

SPORTSBOOK GAMBLING HISTORY

Sports betting in America has experienced unimaginable progress, especially in the past three decades. Betting on sporting events is the most popular form of illegal betting in the U.S. and is one of the fastest growing forms of legalized gambling. Sports wagering is commonplace from the nation's factories to the boardroom. The growth in the popularity of legal sports wagering can be attributed to many factors. These same factors have contributed to the explosive growth and interest in illegal sports betting around the nation. These include the following:

- The decrease in the federal wagering excise tax from 10 percent to 2 percent to eventually 0.25 percent on January 1, 1983. This served to convert many of those betting on sports illegally to do so in a legal manner. It made sports bookmaking a profitable business venture.
- The saturation of sporting events in the media has enhanced the public's familiarity with various types of sports. Cable television and satellite technology has made it possible to bring the games live and direct to the sports books. The ever-expanding mass media marketing of professional and collegiate sports has risen to enormous levels. The three most popular sports for wagering (football, baseball, and basketball) all have major contracts with national and local television providers.
- The weakened stigma associated with gambling in general and specifically, with gambling on professional events
- Gambling, especially on sporting events, is determined a victimless crime, or a crime in which the accused has not acted in a manner considered harmful to another.
- The legitimization of sports gambling in the eyes of the public has been promoted by the frequent "natural" association of gambling with sport, particularly by the media.
- Major Nevada resort hotels and casinos discovered that in-house race and sports books were good for business and created substantial "foot traffic" through the casino.
- The volume of information available to the sports bettor has increased to the point that the gambler does not have to be at a severe disadvantage when compared to the knowledge possessed by the bookmaker.

The rise of professional sports, especially televised professional football, has brought about significant increases in the volume of sports betting in the United States. Moreover, legalized sports wagering in Nevada flourished considerably when the federal gambling tax was gradually reduced from 10 percent to 2 percent from 1975 to 1979. The sports handle increased dramatically from less than \$41 million in 1973 to almost \$258.7 million by 1979.

Gambling on sporting events involves large amounts of money, but just how large may be impossible to determine, because most sports betting is done illegally. Sports betting is legal in only two states: Nevada, through casino sports books, and

Oregon, through a state lottery game entitled, "Sports Action." This game is based on contests played in the National Football League and would not be affected by a federal ban on college wagering. Interestingly, the proceeds derived from this sports lottery game are assigned to support college athletics in the Oregon University System. The so-called "third wave" of gaming in European-North American history, conceptualized by gaming authority

Nelson Rose reached towards a crest during the past decade. However, the one notable exception to this liberalizing trend is sports betting.

Nevada has 142 legal sports books that allow wagering on professional and amateur. The only amateur sporting events that sports books allow betting on are collegiate and some Olympic sports. Nevada's sports books gross gambling revenues (GGR) for 1994 were \$118.6 million. Gross gambling revenue is used because it is a true measure of the economic value of sports betting. In 1998, legal bookmaking operations' gross gambling revenue were \$122.5 million ("Gross Annual Wager Supplement," 1999, p.49). Betting on college events accounted for 33 percent of the total sports wagering revenue, or \$40 million. The decline in sports book retention is due in large part to increased competition from Internet wagering on sports. The betting action in Nevada sports books breaks down as follows: professional and college football combined – 39%, professional and college basketball combined – 34.5%, baseball – 23%, and hockey – 2%. Boxing, golf, and tennis wagering make up the remaining 1.5%. These rankings are similar to the transactions handled by illegal bookmakers; the difference is that professional football games draw an even larger share of the illegal betting action.

The actual wagering can occur under a variety of circumstances. The most common of which are: a bet between friends on an individual game, an office pool (i.e. NCAA Men's Basketball Tournament), fantasy football or hockey drafts (drafting and auctioning players based on their actual performance), in a legal sports book in the State of Nevada, or with an illegal bookmaker or bookie. The majority of sports betting in America occurs between friends or acquaintances and involves relatively small amounts of money. Another large portion of the sports betting population wagers larger sums of money with illegal bookmakers. From small towns to large metropolises, cities in the United States are inundated with vast networks of illegal bookies. The total dollar volume of sports betting in this country can only be approximated, like any illegal activity it is near impossible to determine the actual amount of money transferred. However, the National Gambling Impact Study Commission in 1999, estimated that the scope of illegal sports betting in the United States ranges anywhere from \$80 billion to \$380 billion annually, making sports betting the most widespread and popular form of gambling in America.

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