



ISSUE BRIEF:
Constitutional Amendment B an act to authorize the Legislature to allow sports wagering in Deadwood.

The Greater Sioux Falls Chamber of Commerce has taken a position to remain neutral for Constitutional Amendment B for the 2020 general election ballot.

Background

The 95th South Dakota Legislature passed Senate Joint Resolution 501, which submitted to the voters an amendment to the South Dakota Constitution to provide for wagering on sporting events. With the passage of SJR 501, the bill qualified to become a Constitutional Amendment (CA-B) to be considered by the voters at the November general election.

The impetus for CA-B is the May 14, 2018, U.S. Supreme Court decision of *Murphy vs. NCAA*. The landmark decision struck down the Professional Amateur Sports Protections Act (PASPA) which prevented the state from offering legal sports betting, with a few exceptions. In *Murphy*, the Court upheld the 2014 New Jersey state law that permitted casinos and racetracks to offer sports betting within state lines. It also opened the door for every other U.S. state to do the same. Nearly half of the states have adopted some form of sports betting or are considering legalizing it with a vote this year. Should South Dakota approve CA-B, the 2021 legislative session would undertake defining the laws surrounding sports betting operations in our state.

The Attorney General has reviewed CA-B and provides¹ the following explanation:

The constitution currently authorizes the Legislature to allow certain types of gaming in the City of Deadwood: roulette, keno, craps, limited card games, and slot machines. This constitutional amendment authorizes the Legislature to also include wagering on sporting events as a type of gaming allowed in Deadwood.

Under federal law, any gaming authorized by the Legislature to be offered in Deadwood would also be allowed at on-reservation tribal casinos upon amendments to current tribal gaming compacts.

Proponent Rationale

The Deadwood gaming association is the proponent of CA-B. Deadwood is primarily interested in having sports wagering as another tool to attract visitation to their destination city. Proponents cite a 2020 Oxford Economics survey commissioned by the American Gaming Association. The study reports: 74 percent of today's sports bettors say it is important to only use legal sportsbooks, while 52 percent of sports bettors are participating in the illegal market. The report concludes that many of the bettors are surprised to learn that they are betting on illegal websites.

¹ [https://sdsos.gov/elections-voting/assets/ConstAmendB-Legislature\(Gaming\).pdf](https://sdsos.gov/elections-voting/assets/ConstAmendB-Legislature(Gaming).pdf) (July 2020).

In addition, proponents spoke of a November 2015 appearance in front of the South Dakota Commission on Gaming, Griffin Finan, General Counsel for Draft Kings Fantasy Sports did not dispute Executive Secretary Larry Eliason's estimate that there were 25,000 fantasy sports players in South Dakota. Proponents assert when given a choice, South Dakotans prefer safe, legal, regulated sports wagering. This assertion has been supported by recent news stories in the Argus Leader about the number of South Dakotans on the eastern side of the state traveling across the border to Grand Falls Casino² and placing their sports wagers once Iowa sports wagering was legal.

Moreover, proponents emphasize that legalizing sports betting in South Dakota will bring in additional revenue. In December of 2018, the Legislative Research Council estimated that sports wagering in South Dakota would generate \$2,051,972 annually. In addition, a 2018 Oxford Economics study commissioned by the American Gaming Association suggested that the overall impact of sports wagering would be \$22 million, suggesting a 15% growth in overall gaming and approximately \$5.8 million in sports wagering.

Finally, proponents assert the need to keep Deadwood competitive as a destination in the region. Neighboring states, such as Colorado, Iowa and Montana have legalized sports wagering. With the voter's approval of CA-B, Deadwood would have further marketing opportunities to bring additional visitors to Deadwood at a time when COVID-19 has reduced business. Unlike other businesses, the only way Deadwood is able add sports wagering and remain competitive in the gaming business is for the people of South Dakota amend the constitution.

Opponent Rationale

Opponents assert that the question to legalize sports betting is a moral decision. When harkening back to South Dakota's Constitution's preamble³ it is clear our founding fathers would not have supported gambling in South Dakota. The preamble states:

We, the people of South Dakota, grateful to Almighty God for our civil and religious liberties, in order to form a more perfect and independent government, establish justice, insure tranquillity, provide for the common defense, promote the general welfare and preserve to ourselves and to our posterity the blessings of liberty, do ordain and establish this Constitution for the state of South Dakota. (Emphasis added.)

Their assertion is when the founders penned the words "promoting the general welfare" they were committed to ensuring the people would "fare-well." Gambling does not in fact help people "fare-well," rather it causes individual deep regret and shame. To promote sports betting is to assert South Dakota cares more about the revenue gained than to care about the cost to human lives.

In addition, opponents assert gambling addictions come at a cost to society and do not offset the revenue stream earned from gambling. In addition, South Dakota has the highest gambling rate in the nation. Those who struggle with gambling addiction suffer the loss of jobs, families and even some

² <https://www.argusleader.com/story/news/business-journal/2020/01/31/grand-falls-casino-larchwood-iowa-sportsbook-like-vegas-opens/4588572002/> (8.19.2020).

³ <https://sdlegislature.gov/Statutes/Constitution/DisplayStatute.aspx?Type=Statute&Statute=0N-Preamble> (8.19.2020).

suffer from mental illness. Even more sobering is the number of suicides associated from those addictions in our state. No one should take advantage of the vulnerable individuals that live in our state, increasing the opportunities and access to gambling would cause further harm to those South Dakotans who are the most vulnerable. Rather, South Dakotans should care about families, that is the life blood of the state's economy.

Chamber's Position

The Greater Sioux Falls Chamber of Commerce has taken a position to remain neutral on Constitutional Amendment A.

Rationale

The Greater Sioux Falls Chamber of Commerce voted to remain neutral. The primary reason the Chamber chose to remain neutral is the ballot measure is focused on sports betting in Deadwood and does not pertain to the greater Sioux Falls area.