Kay Coles James
555 East Main Street
Suite 800
Norfolk, Virginia 23510

March 28, 2000

The Honorable John McCain
Chairman
Committee on Commerce, Science and Technology
United States Senate
Washington, DC 20510

Dear Chairman McCain:

Thank you for the invitation to testify before the Senate Commerce, Science and Transportation Committee on Wednesday, regarding sports gambling. I regret that previous commitments prevent me from being with you in person, but hope that you will include my comments in your deliberations.

As you know, I was privileged to serve as the Chairman of the National Gambling Impact Study Commission, a nine-member bipartisan body created by Congress to "conduct a comprehensive examination of the social and economic impacts of gambling on communities, businesses and individuals." Over a two-year period, the eight Commissioners and I heard hundreds of hours of testimony, traveled across the country to see the impacts and practices of gambling firsthand, and spoke to thousands of individuals whose lives have been impacted by gambling. In addition, we commissioned our own research and reviewed numerous other studies and articles.

The subject of sport wagering was discussed during a site visit to Las Vegas, Nevada on November 10-11, 1998, as well as during subcommittee meetings later in the Commission's work. Our final report – which was approved unanimously by the nine commissioners – was submitted on June 18, 1999. In the chapter on Gambling Regulation, the Commission recommended that "<u>the betting on collegiate and amateur athletic events that is currently legal be banned altogether.</u>"

I applaud the efforts of Senators Brownback and Leahy and yourself, as well as those of Representative Lindsay Graham in the House, for responding to the Commission's recommendation and for your efforts to address this important issue.

There are those who argue that gambling is an activity that has historically had both benefits and costs associated with it. One of the most difficult tasks confronting the Commission was trying to develop a method by which the social costs and benefits and the economic costs and benefits could first be credibly ascertained and then weighed against one another to determine the overall net impact of gambling. This is, after all, the difficult task facing policy-makers considering the expansion or limitation of gambling in their communities.

For instance, the Commission witnessed the economic benefits brought to a community by the development of certain destination resort casinos. Less evident but certainly present were the social costs and benefits associated with an increased level of gambling. In other states, the net economic costs and the net social costs of an activity like video poker were quite evident.

Regarding sports wagering, the Commission found that:

> *Because sports wagering is illegal in most states, it does not provide many of the positive impacts of other forms of gambling. In particular, sports wagering does not contribute to local economies or produce many jobs. Unlike casinos or other destination resorts, sports wagering does not create other economic sectors.*
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> *However, sports wagering does have social costs. Sports wagering threatens the integrity of sports, it puts student athletes in a vulnerable position, it can serve as gateway behavior for adolescent gamblers, and it can devastate individuals and careers.* NGISC Report, 3-10

Some of the data that most concerned us as a Commission regarded the attitudes and involvement of young people with gambling. It is important to remember that for minors, gambling is always illegal. But, more importantly, the overwhelming societal exposure to gambling for today's young people creates dangerous opportunities for abuse and pathological behavior.

When interjected into the ideal of amateur athletics, gambling creates potential abuses involving point-shaving, illegal behavior and lasting damage to institutions and individuals and the destruction of potential professional careers. In an ironic twist, the State of Nevada prohibits betting on its own teams to protect any potential abuse and illegal behavior at its colleges.

The National Collegiate Athletic Association has long recognized the danger of this exception. Along with universities across the country, they have done an admirable job in attempting to combat sports betting at the college level. The Las Vegas loophole, however, undermines the message of the integrity of amateur sports and responsible, adult behavior.

<u>Closing this loophole represents a common sense and reasonable step and I commend your efforts to do so.</u>

I would be pleased to provide you with any additional information you might need or answer any questions.

Thank you.

Sincerely,

Kay Coles James

Kay C. James