



May 10, 2009

Calculated wager

Bringing legalized sports betting to Delaware could come with wide range of payoffs -- or losses -- for the entire area

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The News Journal

The shadow of legalized sports betting doesn't cast itself over cities with major professional teams.

The Arizona Cardinals, who play in Phoenix, are the closest, a five-hour drive from Las Vegas, which is in the only state with legalized sports betting.

But if sports betting legislation moves through the Delaware state senate and is signed into law by Gov. Jack Markell, the shadow of legalized sports betting will fall directly over Lincoln Financial Field, home to the Eagles and less than an hour up I-95 from Delaware.

The NFL is by far the most popular sport to bet on, with more than \$90 million bet legally on the Super Bowl alone.

Some say the proximity of legalized sports betting to an NFL team is not an issue, in part because illegal betting is so prevalent.

It is estimated that \$380 billion is wagered illegally on sports each year, whether it's through bookies or online gambling sites.

Former Eagles safety Ray Ellis, who played for the team from 1981-85, said he doesn't think legalized sports betting will make a big difference.

"Maybe stats prove me wrong, but Philadelphia, New York, New Jersey and other East Coast teams like the Redskins ... are a hotbed of gambling," he said. "So do I think people are going to gamble any more because it's now going to be legalized? No. I think it'll be a better opportunity to take the money that normally falls into the pockets of something that's illegal and puts it in the hands of something legal."

While legalized sports betting in Delaware would be available to thousands of Eagles fans from here, New Jersey and Pennsylvania, experts say action on one team will not make the operation a success.

"If you think about the Delaware perspective, they want everyone -- not just people from this area -- to come to Delaware to bet on their teams," said University of Delaware economics professor James Butkiewicz. "They want fans from New York to come and bet on the Jets and Giants. They want fans from Washington and Maryland to come and bet on the Ravens and Redskins. They want Patriots fans from New England and Panthers fans from North Carolina coming to bet on their teams.

"If it's just fans from this area betting on the Eagles, the state will make a pittance of what they're hoping for."

The NFL is against sports betting, as are other professional sports leagues. The NCAA said it would consider banning playoff games in Delaware if sports betting is approved.

Eagles spokesman Derek Boyko said the team has no comment other than to take the same stance as the NFL.

Various studies have indicated that Delaware could make anywhere from \$3 million to \$70 million in additional gambling revenues, which include increased slots play, through sports betting.

Markell has said his goal is to have sports betting legalized in the state in time for the NFL season, which begins in September, as a way to help offset Delaware's budget deficit.

Laying out the lines

Point spreads are based on what oddsmakers determine would garner the same amount of bets for both teams.

It would make sense that the point spread on Eagles' games bet in Delaware would differ from the point spread in Nevada, considering how many more Eagles fans live in this part of the country.

If a run of Eagles fans bets on the Eagles to win and cover the spread, that will theoretically increase the point spread here, while not affecting it in Nevada.

If that were to happen, bettors could shoot for the "arbitrage," which could severely hurt both states, said University of Nevada-Reno economics professor Bill Eadington, who is also the director of the Institute for the Study of Gambling and Commercial Gaming.

For example, if the Eagles are a 5½-point favorite in Las Vegas but a 7½-point favorite in Delaware, bettors in Las Vegas and Delaware would bet at both places. They would bet the Eagles would cover the spread in Las Vegas and to not cover in Delaware.

That means if the Eagles were to win by six or seven points, those bettors would win twice.

If not, they would win once, thereby covering their original bet except for the percentage of winnings taken by the state, making the risk minimal and the reward great.

"The pattern is for overbetting on local teams," Eadington said. "But that is kept in line by the possibility of the arbitrage. The difference [in betting lines] will be minimal at best. There's just too much information out there now with the Internet for that to happen. If this were the 1970s, you could see a big difference. That's not the case anymore."

Another way to keep the betting lines consistent with those in Nevada is for the state to use Las Vegas-based oddsmakers to set point spreads here, said Gary Ward, a lobbyist for Delaware sports betting and Razorsports.com.

"They are very good at setting lines," Ward said. "They get updates every 10 minutes or so and can adjust the lines accordingly, so there isn't much of a chance for it to get too far out of whack."

The first Delaware sports lottery ended abruptly in 1976 because the odds were set locally. One week, the odds varied greatly from those in Nevada, and the state saw it was going to lose money in the upcoming weekend's football games.

It canceled the lottery on the spot.

"If they don't use the services in Vegas, they run the risk of losing money," Eadington said. "The services out in Vegas have to be accurate or the state will get killed. If you're setting your own lines, you're creating all of these arbitrage opportunities and gamblers will beat you badly."

At least one recreational bettor, however, said convenience, not the point spread, would attract him to Delaware.

"If it was something thrown in front of me while I was buying a lottery ticket, I'd definitely be more prone to do it," said Newark resident Jim Dixon, 26. "But I don't know if I would actively seek it out ... Maybe if it's a big game, I would throw down some money."

But sports gambling wouldn't be enough to lure Dennis Clendaniel from Newfield, N.J., unless he was coming to Delaware anyway.

"I don't think I would go special to go place a bet, but if it was available, it's like playing pools," he said.

Straight or parlay?

The state also has to determine if it will allow straight bets or a parlay system where gamblers have to pick at least two different outcomes in order to win.

All of this could affect not only the amount of people who bet, but the kinds of bets they place.

Butkiewicz from UD said that only straight betting would generate enough interest to make sports betting successful in Delaware. He added that parlay betting would scare off the serious gamblers because the chances of winning would diminish.

"You want to attract the big money," Butkiewicz said. "If you set up a lottery, or a parlay system, it's not going to attract the serious gambler. They'll stick to their bookies."

Ward, however, said the serious gamblers would be inclined to do a parlay bet, such as picking the winner of a game as well as the over-under, which is whether a particular game will exceed the predicted amount of points scored in a game.

The chances of winning might be smaller, but the payouts would be greater.

For example, picking a game and the over-under is a 13-to-5 ratio, meaning that if someone bets \$100, they will win \$260.

"I realize you might lose the recreational bettor if you don't have the straight bet," Ward said. "But I think they will become educated in the polybet. I don't think it will be a great loss if you don't have a straight bet. It's still enticing for the serious gambler because there is the chance to win more money."

Recreational gambler Scott Moon said he would not be scared off by parlay-only betting.

"You're going to win more money doing a parlay, and that's what I try to do," he said.

Lawmakers have indicated the betting format could be decided after the legislation passes.

Weighing the payoff

Eadington is convinced that sports betting won't increase revenue to the state by as much as Markell

is hoping for, regardless of the format.

He said sports betting makes up just 1.2 percent of the gambling revenue generated in Nevada, bringing in \$136 million out of \$1.2 billion total. And the sports betting parlors in Las Vegas are lavish, with multiple theater-sized screens to watch an event.

That difference stands out to Moon, who said he still may see the trip from his home in Yardley, Pa., as worthwhile if sports gambling is approved in Delaware.

"With Vegas, it's different because you have the room down there," Moon said. "You can go down for sports betting anything you want. ... there's nothing like that in Jersey or Pennsylvania."

In addition, most sporting events take two to three hours to complete, with just one bet riding on the outcome. A slots player could gamble much more money in the same period of time.

"It's just not the big revenue-generator that they're expecting," Eadington said. "Nevada has a disproportionate amount of gamblers in the state, and sports betting is not generating a lot of revenue here."

As for the Eagles, those who bet on them solely because they're huge fans won't be betting smartly, Butkiewicz said. And those bets will be more than offset by serious gamblers who are looking to win money, which should keep the betting lines consistent.

"You can't think of it as local people betting solely on the Eagles," Butkiewicz said. "I'm sure some people who bet on the Eagles will bet on them regardless because they think they'll win every game by 20 points. But we know that won't happen. If the odds are set right, those people will lose money because the house will have the advantage, so it wouldn't be a very smart thing to do."

Additional Facts

MONEY TO BE MADE

Various studies have indicated that Delaware could make anywhere from **\$3 million to \$70 million** in additional gambling revenues, which include increased slots play, through sports betting, something the governor hopes can offset Delaware's budget shortfall.

But one expert suggests that the payoff would make less -- because sports betting makes up just **1.2 percent** of the gambling revenue generated in Nevada, bringing in **\$136 million** out of **\$1.2 billion** total.
