentieth century. Far more money would be necessary to entice an athlete to accept a bribe to affect the results of a game or a match (Mierswa, 2014). When PASPA was passed in 1992, the highest paid NFL player was Dan Marino of the Miami Dolphins, who had an annual salary
averaging $250,000 a year (Cote, 1991). In 2014, Aaron Rodgers of the Green Bay Packers, signed a five-year contract for $110 million, with an average salary of $22 million a year (Furman, 2015). Jim Pagels (2015) of Time magazine pointed out, "athletes making millions simply aren't going to risk their already lucrative careers for a tiny cut in match-fixing bribes. In any case, the general principle applies that it is easier to police and regulate activity happening in the open than what takes place in the shadows". Some might suggest that referees could be vulnerable to bribes or coercion. Although referees are not paid as much as the athletes, they do make a significant salary for doing what is essentially a part-time job (Warner, 2014).

With advancements in technology, cheating or improper play is more likely to be noticed. All major sporting events are televised and use an abundance of camera angles to capture every moment and every angle of each sporting event. The NFL's instant replay has a command center with 82 monitors and 21 employees working through each NFL game to ensure correct and fair calls are made (King, 2014). Statistics are scrupulously kept and are closely scrutinized and analyzed by professional sports analysts.

Legal sports books typically put a limit on the amount that can be placed on any one game, limiting the potential payout to the bettor (Mierswa, 2014). Athletes are disallowed from gambling on their own sports, thus lowering the risk of them participating in improper behavior (Furman, 2015). The penalties for such behavior can be severe, including a lifetime ban from the sport. In November 2019, Josh Shaw of the NFL’s Arizona Cardinals was suspended through the end of the 2020 season after he was found to have bet on NFL games on more than one occasion. The NFL found that no game on which Shaw wagered was affected due to the wagers (Gouker, 2019).
In 2016, the American Gaming Association (AGA), stated that the Professional and Amateur Sports Protection Act was no longer working in the way intended and the time had come to repeal PASPA. The AGA suggested that, instead of curbing illegal wagering, the law had driven sports wagering underground, creating a thriving $150-$500 billion black market with no consumer protection, no tax benefits for communities and no safeguards for the integrity of sports (AGA, 9/21/2016).

The AGA suggested that illegal wagering encouraged a criminal black market with hundreds of billions in illegal sports wagering revenues being funneled to criminal enterprises and used to finance criminal activities. The AGA believed that investigating these criminal enterprises often consumed a disproportionate amount of law enforcement resources, hindering the ability of police and prosecutors to fight other crime and protect U.S. citizens (AGA, 9/21/2016).

The AGA believed that an open, transparent, regulated sports wagering market would improve oversight and decrease fraudulent activity, aiding law enforcement efforts and protecting consumers. In the United Kingdom, the gaming industry and law enforcement created a partnership which provides tools to monitor, investigate and shut down illegal activity. Exchange of data among stakeholders provides enhanced investigative capabilities (AGA, 9/21/2016).

Dr. David Forrest and Rick Parry (2016), two United Kingdom sports wagering researchers, pointed out that wagering on sports has become a common and accepted activity for Americans. They also stated that the percentage of Americans adults who placed illegal wagers on sports was approximately equal to the percentage of adults who wagered legally in Great Britain. Forrest and Parry’s (2016) research concluded that prohibition of sports wagering had failed in America because it had largely been ignored and was not enforced or prosecuted. Because sports
wagering in the U.S. had been allowed to prosper unimpeded by law enforcement agencies, a thriving black market for gambling had emerged in the form of illegal bookies and off-shore Internet sites. An example of the unchecked nature of illegal sports gambling was a New Jersey sports bookmaker in the late 1990’s who was prosecuted for running an operation with an annual volume of $200 million, larger than any single legal bookmaker in Las Vegas (Forrest & Parry, 2016).

Forrest and Parry (2016) felt that illegal gambling threatened the integrity of sports. They felt that legalized sports wagering would carry an air of transparency and legitimacy for sports wagering operators and customers, something that was lacking in the illegal environment. They felt that regulated sport wagering would create consumer protection and allow for problems with the system to be handled in an organized, equitable manner. Such problems as match-fixing and point-shaving would be easier to identify through the sharing of information among stakeholders. Forrest and Parry (2016) suggest that states should take their regulatory cues from mature sports wagering markets, such as Great Britain.

An unintended effect of PASPA was to help Nevada develop a monopoly on sports wagering (Galasso, 2010). The passage of PASPA discriminated against the 46 states that PASPA did not exempt and the District of Columbia and exercised control over sports wagering in three of the four exempted states.

Another unintended effect of PASPA was the increased power sports organizations had to affect state gaming policies (Galasso, 2010). The NCAA exercised great influence over state gaming policy, even beyond the terms laid out by PASPA. The NCAA refused to hold any men's college basketball tournament games in Oregon because of Oregon's sports lottery, even though the state never offered wagers on NCAA games. In 2005, Oregon passed legislation to eliminate
its sports lottery by the end of 2007. In its final year of operation, the Oregon sports lottery generated record sales of $12.7 million. Proceeds from the sports lottery had been used to provide funding to Oregon schools ranging from about $1 million to $2.9 million per year (Hays, 2007).

Gambling in the United States has traditionally been a state-regulated activity (Schwartz, 2005). In 1978, Congress affirmed this when it passed the Interstate Horseracing Act, explaining that “the States should have the primary responsibility for determining what forms of gambling may legally take place within their borders” (15 U.S.C. § 3001(a)(1) of 1978).

The first legal challenge of PASPA came in 2009 when Delaware Governor Jack Markell signed a bill that granted racetrack casinos in Delaware the ability to accept wagers on any professional and amateur American sporting events. In 1976, Delaware operated a sports wagering scheme called “Scoreboard” that allowed bettors to place parlay wagers on regularly scheduled NFL games. The sports wagering scheme was discontinued after the 1976 NFL season because it had become economically impractical (Waddell & Minke, 2008). The 2009 law sought to expand Delaware’s legalized sports wagering schemes to include single-game wagers. The law was intended to help close the projected $700 million deficit for the state’s 2010 budget (Fielkow, Werly, & Sensi, 2017).

Before wagering locations could be established, Major League Baseball (MLB), the National Basketball Association (NBA), the National Football League (NFL), the National Hockey League (NHL) (the Leagues) and the National Collegiate Athletic Association (NCAA), collectively sought an injunction against Governor Markell and Wayne Lemons, the Director of the Delaware State Lottery Office (Meer, 2011). The Leagues and the NCAA claimed that elements of Delaware’s proposed sports wagering scheme violated PASPA.
The district court denied the injunction, but the Third Circuit reversed the decision in *Office of the Commissioner of Baseball v. Markell* (2009). The court's reasoning was that PASPA allowed for sports wagering only "to the extent the scheme was conducted in the past. Hence, Delaware was limited to offering sports wagering to the extent it did in 1976." Because the 1976 Scoreboard game only included parlay wagering on NFL games, any sports wagering Delaware offered post-PASPA would have to be similarly designed (Galasso, 2010). While the court concluded that the state could offer parlay wagering on at least three NFL teams, Delaware was prohibited from allowing single-game bets or wagers on athletic contests in leagues other than the NFL (Fielkow, Werly, & Sensi, 2017).

The *Office of the Commissioner of Baseball v. Markell* (2009) decision enabled Nevada to maintain its monopoly on sports wagering in the United States. Nevada continued to receive about $120 million in tax revenue per year that was unavailable to other states (Meer, 2011). Nevada also enjoyed a monopoly on wagering on collegiate sports, as Nevada was the only state where gambling on collegiate sports was legal. About one-third of all sports wagers in Nevada are placed on collegiate sporting events (Slavin, 2002). Because of the *Markell* decision, Nevada was the only state where wagering on collegiate sports would ever be legal had PASPA not been overturned.

in the Iowa State Senate approved a billlegalizing sports wagering, in direct opposition to PASPA (Jacobs, 2010).

In 2009, the Interactive Media & Entertainment Gaming Association (iMEGA), several horsemen’s groups and New Jersey State Senator Raymond Lesniak filed an action against the U.S. Attorney General, seeking a declaratory ruling that PASPA was unconstitutional, in violation of the Tenth Amendment (Fielkow, Werly & Sensi, 2017). The federal district court concluded that the plaintiffs did not have standing because neither New Jersey, nor any of the plaintiff organizations, permitted, offered or otherwise authorized any sort of sports wagering scheme at the time of the suit. According to the court, the mere threat of federal preemptive action did not grant the plaintiffs the right to challenge the constitutionality of a federal law. The case was dismissed without the U.S. Department of Justice taking a position on the constitutionality of PASPA (Fielkow, Werly, & Sensi, 2017).


Governor Christie said of sports gambling:

This whole idea that gambling on games is not going on every Sunday everywhere is foolish. It's foolish. It's going on everywhere, except now it's being handled by criminals who are benefitting from it. If it's going to happen, let's make the conduct legal, and let's make the people who participate in it comply with certain laws (Asher, 2012).
In August 2012, the NCAA, MLB, the NBA, the NFL, and the NHL filed an injunctive suit against New Jersey in federal court \((NCAA \text{ v. Christie}, 926 \text{ F. Supp. 2d 551-4, 2013})\). The NCAA and the Leagues took the position that New Jersey's proposed sports wagering scheme was in direct violation of PASPA.

Judge Shipp, writing for the District Court, agreed with the NCAA and the Leagues \(\text{(McKithen, 2015)}\). In his written opinion, Judge Shipp held that PASPA was a constitutional law. He also mentioned that New Jersey Senator (Bill Bradley) favored the law when it was originally passed in Congress \((NCAA \text{ v. Christie}, 926 \text{ F. Supp. 2d 551-4, 2013})\). Judge Shipp criticized New Jersey's attempt to implement the New Jersey Sports Wagering Law because New Jersey had neglected the opportunity to pass similar legislation during the one-year window offered by PASPA that would have allowed a sports wagering scheme to be grandfathered in and exempt from the prohibitions of PASPA \(\text{(McKithen, 2015)}\).

After the District Court granted the Leagues' motion for summary judgment and permanently enjoined New Jersey's sports wagering law \((NCAA \text{ v. Christie}, 926 \text{ F. Supp. 2d 551-4, 2013})\), New Jersey appealed to the United States Court of Appeals for the Third Circuit \((NCAA \text{ v. Governor of N.J.}, 730 \text{ F.3d 208, 2013})\). On September 17, 2013, the Third Circuit upheld the ruling of the District Court, holding that PASPA was a constitutional exercise of Congress' enumerated powers found in the Supremacy Clause of the U.S. Constitution, preempting New Jersey from regulating sports wagering \(\text{(U.S. Constitution, article VI, clause 2)}\).

The Third Circuit's decision left New Jersey with one option \(\text{(McKithen, 2015)}\). That option was to petition the Supreme Court for a writ of certiorari, which it did in February 2014. In the petition for certiorari, New Jersey argued that the Third Circuit's decision should be reversed because the court failed to adequately rebut PASPA's violation of the Tenth Amendment,
specifically the anti-commandeering principle, which prohibits the federal government from passing laws that command the states to act and because the court incorrectly applied the doctrine of equal sovereignty among the states. New Jersey argued that the Supreme Court's decision in *Shelby County v. Holder* (133 S. Ct. 2612, 2013) rendered PASPA unconstitutional for blatantly discriminating between the states (Writ of Certiorari, *Christie v. NCAA*, 134 S. Ct. 2866, 2014). In June 2014, the Supreme Court denied New Jersey's petition for certiorari (*Christie v. NCAA*, 134 S. Ct. 2866, 2014).

After being blocked by the United States Court of Appeals for the Third Circuit again in 2016, the State of New Jersey once again petitioned the Supreme Court of the United States for certiorari (Gouker, 2017a). In the wake of legal action being taken by the State of West Virginia, the Supreme Court requested an opinion from the U.S. Solicitor General as to whether the Supreme Court should hear the case. The Solicitor General recommended that the Supreme Court not take up New Jersey's appeal (Gouker, 2017a). Despite the recommendation of the Solicitor General, the Supreme Court granted New Jersey's petition for certiorari.

At the time of the certiorari petition, West Virginia had submitted an amicus brief in support of New Jersey's position and likewise had pending legislation that would have legalized sports wagering within that state (Gouker, 2017b). If the expected legal challenge from the Leagues and the NCAA came in opposition to West Virginia's law, that case would have gone through the more conservative, federalist-minded Fourth Circuit (Gouker, 2017b). Conceivably, if the Fourth Circuit ruled in favor of West Virginia, the U.S. Supreme Court could have been confronted with deciding the constitutionality of PASPA in the face of a circuit court split (Conley, 2018).

On December 4, 2017, the case of *Murphy, Governor of New Jersey, et al. v. National Collegiate Athletic Association, et al.* was argued before the Supreme Court of the United States.
On May 14, 2018, the Supreme Court found for the plaintiff, thereby overturning PASPA (584 U.S. 16-476, 2018). (See Appendix B for the full text of the Supreme Court ruling.) The Supreme Court found that New Jersey had legally passed a law authorizing sports gambling schemes. More importantly, the Supreme Court found that PASPA’s provision prohibiting state authorization of sports gambling schemes violated the anti-commandeering rule and was in violation of the Tenth Amendment to the Constitution of the United States. The Tenth Amendment states that all legislative power not conferred on Congress by the Constitution is reserved for the States (U.S. Constitution).

**Reactions to PASPA Being Overturned**

In a letter written shortly after the U.S. Supreme Court decision overturning PASPA, the American Gaming Association (AGA) President and CEO Geoff Freeman discussed the gaming industry’s priorities relating to the creation of a successful legal sports wagering market in the United States (AGA, 5/22/2018). Freeman identified the AGA’s priorities to include empowering state regulation by offering resources to state policymakers and regulators. Another priority Freeman outlined was to place consumers first by offering protections that consumers would not find in the illegal marketplace and to offer convenient ways for the public to participate in legal sports wagering. Freeman promised the AGA’s support in strengthening the integrity of the game by supporting new technologies to track legal wagering and identify suspicious activities. Freeman encouraged the gaming industry to establish a national data repository to share any suspicious wagering information with law enforcement, gaming regulators and sporting bodies.

Freeman stated that an ongoing mission of the American Gaming Association is to promote responsible gaming and responsible advertising (AGA, 5/22/2018). Freeman offered the
assistance of the AGA in pursuing the creation of a self-regulatory model to guide sports wagering advertising. Freeman affirmed that the American Gaming Association supports contracts between stakeholders, as opposed to legislation. He said that the AGA believes that sports wagering can benefit sporting organizations and gaming companies alike and the AGA opposes efforts to use federal or state legislation to set business terms (AGA, 5/22/2018).

A survey of 1,032 adults by Nielsen Sports taken May 15 through May 31, 2018, and commissioned by the AGA, reported that 71 percent of those surveyed who currently bet with a bookie would shift some or all their wagering if they had access to a legal platform (AGA, 8/14/2018). According to another Nielsen Sports study commissioned by the AGA, annual revenues for Major League Baseball, the National Basketball Association, the National Football League and the National Hockey League could be expected to increase by an estimated $4.23 billion per year due to the Supreme Court decision on PASPA (AGA, 10/18/2018). This revenue would come from TV advertising, sponsorship, data/product revenue, media rights, merchandise and ticket sales.

In late November 2018, an organization called the Sports Wagering Integrity Monitoring Association (SWIMA) was formed. The association is a partnership between state and tribal gaming officials, law enforcement and other gaming interests created to monitor the integrity of and identify fraud in sports wagering (Russ, 2018). A former New Jersey assistant attorney general and gaming regulator, George Rover, was named the first Chief Integrity Officer. Even though sportsbooks, leagues and regulators monitor fraud on their own, SWIMA was created to be a national clearinghouse for information about suspicious sports wagers. The group is modeled after an existing program, called ESSA, that monitors sports wagering in Europe.
Status of Sports Wagering by State

The following states have legalized sports wagering and are currently accepting wagers as of April 10, 2020 (Helsel, 2018):

**Nevada**

Nevada was grandfathered in when the Professional and Amateur Sports Protection Act was passed in 1992. Sports wagers have been legally accepted in Nevada since 1949. In January 2019, the State of Nevada moved to update its regulations to include “virtual events”, online wagering and the acceptance of sports wagers from outside the State of Nevada (Velotta, 2019).

**Delaware**

Delaware was the first state to accept sports wagering after the Supreme Court’s May 14, 2018 decision. Sports wagering began at all three casinos in the state on June 5, 2018. Gov. John Carney’s $10 wager on the Philadelphia Phillies to beat the Chicago Cubs was the first legally-placed wager in the state. He won the wager.

**New Jersey**

Gov. Phil Murphy signed a bill on June 13, 2018, authorizing sports wagering in New Jersey. Gov. Murphy placed the first official wager at Monmouth Park the following day. He wagered $20 on Germany to win the World Cup and an identical amount that the New Jersey Devils would win the Stanley Cup in 2019. He lost both wagers. The amount placed on sports wagers in New Jersey was about $40.6 million in July 2018 (the first full month of operation), $96 million in August, $183.9 million in September and $260.7 million in October. This generated casino revenue of about $14.5 million in September and $7.0 million in October (Danzis, November 15, 2018).
**Mississippi**

Mississippi changed its law in 2017 to allow sports wagering. Gaming regulators determined it would be legal on July 22, 2018. The Beau Rivage Resort & Casino in Biloxi and the Gold Strike Casino Resort in Tunica opened their sports books on Aug. 1, 2018. The Magnolia Bluffs Casino in Natchez started accepting sports wagers on October 19, 2018 (Hillyer, 2018). The amount placed on sports wagers in Mississippi was about $31.8 million in September 2018 and $32.8 million in October 2018. The casino sports wagering revenue was $5.3 million in September and $1.18 million in October (O’Malley, 2018).

**Pennsylvania**


The Pennsylvania tax on sports gambling, 34 percent on operators’ revenue plus a 2 percent tax that goes for local grants to counties, is considered extremely high. Pennsylvania also requires a one-time fee of $10 million.

**West Virginia**

West Virginia passed a bill allowing sports gambling and Gov. Jim Justice signed it in March 2018. The West Virginia Lottery started accepting wagers in September 2018. All five casinos in the state offer sports wagering.
Rhode Island

In June 2018, Rhode Island passed a budget that allows sports wagering at Twin River Casino at the Lincoln and Tiverton locations. Sports wagering started at the Twin River Casino at the Lincoln property on November 26, 2018. The minimum age to place a sports wager in Rhode Island is 18 years of age.

Arkansas

In November 2018, Issue 4 was approved by the voters of Arkansas calling for the state to issue four casino licenses. The issuance of the four casino licenses included a provision for the legalization of sports wagering (O’Malley, 2018). Arkansas started accepting sports wagers on July 1, 2019.

New York

A bill was passed in 2013 that authorized sports wagering at four upstate casinos. A casino in Schenectady accepted its first sports wager, a $20 wager on the Seattle Mariners, on Tuesday, July 16, 2019 (Klepper, 2019).

Iowa

On May 13, 2019, Iowa Governor Kim Reynolds signed legislation allowing gambling on college and professional sports. The first wagers were accepted at six different casinos on Thursday, August 15, 2019. To open an online account, a patron must visit a casino to show proof of age. The minimum age to place a sports wager in Iowa is 21. The law does not allow for in-game proposition wagers (Gruber-Miller & Opsahl, 2019).

Indiana

Starting on September 1, 2019, sports wagers were accepted at a limited number of casinos in Indiana. Sports wagering is restricted to individuals who are 21 years of age or older. Wagering
on professional and college sports is allowed, but high school sports and e-sports is prohibited. Online sports wagering is also legal in Indiana (Clark, 2019). To participate in online sports wagering, one must register in person at a casino that accepts sports wagers, or one may register online. Sports wagering will be allowed at casinos, racinos and off-track wagering parlors.

**Oregon**

Chinook Winds Casino Resort, a Native American casino, started accepting sports wagers on August 27, 2019. The Oregon Lottery, which was exempt from the Professional and Amateur Sports Protection Act due to its existing sports wagering scheme, Sports Actions, launched a statewide mobile sportsbook called Scoreboard on October 16, 2019 (Butler, 2019). At the time of the launch of the mobile app, wagers were restricted to professional sports.

**Illinois**

Sports wagering will be allowed at and through casinos. Sports wagering may be done in person and over the Internet. Operators must create a process for individuals to restrict themselves from being allowed to place wagers. The law also requires the Board to adopt rules concerning standards for operators’ advertisements for sports wagering. The tax rate on sports wagering revenues will be 12.5% (Moran, 2019).

**Michigan**

On December 20, 2019, Governor Gretchen Whitmer signed legislation legalizing sports wagering in Michigan. The law also legalizes online gambling and legalizes and sets up regulations for fantasy sports wagering (Gibbons, 2019).

**Montana**

The 2019 Montana Legislature passed a law allowing sports wagering through the Montana Lottery. The bill was signed into law on May 3. The law puts the state lottery in charge of sports
wagering. The minimum age to place a wager will be 18 years of age. The lottery company Intralot has a seven-year contract to run sportsbook operations in Montana (Candee, 2019).

**New Hampshire**

On June 13, 2019, the House and Senate passed a bill allowing sports wagering. The bill creates a Division of Sports Wagering as part of the New Hampshire Lottery Commission. Anyone 18 years of age or older would be allowed to place sports wagers. The bill also allows for mobile wagering. Wagers would be taken on collegiate and professional sports; however, no wagers would be accepted on sporting events that include a collegiate team from New Hampshire or any collegiate event taking place in New Hampshire. No integrity fee is included in the bill. On July 12, 2019, Governor Chris Sununu signed the bill into law (Kredell, 2019).

**The following state has not legalized sports wagering, but sports wagering is available at a limited number of Native American casinos:**

**New Mexico**

No bills have been announced in New Mexico since the Supreme Court decision; however, the New Mexico Lottery has proposed offering a game that will be linked to sporting events. The sports book at the Santa Ana Star Native American casino near Albuquerque started accepting sports wagers on October 16, 2018 (Grammer, 2018). The Pojoaque Pueblo’s Buffalo Thunder casino near Santa Fe opened its sports book in March 2019 (Oswald, 2019).

**The following states have legalized sports wagering and are preparing to start taking wagers (as of April 10, 2020):**

**Colorado**

In November 2019, voters approved sports wagering at the 33 casinos located in Colorado mining towns. A 10% tax on sports wagering revenue will go directly to water conservation
projects. Sports wagering will be allowed on professional, collegiate, motor and Olympic sports.
The first wagers are expected to be taken in May 2020 (Candee, November 6, 2019).

**North Carolina**

A bill was passed in July 2019 that would allow sports and horse wagering at Native American casinos in North Carolina (Wiseman, 2019).

**Tennessee**

Senate Bill 16 allowing online sports wagering was passed on April 30, 2019. Stating his opposition to legalized gambling, Governor Bill Lee chose to neither veto nor sign the bill, allowing it to become law on May 13, 2019. Tax revenue from sports wagering will be used for education, local government and gambling addiction treatment. Persons under 21 years of age, athletes, team owners, persons who run sports wagering operations and others with influence over a game’s outcome, such as referees, are prohibited from placing sports wagers (Allison, 2019).

**Washington, D.C.**

A bill was introduced by Councilmembers Evans, Todd, R. White, Cheh, Gray and Bonds on September 18, 2018, to adopt rules and regulations governing the conduct of sports wagering in the District of Columbia. On Tuesday, December 18, 2018, the District of Columbia City Council voted 11-2 in favor of the Sports Wagering Lottery Amendment Act of 2018. The DC Lottery, the governing body, hoped that sports wagers would be accepted starting in the summer of 2019. No date for the acceptance of sports wagers has been set (Helsel, 2018).
States with bills pending that would legalize sports wagering:

**Arizona**

Sports wagering could be part of an updated compact with the Native American tribes that run the 24 casinos in the state. Any change to the compacts would have to be approved by the legislature (Goth, 2018). Senator Sonny Borrelli and Representatives Mark Finchem and Leo Biasiucci, introduced a bill in January 2019 that would allow each federally recognized tribe in Arizona with headquarters in the state to offer sports wagering (Swarner, 2019).

**California**

The constitution of California forbids sports gambling. On June 28, 2019, Senator Bill Dodd of Napa and Assemblyman Adam Gray of Merced proposed bills in their respective houses that would put sports wagering on the November 2020 ballot. The proposals would need to be passed by a two-thirds vote of the state Legislature and then be approved by voters (McGreevy, 2019).

**Connecticut**

Connecticut passed a bill in 2017 that called on the state Department of Consumer Protection to prepare sports wagering regulations. The state Legislature would then have to legalize sports wagering. The state is in negotiations with two federally recognized Native American tribes about the possibility of sports wagering in the state. If an agreement can be reached, it would be brought before the Legislature for its approval. Any approved agreement would need to go to the Bureau of Indian Affairs (Ramsey, October 28, 2019).

**Kansas**

A bill introduced in February 2018 that would have allowed the state lottery to offer sports wagering at state-owned casinos, over the internet and with mobile apps, died in committee (Carpenter, 2019). On February 26, 2020, the Kansas Senate moved to legalize sports wagering.
Bets would be accepted on professional and college athletics online and in person at the four state-run casinos. The minimum age to place a sports wager would be 21 years of age. The state would get 7.5% of the profits for bets placed in person and 10% of the profits for bets placed online (Smith & Hoover, 2020).

**Kentucky**

A bill was introduced in Kentucky's legislature in September 2018 that would have required the Kentucky Horse Racing Commission to institute a sports wagering system. A full vote on the bill was not taken before the legislative session ended. A bill that would legalize online poker, daily fantasy sports and sports wagering cleared the Licensing and Occupations Committee in February 2019. The Bill was advanced by the committee “with favorable expression” (Ramsey, February 21, 2019).

**Louisiana**

A bill was introduced in the 2019 session to allow sports wagering and to provide for a referendum where voters in parishes could decide whether to allow it. A similar bill was rejected by the Senate Finance Committee in 2018 (Helsel, 2018).

**Maine**

A bill allowing sports wagering in Maine passed in both the House and Senate in 2019. The bill was vetoed by Governor Janet Mills (Smiley, 2019). On February 6, 2020, The Maine Senate voted 20-10 to override the veto, sending the bill to the House for consideration. The 85-57 vote in the House did not meet the two-thirds majority necessary to override the veto (Thistle, 2020).
Maryland

A bill that would have used a referendum to decide whether the General Assembly could authorize agencies to offer licenses for sports wagering cleared the House in March 2018 but stalled in the Senate before the legislative session ended (Helsel, 2018).

Minnesota

A bill has been introduced that would allow sports wagering. The bill would legalize sports wagering at tribal properties, at the state’s two racetracks and would also authorize mobile gaming to two licensees which would be required to partner with tribes with a 20-year exclusivity. The Minnesota Indian Gaming Association has stated that its members are not interested in offering sports wagering (Coolican, 2019).

Missouri

Bills were introduced that would have legalized sports wagering on gambling boats. The 2018 legislative session ended with the measures still in committee (Helsel, 2018).

Ohio

Two bills were introduced in 2019 in the Ohio Legislature that would determine which commission would control sports wagering in Ohio. House Bill 194 would give control to the Ohio Lottery Commission. The Ohio Casino Commission would have investigative responsibilities. The bill includes a 10% tax on sports wagering. The money would go to education and problem gambling programs. Senate Bill 111 would give control of sports wagering to the Ohio Casino Commission. Sports wagering would effectively become legal in Ohio if either of the bills is passed and signed by the Governor. Ohio Governor Mike DeWine supports legalizing sports wagering in Ohio (Cincinnati Business Courier, 10/28/2019).
**Oklahoma**

Oklahoma lawmakers introduced bills that would have paved the way for Native American tribes to offer sports wagering, but the bills did not pass before the legislative session ended (Helsel, 2018).

**South Carolina**

Lawmakers introduced a bill in the House in 2017 that would have amended the state constitution to allow the General Assembly to introduce legislation for sports wagering. The bill was in committee when the session ended (Helsel, 2018).

**Virginia**

A bill allowing casino gaming in Virginia, including sports wagering and online wagering, SB 1126, was passed in March 2019 (Ruddock, 2019).

**Washington**

Sports wagering in Washington state is prohibited under state law and would require a vote by the Legislature to authorize it. Strom Peterson (D) introduced a bill allowing professional, college, Olympic sports and esports wagering to be legalized at tribal gaming facilities. Floor votes in both the House and the Senate require a 60% majority to pass gambling-expansion laws. Wagers would not be allowed on events that include universities located in the State of Washington (Baker, 2019).

**States with no bills pending that would legalize sports wagering:**

**Alabama**

Alabama's state constitution does not prohibit sports gambling, so amending the state constitution would not be necessary. The legislature would need to pass a bill allowing sports gambling. No legislative action has been taken and none is anticipated.
Alaska

No legislative action has been taken and none is anticipated.

Florida

No bills have been announced since the Supreme Court decision. In November 2018, Florida voters approved an amendment that gives voters the right to decide whether to expand casino gaming in the state. The referendum does not specifically mention sports gambling. At the same time, voters chose to phase out greyhound racing by the beginning of 2021.

Georgia

As of July 1, 2019, no bills have been announced relating to sports wagering. Brian Kemp, Republican Governor, has stated that he does not support sports gambling.

Hawaii

Hawaii has no form of legalized gambling. No bills have been introduced to legalize sports wagering in the state, nor do any seem likely. A push to approve casino gaming in Honolulu appeared in 2010 but it was defeated. In January 2017, House Bill 927 was introduced and sent to committee. The bill would establish a commission to analyze the possibility of gaming in Hawaii. No action has been taken on this bill.

Idaho

No legislative action has been taken and none is anticipated.

Massachusetts

No legislative action has been taken and none is anticipated.

Nebraska

No bills have been announced since the Supreme Court decision. The governor does not support legislation to legalize sports wagering.
**North Dakota**

No bills have been announced since the Supreme Court decision. Little legislative support is apparent.

**South Dakota**

The state constitution would have to be amended to begin the process of legalizing sports wagering and would require the approval of voters. The Legislature would then need to pass a bill regulating sports wagering. The Governor of the State of South Dakota, Kristi Noem, has stated her opposition to any expansion of gambling in the state.

**Texas**

A change to the state constitution would likely need to be made to allow sports wagering. State Rep. Eddie Lucio III stated that he was drafting a bill to legalize sports wagering. If passed by two-thirds of the Senate and two-thirds of the House, a public referendum would be held. Sports wagering could not start in Texas until 2020, at the earliest.

**Utah**

Utah has no form of legalized gambling. No change is expected to occur in this area.

**Vermont**

No bills have been announced since the Supreme Court decision. Little support for sports wagering legislation is apparent.

**Wisconsin**

Sports wagering is prohibited by the state constitution and state law. Sports wagering is not allowed under state tribal compacts. No bills have been announced since the Supreme Court decision. Amending the state constitution would require a vote of the people.
Wyoming

No legislative action has been taken and none is anticipated.

Research Design of This Study

Content analysis has frequently been used in research studies to gather data from various sources. According to Weber (1990), content analysis is used as a tool for aggregating a set of words of text into fewer content themes through a specific method of coding. Text data can be retrieved for content analysis from electronic or print sources (Kondracki, Wellman, & Amundson, 2002), including social media (Laï & To, 2015).

Each of the United States, and the District of Columbia, maintains online records of all legislative activity conducted including proposed, submitted for consideration, argued in committee, debated on the floor, passed and enacted legislation. These records are in the public domain and are freely accessible over the Internet. This current study attempts to identify key concepts and themes in enacted sports wagering legislation by gleaning key words and phrases from the accessible legislative records.

The qualitative approach is an umbrella term for a diverse approach in research work including mixed methods, phenomenology, ethnography, inductive thematic analysis, grounded theory, case study, discourse analysis, and narrative analysis (Guest, Namey, & Mitchell, 2013). The types of research questions which qualitative research methodologies address are often open-ended and exploratory, aiming to generate hypotheses rather than to test them (Burck, 2005). Hypothesis-testing research aims to generalize its findings to populations, and hypothesis-generating research aims to generate theory. These two types of research are complementary as researcher will often start by generating hypotheses and then move forward to test those hypotheses over a broader population (Glaser and Strauss, 1967).
A grounded theory approach, developed by Glaser and Strauss (1967), was designed to help researchers extract and analyze qualitative data to identify important categories in the material with the aim of generating ideas and theory “grounded” in the data. A grounded theory approach offers a framework for carrying out research as well as for the analysis of the data. The approach, further developed by Rennie, Phillips and Quartaro (1988) and Charmaz (1995), is appropriate for discovery-oriented research in areas which are under-theorized, such as pieces of legislation. The approach is suited to the analysis of data which include differences as well as similarities.

A grounded theory analysis begins with a line-by-line coding of the written text, identifying descriptive categories which are constantly compared for similarities and differences (Burck, 2005). These in turn are clustered or merged in order to construct researcher categories at a more conceptual and interpretive level. These categories, in turn, are used to re-examine the data to further elaborate the concepts analyzed.

To provide answers to the research questions, this exploratory study applied a qualitative content analysis inductive approach (Yin, 2016; Mayring, 2000), which is considered the most appropriate research design to identify the themes associated with legislation. An inductive approach generates themes and categories from raw data to make meaningful findings through a summative content analysis (Hsieh & Shannon, 2005). The summative content analysis begins with a counting of the words or textual contents, then it expands the themes to reveal any underlying meanings and connotations (Zhang & Wildemuth, 2009).

Data were obtained from the legislative websites of those states that had legalized sports wagering and were accepting wagers as of July 1, 2019. The legislation was analyzed in two phases of coding: manual and Computer Assisted Qualitative Data Analysis Software
(CAQDAS) to improve the validity and reliability of the findings. The current study used the content analysis framework as suggested by Zhang and Wildemuth (2009).

After the completion of the content analysis, a sentiment analysis was completed to indicate the underlying intention and focus of the eight pieces of legislation. Sentiment analysis deals with the identification and measurement of judgments and feelings. Data gathered through sentiment analysis are thought to provide detailed information about something which had been elusive, identification and measurement of opinion, feeling and inclination (Liu, 2010). The main goal of analyzing sentiment is to analyze documents and other forms of communication to identify the trajectory and amplitude of sentiment in the document.

Sentiment analysis uses linguistic and textual assessment, such as Natural Language Processing (NLP), to analyze word use, word order, and word combinations and to classify sentiments (Hussein, 2018). Sentiment analysis involves the application of technologies to determine sentiments expressed about specific topics and to identify and measure the general sentiment about those topics (Arvidsson, 2011). Sentiment analysis is used to discover opinions and feelings, classify the attitudes they convey and categorize them into predetermined segments or divisions (Agarwal, Mittal, Bansal & Garg, 2015), such as positive, neutral or negative.
CHAPTER 3: METHODOLOGY

Introduction

This exploratory study used a qualitative method in presenting the data collection process and the subsequent analysis. The first part of this chapter explains the research design selected for this study. The representativeness of samples elaborates the selection process of themes used to reduce the threats to validity and to enhance the trustworthiness of the data. Data collection steps and data analysis methods clarify all procedures accomplished for the collection of data and the decision for analysis. The final section describes the data management steps taken during the data collection process and data analysis methods to ensure the data quality and integrity of the findings. The purpose and sample used in this study justify the mechanisms of the entire research methods to address the research questions.

Research Design of the Study

This study began by using exploratory content analysis to address the research questions pertaining to current sports wagering legislation. To provide answers to those research questions, this study adopted the content analysis framework suggested by Zhang and Wildemuth (2009) in the following steps:

1. Decide if content analysis is the most appropriate research design.
2. Identify representative samples.
3. Determine the unit of analysis.
4. Collect data from the legislative databases of the states that have legalized and activated sports wagering as of July 1, 2019.
5. Assess the coding consistency.
6. Report the methods and the findings.
7. Draw conclusions from the findings.

Coding schemes were established inductively in four cycles (Yin, 2016; Marying, 2000). The level of abstraction of the data had to be determined. The data needed to be analyzed by developing thematic and coded categories inductively. The data were categorized by state. After the completion of manual coding, the data were cross-verified using Computer Assisted Qualitative Data Analysis Software (CAQDAS): Microsoft Excel and NVivo 12.

NVivo 12 is a text-mining software program based on artificial neural networks. Several technical operations were needed to gather significant results from this text-mining analysis, such as:

1. Excluding certain grammatical and “stop” words such as “is”, “a”, “the” and “I”.
2. Replacing plurals with singulars, and past tense with present tense.
3. Making the spelling of common terms consistent.
4. Identifying words with ambiguous meaning and clarifying the context in which the words were used.

After these steps, multiple runs of the NVivo 12 program were conducted to further exclude words such as state, stating, section, law, shall, promulgate and similar terms since these terms are frequently used in legislative text but do not contribute to a meaningful interpretation of the content analysis.

**Representation of Samples**

Qualitative studies are frequently dismissed by advocates of quantitative analysis because of the common selection of nonprobability samples (Gobo, 2007). From a statistical standpoint, nonprobability sampling techniques are defined as an unknown population selected as samples
(Sekaran & Bougie, 2013). If the samples are not representative in character, the researchers cannot draw a generalization from the findings of the research (Polit & Beck, 2010). Both samples in quantitative and qualitative sampling approaches offer distinctive requirements within their own domain (Gobo, 2007).

Samples representativeness can be acquired by applying the following protocols as suggested by Hair et al. (2011):

1. Defining the target population
2. Selecting the sampling frame
3. Designing the sampling method
4. Drawing the sample size
5. Executing the sampling plan.

According to Spaeth (1997), the decisions on selecting the themes or variables should be dictated by the research questions. Determining the unit of analysis involves interpretive issues which include judgmental and selection processes (Kirk & Miller, 1986). Due to the distinctive characteristics in philosophical positions and objectives between quantitative and qualitative works, Sandelowski (1993) suggests that alternative frameworks to establish rigor are acceptable. Given that qualitative research is versatile in nature, the analysis procedures involved should be rigorous (Houghton, Casey, Shaw, & Murphy, 2013).

Qualitative researchers recommend executing verification strategies to achieve the rigor throughout the inquiry process, including integral and self-correcting steps (Morse, Barrett, Mayan, Olson, & Spiers, 2002). In addition to manual analysis, conducting qualitative data analysis using computer-based software, like NVivo 12, benefits the research process. The use of
computer-based software is quicker, more consistent and assures rigor which can achieve analytic methods that could not be achieved by manual techniques (Weitzman, 1999).

To answer the research questions, the principal investigator (PI) used legislative records as a data source to identify the themes associated with sports wagering legalization. The legislative database of each of the 50 United States and the District of Columbia was queried to identify existing or pending legislation concerning sports wagering. The entire population of states with active sports wagering schemes as of July 1, 2019 was used to answer the research questions. A literature review was used to construct the relevant themes for this study.

**Data Collection Process**

A systematic data collection process in content analysis is essential to ensure the accuracy of data retrieved and collected to preserve data integrity and to offer scientific validity of research findings. Content analysis aims to generate reliable and valid inferences from texts to the contexts of their use (Krippendorff, 2013). This exploratory study applied the inductive approach using content analysis (Mayring, 2000) to identify the themes that exist in the legislation of states that have legalized and activated sports wagering schemes. The data collection process was explained in several components: coding frame, unit of analysis and retrieval of the data.

**Coding Frame**

A coding matrix was created to frame the selected themes based on the data and the literature (Strauss & Corbin, 2008). Microsoft Excel software was used to generate the themes from the legislative actions.

**Unit of Analysis**

The unit of analysis in this study was all legislative action enacted and available from each state’s legislative action website. According to Holsti (1969), content analysis involves a
systematic mechanism of gathering, categorizing, analyzing, and summarizing the non-numeric data into purposeful information, which allows the drawing of valid deductions or inferences in an objective manner.

**Retrieval of the Data**

The data retrieving process was completed by identifying those states, Nevada, Delaware, New Jersey, Mississippi, Rhode Island, West Virginia, Pennsylvania and Arkansas, that operated legal sports wagering schemes as of July 1, 2019. A query was established for the legislative database of each of these states to identify the piece of legislation that established the sports wagering schemes.

**Data Analysis Methods**

Manual coding followed the three stages of the inductive approach as suggested by Mayring (2000), including determining levels of abstraction, establishing inductive categories and refining thematic categories. This was followed by the application of CAQDAS to cross-verify the themes identified in the manual coding. The CAQDAS protocol follows the recommendation of Siccama and Penna (2008), which consists of interrogating interpretations, scoping data, establishing saturation, maintaining audit trails and creating visual representation using screenshots. An online version, in portable document format (PDF), was obtained from each state’s legislative website and processed through two major phases: manual coding and CAQDAS.

**First Phase: Manual Coding**

Analysis started with the pieces of legislation on which coding was to be performed to subdivide the textual data into categories and offer understanding of the interest of the research (Dey, 1993). A coding matrix provided guidelines during the content analysis process. Four
cycles of manual coding were performed consecutively using an inductive approach. Each cycle of coding was examined closely to address the research questions. Codes may exist in various forms of words, phrases, sentences, or whole paragraphs, either unconnected or connected to a focal context (Basit, 2003). The codes were categorized in a systematic manner through another complete cycle (Saldana, 2009). The process continued until a saturation stage was reached where no further coding was possible (Guest, Bunce, & Johnson, 2006).

**First cycle.** Pieces of legislation from the states with sports gaming schemes legalized and in operation as of July 1, 2019 were analyzed during the first cycle to determine the levels of abstraction (Mayring, 2000). Legislation was downloadable from each state’s legislative website and kept in a hard drive folder for further analysis. Each piece of legislation was abridged, removing words and phrases that referred to legislation that was not part of this analysis. (See Appendix C for the abridged pieces of legislation). All abridged pieces of legislation were downloaded and kept in a hard drive folder for further analysis. After completion of this cycle, the data collected were presented in a descriptive manner. According to Glass and Hopkins (1984), descriptive data refers to the collection of data that is organized, tabulated, depicted and described in the data collection process.

**Second cycle.** During this cycle, the inductive approach was employed by establishing the inductive categories. To create inductive categories, each piece of legislation was skimmed to eliminate irrelevant themes. This elimination process is frequently referred to as the data cleansing process. To ensure saturation was reached, the data cleansing process was repeated three times. A check list was created to record each re-coding process undertaken.

**Third cycle.** Folders were created in the PI’s personal hard drive to keep the downloaded pieces of legislation safe and easily accessible.
Fourth cycle. A hard copy of each piece of legislation was created and arranged by date of activation of the state’s sports wagering scheme. The themes were selected following the coding matrix which was inductively derived from the data or the literature (Strauss & Corbin, 2008).

Second Phase: CAQDAS Coding

This phase used Microsoft Excel to create a coding matrix and NVIVO 12 software to analyze the text-based data. The purpose of implementing CAQDAS as part of the coding process is to cross-verify the themes coded during the manual phase. Two cycles of coding were involved at this phase: creation of a coding matrix using Excel and cross-verification using NVIVO 12.

Creation of coding matrix using Excel. This process began with the pieces of legislation. Each piece of legislation was downloaded in PDF, labeled with a unique identifier and saved on the PI’s personal hard drive before the analysis began. A table was created in an Excel worksheet containing the pieces of legislation, each with its own identifier. Each piece of legislation was retrieved in PDF and was analyzed individually. A manual verification was employed on the hard copies of the pieces of legislation by checking them individually to ensure each piece was coded properly. Themes from Excel were generated using an editing feature “Find & Select” to complete the coding process. The themes extracted from the excerpts of the pieces of legislation during the manual phase were copied into the worksheet. The coding process was concluded by reporting the frequency of the themes that emerged. Only themes relevant to the research were selected and listed.

Cross-verification using NVIVO 12. This phase started with importing the pieces of legislation in PDF form into the NVIVO 12 “Internal Sources” folder. Each piece of legislation retained its identifier for easy reference. The coding process was employed in two cycles. The
first cycle involved a general coding process using “Nodes” where all pieces of legislation were pooled and coded simultaneously. The themes generated in this first cycle were copied into Excel for tabulating purposes. The purpose of performing this first cycle was to obtain the most frequent themes generated from all pieces of legislation. During the second cycle, each piece of legislation was coded individually to identify recurring themes. A ‘Node” folder was created for each selected theme. The coding process was then completed for each piece of legislation. The results produced in the “Node” were saved in PDF for future reference and kept on the PI’s personal hard drive. This second cycle was run three times to ensure the accuracy of the themes.

**Sentiment Analysis**

Sentiment is the feeling behind one’s thoughts, views or attitudes (Pang & Lee 2009). Sentiment is based on emotion rather than fact. Identifying emotion in the written word can be difficult (Liu, 2012). Although sentiment can frequently be difficult to ascertain from written or spoken language, the ability to identify and measure sentiment has been proven to be of value.

Hundreds of thousands of Internet users depend on online sentiment reviews to make buying decisions. Kumar, Bezawada, Rishika, Janakiraman, & Kannan (2015) estimate that 90% of customer’s decisions in April 2013 depended on online reviews. Sentiments can be measured by calculating the judgment of people on a certain topic, approach and sensation toward a unit, where a unit can be an occurrence, a theme or a character, picture or diagram. Sentiment can be identified as positive, negative, or neutral.

Sentiment analysis is the area which deals with the identification and measurement of judgments and feelings which are generated from various forms of texts, including social media and legislation. Sentiment analysis is used extensively in the fields of data mining, web mining, social media analytics, market analysis and customer relations because sentiments are critical to
judging and anticipating human behavior (Liu, 2010). Analysis of sentiments and opinions has spread to fields such as consumer information, marketing, books, applications and websites.

Data gathered through sentiment analysis are thought to provide detailed information about something which has been elusive; identifying, measuring and monetizing public opinion and feeling (Liu, 2010). The main goal of analyzing sentiment is to evaluate reviews and other forms of communication, including legislation, and examine the direction and amplitude of sentiments.

Sentiment analysis uses linguistic and textual assessment, such as Natural Language Processing (NLP), to analyze word use, word order and word combinations to classify sentiments (Hussein 2018). Sentiment analysis involves the application of technologies to determine sentiments expressed about specific topics and to identify and measure the general sentiment about those topics (Arvidsson, 2011). Sentiment analysis is used to discover opinions and feelings, classify the attitudes they convey and ultimately categorize them into predetermined segments or divisions (Agarwal, Mittal, Bansal & Garg, 2015), such as positive, neutral or negative.

The present study used the sentiment analysis tool created by Parallel Dots (https://www.paralleldots.com/sentiment-analysis). This tool measures whether the overall sentiment of a piece of communication trends toward positive, neutral or negative. The tool also gives a score to each piece of communication to measure to what degree the sentiment is positive, neutral or negative. The eight pieces of legislation were evaluated using this tool and the results were recorded.

The process of sentiment analysis starts with determining whether the analysis needs to be a document-level, sentence-level or aspect-based sentiment analysis (Feldman, 2013). After a
determination has been made, the document needs to be converted to a format that will be accepted by the sentiment analysis program.

Document-level sentiment analysis is used when the document contains an opinion on a single subject, such as a piece of legislation (Feldman, 2013). The analyst can use a supervised or unsupervised learning approach. The supervised approach assumes that the analyst has a limited number of words or phrases that can be classified into predetermined classes, such as positive or negative. Once the system has analyzed a sample of the data, the system will use machine classification algorithms to determine the sentiment of the document. After the machine has “learned” the requirements of the analyst, more documents can be entered, and measurements can be made and compared.

The unsupervised learning approach determines the semantic orientation (SO) of specific phrases within the document (Feldman, 2013). A threshold for sentiment is predetermined and the program will classify the document as positive or negative. Patterns can be predetermined (Turney, 2002) or phrases can come from a list of sentiment words and phrases (Taboada, Brooke, Tofiloski, Voll & Stede, 2011).

Sentence-level sentiment analysis is used if a single document contains multiple opinions, possibly even on the same subject (Feldman, 2013). A sentence-level analysis will give the analyst a more granular view of the opinions. The subject matter must be known in advance to use sentence-level sentiment analysis. One also assumes that only one opinion is given per sentence. Only subjective sentences can be analyzed. Both supervised and unsupervised approaches can be used.

Aspect-based sentiment analysis is used when the subject matter has many aspects and the creator of the communication has a different opinion about each of the aspects. This often
happens in online product reviews (Hu & Liu, 2004). Aspect-based sentiment analysis is used in research that focuses on the recognition of all sentiment expressions within a given document and the aspects to which they refer.

Comparative sentiment analysis is used when comparable opinions are given. The goal of the sentiment analysis system in this case is to identify the sentences that contain comparative opinions, and to extract the preferred entity or entities in each opinion (Jindal & Liu, 2006). Jindal & Liu (2006) found that using a relatively small number of words can cover 98% of all comparative opinions.

Because of the nature of legislation, a document-level or sentence-level approach would be most appropriate. If one was looking for a specific sentiment, such as the presence of references to problem gambling programs, a supervised approach would be best. If one does not have a predetermined motivation to the research, an unsupervised approach would be suggested. The present study used an unsupervised document-level sentiment analysis approach.

After data are collected, but before the data are put into an acceptable format, the data should be checked for consistency of spelling, consistency of the use of certain terms and original format of the document. Once an initial cleansing has been done, either manually or through a content analysis program, the document should be formatted properly.

Best practice would be to train the sentiment analysis program with a sample of the document to be analyzed. The initial results should be compared to the sentiment that the analyst interprets from the document. Any necessary changes to the program should be made and another document should go through the training procedure until the analyst is satisfied with the quality of the results.
Depending on the necessary rigor of the analysis, the analyst can create simple categories, such as positive or negative, or a more complex platform, such as a five-star system. This decision should be based on the variability of the content of the document and the precision required by the analyst.

**Data Management**

This section explains the organization of data and steps involved in the research cycle to preserve the trustworthiness of the data and the quality of the findings. The objectives of good data management are to safeguard reliable verification of results and to promote future research established on well-founded information (Whyte & Tedds, 2011). For this study, the data management structure adopts the concepts introduced by Steneck (2007) which consist of data ownership, data collection, data protection, and data sharing. The research process was divided into three stages; prior to the research process, during the research process, and after the completion of research process.

**Prior to the Research Process**

This process involved a series of courses taken by the PI to develop and enhance research skills before the research process began. At Iowa State University, the PI successfully completed RESEV 552, Educational Statistics, a course designed to provide an understanding of a mixed methods approach to research. The PI also completed a series of Applied Statistics courses at DePaul University, MAT 441-442-443. During the research process, the PI completed a course in Qualitative Research Methods, CMNS 581, at DePaul University. The PI worked in the gaming industry from 1994 until 2006 and used the knowledge gained during that time to shape the direction of this research.
One of the important issues in conducting research is determining the data ownership (Steneck, 2007). In the current study, the original dataset of legislative records was obtained from the websites of individual states. Each state reserves the copyright of the data. However, the findings resulted from the research done by the PI are copyrighted to the PI and Iowa State University.

**During the research process**

During this process, all data collection procedures followed an appropriate research protocol to generate valid and reliable findings (Steneck, 2007).

**After the completion of research process**

After the dissertation is approved by the committee members during the final defense and obtains an approval from the Graduate College, the final process is to upload the manuscript to the Iowa State University ProQuest database.
CHAPTER 4: FINDINGS

Introduction

The findings from this content analysis were generated by using the legislative websites of the states with legalized sports wagering schemes in operation as of July 1, 2019. The purpose of this study was to identify recurrent themes and patterns in pieces of state legislation concerning sports wagering and sports pools. Based on the legislation, this study identified common themes and identified the differences and similarities between pieces of legislation. Each piece of legislation was abridged to remove unnecessary wording. The abridged pieces of legislation can be found in Appendix C.

Comparison of Laws

The sports wagering laws analyzed for the current study fall into three distinct categories. The laws that regulate sports wagering in Arkansas, Mississippi and Nevada are virtually identical and give the responsibility for enforcement and compliance to the Chairman of the state’s Gaming Control Board. Delaware, Rhode Island and West Virginia place the responsibility for compliance and enforcement under the control of the state lottery. New Jersey and Pennsylvania place responsibility for compliance and enforcement under the control of a gaming board or commission. The laws for each of these groups show distinct similarities and differences.

Arkansas, Mississippi and Nevada

Similarities

Sports wagering was legalized in Nevada in 1949. Many of the sportsbooks ceased operations from 1951 to 1974 because of the 10% tax rate on sports wagers. The Nevada laws were written and have been updated to supplement regulations on casino. When Mississippi
legalized riverboat gaming in 1990, the state relied heavily on the structure of the Nevada laws and regulations when forming its own laws. By natural extension, when Mississippi legalized sports wagering, the state followed a similar protocol, basing its laws on the existing sports wagering laws of Nevada. When the citizens of Arkansas voted in 2018 to legalized casinos, including sports wagering, the state decided to likewise rely heavily on Nevada laws and regulations. The bill that initiated the process that lead to legalization encouraged the state, upon passage, to look to other states’ legislation when fashioning casino regulations.

Because these laws share the same foundation, they are like each other and different from the other five states that make up the present study. The laws are worded to protect the casino operator, to protect the patrons and to assure compliance with regulations that one would find in other areas of a casino. The laws of these states appear to be more regulatory and functional than the laws of the other five states. Although the laws are written to protect patrons and assure that all transactions are handled fairly, these states’ laws do not contain a provision for the assistance or treatment of compulsive or problem gamblers.

The sports wagering age in Arkansas, Mississippi and Nevada is 21 years of age or older. Mississippi and Nevada allow wagers to be made with cash, chips, tokens, wagering accounts and credit. In Arkansas, the acceptance of tokens is not included in the law. All three states tax sportsbook winnings the same as other casino winnings.

All three states have identical reserve requirements. All sportsbooks must have the total amount of all wagers placed whose outcome has not been determined plus all unpaid winning wagers on hand, unless the time limit for redemption has expired. The minimum reserve for Mississippi sportsbooks is set at $50,000, Arkansas and Nevada have set their minimum at $25,000.
All three states allow for the redemption of winning sports wagers at affiliated books. Many casinos outsource the operations of their sportsbooks. Some of the major sportsbooks are William Hill, FanDuel and DraftKings. For example, if a patron places a bet at a casino whose sportsbook is operated by William Hill, the patron may redeem a winning ticket at any sportsbook in the same state that is affiliated with William Hill. No matter who is running the sports book, all three states require a computerized bookmaking system.

For the convenience of the patron, sportsbooks in all three states are required to prominently post house rules. Sportsbooks must also display all possible proposition bets available to the patron. Propositions may be posted electronically or manually, including printed materials. If posted propositions are not updated simultaneously with actual changes to the propositions, an announcement, audible throughout the sports pool, must be made simultaneously with the actual changes followed by updating the posted propositions within a time specified by the house rules.

All three states carefully outline procedures for handling large cash transactions. By law, any enterprise that takes in or pays out a total of more than $10,000 in cash in a preset 24-hour period must complete a Cash Transaction Report. The laws describe the procedure for tracking transactions that might add up to more than $10,000. Licensed casino employees may inform the patron of the regulation but may not assist in structuring transactions to avoid reporting. These laws are identical to those outlined for operations in other areas of the casino.

All three states may offer complimentary, such as room, food, beverage, limousine or other car service transportation and merchandise or other non-cash equivalents to sports wagering patrons to encourage loyalty. All three states also allow casinos to establish and offer credit to players to be used for sports wagering. In all three states, patrons may deposit cash or cash equivalents with the sports book to create a wagering account. The patron may withdraw moneys
from the account for purposes of placing wagers with the sportsbook. The patron does not need to be physically present at the sportsbook to place a wager using a wagering account.

No book may hold a patron’s money or its equivalent on the understanding that the book will accept the money as a wager only upon the occurrence of a specified, future contingency, unless a betting ticket documenting the wager and contingency is issued immediately when the book receives the money or its equivalent.

No wagers may be accepted, nor payouts made, to a messenger bettor. A messenger bettor is a person who places a race book or sports wager for another patron and is compensated for placing the wager or accepting the payout.

All three states allow the use of Global Risk Management services. Global Risk Management services include the use of an outside agency to set and adjust betting lines, point spreads or odds. Global Risk Management can also be used to determine if a layoff bet is appropriate. Layoff bets, which are legal in all three states, are used to balance the two sides of a point spread, balance over/under wagers or to spread the risk of a large payout over several sportsbooks. For example, if one sportsbook is carrying a large dollar volume of bets on one team or on one side of an over/under and another sportsbook is unbalanced in the opposite direction, the sportsbooks can transfer wagers to have an equal amount of money on each side of the wager; a perfect condition for a sportsbook. Another example would be if a patron places an extremely large wager on an event. The sportsbook may choose to “sell” part of that wager to another book to spread the risk of a large payout.

No wagers may be taken for events whose outcome has already been determined. Likewise, no wagers may be taken for events whose outcome cannot be reliably confirmed by print or broadcast media.
No coach or participant in a sporting event may wager, in person or through an agent, on an event in which the coach or participant takes part. No wagers may be taken on an election within or outside of the state.

Books are prohibited from completing “suspicious transactions”. Suspicious transactions would include those that would, if completed, violate or attempt to violate federal, state or local law. Suspicious transactions would also include those that have no business or apparent purpose or are not the sort of transaction a patron would normally perform.

No mention of restriction on collegiate or professional events is made in the laws of Arkansas, Mississippi or Nevada. The laws of Arkansas and Nevada mention that for any event that involves a professional team that is based in the respective state or a professional sporting event played in the respective state, the governing body of that team’s sport may file a written request for wagers on an event or series of events to be prohibited. The commission must approve the request for the prohibition to go into effect.

**Differences**

Although Arkansas, Mississippi and Nevada allow the establishment of wagering accounts, only Arkansas and Nevada allow the patron to use the account to place wagers by telephone. In both states, wagering accounts can be used to place both sports wagers and pari-mutuel wagers, such as horse races, dog races or jai alai.

To place a sports wager in Arkansas or Mississippi, the patron must be on the premises of the sportsbook (apart from telephone wagers in Arkansas). In Nevada, a patron who has established a wagering account may place a mobile wager from anywhere in the state of Nevada.

Arkansas and Nevada allow business entities to place sports wagers. This is not allowed in Mississippi. Both states outline strict guidelines for the creation and use of a wagering account.
by a business entity. In Arkansas and Nevada, wagers may be placed on virtual events if the event is approved by the gaming commission in advance. Arkansas specifies that winning wagering tickets must be redeemed in 30 days. Mississippi and Nevada allow the sportsbook to set the time limit for redemption.

In Mississippi, licensees must adopt internal controls to identify suspicious wagers which may indicate cheating, manipulation, interference with the regular conduct of sport or violations of the integrity of any sport on which a wager may be made. No mention of sports integrity can be found in the laws of Arkansas or Nevada.

Both Arkansas and Nevada allow satellite and outstation books. Satellite books are located away from the premises of the main sportsbook, but they share the same license and operate using the same computer systems. An outstation book is a book, other than a satellite book, that shares the computerized bookmaking system and certain administrative functions of a book operated by an affiliated licensee. In Mississippi, all sportsbooks must be licensed separately.

**Delaware, Rhode Island and West Virginia**

**Similarities**

The main similarities between these states is that the regulatory body for sports wagering is the state lottery office. All three states allow wagers to be made with cash and credit only. In Rhode Island, the largest credit limit a patron may have is $50,000.

All three states allow wagers to be placed by mobile phone if the patron is within the state’s borders. No sportsbook in Delaware or Rhode Island currently offers mobile phone wagering at the time this study was completed. Each state requires sportsbooks to establish and maintain a self-exclusion program.
Unlike Arkansas, Mississippi or Nevada, Delaware, Rhode Island and West Virginia outline specific penalties for violating parts of the sports wagering laws. The laws of these states appear to be more punitive in nature, establishing the laws and listing the consequences of violating those laws, and are meant to protect the interests of the lottery office more than the interests of the sports wagering patrons.

Delaware, Rhode Island and West Virginia comprehensively outline the accounting principles that must be followed. The Arkansas and Nevada laws do not mention accounting principles, except for tracking wagering accounts. The Mississippi law gives only a cursory mention of how revenues are to be reported to the state.

Differences

A key difference is the minimum age to place a sports wager. The minimum age in Delaware and West Virginia is 21. The minimum age in Rhode Island is 18. Patrons have one year to redeem winning sports wagers in Delaware and Rhode Island. No time limit is established in the laws of West Virginia.

Delaware offers lottery games that may be played outside of a casino. The maximum pay out for any winning wager for these games is $600. To redeem a ticket for more than $600, the patron must visit a casino or the lottery office in Dover. In Delaware, the director of the lottery may set a limit on the maximum amount that may be wagered by an individual on an event. A specific limit is not specified in the law. Delaware and West Virginia both are vague as to reserve requirements for sportsbooks, stating that each sportsbook must maintain reserves sufficient for daily operations. The Rhode Island law does not stipulate a reserve requirement.
Rhode Island and West Virginia require a licensing fee of $100,000. West Virginia requires an additional renewal fee of $100,000 every five years. Delaware does not identify the need for a licensing fee in its regulations.

Rhode Island and West Virginia have a list of excluded patrons that must be updated every seven days. Delaware does not maintain such a list. Excluded patrons are forbidden from placing wagers or redeeming winning tickets. No penalty is outlined in either state for allowing an excluded patron to participate in sports wagering.

Rhode Island prohibits wagers to be placed on any collegiate team from Rhode Island or on any collegiate event being contested in Rhode Island. Delaware prohibits wagers to be placed on any collegiate, professional or amateur team from Delaware. No such restriction exists in West Virginia.

West Virginia requires that signage be posted offering information to anyone who might feel that they have a compulsive or problem gambling issue. Rhode Island requires that each sportsbook establish compulsive and problem gambling standards and/or programs that include problem gambling awareness programs for employees, a player self-exclusion program and promotion of a problem gambling hotline. Each casino in Rhode Island must pay at least $125,000 annually for compulsive and problem gambling programs. The actual amount of the annual contribution is ultimately determined by the Lottery Division. Delaware is the only state in this study that stipulates that no sports wager may be taken from an intoxicated patron.

In Delaware, sportsbooks are taxed at the same rate as other casino revenue. In Rhode Island, 51% of revenue from sportsbooks goes to the state, 32% to the company that operates the sportsbook and 17% to the facility that hosts the sportsbook. The tax on sportsbooks in West Virginia is 10% of revenue.
New Jersey and Pennsylvania

Similarities

The main similarities between these states is that the regulatory body for sports wagering is a Commission or Control Board established expressly for the oversight of casino and pari-mutuel operations. Both states place their sports wagering laws under the category of Amusements. The minimum age for placing a sports wager in both states is 21 years of age.

Both New Jersey and Pennsylvania allow in-person, online and mobile sports wagering. Both states allow for the placing of online sports wagers outside the state if a reciprocal agreement is established with the state where the wager is placed, and no federal laws are being violated. At the time of the current study, no reciprocal agreements are in place.

Parlay cards are permissible in both states. Both states allow the use of a wagering account to place wagers when the patron is not physically in the gaming establishment.

Both states require the sports books to fund Compulsive or Problem Gambling programs. New Jersey’s program is funded by the licensing fee and Pennsylvania’s program is funded by a percentage of wagering revenues. The laws of both states list penalties for lack of adherence to these laws.

Differences

Pennsylvania specifies that wagers can only be made with cash or cash equivalents, while New Jersey does not specify which forms of currency are acceptable. Pennsylvania also does not allow wagers to be placed with counterfeit or foreign currency. If a patron has established a wagering account in New Jersey, the patron may place wagers by telephone, if the patron is within the state of New Jersey. This is not permitted in Pennsylvania.
New Jersey sports books can offer complimentaries to wagering patrons. This is not included in the Pennsylvania laws. Patrons can use credit to place sports wagers in New Jersey, but not in Pennsylvania. Patrons have one year to cash winning sports wager tickets in New Jersey. No time limit exists in Pennsylvania.

Books in New Jersey must maintain a self-exclusive list and must not knowingly allow anyone on the list to place a sports wager or redeem a winning sports wager ticket. This is not spelled out in the Pennsylvania law.

The New Jersey law encourages law makers to consult other states’ laws when establishing or amending sports wagering law. Pennsylvania’s law does not include this wording.

In New Jersey, no wagers may be placed on any collegiate team from the State of New Jersey or any collegiate event that is being held in New Jersey. Pennsylvania does not have this restriction. The New Jersey law allows for in-game wagering while the Pennsylvania law does not. Both states require a licensing fee, but the amount of the fee is considerably different. In New Jersey, the licensing fee is $100,000. In Pennsylvania, the licensing fee is $10,000,000, with an annual renewal fee of $250,000. Taxation is also very different. In New Jersey, winnings from sports wagers placed by patrons physical in the casino are taxed at 8.5%. Winnings from sports wagers placed online or by mobile phone are taxed at 13%. An additional 1.25% tax goes to a fund that supports tourism and marketing for Atlantic City. In New Jersey, winnings from sports wagers placed by patrons physical at a horse racetrack are taxed at 8.5%. Winnings from sports wagers placed online or by mobile phone, but through a book at a horse racetrack, are taxed at 13%. An additional 1.25% tax goes to the municipality where the racetrack is located. Income from these taxes are deposited in the State General Fund. In Pennsylvania, a 34% tax is levied on sports wagering revenue. Income from this tax is deposited in the State General Fund.
Content Analysis

Content analysis has frequently been used in research studies to gather data from various sources. According to Weber (1990), content analysis is used as a tool for aggregating a set of words of text into fewer content themes through a specific method of coding. To provide answers to the research questions, this exploratory study applied a content analysis inductive approach (Yin, 2016; Mayring, 2000), which is considered the most appropriate research design to identify the themes associated with legislation. An inductive approach generates themes and categories from raw data to make meaningful findings through a summative content analysis (Hsieh & Shannon, 2005). The summative content analysis begins with a counting of the words or textual contents, then it expands the themes to reveal any underlying meanings and connotations (Zhang & Wildemuth, 2009).

To begin, NVivo 12 was used to identify the most frequently used words in sports wagering legislation. The level of grouping used was “stemmed words”. Using the stemmed words setting aggregates words with the same root, such as wager, wagered, wagerers, wagering and wagers being aggregated under the term wagers. See Table 6 for the most frequent words found in sports wagering legislation and the words that are ascribed.

Arkansas, Mississippi and Nevada

The most frequently used words, aggregated by stemmed words, for Arkansas, Mississippi and Nevada can be found in Table 7.
Table 6-Words Most Frequently Found in Sports Wagering Legislation

<table>
<thead>
<tr>
<th>Word</th>
<th>Count</th>
<th>Similar Words</th>
</tr>
</thead>
<tbody>
<tr>
<td>wagers</td>
<td>1,677</td>
<td>wager, wagered, wagerers, wagering, wagers</td>
</tr>
<tr>
<td>sports</td>
<td>1,137</td>
<td>sport, sporting, sports</td>
</tr>
<tr>
<td>books</td>
<td>751</td>
<td>book, books</td>
</tr>
<tr>
<td>lottery</td>
<td>583</td>
<td>lotteries, lottery</td>
</tr>
<tr>
<td>gaming</td>
<td>552</td>
<td>game, games, gaming</td>
</tr>
<tr>
<td>licensed</td>
<td>547</td>
<td>license, licensed, licenses, licensing</td>
</tr>
<tr>
<td>operator</td>
<td>492</td>
<td>operate, operated, operates, operating, operation, operational, operations, operator, operators</td>
</tr>
<tr>
<td>may</td>
<td>444</td>
<td>may</td>
</tr>
<tr>
<td>commissions</td>
<td>405</td>
<td>commission, commissions</td>
</tr>
<tr>
<td>requirements</td>
<td>391</td>
<td>require, required, requirement, requirements, requires, requiring</td>
</tr>
<tr>
<td>application</td>
<td>372</td>
<td>applicable, applicant, applicants, application, applications</td>
</tr>
<tr>
<td>event</td>
<td>348</td>
<td>event, events</td>
</tr>
<tr>
<td>approved</td>
<td>330</td>
<td>approval, approvals, approve, approved, approves, approving</td>
</tr>
<tr>
<td>authorized</td>
<td>281</td>
<td>authorities, authority, authorization, authorizations, authorize, authorized, authorizes, authorizing</td>
</tr>
<tr>
<td>rules</td>
<td>280</td>
<td>rule, rules</td>
</tr>
<tr>
<td>regulations</td>
<td>275</td>
<td>regulate, regulated, regulates, regulation, regulations</td>
</tr>
<tr>
<td>licensee</td>
<td>269</td>
<td>licensee, licensees</td>
</tr>
<tr>
<td>patron</td>
<td>262</td>
<td>patron, patrons</td>
</tr>
<tr>
<td>persons</td>
<td>260</td>
<td>person, personal, personally, persons</td>
</tr>
<tr>
<td>director</td>
<td>241</td>
<td>director, directors</td>
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<tr>
<td>racing</td>
<td>241</td>
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</tr>
<tr>
<td>facility</td>
<td>236</td>
<td>facilities, facilities', facility</td>
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<tr>
<td>account</td>
<td>229</td>
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</tr>
<tr>
<td>means</td>
<td>219</td>
<td>mean, meaning, meanings, means</td>
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</tr>
<tr>
<td>casino</td>
<td>195</td>
<td>casino, casinos</td>
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<td>limited</td>
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<td>limit, limitation, limitations, limited, limiting, limits</td>
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<tr>
<td>records</td>
<td>190</td>
<td>record, recordation, recorded, recording, recordings, records</td>
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<tr>
<td>report</td>
<td>178</td>
<td>report, reportable, reported, reporter, reporting, reports</td>
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<tr>
<td>system</td>
<td>176</td>
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<tr>
<td>amount</td>
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<tr>
<td>video</td>
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<td>video</td>
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Table 7-Most Frequent Words in Sports Wagering Legislation in Ark., Miss. and Nev.

<table>
<thead>
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<th>Word</th>
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<th>Mississippi</th>
<th>Nevada</th>
<th>Total</th>
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</thead>
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<td>355</td>
<td>958</td>
</tr>
<tr>
<td>books</td>
<td>293</td>
<td>141</td>
<td>306</td>
<td>740</td>
</tr>
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<td>may</td>
<td>82</td>
<td>70</td>
<td>73</td>
<td>225</td>
</tr>
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<td>event</td>
<td>76</td>
<td>68</td>
<td>78</td>
<td>222</td>
</tr>
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<td>patron</td>
<td>79</td>
<td>62</td>
<td>75</td>
<td>216</td>
</tr>
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<td>commissions</td>
<td>128</td>
<td>59</td>
<td>22</td>
<td>209</td>
</tr>
<tr>
<td>approved</td>
<td>72</td>
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<td>92</td>
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<td>37</td>
<td>92</td>
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<td>88</td>
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<td>0</td>
<td>86</td>
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<td>0</td>
<td>44</td>
<td>86</td>
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<td>0</td>
<td>84</td>
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<tr>
<td>pari</td>
<td>14</td>
<td>52</td>
<td>15</td>
<td>81</td>
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</tbody>
</table>
Delaware, Rhode Island and West Virginia

The most frequently used words, aggregated by stemmed words, for Delaware, Rhode Island and West Virginia can be found in Table 8.

Table 8-Most Frequent Words in Sports Wagering Legislation in Del., RI and WV

<table>
<thead>
<tr>
<th>Word</th>
<th>Delaware</th>
<th>Rhode Island</th>
<th>West Virginia</th>
<th>Total</th>
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<td>lottery</td>
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<td>207</td>
<td>97</td>
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<td>sports</td>
<td>211</td>
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<td>211</td>
<td>548</td>
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<td>30</td>
<td>319</td>
<td>81</td>
<td>430</td>
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<td>23</td>
<td>128</td>
<td>229</td>
<td>380</td>
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<td>90</td>
<td>165</td>
<td>344</td>
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<tr>
<td>operator</td>
<td>72</td>
<td>79</td>
<td>103</td>
<td>254</td>
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<td>application</td>
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<td>42</td>
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<td>233</td>
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<td>facility</td>
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<td>186</td>
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<td>requirements</td>
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<td>49</td>
<td>53</td>
<td>172</td>
</tr>
<tr>
<td>may</td>
<td>63</td>
<td>41</td>
<td>58</td>
<td>162</td>
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<td>video</td>
<td>21</td>
<td>129</td>
<td>9</td>
<td>159</td>
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<td>commissions</td>
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<td>158</td>
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<td>agent</td>
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<td>8</td>
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<tr>
<td>approved</td>
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<td>50</td>
<td>25</td>
<td>111</td>
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<tr>
<td>agency</td>
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<tr>
<td>director</td>
<td>103</td>
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<td>2</td>
<td>107</td>
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<tr>
<td>persons</td>
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<td>106</td>
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<tr>
<td>regulations</td>
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<td>47</td>
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<tr>
<td>licensee</td>
<td>27</td>
<td>8</td>
<td>67</td>
<td>102</td>
</tr>
</tbody>
</table>

Many of the terms most common to sport wagering laws are found in the legislation of Delaware, Rhode Island and West Virginia. Words such as may and approved, which are viewed as having positive sentiment, are used less frequently. Many of the most frequently used words are more procedural than functional. These laws focus on the processes necessary to comply with the laws instead of creating a template for compliant operations.
Another notable aspect is the way one state’s laws use a word or term extremely frequently and other states’ laws will rarely include the word or term. Delaware focuses heavily on the processing of paperwork. Rhode Island goes to great lengths to describe the physical layout of the two casinos that allow sports wagering. West Virginia focuses on identifying the regulators who will be responsible for assuring compliance to the sports wagering laws.

**New Jersey and Pennsylvania**

The most frequently used words, aggregated by stemmed words, for New Jersey and Pennsylvania can be found in Table 9.

The terms most common to sport wagering laws, sports and wagers, are found in the legislation of New Jersey and Pennsylvania. Words such as may and approved, which are viewed as having positive sentiment, are infrequently used. Some of the word choice reflects that these states view sports wagering as a form of amusement. Much of New Jersey’s wording focuses on the locations where sports wagers may be accepted, the taxation of revenues generated from those locations and the requirements and regulations surrounding sports wagering operations.

Table 9-Most Frequent Words in Sports Wagering Legislation in NJ and Penn.

<table>
<thead>
<tr>
<th>Word</th>
<th>New Jersey</th>
<th>Pennsylvania</th>
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</tr>
</thead>
<tbody>
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<td>395</td>
</tr>
<tr>
<td>wagers</td>
<td>130</td>
<td>209</td>
<td>339</td>
</tr>
<tr>
<td>operator</td>
<td>79</td>
<td>28</td>
<td>107</td>
</tr>
<tr>
<td>authorized</td>
<td>21</td>
<td>66</td>
<td>87</td>
</tr>
<tr>
<td>licensed</td>
<td>43</td>
<td>38</td>
<td>81</td>
</tr>
<tr>
<td>section</td>
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<td>51</td>
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<td>conduct</td>
<td>22</td>
<td>51</td>
<td>73</td>
</tr>
<tr>
<td>board</td>
<td>2</td>
<td>66</td>
<td>68</td>
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<td>pool</td>
<td>64</td>
<td>2</td>
<td>66</td>
</tr>
<tr>
<td>certificate</td>
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<td>event</td>
<td>52</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td>persons</td>
<td>35</td>
<td>24</td>
<td>59</td>
</tr>
</tbody>
</table>
Sentiment Analysis

Aristotle stated, “Law is reason, free from passion” (Andriopoulos, 2013). In this sense, one might assume that most legislation would lack passion, emotion or, indeed, sentiment. Using the sentiment analysis tool created by Parallel Dots (https://www.paralleldots.com/sentiment-analysis), a few distinctions among the eight pieces of legislation quickly become evident. Although most of the legislation gathered shows a primarily neutral sentiment, differences do present themselves.

Nevada’s Regulation 22, the oldest sports wagering law in the U.S., measures 13.6% positive, 50.6% neutral and 35.8% negative. This law has a somewhat more directive tone, establishing strict policies for sports wagering operations.

- Arkansas’s Rule 20 measures 39.2% positive, 28.0% neutral and 32.8% negative.
- Mississippi’s Title 13, Part 9 measures 21.0% positive, 66.6% neutral and 9.3% negative.

The legislation from Nevada, Mississippi and Arkansas are very similarly worded. The legislation is primarily concerned with the physical and operational aspects of running a sports wagering operation, such as regulations concerning the location and size of the sports lounge. Arkansas’ law also includes language concerning pari-mutuels.

- New Jersey’s Title 13, Part 9 measures 10.3% positive, 80.6% neutral and 9.2% negative.
- Pennsylvania’s Title 4, Chapter 13C measures 13.9% positive, 40.0% neutral and 46.1% negative.

Pennsylvania’s law includes more language addressing the consequences of violations of the law, thus the higher negative sentiment. New Jersey’s law includes more language concerning
the operations of sports books at horse racetracks, thus the markedly high neutral score. Both laws permit patrons to place sports wagers online or with mobile devices, including a provision for placing sports wagers outside the state where the sports book is located.

- West Virginia’s Chapter 29, Article 22D measures 4.5% positive, 61.4% neutral and 34.1% negative.
- Delaware’s Title 10, Chapter 204 measures 15.4% positive, 40.5% neutral and 44.1% negative.
- Rhode Island’s Chapter 42, Subsection 61.2 measures 37.8% positive, 52.5% neutral and 9.6% negative.

The primary similarities between these states are that each sports wagering scheme falls under the administration of the state lottery and the language of each law is more punitive in nature. One might conclude that the laws were constructed by legislators with lottery experience, not casino experience. Each law shows a greater focus on security of properties and the penalties involved for noncompliance.

As one can see from these outcomes, sentiment analysis can expose implicit intentions of legislation. One could determine whether the author of the legislation intended to grant a freedom or to establish a restriction.
CHAPTER 5: DISCUSSION AND RECOMMENDATIONS

Introduction

This chapter presents a summary of the study, including answering the research questions and discussing the findings of this study. This chapter outlines the implications of findings to both theoretical and practical perspectives and the limitations encountered during the research. To conclude this chapter, recommendations are proposed for future research.

The objectives of this exploratory study were to respond to the following research questions:

Research Questions

The objectives of this exploratory study were to respond to the following research questions:

1. What is the history of sports wagering?

   Wagering on sporting events and competitions dates back further than recorded history. Archeological discoveries indicate that the formation of governments in the pre-Columbian Americas was fostered by ritual drinking, feasting, gambling and competitive team sport (Hill & Clark, 2001). In Europe, the first official rules of cricket and golf were instituted in 1744 in direct response to the needs of bookmakers to have contests operated with consistent guidelines and with a governing body that could resolve disputes on the settlement of wagers (Munting, 1996). Some spectator sports, such as horse racing, dog racing and jai-alai, would probably not exist without the opportunity to wager on the outcome of the competition (Forrest & Simmons, 2003).

2. What is the history of sports wagering in the United States?

   American sports wagering as we know it today has existed since professional and amateur teams and leagues were formally established in the late nineteenth century. By the early twentieth century, wagering on sporting contests was a widespread occurrence (Schwartz, 2005).
Wagers that were not simply among fans were often handled underground through organized crime syndicates (Stewart & Gray, 2011). Until the United States Supreme Court overturned the Professional and Amateur Sports Act of 1992 on May 18, 2018, the only state that allowed a variety of sports wagers was Nevada which authorized sports wagering in casinos in 1949, at standalone locations in 1955 and in hotels in 1975 (Stewart & Gray, 2011). At one time, Delaware, Montana and Oregon offered lottery games based on the results of sporting events.

3. What legislation has affected sports wagering?

Some religious organizations and members of the Progressive Movement, who considered gambling to be among the many social ills in need of reform, succeeded in their campaign to close racetracks and outlaw nearly all forms of gambling across the United States in the mid-nineteenth century (Munting, 1996). State legislation on gambling took on a paradoxical nature at this time, caught between governmental financial need for tax revenue and public perception (Kallick-Kaufmann, 1979). By the beginning of the twentieth century, virtually all forms of gambling had been made illegal across the United States (Munting, 1996).

During the 1960s and early 1970s, Congress enacted the Wire Act, the Travel Act, the Interstate Transportation of Wagering Paraphernalia Act, and the Illegal Gambling and Business Act (Raj, 2006). These federal statutes were intended to complement existing state laws, which made in-state bookmaking illegal (Stewart & Gray, 2011).

4. Why was the Professional and Sports Protection Act of 1992 (PASPA) passed?

In 1992, Senator Bill Bradley of New Jersey introduced the Professional and Amateur Sports Protection Act (PASPA). Bradley believed that, without federal prohibition, state budget deficits might lead officials to consider the legalization of sports wagering to raise revenues (Welsh, 2014). PASPA was created with three goals in mind; to stop the spread of state-sanctioned or
state-run sports gambling schemes, maintain the integrity of sports and reduce the promotion of sports gambling among America’s youth (American Gaming Association, 2016).

5. Why did the Supreme Court overturn PASPA?

In 1992, only two states allowed casino gambling. In 2020, twenty-four states allow commercial casino gambling. An additional sixteen states have Native American casinos within their borders. Professional sports salaries had risen to the point where bribery is unlikely. Advanced technology has been created to detect questionable wagering and athletic and refereeing performance behavior. With the addition of daily fantasy sports leagues, Internet gambling and televised gaming events, like the World Series of Poker, keeping minors from being exposed to gambling has become virtually impossible. One of the reasons that the Supreme Court chose to hear the case was because a possible conflict could have occurred between rulings of the Third and Fourth Circuit Courts which might have required a Supreme Court ruling. As gambling has become an integral part of the fabric of life in America, the United States Supreme Court overturned the Professional and Amateur Sports Act, ruling that PASPA violated the anti-commandeering provision of the Tenth Amendment to the U.S. Constitution.

6. In what states are sports wagers being accepted?

Native American casino near Albuquerque, New Mexico started accepting sports wagers on October 16, 2018, although the State of New Mexico has not legalized sports wagering.

7. What states had legalized sports wagering, but were not accepting wagers as of July 1, 2019?

   Since July 1, 2019, eight states legalized sports wagering and started accepting wagers. Those states are Illinois, Indiana, Iowa, New Hampshire, New York, Michigan, Montana and Oregon.

8. What states have started the process of legalizing sports wagering?

   Arizona, California, Colorado, Connecticut, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, Washington and Washington, DC are in various stages of approving sports wagering.

9. What states have yet to introduce legislation that could lead to the legalization of sports wagering?

   No legislative action concerning sports wagering has taken place in Alabama, Alaska, Florida, Georgia, Hawaii, Idaho, Massachusetts, Nebraska, North Dakota, South Dakota, Texas, Utah, Vermont, Wisconsin or Wyoming.

10. What are the key words and themes in the legislation that legalized sports wagering in the states that were accepting wagers as of July 1, 2019?

    NVivo 12 was used to identify the most frequently used words in sports wagering legislation. The level of grouping used was “stemmed words”. The most frequently used words in sports wagering legislation can be found in Table 10 (abridged), along with their associated stemmed words.
Table 10-Words Most Frequently Found in Sports Wagering Legislation (abr.)

<table>
<thead>
<tr>
<th>Word</th>
<th>Count</th>
<th>Similar Words</th>
</tr>
</thead>
<tbody>
<tr>
<td>wagers</td>
<td>1,677</td>
<td>wager, wagered, wagerers, wagering, wagers</td>
</tr>
<tr>
<td>sports</td>
<td>1,137</td>
<td>sport, sporting, sports</td>
</tr>
<tr>
<td>books</td>
<td>751</td>
<td>book, books</td>
</tr>
<tr>
<td>lottery</td>
<td>583</td>
<td>lotteries, lottery</td>
</tr>
<tr>
<td>gaming</td>
<td>552</td>
<td>game, games, gaming</td>
</tr>
<tr>
<td>licensed</td>
<td>547</td>
<td>license, licensed, licenses, licensing</td>
</tr>
<tr>
<td>operator</td>
<td>492</td>
<td>operate, operated, operating, operation, operational, operations, operator, operators</td>
</tr>
<tr>
<td>may</td>
<td>444</td>
<td>may</td>
</tr>
<tr>
<td>commissions</td>
<td>405</td>
<td>commission, commissions</td>
</tr>
<tr>
<td>requirements</td>
<td>391</td>
<td>require, required, requirement, requirements, requires, requiring</td>
</tr>
<tr>
<td>application</td>
<td>372</td>
<td>applicable, applicant, applicants, application, applications</td>
</tr>
<tr>
<td>event</td>
<td>348</td>
<td>event, events</td>
</tr>
<tr>
<td>approved</td>
<td>330</td>
<td>approval, approvals, approve, approved, approves, approving</td>
</tr>
<tr>
<td>authorized</td>
<td>281</td>
<td>authorities, authority, authorization, authorizations, authorize, authorized, authorizes, authorizing</td>
</tr>
<tr>
<td>rules</td>
<td>280</td>
<td>rule, rules</td>
</tr>
<tr>
<td>regulations</td>
<td>275</td>
<td>regulate, regulated, regulates, regulation, regulations</td>
</tr>
</tbody>
</table>

The most frequently used words, aggregated by stemmed words, for Arkansas, Mississippi and Nevada (abridged) can be found in Table 11.

Table 11-Most Frequent Words in Sports Wagering Legislation in Ark., Miss. and Nev. (abr.)

<table>
<thead>
<tr>
<th>Word</th>
<th>Arkansas</th>
<th>Mississippi</th>
<th>Nevada</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>wagers</td>
<td>354</td>
<td>249</td>
<td>355</td>
<td>958</td>
</tr>
<tr>
<td>books</td>
<td>293</td>
<td>141</td>
<td>306</td>
<td>740</td>
</tr>
<tr>
<td>may</td>
<td>82</td>
<td>70</td>
<td>73</td>
<td>225</td>
</tr>
<tr>
<td>event</td>
<td>76</td>
<td>68</td>
<td>78</td>
<td>222</td>
</tr>
<tr>
<td>patron</td>
<td>79</td>
<td>62</td>
<td>75</td>
<td>216</td>
</tr>
<tr>
<td>commissions</td>
<td>128</td>
<td>59</td>
<td>22</td>
<td>209</td>
</tr>
<tr>
<td>approved</td>
<td>72</td>
<td>60</td>
<td>68</td>
<td>200</td>
</tr>
<tr>
<td>sports</td>
<td>66</td>
<td>49</td>
<td>79</td>
<td>194</td>
</tr>
<tr>
<td>racing</td>
<td>67</td>
<td>47</td>
<td>76</td>
<td>190</td>
</tr>
<tr>
<td>requirements</td>
<td>63</td>
<td>50</td>
<td>63</td>
<td>176</td>
</tr>
<tr>
<td>account</td>
<td>76</td>
<td>20</td>
<td>80</td>
<td>176</td>
</tr>
<tr>
<td>rules</td>
<td>90</td>
<td>59</td>
<td>21</td>
<td>170</td>
</tr>
<tr>
<td>pari-mutuel</td>
<td>39</td>
<td>71</td>
<td>40</td>
<td>150</td>
</tr>
<tr>
<td>licensee</td>
<td>37</td>
<td>75</td>
<td>26</td>
<td>138</td>
</tr>
<tr>
<td>records</td>
<td>54</td>
<td>30</td>
<td>53</td>
<td>137</td>
</tr>
</tbody>
</table>
The most frequently used words, aggregated by stemmed words, for Delaware, Rhode Island
and West Virginia (abridged) can be found in Table 12.

Table 12-Most Frequent Words in Sports Wagering Legislation in Del., RI and WV (abr.)

<table>
<thead>
<tr>
<th>Word</th>
<th>Delaware</th>
<th>Rhode Island</th>
<th>West Virginia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>lottery</td>
<td>275</td>
<td>207</td>
<td>97</td>
<td>579</td>
</tr>
<tr>
<td>sports</td>
<td>211</td>
<td>126</td>
<td>211</td>
<td>548</td>
</tr>
<tr>
<td>gaming</td>
<td>30</td>
<td>319</td>
<td>81</td>
<td>430</td>
</tr>
<tr>
<td>wagers</td>
<td>23</td>
<td>128</td>
<td>229</td>
<td>380</td>
</tr>
<tr>
<td>licensed</td>
<td>89</td>
<td>90</td>
<td>165</td>
<td>344</td>
</tr>
<tr>
<td>operator</td>
<td>72</td>
<td>79</td>
<td>103</td>
<td>254</td>
</tr>
<tr>
<td>application</td>
<td>127</td>
<td>42</td>
<td>64</td>
<td>233</td>
</tr>
<tr>
<td>facility</td>
<td>5</td>
<td>123</td>
<td>58</td>
<td>186</td>
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<tr>
<td>requirements</td>
<td>70</td>
<td>49</td>
<td>53</td>
<td>172</td>
</tr>
<tr>
<td>may</td>
<td>63</td>
<td>41</td>
<td>58</td>
<td>162</td>
</tr>
<tr>
<td>video</td>
<td>21</td>
<td>129</td>
<td>9</td>
<td>159</td>
</tr>
<tr>
<td>commissions</td>
<td>0</td>
<td>0</td>
<td>158</td>
<td>158</td>
</tr>
<tr>
<td>authorized</td>
<td>20</td>
<td>89</td>
<td>44</td>
<td>153</td>
</tr>
</tbody>
</table>

The most frequently used words, aggregated by stemmed words, for New Jersey and
Pennsylvania (abridged) can be found in Table 13.

Table 13-Most Frequent Words in Sports Wagering Legislation in NJ and Penn. (abr.)

<table>
<thead>
<tr>
<th>Word</th>
<th>New Jersey</th>
<th>Pennsylvania</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>sports</td>
<td>195</td>
<td>200</td>
<td>395</td>
</tr>
<tr>
<td>wagers</td>
<td>130</td>
<td>209</td>
<td>339</td>
</tr>
<tr>
<td>operator</td>
<td>79</td>
<td>28</td>
<td>107</td>
</tr>
<tr>
<td>authorized</td>
<td>21</td>
<td>66</td>
<td>87</td>
</tr>
<tr>
<td>licensed</td>
<td>43</td>
<td>38</td>
<td>81</td>
</tr>
<tr>
<td>section</td>
<td>25</td>
<td>51</td>
<td>76</td>
</tr>
<tr>
<td>conduct</td>
<td>22</td>
<td>51</td>
<td>73</td>
</tr>
<tr>
<td>board</td>
<td>2</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>pool</td>
<td>64</td>
<td>2</td>
<td>66</td>
</tr>
<tr>
<td>certificate</td>
<td>0</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>casino</td>
<td>62</td>
<td>0</td>
<td>62</td>
</tr>
<tr>
<td>event</td>
<td>52</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td>persons</td>
<td>35</td>
<td>24</td>
<td>59</td>
</tr>
</tbody>
</table>
11. How are these state’s laws similar and different?

The sports wagering laws in these eight states fall into three distinct groups; laws that are extensions of existing casino gambling legislation, laws that are extensions of existing lottery legislation and laws that are extensions of existing amusement legislation. Nevada created its wagering legislation in 1931 when it became the first state in the 20th century to legalize casino gambling statewide. The sports wagering legislation in Nevada grew out of existing casino legislation. Both Mississippi and Arkansas looked to Nevada when casino gambling and sports wagering became legal. Much of the verbiage is the laws of these three states is similar, as reflected in the similarities in individual word counts. These laws contain far more similarities than differences.

The sports wagering laws in Delaware, Rhode Island and West Virginia grew out of existing lottery laws. Even though these laws extend from lottery regulations and sports wagering is governed by the Lottery Commission in each state, the emphasis is placed in different areas. Delaware, which is the only state that allows sports wagering at any lottery retailer, uses the word “application” frequently to identify the process that a lottery retailer must follow to be permitted to accept sports wagers. In Rhode Island, where sports wagers may legally be placed at only two venues, the law goes to great lengths to describe the layout of the venues, including the ability to make sports wagers by the use of video kiosks. In West Virginia, sports wagers may only be taken at casinos and racinos, which are hybrid horse or dog racing tracks with casinos as part of the property. An exception in West Virginia is that sports wagers may also be taken at The Greenbrier, a private resort. Sports wagering at The Greenbrier is only available to members and guests, many of whom are legislators from Washington, D.C.
Although Pennsylvania’s sports wagering laws grew from existing lottery laws and New Jersey’s sports wagering laws grew from casino and horseracing laws, they share the same intention which is to be treated like a form of amusement. A key difference between the laws of New Jersey and Pennsylvania is that New Jersey’s law stresses that in-person sports wagers should be placed at casinos and horseracing tracks, while Pennsylvania’s law is written to allow for a variety of physical locations where a sport wager might be placed, such as a sports arena. The word “casino” appears frequently in New Jersey’s sports wagering law but does not appear in Pennsylvania’s. The word “certificate” appears frequently in Pennsylvania’s sports wagering law but does not appear in New Jersey’s. Pennsylvania’s law requires that a venue be issued a “certificate” to be allowed to accept sports wagers, opening the way to extend sports wagering outside of casinos to locations that receive a “certificate”. Both states allow mobile wagering. They also allow for a sports wager to be placed outside the state, if a reciprocal agreement is in place with the other state. Since these are the only states that allow out-of-state wagering, they are irrefutably connected. Thus far, no reciprocal agreement is in place.

12. What is the underlying motivation behind the wording of sports wagering legislation?

Edward L. Rubin (1989) stated:

“The principal reason why we lack a theory of modern legislation is that legal scholars have focused so heavily on the judiciary. They analyze the work of judges, they address themselves to judges, they use the same terminology as judges, and quite frequently, they even think like judges.”

Put another way, legislation is frequently worded in a way intended to avoid judicial review, input or interference. The primary reason that sports wagering legislation is grounded in existing legislation is that existing legislation has withstood judicial review.
The wording of the legislation is also important in that it is often meant to appease the citizenry. Casino gambling was approved by the voters of Mississippi and Arkansas. They desired to have casino gambling like the way gambling already existed in Nevada. Mississippi and Arkansas virtually copied the Nevada gambling laws, including those regulating sports wagering, with only slight modifications. The verbiage was put before the people and the people approved that verbiage with their votes.

Delaware and Rhode Island established lottery laws in 1974. Sports wagering was considered an extension of something that already existed in those states; the lottery. This explains the frequent use of the word “lottery” in the Delaware and Rhode Island sports wagering laws. In this way sports wagering would be accepted because it was not an expansion of gambling, but simply another part of the existing lottery system and less likely to be open to judicial review. In West Virginia, horse racing started in 1933. The term “wager” has existed in West Virginia law since that time and is a term found frequently in West Virginia’s sports wagering law. The term “wager” would have been chosen to avoid potential judicial review.

New Jersey, the first horse racing track opened in the 1830’s but wagering on horse races did not become legal until the 1940’s. Casino gambling became legal in 1978. Pari-mutuel gambling, such as horse racing, consists of pooled wagers divided between the participants, horse owners and jockeys, the facility, the horse track, and the winning bettors. The notion of pooled wagers, which sports wagering may be considered, is familiar to New Jersey residents, thus the prominent use of the word “pool” in New Jersey law. Since casino gambling became legal in New Jersey in 1978 and the public perception is that a casino is an appropriate place to find sports wagering, the word “casino” is also prominent in New Jersey sports wagering law. This word choice again is intended to avoid judicial review. Wagering on horse races was legalized in
Pennsylvania in 1959. The state lottery was legalized in 1971. The word “wager” has been in Pennsylvania gambling laws since 1959 and would be a term that likely would not attract the attention of the judiciary.

13. How can the phrasing of these laws affect legalization in other states?

In 1789, Jeremy Bentham, described law as being principal law, which imposes an obligation or creates a regulation, and punitive law, which sets punishment for violating the obligation or regulation (Rubin, 1989). Many states with legalized sports wagering, including Nevada, Arkansas and Mississippi, fashioned sports wagering laws that contain primarily principal law and little or no punitive law. The laws appear as a series of regulations, a how-to guide, that instruct an operation how to conduct legal sports wagering schemes. The laws do not include a series of penalties for non-compliance, but they do outline the responsibilities of a board that is tasked with assuring compliance. Although no penalties are formally listed, the understanding is that non-compliance will lead to a shutdown of the operation.

In other states, particularly Pennsylvania, Rhode Island and West Virginia, sports wagering legislation contains both principal law and punitive law. The regulations are clearly delineated as are the punitive penalties for violating those regulations. The approach to fashioning legislation with principal law only or to include both principal law and punitive law is again primarily motivated by a desire to avoid judicial interference. If the judiciary in a state tends to require that penalties be clearly outlined, the legislature will include penalties in the drafts of proposed legislation.

Many states include laws that declare that any expansion of gambling must be approved by a change to the state Constitution or a vote of the people. In order to avoid this precarious and time-consuming process, legislatures would be well-served to base further sports wagering
legislation on existing gambling legislation, such as an extension of existing lottery or pari-mutuel laws that might be been in place for decades.

**Discussions**

To gain a better understanding of the state laws that govern sports wagering, the current study employed qualitative exploratory content analysis to analyze those laws for content and sentiment. The variability in the state laws can offer rich-text data which provide useful information for state legislatures and administrators who are considering the legalization of sports wager in their states. The laws governing sports wagering in Nevada, Mississippi and Arkansas are found under the heading a “Race Books and Sports Pools”. Casino gambling was formally legalized in Nevada in 1931. When sports wagering was legalized in Nevada 1949, the rules governing the activity were written as an extension of the regulations governing other gaming operations. Casino and sports wagering regulations have been amended frequently. In Nevada, dog and horse racing regulations are included with other gaming regulations. In Arkansas, dog and horse racing regulations are included with other gaming regulations under “Miscellaneous Regulated Industries”. Mississippi does not have dog or horse racing tracks.

Mississippi legalized casino gaming on riverboats in 1990. The first riverboat casino in Mississippi, the Isle of Capri in Biloxi, opening in 1992. Before this legislation was enacted, no laws existed in Mississippi regulating gaming. The State of Mississippi looked to Nevada as a benchmark for establishing gaming regulations. Much of the wording of the gaming regulations currently on the books in Mississippi, including those governing sports wagering, closely mirror Nevada regulations.

In 2018, voters in Arkansas approved an initiative that would authorize one casino each in Crittenden, Garland, Pope, and Jefferson Counties. The referendum also allowed for sports
wagering at those locations. Finding itself in much the same position as Mississippi was in 1990, Arkansas likewise looked to Nevada as a standard for establishing gaming regulations. Much of the wording of the gaming regulations currently on the books in Arkansas, including those governing sports wagering, closely mirror Nevada regulations. In Arkansas, dog or horse racing are regulated by the Arkansas Racing Commission.

The Rhode Island laws governing sports wagering can be found under the heading of “State Lottery”. The subheading is “Video-Lottery Games, Table Games and Sports Wagering”. The Delaware laws governing sports wagering can be found under the heading of “Charitable Gaming, Lottery, and Fantasy Sports”. The West Virginia laws governing sports wagering can be found under the heading of “State Lottery Act”. The subheading is “West Virginia Lottery Sports Wagering Act”. In Delaware and West Virginia, dog and horse racing regulations are under the heading of “Agriculture”. No dog or horse racing tracks operate in Rhode Island.

The laws in Delaware regulate sports wagering in casinos and as part of lottery games that were legal when PASPA was passed. The Delaware lottery game which was based on the outcome of three or more National Football League games was introduced in 1976 and abandoned a year later. The law allowing the game remained on the books, however. Because the law remained on the books, Delaware would have been allowed to continue the game after PASPA was signed into law. This lottery game has been reinstated since PASPA was overturned.

The laws in Rhode Island and West Virginia regulate sports wagering in casinos and online and mobile sports wagering. The control board in each of these states is the Lottery Commission.

The New Jersey laws governing sports wagering can be found under the heading of “Amusements, Public Exhibitions and Meetings”. The subheading is “Sports Wagering”. The
Pennsylvania laws governing sports wagering can be found under the heading of “Amusements”. The subheading is “Sports Wagering”. The law relating to “Amusements” in Pennsylvania deals primarily with games of chance, including casino gaming, sports wagering and lottery. In New Jersey, the laws have a broader scope. In New Jersey, horse racing regulations are also under the heading of “Amusements, Public Exhibitions and Meetings”. In Pennsylvania, horse racing regulations are under the heading of “Agriculture”.

In studying the sports wagering laws of these eight states, a key consideration was how each state classified sports wagering when the legislation was crafted. In crafting the sports wagering laws in Nevada, Mississippi and Arkansas, sports wagering was viewed as an extension of casino gaming regulations; another form of gambling and therefore subject to a vote of the people. In Delaware, Rhode Island and West Virginia, sports wagering was viewed as an extension of existing lottery regulations. In New Jersey and Pennsylvania, sports wagering was classified as an amusement and was treated similarly to other activities that were classified as amusements.

To legalize gambling in Mississippi and Arkansas, statewide referenda were held which allowed voters to decide the legality of casino gaming and where casino gaming would be allowed to operate. Any changes to the gambling laws in Mississippi and Arkansas must be approved by a vote of the people.

In Rhode Island, voters approved full-scale casino gaming at each of the two casinos in the state in 2012 and 2016. State legislators approved sports wagering without a vote of the people of Rhode Island, concluding that the people of Rhode Island approved sports wagering when they approved casino gaming. The state legislators did not consider sports wagering to be a new form of gambling that required a vote of the people. A lawsuit was brought questioning the constitutionality of this interpretation. A judge dismissed the lawsuit on September 4, 2019.
ruling that the person who brought the lawsuit had not been personally harmed by the introduction of sports wagering to Rhode Island casinos (Conneller, 2019).

Delaware offers more forms of gambling than any other state, except for Nevada. The Delaware Lottery manages all gaming within the state. It has the power to regulate existing forms of gambling and introduce new forms without a vote of the people.

The state lottery was approved by the voters of West Virginia in 1984. Since then, all forms of non-pari-mutuel gambling have been regulated by the Lottery Commission. Like Delaware, the Lottery Commission in West Virginia may add forms of gambling without a vote of the citizens.

To legalize gambling in New Jersey, a statewide vote was held which allowed citizens to decide the legality of casino gaming. According to the New Jersey Constitution, any changes to the gambling laws must be approved by a vote of the people. In Pennsylvania, changes to the gambling laws can be accomplished through legislative action. No vote of the people is necessary.

**Implications of the findings**

The findings in this exploratory study offer two implications to both theoretical and practical standpoints.

**Theoretical Implications**

Edward L. Rubin (1989) lamented that no theory of modern legislation exists because lawmakers are overly focused on writing laws that will avoid judicial interference. Calabresi (1982) suggests that all statutes should periodically receive a “second look” to determine whether they have become obsolete. The goals of the Professional and Amateur Sports Protection Act were to stop the spread of state-sanctioned or state-run sports gambling schemes, maintain the integrity
of sports and reduce the promotion of sports gambling among America’s youth (American Gaming Association, 2016). With the proliferation and widespread acceptance of gambling in America, PASPA is a law that was ready for a “second look”.

One of the important objectives in conducting this current study was to establish a framework for future research into legislative action as it relates to sports wagering. The current study used a historic perspective to understand the reasoning used when establishing legislation. The current study also documented how the public perception of gambling has changed over the years.

The findings generated from this study identified at a macro level how different states classify the activity of gambling, sports wagering and dog and horse racing. Three themes presented themselves. Some states consider sports wagering to be a part of casino gaming and have constructed their laws to regulate the activity the same way that casino gambling is regulated. Other states consider sports wagering to fall under the heading of the state lottery. These states allow the Lottery Commissions to have far-reaching control in determining what forms of gambling are allowed and how they will be regulated. Still other states interpret sports wagering as a form of amusement that should be regulated as they would any other form of amusement.

At a micro level, states differentiate their laws by purpose and intent as identified in the content analysis and sentiment analysis outlined in the current study. Some states focus almost exclusively on creating regulations that govern the effective operation of sports wagering schemes, principal law; i.e., thou shall do this. Other states focus on the penalties involved for violating the established regulations or on prohibited behavior, punitive law; i.e., thou shall not do that. States also differ on their focus on the protection of their citizens. Some legislation
establishes programs and funding for problem and compulsive gamblers and some states include no consumer protection language.

The way a state constructs its laws regulating sports wagering reflects the point-of-view of the citizens and legislators of that state. Some states, such as Utah and Hawaii, reflect the desire of the citizenry to have no forms of gambling in their states. Other states, such as Nevada, have a longstanding history of different forms of gambling and their legislators are mostly concerned with protecting citizens and legally run operations that offer gambling. Some states include stipulations for the funding and availability of treatment programs for problem or compulsive gambling in their legislation. Other states allow gambling establishments to regulate themselves.

**Practical Implications**

The rationale that states most often use when introducing sports wagering legislation is the desire to generate tax revenue from an activity that is already occurring illegally. States looking to create legislation regulating sports wagering should take their constituents’ attitudes toward gambling into consideration. Legislators must also take into consideration how gambling laws have been enacted previously in their states.

Legislators will have to decide the extent to which they choose to allow sports wagering. In Rhode Island and New Jersey, no wagers can be accepted on collegiate events that take place in their respective states nor can wagers be accepted on collegiate teams from their respective states. In Delaware, no wager can be placed on an amateur, collegiate or professional team that makes its home in that state. Delaware, Nevada, New Jersey, Pennsylvania, Rhode Island and West Virginia offer mobile wagering anywhere within the states’ boundaries. Pennsylvania law allows mobile sports wagering across state lines if the state where the wager is placed has a reciprocal arrangement with Pennsylvania. Mississippi offers mobile wagering if the person
making the wager is on the grounds of the casino where the wager is being placed. Arkansas does not allow mobile sports wagering.

For those states where different forms of gambling are prohibited by the state Constitution, a vote of the people is the only path to legalization. Once gambling is approved, the best interest of the state legislators would be to write laws that are as broad as possible so any new forms of gambling will not attract the attention of the judiciary or have to be approved by a public referendum. Forms of gambling could be added by legislative action. In states where the laws concerning lotteries are broadly written, such as in West Virginia, Rhode Island and Delaware, adding sports wagering or any other new form of gambling to the lottery system would not require a vote of the people.

**Limitations and Future Research**

Several limitations have been encountered during the completion of this study. The most obvious is that other states have authorized sports wagering since the current study was begun. At the time of publication of this study, Iowa, Indiana and New York offer sports wagering at most of the casinos located in each state. Iowa and Indiana also offer mobile sports wagering within their borders. Illinois and Michigan have also initiated sports wagering. Future studies should include these states, as well as any other states that have legalized sports wagering.

State laws are subject to amendment. The laws of each state the offers sports wagering should be revisited periodically for content and sentiment analysis. As PASPA received a “second look”, so should the laws that legalized sports wagering.

The economic and social effects of introducing sports wagering are not a part of the current study. Future research should include the economic impact of sports wagering to gauge whether the goal of increasing tax revenues has been achieved. Future research may also want to identify
the effects on problem and compulsive gambling due to the introduction of sports wagering, including mobile wagering.
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APPENDIX A

PROFESSIONAL AND AMATEUR SPORTS PROTECTION ACT

Professional and Amateur Sports Protection Act
28 U.S. Code § 3701 - Definitions

For purposes of this chapter—

(1)

the term “amateur sports organization” means—

(A)

a person or governmental entity that sponsors, organizes, schedules, or conducts a competitive game in which one or more amateur athletes participate, or

(B)

a league or association of persons or governmental entities described in subparagraph (A),

(2)

the term “governmental entity” means a State, a political subdivision of a State, or an entity or organization, including an entity or organization described in section 4(5) of the Indian Gaming Regulatory Act (25 U.S.C. 2703(5)), that has governmental authority within the territorial boundaries of the United States, including on lands described in section 4(4) of such Act (25 U.S.C. 2703(4)),

(3)

the term “professional sports organization” means—

(A)

a person or governmental entity that sponsors, organizes, schedules, or conducts a competitive game in which one or more professional athletes participate, or
(B)

a league or association of persons or governmental entities described in subparagraph (A),

(4)

the term “person” has the meaning given such term in section 1 of title 1, and

(5)

the term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Palau, or any territory or possession of the United States.

28 U.S. Code § 3702 - Unlawful sports gambling

It shall be unlawful for—

(1)

a governmental entity to sponsor, operate, advertise, promote, license, or authorize by law or compact, or

(2)

a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a governmental entity, a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly (through the use of geographical references or otherwise), on one or more competitive games in which amateur or professional athletes participate, or are intended to participate, or on one or more performances of such athletes in such games.

28 U.S. Code § 3703 - Injunctions

A civil action to enjoin a violation of section 3702 may be commenced in an appropriate district court of the United States by the Attorney General of the United States, or by a professional
sports organization or amateur sports organization whose competitive game is alleged to be the basis of such violation.

28 U.S. Code § 3704 - Applicability

(a) Section 3702 shall not apply to—

(1) a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State or other governmental entity, to the extent that the scheme was conducted by that State or other governmental entity at any time during the period beginning January 1, 1976, and ending August 31, 1990;

(2) a lottery, sweepstakes, or other betting, gambling, or wagering scheme in operation in a State or other governmental entity where both—

(A) such scheme was authorized by a statute as in effect on October 2, 1991; and

(B) a scheme described in section 3702 (other than one based on pari-mutuel animal racing or jai-alai games) actually was conducted in that State or other governmental entity at any time during the period beginning September 1, 1989, and ending October 2, 1991, pursuant to the law of that State or other governmental entity;

(3) a betting, gambling, or wagering scheme, other than a lottery described in paragraph (1), conducted exclusively in casinos located in a municipality, but only to the extent that—

(A)
such scheme or a similar scheme was authorized, not later than one year after the effective date of this chapter, to be operated in that municipality; and

(B)

any commercial casino gaming scheme was in operation in such municipality throughout the 10-year period ending on such effective date pursuant to a comprehensive system of State regulation authorized by that State’s constitution and applicable solely to such municipality; or

(4)

pari-mutuel animal racing or jai-alai games.

(b)

Except as provided in subsection (a), section 3702 shall apply on lands described in section 4(4) of the Indian Gaming Regulatory Act (25 U.S.C. 2703(4)).
The Professional and Amateur Sports Protection Act (PASPA) makes it unlawful for a State or its subdivisions “to sponsor, operate, advertise, promote, license, or authorize by law or compact . . . a lottery, sweepstakes, or other betting, gambling, or wagering scheme based . . . on” competitive sporting events, 28 U. S. C. §3702(1), and for “a person to sponsor, operate, advertise, or promote” those same gambling schemes if done “pursuant to the law or compact of a governmental entity,” §3702(2). But PASPA does not make sports gambling itself a federal crime. Instead, it allows the Attorney General, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations. §3703. “Grandfather” provisions allow existing forms of sports gambling to continue in four States, §3704(a)(1)–(2), and another provision would have permitted New Jersey to set up a sports gambling scheme in Atlantic City within a year of PASPA’s enactment, §3704(a)(3).

New Jersey did not take advantage of that option but has since had a change of heart. After voters approved an amendment to the State Constitution giving the legislature the authority to legalize sports gambling schemes in Atlantic City and at horseracing tracks, the legislature enacted a 2012 law doing just that. The NCAA and three major professional sports leagues
brought an action in federal court against New Jersey’s Governor and other state officials (hereinafter New Jersey), seeking to enjoin the law on the ground that it violates PASPA. New Jersey countered that PASPA violates the Constitution’s “anti-commandeering” principle by preventing the State from modifying or repealing its laws prohibiting sports gambling. The District Court found no anti-commandeering violation, the Third Circuit affirmed, and this Court denied review.

In 2014, the New Jersey Legislature enacted the law at issue in these cases. Instead of affirmatively authorizing sports gambling schemes, this law repeals state-law provisions that prohibited such schemes, insofar as they concerned wagering on sporting events by persons 21 years of age or older; at a horseracing track or a casino or gambling house in Atlantic City; and only as to wagers on sporting events not involving a New Jersey college team or a collegiate event taking place in the State. Plaintiffs in the earlier suit, respondents here, filed a new action in federal court. They won in the District Court, and the Third Circuit affirmed, holding that the 2014 law, no less than the 2012 one, violates PASPA. The court further held that the prohibition does not “commandeer” the States in violation of the Constitution.

**Held:**

1. When a State completely or partially repeals old laws banning sports gambling schemes, it “authorize[s]” those schemes under PASPA. Pp. 9–14.

   (a) Pointing out that one accepted meaning of “authorize” is “permit,” petitioners contend that any state law that has the effect of permitting sports gambling, including a law totally or partially repealing a prior prohibition, amounts to authorization. Respondents maintain that “authorize” requires affirmative action, and that the 2014 law affirmatively acts by empowering a defined group of entities and endowing them with the authority to conduct sports gambling
operations. They do not take the position that PASPA bans all modifications of laws prohibiting sports gambling schemes, but just how far they think a modification could go is not clear. Similarly, the United States, as *amicus*, claims that the State’s 2014 law qualifies as an authorization. PASPA, it contends, neither prohibits a State from enacting a complete repeal nor outlaws all partial repeals. But the United States also does not set out any clear rule for distinguishing between partial repeals that constitute the “authorization” of sports gambling and those that are permissible. Pp. 10–11.

(b) Taking into account the fact that all forms of sports gambling were illegal in the great majority of States at the time of PASPA’s enactment, the repeal of a state law banning sports gambling not only “permits” sports gambling but also gives those now free to conduct a sports betting operation the “right or authority to act.” The interpretation adopted by the Third Circuit and advocated by respondents and the United States not only ignores the situation that Congress faced when it enacted PASPA but also leads to results that Congress is most unlikely to have wanted. Pp. 11–13.

(c) Respondents and the United States cannot invoke the canon of interpretation that a statute should not be held to be unconstitutional if there is any reasonable interpretation that can save it. Even if the law could be interpreted as respondents and the United States suggest, it would still violate the anti-commandeering principle. Pp. 13–14.


(a) As the Tenth Amendment confirms, all legislative power not conferred on Congress by the Constitution is reserved for the States. Absent from the list of conferred powers is the power to issue direct orders to the governments of the States. The anti-commandeering doctrine that
emerged in *New York v. United States*, 505 U. S. 144, and *Printz v. United States*, 521 U. S. 898, simply represents the recognition of this limitation. Thus, “Congress may not simply ‘commandeer the legislative process of the States by directly compelling them to enact and enforce a federal regulatory program.’” *New York*, supra, at 161. Adherence to the anti-commandeering principle is important for several reasons, including, as significant here, that the rule serves as “one of the Constitution’s structural safeguards of liberty,” *Printz*, supra, at 921, that the rule promotes political accountability, and that the rule prevents Congress from shifting the costs of regulation to the States. Pp. 14–18.

(b) PASPA’s anti-authorization provision unequivocally dictates what a state legislature may and may not do. The distinction between compelling a State to enact legislation and prohibiting a State from enacting new laws is an empty one. The basic principle—that Congress cannot issue direct orders to state legislatures—applies in either event. Pp. 18–19.


(d) Nor does the anti-authorization provision constitute a valid pre-emption provision. To preempt state law, it must satisfy two requirements. It must represent the exercise of a power conferred on Congress by the Constitution. And, since the Constitution “confers upon Congress the power to regulate individuals, not States,” *New York*, supra, at 177, it must be best read as one that regulates private actors. There is no way that the PASPA anti-authorization provision can be understood as a regulation of private actors. It does not confer any federal rights on
private actors interested in conducting sports gambling operations or impose any federal restrictions on private actors. Pp. 21–24.

3. PASPA’s provision prohibiting state “licens[ing]” of sports gambling schemes also violates the anti-commandeering rule. It issues a direct order to the state legislature and suffers from the same defect as the prohibition of state authorization. Thus, this Court need not decide whether New Jersey’s 2014 law violates PASPA’s anti-licensing provision. Pp. 24–25.


   (a) Section 3702(1)’s provisions prohibiting States from “operat[ing],” “sponsor[ing],” or “promot[ing]” sports gambling schemes cannot be severed. Striking the state authorization and licensing provisions while leaving the state operation provision standing would result in a scheme sharply different from what Congress contemplated when PASPA was enacted. For example, had Congress known that States would be free to authorize sports gambling in privately owned casinos, it is unlikely that it would have wanted to prevent States from operating sports lotteries. Nor is it likely that Congress would have wanted to prohibit such an ill-defined category of state conduct as sponsorship or promotion. Pp. 26–27.

   (b) Congress would not want to sever the PASPA provisions that prohibit a private actor from “sponsor[ing],” “operat[ing],” or “promot[ing]” sports gambling schemes “pursuant to” state law. §3702(2). PASPA’s enforcement scheme makes clear that §3702(1) and §3702(2) were meant to operate together. That scheme—suited for challenging state authorization or licensing or a small number of private operations—would break down if a State broadly decriminalized sports gambling. Pp. 27–29.

   (c) PASPA’s provisions prohibiting the “advertis[ing]” of sports gambling are also not severable. See §§3702(1)–(2). If they were allowed to stand, federal law would forbid the
advertising of an activity that is legal under both federal and state law—something that Congress has rarely done. Pp. 29–30.

832 F. 3d 389, reversed.

ALITO, J., delivered the opinion of the Court, in which ROBERTS, C. J., and KENNEDY, THOMAS, KAGAN, and GORSUCH, JJ., joined, and in which BREYER, J., joined as to all but Part VI–B. THOMAS, J., filed a concurring opinion. BREYER, J., filed an opinion concurring in part and dissenting in part. GINSBURG, J., filed a dissenting opinion, in which SOTOMAYOR, J., joined, and in which BREYER, J., joined in part.

Opinion of the Court

SUPREME COURT OF THE UNITED STATES

Nos. 16–476 and 16–477

PHILIP D. MURPHY, GOVERNOR OF NEW JERSEY, ET AL.,

PETITIONERS 16–476 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

NEW JERSEY THOROUGHBRED HORSEMEN’S ASSOCIATION, INC.,

PETITIONER 16–477 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

[May 14, 2018]

JUSTICE ALITO delivered the opinion of the Court.

The State of New Jersey wants to legalize sports gambling at casinos and horseracing tracks, but a federal law, the Professional and Amateur Sports Protection Act, generally makes it
unlawful for a State to “authorize” sports gambling schemes. 28 U. S. C. §3702(1). We must decide whether this provision is compatible with the system of “dual sovereignty” embodied in the Constitution.

I

A

Americans have never been of one mind about gambling, and attitudes have swung back and forth. By the end of the 19th century, gambling was largely banned throughout the country, but beginning in the 1920s and 1930s, laws prohibiting gambling were gradually loosened.

New Jersey’s experience is illustrative. In 1897, New Jersey adopted a constitutional amendment that barred all gambling in the State. But during the Depression, the State permitted pari-mutuel betting on horse races as a way of increasing state revenue, and in 1953, churches and other nonprofit organizations were allowed to host bingo games. In 1970, New Jersey became the third State to run a state lottery, and within five years, 10 other States followed suit.

By the 1960s, Atlantic City, “once the most fashionable resort of the Atlantic Coast,” had fallen on hard times, and casino gambling came to be seen as a way to revitalize the city. In 1974, a referendum on statewide legalization failed, but two years later, voters approved a narrower measure allowing casino gambling in Atlantic City alone. At that time, Nevada was the only other State with legal casinos, and thus for a while the Atlantic City casinos had an east coast monopoly. “With 60 million people living within a one-tank car trip away,” Atlantic City became “the most popular tourist destination in the United States.” But that favorable situation eventually came to an end.

With the enactment of the Indian Gaming Regulatory Act in 1988, 25 U. S. C. §2701 et seq., casinos opened on Indian land throughout the country. Some were located within driving
distance of Atlantic City, and nearby States (and many others) legalized casino gambling. But Nevada remained the only state venue for legal sports gambling in casinos, and sports gambling is immensely popular.

Sports gambling, however, has long had strong opposition. Opponents argue that it is particularly addictive and especially attractive to young people with a strong interest in sports, and in the past gamblers corrupted and seriously damaged the reputation of professional and amateur sports. Apprehensive about the potential effects of sports gambling, professional sports leagues and the National Collegiate Athletic Association (NCAA) long opposed legalization.

By the 1990s, there were signs that the trend that had brought about the legalization of many other forms of gambling might extend to sports gambling, and this sparked federal efforts to stem the tide. Opponents of sports gambling turned to the legislation now before us, the Professional and Amateur Sports Protection Act (PASPA). 28 U. S. C. §3701 et seq. PASPA’s proponents argued that it would protect young people, and one of the bill’s sponsors, Senator Bill Bradley of New Jersey, a former college and professional basketball star, stressed that the law was needed to safeguard the integrity of sports. The Department of Justice opposed the bill, but it was passed and signed into law.

PASPA’s most important provision, part of which is directly at issue in these cases, makes it “unlawful” for a State or any of its subdivisions “to sponsor, operate, advertise, promote, license, or authorize by law or compact . . . a lottery, sweepstakes, or other betting, gambling, or wagering scheme based . . . on” competitive sporting events. §3702(1). In parallel, §3702(2) makes it “unlawful” for “a person to sponsor, operate, advertise, or promote” those same gambling schemes—but only if this is done “pursuant to the law or compact of a governmental
entity." PASPA does not make sports gambling a federal crime (and thus was not anticipated to impose a significant law enforcement burden on the Federal Government). Instead, PASPA allows the Attorney General, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations. §3703.

At the time of PASPA’s adoption, a few jurisdictions allowed some form of sports gambling. In Nevada, sports gambling was legal in casinos, and three States hosted sports lotteries or allowed sports pools. PASPA contains “grandfather” provisions allowing these activities to continue. §3704(a)(1)–(2). Another provision gave New Jersey the option of legalizing sports gambling in Atlantic City—provided that it did so within one year of the law’s effective date. §3704(a)(3).

New Jersey did not take advantage of this special option, but by 2011, with Atlantic City facing stiff competition, the State had a change of heart. New Jersey voters approved an amendment to the State Constitution making it lawful for the legislature to authorize sports gambling, Art. IV, §7, ¶2(D), (F), and in 2012 the legislature enacted a law doing just that, 2011 N. J. Laws p. 1723 (2012 Act).

The 2012 Act quickly came under attack. The major professional sports leagues and the NCAA brought an action in federal court against the New Jersey Governor and other state officials (hereinafter New Jersey), seeking to enjoin the new law on the ground that it violated PASPA. In response, the State argued, among other things, that PASPA unconstitutionally infringed the State’s sovereign authority to end its sports gambling ban. See National Collegiate Athletic Assn. v. Christie, 926 F.Supp. 2d 551, 561 (NJ 2013).

In making this argument, the State relied primarily on two cases, New York v. United States, 505 U. S. 144 (1992), and Printz v. United States, 521 U. S. 898 (1997), in which we struck
down federal laws based on what has been dubbed the “anti-commandeering” principle. In New York, we held that a federal law unconstitutionally ordered the State to regulate in accordance with federal standards, and in Printz, we found that another federal statute unconstitutionally compelled state officers to enforce federal law.

Relying on these cases, New Jersey argued that PASPA is similarly flawed because it regulates a State’s exercise of its lawmaking power by prohibiting it from modifying or repealing its laws prohibiting sports gambling. See National Collegiate Athletic Assn. v. Christie, 926 F. Supp. 2d, at 561–562. The plaintiffs countered that PASPA is critically different from the commandeering cases because it does not command the States to take any affirmative act. Id., at 562. Without an affirmative federal command to do something, the plaintiffs insisted, there can be no claim of commandeering. Ibid.

The District Court found no anti-commandeering violation, id., at 569–573, and a divided panel of the Third Circuit affirmed, National Collegiate Athletic Assn. v. Christie, 730 F. 3d 208 (2013) (Christie I). The panel thought it significant that PASPA does not impose any affirmative command. Id., at 231. In the words of the panel, “PASPA does not require or coerce the states to lift a finger.” Ibid. (emphasis deleted). The panel recognized that an affirmative command (for example, “Do not repeal”) can often be phrased as a prohibition (“Repeal is prohibited”), but the panel did not interpret PASPA as prohibiting the repeal of laws outlawing sports gambling. Id., at 232. A repeal, it thought, would not amount to “authoriz[ation]” and thus would fall outside the scope of §3702(1). “[T]he lack of an affirmative prohibition of an activity,” the panel wrote, “does not mean it is affirmatively authorized by law. The right to do that which is not prohibited derives not from the authority of the state but from the inherent rights of the people.” Id., at 232 (emphasis deleted).
New Jersey filed a petition for a writ of certainty, raising the anti-commandeering issue.

Opposing certainty, the United States told this Court that PASPA does not require New Jersey “to leave in place the state-law prohibitions against sports gambling that it had chosen to adopt prior to PASPA’s enactment. To the contrary, New Jersey is free to repeal those prohibitions in whole or in part.” Brief for United States in Opposition in Christie v. National Collegiate Athletic Assn., O. T. 2013, No. 13–967 etc., p. 11. See also Brief for Respondents in Opposition in No. 13–967 etc., p. 23 (“Nothing in that unambiguous language compels states to prohibit or maintain any existing prohibition on sports gambling”). We denied review. Christie v. National Collegiate Athletic Assn., 573 U. S. ___ (2014).

Picking up on the suggestion that a partial repeal would be allowed, the New Jersey Legislature enacted the law now before us. 2014 N. J. Laws p. 602 (2014 Act). The 2014 Act declares that it is not to be interpreted as causing the State to authorize, license, sponsor, operate, advertise, or promote sports gambling. Ibid. Instead, it is framed as a repealer. Specifically, it repeals the provisions of state law prohibiting sports gambling insofar as they concerned the “placement and acceptance of wagers” on sporting events by persons 21 years of age or older at a horseracing track or a casino or gambling house in Atlantic City. Ibid. The new law also specified that the repeal was effective only as to wagers on sporting events not involving a New Jersey college team or a collegiate event taking place in the State. Ibid.

Predictably, the same plaintiffs promptly commenced a new action in federal court. They won in the District Court, National Collegiate Athletic Assn. v. Christie, 61 F. Supp. 3d 488 (NJ 2014), and the case was eventually heard by the Third Circuit sitting en banc. The en banc court affirmed, finding that the new law, no less than the old one, violated PASPA by “author[izing]” sports gambling. National Collegiate Athletic Assn. v. Governor of N.J., 832 F. 3d 389 (2016)
(case below). The court was unmoved by the New Jersey Legislature’s “artful[]” attempt to frame the 2014 Act as a repealer. *Id.*, at 397. Looking at what the law “actually does,” the court concluded that it constitutes an authorization because it “selectively remove[s] a prohibition on sports wagering in a manner that permissively channels wagering activity to particular locations or operators.” *Id.*, at 397, 401. The court disavowed some of the reasoning in the *Christie I* opinion, finding its discussion of “the relationship between a ‘repeal’ and an ‘authorization’ to have been too facile.” 832 F. 3d, at 401. But the court declined to say whether a repeal that was more complete than the 2014 Act would still amount to an authorization. The court observed that a partial repeal that allowed only “*de minimis* wagers between friends and family would not have nearly the type of authorizing effect” that it found in the 2014 Act, and it added: “We need not . . . articulate a line whereby a partial repeal of a sports wagering ban amounts to an authorization under PASPA, if indeed such a line could be drawn.” *Id.*, at 402 (emphasis added).

Having found that the 2014 Act violates PASPA’s prohibition of state authorization of sports gambling schemes, the court went on to hold that this prohibition does not contravene the anti-commandeering principle because it “does not command states to take affirmative actions.” *Id.*, at 401.

We granted review to decide the important constitutional question presented by these cases, *sub nom. Christie v. National Collegiate Athletic Assn.*, 582 U. S. ___ (2017).

II

Before considering the constitutionality of the PASPA provision prohibiting States from “author[izing]” sports gambling, we first examine its meaning. The parties advance dueling interpretations, and this dispute has an important bearing on the constitutional issue that we must decide. Neither respondents nor the United States, appearing as an *amicus* in support of
respondents, contends that the provision at issue would be constitutional if petitioners’ interpretation is correct. Indeed, the United States expressly concedes that the provision is unconstitutional if it means what petitioners claim. Brief for United States 8, 19.

A

Petitioners argue that the anti-authorization provision requires States to maintain their existing laws against sports gambling without alteration. One of the accepted meanings of the term “authorize,” they point out, is “permit.” Brief for Petitioners in No. 16–476, p. 42 (citing Black’s Law Dictionary 133 (6th ed. 1990); Webster’s Third New International Dictionary 146 (1992)). They therefore contend that any state law that has the effect of permitting sports gambling, including a law totally or partially repealing a prior prohibition, amounts to an authorization. Brief for Petitioners in No. 16–476, at 42.

Respondents interpret the provision more narrowly. They claim that the primary definition of “authorize” requires affirmative action. Brief for Respondents 39. To authorize, they maintain, means “[t]o empower; to give a right or authority to act; to endow with authority.” Ibid. (quoting Black’s Law Dictionary, at 133). And this, they say, is precisely what the 2014 Act does: It empowers a defined group of entities, and it endows them with the authority to conduct sports gambling operations.

Respondents do not take the position that PASPA bans all modifications of old laws against sports gambling, Brief for Respondents 20, but just how far they think a modification could go is not clear. They write that a State “can also repeal or enhance [laws prohibiting sports gambling] without running afoul of PASPA” but that it “cannot ‘partially repeal’ a general prohibition for only one or two preferred providers, or only as to sports-gambling schemes conducted by the state.” Ibid. Later in their brief, they elaborate on this point:
“If, for example, a state had an existing felony prohibition on all lotteries, it could maintain the law, it could repeal the law, it could downgrade the crime to a misdemeanor or increase the penalty . . . . But if the state modified its law, whether through a new authorization or through an amendment partially repealing the existing prohibition, to authorize the state to conduct a sports lottery, that modified law would be preempted.”

Id., at 31.

The United States makes a similar argument. PASPA, it contends, does not prohibit a State from enacting a complete repeal because “one would not ordinarily say that private conduct is ‘authorized by law’ simply because the government has not prohibited it.” Brief for United States 17. But the United States claims that “[t]he 2014 Act’s selective and conditional permission to engage in conduct that is generally prohibited certainly qualifies” as an authorization. Ibid. The United States does not argue that PASPA outlaws all partial repeals, but it does not set out any clear rule for distinguishing between partial repeals that constitute the “authorization” of sports gambling and those that are permissible. The most that it is willing to say is that a State could “eliminat[e] prohibitions on sports gambling involving wagers by adults or wagers below a certain dollar threshold.” Id., at 29.

B

In our view, petitioners’ interpretation is correct: When a State completely or partially repeals old laws banning sports gambling, it “authorize[s]” that activity. This is clear when the state-law landscape at the time of PASPA’s enactment is taken into account. At that time, all forms of sports gambling were illegal in the great majority of States, and in that context, the competing definitions offered by the parties lead to the same conclusion. The repeal of a state law banning sports gambling not only “permits” sports gambling (petitioners’ favored
definition); it also gives those now free to conduct a sports betting operation the “right or authority to act”; it “empowers” them (respondents’ and the United States’s definition).

The concept of state “authorization” makes sense only against a backdrop of prohibition or regulation. A State is not regarded as authorizing everything that it does not prohibit or regulate. No one would use the term in that way. For example, no one would say that a State “authorizes” its residents to brush their teeth or eat apples or sing in the shower. We commonly speak of state authorization only if the activity in question would otherwise be restricted.

The United States counters that, even if the term “authorize,” standing alone, is interpreted as petitioners claim, PASPA contains additional language that precludes that reading. The provision at issue refers to “authoriz[ation] by law,” §3702(1) (emphasis added), and the parallel provision governing private conduct, §3702(2), applies to conduct done “pursuant to the law . . . of a governmental entity.” The United States maintains that one “would not naturally describe a person conducting a sports-gambling operation that is merely left unregulated as acting ‘pursuant to’ state law.” Brief for United States 18. But one might well say exactly that if the person previously was prohibited from engaging in the activity. (“Now that the State has legalized the sale of marijuana, Joe is able to sell the drug pursuant to state law.”)

The United States also claims to find support for its interpretation in the fact that the authorization ban applies to all “governmental entities.” It is implausible, the United States submits, to think that Congress “commanded every county, district, and municipality in the Nation to prohibit sports betting.” Ibid. But in making this argument, the United States again ignores the legal landscape at the time of PASPA’s enactment. At that time, sports gambling was generally prohibited by state law, and therefore a State’s political subdivisions were powerless to legalize the activity. But what if a State enacted a law enabling, but not requiring,
one or more of its subdivisions to decide whether to authorize sports gambling? Such a state law would not itself authorize sports gambling. The ban on legalization at the local level addresses this problem.

The interpretation adopted by the Third Circuit and advocated by respondents and the United States not only ignores the situation that Congress faced when it enacted PASPA but also leads to results that Congress is most unlikely to have wanted. This is illustrated by the implausible conclusions that all of those favoring alternative interpretations have been forced to reach about the extent to which the provision permits the repeal of laws banning sports gambling.

The Third Circuit could not say which, if any, partial repeals are allowed. 832 F. 3d, at 402. Respondents and the United States tell us that the PASPA ban on state authorization allows complete repeals, but beyond that they identify no clear line. It is improbable that Congress meant to enact such a nebulous regime.

C

The respondents and United States argue that even if there is some doubt about the correctness of their interpretation of the anti-authorization provision, that interpretation should be adopted in order to avoid any anti-commandeering problem that would arise if the provision were construed to require States to maintain their laws prohibiting sports gambling. Brief for Respondents 38; Brief for United States 19. They invoke the canon of interpretation that a statute should not be held to be unconstitutional if there is any reasonable interpretation that can save it. See Jennings v. Rodriguez, 583 U. S. ___, ___ (2018) (slip op., at 12). The plausibility of the alternative interpretations is debatable, but even if the law could be interpreted as respondents and the United States suggest, it would still violate the anti-commandeering principle, as we now explain.
The anti-commandeering doctrine may sound arcane, but it is simply the expression of a fundamental structural decision incorporated into the Constitution, *i.e.*, the decision to withhold from Congress the power to issue orders directly to the States. When the original States declared their independence, they claimed the powers inherent in sovereignty—in the words of the Declaration of Independence, the authority “to do all . . . Acts and Things which Independent States may of right do.” ¶32. The Constitution limited but did not abolish the sovereign powers of the States, which retained “a residuary and inviolable sovereignty.” The Federalist No. 39, p. 245 (C. Rossiter ed. 1961). Thus, both the Federal Government and the States wield sovereign powers, and that is why our system of government is said to be one of “dual sovereignty.”


The Constitution limits state sovereignty in several ways. It directly prohibits the States from exercising some attributes of sovereignty. See, e.g., Art. I, §10. Some grants of power to the Federal Government have been held to impose implicit restrictions on the States. See, e.g., *Department of Revenue of Ky. v. Davis*, 553 U. S. 328 (2008); *American Ins. Assn. v. Garamendi*, 539 U. S. 396 (2003). And the Constitution indirectly restricts the States by granting certain legislative powers to Congress, see Art. I, §8, while providing in the Supremacy Clause that federal law is the “supreme Law of the Land . . . any Thing (sic) in the Constitution or Laws of any State to the Contrary notwithstanding.” Art. VI, cl. 2. This means that when federal and state law conflict, federal law prevails and state law is preempted.

The legislative powers granted to Congress are sizable, but they are not unlimited. The Constitution confers on Congress not plenary legislative power but only certain enumerated
powers. Therefore, all other legislative power is reserved for the States, as the Tenth Amendment confirms. And conspicuously absent from the list of powers given to Congress is the power to issue direct orders to the governments of the States. The anti-commandeering doctrine simply represents the recognition of this limit on congressional authority.

Although the anti-commandeering principle is simple and basic, it did not emerge in our cases until relatively recently, when Congress attempted in a few isolated instances to extend its authority in unprecedented ways. The pioneering case was New York v. United States, 505 U. S. 144 (1992), which concerned a federal law that required a State, under certain circumstances, either to “take title” to low-level radioactive waste or to “regulat[e] according to the instructions of Congress.” Id., at 175. In enacting this provision, Congress issued orders to either the legislative or executive branch of state government (depending on the branch authorized by state law to take the actions demanded). Either way, the Court held, the provision was unconstitutional because “the Constitution does not empower Congress to subject state governments to this type of instruction.” Id., at 176.

Justice O’Connor’s opinion for the Court traced this rule to the basic structure of government established under the Constitution. The Constitution, she noted, “confers upon Congress the power to regulate individuals, not States.” Id., at 166. In this respect, the Constitution represented a sharp break from the Articles of Confederation. “Under the Articles of Confederation, Congress lacked the authority in most respects to govern the people directly.” Id., at 163. Instead, Congress was limited to acting “‘only upon the States.’” Id., at 162 (quoting Lane County v. Oregon, 7 Wall. 71, 76 (1869)). Alexander Hamilton, among others, saw this as “[t]he great and radical vice in . . . the existing Confederation.” 505 U. S., at 163 (quoting The Federalist No. 15, at 108). The Constitutional Convention considered plans that would have
preserved this basic structure, but it rejected them in favor of a plan under which “Congress would exercise its legislative authority directly over individuals rather than over States.” 505 U. S., at 165.

As to what this structure means with regard to Congress’s authority to control state legislatures, New York was clear and emphatic. The opinion recalled that “no Member of the Court ha[d] ever suggested” that even “a particularly strong federal interest” “would enable Congress to command a state government to enact state regulation.” Id., at 178 (emphasis in original). “We have always understood that even where Congress has the authority under the Constitution to pass laws requiring or prohibiting certain acts, it lacks the power directly to compel the States to require or prohibit those acts.” Id., at 166. “Congress may not simply ‘commandee[r] the legislative processes of the States by directly compelling them to enact and enforce a federal regulatory program.’” Id., at 161 (quoting Hodel v. Virginia Surface Mining & Reclamation Assn., Inc., 452 U. S. 264, 288 (1981)). “Where a federal interest is sufficiently strong to cause Congress to legislate, it must do so directly; it may not conscript state governments as its agents.” 505 U. S., at 178.

Five years after New York, the Court applied the same principles to a federal statute requiring state and local law enforcement officers to perform background checks and related tasks in connection with applications for handgun licenses. Printz, 521 U. S. 898. Holding this provision unconstitutional, the Court put the point succinctly: “The Federal Government” may not “command the States’ officers, or those of their political subdivisions, to administer or enforce a federal regulatory program.” Id., at 935. This rule applies, Printz held, not only to state officers with policymaking responsibility but also to those assigned more mundane tasks. Id., at 929–930.
Our opinions in New York and Printz explained why adherence to the anti-commandeering principle is important. Without attempting a complete survey, we mention several reasons that are significant here.

First, the rule serves as “one of the Constitution’s structural protections of liberty.” Printz, supra, at 921. “The Constitution does not protect the sovereignty of States for the benefit of the States or state governments as abstract political entities.” New York, supra, at 181. “To the contrary, the Constitution divides authority between federal and state governments for the protection of individuals.” Ibid. “[A] healthy balance of power between the States and the Federal Government [reduces] the risk of tyranny and abuse from either front.” Id., at 181–182 (quoting Gregory, 501 U. S., at 458).

Second, the anti-commandeering rule promotes political accountability. When Congress itself regulates, the responsibility for the benefits and burdens of the regulation is apparent. Voters who like or dislike the effects of the regulation know who to credit or blame. By contrast, if a State imposes regulations only because it has been commanded to do so by Congress, responsibility is blurred. See New York, supra, at 168–169; Printz, supra, at 929–930.

Third, the anti-commandeering principle prevents Congress from shifting the costs of regulation to the States. If Congress enacts a law and requires enforcement by the Executive Branch, it must appropriate the funds needed to administer the program. It is pressured to weigh the expected benefits of the program against its costs. But if Congress can compel the States to enact and enforce its program, Congress need not engage in any such analysis. See, e.g., E. Young, Two Cheers for Process Federalism, 46 Vill. L. Rev. 1349, 1360–1361 (2001).

IV

A
The PASPA provision at issue here—prohibiting state authorization of sports gambling—violates the anti-commandeering rule. That provision unequivocally dictates what a state legislature may and may not do. And this is true under either our interpretation or that advocated by respondents and the United States. In either event, state legislatures are put under the direct control of Congress. It is as if federal officers were installed in state legislative chambers and were armed with the authority to stop legislators from voting on any offending proposals. A more direct affront to state sovereignty is not easy to imagine.

Neither respondents nor the United States contends that Congress can compel a State to enact legislation, but they say that prohibiting a State from enacting new laws is another matter. See Brief for Respondents 19; Brief for United States 12. Noting that the laws challenged in *New York* and *Printz* “told states what they must do instead of what they must not do,” respondents contend that commandeering occurs “only when Congress goes beyond precluding state action and affirmatively commands it.” Brief for Respondents 19 (emphasis deleted).

This distinction is empty. It was a matter of happenstance that the laws challenged in *New York* and *Printz* commanded “affirmative” action as opposed to imposing a prohibition. The basic principle—that Congress cannot issue direct orders to state legislatures—applies in either event.

Here is an illustration. PASPA includes an exemption for States that permitted sports betting at the time of enactment, §3704, but suppose Congress did not adopt such an exemption. Suppose Congress ordered States with legalized sports betting to take the affirmative step of criminalizing that activity and ordered the remaining States to retain their laws prohibiting sports betting. There is no good reason why the former would intrude more deeply on state sovereignty than the latter.
B

Respondents and the United States claim that prior decisions of this Court show that PASPA’s anti-authorization provision is constitutional, but they misread those cases. In none of them did we uphold the constitutionality of a federal statute that commanded state legislatures to enact or refrain from enacting state law.

In *South Carolina v. Baker*, 485 U. S. 505 (1988), the federal law simply altered the federal tax treatment of private investments. Specifically, it removed the federal tax exemption for interest earned on state and local bonds unless they were issued in registered rather than bearer form. This law did not order the States to enact or maintain any existing laws. Rather, it simply had the indirect effect of pressuring States to increase the rate paid on their bearer bonds in order to make them competitive with other bonds paying taxable interest.

In any event, even if we assume that removal of the tax exemption was tantamount to an outright prohibition of the issuance of bearer bonds, see *id.*, at 511, the law would simply treat state bonds the same as private bonds. The anti-commandeering doctrine does not apply when Congress evenhandedly regulates an activity in which both States and private actors engage.

That principle formed the basis for the Court’s decision in *Reno v. Condon*, 528 U. S. 141 (2000), which concerned a federal law restricting the disclosure and dissemination of personal information provided in applications for driver’s licenses. The law applied equally to state and private actors. It did not regulate the States’ sovereign authority to “regulate their own citizens.” *Id.*, at 151.

In *Hodel*, 452 U. S., at 289, the federal law, which involved what has been called “cooperative federalism,” by no means commandeered the state legislative process. Congress enacted a statute that comprehensively regulated surface coal mining and offered States the
choice of “either implement[ing]” the federal program “or else yield[ing] to a federally administered regulatory program.” *Ibid.* Thus, the federal law allowed but did not require the States to implement a federal program. “States [were] not compelled to enforce the [federal] standards, to expend any state funds, or to participate in the federal regulatory program in any manner whatsoever.” *Id.*, at 288. If a State did not “wish” to bear the burden of regulation, the “full regulatory burden [would] be borne by the Federal Government.” *Ibid.*

Finally, in *FERC v. Mississippi*, 456 U. S. 742 (1982), the federal law in question issued no command to a state legislature. Enacted to restrain the consumption of oil and natural gas, the federal law directed state utility regulatory commissions to consider, but not necessarily to adopt, federal “‘rate design’ and regulatory standards.” *Id.*, at 746. The Court held that this modest requirement did not infringe the States’ sovereign powers, but the Court warned that it had “never . . . sanctioned explicitly a federal command to the States to promulgate and enforce laws and regulations.” *Id.*, at 761–762. *FERC* was decided well before our decisions in *New York* and *Printz*, and PASPA, unlike the law in *FERC*, does far more than require States to consider Congress’s preference that the legalization of sports gambling be halted. See *Printz*, 521 U.S., at 929 (distinguishing *FERC*).

In sum, none of the prior decisions on which respondents and the United States rely involved federal laws that commandeered the state legislative process. None concerned laws that directed the States either to enact or to refrain from enacting a regulation of the conduct of activities occurring within their borders. Therefore, none of these precedents supports the constitutionality of the PASPA provision at issue here.
Respondents and the United States defend the anti-authorization prohibition on the ground that it constitutes a valid preemption provision, but it is no such thing. Preemption is based on the Supremacy Clause, and that Clause is not an independent grant of legislative power to Congress. Instead, it simply provides “a rule of decision.” *Armstrong v. Exceptional Child Center, Inc.*, 575 U. S. ___, ___ (2015) (slip op., at 3). It specifies that federal law is supreme in case of a conflict with state law. Therefore, in order for the PASPA provision to preempt state law, it must satisfy two requirements. First, it must represent the exercise of a power conferred on Congress by the Constitution; pointing to the Supremacy Clause will not do. Second, since the Constitution “confers upon Congress the power to regulate individuals, not States,” *New York*, 505 U. S., at 166, the PASPA provision at issue must be best read as one that regulates private actors.

Our cases have identified three different types of preemption—“conflict,” “express,” and “field,” see *English v. General Elec. Co.*, 496 U. S. 72, 78–79 (1990)—but all of them work in the same way: Congress enacts a law that imposes restrictions or confers rights on private actors; a state law confers rights or imposes restrictions that conflict with the federal law; and therefore the federal law takes precedence and the state law is preempted.

This mechanism is shown most clearly in cases involving “conflict preemption.” A recent example is *Mutual Pharmaceutical Co. v. Bartlett*, 570 U. S. 472 (2013). In that case, a federal law enacted under the Commerce Clause regulated manufacturers of generic drugs, prohibiting them from altering either the composition or labeling approved by the Food and Drug Administration. A State’s tort law, however, effectively required a manufacturer to supplement the warnings included in the FDA-approved label. *Id.*, at 480–486. We held that the state law as
preempted because it imposed a duty that was inconsistent—i.e., in conflict—with federal law. *Id.*, at 493.

“Express preemption” operates in essentially the same way, but this is often obscured by the language used by Congress in framing preemption provisions. The provision at issue in *Morales v. Trans World Airlines, Inc.*, 504 U. S. 374 (1992), is illustrative. The Airline Deregulation Act of 1978 lifted prior federal regulations of airlines, and “[t]o ensure that the States would not undo federal deregulation with regulation of their own,” *id.*, at 378, the Act provided that “no State or political subdivision thereof . . . shall enact or enforce any law, rule, regulation, standard, or other provision having the force and effect of law relating to rates, routes, or services of any [covered] air carrier.” 49 U. S. C. App. §1305(a)(1) (1988 ed.).

This language might appear to operate directly on the States, but it is a mistake to be confused by the way in which a preemption provision is phrased. As we recently explained, “we do not require Congress to employ a particular linguistic formulation when preempting state law.” *Coventry Health Care of Mo., Inc. v. Nevils*, 581 U. S. ___, ___, ___–___ (2017) (slip op., at 10–11). And if we look beyond the phrasing employed in the Airline Deregulation Act’s preemption provision, it is clear that this provision operates just like any other federal law with preemptive effect. It confers on private entities (i.e., covered carriers) a federal right to engage in certain conduct subject only to certain (federal) constraints.

“Field preemption” operates in the same way. Field preemption occurs when federal law occupies a “field” of regulation “so comprehensively that it has left no room for supplementary state legislation.” *R. J. Reynolds Tobacco Co. v. Durham County*, 479 U. S. 130, 140 (1986). In describing field preemption, we have sometimes used the same sort of shorthand employed by Congress in express preemption provisions. See, e.g., *Oneok, Inc. v. Learjet, Inc.*, 575 U. S. ___,
___ (2015) (slip op., at 2) ("Congress has forbidden the State to take action in the field that the federal statute pre-empts"). But in substance, field preemption does not involve congressional commands to the States. Instead, like all other forms of preemption, it concerns a clash between a constitutional exercise of Congress’s legislative power and conflicting state law. See Crosby v. National Foreign Trade Council, 530 U. S. 363, 372, n. 6 (2000).

The Court’s decision in Arizona v. United States, 567 U. S. 387 (2012), shows how this works. Noting that federal statutes “provide a full set of standards governing alien registration,” we concluded that these laws “reflect[] a congressional decision to foreclose any state regulation in the area, even if it is parallel to federal standards.” Id., at 401. What this means is that the federal registration provisions not only impose federal registration obligations on aliens but also confer a federal right to be free from any other registration requirements.

In sum, regardless of the language sometimes used by Congress and this Court, every form of preemption is based on a federal law that regulates the conduct of private actors, not the States.

Once this is understood, it is clear that the PASPA provision prohibiting state authorization of sports gambling is not a preemption provision because there is no way in which this provision can be understood as a regulation of private actors. It certainly does not confer any federal rights on private actors interested in conducting sports gambling operations. (It does not give them a federal right to engage in sports gambling.) Nor does it impose any federal restrictions on private actors. If a private citizen or company started a sports gambling operation, either with or without state authorization, §3702(1) would not be violated and would not provide any ground for a civil action by the Attorney General or any other party. Thus, there is simply no way to understand the provision prohibiting state authorization as anything other than a direct command to the States. And that is exactly what the anti-commandeering rule does not allow.
In so holding, we recognize that a closely related provision of PASPA, §3702(2), does restrict private conduct, but that is not the provision challenged by petitioners. In Part VI–B–2, infra, we consider whether §3702(2) is severable from the provision directly at issue in these cases.

VI

Having concluded that §3702(1) violates the anti-commandeering doctrine, we consider two additional questions: first, whether the decision below should be affirmed on an alternative ground and, second, whether our decision regarding the anti-authorization provision dooms the remainder of PASPA.

A

Respondents and the United States argue that, even if we disagree with the Third Circuit’s decision regarding the constitutionality of the anti-authorization provision, we should nevertheless affirm based on PASPA’s prohibition of state “licens[ing]” of sports gambling. Brief for Respondents 43, n. 10; Brief for United States 34–35. Although New Jersey’s 2014 Act does not expressly provide for the licensing of sports gambling operations, respondents and the United States contend that the law effectively achieves that result because the only entities that it authorizes to engage in that activity, i.e., casinos and racetracks, are already required to be licensed. Ibid.

We need not decide whether the 2014 Act violates PASPA’s prohibition of state “licens[ing]” because that provision suffers from the same defect as the prohibition of state authorization. It issues a direct order to the state legislature. Just as Congress lacks the power to order a state legislature not to enact a law authorizing sports gambling, it may not order a state legislature to refrain from enacting a law licensing sports gambling.
We therefore turn to the question whether, as petitioners maintain, our decision regarding PASPA’s prohibition of the authorization and licensing of sports gambling operations dooms the remainder of the Act. In order for other PASPA provisions to fall, it must be “evident that [Congress] would not have enacted those provisions which are within its power, independently of [those] which [are] not.” Alaska Airlines, Inc. v. Brock, 480 U. S. 678, 684 (1987) (internal quotation marks omitted). In conducting that inquiry, we ask whether the law remains “fully operative” without the invalid provisions, Free Enterprise Fund v. Public Company Accounting Oversight Bd., 561 U. S. 477, 509 (2010) (internal quotation marks omitted), but “we cannot rewrite a statute and give it an effect altogether different from that sought by the measure viewed as a whole,” Railroad Retirement Bd. v. Alton R. Co., 295 U. S. 330, 362 (1935). We will consider each of the provisions at issue separately.

I

Under 28 U. S. C. §3702(1), States are prohibited from “operat[ing],” “sponsor[ing],” or “promot[ing]” sports gambling schemes. If the provisions prohibiting state authorization and licensing are stricken but the prohibition on state “operat[ion]” is left standing, the result would be a scheme sharply different from what Congress contemplated when PASPA was enacted. At that time, Congress knew that New Jersey was considering the legalization of sports gambling in the privately owned Atlantic City casinos and that other States were thinking about the institution of state-run sports lotteries. PASPA addressed both of these potential developments. It gave New Jersey one year to legalize sports gambling in Atlantic City but otherwise banned the authorization of sports gambling in casinos, and it likewise prohibited the spread of state-run lotteries. If Congress had known that States would be free to authorize sports gambling in
privately owned casinos, would it have nevertheless wanted to prevent States from running ports lotteries?

That seems most unlikely. State-run lotteries, which sold tickets costing only a few dollars, were thought more benign than other forms of gambling, and that is why they had been adopted in many States. Casino gambling, on the other hand, was generally regarded as far more dangerous. A gambler at a casino can easily incur heavy losses, and the legalization of privately owned casinos was known to create the threat of infiltration by organized crime, as Nevada’s early experience had notoriously shown. To the Congress that adopted PASPA, legalizing sports gambling in privately owned casinos while prohibiting state-run sports lotteries would have seemed exactly backwards.

Prohibiting the States from engaging in commercial activities that are permitted for private parties would also have been unusual, and it is unclear what might justify such disparate treatment. Respondents suggest that Congress wanted to prevent States from taking steps that the public might interpret as the endorsement of sports gambling, Brief for Respondents 39, but we have never held that the Constitution permits the Federal Government to prevent a state legislature from expressing its views on subjects of public importance. For these reasons, we do not think that the provision barring state operation of sports gambling can be severed. We reach the same conclusion with respect to the provisions prohibiting state “sponsor[ship]” and “promot[ion].” The line between authorization, licensing, and operation, on the one hand, and sponsorship or promotion, on the other, is too uncertain. It is unlikely that Congress would have wanted to prohibit such an ill-defined category of state conduct.
Nor do we think that Congress would have wanted to sever the PASPA provisions that prohibit a private actor from “sponsor[ing],” “operat[ing],” or “promot[ing]” sports gambling schemes “pursuant to” state law. §3702(2). These provisions were obviously meant to work together with the provisions in §3702(1) that impose similar restrictions on governmental entities. If Congress had known that the latter provisions would fall, we do not think it would have wanted the former to stand alone.

The present cases illustrate exactly how Congress must have intended §3702(1) and §3702(2) to work. If a State attempted to authorize particular private entities to engage in sports gambling, the State could be sued under §3702(1), and the private entity could be sued at the same time under §3702(2). The two sets of provisions were meant to be deployed in tandem to stop what PASPA aimed to prevent: state legalization of sports gambling. But if, as we now hold, Congress lacks the authority to prohibit a State from legalizing sports gambling, the prohibition of private conduct under §3702(2) ceases to implement any coherent federal policy.

Under §3702(2), private conduct violates federal law only if it is permitted by state law. That strange rule is exactly the opposite of the general federal approach to gambling. Under 18 U. S. C. §1955, operating a gambling business violates federal law only if that conduct is illegal under state or local law. Similarly, 18 U. S. C. §1953, which criminalizes the interstate transmission of wagering paraphernalia, and 18 U. S. C. §1084, which outlaws the interstate transmission of information that assists in the placing of a bet on a sporting event, apply only if the underlying gambling is illegal under state law. See also 18 U. S. C. §1952 (making it illegal to travel in interstate commerce to further a gambling business that is illegal under applicable state law).

These provisions implement a coherent federal policy: They respect the policy choices of the people of each State 29 Cite as: 584 U. S. ____ (2018) Opinion of the Court on the controversial
issue of gambling. By contrast, if §3702(2) is severed from §3702(1), it implements a perverse policy that undermines whatever policy is favored by the people of a State. If the people of a State support the legalization of sports gambling, federal law would make the activity illegal. But if a State outlaws sports gambling, that activity would be lawful under §3702(2). We do not think that Congress ever contemplated that such a weird result would come to pass.

PASPA’s enforcement scheme reinforces this conclusion. PASPA authorizes civil suits by the Attorney General and sports organizations but does not make sports gambling a federal crime or provide civil penalties for violations. This enforcement scheme is suited for challenging state authorization or licensing or a small number of private operations, but the scheme would break down if a State broadly decriminalized sports gambling. It is revealing that the Congressional Budget Office estimated that PASPA would impose “no cost” on the Federal Government, see S. Rep. No. 102–248, p. 10 (1991), a conclusion that would certainly be incorrect if enforcement required a multiplicity of civil suits and applications to hold illegal bookies and other private parties in contempt.

3

The remaining question that we must decide is whether the provisions of PASPA prohibiting the “advertis[ing]” of sports gambling are severable. See §§3702(1)–(2). If these provisions were allowed to stand, federal law would forbid the advertising of an activity that is legal under both federal and state law, and that is something that Congress has rarely done. For example, the advertising of cigarettes is heavily regulated but not totally banned. See Federal Cigarette Labeling and Advertising Act, 79 Stat. 282; Family Smoking Prevention and Tobacco Control Act, §§201–204, 123 Stat. 1842–1848.
It is true that at one time federal law prohibited the use of the mail or interstate commerce to distribute advertisements of lotteries that were permitted under state law, but that is no longer the case. See *United States v. Edge Broadcasting Co.*, 509 U. S. 418, 421–423 (1993). In 1975, Congress passed a new statute, codified at 18 U. S. C. §1307, that explicitly *exempts* print advertisements regarding a lottery lawfully conducted by States, and in *Greater New Orleans Broadcasting Assn., Inc. v. United States*, 527 U. S. 173, 176 (1999), we held that the First Amendment protects the right of a radio or television station in a State with a lottery to run such advertisements. In light of these developments, we do not think that Congress would want the advertising provisions to stand if the remainder of PASPA must fall.

For these reasons, we hold that no provision of PASPA is severable from the provision directly at issue in these cases.

* * *

The legalization of sports gambling is a controversial subject. Supporters argue that legalization will produce revenue for the States and critically weaken illegal sports betting operations, which are often run by organized crime. Opponents contend that legalizing sports gambling will hook the young on gambling, encourage people of modest means to squander their savings and earnings, and corrupt professional and college sports.

The legalization of sports gambling requires an important policy choice, but the choice is not ours to make. Congress can regulate sports gambling directly, but if it elects not to do so, each State is free to act on its own. Our job is to interpret the law Congress has enacted and decide whether it is consistent with the Constitution. PASPA is not. PASPA “regulate[s] state governments’ regulation” of their citizens, *New York*, 505 U. S., at 166. The Constitution gives Congress no such power.
The judgment of the Third Circuit is reversed.

It is so ordered.

Concurring Opinion

THOMAS, J., concurring

SUPREME COURT OF THE UNITED STATES

Nos. 16–476 and 16–477

PHILIP D. MURPHY, GOVERNOR OF NEW JERSEY, ET AL.,

PETITIONERS 16–476 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

NEW JERSEY THOROUGHBRED HORSEMEN’S ASSOCIATION, INC.,

PETITIONER 16–477 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF

APPEALS FOR THE THIRD CIRCUIT

[May 14, 2018]

JUSTICE THOMAS, concurring.

I join the Court’s opinion in its entirety. I write separately, however, to express my growing discomfort with our modern severability precedents.

I agree with the Court that the Professional and Amateur Sports Protection Act (PASPA) exceeds Congress’ Article I authority to the extent it prohibits New Jersey from “authoriz[ing]” or “licens[ing]” sports gambling, 28 U. S. C. §3702(1). Unlike the dissent, I do “doubt” that Congress can prohibit sports gambling that does not cross state lines. Post, at 2 (opinion of GINSBURG, J.); see License Tax Cases, 5 Wall. 462, 470–471 (1867) (holding that Congress has “no power” to regulate “the internal commerce or domestic trade of the States,” including the

Because PASPA is at least partially unconstitutional, our precedents instruct us to determine “which portions of the . . . statute we must sever and excise.” United States v. Booker, 543 U. S. 220, 258 (2005) (emphasis deleted). The Court must make this severability determination by asking a counterfactual question: “‘Would Congress still have passed’ the valid sections ‘had it known’ about the constitutional invalidity of the other portions of the statute?” Id., at 246 (quoting Denver Area Ed. Telecommunications Consortium, Inc. v. FCC, 518 U. S. 27, 767 (1996) (plurality opinion)). I join the Court’s opinion because it gives the best answer it can to this question, and no party has asked us to apply a different test. But in a future case, we should take another look at our severability precedents.

Those precedents appear to be in tension with traditional limits on judicial authority. Early American courts did not have a severability doctrine. See Walsh, Partial Unconstitutionality, 85 N. Y. U. L. Rev. 738, 769 (2010) (Walsh). They recognized that the judicial power is, fundamentally, the power to render judgments in individual cases. See id., at 755; Baude, The
Judgment Power, 96 Geo. L. J. 1807, 1815 (2008). Judicial review was a byproduct of that process. See generally P. Hamburger, Law and Judicial Duty (2008); Prakash & Yoo, The Origins of Judicial Review, 70 U. Chi. L. Rev. 887 (2003). As Chief Justice Marshall famously explained, “[i]t is emphatically the province and duty of the judicial department to say what the law is” because “[t]hose who apply the rule to particular cases, must of necessity expound and interpret that rule.” Marbury v. Madison, 1 Cranch 137, 177 (1803). If a plaintiff relies on a statute but a defendant argues that the statute conflicts with the Constitution, then courts must resolve that dispute and, if they agree with the defendant, follow the higher law of the Constitution. See id., at 177–178; The Federalist No. 78, p. 467 (C. Rossiter ed. 1961) (A. Hamilton). Thus, when early American courts determined that a statute was unconstitutional, they would simply decline to enforce it in the case before them. See Walsh 755–766. “[T]here was no ‘next step’ in which courts inquired into whether the legislature would have preferred no law at all to the constitutional remainder.” Id., at 777.

Despite this historical practice, the Court’s modern cases treat the severability doctrine as a “remedy” for constitutional violations and ask which provisions of the statute must be “excised.” See, e.g., Ayotte v. Planned Parenthood of Northern New Eng., 546 U. S. 320, 329 (2006); Booker, supra, at 245; Alaska Airlines, Inc. v. Brock, 480 U. S. 678, 686 (1987). This language cannot be taken literally. Invalidating a statute is not a “remedy,” like an injunction, a declaration, or damages. See Harrison, Severability, Remedies, and Constitutional Adjudication, 83 Geo. Wash. L. Rev. 56, 82–88 (2014) (Harrison). Remedies “operate with respect to specific parties,” not “on legal rules in the abstract.” Id., at 85; see also Massachusetts v. Mellon, 262 U. S. 447, 488 (1923) (explaining that the power “to review and annul acts of Congress” is “little more than the negative power to disregard an unconstitutional enactment” and that “the court
enjoins . . . not the execution of the statute, but the acts of the official”). And courts do not have the power to “excise” or “strike down” statutes. See 39 Op. Atty. Gen. 22, 22–23 (1937) (“The decisions are practically in accord in holding that the courts have no power to repeal or abolish a statute”); Harrison 82 (“[C]ourts do not make [nonseverable] provisions inoperative . . . . Invalidation by courts is a figure of speech”); Mitchell, The Writ-of-Erasure Fallacy, 104 Va. L. Rev. (forthcoming 2018) (manuscript, at 4) (“The federal courts have no authority to erase a duly enacted law from the statute books”), online at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3158038 (as last visited May 11, 2018).

Because courts cannot take a blue pencil to statutes, the severability doctrine must be an exercise in statutory interpretation. In other words, the severability doctrine has courts decide how a statute operates once they conclude that part of it cannot be constitutionally enforced. See Fallon, As-Applied and Facial Challenges and Third Party Standing, 113 Harv. L. Rev. 1321, 333–1334 (2000); Harrison 88. But even under this view, the severability doctrine is still dubious for at least two reasons.

First, the severability doctrine does not follow basic principles of statutory interpretation. Instead of requiring courts to determine what a statute means, the severability doctrine requires courts to make “a nebulous inquiry into hypothetical congressional intent.” Booker, supra, at 320, n.7 (THOMAS, J., dissenting in part). It requires judges to determine what Congress would have intended had it known that part of its statute was unconstitutional. But it seems unlikely that the enacting Congress had any intent on this question; Congress typically does not pass statutes with the expectation that some part will later be deemed unconstitutional. See Walsh 740–741; Stern, Separability and Separability Clauses in the Supreme Court, 51 Harv. L. Rev. 76, 98 (1937) (Stern). Without any actual evidence of intent, the severability doctrine invites courts to
rely on their own views about what the best statute would be. See Walsh 752–753; Stern 112–13. More fundamentally, even if courts could discern Congress’ hypothetical intentions, intentions do not count unless they are enshrined in a text that makes it through the constitutional processes of bicameralism and presentment. See Wyeth v. Levine, 555 U. S. 555, 586–588 (2009) (THOMAS, J., concurring in judgment). Because we have “‘a Government of laws, not of men,’” we are governed by “legislated text,” not “legislators’ intentions”—and especially not legislators’ hypothetical intentions. Zuni Public School Dist. No. 89 v. Department of Education, 550 U. S. 81, 119 (2007) (Scalia, J., dissenting). Yet hypothetical intent is exactly what the severability doctrine turns on, at least when Congress has not expressed its fallback position in the text.

Second, the severability doctrine often requires courts to weigh in on statutory provisions that no party has standing to challenge, bringing courts dangerously close to issuing advisory opinions. See Stern 77; Lea, Situational Severability, 103 Va. L. Rev. 735, 788–803 (2017) (Lea). If one provision of a statute is deemed unconstitutional, the severability doctrine places every other provision at risk of being declared nonseverable and thus inoperative; our precedents do not ask whether the plaintiff has standing to challenge those other provisions. See National Federation of Independent Business v. Sebelius, 567 U. S. 519, 696–697 (2012) (joint dissent) (citing, as an example, Williams v. Standard Oil Co. of La., 278 U. S. 235, 242–244 (1929)). True, the plaintiff had standing to challenge the unconstitutional part of the statute. But the severability doctrine comes into play only after the court has resolved that issue—typically the only live controversy between the parties. In every other context, a plaintiff must demonstrate standing for each part of the statute that he wants to challenge. See Lea 789, 751, and nn. 79–80 (citing, as examples, Davis v. Federal Election Comm’n, 554 U. S. 724, 733–734 (2008);

In sum, our modern severability precedents are in tension with longstanding limits on the judicial power. And, though no party in this case has asked us to reconsider these precedents, at some point, it behooves us to do so.

Opinion of Justice Breyer

Opinion of BREYER, J.

SUPREME COURT OF THE UNITED STATES

Nos. 16–476 and 16–477

PHILIP D. MURPHY, GOVERNOR OF NEW JERSEY, ET AL.,

PETITIONERS 16–476 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

NEW JERSEY THOROUGHBRED HORSEMAN’S ASSOCIATION, INC.,

PETITIONER 16–477 v.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION, ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

[May 14, 2018]

JUSTICE BREYER, concurring in part and dissenting in part.

I agree with JUSTICE GINSBURG that 28 U. S. C. §3702(2) is severable from the challenged portion of §3702(1). The challenged part of subsection (1) prohibits a State from
“author[izing]” or “licens[ing]” sports gambling schemes; subsection (2) prohibits individuals from “sponsor[ing], operat[ing], advertis[ing], or promot[ing]” sports gambling schemes “pursuant to the law . . . of a governmental entity.” The first says that a State cannot authorize sports gambling schemes under state law; the second says that (just in case a State finds a way to do so) sports gambling schemes that a State authorizes are unlawful under federal law regardless. As JUSTICE GINSBURG makes clear, the latter section can live comfortably on its own without the first.

Why would Congress enact both these provisions? The obvious answer is that Congress wanted to “keep sports gambling from spreading.” S. Rep. No. 102–248, pp. 4–6 (1991). It feared that widespread sports gambling would “threate[n] to change the nature of sporting events from wholesome entertainment for all ages to devices for gambling.” Id., at 4. And it may have preferred that state authorities enforce state law forbidding sports gambling than require federal authorities to bring civil suits to enforce federal law forbidding about the same thing. Alternatively, Congress might have seen subsection (2) as a backup, called into play if subsection (1)’s requirements, directed to the States, turned out to be unconstitutional—which, of course, is just what has happened. Neither of these objectives is unreasonable.

So read, the two subsections both forbid sports gambling but §3702(2) applies federal policy directly to individuals while the challenged part of §3702(1) forces the States to prohibit sports gambling schemes (thereby shifting the burden of enforcing federal regulatory policy from the Federal Government to state governments). Section 3702(2), addressed to individuals, standing alone seeks to achieve Congress’ objective of halting the spread of sports gambling schemes by “regulat[ing] interstate commerce directly.” New York v. United States, 505 U. S. 144, 166 (1992). But the challenged part of subsection (1) seeks the same end indirectly by “regulat[ing]
state governments’ regulation of interstate commerce.” *Ibid.* And it does so by addressing the States (not individuals) directly and telling state legislatures what laws they must (or cannot) enact. Under our precedent, the first provision (directly and unconditionally telling States what laws they must enact) is unconstitutional, but the second (directly telling individuals what they cannot do) is not. See *ibid.*

As so interpreted, the statutes would make New Jersey’s victory here mostly Pyrrhic. But that is because the only problem with the challenged part of §3702(1) lies in its means, not its end. Congress has the constitutional power to prohibit sports gambling schemes, and no party here argues that there is any constitutional defect in §3702(2)’s alternative means of doing so.

I consequently join JUSTICE GINSBURG’s dissenting opinion in part, and all but Part VI–B of the Court’s opinion.

**Dissenting Opinion**

GINSBURG, J., dissenting

SUPREME COURT OF THE UNITED STATES

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ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT
JUSTICE GINSBURG, with whom JUSTICE SOTOMAYOR joins, and with whom JUSTICE BREYER joins in part, dissenting.

The petition for certiorari filed by the Governor of New Jersey invited the Court to consider a sole question: “Does a federal statute that prohibits modification or repeal of state-law prohibitions on private conduct impermissibly commandeer the regulatory power of States in contravention of New York v. United States, 505 U. S. 144 (1992)? ” Pet. for Cert. in No. 16–76, p. i.

Assuming, arguendo, a “yes” answer to that question, there would be no cause to deploy a wrecking ball destroying the Professional and Amateur Sports Protection Act (PASPA) in its entirety, as the Court does today. Leaving out the alleged infirmity, i.e., “commandeering” state regulatory action by prohibiting the States from “authoriz[ing]” and “licens[ing]” sports-gambling schemes, 28 U. S. C. §3702(1), two federal edicts should remain intact. First, PASPA bans States themselves (or their agencies) from “sponsor[ing], operat[ing], advertis[ing], [or] promot[ing]” sports-gambling schemes. Ibid. Second, PASPA stops private parties from “sponsor[ing], operat[ing], advertis[ing], or promot[ing]” sports-gambling schemes if state law authorizes them to do so. §3702(2). Nothing in these §3702(1) and §3702(2) prohibitions commands States to do anything other than desist from conduct federal law proscribes. Nor is there any doubt that Congress has power to regulate gambling on a nationwide basis, authority Congress exercised in PASPA. See Gonzales v. Raich, 545 U. S. 1, 17 (2005) (“Our case law firmly establishes Congress’ power to regulate purely local activities that are part of an economic ‘class of activities’ that have a substantial effect on interstate commerce.”).
Surely, the accountability concern that gave birth to the Anti-commandeering doctrine is not implicated in any federal proscription other than the bans on States’ authorizing and licensing sports-gambling schemes. The concern triggering the doctrine arises only “where the Federal Government compels States to regulate” or to enforce federal law, thereby creating the appearance that state officials are responsible for policies Congress forced them to enact. *New York v. United States*, 505 U. S. 144, 168 (1992). If States themselves and private parties may not operate sports-gambling schemes, responsibility for the proscriptions is hardly blurred. It cannot be maintained credibly that state officials have anything to do with the restraints. Unmistakably, the foreclosure of sports-gambling schemes, whether state run or privately operated, is chargeable to congressional, not state, legislative action.

When a statute reveals a constitutional flaw, the Court ordinarily engages in a salvage rather than a demolition operation: It “limit[s] the solution [to] severing any problematic portions while leaving the remainder intact.” *Free Enterprise Fund v. Public Company Accounting Oversight Bd.*, 561 U. S. 477, 508 (2010) (internal quotation marks omitted). The relevant question is whether the Legislature would have wanted unproblematic aspects of the legislation to survive or would want them to fall along with the infirmity. As the Court stated in *New York*, “[u]nless it is evident that the Legislature would not have enacted those provisions which are within its power, . . . the invalid part may be dropped if what is left is fully operative as a law.” 505 U. S., at 186 (internal quotation marks omitted). Here, it is scarcely arguable that Congress “would have preferred no statute at all,” *Executive Benefits Ins. Agency v. Arkison*, 573 U. S. ___ (2014) (slip op., at 10), over one that simply stops States and private parties alike from operating sports-gambling schemes.
The Court wields an ax to cut down §3702 instead of using a scalpel to trim the statute. It does so apparently in the mistaken assumption that private sports-gambling schemes would become lawful in the wake of its decision. In particular, the Court holds that the prohibition on state “operat[ion]” of sports-gambling schemes cannot survive, because it does not believe Congress would have “wanted to prevent States from running sports lotteries” “had [it] known that States would be free to authorize sports gambling in privately owned casinos.” Ante, at 26. In so reasoning, the Court shuts §3702(2), under which private parties are prohibited from operating sports-gambling schemes precisely when state law authorizes them to do so.

This plain error pervasively infects the Court’s severability analysis. The Court strikes Congress’ ban on state “sponsor[ship]” and “promot[ion]” of sports-gambling schemes because it has (mistakenly) struck Congress’ prohibition on state “operat[ion]” of such schemes. See ante, at 27. It strikes Congress’ prohibitions on private “sponsor[ship],” “operat[ion],” and “promot[ion]” of sports-gambling schemes because it has (mistakenly) struck those same prohibitions on the States. See ante, at 27–28. And it strikes Congress’ prohibition on “advertis[ing]” sports-gambling schemes because it has struck everything else. See ante, at 29–30.

* * *

In PASPA, shorn of the prohibition on modifying or repealing state law, Congress permissibly exercised its authority to regulate commerce by instructing States and private parties to refrain from operating sports-gambling schemes. On no rational ground can it be concluded that Congress would have preferred no statute at all if it could not prohibit States from authorizing or licensing such schemes. Deleting the alleged “commandeering” directions would free the statute to accomplish just what Congress legitimately sought to achieve: stopping sports
gambling regimes while making it clear that the stoppage is attributable to federal, not state, action. I therefore dissent from the Court’s determination to destroy PASPA rather than salvage the statute.
APPENDIX C

ABRIDGED STATE LEGISLATION

Arkansas

The regulations relating to sports wagering in Arkansas can be found in Rule 20-Race Books and Sports Pools.

Section 20.010 of Rule 20 includes definitions of key words and terms. “Commission” means the Arkansas Racing Commission or the Commission’s designee. “Key employee” means an employee in any of the classes described in these Rules.

“Book” means a licensed race book or sports pool. “Race book” means a business that accepts wagers on horse or other animal races. “Sports pool” means a business that accepts wagers on sporting events or other events, other than horse or other animal races. “Outstation book” means a book, other than a satellite book, that shares the computerized bookmaking system and certain management or administrative functions of a book operated by an affiliated licensee. “Satellite book” means a book that has been licensed pursuant to the provisions of these Rules. “Post time” means, unless an earlier time is required by regulation in the state where the race is run the later of either the time when the disseminator transmits an audible announcement of the post time, or when the race is started by the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track.

“Wagering communication” means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology, including computers or mobile application on mobile devices or other approved interactive devices approved by the Commission. “Messenger bettor” means a person who places a race book or sports pool wager
for the benefit of another for compensation. “Non- pari-mutuel wager” means a race book or sports pool wager other than one offered to be included in a common pari-mutuel pool.

“Cash” means coin and currency that circulates, and is customarily used and accepted as money, in the issuing nation. “Payout” means the total payment due on a winning wager whether or not the patron collects the total payment due at one time, all or a portion of the payment due is made in the form of cash, chips, or other form of payment or all or a portion of the payment due is used to place another wager.

“Wagering instructions” means the instructions given to an operator of a call center by a patron who maintains a wagering account at a book to affect a wagering communication to the book. “Operator of a call center” means a person who, as an agent of a licensed Arkansas book, engages in the business of operating a call center system as a means of providing patron services to assist a patron to convey wagering instructions to one or more licensed Arkansas books. An operator of a call center does not accept wagers. “Call center system” means a computerized system that is used to receive and transmit wagering instructions from a patron to a licensed book.

“Communications technology” means the methods used and the components employed to facilitate the transmission of information including transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks. The term does not include the Internet. “Internet” means the international computer network of both Federal and non-Federal interoperable packet switched data networks. “Account wagering system” means a system of wagering using telephone, computer or other method of wagering communication, including mobile applications and other digital platforms that utilize communications
technology. The components shall include the systems operator, permanent information
databases, system monitoring equipment, writers, and patron service representatives.

Section 20.020 of Rule 20 describes the process of obtaining a license. No person may
operate or own any interest in a race book or sports pool in Arkansas unless that person holds a
Casino license. Authorization to operate a race book or a license to operate a sports pool occurs
immediately upon adoption of the required rules and regulations. Each application for
authorization by a licensee must be accompanied by an internal control system.

Section 20.032 determines the suitability to operate a call center. A person shall not function
as the operator of a call center unless the person has been found suitable. Applications for a
finding of suitability to function as the operator of a call center must be made, processed, and
determined using the required forms.

Section 20.037 identifies the classification of an operator of a call center. Any employee of
an operator of a call center who fulfills the function of receiving and transmitting wagering
instructions and any employee supervising this function is considered a gaming employee.

Section 20.040 outlines reserve requirements. Each book shall at all times maintain a reserve
of not less than the greater of $25,000 or the sum of the amounts held by the book for the
account of patrons, amounts accepted by the book as wagers on contingencies whose outcomes
have not been determined and amounts owed but unpaid by the book on winning wagers through
the period established by the book for honoring winning wagers. Before beginning operations,
each newly-licensed book must establish a reserve of at least the greater of $25,000 or the
amount the Commission stipulates. The reserve may be combined as a single amount for a book
and its satellite books.
Section 20.050 describes requirements for the issuance and control of betting tickets. Immediately upon accepting a wager the book shall create a betting ticket on which the terms of the wager are written. Betting tickets must bear the name and address of the book.

Section 20.055 prohibits remote/off premises wagers. Licensees / books shall not accept wagers from any person who is not physically on the premises, except on horse and greyhound races.

Section 20.060 gives direction on the acceptance of wagers. Books may not accept wagers unless made with cash, chips or other representatives of value, against credits made to a wagering account or on credit extended. A book shall accept wagers only on its licensed premises, and only at betting stations or through an account wagering system. The casino licensee may utilize kiosks for wagering transactions in conjunction with an approved system. Daily, an operator of a book shall remove the bill validator boxes in the kiosks (the sports pool kiosk drop). The sports pool kiosk drop shall be monitored and recorded by surveillance. The casino licensee shall submit the sports pool kiosk drop schedule to the Commission. The casino licensee’s accounting department shall reconcile the kiosks daily pursuant to internal controls. Any variance of $500.00 or more shall be documented by the accounting department and reported in writing to the Commission within 72 hours of the end of the gaming day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation. All kiosks must satisfy all MICS requirements and be detailed in the casino licensee’s internal controls.

A book shall not knowingly accept money or its equivalent as a wager upon an event whose outcome has already been determined. A licensed sports pool shall not accept a wager on an
event unless the date and time at which the outcome of the event is determined can be confirmed from reliable sources or from records created and maintained by the book.

Licensed sports pools may accept wagers, including parlay card wagers, as to which of the participating contestants will win specified sports events and as to whether the total points scored in a specified game, match, or similar sports event will be higher or lower than a number specified for that event. Licensed sports pools shall not accept wagers, including parlay card wagers, on other contingencies unless their outcomes are reported in newspapers of general circulation or in official, public records maintained by the appropriate league or other governing body, or unless the pertinent sports events are televised live at the book and a book employee other than a betting ticket writer monitors the telecast, records the occurrence of the pertinent events and contingencies simultaneously with their occurrence, and records the time of their occurrence.

No book or agent or employee of a book may accept a wager from a person who the book, agent, or employee knows or reasonably should know is a messenger bettor or is placing the wager in violation of state or federal law. No book may hold a patron’s money or its equivalent on the understanding that the book will accept the money as a wager only upon the occurrence of a specified, future contingency, unless a betting ticket documenting the wager and contingency is issued immediately when the book receives the money or its equivalent. A race book or sports pool may not accept wagers on a race or sporting event unless the wagering proposition is posted. Propositions may be posted by electronic or manual means, including printed media. If posted propositions are not updated simultaneously with actual changes to the propositions, an announcement, audible throughout the race book or sports pool, must be made simultaneously
with the actual changes followed by updating the posted propositions within a time specified in the house rules.

Section 20.060 concerns wagers and payouts of more than $10,000. Prior to accepting any non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager the book shall:

1. Obtain the patron’s name.
2. Obtain the patron’s permanent address.
3. Obtain the patron’s social security number or passport number.
4. Obtain one of the following identification credentials from the patron;
   a. Driver’s license
   b. Passport
   c. Non-resident alien identification card
   d. Other reliable government issued identification credentials
   e. Other picture identification credential normally acceptable as a means of identification when cashing checks
5. Examine the identification credential obtained to verify the patron’s name and the accuracy of the information obtained.

Prior to accepting a non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager, if a book knows a person is placing a wager or receiving a payout on behalf of another person, the licensee shall obtain and record the information with respect to all persons placing the wager or receiving the payout, and the licensee shall reasonably attempt to obtain and record the information with respect to all persons for whom the wager was placed or the payout received.
Subsequent to accepting a non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager the book shall record or maintain records that include:

1. The patron’s name and, if applicable, the agent’s name.
2. The patron’s address and, if applicable, the agent’s address.
3. The patron’s social security number and, if applicable, the agent’s social security number.
4. A description including any document number of the identification credential examined and, if applicable, for the agent.
5. The amount of the wager or payout.
6. Window number or other identification of the location where the wager or payout occurred.
7. The time and date of the wager or payout.
8. The name and signatures of the book employees accepting or approving the wager and payout on the wager.

Each book shall report the wagers or payouts required to be recorded pursuant to this section on a “Book Wagering Report,” a form that includes:

1. The patron’s and agent’s (if applicable) name.
2. The patron’s and agent’s (if applicable) government issued identification credential information.
3. The patron’s and agent’s (if applicable) social security number.
4. Wager and payout amounts.
5. Date of transactions.
Reports shall be submitted to the Commission no later than 15 days after the end of the month of the occurrence of the transaction. Each book shall retain a copy of each report filed for at least 5 years.

Section 20.062 gives direction on the handling of multiple wagers. A book and its employees and agents shall not knowingly allow, and each book shall take reasonable steps to prevent, the circumvention of these Rules by multiple wagers within its designated 24-hour period with a patron or a patron’s agent or by the use of a series of wagers that are designed to accomplish indirectly that which could not be accomplished directly. As part of a book’s efforts to prevent such circumventions a book shall establish and implement wagering multiple transaction logs.

Each book shall record in a wagering multiple transaction log all non-pari-mutuel wagers in excess of $5,000, or in smaller amounts that aggregate in excess of $5,000 when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron’s confederate or agent. This record shall be made for non-pari-mutuel wagers occurring during a designated 24-hour period, within a monitoring area.

Each log entry in a wagering multiple transaction log shall be made by the employee accepting or approving the wager, immediately after accepting the wager, and shall include:

1. Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted.

2. Patron’s name and agent’s name, if known.

3. Window number or other identification of the location where the wager occurred.
4. Time and date of the wager.

5. Dollar amount of the wager.

6. Signature or electronic signature of person accepting or approving the wager.

One log shall be maintained for each monitoring area, for each designated 24-hour period. A log is completed for each 24-hour period regardless of whether any non-pari-mutuel wagers occurred. At the conclusion of each designated 24-hour period, the last entry on a log which is recorded manually shall be an indication that the end of the designated 24-hour period has occurred.

Each book shall aggregate all non-pari-mutuel wagers in excess of $5,000 or smaller amounts when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron’s confederate or agent during a designated 24-hour period within a monitoring area.

Before completing a wager that, when aggregated with other wagers, will aggregate to an amount that will exceed $10,000, the book shall complete the identification and recordkeeping requirements described in these Rules. When aggregated wagers exceed $10,000, the book shall complete the recording and reporting requirements of these Rules.

If a patron places a wager that is to be aggregated with previous wagers for which a record has been completed pursuant to these Rules, the book shall complete the identification, recordation and reporting procedures described in these Rules for any additional wager regardless of amount occurring during a designated 24-hour period. “Designated 24-hour period” means the 24-hour period ending at midnight each day. “Monitoring area” means all race book and sports pool writing locations.
Section 20.063 discusses structured wagers. A book, its officers, employees or agents shall not encourage or instruct the patron to structure or attempt to structure wagers. A book may inform a patron of the regulatory requirements imposed upon the book, including the definition of structured wagers. A book, its officers, employees or agents shall not knowingly assist a patron in structuring or attempting to structure wagers. “Structure wagers” or “structuring wagers” means to willfully conduct or attempt to conduct a series of wagers in any amount, at one or more books, on one or more days in any manner as to willfully evade or circumvent recording and reporting requirements. The wager or wagers need not exceed the dollar thresholds in these Rules at any single book in any single day in order to constitute structuring.

Section 20.080 sets regulations for the payment of winning wagers. Books shall make payment on a winning wager to the person who presents the patron’s copy of the betting ticket representing the wager. A book need not make payment to a person who the book or an agent or employee of the book knows is not the person to whom the patron’s copy was issued. A book shall not make payment on a winning wager to a person who the book or its agent or employee knows or reasonably should know is collecting the payment on behalf of another for monetary consideration. A book may withhold payment of a winning wager if the patron refuses to supply identification or any other documentation required by state or federal law.

Presentment of the betting ticket and payment of the winning wager may be made at an affiliated book provided that an adequate accounting of the payment is kept for 5 years by both books and the payout is properly included in the computation of gross revenue of the licensee that initially accepted the wager.

Books shall honor winning betting tickets for 30 days after the conclusion of the event wagered upon unless a longer period is established by the book. The book shall state the
redemption period on each betting ticket, in house rules and on notices conspicuously placed about the licensed premises. Payment by mail may be made only after presentment of the betting ticket and all identification information and documentation required by state or federal law and must be made not later than 10 days after presentment. A book may accept a photocopy of a driver license or passport in lieu of an actual driver license or passport when presentment of the betting ticket is made by mail. A licensed race book shall determine the winners of or payouts on wagers on horse and other animal races only with information the book receives from licensed disseminators.

Section 20.090 addresses the handling of parlay card wagers. “Parlay card wager” means a wager on the outcome of a series of 3 or more games, matches, or similar sports events or on a series of 3 or more contingencies incident to particular games, matches or similar sports events.

Each sports pool that offers to accept parlay card wagers shall fully, accurately, and unambiguously disclose on all parlay card wagering forms:

1. The amounts to be paid to winners or the method by which such amounts are to be determined and the aggregate amount and the establishments to which it applies.

2. The effect of ties.

3. The minimum and maximum betting limits.

4. The procedure for claiming winnings, including the documentation players must present to claim winnings, time limits for claiming winnings, whether winnings may be claimed and paid by mail and, if so, the procedure for claiming winnings by mail.

5. The effects of an event wagered on not being played on the date specified and of other events that will cause selections to be invalid.
6. The requirement that a parlay card wager must consist of at least three selections that have not become invalid under applicable house rules or the wager will be void and the money wagered will be refunded.

7. The rights reserved by the sports pool, including reservation of the right to refuse any wager or delete or limit any selection prior to the acceptance of a wager, or to withhold payouts of specified amounts until the outcome of each proposition offered by the parlay card has been determined.

8. The requirement that the point spreads printed on the parlay card wagering form when the wager is accepted will be used to determine the outcomes of the wagers.

9. That the sports pool’s house rules apply to parlay cards unless otherwise stated on the parlay card wagering form.

“Parlay card” may also mean a wagering form offering the same propositions on the same terms. A sports pool, a sports pool and its outstation books, or a sports pool and its satellite books may limit the aggregate amount to be paid to winners on a parlay card in proportion to the amounts won, provided that the aggregate limit must not be less than the amount disclosed on the parlay card (the “base amount”) plus twice the amount wagered on the parlay card at all establishments to which the aggregate limit applies.

When a sports pool knows or reasonably should know that actual payouts on a parlay card will be limited by an aggregate amount, the sports pool shall cease accepting wagers and making payouts on the parlay card. After the outcome of the final game, match, or event covered by the parlay card has been determined, the sports pool shall pay each winner at least that proportion of the payout amount stated on the parlay card that the aggregate limit bears to
total payouts (including payouts made prior to the suspension of payouts) that would otherwise have been made but for the limit.

When a book ceases accepting wagers and making payouts on a parlay card, the book may accept wagers on the parlay card on those propositions whose outcomes have not been determined if the parlay card, patron receipts, and related documentation are distinguishable from the card, receipts, and documentation as to which the book has ceased accepting wagers, in which case the parlay card shall be considered a different parlay card. If a book pays the winner of a parlay card wager more than 10 percent of the base amount before the outcome of every proposition offered by the parlay card has been determined, the book must pay every winner of a wager on that parlay card the proper payout amount stated on the parlay card in full and without regard to any aggregate limit.

Section 20.100 establishes the requirement for computerized bookmaking systems. Before beginning operations, each book shall install and thereafter maintain a computerized bookmaking system meeting the specifications approved by the Commission.

Section 20.110 allows layoff bets. Books may accept wagers placed by other books. Books may place wagers only with other books. A book that places a wager shall inform the book accepting the wager that the wager is being placed by a book and shall disclose its identity.

Section 20.115 states that a book may not unilaterally rescind any wager without the prior written approval of the Commission.

Section 20.120 defines prohibited wagers. No wagers may be accepted or paid unless the person making the wager is physically present on the premises. No wager may be accepted or paid on:
1. Any amateur sport or athletic event other than Olympic sporting or athletic events sanctioned by the International Olympic Committee.

2. Any collegiate sport or athletic event which the licensee knows or reasonably should know, is being placed by, or on the behalf of a coach or participant in that collegiate event.

3. The outcome of any election for any public office both within and without the State of Arkansas.

4. Any event, regardless of where it is held, involving a professional team whose home field, a court, or base is in Arkansas, or any event played in Arkansas involving a professional team, if, not later than 30 days before an event or the beginning of a series of events, the team’s governing body files with the Commission a written request that wagers on the event or series of events be prohibited, and the Commission approves the request.

5. Any virtual event unless an approved gaming device is used to determine the outcome(s) and to display an accurate representation of the outcome(s) of the virtual event and a live display of the virtual event is offered to all approved sports pools.

A request for approval to accept wagers on an event other than a horse race, greyhound race or an athletic sports event shall include a full description of the event and the manner in which wagers would be placed and winning wagers would be determined and a full description of any technology which would be utilized to offer the event and information or documentation which demonstrates that:

1. The event could be effectively supervised.

2. The event could be effectively supervised.
3. The outcome of the event would be verifiable.

4. The outcome of the event would be generated by a reliable and independent process.

5. The outcome of the event would be unlikely to be affected by any wager placed.

6. The event could be conducted in compliance with any applicable laws.

7. The granting of the request for approval would be consistent with the public policy of the state.

“Professional team” means two or more persons who join together to participate in athletic sports events and who receive any compensation in excess of actual expenses for their participation in such events. “Collegiate sport or athletic event” means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level.

Section 20.121 outlines the requirements for the reporting of suspicious transactions. "Suspicious transaction” means a transaction which a book knows or, in the judgment of it or its directors, officers, employees or agents, has reason to suspect is, or would be if completed, in violation of, or is part of a plan to violate or evade, any federal, state or local law or regulation, is, or would be if completed, wagering by, or on behalf of, a coach or participant in a sporting event or other event on such event or has no business or apparent lawful purpose or is not the sort of transaction the particular patron would normally be expected to perform, and the book knows of no reasonable explanation for the transaction after examining the available facts, including the background of the transaction.

A book shall file with the Commission a report of any suspicious transaction, if it involves or aggregates to more than $5,000 in funds or other assets and may file a report of any
suspicious transaction, regardless of the amount if the licensee believes it is relevant to the possible violation of any law or regulation.

A licensee and its directors, officers, employees, or agents who file a report pursuant to this Rule shall not notify any person involved in the transaction that the transaction has been reported. Any report filed with the Commission under this subsection is confidential and is privileged and may be disclosed only by the Commission in the necessary administration of their duties and responsibilities under the Amendment. Any report, whether written or oral, is absolutely privileged and does not impose liability for defamation or constitute a ground for recovery in any civil action.

Section 20.125 outlines the terms and conditions of wagers. No book shall accept from a patron, directly or indirectly, less than the full face value of an off-track pari-mutuel wager, agree to refund or rebate to a patron any portion or percentage of the full face value of an off-track pari-mutuel wager or increase the payoff of, or pay a bonus on, a winning off-track pari-mutuel wager.

The provisions of this subsection do not prohibit the granting of the following by a book, including a satellite book, or a licensed gaming establishment where a book is located, or an affiliate of one or more of those entities that holds a Casino license:

1. Room, food, beverage, racing data subscriptions or services, including but not limited to broadcasts, periodicals and electronic publications or services, that are available to the public from other sources, tobacco, or other services, including spa services, movies, bowling and entertainment admission.

2. Limousine or other car service transportation to and from the gaming establishment where the book is located.
3. Merchandise or other non-cash equivalents not exceeding $100 per patron per week with the value of such $100 determined by the book’s or the licensed gaming establishment’s cost.

A book, including a satellite book, or a licensed gaming establishment where a book is located, or an affiliate of one or more of those entities that holds a Casino license, may award player loyalty program points based on pari-mutuel wagers placed by a patron, however, such points may only be redeemed in accordance with the rules of the program, provided that points earned based on pari-mutuel wagers may not be redeemed for cash, items or services that the book intends to or does redeem for cash, or free-play on any gaming device or gambling game.

A book shall not, to provide a benefit to the patron, offer a wagering proposition, or set or move its wagering odds, lines or limits.

The Commission may require a book to disclose its betting limits in its house rules and obtain approval from the Commission before changing those limits or modifying its house rules. The Commission may require a book to document and report wagering limits, temporary changes to such limits, or the acceptance of a wager or series of wagers from the same patron that exceeds such limits. The report may include:

1. Recording the name of the patron for which betting limits are changed or exceeded.
2. Recording the name of the employee approving the acceptance of a wager that exceeds betting limits or causes a change in betting limits.
3. Describing the nature of the temporary change and any related wagers.
4. Describing how the temporary change in limit will benefit the licensee.

A book shall not set lines or odds, or offer wagering propositions, designed for the purposes of ensuring that a patron will win a wager or series of wagers.
Section 20.130 outlines the requirements for communications technology. Before installing or permitting the installation of any communications technology on the premises of a book or a call center, the book or the call center shall notify the Commission in writing of the location and number or other identifier of each communications technology and shall obtain the written approval of the Commission for each communications technology. Before a book accepts any wagering communications, and before a call center accepts any wagering instructions, the book and the call center must obtain the written approval of the Commission to accept such wagering communications and wagering instructions, and thereafter use only the communications technology approved for that purpose. Upon the request of either the Commission, a book or a call center shall provide a written consent for the Commission to examine and copy the records of any telephone, telegraph, or other communications company or utility that pertain to the operation of the book or the call center.

Section 20.140 describes the process of establishing patron wagering accounts for sports, non-pari-mutuel race and other event wagering. A book may only accept a sports wager, non-pari-mutuel race wager, or other event wager from a person physically present on the premises. However, a franchise holder may accept wagers on horse and greyhound racing from patrons not on the premises under certain circumstances. Each book must conspicuously display signs to that effect on its premises outlining the special circumstances.

Each licensee that accepts wagering communications shall establish and implement a system of internal control for such transactions and comply with both its system of internal control and the minimum internal control standards contained in these Rules. Each book shall prepare a written description of its rules and procedures for wagering communications and shall make a copy available to each patron for whom a wagering account is established.
Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, on any non-pari-mutuel race wager or on any other event wager, the book must register patrons and create wagering accounts in accordance with these Rules except as follows:

1. For purposes of presenting a government issued picture identification credential to confirm the patron’s identity, a patron may either personally appear before an employee of the licensee at which the book is located or before an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book.

2. A book may register and create wagering accounts for patrons, including inspecting a patron’s government issued picture identification credential to confirm their identity, by filing a request with the Commission for permission to have its employees register and create wagering accounts for patrons outside the premises of the book. The request must include a comprehensive marketing plan setting out the types of locations and types of potential patrons to which a book intends to send its employees for the purposes of registering and creating wagering accounts for patrons.

3. Wagering accounts may not be created pursuant to such marketing plan outside the State of Arkansas.

In addition to the requirements of these Rules, before registering a patron for a wagering account, the book must have the patron affirm that the patron has been informed and acknowledges that patrons are prohibited from placing sports wagers, non-pari-mutuel race wagers, and other event wagers unless the patron is physically present on the premises.
However, patrons may place wagers and franchise holders may accept wagers on horse and greyhound racing under certain circumstances.

For a business entity patron, the patron must provide an employee of the book with the following information before the book registers and creates a wagering account for the patron:

1. The name, residential address, copy of a valid photo identification which evidences that the person is at least 21 years of age, and social security number or individual taxpayer identification number, of each of the business entity’s equity owners, holders of indebtedness, directors, officers, managers and partners, anyone entitled to payments based on the profits or revenues and any designated individuals.

2. The business entity’s formation documents and all filings with the Secretary of State.

Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, non-para-mutuel race wager or other event wager from another book, the authorized employee of the other book must personally appear at the premises of the book or, for central site books, at an outstation, satellite or affiliated book, to open a wagering account. The book employee must record:

1. The authorized employee of the other book’s name, permanent business address (other than a post office box number), and business telephone number.

2. The documents used to verify the other book is a book, the authorized employee is an employee of the other book and is authorized to open this wagering account.

3. The amount of the authorized employee of the other book’s initial wagering account or front money deposit.

4. The authorized employee of the other book’s account number with the book.
5. The date the authorized employee of the other book’s account with the book is opened.

The authorized employee of the other book must sign, in the presence of a supervising employee of the book, statements attesting that the authorized employee of the other book:

1. Confirms the accuracy of the information recorded.

2. Has received a copy, or has had a copy made available to them, of the book’s rules and procedures for wagering communications.

3. Has been informed and understands that authorized employees of other books that establish a wagering account pursuant to this subsection are prohibited by law from placing wagering communications from outside Arkansas and that the book is prohibited by law from accepting them.

4. Has been informed and understands that a race book may only accept off-track pari-mutuel horse race account wagers pursuant to the provisions of these Rules.

5. Consents to the monitoring and recording by the Commission and the book of any wagering communication.

6. The employee who verifies the authorized employee of the other book’s information and who obtains and records the information on behalf of the book and the supervising employee, must each sign statements that they witnessed the authorized employee’s signature and confirmed the authorized employee of the other book’s identity and residence.

A book shall not allow the use of a wagering account for forms of wagering other than sports wagering, non-pari-mutuel race wagering or other event wagering unless administrative approval has been granted by the Commission.
Section 20.145 describes the use of account wagering systems. Account wagering systems shall provide for the patron’s review and confirmation of all wagering information before the wagering communication is accepted by the book. The system shall create a record of the confirmation. This record of the confirmation of the wager shall be deemed to be the actual transaction of record, regardless of what wager was recorded by the system. The system shall prohibit wagers from being changed after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed. The system shall prohibit the acceptance of wagers after post time except those originated after post time that are approved in the same manner as other events approved pursuant to these Rules and prohibit a book from accepting an account wager, or a series of account wagers, in an amount in excess of the available balance of the wagering account. The system shall prohibit a book from accepting out-of-state sports wagers and out-of-state non-pari-mutuel horse race wagers.

The system shall post payment on winning account wagers as a credit to the patron’s wagering account as soon as reasonably practicable after the event is declared official and maintain a separate wagering account for pari-mutuel horse race wagers. Wagering accounts for pari-mutuel sports wagers, non-pari-mutuel horse race wagers and non-pari-mutuel sports wagers may be commingled in a single wagering account.

The system shall maintain complete records of every deposit, withdrawal, wager, winning payoff, and any other debit or credit for each account and produce a printable record of the entire transaction and shall not accept any wagering communication or transaction if the printable record system is inoperable.

Section 20.150 defines house rules. Each book shall adopt, conspicuously display at its licensed premises, and adhere to written, comprehensive house rules governing wagering
transactions with patrons. The rules must specify the amounts to be paid on winning wagers, the
effect of schedule changes, the redemption period for winning tickets and the method of
noticing odds or line changes to patrons. House rules must state that wagers may be accepted at
other than the currently posted terms, if applicable.

Section 20.155 discusses business entity wagering. A book shall notify the Commission in
writing of its intent to accept wagers from business entities. A book is prohibited from
accepting wagers from a business entity unless all the business entity’s owners, directors,
officers, managers, partners, holders of indebtedness, and anyone entitled to payments based on
profits or revenues of the entity are fully disclosed. If the business entity is owned or controlled
by one or more holding companies, each of the holding companies’ owners, directors, officers,
managers, partners, holders of indebtedness and everyone entitled to payments based on profits
or revenues of the entity must be fully disclosed.

A book which elects to accept wagers from business entities must conduct due diligence on
each business entity from which the book will accept wagers which includes:

1. Requiring the business entity to affirm that it has met all the applicable requirements
found in this section and that it is not established for the purpose of circumventing
any applicable federal or state laws including laws concerning illegal sports
wagering, electronic communications and money laundering.

2. Ascertaining all equity owners, holders of indebtedness, directors, officers,
managers, partners, anyone entitled to payments based on the profits or revenues and
any designated individuals.

3. Ascertaining the natural person who is the source of funds for each contribution to
the business entity.
A book shall not accept wagers from a business entity if:

1. The business entity does not make the affirmation or disclosures required by these Rules.

2. The book is unable to verify the identity of all the equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals of the business entity.

3. The book is unable to verify the natural person who is the source of funds for each contribution to the business entity.

A book shall require a business entity from which the book accepts wagers to provide:

1. For business entities from which the book accepts wagers aggregating more than $5,000,000 in a calendar year, an independent third-party verification concerning to whom the business entity made payments based on profits or revenues to ensure no payments were made to persons other than those permitted by these Rules to receive such payments.

2. For business entities from which the book accepts wagers aggregating $5,000,000 or less within a calendar year, an affirmation stating the business entity did not make payments based on profits or revenues to persons other than those permitted by these Rules to receive such payments.

A book may only accept wagering activity from a business entity, acting through one or more designated individuals, through a wagering account established by the business entity and may only deposit winnings into such wagering account. The book must use an account wagering system for such wagering activity. A book shall not extend credit to a business entity. A book
that accepts wagers from business entities shall adopt, conspicuously display at its premises and
adhere to house rules governing business entity wagering transactions. A book that accepts
wagers from business entities shall implement policies and procedures designed to ensure that
business entities’ wagering accounts are used only to place book wagers.

“Holding company” means any corporation, firm, partnership, limited partnership, limited-liability company, trust or other form of business organization which, directly or indirectly owns,
controls or holds with power to vote any part of a business entity subject to this section.

Section 20.160 describes wagering account transactions. Business entity wagering account
deposits and withdrawals may only be made by transfers to and from the bank or financial
institution account maintained by the business entity. Business entity wagering account deposits
and withdrawals may not be made in cash.

Section 20.165 outlines the use of an operator of a call center. The call center system, or a
component of such a system, will record patron instructions received and transmitted to a
licensed Arkansas book and the date/time instructions are received from a patron for sports
wagers and non-pari-mutuel horse race wagers to be placed.

The operator of a call center performs such patron services as receiving sports and non-pari-
mutuel horse race wagering instructions from a patron and providing help desk responses to
patrons and the general public concerning sports wagers and non-pari-mutuel horse race wagers
at a licensed Arkansas book.

Section 20.180 identifies the calculation of gross revenue computations and layoff bets. The
amounts of wagers placed by a book and the amounts received by the book as payments on such
wagers shall not affect the computation of the book’s gross gaming revenue.
Section 20.190 allows for a permanent assigned agent. The Commission may at any time require a book to allow an agent of the Commission to be permanently present on the book’s premises during all hours of operation and to require the costs and expenses for such agent to be borne by the book. The agent shall have full and complete access to all books, records, and to any telephone conversations emanating from or received at the licensed premises.

Section 20.220 addresses the providing of global risk management to a licensed book. A book engaging in global risk management may provide direction, management, consultation, and/or instruction to the operator of a wagering pool located in a permissible jurisdiction concerning:

1. The management of risks associated with a wagering pool for a race or sporting event or any other event for which the wagering pool is permitted to accept wagers.

2. The determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and the determination of whether to change such lines, point spreads, odds or other activity relating to betting or wagering.

3. Whether or not to accept or reject bets or wagers, to pool bets or wagers or to lay off bets or wagers.

A book which intends to provide global risk management shall:

1. Enter into a written agreement to provide global risk management with any operator of a wagering pool to which the book proposes to provide global risk management. A copy of such executed agreement with an operator of a wagering pool located outside of Arkansas shall be provided to the Commission no later than the date on which the book commences global risk management for the operator of the wagering pool.
2. Provide details to the Commission regarding any permissible jurisdiction other than Arkansas where the book intends to provide global risk management no later than the date on which the book commences global risk management in such permissible jurisdiction.

**Delaware**

The regulations relating to sports wagering in Delaware can be found in Title 10, Section 204-Delaware Sports Lottery Rules and Regulations.

Subsection 1 is an introduction.

Subsection 2 includes definitions. "Lottery" means the public gaming system or games established and operated by the Delaware State Lottery Office. "Agency" or “Delaware Lottery” means the Delaware State Lottery Office. “Director” means the Director of the Delaware State Lottery Office. “Division of Gaming Enforcement” or “DGE” means the Division established to exercise exclusive jurisdiction for the criminal offenses which relate to gaming that occurs in a licensed video lottery facility or which relate to the operation of the Lottery and investigate the background, qualifications, and suitability of each applicant or licensee before any license is issued or re-issued by the Director.

“Sports lottery” means a lottery in which the winners are determined based on the outcome of any professional or collegiate sport or sporting event, including racing, held within or without the State, but excluding collegiate sporting events that involve a Delaware college or university and amateur or professional sporting events that involve a Delaware team. “Sports lottery machine” or “terminal” means any machine in which bills, coins or tokens are deposited in order to play a sports lottery game. A machine shall be considered a sports lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins or tokens
unnecessary. “Sports lottery operations employee” means an individual employee, person or agent of an applicant or licensee who is responsible for the security of sports lottery operations or proceeds. “Sports lottery systems” means systems provided by a technology provider that consist of sports wagering products, risk management (bookmaking), operations and support services.

"Business plan" means a document containing information regarding lottery operations. "Certification" means the authorization by the lottery in accordance with its inspection and approval process of sports lottery machines, such certification to relate to either hardware or software.

"Agent" or "licensed agent" or "licensed sports lottery agent" means any person licensed by the Director of the agency to conduct sports lottery operations. "Applicant" means any person who applies for a license to be an Agent. "Background investigation" means the security, fitness and background checks conducted of an applicant.

"Central system" means the hardware, software and network components which link and support all required sports lottery machines and the central site. "Central site" means the location where the central sports lottery communications control systems are located. "Service technician" means any person who performs service, maintenance and repair operations on sports lottery machines.

"Request for proposals and qualifications" means a document developed under the direction of the Delaware State Lottery Office for the purpose of soliciting responses from potential technology providers as a means of acquiring bids for goods or services. "Technology provider" means any person or entity who proposes to contract with a sports lottery agent or the agency for the provision of goods or services related to a sports lottery, the provision of which requires a license.
"Key employee" means an individual employee, person or agent of an applicant or licensee who has the power to exercise significant influence over significant decisions concerning the applicant's or licensee's business.

"License" means the authorization granted by the agency which permits an applicant to engage in defined sports lottery activities as an agent or technology provider and the authorization granted by the agency which permits an applicant to perform employment duties as a key employee or sports lottery operations employee. "License application" means the process by which a person requests licensing for participation in the sports lottery operations. "Licensed video lottery agent" means any person licensed by the Director to conduct table games and/or video lottery operations in a video lottery facility and that has a sportsbook. "Licensee" means any person authorized by the Director to participate in sports lottery operations.

"Player" means an individual who plays a sports lottery game. "Maximum wager limit" means the maximum amount that can be wagered on a single sports lottery wager, as determined by the Lottery Director. "Net proceeds" means all proceeds net of proceeds returned to players. "Credit" means the opportunity provided to a player to play a sports lottery game or redeem the credit for cash. "Credit slip" means the ticket (receipt) resulting from a sports lottery game.

"Owner" means a person who owns, directly or indirectly, any portion of an applicant or licensee. "Person" means an individual, general partnership, limited partnership, corporation or any other type of legal entity or legal organization.

"Premises" means the building and grounds occupied by a licensed agent where the agent's sports lottery operations occur or support facilities for such operations exist, such as facilities for the service of food or drink, including those areas not normally open to the public.
Subsection 3 concerns the licensing of agents. Subsection 3.1 refers to video lottery agents. Any potential sports lottery agent who is already licensed as a Delaware State Video Lottery Agent is not required to apply for a separate sports lottery license. Any such Agent must, however, file with the agency the names, addresses, employer identification or social security numbers and dates of birth of its directors, officers, partners, owners, key employees and sports lottery operations employees not already provided under the Agent's Video Lottery license application. The Agent must also submit an amendment to its video lottery business plan.

Subsection 3.2 concerns retail lottery agents. Any potential sports lottery agent who has already obtained from the Director a license to sell lottery tickets and provide lottery-related services is not required to apply to the agency for a separate sports lottery license.

Subsection 3.3 establishes the application process for licensing as a sports lottery agent. Any applicant desiring to obtain a license to act as an agent shall apply to the agency. Application forms shall require the applicant to provide the following:

1. The applicant’s legal name and form of business entity.

2. The names, addresses, employer identification or social security numbers and dates of birth of its directors, officers, partners, or owners, as applicable.

3. A form regarding the applicant’s “Statement of Eligibility” to hold a license as a sports lottery agent, including disclosure regarding the applicant or any persons who have:
   a. Been convicted of an offense other than a traffic violation.
   b. Been subject to any disciplinary action, past or pending, by any administrative, governmental, or regulatory body.
c. Been charged with a violation of any statute, rule, regulation, or ordinance of any administrative, regulatory, or other governmental body.

d. Been in default of paying any taxes, fees, or other obligations owed to the State of Delaware, any local governmental entity, or the federal government.

Subsection 3.4 describes the process for applicant submissions. Any applicant desiring to obtain a license to act as an agent shall submit, without limitation, the following documentation in conjunction with application forms as required by the Director:

1. A copy of a license to conduct business in the State of Delaware as issued by the Delaware Division of Revenue.

2. A personal financial statement of and for the applicant.

3. Copies of the State and Federal income tax returns for the most recently completed income tax year for the applicant.

4. A personal guaranty (for corporations only);

5. A “Notarized Criminal History Affidavit” form signed by the applicant.

6. A Delaware criminal history record for the applicant.

7. A federal criminal history record for the applicant.

8. A statement of compliance and an inspection report regarding non-discrimination based on disability in Delaware lottery programs.

Subsections 3.5, 3.6 and 3.7 address the need for notarization, possible requests for supplemental information and processes for incomplete or inaccurate applications.

Subsection 3.8 describes the application evaluation criteria. The Director shall weigh the following factors in evaluating the application:
1. The criminal background, if any, of the applicant, or any of its officers, directors, partners, owners, key employees, and sports lottery operations employees. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within 10 years prior to the filing of the application, of any felony, a crime of moral turpitude, or a crime involving gambling.

2. The extent to which, if any, the applicant would be subject to the control or influence of its activities by any person having a financial interest pertaining to the applicant, including a mortgage or other lien against property of the applicant or, who in the opinion of the agency, might otherwise influence its activities. In such case the Director shall consider the character, honesty and integrity of whoever can control or influence the activities of the applicant.

3. The degree to which the applicant has supplied accurate and complete information pursuant to the requirements of these regulations.

4. Whether the applicant has demonstrated the business ability and experience necessary to satisfactorily conduct the sports lottery operations.

5. Whether the person, or any of its officers, directors, partners, or owners, are known to associate with persons of nefarious backgrounds or disreputable character such that the association could adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the lottery.

6. With respect to any past conduct which may adversely reflect upon the applicant, the nature of the conduct, the time that has passed since the conduct, the frequency of the conduct, and any extenuating circumstances that affect or reduce the impact of the conduct or otherwise reflect upon the applicant's fitness for the license.
7. The extent, if any, to which the applicant has failed to comply with any applicable tax laws of the federal, state or local governments.

8. Any other information before the Director, including substantially similar background investigations performed by other agencies or jurisdictions, which relates to the applicant’s competency, financial capability, honesty, integrity, reputation, habits, or associations.

Subsection 3.9 describes the site evaluation criteria. The Director shall weigh the following factors, as well as other objective business site evaluation criteria, to determine the suitability of the applicant’s business site locations as licensed retailer locations for sports lottery games:

1. Customer traffic count.

2. Business hours.

3. Available parking.

4. Trade style (i.e., products sold).

5. Product exposure within the location.


7. Nearest licensed retailer of similar trade style.

8. Convenience of accessibility to Lottery products and services within a community or commercial cluster.

Subsection 3.10 describes the criteria for the issuance of a sports lottery license. A license shall be issued to the applicant if the Director is satisfied, upon evaluation of a sports lottery application, consideration of site evaluation and determination that the applicant would be a fit agent and not pose a threat to the public interest, the reputation of the lottery, or the effective
control of the lottery. A license may be issued as "conditional" or "probationary" based upon information received or determinations reached during the sports lottery application process.

Subsection 3.11 details the ongoing requirements of agents. The agent shall make its premises available for inspection by authorized representatives of the agency. An agent shall immediately notify the agency of any proposed or effective change regarding the makeup of the owners, directors, officers, partners, or key employees of the agent. Any license granted may not be transferred, assigned or pledged as collateral. A change of ownership which occurs after the Director has issued a license shall automatically terminate the license.

Subsection 4 concerns the licensing of technology providers. Each person desiring to obtain a license from the agency as a technology provider shall submit a license application. Any person or entity who proposes to contract with a sports lottery agent or the agency for the provision of goods or services related to sports lottery operations must obtain a technology provider license. The license application shall:

1. Give notice that the applicant will be required to submit to a background investigation, the cost of which must be borne by the applicant.

2. Require the applicant to supply specified information and documents related to the applicant’s fitness and the background of its owners, partners, directors, officers, key employees, and sports lottery operations employees, including copies of financial statements, tax returns, insurance policies and lists of creditors.

3. Require the applicant to disclose the identity of all customers to whom it has furnished sports lottery systems within the three years immediately preceding the date of the application.
4. Require the applicant to disclose whether the applicant, or any of its present or former officers, directors, owners, partners, key employees, or sports lottery operations employees, is or has been the subject of an investigation in another jurisdiction, the nature of the investigation, and the outcome of such investigation.

5. Provide a description of how the applicant exercises security and financial control over the activities of service technicians in order to insure the integrity of sports lottery operations.

6. Require the applicant to disclose its legal name, form or entity (e.g., general or limited partnership, corporation, etc.), and the names, addresses, social security numbers and dates of birth of its directors, officers, partners, owners, key employees and sports lottery operations employees.

7. Require the applicant to disclose the names and addresses of individuals who have been authorized by the applicant to engage in dealings with the agency for purposes of representing the interests of the applicant.

8. Require the applicant to enclose copies of its audited financial statements for the preceding three (3) fiscal years and a copy of internally prepared financial statements for the current fiscal year or at the close of the most recent fiscal quarter.

9. Require the applicant to provide a description of its risk management capabilities, engineering and software development resources, technical and maintenance support capabilities and ability to manufacture and deliver the sports lottery machines.

10. Require persons who are proposing to contract with the agency or a sports lottery agent to provide a copy of their contract proposal.
The applicant shall make all its books and records available for inspection by the agency or DGE. The Director may determine, upon review of the licensing standards of another state, that such standards are so comprehensive that the license of an applicant in such other state precludes the necessity of a full application and background check.

In evaluating applications, the Director shall consider:

1. Whether the applicant has demonstrated that it has the resources, experience and ability needed to supply the necessary sports lottery systems as may be required under a contract with the agency.

2. Any past conduct of the applicant, or any of its present or former officers, directors, partners, owners, key employees, or sports lottery operations employees which may adversely reflect upon the applicant. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within ten years prior to the filing of the application, of any felony, a crime of moral turpitude or a crime involving gambling.

3. Any findings provided by DGE after completing its background investigation.

4. The extent to which the applicant has failed to comply with any applicable tax laws of the Federal, State or local governments.

5. The association of the applicant, or any of its officers, directors, owners, partners, key employees, or sports lottery operations employees, with persons of known criminal background or persons of disreputable character that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of sports lottery operations.
6. Whether the sports lottery technology system provider is licensed to operate lotteries in the United States.

A license shall not be issued to a technology provider if the applicant technology provider has any direct or indirect financial interest in an agent licensee or in the real or personal property of an agent licensee. An applicant for a technology provider's license shall, prior to issuance of the license, post a bond or irrevocable letter of credit in a manner and in an amount established by the agency.

Subsection 5 concerns the contracts, requirements and duties of technology providers. All contracts with technology providers who are sports lottery system providers shall include, without limitation, provisions to the following effect:

1. The technology provider shall furnish a person to work with the agency and its consultants to aid as needed in establishing, planning and executing acceptance tests on the sports lottery machines provided by such technology provider.

2. The technology provider shall submit sports lottery machine illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source code and object code, and any other information requested by the Director for the purposes of analyzing and testing the sports lottery machines.

3. For testing, examination and analysis purposes, the technology provider shall furnish working models of sports lottery machines, associated equipment, and documentation at locations designated by the Director.

4. The technology provider shall maintain the current software and sports lottery machines in good working order acceptable to the agency.
5. The technology provider shall pay all costs of any testing, examination, analysis and transportation of the sports lottery machines.

6. The agency may require that the technology provider provide specialized equipment, or the agency may employ the services of an independent technical laboratory expert to test the sports lottery machine at the technology provider’s expense.

7. Technology providers shall submit all hardware, software, and test equipment necessary for testing their sports lottery machines, and shall provide the Director with keys and locks for each approved sports lottery machine.

8. The software or other equivalent technology of each sports lottery machine shall be certified to comply with published specifications.

All contracts with technology providers shall include provisions to the following effect:

1. Technology providers shall agree to promptly report any violation or any facts or circumstances that may result in a violation of these rules, provide immediate access to all their records and their physical premises for inspection and attend all trade shows or conferences as required by the Director.

2. Technology providers shall agree to modify their hardware and software as necessary to accommodate sports game changes directed by the agency.

3. Technology providers shall provide such bonds and provide evidence of such insurance as the Director shall require.

4. Technology providers shall have a valid license to conduct business in the State of Delaware, shall comply with all applicable tax provisions and shall in all other respects be qualified to conduct business in Delaware.
Each sports lottery machine certified by the Director shall bear a unique serial number and shall conform to the exact specifications of the sports lottery machine model tested and certified by the Director. A technology provider shall not distribute a sports lottery machine for placement in the state unless the machine has been approved by the agency. Only licensed technology providers may apply for approval of a sports lottery machine or associated equipment. The technology provider shall submit two copies of sports lottery machine illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source code and object code, and any other information requested by the agency for the purposes of analyzing and testing the sports lottery machine or associated equipment.

The agency may require that two working models of a sports lottery machine be transported to the location designated by the agency for testing, examination, and analysis. After each test has been completed, the agency shall provide the sports lottery systems provider with a report that contains findings, conclusions, and pass/fail results. Prior to approving a sports lottery machine model, the agency may require a trial period not more than sixty (60) days for a licensed agent to test the sports lottery machine. During the trial period, the technology provider may not make any modifications to the sports lottery machine model unless such modifications are approved by the agency.

The following duties are required of all licensed technology providers:

1. Manufacture terminals and associated equipment for placement in Delaware in accordance with the specifications of the agency.

2. Manufacture terminals and associated equipment to ensure timely delivery to Delaware agents.
3. Maintain and provide an inventory of associated equipment to assure the timely repair and continued, approved operation and play of licensed sports lottery machines.

4. Provide an appropriate number of service technicians with the appropriate technical knowledge and training to provide for the service and repair of its sports lottery machines and associated equipment.

5. Obtain any certification of compliance required under the applicable provisions of rules adopted by the Federal Communications Commission.

6. Promptly report to the agency any violation or any facts or circumstances that may result in a violation of State or Federal law and/or any rules or regulations adopted pursuant thereto.

7. Conduct sports lottery operations in a manner that does not pose a threat to the public health, safety, or welfare of the citizens of Delaware, or reflect adversely on the security or integrity of the sports lottery.

8. Maintain all required records.

9. Provide only those sports lottery machines, validation units and associated equipment approved under these regulations.

10. It shall be the continuing duty of the technology provider licensee to provide the Director with an updated list of the names and addresses of all its employees who are involved in the daily operation of the sports lottery machines.

11. It shall be the ongoing duty of the technology provider licensee to notify the Director of any change in officers, partners, directors, key employees, sports lottery operations employees, or owners.

12. Supervise its employees and their activities to ensure compliance with these rules.
13. Promptly report to the agency any violation or any facts or circumstances that may result in a violation of State or Federal law.

Subsection 6 outlines the duties of agents. Agents must provide a secure location for the placement, operation, and play of all sports lottery machines located on the agent's premises. No person may be allowed to tamper with or interfere with the approved operation of any sports lottery machine without prior written approval of the agency unless otherwise directed by the Director. The agent must assure that telephone lines from the central system to the sports lottery machines located on the agent's premises are always connected and prevent any person from tampering or interfering with the continuous operation of the lines.

With respect to sports lottery operations, agents should only have contract with officers, directors, owners, partners, key employees, and suppliers of sports lottery equipment and paraphernalia authorized by the agency to participate in sports lottery operations within the State of Delaware. Agents must ensure that sports lottery machines are placed and remain as placed unless the agency authorizes their movement within the sight and control of the agent or a designated employee, through physical presence and, if self-service terminals, using surveillance cameras at all times. The agent should ensure that sports lottery machines are placed and remain as placed in the specific area of the premises as approved by the agency. The initial placement and any subsequent relocation of any sports lottery machine requires the prior written approval of the agency.

The agent must monitor sports lottery play and prevent play by persons who are under the age of twenty-one (21) years or who are intoxicated, or whom the agent has reason to believe are intoxicated. The agent should commit no violations of the laws of this State concerning the sale, dispensing, and consumption on the agent’s premises of alcoholic beverages that result in
suspension or revocation of an alcoholic beverage license. The agent must maintain sufficient
cash for daily operations. The agent should exercise caution and good judgment in extending
credit for sports lottery play if the agent is a licensed video lottery agent authorized to extend
such credit and comply with all applicable federal and state laws and exercise caution and good
judgment in providing cash for checks presented for sports lottery play. The agent shall also
ensure that any contractor who performs check-cashing services for the agent also exercises
cautions and good judgment in providing cash for checks under this Regulation.

The agent must report all sports lottery machine malfunctions to the appropriate technology
provider and notify the agency of any technology provider who fails to provide service and
repair of such terminals and associated equipment. The agent should conduct agency approved
advertising and promotional activities related to sports lottery operations and install, post and
display prominently at locations within or about the premises, signs, redemption information and
other promotional material as may be required by the agency.

The agent should conduct sports lottery operations only during those hours established and
approved by the Director or his or her designee. The agent assumes responsibility for the proper
and timely payment to players of winning sports lottery wagers for those players who hold
winning tickets with a value up to and including $600. Winning sports lottery tickets with a
value of more than $600 must be cashed at a licensed video lottery agent's sportsbook or the
Delaware Lottery’s office. Agents who have received prior approval from the Director to cash
winning sports lottery tickets with a value of $601 to $1,500 must also assume responsibility for
the proper and timely payment to players of winning sports lottery tickets. Licensed video lottery
agents must also assume responsibility for the proper and timely payment to those players who
hold credit slips that have any winning value and that were issued by the same licensed video
lottery agent. Players may also cash winning sports lottery tickets with any winning value at the Delaware Lottery’s office.

Agents must prohibit the possession, use or control of gambling paraphernalia on the agent’s premises not directly related to the lottery or horse racing or harness horse racing and prohibit illegal gambling on the agent’s premises. The agent must attend all meetings, seminars, and training sessions required by the agency. The agent must supervise its employees and their activities.

The agent will assume responsibility for the proper and immediate redemption of all credits. No credits may be redeemed by a person under twenty-one (21) years of age, and no credits submitted for redemption beyond the one year time limit will be redeemed. No credits or prizes may be redeemed by any person illegally on the agent’s premises. For sports lottery agents who are also licensed video lottery agents, no credits or prizes may be redeemed by any persons who have requested that they be self-banned from the agent’s premises.

The agent must provide dedicated power and a proper sports lottery environment in accordance with the specifications of the agency. The agent shall permit no person to completely shut off power to an operational sports lottery machine without the prior approval of the agency.

The agent should furnish to the Director complete information pertaining to any change in ownership of the agent or the owner of the premises. The agent must promptly report to the agency any violation or any facts or circumstances that may result in a violation of State or Federal law and/or any rules or regulations. The agent must conduct sports lottery operations in a manner that does not pose a threat to the public health, safety, or welfare of the citizens of Delaware, or reflect adversely on the security or integrity of the lottery.
The agent must maintain all required records and provide at the request of the Director or DGE immediate access to the premises and to all records related to any aspect of these regulations. The agent should keep current on all payments, tax obligations and other obligations to the agency and other licensees with whom sports lottery business is conducted. The agent shall pay the players and transfer the net proceeds to the State lottery fund.

The agent must locate all self-service sports lottery machines within the viewing range of closed-circuit television cameras at all times, including both normal business hours and those periods when sports lottery operations are closed. The presence of these cameras is to ensure the integrity of the lottery, the sports lottery operations, and the safety of the patrons. Surveillance tapes will be maintained by the agent according to a schedule established by the Director. The installation of any new closed-circuit television or repositioning of any CCTV cameras or new surveillance system must be reviewed and approved by the agency before being placed in operation.

The agent must provide to the Director the names and addresses of all employees who are involved in the daily operation of the sports lottery. The agent should notify the Director on a continuing basis of any change in officers, partners, directors, key employees, sports lottery operations employees, and owners.

Subsection 7 outlines the operation of the sports lottery. The sports lottery shall be based on bills, coins, or credits and the wagering limits shall be set by the agency in cooperation with the technology provider. Each sports lottery ticket shall display the amount wagered and the payout based on the amount wagered. Each player shall be at least twenty-one (21) years of age. In the event an underage player attempts to claim any winning payout, the sports lottery agent should treat the wager as void, and the underage player shall not be entitled to any winning payouts or a
refund of amounts bet. In the event a person illegally on the premises attempts to claim any
winning payout, the sports lottery agent will also treat the wager as void, and the person shall not
be entitled to any winning payouts or a refund of amounts bet. This policy prohibiting persons
underage and persons illegally entering the premises from winning prizes shall be prominently
displayed on the premises of the sports lottery agent.

Agents shall redeem credit slips presented by a player in accordance with procedures
proposed by the agent and approved by the Director prior to the opening of the premises for
sports lottery wagering. Players claiming winning payouts may be required to present
identification as required by the agency. Credit slips may be redeemed by a player at the
designated place on the premises where the sports lottery is located during the one year
redeeming period commencing on the date that the last wagered event occurred. No credit slip or
winning ticket shall be redeemed more than one (1) year from the date that the last wagered
event occurred. Funds reserved for the payment of a credit slip or expired winning ticket shall be
paid into the State Lottery Fund if unredeemed one year from the date that the last wagered event
occurred. The one-year redemption policy in this regulation shall be prominently displayed on
the premises of the sports lottery agent.

No payment for a credit slip may be made unless the credit slip meets the following
requirements:

1. It is presented on a fully legible, valid, printed credit slip on paper approved by the
   agency, containing the information as required;

2. It is not mutilated, altered, unreadable, or tampered with in any manner, or previously
   paid;

3. It is not counterfeit in whole or in part; and
4. It is presented by a person authorized to play.

Each agent's management shall designate employees authorized to redeem winning sports lottery tickets and/or credit slips during the agent's hours of operation. Players holding winning sports lottery tickets that have a value up to and including $600 may cash such tickets at an agent's retailer location, a licensed video lottery agent's sportsbook, or the office of the Delaware Lottery. Agents who have received prior approval from the Director to cash winning sports lottery tickets with a value of $601 to $1,500 must immediately pay players, in cash or by check, upon presentment of winning sports lottery tickets. Licensed video lottery agents must also assume responsibility for the proper and timely payment to players who present winning sports lottery tickets with any winning value. Players may also cash winning sports lottery tickets with any winning value at the office of the Delaware Lottery. When a player presents to a licensed video lottery agent a credit slip that has any winning value, the licensed video lottery agent must immediately pay the player in cash or by check, but only for the licensed video lottery agent's own credits slips.

Unless the Director is satisfied that a mutilated lottery ticket is genuine, no credit or prize will be issued to the holder of said ticket. The Delaware Lottery is not responsible for paying winning tickets resulting from any system or terminal malfunction or from human error. Tickets misprinted due to machine error or any malfunction or other type of error must be returned to the Delaware Lottery’s office, and the Agent’s account will be credited. If a ticket that has been sold to the public is determined by the Director to be misprinted due to machine error or is determined to be erroneously issued due to a malfunction or other type of error, the Delaware Lottery shall reimburse the ticket holder for the cost of the ticket. Such tickets will not be eligible for any prize.
Each prize ticket winner must present a physical paper ticket to an agent or to the Delaware Lottery to claim a prize. In addition, a winner may be required to provide a photo identification card that has the winner's name and current residential address and a Social Security card.

The Director will determine the types of sports wagers that will be offered for sale at sportsbooks and at agents' premises, at which locations players may cash winning sports lottery tickets and the maximum wager limit amount that can be wagered on a single sports lottery wager, whether it is head-to-head or parlay betting.

The Director has the authority to develop and implement a sports lottery mobile application that will allow the sale of sports lottery tickets to players who wish to use cellular phones or other types of computerized mobile devices or computers to purchase such tickets. The Director will determine and post online on the lottery’s website (www.delottery.com) the "Delaware Lottery Sportsbook Wagering Rules" and the "Delaware Lottery Sports Retailer Wagering Rules," which may be updated from time to time. These wagering rules will control the type and amount of sports wagers that will be accepted at sportsbooks and at agents’ premises.

Subsection 8 describes accounting and distribution procedures. The technology provider will provide an accounting mechanism for the sports lottery system in compliance with the standards of integrity, security and control established by the agency. Each agent shall file weekly, monthly, quarterly, and annual reports and statistical data. Each agent shall cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in the State of Delaware.

The annual financial statement shall be prepared on a comparative basis for the current and prior fiscal year and shall present the sports lottery agent's present financial position and results of operations in conformity with generally accepted accounting principles. Each sports lottery
agent and technology provider shall conduct its sports lottery operations to meet the minimum requirements set forth in the Agency's Minimum Internal Control Standards (MICS). The agency or its designated agents shall have the right to audit the books and records including tax returns and IRS withholding and reporting records of any agent and each technology provider.

All proceeds, net of proceeds returned to players, from the operation of the sports lottery shall be electronically transferred into a designated State Lottery account by the agent. Agents shall furnish to the agency all information and bank authorizations required to facilitate the timely transfer of monies to the State lottery fund.

Subsection 9 concerns the maintenance of sports lottery machines. No sports lottery machine may be placed in operation in Delaware until the technology provider has provided its personnel with sufficient and appropriate training in the service and repair of each of its approved sports lottery machine models. Each technology provider shall service and maintain its sports lottery machines, current software, and associated equipment. Technology providers shall provide the agency or its designee with a master key for access into each locked compartment of each sports lottery machine placed in operation.

Subsection 10 creates standards for advertising, marketing and promotional materials. All advertising, marketing and promotional materials, related to the sports lottery or referencing the sports lottery, to be used by an agent or person acting on behalf of the agent shall be submitted to the agency for review and approval prior to use. The agency shall review any materials submitted and approve their use unless in the judgment of the agency such materials would result in an appearance which reflects adversely on the agency, would reasonably be expected to offend a substantial number of people, contain inaccurate or misleading information, or otherwise be inappropriate.
Subsection 11 outlines enforcement criteria. The license of a sports lottery agent or technology provider may be suspended or revoked cause, such as, falsifying any application for license or report to the agency, failure to report information required by the regulations, the material violation of the regulations or any conduct by the licensee, or any of its owners, officers, directors, partners, key employees, or sports lottery operations employees, which undermines the public confidence in the sports lottery system or serves the interest of organized gambling or crime and criminals in any manner.

A license may be revoked for an unintentional violation of any Federal, State or local law, rule or regulation provided that the violation is not cured within a reasonable time. Prior to the revocation or suspension of any license, the agency shall notify the licensee of the intended revocation or suspension of the license, and the reasons therefor. No revocation or suspension shall be effective until a final order is issued pursuant to the following procedure, except when the public welfare clearly requires emergency action and the agency's order so states. The notice of the intended revocation or suspension shall comply with any applicable requirements of the Delaware Administrative Procedures Act and afford the licensee with an opportunity for a hearing.

If the licensee desires a hearing, it shall provide the agency with a written appeal within ten days of receipt of the notice which contains the following:

1. A clear and concise assignment of each error which the licensee alleges to have been committed in the tentative determination to suspend or revoke the license.

2. A clear and concise statement of the facts on which the licensee relies in support of each assignment of error.

3. A prayer setting forth the relief sought.
Following the conclusion of the hearing and within ten days of the receipt of the transcript thereof, or within such other time as fixed by the hearing officer but in no event later than forty-five days following the hearing, the hearing officer shall in proceedings involving agents prepare a final decision, including his or her findings of fact and conclusions of law, and the order signed by the hearing officer shall be final. A copy of said order shall be served upon the licensee and any attorney of record in person or by registered or certified mail. In proceedings involving technology providers, the hearing officer shall submit his or her recommendations to the Director for decision.

Subsection 12 identifies licensing requirements. Except as required of video lottery agent employees, individual employee gaming licenses are not required to operate a sports lottery terminal. Any employee who currently holds a valid video lottery license shall not be required to be re-licensed for the sports lottery.

**Mississippi**

The regulations relating to sports wagering in Mississippi can be found in Mississippi Title 13 Part 9. Part 9 Chapter 1 starts with definitions. “Chairman” means the chairman of the Mississippi Gaming Commission or the chairman’s designee. “Executive Director” mean the Executive Director of the Mississippi Gaming Commission or the Executive Director’s designee. “Sports governing body” means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein.

“Book” means a race book or sports pool licensed and approved. “Race book” means the business of accepting wagers upon the outcome of any event held at a track which uses the pari-mutuel system of wagering. “Sports pool” means the business of accepting wagers on collegiate or professional sporting events or athletic events or other similar events. “Non-pari-mutuel
“Wager” means a race book or sports pool wager other than one offered to be included in a common pari-mutuel pool. “Wagering account” means an electronic account that may be established by a patron at a casino property for the purpose of wagering pursuant to these regulations, including deposits, withdrawals, wagered amounts, and payouts on winning wagers.

“Communications technology” means the methods used and the components employed to facilitate the transmission of information including, but not limited to, transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks.

“Wagering communication” means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology. “Wagering system” means the methodology and equipment approved by the Executive Director for accepting and recording wagers authorized by these regulations.

Part 9 Chapter 2 concerns licensing. No person or entity may operate a race book or sports pool in Mississippi unless that person or entity holds a gaming license and has received permission from the Executive Director specifically permitting the person or entity to do so. A person or entity that holds a casino operator’s license may offer a race book or sports pool within its licensed gaming operation after receiving approval to do so from the Executive Director.

A person or entity that a casino operator contracts with to assist in the offering of race book or sports pool wagering by providing operational, technical or other associated support shall obtain a manufacturer license and a distributor license from the Commission. Employees of such a non-casino entity shall be licensed or permitted.

Part 9 Chapter 3 outlines operational requirements. Rule 3.1 establishes reserve requirements. Each book shall at all times maintain access to a cash reserve of not less than the greater of $50,000 or the sum of amounts held by the book for the account of patrons, aggregate amounts
accepted by the book as wagers on contingencies whose outcomes have not been determined and amounts owed but unpaid by the book on winning wagers through the period established by the book for honoring winning wagers.

Rule 3.2 declares the need for and dissemination of house rules. Each book shall adopt and adhere to written, comprehensive house rules governing wagering transactions with patrons. Such house rules must be immediately available to patrons at a book’s licensed premises. The rules must specify the types of wagers accepted, how winning wagers will be paid, the effect of schedule changes, the redemption period for winning tickets, and the method of noticing odds or line changes to patrons. House rules must state that wagers may be accepted at other than the currently posted terms, if applicable.

Rule 3.3 describes the issuance and control of betting tickets. Immediately upon accepting a wager, other than a wager made through an electronic Wagering account, the book shall create a betting ticket on which the terms of the wager are written. For all wagers, the book must have the capability to make a print, electronic or other approved record of the entire transaction. The book’s record of a player’s confirmation of all wagers shall be deemed to be the transaction of record and such records shall be made available upon request. Betting tickets must bear the name and address of the book and instructions on ticket redemption in person or by mail or other approved method.

Rule 3.4 outlines procedures for the acceptance of wagers. Books may not accept wagers unless made with cash, chips, tokens, or other representatives of value or against credits made to a Wagering account or on credit extended. A Wagering account must be established by a patron with the licensee and an initial verification of the account must be done in-person by a patron at the licensee’s premises before the acceptance of any wager that will utilize a Wagering account.
A book shall accept wagers only on its licensed premises, and only at betting stations or kiosks/terminals or through an on-site computerized Wagering system.

A book shall not knowingly accept money or its equivalent as a wager upon an event whose outcome has already been determined. A licensed sports pool shall not accept a wager on an event unless the date and time at which the outcome of the event is determined can be confirmed from reliable sources or from records created and maintained by the book.

A book shall provide the Executive Director with a catalog of the type of events that it intends to accept wagers on. The Executive Director reserves the right to prohibit the acceptance of wagers and may order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the State.

No book or agent or employee of a book may accept a wager from a person who the book, agent, or employee knows or reasonably should know is placing the wager for the benefit of another for compensation or is placing the wager in violation of state or federal law. No book may hold a patron’s money or its equivalent on the understanding that the book will accept the money as a wager only upon the occurrence of a specified, future contingency, unless a betting ticket documenting the wager and contingency is issued immediately when the book receives the money or its equivalent. A race book or sports pool may not accept wagers on a race or sporting event unless the wagering proposition is posted. Propositions may be posted by electronic or manual means, including printed media. A book may not rescind any wager without the prior written approval of the Executive Director.

Rule 3.5 discusses wagers and payout exceeding $10,000. Prior to accepting any non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager the book shall:
1. Obtain the patron’s name.

2. Obtain or reasonably attempt to obtain the patron’s permanent address and social security number.

3. Obtain one of the following identification credentials from the patron:
   a. Driver’s license
   b. Passport
   c. Non-resident alien identification card
   d. Other reliable government issued identification credentials
   e. Other picture identification credential normally acceptable as a means of identification when cashing checks

4. Examine the identification credential obtained to verify the patron’s name to verify the accuracy of the information.

Subsequent to accepting a non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager the book shall record or maintain records that include:

1. The patron’s name

2. The patron’s address

3. The patron’s social security number

4. A description including any document number of the identification credential examined (or credential information on file for known patrons)

5. The amounts of the wager and payout on the wager

6. Window numbers or other identification of the locations where the wager and payout on the wager occurred
7. The times and dates of the wager and payout on the wager

8. The names and signatures of the book employees accepting or approving the wager and payout on the wager.

A “known patron” means an individual patron known to the book employees accepting the wager and paying the winning wager, for whom the licensee has previously obtained the patron’s name and valid identification credential, and with respect to whom the licensee has on file and updates all the information required to be recorded pursuant to this section. A “listed patron” means a known patron for whom the book has requested and received approval to exclude wagers and payments on winning wagers placed by the patron from the reporting requirements of this section.

A book’s written request to have a patron approved as a listed patron shall include:

1. The patron’s name
2. The patron’s residence, mailing or business address
3. The patron’s social security number
4. The patron’s identification credential information including any document number and expiration date
5. The patron’s birth date
6. A recent photograph of the patron’s face or a copy of a current picture identification credential
7. A description of the patron’s book wagering activity including the use of any wagering accounts or credit accounts including account numbers
8. A statement as to why the book desires to have the patron approved as a listed patron and an acknowledgment that the book believes that the patron is not involved in illegal wagering activity.

9. The signature of the licensee or an officer of the licensee.

Each book shall report the wagers and payments on winning wagers required to be recorded pursuant to this section, excluding any wagers and payments on winning wagers accepted from listed patrons, on a “Book Wagering Report,” that includes:

1. The patron’s name
2. The patron’s identity credential information
3. The patron’s social security number
4. Wager and payout amounts
5. Date of transactions.

Rule 3.6 identifies policies for multiple wagers that could add to more than $10,000. A book and its employees and agents shall not knowingly allow, and each book shall take reasonable steps to prevent, the circumvention of the aforementioned rule by multiple wagers within its designated 24-hour period with a patron or by the use of a series of wagers that are designed to accomplish indirectly that which could not be accomplished directly. As part of a book’s efforts to prevent such circumventions a book shall establish and implement wagering multiple transaction logs.

Each book shall record in a wagering multiple transaction log all non-pari-mutuel wagers in excess of $5,000, or in smaller amounts that aggregate in excess of $5,000 when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or
a person who the book knows or has reason to know is the patron’s confederate or agent. This record shall be made for non-pari-mutuel wagers occurring during a designated 24-hour period, within a monitoring area. Each log entry in a wagering multiple transaction log shall be made by the employee accepting or approving the wager, immediately after accepting the wager, and shall include at a minimum:

1. Description of the patron (or suspected agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted
2. Patron’s name (or suspected agent’s name), if known
3. Window number or other identification of the location where the wager occurred
4. Time and date of the wager
5. Dollar amount of the wager
6. Signature or electronic signature of person accepting or approving the wager.

One log shall be maintained for each monitoring area, for each designated 24-hour period. A log is completed for each 24-hour period regardless of whether any non-pari-mutuel wagers occurred. At the conclusion of each designated 24-hour period, the last entry on the log shall be an indication that the end of the designated 24-hour period has occurred. Each book shall aggregate all non-pari-mutuel wagers in excess of $5,000 or smaller amounts when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron’s confederate or agent during a designated 24-hour period within a monitoring area.
Before completing a wager that, when aggregated with other wagers will aggregate to an amount that will exceed $10,000, the book shall complete the identification and recordkeeping requirements described in the rule concerning transactions of $10,000 or more. If a patron places a wager that is to be aggregated with previous wagers for which a record has been completed, the book shall complete the identification, recordation and reporting procedures described in the rule concerning transactions of $10,000 or more for any additional wager regardless of amount occurring during a designated 24-hour period.

“Designated 24-hour period” means the 24-hour period ending at midnight each day unless otherwise approved by the Executive Director. “Monitoring area” means all race book and sports pool writing locations unless otherwise approved by the Executive Director.

Rule 3.7 discusses structured wagers. A book, its officers, employees or agents shall not encourage or instruct the patron to structure or attempt to structure wagers. A book may inform a patron of the regulatory requirements imposed upon the book, including the definition of structured wagers. A book, its officers, employees or agents shall not knowingly assist a patron in structuring or attempting to structure wagers. “Structure wagers” or “structuring wagers” means to willfully conduct or attempt to conduct a series of wagers in any amount, at one or more books, on one or more days in any manner as to willfully evade or circumvent the recording and reporting requirements.

Rule 3.8 outlines policies for payment of winning wagers. Books shall make payment on a winning wager to the person who presents the patron’s copy of the betting ticket representing the wager. A book need not make payment to a person who the book or an agent or employee of the book knows is not the person to whom the patron’s copy was issued. A book shall not make payment on a winning wager to a person who the book or its agent or employee knows or
reasonably should know is collecting the payment on behalf of another for monetary consideration or in violation of federal law. A book may withhold payment of a winning wager if the patron refuses to supply identification or any other documentation required by state or federal law.

“Affiliated books” are books that are in Mississippi licensed gaming establishments that share a common parent company. Presentment of the betting ticket and payment of the winning wager may be made at an affiliated book provided that an adequate accounting of the payment is kept for 3 years by both books and the payout is properly included in the computation of gross revenue of the licensee that initially accepted the wager.

Books shall honor winning betting tickets for 30 days after the conclusion of the event wagered upon unless a longer period is established by the book. The book shall state the redemption period on each betting ticket, in house rules and on notices conspicuously placed about the licensed premises. Payment by mail may be made only after presentment of the betting ticket and all identification information and documentation required by state or federal law and must be made not later than 10 days after presentment. A licensed race book shall determine the winners of or payouts on wagers on horse and other animal races only with information the book receives from licensed disseminators pursuant to the requirements of these Regulations.

Rule 3.9 outlines the requirement for computerized bookmaking systems. Before beginning operations, each book shall install and maintain a computerized bookmaking system.

Rule 3.10 allows for layoff bets. A layoff wager means a wager placed by a Mississippi book operator with another Mississippi book operator for the purpose of offsetting patron wagers. A book operator may accept a layoff wager from another Mississippi book operator. An operator placing a layoff wager shall disclose its identity to the operator accepting the wager.
Rule 3.11 outlines prohibited wagers. No wagers may be accepted or paid by any book on any amateur sport or athletic event other than Olympic sporting or athletic events sanctioned by the International Olympic Committee and collegiate sporting or athletic events. No wagers may be accepted or paid by any book on any sport or athletic event which the licensee knows or reasonably should know, is being placed by, or on behalf of a coach or participant in that event. Each licensee shall take reasonable steps to prevent the circumvention of this regulation. No wagers may be accepted or paid by any book on the outcome of any election for any public office.

A request for approval to accept wagers on an event other than a horse race, greyhound race, or an athletic sports event shall be made by a book and shall include:

1. A full description of the event and the way wagers would be placed, and winning wagers would be determined.
2. A full description of any technology which would be utilized to offer the event.
3. Such other information or documentation which demonstrates that:
   a. The event could be effectively supervised
   b. The outcome of the event would be verifiable
   c. The outcome of the event would be generated by a reliable and independent process
   d. The outcome of the event would be unlikely to be affected by any wager placed
   e. The event could be conducted in compliance with any applicable laws
   f. The granting of the request for approval would be consistent with the public policy of the state.
A sports governing body may notify the commission that it desires to restrict, limit or exclude wagering on its sporting events by providing notice.

Rule 3.12 concerns reports of suspicious wagers. “Suspicious wager” means a wager which a sports pool licensee knows or in the judgment of it or its directors, officers, employees and agents has reason to suspect is being attempted or was placed in violation of or as part of a plan to violate or evade any federal, state or local law or regulation prohibiting wagering on any amateur non-collegiate or collegiate sport or athletic event or in violation of or as part of a plan to violate or evade any federal, state or local law or regulation prohibiting wagering by, or on behalf of, a coach or participant in a sport or athletic event.

“Suspicious wager” means a wager which has no business or apparent lawful purpose or is not the sort of wager which the particular patron would normally be expected to place, and the sports pool licensee knows of no reasonable explanation for the wager after examining the available facts, including the background of the wager or is made with knowledge or intent to violate the integrity of the sport in which it was placed. Wagers that indicate cheating, manipulation, or interference with the regular conduct of sport shall be considered suspicious.

A sports pool licensee shall file with the commission a report of any suspicious wager, if it involves or aggregates to more than $5,000 in funds or other assets and may file a report of any suspicious wager, regardless of the amount if the licensee believes it is relevant to the possible violation of any law or regulation.

Rule 3.13 identifies wagering terms and conditions. A licensed gaming establishment where a book is located, or an affiliate of one or more of those entities that holds a gaming license, may award player loyalty program points based on wagers placed by a patron. The Executive Director may require a book to disclose its betting limits in its house rules and obtain approval before
changing those limits or modifying its house rules and document and report wagering limits, temporary changes to such limits, or the acceptance of a wager or series of wagers from the same patron that exceeds such limits. A book shall not offer a specialized wagering proposition, or set or move its wagering odds, lines or limits, to provide a benefit to a patron. A book shall not set lines or odds, or offer wagering propositions, designed for the purposes of ensuring that a patron will win a wager or series of wagers.

Rule 3.14 concerns communications technology. Before installing or permitting the installation of any communications technology on the premises of a book, the book shall notify the Executive Director in writing of the location and number or other identifier of each communications technology. Before a book accepts any wagering communications, the book must obtain the written approval of the Executive Director to accept such wagering communications and wagering instructions and thereafter use only the communications technology approved for that purpose.

Rule 3.15 establishes policies for sports pool and race book wagering by electronic means. The Executive Director may authorize electronic wagering to be conducted within an approved casino and hotel facility on mobile devices. Approved mobile gaming requires the following:

1. The player shall establish a wagering account through the property where mobile gaming will be conducted, and an initial verification of the account must be done in-person by a patron at the licensee’s premises before the acceptance of any wager that will utilize mobile wagering.

2. Wagers shall only be placed within a facility approved for mobile gaming.

The approved facility shall include any area located within the property boundaries of the casino hotel facility that is legal for gaming. This shall not include parking garages or parking
areas of a casino hotel facility. Mobile gaming shall not extend outside of the property boundaries of the casino hotel facility authorized for gaming.

Rule 3.16 details required personnel and necessary records and forms. Each book shall employ or engage the services of a sports wagering manager with experience and expertise in the operations of a sports book. Books shall create and maintain the records and reports required by this regulation in such manner and using such forms as the Executive Director may require or approve. The Executive Director may require books to create and maintain such other records and reports as are necessary or convenient for strict regulation of books. Except as otherwise provided in this regulation, books shall preserve the records required by this regulation for at least 3 years after they are made. The commission may at any time examine and copy the records of any book. Each book shall comply with all other applicable regulations of the commission to the extent not in conflict with this regulation.

Rule 3.17 establishes accounting principles. Each licensee shall prepare and maintain in a manner suitable to the commission, complete and accurate accounting records which includes the amount wagered at each book, the gross revenue generated from wagers, and federal excise taxes paid. The gross gaming revenue received by a licensee from sports wagering shall be calculated as the amount wagered minus the winnings returned to players on those wagers (before paying taxes and operating costs). Gross gaming revenue from sports wagering shall be added to gross gaming revenue from other gaming operations for taxation purposes.

Rule 3.18 describes the use of global risk management. A book engaging in global risk management may provide direction, management, consultation, and/or instruction to the operator of a wagering pool concerning the management of risks associated with a wagering pool for a race or sporting event or any other event for which the wagering pool is permitted to accept
wagers. A book engaging in global risk management may provide direction concerning the determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and the determination of whether to change such lines, point spreads, odds, or other activity relating to betting or wagering. A book engaging in global risk management may provide direction concerning whether to accept or reject bets or wagers, to pool bets or wagers, or to lay off bets or wagers and the use, transmittal, and accumulation of information and data for the purpose of providing global risk management.

A book which intends to provide global risk management shall enter into a written agreement with any operator of a wagering pool to which the book proposes to provide global risk management. The book shall provide details to the Executive Director regarding any permissible jurisdiction other than Mississippi where the book intends to provide global risk management.

Rule 3.19 involves sports integrity. Licensees shall adopt approved internal controls to identify wagers which may indicate cheating, manipulation, interference with the regular conduct of sport, or violations of the integrity of any sport on which wagers were made. Licensees shall file as soon as reasonably possible an integrity alert report detailing the suspicious activity to the Executive Director, or his designee. If the Executive Director deems the threat credible, he may send the alert to other licensees and may suspend betting or require that wagers be voided on the event(s).

If a Licensee receives notice of suspicious activity at another property, they must respond within twelve (12) hours to confirm or deny similar betting trends and activity. In the event of generating or receiving an alert, the licensees affected shall maintain all relevant information regarding the bet and the bettor. Information contained in alerts may be shared with law enforcement, sports governing bodies, or other entities as deemed necessary by the Executive
Director to maintain the integrity of wagering in Mississippi. A licensee and its directors, officers, employees, or agents shall maintain the confidentiality of information provided by a sports governing body to the licensee.

**Nevada**

The regulations relating to sports wagering in Nevada can be found in Regulation 22-Race Books and Sports Pools.

Section 22.010 of Regulation 22 includes definitions of key words and terms. “Book” refers to a licensed race book or sports pool. The “Chairman” is defined as the chairman of the Nevada Gaming Control Board or the chairman’s designee. A “Call Center System” is a computerized system used to receive and transmit wagering instructions from a patron to a licensed book. The call center system must be located within Nevada and be off the premises of a licensed gaming establishment. A “Satellite book” is an additional establishment issued a license to operate a sports pool or race book under an existing license. An “Outstation book” is a book, other than a satellite book, that shares the computerized bookmaking system and certain management or administrative functions of a book operated by an affiliated licensee. A “Central Site Book” may allow other licensed books to establish wagering or credit accounts, accept deposits on accounts and return funds or close out accounts for the central site. The central site book must be outstation or satellite books of the central site and must have on-line, real-time access to the appropriate functions of the central site’s computerized bookmaking system.

A “Messenger Bettor” is a person who places a race book or sports pool wager for the benefit of another patron or entity for compensation. “Payout” is the total payment due on a winning wager. The patron does not need to take the entire payout at one time. The payout can be in the
form of cash, chips, or another form of payment. The payout can also be used by the patron to place another wager.

A “Race Book” refers to a business that accepts wagers on horse or other animal races. “Post time” refers to the time at which an audible announcement has been made of the post time or when an animal race is started by the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track. A “Sports Pool” is a business that accepts wagers on sporting events or other events, other than horse or other animal races. This includes the acceptance of sports parlay card wagers and, among other things, virtual events that are not prohibited elsewhere in Regulation 22.

Section 22.020 of Regulation 22 outlines the licenses required to run a race book or sports pool. No person may operate or own any interest in a race book or sports pool in Nevada unless that person holds a non-restricted gaming license. Applications for a license to operate a race book or a license to operate a sports pool must be made, processed, and determined in the same manner as applications for non-restricted gaming licenses, using the required forms.

Section 22.032 of Regulation 22 identifies the qualifications for operating a call center. A person may not function as the operator of a call center unless the person has been found suitable. Applications for a finding of suitability to function as the operator of a call center must be made, processed, and determined using the required or approved forms.

Section 22.032 of Regulation 22 delineates the qualifications for call center employees. Any employee of an operator of a call center who fulfills the function of receiving and transmitting wagering instructions and any employee supervising this function is considered a gaming employee and must be fully licensed by the state of Nevada.
Section 22.040 sets the reserve requirements for the race book or sports pool. Each book must maintain a reserve of $25,000 or the amounts held by the book for the account of patrons, the amounts accepted by the book as wagers on contingencies whose outcomes have not been determined and the amounts owed but unpaid by the book on winning wagers through the period established by the book for honoring winning wagers, whichever is greater. Each newly-licensed book must establish a reserve of at least the greater of $25,000 or the amount the chairman deems appropriate by the first week of operations. The reserve may be combined as a single amount for a book and its satellite books.

Section 22.040 describes the process of issuing and controlling betting tickets. Immediately upon accepting a wager, other than an account wager, the book must create a betting ticket on which the terms of the wager are written. Betting tickets must bear the name and address of the book.

Section 22.060 further regulates the acceptance of wagers. Books may not accept wagers unless made with cash, chips, tokens, or other approved representatives of value or against credits made to a wagering account or on credit extended. A book may accept wagers only on its licensed premises, and only at approved betting stations or through an approved account wagering system. A book may not knowingly allow a wager on an event whose outcome has already been determined. A licensed sports pool may not accept a wager on an event unless the date and time of the outcome of the event can be confirmed from reliable sources or from records created and maintained by the book.

Licensed sports pools may accept wagers, including parlay card wagers, on which of the participating contestants will win specified sports events and as to whether the total points scored in a specified game, match, or similar sports event will be higher or lower than a number
specified for that event. Licensed sports pools may not accept wagers, including parlay card wagers, on other contingencies unless their outcomes are reported in newspapers of general circulation or in official public records maintained by the appropriate league or other governing body or unless the pertinent sports events are televised live at the book and a book employee other than a betting ticket writer monitors the telecast, records the occurrence of the pertinent events and contingencies simultaneously with their occurrence, and records the time of their occurrence.

No book or agent or employee of a book may accept a wager from a person who the book, agent, or employee reasonably should know is a messenger bettor or is placing the wager in violation of state or federal law. No book may hold a patron’s money or its equivalent on the understanding that the book will accept the money as a wager only upon the occurrence of a specified, future contingency, unless a betting ticket documenting the wager and contingency is issued immediately when the book receives the money or its equivalent.

A race book or sports pool may not accept wagers on a race or sporting event unless the wagering proposition is posted. Propositions may be posted by electronic or manual means, including printed media. If posted propositions are not updated simultaneously with actual changes to the propositions, an announcement, audible throughout the race book or sports pool, must be made simultaneously with the actual changes followed by updating the posted propositions within a time specified in the house rules.

Section 22.061 concerns wagers and payouts of more than $10,000. Prior to accepting any non-pari-mutuel wager over $10,000 or making a payout over $10,000 on a non-pari-mutuel winning wager the book must obtain the patron’s name, permanent address and social security number or passport number. The patron must present a driver’s license, passport, non-resident
alien identification card, a reliable government-issued form of identification (such as military identification) or other picture identification credential normally acceptable as a means of identification when cashing checks. Prior to accepting a non-pari-mutuel wager of more than $10,000 or making a payout of more than $10,000 on a non-pari-mutuel winning wager, if a book knows a person is placing a wager or receiving a payout on behalf of another person, the licensee must obtain and record the information required with respect to all persons placing the wager or receiving the payout.

Upon accepting a non-pari-mutuel wager in excess of $10,000 or making a payout in excess of $10,000 on a non-pari-mutuel winning wager the book must record or maintain records that include the amount of the wager or payout, the window number or other identification of the location where the wager or payout occurred, the time and date of the wager or payout, and the names and signatures of the book employees accepting or approving the wager and payout on the wager. Each book must report the wagers or payouts on a “Book Wagering Report” a form. The notation must include the patron’s and agent’s (if applicable) name, the patron’s and agent’s (if applicable) government issued identification credential information, the patron’s and agent’s (if applicable) social security number, the wager and payout amount and the date of the transactions.

Sections 22.062 and 22.063 are an extension of Section 22.061 dealing with multiple wagers and structured transactions. A book and its employees and agents must not knowingly allow the circumvention of Section 22.061 by allowing undocumented multiple wagers totaling more than $10,000 within a pre-defined 24-hour period with a patron or a patron’s agent. A book must establish, implement and maintain wagering multiple transaction logs. In the wagering multiple transaction log, the book must record all non-pari-mutuel wagers more than $5,000, or in smaller amounts that add up to more than $5,000 when any single officer, employee, or agent of the book
has actual or reasonable knowledge of the wagers. The log entry should include a description of
the patron (or agent), including approximate age, sex, race, eye color, hair, weight, height and
attire, the patron’s name and agent’s name, if known, the window number or location where the
wager occurred, the time and date of the wager, dollar amount of the wager and signature or
electronic signature of person accepting or approving the wager. A log must be maintained for
each monitoring area, for each designated 24-hour period.

Furthermore, the book must aggregate all non-pari-mutuel wagers in excess of $5,000 or
smaller amounts when any single officer, employee, or agent of the book has actual or
reasonable knowledge of the wagers. Before completing a wager that will aggregate to an
amount greater than $10,000, the book must complete the identification and recordkeeping
requirements described in Section 22.061. If a patron places additional wagers, the paperwork
must be updated.

According to Section 22.063, a book, its officers, employees or agents cannot encourage or
instruct the patron to structure or attempt to structure wagers. In this context, “structure wagers”
or “structuring wagers” means to willfully conduct or attempt to conduct a series of wagers in
any amount, at one or more books, on one or more days in any manner as to willfully evade or
circumvent the recording and reporting requirements. A book may inform a patron of the
regulatory requirements imposed upon the book, including the definition of structured wagers,
but cannot advise the patron.

Section 22.080 sets forth procedures concerning the payment of winning wager. A book must
make payment on a winning wager to the person who presents the patron’s copy of the betting
ticket representing the wager. A book need not make payment to a person who the book or an
agent or employee of the book knows is not the person to whom the patron’s copy was issued. A
book should not make payment on a winning wager to a person who the book or its agent or employee knows or reasonably should know is collecting the payment on behalf of another for monetary consideration or in violation of federal law. A book may withhold payment of a winning wager if the patron refuses to supply identification or any other documentation required by state or federal law.

Books must honor winning betting tickets for 30 days after the conclusion of the event wagered upon unless a longer period is established by the book. The book must state the redemption period on each betting ticket, in house rules and on notices conspicuously placed about the licensed premises. Payment by mail may be made only after presentation of the betting ticket and all identification information and documentation required by state or federal law, and must be made not later than 10 days after the ticket is presented. A book may accept a photocopy of a driver license or passport in lieu of an actual driver license or passport when presentment of the betting ticket is made by mail. Presentation of the betting ticket and payment of the winning wager may be made at an affiliated book if an adequate accounting of the payment is kept for 5 years by both books and the payout is properly included in the computation of gross revenue of the licensee that initially accepted the wager. A licensed race book may determine the winners of or payouts on wagers on horse and other animal races only with information the book receives from licensed disseminators.

Section 22.090 deals with parlay card wagers. “Parlay card” means a wagering form offering the same propositions on the same terms. “Parlay card wager” means a wager on the outcome of a series of 3 or more games, matches, or similar sports events or on a series of 3 or more contingencies incident to games, matches or similar sports events. Each sports pool that offers to accept parlay card wagers must disclose on all parlay card wagering forms the amounts to be
paid to winners or the method by which such amounts will be determined and the aggregate amount and the establishments to which it applies. The sports pool must also outline the effect of ties, the minimum and maximum betting limits, if any, and the procedure for claiming winnings. The procedure for claiming winnings should include a description of the documentation players must present to claim winnings, time limits, if any, for claiming winnings, whether winnings may be claimed and paid by mail and the procedure for doing so.

Further documentation needs to include the effects of an event wagered on not being played on the date specified and of other events that will cause selections to be invalid and that a parlay card wager must consist of at least three selections that have not become invalid under applicable house rules or the wager will be void and the money wagered will be refunded. The rights, if any, reserved by the sports pool, including but not limited to reservation of the right to refuse any wager or delete or limit any selection prior to the acceptance of a wager or to withhold payouts of specified amounts until the outcome of each proposition offered by the parlay card has been determined must also be presented in writing. The documentation must include the requirement that the point spreads printed on the parlay card wagering form when the wager is accepted will be used to determine the outcomes of the wagers.

A sports pool, a sports pool and its outstation books, or a sports pool and its satellite books may limit the aggregate amount to be paid to winners on a parlay card in proportion to the amounts won, provided that the aggregate limit must not be less than the amount disclosed on the parlay card plus twice the amount wagered on the parlay card at all establishments to which the aggregate limit applies. When a sports pool knows, or reasonably should know, that actual payouts on a parlay card will be limited by an aggregate amount, the sports pool must cease accepting wagers and making payouts on the parlay card. After the outcome of the final game,
match, or event covered by the parlay card has been determined, the sports pool must pay each
winner at least that proportion of the payout amount stated on the parlay card that the aggregate
limit bears to total payouts (including payouts made prior to the suspension of payouts) that
would otherwise have been made but for the limit.

When a book ceases accepting wagers and making payouts on a parlay card, the book may
accept wagers on the parlay card on those propositions whose outcomes have not been
determined if the parlay card, patron receipts, and related documentation are distinguishable
from the card, receipts, and documentation as to which the book has ceased accepting wagers, in
which case the parlay card will be considered a different parlay card for purposes of this
subsection. If a book pays the winner of a parlay card wager more than 10 percent of the base
amount established before the outcome of every proposition offered by the parlay card has been
determined, the book must pay every winner of a wager on that parlay card the proper payout
amount stated on the parlay card in full and without regard to any aggregate limit established.

Section 22.100 outlines the necessity for an approved, computerized bookmaking system.

Section 22.110 outlines a procedure for layoff bets. Layoff bets are intended to more evenly
spread the risk of any wager across several different books. Books may accept wagers placed by
other books. Books may place wagers only with other books. A book that places a wager must
inform the book accepting the wager that the wager is being placed by a book and must disclose
its identity.

Section 22.115 states that a book may not rescind any wager on its own without the prior
written approval of the chairman.

Section 22.120 outlines the types of wager that legally may not be accepted. The section
states that no wagers may be accepted or paid by any book on any amateur sport or athletic event
other than Olympic sporting or athletic events sanctioned by the International Olympic Committee or collegiate sporting or athletic events. Furthermore, a wager on any collegiate sport or athletic event which the licensee knows or reasonably should know, is being placed by, or on behalf of a coach or participant in that collegiate event may not be accepted or paid. Each licensee must take reasonable steps to prevent the circumvention of this regulation. For purposes of this regulation, “collegiate sport or athletic event” means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level.

No wagers may be accepted on the outcome of any election for any public office both within and without the State of Nevada.

No wagers may be accepted or paid on any virtual event unless an approved gaming device is used to determine the outcome(s) and to display an accurate representation of the outcome(s) of the virtual event. To be acceptable, a live display of the virtual event must be offered to all approved sports pools and the virtual event must be approved.

To accept or pay any other wager on an event other than a horse race, greyhound race, or an athletic sports event, the event must be approved by the chairman in writing or approved by the board or the commission. A request for approval to accept wagers on an event other than a horse race, greyhound race, or an athletic sports event may be made by a book on approved forms. The form must include a full description of the event and the way wagers would be placed and winning wagers would be determined and a full description of any technology which would be utilized to offer the event. Information must be provided that adequately demonstrates that the event could be effectively supervised, that the outcome of the event is verifiable, that the outcome of the event would be generated by a reliable and independent process, that the outcome
of the event would be unlikely to be affected by any wager placed, that the event could be
conducted in compliance with any applicable laws and that the granting of the request for
approval would be consistent with the public policy of the state. The decision whether to grant
approval to accept wagers on an event other than a horse race, greyhound race or an athletic
sports event will be based on this information. The chairman may subject any technology that
would be used to offer the event to such testing, investigation and approval process as the
chairman deems appropriate.

Section 22.121 establishes the process required to report suspicious transactions. As used in
this section, “suspicious transaction” means a transaction which a book knows or has reason to
suspect is in violation of any federal, state or local law or regulation, would be on behalf of a
coach or participant in a sporting event or other event on such event or has no business or
apparent lawful purpose. In the case of a suspicious transaction the book should file a formal if it
involves or aggregates to more than $5,000 in funds or other assets. The book may file a report
of any suspicious transaction, regardless of the amount if the licensee believes it is relevant to the
possible violation of any law or regulation. In situations involving violations that require
immediate attention, the licensee must immediately notify, by telephone, the board in addition to
filing a report. Any such report will be considered confidential and those involved in the
transaction should not be made aware of the report.

Section 22.125 deals with the acceptance of pari-mutuel wagers and the accommodation of
patrons who place pari-mutuel wagers. A book must not accept from a patron less than the full
face value of an off-track pari-mutuel wager, agree to refund or rebate to a patron any portion or
percentage of the full face value of an off-track pari-mutuel wager or increase the payoff of, or
pay a bonus on, a winning off-track pari-mutuel wager. The race book may, however, offer a
patron placing a pari-mutuel wager room, food, beverage, racing data subscriptions or services, including access to broadcasts, periodicals and electronic publications or services, that are available to the public from other sources, tobacco, or other services, including spa services, movies, bowling and entertainment admission. The book may offer limousine or other car service transportation to and from the gaming establishment where the book is located or merchandise or other non-cash equivalents not exceeding $100 per patron per week with the value of such $100 determined by the book’s or the licensed gaming establishment’s cost.

A book may award player loyalty program points based on pari-mutuel wagers placed by a patron, if points earned based on pari-mutuel wagers are not redeemed for cash, items or services that the book intends to or does redeem for cash or free-play on any gaming device or gambling game. A book is not allowed to place a wager for a patron or arbitrarily move its wagering odds, lines or limits for a patron. Likewise, a book may not set lines or odds, or offer wagering propositions, designed for the purposes of ensuring that a patron will win a wager or series of wagers.

Section 22.130 applies to the approval of communication technology. Before installing or permitting the installation of any communications technology a book or a call center must obtain written approval of the chairman for each communications technology. Before a book accepts any wagering communications, and before a call center accepts any wagering instructions, the book and the call center must obtain the written approval of the chairman to accept such wagering communications and wagering instructions and must use only the approved communications technology. The book or the call center must obtain written permission from the chairman by October 1st of each calendar year to continue using the communications technology. Continued use of any communication technology is at the discretion of the chairman
and permission may be rescinded by the chairman at any time without prior notice of hearing. After any such removal, the book or the call center may request a hearing before the board as to whether circumstances may warrant the permanent revocation of the privilege of having communications technology upon the premises.

Section 22.140 outlines the conditions for establishing patron wagering accounts and the acceptance of wagers using wagering accounts. A book may only accept a sports wager, non-pari-mutuel race wager, or other event wager made in person unless the transmission of a wager is initiated from within the State of Nevada. Each book must conspicuously display signs to that effect on its premises. An operator of a call center may not accept wagering instructions for sports wagers, non-pari-mutuel race wagers, or other events wagers unless the transmission of the wagering instructions is initiated from within the State of Nevada. A book may only accept a pari-mutuel horse race wager made in person unless a pari-mutuel horse race account wager is accepted. Each book must conspicuously display signs to that effect on its premises. A written description of a book’s rules and procedures for wagering communications must be prepared and a copy must be made available to each patron for whom a wagering account is established.

Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, on any non-pari-mutuel race wager, or on any other event wager, the book must register patrons and create wagering accounts unless the patron personally appears before an employee of the licensee at which the book is located or before an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book. A book may register and create wagering accounts for patrons, including inspecting a patron’s government issued picture identification credential to confirm their identity by filing a request with the chairman for permission to have its employees register
and create wagering accounts for patrons outside the premises of the book. Wagering accounts may not be created outside the State of Nevada.

Before registering a patron for a wagering account, the book must have the patron affirm that the patron has been informed and acknowledges that no sports wagers, non-pari-mutuel race wagers, and other event wagers may be made from outside Nevada and that the book is prohibited from accepting such wagers. Regarding pari-mutuel horse race wagers, a race book may only accept off-track pari-mutuel horse race account wagers in compliance with the regulations pertaining to pari-mutuel horse race wagers.

Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, non-pari-mutuel race wager, or other event wager from another book an authorized employee of the other book must personally appear at the premises of the book or, for central site books, at an outstation, satellite or affiliated book, to open a wagering account. The book employee must record the authorized employee of the other book’s name, permanent business address (other than a post office box number), and business telephone number. The book employee must make a record of the documents used to verify that the other book is a licensed book and that the authorized employee is an employee of the other book and is authorized to open this wagering account. The book employee must record the amount of the authorized employee of the other book’s initial wagering account or front money deposit, the authorized employee of the other book’s account number with the book and note the date the authorized employee of the other book’s account is opened.

The authorized employee of the other book must sign, in the presence of a supervising employee of the book, statements that confirm the accuracy of the information recorded. The authorized employee of the other book must confirm that a copy of the book’s rules and
procedures for wagering communications has been provided or been made available to them. The
authorized employee of the other book must be informed and understand that authorized
employees of other books that establish a wagering account are prohibited by law from placing
wagering communications from outside Nevada and that the book is prohibited by law from
accepting them. The employee who verifies the authorized employee of the other book’s
information and who obtains and records the information on behalf of the book and the
supervising employee must each sign statements that they witnessed the authorized employee’s
signature and confirmed the authorized employee of the other book’s identity and residence.

In addition to the posting of the wager in the computerized bookmaking system, all wagering
communications must be electronically recorded and retained for 60 days. A book may not allow
the use of a wagering account for forms of wagering other than sports wagering, non-pari-mutuel
race wagering or other event wagering.

Section 22.145 further regulates account wagering systems. For systems that use other than
voice-only wagering communications technology, the account wagering system must provide for
the patron’s review and confirmation of all wagering information before the wagering
communication is accepted by the book. The system must create a record of this confirmation.
This record of the confirmation of the wager will be deemed to be the actual transaction of
record, regardless of what wager was recorded by the system. The account wagering system must
prohibit wagers from being changed after the patron has reviewed and confirmed the wagering
information, and the specific wagering communication transaction has been completed. The
account wagering system must prohibit the acceptance of wagers after post time except those
originated after post time that are approved pursuant to Section 22.120.
The account wagering system must prohibit a book from accepting an account wager, or a series of account wagers, in an amount more than the available balance of the wagering account. The account wagering system must prohibit a book from accepting out-of-state sports wagers and out-of-state non-pari-mutuel horse race wagers. The account wagering system must post payment on winning account wagers as a credit to the patron’s wagering account as soon as reasonably practicable after the event is declared official. The account wagering system must maintain a separate wagering account for pari-mutuel horse race wagers. Wagering accounts for pari-mutuel sports wagers, non-pari-mutuel horse race wagers and non-pari-mutuel sports wagers may be commingled in a single wagering account. The account wagering system must maintain records of every deposit, withdrawal, wager, winning payoff, and any other debit or credit for each account. For systems that use other than voice-only wagering communications technology, the account wagering system must produce a printable record of the entire transaction and must not accept any wagering communication or transaction if the printable record system is inoperable.

Section 22.150 notes the setting of house rules. Each book must adopt, conspicuously display, and adhere to written, comprehensive house rules governing wagering transactions. The rules must specify the amounts to be paid on winning wagers, the effect of schedule changes, the redemption period for winning tickets and the method of noticing odds or line changes to patrons. House rules must state that wagers may be accepted at other than the currently posted terms, if applicable. Prior to adopting or amending such house rules, a book must submit such rules to the chairman for approval.

Section 22.155 defines the regulations for business entity wagering. A book must notify the board in writing of its intent to accept wagers from business entities. A book is prohibited from accepting wagers from a business entity unless all the business entity’s owners, directors,
officers, managers, partners, holders of indebtedness, and anyone entitled to payments based on profits or revenues of the entity are fully disclosed. If the business entity is owned or controlled by one or more holding companies, each of the holding companies’ owners, directors, officers, managers, partners, holders of indebtedness and everyone entitled to payments based on profits or revenues of the entity must be fully disclosed.

A book which elects to accept wagers from business entities must conduct due diligence on each business entity from which the book will accept wagers which includes requiring the business entity to affirm it is not established for the purpose of circumventing any applicable federal or state laws including laws concerning illegal sports wagering, electronic communications, and money laundering. A book must be diligent in determining all equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals and identifying the natural person who is the source of funds for each contribution to the business entity. Records of the due diligence it performs on a business entity must be maintained for no less than one year following the closure of the wagering account of the business entity or for no less than one year after rejection of a business entity wagering account application by the book.

A book may not accept wagers from a business entity if the business entity does not make the required affirmation or disclosures, the book is unable to verify the identity of all the equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals of the business entity or if the book is unable to verify the natural person who is the source of funds for each contribution to the business entity. Upon receipt of updated information from a business entity, a book must verify the updated information. If a book is unable to verify the updated information
within 30 days of the book’s receipt of the updated information from the business entity, the book must suspend the wagering account and not allow further wagering activity on the wagering account.

A book will require a business entity from which the book accepts wagers to provide, for business entities from which the book accepts wagers aggregating more than $5,000,000 in a calendar year, an independent third-party verification concerning to whom the business entity made payments based on profits or revenues to ensure no payments were made to persons other than those permitted to receive such payments. If the book does not receive a copy of the independent third-party verification prior to April 1st of the year following the year in which the business entity placed wagers of more than $5,000,000, the book must suspend the wagering account and not allow further wagering activity on the wagering account. For business entities from which the book accepts wagers aggregating $5,000,000 or less within a calendar year, an affirmation stating the business entity did not make payments based on profits or revenues to persons other than those permitted to receive such payments. If the book does not receive such affirmation prior to April 1st of the year following any year in which the business entity placed wagers with the book, the book must suspend the wagering account and not allow further wagering activity on the wagering account.

A book must report any violation or suspected violation of law or regulation related to business entity wagering to the board immediately. Such reporting must include, but is not limited to, any violation or suspected violation of relevant federal laws such as The Federal Wire Act 18 U.S.C. § 1084, the Illegal Gambling Business Act 18 U.S.C. § 1955, and anti-money laundering laws. A book may only accept wagering activity from a business entity, acting through one or more designated individuals, through a wagering account established by the
business entity and may only deposit winnings into such wagering account. The book must use an account wagering system for such wagering activity. A book must not extend credit to a business entity.

A book must report the suspension or closure of a business entity wagering account to the board within 5 days of suspension or closure and must include the reason for such suspension or closure in the report. A book must report the reinstatement of a suspended business entity wagering account to the board within 5 days of reinstatement and must include the reasons the book reinstated the wagering account.

A book that accepts wagers from business entities must adopt, conspicuously display at its premises and adhere to house rules governing business entity wagering transactions. A book that accepts wagers from business entities must implement policies and procedures designed to ensure that business entities’ wagering accounts are used only to place book wagers.

Section 22.160 further notes that business entity wagering account deposits and withdrawals may only be made by transfers to and from the bank or financial institution account maintained by the business entity. Business entity wagering account deposits and withdrawals may not be made in cash.

Section 22.165 outlines the regulations pertaining to call centers. A licensed Nevada book may not utilize an operator of a call center unless the operator of the call center has been approved by the commission. The call center system must record patron instructions received and transmitted to a licensed Nevada book and the date and time instructions are received from a patron for sports wagers and non-pari-mutuel horse race wagers. The operator of a call center is tasked with receiving sports and non-pari-mutuel horse race wagering instructions from a patron and providing help desk responses to patrons and the general public concerning sports wagers
and non-pari-mutuel horse race wagers at a licensed Nevada book. In addition to the posting of the wager at a licensed Nevada book, all wagering instructions must be electronically recorded and retained for a period of 60 days. The operator of a call center may only use approved communications technology.

Section 22.220 addresses the providing of global risk management to a licensed book. A book engaging in global risk management may provide direction, management, consultation, and/or instruction to the operator of a wagering pool located in a permissible jurisdiction. This service may include the management of risks associated with a wagering pool for a race or sporting event or any other event for which the wagering pool is permitted to accept wagers. Services can include the determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and the determination of whether to change such lines, point spreads, odds, or other activity relating to betting or wagering. Global risk management can be used to determine whether to accept or reject bets or wagers, to pool bets or wagers, or to lay off bets or wagers.

A book which intends to provide global risk management must enter into a written agreement to provide global risk management with any operator of a wagering pool to which the book proposes to provide global risk management. A copy of the executed agreement with an operator of a wagering pool located outside of Nevada must be provided to the chairman no later than the date on which the book begins global risk management for the operator of the wagering pool. A book which intends to provide global risk management must identify any permissible jurisdiction other than Nevada where the book intends to provide global risk management. Any book which intends to provide global risk management must be approved by the chairman.
New Jersey

The regulations relating to sports wagering in New Jersey can be found in New Jersey Title 5-Chapter12A.

Section: 5:12A-1 contains definitions relative to sports wagering. "Casino" means a licensed casino or gambling house located in Atlantic City at which casino gambling is conducted. “Commission” means the Casino Control Commission. “Collegiate sport or athletic event” means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level. “Division” means the Division of Gaming Enforcement. “Former racetrack” means any former racetrack where a horse race meeting was conducted within 15 years, excluding premises other than the land contained within the racecourse oval.

“Internet sports pool operator” means an entity that is licensed as a casino service industry enterprise and that holds a permit issued by the division to operate an online sports pool. “Online sports pool” means a sports wagering operation in which wagers on sports events are made through computers or mobile or interactive devices and accepted at a sports wagering lounge through an online gaming system which is operating pursuant to a sports wagering permit issued by the division or racing.

“Operator” means a casino or a racetrack which has elected to operate a sports pool, either independently or jointly, and any entity with whom a casino or racetrack licensed to operate a sports pool contracts to operate a sports pool or online sports pool, including an Internet sports pool operator, on its behalf. “Professional sport or athletic event” means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event.
“Prohibited sports event” means any collegiate sport or athletic event that takes place in New Jersey or a sport or athletic event in which any New Jersey college team participates regardless of where the event takes place. A "prohibited sports event" does not include the other games of a collegiate sport or athletic tournament in which a New Jersey college team participates, nor does it include any games of a collegiate tournament that occurs outside New Jersey even though some of the individual games or events are held in New Jersey. A prohibited sports event includes all high school sports events, electronic sports, and competitive video games but does not include international sports events in which persons under age 18 make up a minority of the participants.

“Racetrack" means the physical facility and the land where a permit holder conducts a horse race meeting with wagering under a license issued by the racing commission and includes any former racetrack. “Racing commission" means the New Jersey Racing Commission.

“Sports event" means any professional sport or athletic event, any Olympic or international sports competition event and any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events, except "sports event" shall not include a prohibited sports event or a fantasy sports activity. “Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering, including but not limited to single-game bets, teaser bets, parlays, over-under, money line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets. “Sports wagering lounge" means an area wherein a licensed sports pool is operated located in a casino hotel or racetrack.

Section: 5:12A-2 contains regulations concerning the issuance of licenses and renewals. The Division issues all sports wagering licenses and renewals to casinos. The Racing Commission
issues all sports wagering licenses to racetracks, but the Division is responsible for renewals. A casino or racetrack with a sports wagering license may conduct an online sports pool or authorize a licensed Internet sportsbook operator to operate an online sports pool on its behalf. Each sports wagering licensee is limited to three individually branded websites.

Sports wagering licensees and operators may provide promotional credits, incentives, bonuses, complimentaries, or similar benefits designed to induce sports betters to wager. The server or other equipment used by a racetrack to accept wagers at a sports pool or online sports pool shall be in that racetrack or in any location in Atlantic City.

The Division and the Racing Commission has the authority to charge a casino or a racetrack a fee for the issuance of a sports wagering license in an amount of $100,000 for initial issuance. In the case of a renewal, a reasonable fee that is based upon the expense associated with renewal, enforcement, and gambling addiction programs will be charged.

No sports wagering license shall be issued by the Division or Racing Commission to any entity unless it has established its financial stability, integrity and responsibility and its good character, honesty and integrity. No casino or racetrack shall be permitted to operate a sports pool or accept wagers via an online sports pool unless a sports wagering lounge is in operation.

No later than five years after the date of the issuance of a license and every five years thereafter a licensee shall submit documentation to demonstrate to the satisfaction of the agency that the licensee continues to meet the requirements of the law and regulations. An annual report shall be prepared and distributed to the Governor on the impact of sports wagering, including Internet wagering on sports events, on problem gamblers and gambling addiction in New Jersey. The report shall be prepared by a private organization with expertise in serving the needs of persons with gambling addictions. The Division and the Racing Commission may also report
periodically to the Governor on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the Internet.

The sports pool must be operated in a sports wagering lounge located at a casino or racetrack. A sports wagering lounge may be located at a casino simulcasting facility. The operator shall establish or display the odds at which wagers may be placed on sports events. An operator shall accept wagers on sports events only from persons physically present in the sports wagering lounge, through self-service wagering machines located in its facility or through an online sports pool. A person placing a wager on a sports event shall be at least 21 years of age.

Any person who is an athlete, coach, referee, or director of a sports governing body or any of its member teams, a person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including but not limited to coaches, managers, handlers, athletic trainers, or horse trainers, a person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or a person identified by any lists provided by the sports governing body to the Division and the Racing Commission may not have any ownership interest in, control of, or otherwise be employed by an operator, a sports wagering licensee, or a facility in which a sports wagering lounge is located or place a wager on a sports event that is overseen by that person's sports governing body based on publicly available information. Any employee of a sports governing body or its member teams who is not prohibited from wagering on a sports event shall provide notice to the Division prior to placing a wager on a sports event. The direct or indirect legal or beneficial owner of 10 percent or more of a sports governing body or any of its member teams shall not place or accept any wager on a sports event in which any member team of that sports governing body participates.
An operator must prevent persons from wagering on sports events who are prohibited from placing sports wagers. An operator shall not accept wagers from any person whose identity is known to the operator and whose name appears on the exclusion list, who is the operator, director, officer, owner, or employee of the operator or any relative living in the same household as the operator, who has access to nonpublic confidential information held by the operator or who is an agent or proxy for any other person.

An operator must adopt procedures to obtain personally identifiable information from any individual who places any single wager in an amount of $10,000 or greater on a sports event while physically present in a racetrack facility or a casino. The holder of a sports wagering license may contract with an entity to conduct that operation.

An operator must promptly report to the Division any criminal or disciplinary proceedings commenced against the operator or its employees in connection with the operations of the sports pool or online sports pool, any abnormal betting activity or patterns that may indicate a concern about the integrity of a sports event or events, any other conduct with the potential to corrupt a betting outcome of a sports event for purposes of financial gain, including but not limited to match fixing and suspicious or illegal wagering activities, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, or use of false identification. The Division is authorized to share any information with any law enforcement entity, team, sports governing body, or regulatory agency the division deems appropriate.

A sports wagering licensee may, in addition to having a sports wagering lounge, conduct wagering on authorized sports events through one or more kiosks or self-service wagering stations located within its facility. Such self-service wagering stations located at a casino may
offer any game authorized under rules established by the division. Such self-service wagering stations located at a racetrack may offer wagering only on authorized sports events and horse races. All wagers on sports events must be made within the State of New Jersey.

Section: 5:12A-3 contains regulations concerning stakeholders and key employees. Corporate applicants shall be required to disclose the identity of each board appointed officer of the corporation, each director of the corporation, each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder, each person who directly holds any non-voting or passive ownership interest of 25 percent or more of the securities issued by such applicant or holder and each holding or intermediary company of an applicant for or holder of an operator. Holding, intermediary and subsidiary companies shall be required to establish and maintain the qualifications of the following, each board appointed officer of the corporation, each director of the corporation, each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder and each person who directly holds any non-voting or passive ownership interest of 25 percent or more in such holding or intermediary company.

All persons employed directly in wagering-related activities conducted within a casino or a racetrack in a sports wagering lounge and an online sports pool shall be licensed as a casino key employee or registered as a casino employee. All other employees who are working in the sports wagering lounge may be required to be registered, if appropriate. Each operator shall designate one or more casino key employees who shall be responsible for the operation of the sports pool. At least one such casino key employee shall be on the premises whenever sports wagering is conducted.
Section: 5:12A-4 establishes the authority of the Division to regulate sports wagering. The Division has the authority to regulate sports pools, online sports pools, and the conduct of sports wagering to the same extent that the Division regulates casino games. In developing rules and regulations applicable to sports wagering, the Division may examine the regulations implemented in other states where sports wagering is conducted and may adopt a similar regulatory framework. The Division shall establish regulations governing the:

1. Amount of cash reserves to be maintained by operators to cover winning wagers.
2. Acceptance of wagers on a series of sports events.
3. Maximum wagers which may be accepted by an operator from any one patron on any one sports event.
4. Type of wagering tickets which may be used.
5. Method of issuing tickets.
6. Method accounting to be used by operators.
7. Types of records which shall be kept.
8. Use credit and checks by patrons.
9. Type of system for wagering.
10. Protections for a person placing a wager
11. Display of the words, "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," in all print, billboard, sign, online, or broadcast advertisements of a sports pool and online sports pool and in every sports wagering lounge.
Any person employed in the admissions department or pari-mutuel clerk department of a racetrack operated by the permitholder shall be given a one-time right of first refusal offer of employment at the sports pool, including an online sports pool, that opens at that racetrack, for available positions of similar employment in that sports pool, or with any vendor contracting with the licensee to operate the sports pool.

Section: 5:12A-5 refers to the setting and posting of house rules. Each operator shall adopt comprehensive house rules governing sports wagering transactions with its patrons which must be approved by the Division. The rules must specify the amounts to be paid on winning wagers and the effect of schedule changes. The house rules, together with any other information the Division deems appropriate, shall be conspicuously displayed in the sports wagering lounge, posted on the operator's Internet website, and included in the terms and conditions of the account wagering system and copies shall be made readily available to patrons.

Section: 5:12A-6 refers to the distribution of revenues from a joint sports wagering operation.

Section: 5:12A-7 refers to taxes and fees to be paid and the distribution of those taxes and fees. The sums received by the casino from sports wagering or from a joint sports wagering operation, less only the total of all sums actually paid out as winnings to patrons shall be subject to an 8.5 percent tax. The sums received from Internet wagering on sports events, less only the total of all sums actually paid out as winnings to patrons, shall be subject to a 13 percent tax, which shall be paid to the Casino Revenue Fund, and to an additional tax of 1.25 percent which shall be remitted by the State Treasurer to the Casino Reinvestment Development Authority for marketing and promotion of the City of Atlantic City.

The net revenues received by the horse racing permit holder from any sports wagering operation at the Meadowlands Racetrack, including Internet wagering on sports events, less the
total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid by the Meadowlands Racetrack to the Standardbred Breeders and Owners’ Association of New Jersey and the New Jersey Thoroughbred Horsemen's Association.

The net revenues received by the horse racing permit holder from any sports wagering operation at the Monmouth Park Racetrack, including Internet wagering on sports events, less the total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid by Monmouth Park Racetrack to the New Jersey Thoroughbred Horsemen's Association.

The net revenues received by the horse racing permit holder from any sports wagering operation at the Freehold Raceway, including Internet wagering on sports events, less the total of all sums actually paid out for any operating expenses and as winnings to patrons, shall be paid by Freehold Raceway to the Standardbred Breeders and Owners’ Association of New Jersey.

The sums received by the horse racing permit holder from any sports wagering operation, less only the total of all sums actually paid out as winnings to patrons, shall be subject to an 8.5 percent tax. The sums received from Internet wagering on sports events, less only the total of all sums actually paid out as winnings to patrons, shall be subject to a 13 percent tax, to be collected by the division and paid to the State General Fund and to an additional tax of 1.25 percent on amounts actually received from a sports wagering operation, less only the total of all sums actually paid out as winnings to patrons, to be paid to the Department of the Treasury for distribution to the municipality in which the majority of the racetrack is located and to the county in which the racetrack is located. The Department of the Treasury shall establish an account for each eligible municipality and county and shall ensure that the amounts generated from the racetrack shall only be distributed to the municipality in which the majority of the racetrack is
located and county in which the racetrack is located with 0.75 percent paid to the municipality and 0.5 percent paid to the county.

A percentage of the fee paid for a license to operate a sports pool shall be deposited into the State General Fund for appropriation by the Legislature to the Department of Health to provide funds for evidence-based prevention, education, and treatment programs for compulsive gambling, such as those provided by the Council on Compulsive Gambling of New Jersey, and including the development and implementation of programs that identify and assist problem gamblers.

Section: 5:12A-8 refers to the placement of sports wagering lounges.

Section: 5:12A-9 refers to the processing of uncollected winnings. If a patron does not claim a winning sports pool wager within one year from the time of the event, the obligation of the operator to pay the winnings shall expire and the funds shall be distributed as follows:

1. For wagers placed with a sports pool operated by or on behalf of a casino, the casino shall retain 50 percent and remit the remaining 50 percent to the Casino Revenue Fund.

2. For wagers placed with a sports pool operated by or on behalf of a racetrack, the racetrack shall retain 50 percent and remit the remaining 50 percent to the State General Fund

3. For wagers placed with a sports pool jointly operated by a casino and a racetrack, the casino and racetrack shall retain a total of 50 percent which shall be apportioned among them pursuant to the terms of their operation agreement, and the remaining 50 percent shall be apportioned in the same manner, with the casino percentage being
deposited in the Casino Revenue Fund and the racetrack percentage being deposited in the State General Fund.

Section: 5:12A-10 establishes guidelines for wagers placed outside of the State of New Jersey. Wagers may be accepted from persons who are not physically present in this State if the Division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law.

Section: 5:12A-10 establishes guidelines for wagers placed outside of the State of New Jersey. Wagers may be accepted from persons who are not physically present in this State if the Division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law.

Pennsylvania

The regulations relating to sports wagering in Pennsylvania can be found in Pennsylvania Title 4 Chapter 13C. The chapter starts with definitions. “Gross sports wagering revenue” is the total of cash or cash equivalents received from sports wagering minus the total of cash or cash equivalents paid to players as a result of sports wagering, cash or cash equivalents paid to purchase annuities to fund prizes payable to players over a period of time as a result of sports wagering and the actual cost paid by the sports wagering certificate holder for any personal property distributed to a player as a result of sports wagering.
“Gross sports wagering revenue” does not include any of the following counterfeit cash or chips, coins or currency of other countries received from sports wagering, except to the extent that the coins or currency are readily convertible to cash or cash taken in a fraudulent act perpetrated against a sports wagering certificate holder for which the sports wagering certificate holder is not reimbursed.

"Sporting event" is a professional or collegiate sports or athletic event or a motor race event. "Sports wagering" is the business of accepting wagers on sporting events or on the individual performance statistics of athletes in a sporting event or combination of sporting events by any system or method of wagering, including over the Internet through websites and mobile applications. The term includes exchange wagering, parlays, over-under, money line, pools and straight bets. "Sporting event" does not include pari-mutuel betting on the outcome of thoroughbred or harness horse racing, lottery games of the Pennsylvania State Lottery, bingo, small games of chance, slot machine gaming and progressive slot machine gaming, Keno, fantasy contests or iLottery.

"Sports wagering certificate" is a certificate that authorizes a slot machine licensee to conduct sports wagering. "Sports wagering certificate holder" is a slot machine licensee to whom a sports wagering certificate has been awarded. "Sports wagering device" includes any mechanical, electrical or computerized contrivance, terminal, machine or other device, apparatus, equipment or supplies approved by the board and used to conduct sports wagering.

Subchapter B describes the process for being authorized for sports wagering. The board may authorize a slot machine licensee to conduct sports wagering and to operate a system of wagering associated with the conduct of sports wagering at the slot machine licensee's licensed facility, a temporary facility or through an Internet-based system. Authorization shall be contingent upon
the slot machine licensee's agreement to ensure that sports wagering will be conducted in accordance with this part and any other conditions established by the board. The board may authorize a sports wagering certificate holder to conduct sports wagering and to operate a system of wagering associated with the conduct of sports wagering as a form of interactive gaming authorized by the Commonwealth.

All individuals wagering on sporting events through authorized sports wagering must be physically located within this Commonwealth or within a state or jurisdiction with which the board has entered a sports wagering agreement. No individual under 21 years of age may make a wager or bet on sporting events through authorized sports wagering or have access to the designated sports wagering area of the licensed facility.

Unless otherwise prohibited, a slot machine licensee may seek approval to conduct sports wagering by filing a petition with the board. A petition seeking authorization to conduct sports wagering shall include the following:

1. The name, business address and contact information of the petitioner.

2. The name, business address, job title and a photograph of each principal and key employee of the petitioner who will be involved in the conduct of sports wagering and who is not currently licensed by the board.

3. A brief description of the economic benefits expected to be realized by the Commonwealth, its municipalities and its residents if sports wagering is authorized at the petitioner's licensed facility.

4. The details of any financing obtained or that will be obtained to fund an expansion or modification of the licensed facility to accommodate sports wagering and to otherwise fund the cost of commencing sports wagering.
5. Information and documentation concerning financial background and resources, as the board may require, to establish by clear and convincing evidence the financial stability, integrity and responsibility of the petitioner.

6. Information and documentation to establish by clear and convincing evidence that the petitioner has sufficient business ability and experience to create and maintain a successful sports wagering operation. In making this determination, the board may consider the performance of the petitioner's slot machine and table game operation, including financial information, employment data and capital investment.

7. Information and documentation to establish by clear and convincing evidence that the petitioner has or will have the financial ability to pay the authorization fee.

8. Detailed site plans identifying the petitioner's proposed sports wagering area within the licensed facility.

The board shall approve a petition if the petitioner establishes all the following:

1. The petitioner's slot machine license and table game operation certificate are in good standing with the board.

2. The conduct of sports wagering at the petitioner's licensed facility will increase revenues and employment opportunities.

3. The petitioner possesses adequate funds or has secured adequate financing to fund any necessary expansion or modification of the petitioner’s licensed facility to accommodate the conduct of sports wagering, pay the authorization fee and commence sports wagering at its licensed facility.

4. The petitioner has the financial stability, integrity and responsibility to conduct sports wagering.
5. The petitioner has sufficient business ability and experience to create and maintain a successful sports wagering operation.

6. The petitioner’s proposed internal and external security and proposed surveillance measures within the area of the licensed facility where the petitioner seeks to conduct sports wagering are adequate.

7. The petitioner has satisfied the petition application requirements.

Subchapter C establishes the conduct of sports wagering. A sports wagering certificate holder may only be permitted to conduct sports wagering at a licensed facility, a temporary facility or through an Internet-based system. The board may permit a sports wagering certificate holder to conduct sports wagering at a temporary facility that is physically connected to, attached to or adjacent to a licensed facility for a period not to exceed 18 months. No sports wagering certificate holder may be approved to conduct sports wagering in a non-primary location unless the areas of the non-primary location where sports wagering will be conducted are equipped with adequate security and surveillance equipment to ensure the integrity of the conduct of sports wagering.

No sports wagering certificate holder may operate or offer sports wagering until the board determines that the sports wagering certificate holder is prepared in all respects to offer sports wagering play to the public at the licensed facility and the sports wagering certificate holder has implemented necessary internal and management controls and security arrangements and surveillance systems for the conduct of sports wagering.

Chapter 13C24 relates to principals, key employees and occupation permits. Each applicant for a principal license, key employee license or gaming employee occupation permit shall consent to a background investigation to be conducted by the bureau, submit to fingerprinting by
the Pennsylvania State Police or an authorized agent of the Pennsylvania State Police. The Pennsylvania State Police or the authorized agent shall submit the fingerprints to the Federal Bureau of Investigation for purposes of verifying the identity of the individual and obtaining records of criminal arrests and convictions and submit photographs consistent with the standards established by the board. Any individual who holds a principal license, a key employee license or a gaming employee occupation permit shall not be required to obtain a separate license or permit to be employed in a sports wagering certificate holder's sports wagering operation.

Subchapter D establishes guidelines for sports wagering taxes and fees. Each slot machine licensee that is issued a sports wagering certificate to conduct sports wagering shall pay a one-time nonrefundable authorization fee in the amount of $10,000,000. A slot machine licensee shall remit the authorization fee to the board within 60 days of the approval of a petition to conduct sports wagering. Sports wagering may not be conducted until the fee is paid in full. A slot machine licensee that is issued a sports wagering certificate shall pay a renewal fee in the amount of $250,000 upon the renewal of its sports wagering certificate. All sports wagering authorization fees, manufacturer license fees, manufacturer renewal fees and all fees for licenses and all money collected by the board for violations of this subchapter shall be deposited into the General Fund.

Each sports wagering certificate holder shall report to the department and pay from its daily gross sports wagering revenue a tax of 34% of its daily gross sports wagering revenue. The tax shall be payable to the department on a weekly basis and shall be based upon gross sports wagering revenue derived during the previous week. All funds owed to the Commonwealth under this section shall be held in trust for the Commonwealth by the sports wagering certificate holder until the funds are paid to the department. A sports wagering certificate holder shall
establish a separate bank account into which gross sports wagering revenue shall be deposited and maintained until such time as the funds are paid to the department. The tax shall be deposited into the General Fund.

Each sports wagering certificate holder shall pay on a weekly basis a local share assessment into a restricted receipts account established within the fund. All money owed under this section shall be held in trust by the sports wagering certificate holder until the money is paid into the restricted account. The department shall, on a quarterly basis, make distributions from the local share assessments deposited into the restricted account into a restricted receipt account to be established in the Commonwealth Financing Authority to be used exclusively for grants for projects in the public interest in this Commonwealth.

Chapter 13C64 establishes compulsive and problem gambling policies. Each year an amount equal to 0.002 multiplied by the total gross sports wagering revenue of all active and operating sports wagering certificate holders shall be transferred into the Compulsive and Problem Gambling Treatment Fund. Each year an amount equal to 0.002 multiplied by the total gross sports wagering revenue of all active and operating sports wagering certificate holders shall be transferred to the Department of Drug and Alcohol Programs to be used for drug and alcohol addiction treatment services, including treatment for drug and alcohol addiction related to compulsive and problem gambling.

**Rhode Island**

The regulations relating to sports wagering in Rhode Island can be found in Rhode Island Chapter 42-61.2. The subchapter starts with definitions. “DBR" means the department of business regulation, division of gaming and athletics licensing, and/or any successor in interest thereto. "Director" means the director of the division. "Division", "division of lottery", "division
of lotteries", or "lottery division" means the division of lotteries within the department of
revenue and/or any successor in interest thereto.

"Sports wagering" means the business of accepting wagers on sporting events or a
combination of sporting events, or on the individual performance statistics of athletes in a
sporting event or combination of sporting events, by any system or method of wagering. The
term includes, but is not limited to, exchange wagering, parlays, over-under, money line, pools,
and straight bets, and the term includes the placement of such bets and wagers. However, the
term does not include, without limitation, the following:

1. Lotteries, including video-lottery games and other types of casino gaming.
2. Pari-mutuel betting on the outcome of thoroughbred or harness horse racing, or
greyhound dog racing, including pari-mutuel wagering on a race that is "simulcast".
3. Off-track betting on racing events.
4. Wagering on the respective scores or points of the game of jai alai or pelota and the
sale of pari-mutuel pools related to such games.
5. Lotteries, charitable gaming, games of chance, bingo games, raffles, and pull-tab
lottery tickets.

"Sporting event" means any professional sport or athletic event, any Olympic or international
sports competition event, and any collegiate sport or athletic event, or any portion thereof,
including the individual performance statistics of athletes in a sports event or combination of
sports events. “Collegiate sports or athletic event" shall not include a collegiate sports contest or
collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
which any Rhode Island college team participates regardless of where the event takes place.
“Sports-wagering device" means any mechanical, electrical, or computerized contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the division and used to conduct sports wagering. "Sports-wagering vendor" means any entity authorized by the division of lottery to operate sports betting on the division's behalf.

"Sports-wagering revenue" means the total of cash or cash equivalents received from sports wagering minus the total of cash or cash equivalents paid to players as a result of sports wagering, the annual flat fee to the host communities, marketing expenses related to sports wagering and any federal excise taxes. The term does not include counterfeit cash, coins or currency of other countries received as a result of sports wagering, cash taken in a fraudulent act perpetrated against a hosting facility or sports-wagering vendor for which the hosting facility or sports-wagering vendor is not reimbursed, or free play provided by the hosting facility or sports-wagering vendor. "Payoff", when used in connection with sports wagering, means cash or cash equivalents paid to a player as a result of the player's winning a sports wager.

"Casino gaming" means table and casino-style games played with cards, dice, or equipment, for money, credit, or any representative of value, including roulette, blackjack, big six, craps, poker, baccarat, pai gow, any banking or percentage game, or any other game of device included within the definition of Class III gaming. "Table game" or "Table gaming" means that type of casino gaming in which table games are played for cash or chips representing cash, or any other representation of value that has been approved by the division of lotteries, using cards, dice, or equipment and conducted by one or more live persons. "Table-game retailer" means a retailer authorized to conduct table gaming.

"Net, table-game revenue" means win from table games minus counterfeit currency. "Rake" means a set fee or percentage of cash and chips representing cash wagered in the playing of a
nonbanking table game assessed by a table games retailer for providing the services of a dealer, gaming table, or location, to allow the play of any nonbanking table game.

"Video-lottery games" means lottery games played on video-lottery terminals controlled by the lottery division. "Video-lottery terminal" means any electronic computerized video game machine that, upon the insertion of cash or any other representation of value that has been approved by the division of lotteries, is available to play a video game authorized by the lottery division, and that uses a video display and microprocessors in which, by chance, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or tokens.

"Net terminal income" means currency placed into a video-lottery terminal less credits redeemed for cash by players.

"Credit facilitator" means any employee of a licensed, video-lottery retailer whose responsibility is to review applications for credit by players, verify information on credit applications, grant, deny, and suspend credit, establish credit limits, increase and decrease credit limits, and maintain credit files.

"Licensed, video-lottery retailer" means a pari-mutuel licensee specifically licensed by the director subject to the approval of the division to become a licensed, video-lottery retailer.

“Central communication system" means a system approved by the lottery division, linking all video-lottery machines at a licensee location to provide auditing program information and any other information determined by the lottery. In addition, the central communications system must provide all computer hardware and related software necessary for the establishment and implementation of a comprehensive system as required by the division. The central communications licensee may provide a maximum of fifty percent (50%) of the video-lottery
terminals. "Technology provider" means any individual, partnership, corporation, or association that designs, manufactures, installs, maintains, distributes, or supplies video-lottery machines or associated equipment for the sale or use in this state.

"Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee of Newport Grand, LLC under the Newport Grand Master Contract, including, but not limited to, Premier Entertainment II, LLC and/or Twin River-Tiverton, LLC, provided it is a pari-mutuel licensee as defined in § 42-61.2-1 et seq.; provided, further, however, where the context indicates that the term is referring to the physical facility, then it shall mean the gaming and entertainment facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island. "Newport Grand Marketing Year" means each fiscal year of the state or a portion thereof between November 23, 2010, and the termination date of the Newport Grand Master Contract. "Newport Grand Master Contract" means that certain master video-lottery terminal contract made as of November 23, 2005, by and between the division of lotteries of the Rhode Island department of administration and Newport Grand, as amended and extended from time to time as authorized therein and/or as such Newport Grand Master Contract may be assigned as permitted therein.

"Hosting facility" refers to Twin River and the Tiverton gaming facility. "Tiverton gaming facility" (sometimes referred to as "Twin River-Tiverton") means the gaming and entertainment facility located in the town of Tiverton at the intersection of William S. Canning Boulevard and Stafford Road. "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware corporation, and each permitted successor to and assignee of UTGR, Inc.; provided further, however, where the context indicates that the term is referring to a physical facility, then "Twin River" or "Twin River gaming facility" shall mean the gaming and entertainment facility located
at 100 Twin River Road in Lincoln, Rhode Island. "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in interest by reason of the acquisition of the stock, membership interests, or substantially all the assets of such entity. "Premier" means Premier Entertainment II, LLC and/or its successor in interest by reason of the acquisition of the stock, membership interests, or substantially all the assets of such entity.

Subchapter 42-61.2-2.4 establishes the State’s right to conduct sports-wagering hosted by Twin River and the Tiverton gaming facility. The state shall implement, operate, conduct, and control sports wagering at the Twin River gaming facility and the Twin River-Tiverton gaming facility, once Twin River-Tiverton is licensed as a video-lottery and table-game retailer. The state shall have full operational control to operate the sports wagering, including the power and authority to establish, with respect to sports wagering, one or more systems for linking, tracking, depositing, and reporting of receipts, audits, annual reports, prohibited conduct, and other matters determined by the division from time to time.

The state shall collect all sports-wagering revenue indirectly through Twin River and Tiverton gaming facilities, require that the Twin River and Tiverton gaming facilities collect all sports-wagering revenue in trust for the state, deposit sports-wagering revenue into an account or accounts of the division's choice, allocate sports-wagering revenue according to law, and otherwise maintain custody and control over all sports-wagering revenue. The state shall hold and exercise powers over the Twin River and Tiverton gaming facilities' accounting and finances to allow for adequate oversight and verification of the financial aspects of sports wagering hosted at Lincoln and Tiverton.

The state shall monitor the sports-wagering operations hosted by the Twin River and Tiverton gaming facilities and have the power to terminate or suspend any sports-wagering
activities in the event of an integrity concern or other threat to the public trust. Using a sports-
wagering vendor, the state shall define and limit the rules of play and odds of authorized sports-
wagering games, including the minimum and maximum wagers for each sports-wagering game.

The state shall establish compulsive gambling treatment programs.

The state shall have approval rights over matters relating to the employment of individuals to
be involved with the operation of sports wagering at the Twin River and Tiverton gaming
facilities. The state shall have authority to issue regulations as it deems appropriate pertaining to
the employment of these individuals.

Subchapter 42-61.2-3.2 establishes gaming credit regulations. The division shall authorize
each licensed, video-lottery retailer to extend credit to players. Each licensed, video-lottery
retailer may extend interest-free, unsecured credit to its patrons for the sole purpose of such
patrons making wagers at table games and/or video-lottery terminals and/or for the purpose of
making sports wagering bets, at the licensed, video-lottery retailer's facility.

Each applicant for credit shall submit a written application to the licensed, video-lottery
retailer. The application shall include the patron's name, address, telephone number, social
security number, comprehensive bank account information, the requested credit limit, the
patron's approximate amount of current indebtedness, the amount and source of income in
support of the application, the patron's signature on the application and a certification of
truthfulness.

As part of the review of a credit application and before an application for credit is approved,
the licensed, video-lottery retailer shall verify the identity, creditworthiness, and indebtedness
information of the applicant by conducting a comprehensive review of the information submitted
with the application, the indebtedness information regarding the applicant received from a credit
bureau and/or information regarding the applicant's credit activity at other licensed facilities that the licensed, video-lottery retailer may obtain through a casino credit bureau and through direct contact with other casinos. The licensed, video-lottery retailer shall assure that the applicant's name is not included on an exclusion or self-exclusion list maintained by the licensed, video-lottery retailer and/or the division of lotteries.

As part of the credit application, the licensed, video-lottery retailer shall notify each applicant in advance that the licensed, video-lottery retailer will verify the information and may verify any other information provided by the applicant as part of the credit application. The applicant is required to acknowledge in writing that he or she understands that the verification process will be conducted as part of the application process and that he or she consents to having said verification process conducted.

After a review of the credit application a credit facilitator may approve or deny an application for credit to a player. The credit facilitator shall establish a credit limit for each patron to whom credit is granted. The maximum amount of outstanding credit per player shall be fifty thousand dollars ($50,000). The approval or denial of credit shall be recorded in the applicant's credit file that shall also include the information that was verified as part of the review process and the reasons and information relied on by the credit facilitator in approving or denying the extension of credit and determining the credit limit.

Increases to an individual's credit limit may be approved by a credit facilitator upon receipt of a written request from the player after a review of updated financial information requested by the credit facilitator and re-verification of the player's credit information. Detailed information pertaining to all transactions affecting an individual's outstanding indebtedness to the licensed, video-lottery retailer shall be recorded in chronological order in the individual's credit file.
A credit facilitator may reduce a player's credit limit or suspend his or her credit. A player may request that the licensed, video-lottery retailer suspend or reduce his or her credit. Upon receipt of a written request to do so, the player's credit shall be reduced or suspended as requested. A copy of the request and the action taken by the credit facilitator shall be placed in the player's credit application file.

Subchapter 42-61.2-3.3 establishes regulations for sports wagering. The hosting facility and/or sports-wagering vendor shall provide written information at each sports-wagering location about wagering rules and payoffs on winning sports wagers. The hosting facility and/or sports-wagering vendor shall provide specifications to integrate and update the hosting facility's surveillance system to cover all areas within the hosting facility where sports wagering is conducted.

The hosting facility and/or sports-wagering vendor shall designate one or more locations within the hosting facility where sports-wagering bets are received. The hosting facility and/or sports-wagering vendor shall ensure that visibility in a hosting facility is not obstructed in any way that could interfere with the ability to oversee the surveillance of the conduct of sports wagering.

The hosting facility and/or sports-wagering vendor shall ensure that the count rooms for sports wagering have appropriate security for the counting and storage of cash. The hosting facility and/or sports-wagering vendor shall ensure that drop boxes are brought into or removed from an area where sports wagering is conducted or locked or unlocked. The hosting facility and/or sports-wagering vendor shall designate secure locations for the inspection, service, repair, or storage of sports-wagering equipment and for employee training and instruction.
The hosting facility and/or sports-wagering vendor shall establish standards prohibiting persons under eighteen (18) years of age from participating in sports wagering. The hosting facility and/or sports-wagering vendor shall establish compulsive and problem gambling standards and/or programs pertaining to sports wagering.

Subchapter 42-61.2-4 outlines the allocation of sports-wagering revenue. The allocation of sports-wagering revenue shall be, to the state, fifty-one percent (51%) of sports-wagering revenue, to the state's authorized sports-wagering vendor, thirty-two percent (32%) of sports-wagering revenue and to the host facilities, seventeen percent (17%) of sports-wagering revenue.

Sports-wagering revenue allocated to the state shall be deposited into the state lottery fund for administrative purposes and then the balance remaining into the general fund. The town of Lincoln shall be paid an annual flat fee of one hundred thousand dollars ($100,000) and the town of Tiverton shall be paid an annual flat fee of one hundred thousand dollars ($100,000) in compensation for serving as the host communities for sports wagering.

Subchapter 42-61.2-6 legislates when sports wagering may be conducted. Video-lottery may be played at the licensed, video-lottery retailer's facilities even if that facility is not conducting a pari-mutuel event. Sports wagering, including accepting sports wagers and administering payoffs of winning sports wagers, may be conducted at the Twin River and the Tiverton gaming facilities even if that facility is not conducting a pari-mutuel event.

Subchapter 42-61.2-9 outlines procedures for unclaimed prize money, including unclaimed sports-wagering payoffs. Unclaimed prize money for prizes in connection with the play of a video-lottery game and an unclaimed payoff in connection with a sports wager shall be retained by the director for the person entitled thereto for one year after the completion of the applicable video-lottery game or the determination of the result of the sporting event that was the subject of
the applicable sports wager. If no claim is made for the prize money or payoff within that year, the prize money or payoff shall automatically revert to the lottery fund and the winner shall have no claim thereto.

Subchapter 42-61.2-14 establishes criteria for the establishment of a compulsive and problem gambling program. The Division and the State acknowledge that most gaming patrons can enjoy gambling games responsibly, but that there are certain societal costs associated with gaming by some individuals who have problems handling the product or services provided. The Division and the State further understand that it is their duty to act responsibly toward those who cannot participate conscientiously in gaming. Twin River and Newport Grand shall offer compulsive and problem gambling programs that include problem gambling awareness programs for employees, a player self-exclusion program and promotion of a problem gambling hotline. Twin River and Newport Grand shall modify their existing compulsive and problem-gambling programs to include table games and sports wagering. Twin River and Newport Grand shall collectively pay to the Division annually no less than one hundred twenty-five thousand dollars ($125,000) for compulsive and problem gambling programs. The contribution from each facility shall be determined by the Division.

Subchapter 42-61.2-15 establishes sports-wagering hours of operation. To the extent sports wagering is authorized at the premises of a table-game retailer, such sports wagering may be offered for all or a portion of the days and times that video-lottery games are offered.

**West Virginia**

The regulations relating to sports wagering in West Virginia can be found in West Virginia Chapter 29 Article 22D. The article is known as the West Virginia Lottery Sports Wagering Act.
This act was enacted before the U.S. Supreme Court overturned PASPA and starts with a statement establishing West Virginia’s right to conduct sports wagering.

The operation of sports wagering and ancillary activities are only lawful when conducted in accordance with the provisions of this article and rules of the commission. The Legislature finds that the operation of the four racetracks and the historic resort hotel in this state play a critical role in the economy of this state, and such constitutional lotteries are rightfully authorized as state enterprises consistent with the rights and powers granted to the states under the Tenth Amendment of the United States Constitution. The federal government is a government of limited and enumerated powers, and powers not delegated to the United States by the Constitution nor prohibited by it to the states are reserved for the states and its respective citizens.

The Legislature finds that section 36, article VI of the Constitution of the State of West Virginia grants the state the exclusive right to lawfully own and operate a lottery in this state. Authorization of wagering on any constitutional lottery within West Virginia is within the state’s sovereign rights as a state to act in the best interest of its citizens. The Legislature finds that it is in the best interests of the State of West Virginia for the state to operate a lottery in the form of sports wagering and that it is the intent of the Legislature to authorize sports wagering when federal law is enacted or repealed, or a federal court decision is issued that permits a state to regulate sports wagering, as such power is reserved to the states.

The Legislature finds that illegal sports wagering channels operating throughout the United States pose a critical threat to the safety and welfare of the citizens of West Virginia and that creating civil and criminal penalties to prosecute illegal operators, while transferring this black-market demand into a secure and highly regulated environment, will protect the public and
positively benefit state revenues and the state’s economy. The Legislature finds that in order to protect residents of this state who wager on sports or other events and to capture revenues and create jobs generated from sports wagering, it is in the best interests of this state and its citizens to regulate this activity by authorizing and establishing a secure, responsible, fair, and legal system of sports wagering immediately, when the federal ban on sports wagering is lifted.

The Legislature finds that the most effective and efficient way the state can operate and regulate the forms of lottery authorized by the provisions of this article is to limit the number of authorized operators to those who are licensed and to facilities licensed to operate video lottery terminals. The Legislature finds that the granting of licenses pursuant to the provisions of this article, while maintaining all ownership rights and exercising control through strict regulation of all West Virginia Lottery sports wagering authorized by the provisions of this article, constitutes an appropriate exercise by the Legislature of the power granted it by the provisions of section 36, article VI of the Constitution of the State of West Virginia. The Legislature finds that the operation of West Virginia Lottery sports wagering at racetracks and at a historic resort hotel serves to protect, preserve, promote, and enhance the tourism industry of the state as well as the general fiscal wellbeing of the state and its subdivisions.

Chapter 29-2D-3 contains definitions. “Commission” or “State Lottery Commission” means the West Virginia Lottery Commission. “Director” means the Director of the West Virginia State Lottery Commission. “Government” means any governmental unit of a national, state, or local body exercising governmental functions, other than the United States Government.

“License” means any license, applied for or issued by the commission including:

1. A license to act as an agent of the commission in operating West Virginia Lottery sports wagering at a licensed gaming.
2. A license to supply a gaming facility to operate sports wagering with sports wagering equipment or services necessary for the operation of sports wagering.

3. A license to be employed at a racetrack or gaming facility to operate West Virginia Lottery sports wagering when the employee works in a designated gaming area that has sports wagering or performs duties in furtherance of or associated with the operation of sports wagering at the licensed gaming facility.

4. A license to provide management services under a contract to a gaming facility to operate sports wagering.

“West Virginia Lottery sports wagering license” means authorization granted by the commission to a gaming facility that is already licensed which permits the gaming facility as an agent of the commission to operate West Virginia Lottery sports wagering in one or more designated areas or in one or more buildings owned by the licensed gaming facility on the grounds where video lottery is conducted by the licensee or through any other authorized platform developed by the gaming facility. This term is synonymous with “operator’s license.”

“Licensed gaming facility” means a designated area on the premises of an existing historic resort hotel or the facility of an entity authorized to operate racetrack video lottery machines to conduct West Virginia Lottery sports wagering. “Gaming facility” means a designated area on the premises of an existing historic resort hotel to operate video lottery and table games or the facility of an entity authorized to operate racetrack video lottery machines. “Operator” means a licensed gaming facility which has elected to operate a sports pool and other authorized West Virginia Lottery sports wagering activities. “Sports wagering agreement” means a written agreement between the commission and one or more other governments whereby persons who
are physically located in a signatory jurisdiction may participate in sports wagering conducted by one or more operators licensed by the signatory governments.

“Lottery” means the public gaming systems or games regulated, controlled, owned, and operated by the State Lottery Commission in the manner provided by general law.

“Sports event” or “sporting event” means any professional sport or athletic event, any collegiate sport or athletic event, motor race event, or any other special event. “Collegiate sport or athletic event” means a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers educational services beyond the secondary level. “Professional sport or athletic event” means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event.

“West Virginia Lottery sports wagering” or “sports wagering” means the business of accepting wagers on sporting events and other events, the individual performance statistics of athletes in a sporting event or other events, or a combination of any of the same by any system or method of wagering including mobile applications and other digital platforms that utilize communications technology to accept wagers originating within this state. The term includes exchange wagering, parlays, over-under, money line, pools, and straight bets. The term does not include:

1. Pari-mutuel betting on the outcome of horse or dog races
2. Lottery games of the West Virginia State Lottery
3. Racetrack video lottery
4. Limited video lottery
5. Racetrack table games
6. Video lottery and table games

7. Daily Fantasy Sports (DFS)

“Sports pool” means the business of accepting wagers on any sports event by any system or method of wagering. “Wager” means a sum of money or thing of value risked on an uncertain occurrence. “Sports wagering account” means a financial record established by a licensed gaming facility for an individual patron in which the patron may deposit and withdraw funds for sports wagering and other authorized purchases, and to which the licensed gaming facility may credit winnings or other amounts due to that patron or authorized by that patron.

“Gaming equipment” or “sports wagering equipment” means any mechanical, electronic or other device, mechanism, or equipment, and related supplies used or consumed in the operation of West Virginia Lottery sports wagering at a licensed gaming facility including a kiosk installed to accept sports wagers. “Supplier” means a person that requires a supplier license to provide a sports wagering licensee with goods or services to be used in connection with operation of West Virginia Lottery sports wagering.

“Gross sports wagering receipts” means the total gross receipts received by a licensed gaming facility from sports wagering. “Adjusted gross sports wagering receipts” means an operator’s gross sports wagering receipts from West Virginia Lottery sports wagering, less winnings paid to wagerers in such games. “Sports wagering fund” means the special fund in the State Treasury.

“National criminal history background check system” means the criminal history record system maintained by the Federal Bureau of Investigation, based on fingerprint identification or any other method of positive identification.
Chapter 29-2D-4 outlines the duties and powers of the commission. The commission shall have the authority to regulate sports pools and the conduct of sports wagering. The commission shall examine the regulations implemented in other states where sports wagering is conducted and shall adopt a similar regulatory framework through declaration of rules and regulations. The commission has the authority to declare or otherwise enact any legislative, interpretive, and procedural rules the commission considers necessary for the successful implementation, administration, and enforcement of this article.

Regulations declared by the commission may include those governing the acceptance of wagers on a sports event or a series of sports events, maximum wagers which may be accepted by an operator from any one patron on any one sports event, type of wagering tickets which may be used, method of issuing tickets, method of accounting to be used by operators, types of records which shall be kept, use of credit and checks by patrons, type of system for wagering, protections for patrons placing wagers and promotion of social responsibility, responsible gaming, and inclusion of the statement, “If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER,” in every designated area approved for sports wagering and on any mobile application or other digital platform used to place wagers.

The commission shall establish minimum internal control standards (MICS) and approve minimum internal control standards proposed by licensed operators for administration of sports wagering operations, wagering equipment and systems, or other items used to conduct sports wagering, as well as maintenance of financial records and other required records. The commission shall levy and collect all fees, surcharges, civil penalties, and weekly tax on adjusted gross sports wagering receipts imposed by this article and deposit all moneys into the sports wagering fund.
The commission shall determine the eligibility of a person to hold or continue to hold a license, shall issue all licenses, and shall maintain a record of all licenses issued. The commission may accept applications, evaluate qualifications of applicants, and undertake initial review of licenses.

Chapter 29-2D-5 describes the required licenses. No person may engage in any activity in connection with West Virginia Lottery sports wagering in this state unless all necessary licenses have been obtained. Four types of licenses, operator, supplier, management services provider and occupational are issued and no person or entity may engage in any sports wagering operation or activity without first obtaining the appropriate license.

The commission may not grant a license until it determines that each person who has control of the applicant meets all qualifications for licensure. The following persons are considered to have control of an applicant:

1. Each person associated with a corporate applicant, including any corporate holding company, parent company, or subsidiary company of the applicant who can control the activities of the corporate applicant or elect a majority of the board of directors of that corporation.

2. Each person associated with a non-corporate applicant who directly or indirectly holds a beneficial or proprietary interest in the applicant’s business operation, or who the commission otherwise determines can control the applicant.

3. Key personnel of an applicant, including any executive, employee, or agent, having the power to exercise significant influence over decisions concerning any part of the applicant’s business operation.
All applicants for any license issued under this article shall apply to the commission and submit fingerprints for a national criminal records check by the Criminal Identification Bureau of the West Virginia State Police and the Federal Bureau of Investigation. The fingerprints shall be furnished by all persons required to be named in the application and shall be accompanied by a signed authorization for the release of information by the Criminal Investigation Bureau and the Federal Bureau of Investigation.

Chapter 29-2D-6 establishes the criteria for a West Virginia sports wagering operator’s license. In addition to the casino games permitted, a licensed gaming facility may operate West Virginia Lottery sports wagering upon the approval of the commission. All sports wagering shall be West Virginia Lottery games owned by the State of West Virginia. An operator license granted by the commission grants licensees lawful authority to conduct West Virginia Lottery sports wagering within the terms and conditions of the license and any regulations under this article.

The commission may issue up to five licenses to operate West Virginia Lottery sports wagering. No more than five licenses to operate a gaming facility with West Virginia Lottery sports wagering shall be permitted in this state. Upon application by a gaming facility and payment of a $100,000 application fee, the commission shall immediately grant a West Virginia Lottery sports wagering license to an operator that provides for the right to conduct West Virginia Lottery sports wagering provided that the applicant must hold a valid racetrack video lottery license issued by the commission or a valid license to operate a gaming facility and otherwise meet the requirements for licensure under the provisions of this article and the rules of the commission.
A West Virginia Lottery sports wagering license authorizes the operation of West Virginia Lottery sports wagering at locations and through any mobile application or other digital platforms approved by the commission.

A West Virginia Lottery sports wagering licensee may not enter into any management services contract that would permit any person other than the licensee to act as the commission’s agent in operating West Virginia Lottery sports wagering unless the management service contract is with a person licensed to provide management services. The West Virginia Lottery sports wagering licensee shall submit any material change in a management services contract, previously approved by the commission, to the commission for its approval or rejection before the material change may take effect. The duties and responsibilities of a management services provider under a management services contract may not be assigned, delegated, subcontracted, or transferred to a third party without the prior approval of the commission. Third parties must be licensed as a management services provider under this article before providing services.

A West Virginia Lottery sports wagering licensee shall demonstrate that its gaming facility with West Virginia Lottery sports wagering will be accessible to disabled individuals.

Chapter 29-2D-7 establishes the criteria for licenses for management services providers. The holder of a license to operate West Virginia Lottery sports wagering may contract with an entity to conduct that operation. That entity shall obtain a license as a management services provider prior to the execution of any such contract.

Each applicant for a management services provider license shall meet all requirements for licensure and pay a nonrefundable license and application fee of $1,000. The commission may accept licensing by another jurisdiction, that it specifically determines to have similar licensing
requirements, as evidence the applicant meets authorized management services provider licensing requirements.

Chapter 29-2D-8 establishes the criteria for licenses for suppliers. The commission may issue a supplier license to a person to sell or lease sports wagering equipment, systems, or other gaming items necessary to conduct sports wagering, and offer services related to such equipment or other gaming items to a West Virginia Lottery sports wagering licensee while the license is active. The commission may accept licensing by another jurisdiction, that it specifically determines to have similar licensing requirements, as evidence the applicant meets West Virginia Lottery sports wagering supplier licensing requirements.

An applicant for a supplier license shall demonstrate that the equipment, system, or services that the applicant plans to offer to the sports wagering licensee conform to standards established by the commission and applicable state law. The commission may accept approval by another jurisdiction, that it specifically determines have similar equipment standards, as evidence the applicant meets the standards established by the commission and applicable state law. Applicants shall pay to the commission a nonrefundable license and application fee in the amount of $1,000.

A licensed sports wagering supplier shall submit to the commission a list of all sports wagering equipment and services sold, delivered to, or offered to a West Virginia Lottery sports wagering licensee in this state all of which must be tested and approved by an independent testing laboratory.

Chapter 29-2D-9 establishes the criteria for occupational licenses. All persons employed to be engaged directly in sports wagering-related activities, or otherwise conducting or operating sports wagering, shall be licensed by the commission and shall maintain a valid occupational license at all times and the commission shall issue such license to be employed in the operation.
of sports wagering to a person who meets the requirements of this section. An occupational license to be employed by a gaming facility with West Virginia Lottery sports wagering permits the licensee to be employed in the capacity designated by the commission while the license is still active.

Applicants shall submit any required application forms established by the commission and pay a nonrefundable application fee of $100. The fee may be paid on behalf of an applicant by the employer. Each licensed employee shall pay to the commission an annual license fee of $100 by June 30 of each year. The fee may be paid on behalf of the licensed employee by the employer. In addition to a renewal fee, each licensed employee shall annually submit a renewal application.

Chapter 29-2D-10 outlines license prohibitions. The commission may not grant any license if evidence exists that the applicant:

1. Has knowingly made a false statement of a material fact to the commission.
2. Has been suspended from operating a gambling game, gaming device, or gaming operation, or had a license revoked by any governmental authority responsible for regulation of gaming activities.
3. Has been convicted of a crime of moral turpitude, a gambling-related offense, a theft or fraud offense, or has otherwise demonstrated, either by a police record or other satisfactory evidence, a lack of respect for law and order.
4. Is a company or individual who has been directly employed by any illegal or offshore book that serviced the United States, or otherwise accepted black market wagers from individuals located in the United States.
The commission may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license:

1. If the applicant or licensee has not demonstrated to the satisfaction of the commission financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

2. If the applicant or licensee is not the true owner of the business or is not the sole owner and has not disclosed the existence or identity of other persons who have an ownership interest in the business.

3. If the applicant or licensee is a corporation which sells more than five percent of a licensee’s voting stock, or more than five percent of the voting stock of a corporation which controls the licensee, or sells a licensee’s assets, other than those bought and sold in the ordinary course of business, or any interest in the assets, to any person not already determined by the commission to have met the qualifications of a licensee under this article.

In the case of an applicant for a sports wagering license, the commission may deny a license to any applicant, reprimand any licensee, or suspend or revoke a license if an applicant has not met the requirements of this section or any other provision of this article.

Chapter 29-2D-11 discusses creating and posting of sports wagering house rules. Each operator shall adopt comprehensive house rules for game play governing sports wagering transactions with its patrons. The rules shall specify the amounts to be paid on winning wagers and the effect of schedule changes. The house rules shall be conspicuously displayed and included in the terms and conditions of the sports wagering system. Copies shall be made readily available to patrons.
Chapter 29-2D-12 outlines the operator’s duties. All operators licensed under this article to conduct West Virginia Lottery sports wagering shall:

1. Employ a monitoring system utilizing software to identify non-normal irregularities in volume or odds swings which could signal suspicious activities that should require further investigation which shall be immediately reported and investigated by the commission. System requirements and specifications shall be developed according to industry standards and implemented by the commission as part of the minimum internal control standards.

2. Promptly report to the commission any facts or circumstances related to the operation of a West Virginia Lottery sports wagering licensee which constitute a violation of state or federal law and immediately report any suspicious betting over a threshold set by the operator to the appropriate state or federal authorities.

3. Conduct all sports wagering activities and functions in a manner which does not pose a threat to the public health, safety, or welfare of the citizens of this state and does not adversely affect the security or integrity of the West Virginia Lottery.

4. Hold the commission and this state harmless from and defend and pay for the defense of all claims which may be asserted against a licensee, the commission, the state, or employees thereof, arising from the licensee’s actions or omission while acting as an agent of the commission operating West Virginia Lottery sports wagering pursuant to this article.

5. Assist the commission in maximizing sports wagering revenues.

6. Keep current in all payments and obligations to the commission.

All West Virginia Lottery sports wagering licensees shall:
1. Acquire West Virginia Lottery sports wagering gaming equipment by purchase, lease, or other assignment and provide a secure location for the placement, operation, and play of sports wagering gaming equipment.

2. Prevent any person from tampering with or interfering with the operation of any West Virginia Lottery sports wagering.

3. Ensure that West Virginia Lottery sports wagering conducted at a gaming facility is within the sight and control of designated employees of the licensee and such wagering at the facility or otherwise available by the licensee is conducted under continuous observation by security equipment.

4. Ensure that West Virginia Lottery sports wagering occurs only in the specific locations within designated gaming areas approved by the commission or using a commission approved mobile application or other digital platform that utilizes communications technology to accept wagers originating within this state, or on a sports wagering device.

5. Maintain sufficient cash and other supplies to conduct sports wagering at all times.

6. Maintain daily records showing the gross sports wagering receipts and adjusted gross sports wagering receipts of the licensee from West Virginia Lottery sports wagering.

Chapter 29-2D-13 establishes regulations for the posting of betting limits. A sports wagering licensee shall conspicuously post a sign at each West Virginia Lottery sports wagering location indicating the minimum and maximum wagers permitted at that location.

Chapter 29-2D-14 discusses sports wagering agreements with other governments. The commission is authorized to enter into sports wagering agreements with other governments
whereby persons who are physically located in a signatory jurisdiction may participate in sports wagering conducted by one or more operators licensed by the signatory governments.

The regulations adopted by the commission pursuant to this section may include provisions prescribing:

1. The form, length, and terms of an agreement entered into by the commission and another government, including provisions relating to how taxes are to be treated by this state and another government, revenues are to be shared and distributed and disputes with patrons are to be resolved.

2. The information to be furnished to the commission by a government that proposes to enter into an agreement with this state pursuant to this section.

3. The information to be furnished to the commission to enable the commission and director to carry out the purposes of this section.

4. The manner and procedure for hearings conducted by the commission pursuant to this section, including any special rules or notices.

5. The information required to be furnished to the commission to support any recommendations made to the commission.

The commission may not enter into any sports wagering agreement unless the agreement includes provisions that:

1. Account for the sharing of revenues by this state and another government.

2. Permit the effective regulation of sports wagering by this state, including provisions relating to licensing of persons, technical standards, resolution of disputes by patrons, requirements for bankrolls, enforcement, accounting, and maintenance of records.
3. Require each government that is a signatory to the agreement to prohibit operators of sports wagering, management or other service providers, or suppliers, manufacturers or distributors of sports wagering systems from engaging in any activity permitted by the sports wagering agreement unless they are licensed in this state or in a signatory jurisdiction with similar requirements approved by the commission.

4. No variation from the requirements of the sports wagering agreement is permitted for any signatory government without a lack of opposition by this state and all signatory governments.

5. Prohibit any subordinate or side agreements among any subset of governments that are signatories to the agreement unless it relates exclusively to the sharing of revenues.

6. Require the government to establish and maintain regulatory requirements governing sports wagering that are consistent with the requirements of this state in all material respects if the sports wagering agreement allows persons physically located in this state to participate in sports wagering conducted by another government or an operator licensed by another government.

Chapter 29-2D-15 establishes the requirements for the authorization of sports wagering. An operator shall accept wagers on sports events and other events from persons physically present in a licensed gaming facility where authorized sports wagering occurs, or from persons not physically present who wager by means of electronic devices. A person placing a wager shall be at least 21 years of age. An operator may accept wagers from an individual physically located within this state using a mobile or other digital platform or a sports wagering device, approved by the commission, through the patron’s sports wagering account. An operator may accept
wagers from an individual physically located in a state or jurisdiction with which the commission has entered into a sports wagering agreement using a mobile or other digital platform or a sports wagering device through the patron’s sports wagering account, so long as the device or platform is approved by the commission and all other requirements of the agreement are satisfied.

The commission or operator may ban any person from entering a gaming area of a gaming facility conducting sports wagering or the grounds of a gaming facility or from participating in the play or operation of any West Virginia Lottery sports wagering. A log of all excluded players shall be kept by the commission and each licensee, and no player on the commission’s exclusion list or the licensed operator’s exclusion list shall wager on any West Virginia Lottery sports wagering under this article.

No licensed gaming facility employee may place a wager on any sports wagering at the employer’s facility or through any other mobile application or digital platform of their employer. No commission employee may knowingly wager or be paid any prize from any wager placed at any licensed gaming facility with West Virginia Lottery sports wagering within this state or at any facility outside this jurisdiction that is directly or indirectly owned or operated by a sports wagering licensee.

Chapter 29-2D-16 establishes the requirements for accounting for sports wagering revenues. The state shall impose and collect ten percent of the licensee’s adjusted gross sports wagering receipts from the operation of West Virginia Lottery sports wagering. The tax levied and collected is due and payable to the commission in weekly installments on or before the Wednesday following the calendar week in which the adjusted gross sports wagering receipts were received and the tax obligation was accrued.
The licensed operator shall complete and submit the return for the preceding week by electronic communication to the commission, on or before Wednesday of each week, in the form prescribed by the commission that provides:

1. The total gross sports wagering receipts and adjusted gross sports wagering receipts from operation of West Virginia Lottery sports wagering during that week.
2. The tax amount for which the sports wagering licensee is liable.
3. Any additional information necessary in the computation and collection of the tax on adjusted gross sports wagering receipts required by the commission.

The tax amount shown to be due shall be remitted by electronic funds transfer simultaneously with the filing of the return. All moneys received by the commission pursuant to this section shall be deposited in the sports wagering fund in accordance with the provisions of this article.

Chapter 29-2D-17 establishes the guidelines for distribution of funds. The special fund in the State Treasury known as the West Virginia Lottery Sports Wagering Fund is hereby created and all moneys collected under this article shall be deposited with the State Treasurer to the West Virginia Lottery Sports Wagering Fund. The fund shall be an interest-bearing account with all interest or other return earned on the money of the fund credited to and deposited in the fund. All expenses of the commission incurred in the administration and enforcement of this article shall be paid from the sports wagering fund.

The commission shall deduct an amount sufficient to reimburse its actual costs and expenses incurred in administering sports wagering at licensed gaming facilities from the gross deposits into the sports wagering fund. The amount remaining after the deduction for administrative expenses is the net profit. The commission shall retain up to 15 percent of gross deposits for the fund operation and its administrative expenses provided that, in the event that the percentage
allotted for operations and administration generates a surplus, the surplus shall be allowed to accumulate but may not exceed $250,000. Monthly, the director shall report any surplus in excess of $250,000 to the Joint Committee on Government and Finance and remit the entire amount of those surplus funds in excess of $250,000 to the State Treasurer which shall be allocated as net profit.

In each fiscal year, net profit shall be deposited into the State Lottery Fund until a total of $15 million is deposited. Thereafter, the remainder shall be deposited into the Public Employees Insurance Agency Financial Stability Fund to stabilize and preserve the future solvency of PEIA, and such amount may not be included in the calculation of any plan year aggregate premium cost-sharing percentages between employers and employees.

Chapter 29-2D-18 concerns the arrangement of law enforcement. The commission shall, by contract or cooperative agreement with the West Virginia State Police, arrange for those law-enforcement services uniquely related to gaming, as such occurs at facilities of the type authorized by this article, that are necessary to enforce the provisions of this article that are not subject to federal jurisdiction provided that the State Police shall only have exclusive jurisdiction over offenses committed on the grounds of a licensed gaming facility that are offenses relating to gaming.

Chapter 29-2D-19 establishes civil penalties. The commission may impose, on any person who violates the provisions of this article, a civil penalty not to exceed $50,000 for each violation. Such penalty shall be imposed on all individuals and is not limited to individuals licensed under this article.

Chapter 29-2D-20 concerns crimes and penalties related to unauthorized sports wagering operations. Any person, other than a licensee who engages in accepting, facilitating, or operating
a sports wagering operation is guilty of a misdemeanor and, upon conviction, shall be fined not more than $10,000 or confined in jail for not more than ninety days, or both fined and confined. Any person convicted of a second violation of this code is guilty of a misdemeanor and, upon conviction, shall be fined not more than $50,000, or confined in jail for not more than six months, or both fined and confined. Any person convicted of a third or subsequent violation of this code is guilty of a felony, and upon conviction, shall be fined not less than $25,000 nor more than $100,000 or imprisoned in a state correctional facility for not less than one year nor more than five years, or both fined and confined.

Chapter 29-2D-21 concerns crimes and penalties related to authorized sports wagering operations. A sports wagering licensee is guilty of unlawful operation and is guilty of a misdemeanor when:

1. The licensee operates West Virginia Lottery sports wagering without authority of the commission to do so.

2. The licensee operates West Virginia Lottery sports wagering in any location or by any manner that is not approved by the commission.

3. The licensee knowingly conducts, carries on, operates, or allows any sports wagering to occur on premises or through any other device if equipment or material has been tampered with, or exposed to conditions in which it will be operated in a manner designed to deceive the public.

4. The licensee employs an individual who does not hold a valid occupational license in a position for which a license is required or otherwise allows an individual to perform duties for which such license is required or continues to employ an individual after the employee’s occupational license is no longer valid.
5. The licensee acts or employs another person to act as if he or she is not an agent or employee of the licensee in order to encourage participation in West Virginia Lottery sports wagering at the licensed gaming facility.

6. The licensee knowingly permits an individual under the age of 21 to enter or remain in a designated gaming area or to engage in sports wagering at a licensed gaming facility.

7. The licensee exchanges tokens, chips, electronic media, or other forms of credit used for wagering for anything of value except money or credits applied to a sports wagering account at a gaming facility.

A person is guilty of a felony when:

1. A person offers, promises, or gives anything of value to anyone for the purpose of influencing the outcome of a race, sporting event, contest, or game upon which a wager may be made, or a person places, increases, or decreases a wager after acquiring knowledge, not available to the general public, that anyone has been offered, promised, or given anything of value for the purpose of influencing the outcome of the race, sporting event, contest, or game upon which the wager is placed, increased or decreased, or attempts to do any of the same.

2. A person changes or alters the normal outcome of any game played on a mobile or other digital platform, including any interactive gaming system used to monitor the same or the way in which the outcome is reported to any participant in the game.

3. The person manufactures, sells, or distributes any device that is intended by that person to be used to violate any provision of this article or the sports wagering laws of any other state.
4. The person places a bet or aids any other individual in placing a bet on a sporting event or other sports wagering game or offering after unlawfully acquiring knowledge of the outcome on which winnings from that bet are contingent.

5. The person claims, collects, or takes anything of value from a gaming facility with West Virginia Lottery sports wagering with intent to defraud or attempts such action without having made a wager in which such amount or value is legitimately won or owed.

6. The person knowingly places a wager using counterfeit currency or other counterfeit form of credit for wagering at a gaming facility with West Virginia Lottery sports wagering.

7. The person, not a licensed gaming facility under this article or an employee or agent of a gaming facility licensed under this article acting in furtherance of the licensee’s interest, has in his or her possession on grounds owned by the gaming facility or on grounds contiguous to the licensed gaming facility, any device intended to be used to violate a provision of this article or any rule of the commission.

Any person who violates this code is guilty of a misdemeanor and, upon conviction, shall be fined not more than $1,000 or confined in jail for not more than six months, or both fined and confined, except any violation that is not committed by a natural person may result in a fine of not more than $25,000. Any person who violates any provision of this code is guilty of a felony and, upon conviction, shall be fined not less than $5,000 nor more than $10,000, or confined in a state correctional facility for not less than one year nor more than five years, or both fined and confined.