

# Sports Betting FAQs

## 01. Why is sports betting illegal in nearly every state?

In 1992, Congress passed the Professional and Amateur Sports Protection Act (PASPA), effectively outlawing sports betting in most of the U.S. A grandfathering provision in the law allowed a few states to operate limited forms of pre-existing sports betting. Today, only Nevada is permitted to operate traditional, full-fledged sports betting on collegiate and professional sports through licensed bookmakers.

## 02. Why is the status quo impossible to maintain?

The ban hasn't stopped people from betting on sports – it's just driven it underground. Today, millions of Americans bet on sports through a massive illegal market that operates outside the reach of law enforcement with no regulatory oversight, no means of protecting the integrity of the games and no safeguards for consumers. Further, 41 percent of Super Bowl viewers — roughly 47 million people — have bet on the Big Game at some point.

It's time to revisit the federal prohibition on sports betting.

## 03. How big is the illegal sports betting market?

AGA estimates that Americans illegally wager \$150 billion on U.S. sports annually. Another study estimates Americans bet about \$500 billion worldwide on sports each year. Of the \$4.7 billion wagered on Super Bowl 51, 97% was bet illegally.

## 04. Is there an effort underway to change current sports betting law?

Yes. NBA Commissioner Adam Silver has been perhaps the most outspoken, but other commissioners have also called for a reevaluation of current law.

- NBA Commissioner Adam Silver in a November 2014 New York Times op-ed:** "Congress should adopt a federal framework that allows states to authorize betting on professional sports, subject to strict regulatory requirements and technological safeguards ... sports betting should be brought out of the underground and into the sunlight where it can be appropriately monitored and regulated."
- Former NBA Commissioner and PASPA advocate David Stern in October 2016:** "There should be federal legislation that says, 'Let's go all the way' and have betting on sports. It's OK. It's going to be properly regulated. ...I think that gives a way for states to make more money, for leagues to be compensated for their intellectual property, and for the federal government to take [away] illegally bet money and put it through the federal coffers."
- MLB Commissioner Rob Manfred in March 2017:** "I think we know that sports betting is out there and accessible no matter where you are...we've begun a process of educating the owners about what's going on out there so we can weigh in on an issue."

**Commissioner Manfred in April 2017:** "Sports gambling has changed a lot. The old vision of betting illegally with a bookie somewhere is not today's world. And, we've begun a conversation, educating people about what's out there, what sports leagues in other countries have done, in an effort to make sure that Major League Baseball's ready to join in what I think is going to be a dialogue about how sports gambling regulation in the United States should be changed."
- NHL Commissioner Gary Bettman in June 2015:** "I don't worry about the integrity of the game ... Our players are professionals. Their integrity, their values are right on, so that's not the issue from our standpoint ..."

## 05. Is AGA actively working to change current sports betting law?

Yes. We believe the current prohibition on sports betting has failed. That's why we have joined the American Sports Betting Coalition. The Coalition brings together leaders in law enforcement, business, and organizations representing elected officials to advocate for a repeal of PASPA and give states the ability to decide the question of legalized sports betting. It's time for a new approach based on:

- Strict regulation;
- Rigorous consumer protections;
- Taxation of revenues to benefit local communities;
- Robust tools to help law enforcement eliminate illegal sports betting and strengthen the integrity of games.

## 06. Would legalizing sports betting have a meaningful impact on stopping illegal gambling?

Fans wagered approximately \$4.7 billion on Super Bowl 51. Fully 97% of those bets were illegal. We believe the vast majority of Americans who love sports wagering would stop participating in illegal sports betting and choose to place bets in a safe, legal, regulated and transparent environment.

## 07. Wouldn't legalized sports betting lead to more corruption and game-fixing?

Adam Silver, the commissioner of the NBA, doesn't think so and neither do most Americans. A solid majority of Americans (55%) believe it is time to end the federal sports betting ban and empower states to decide whether to allow sports wagering. Nearly 2 in 3 Americans believe legal, regulated sports betting would deliver new tax revenues to local communities and create new jobs, while 61% of Americans agree that legalizing sports betting would protect consumers.

The question isn't whether Americans are going to bet on sports. It's whether they will wager in an

illegal, opaque market or bet in a fully regulated, transparent environment with robust consumer protections, strict law enforcement and rigorous, real-time monitoring to identify suspicious activity and protect the integrity of the games.

## 08. Are March Madness pools illegal?

Rules on office pools vary from state to state. Many states allow for recreational betting, but some states do not. In general, if the pool organizer is taking a cut of the money, it's illegal in most places.

## 09. Don't casinos in Nevada want to maintain their monopoly on sports betting?

Following months of study and deliberation, the AGA's Board of Directors issued a set of recommendations that mark a major shift in the industry's approach to sports betting. Jim Murren, AGA chairman and MGM Resorts International chairman and CEO, said, "As the head of the largest private sector employer in Nevada, I'm confident that the entertainment experience we provide in Las Vegas – which is unmatched anywhere else in the world – can continue to excel even as our country takes a fresh look at our approach to sports betting."

The AGA's Board of Directors also ratified a new set of policy principles outlining the industry's approach to legalized sports betting. Intended to create clear guideposts for discussions taking place with key policymakers, allies and interested parties, the organization supports the following four legislative principles:

1. Defer to states regarding the desirability of regulating sports betting as all forms of casino wagering;
2. Ensure the integrity of sports betting and sports through state licensing and regulation;
3. Make all sports betting businesses transparent to law enforcement; and
4. Ensure a tax regime does not undermine regulated sports betting operations' ability to compete against illegal offshore operators.