



MINNESOTA CATHOLIC CONFERENCE

May 9, 2016

Dear Senate Tax Committee Member:

The Minnesota Catholic Conference, the public policy voice of the Catholic Church in Minnesota, writes to express significant concern about SF 3007/HF 2540, the “Fantasy Sports” enabling act. Like many schemes proposed by industries as consumer protection measures, this legislation instead creates the legal framework for a potentially significant expansion of gambling here in Minnesota. We urge the committee not to pass the legislation at this time so that more consideration can be given to this issue. There is no need to rush into legitimizing a business that could have a negative impact on families of all incomes, as well as the young people who make up the largest share of fantasy sports participants.

Though many Minnesotans play “fantasy sports,” the potentially massive gambling expansion authorized in this bill goes far beyond the office fantasy football pool. In fact, the bill appears to authorize internet sports gambling. The industry business model relies on a prevalence of less “skilled” players to gamble against those who are truly experts or who use algorithms and other tools to rig the contests. As reported in news outlets such as the *Wall Street Journal*, *New York Times*, and *Washington Post*, for every skilled player, there must be many unskilled ones to compensate the winners and provide the profit margins—hence the massive amount of fantasy sports marketing already seen in Minnesota and other places to lure new players with the promise of big rewards.

The social and economic costs of gambling are well known. One study has concluded that there are three dollars in social costs for every one dollar of economic benefit. Gambling and gambling addiction can cause financial stress in families, and foster family fragmentation. Gambling addiction and irresponsible gaming creates costs related to increased bankruptcies, unpaid debts, check fraud, embezzlement, and other forms of economic theft engaged in by problem gamblers. Gambling also increases criminal justice costs related to the criminality of problem gamblers who commit crimes to finance their habit and debts. The possibility that this Fantasy Sports enabling act may increase these social and economic costs, as well as undermine the common good, means it would be imprudent to pass it without evaluating those potential costs in more detail.

Thank you for your consideration and for your service to all Minnesotans.

Respectfully yours,

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CC: Sen. Sandy Pappas (chief author)