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Sports Gaming, Casinos, and Horse Racing in New Jersey: The Record before and during the Covid-19 Pandemic

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Abstract

New Jersey was the first state to legalize sports gaming outside of Nevada after a landmark US Supreme Court decision in May 2018 struck down a federal law banning sports gambling in all other states and the District of Columbia (Liptak and Draper 2018). Some race tracks such as Monmouth Park race track began offering sports gambling as a way to bring back fans to parimutuel wagering which had been and still is in decline for several decades at tracks throughout the nation (Associated Press 2019). This brief paper examines trends in New Jersey on how sports gambling has grown when compared to parimutuel wagering and casino revenues in the state since mid-2018. It appears initially that sports gambling has failed to bring in any resurgence in parimutuel wagering in the state as casino revenues have flat-lined. These trends also existed before the Covid-19 pandemic.

JEL Code: Z21

Key words: betting, casinos, Covid-19, gambling, horse racing, pandemic, parimutuel wagering

Trends Before and During Covid-19

Figure 1 illustrates how quickly and robustly sports gambling has grown in New Jersey over the last three years while casino revenues have somewhat flat-lined if one ignores the dramatic decline in casino performance due to closings and reduced operations during the worst part of the pandemic in the second quarter of 2020. Only recently have casino revenues managed to hover close to between \$350 and \$400 million. By around the time of the NFL playoffs, college bowl games, and the most recent Super Bowl, New Jersey sports gambling wagering had climbed to around \$1 billion by comparison.



Sources: New Jersey Division of Gaming Enforcement and UNLV Center for Gaming Research.

Unfortunately, neither monthly nor quarterly horse racing wagering is provided by the state of New Jersey. Yet in examining the annual data for all racing gambling (on-track, online, simulcasting, etc.) for all New Jersey tracks, racing wagering declined by an even greater amount

from 2018 to 2019 compared to previous years. Figure 2 shows the descent of overall wagering since 2015. New Jersey has not yet posted its 2020 report. Table 1 shows the rates of change in revenues from one year to the next. The biggest drop among these years was during the period after New Jersey allowed sports gambling, 2018 to 2019.

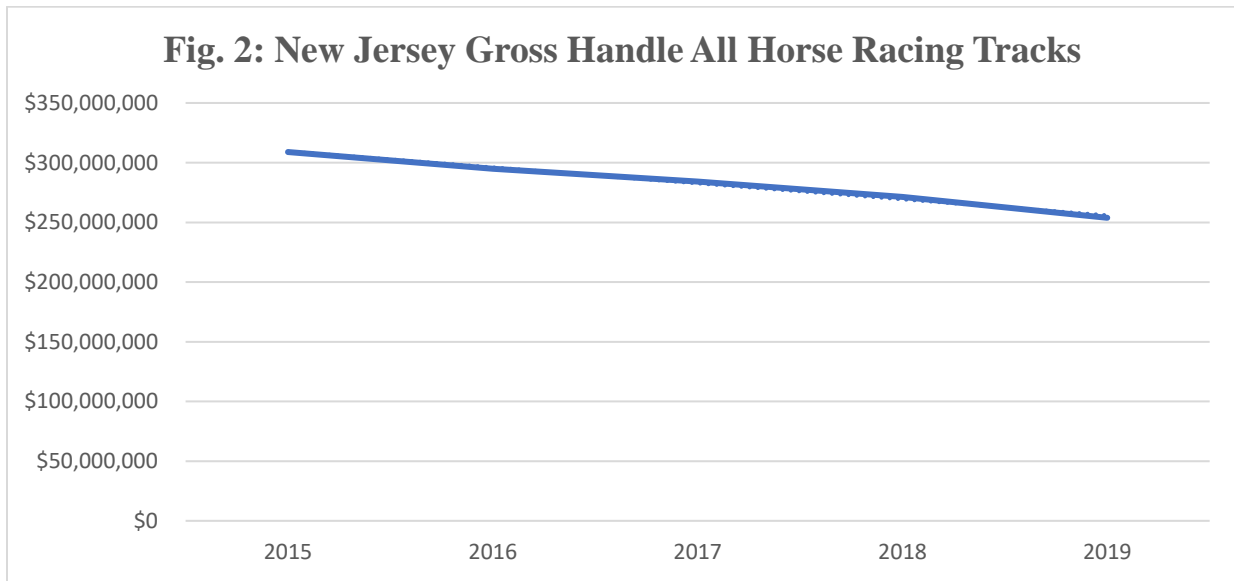


Table 1—Change in Track Revenues

<u>Year</u>	<u>Pct. Change in Revenues</u>
2015-2016	-4.53%
2016-2017	-3.60%
2017-2018	-4.55%
2018-2019	-6.46%

Therefore, it does not appear that sports gambling, at least initially, has helped either New Jersey parimutuel wagering or casino revenues. Instead, gamblers appear to be interested in the newest and latest form of legalized gambling. How long this will last is another question.

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