

The Evolution of Sports Betting Laws in the United States

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**Abstract:**

This research paper examines the legal landscape of sports betting in the United States, exploring the implications for the sports industry, management practices, and stakeholders involved. The study delves into the legal issues surrounding sports betting, reviews significant legal cases that have shaped its evolution, and presents recommendations for changes that could improve the regulation and management of sports betting in America. It highlights the interplay between law and management within the sports world, focusing on the legal ramifications of sports betting, and how its evolution has affected the sports industry.

**Topic Explanation and Objectives:**

Sports betting, once largely considered illegal and confined to underground and illegal markets, has experienced significant legal changes in recent decades. In recent years, the sports world has witnessed dramatic shifts in its relationship with betting, largely due to evolving legal interpretations and public perceptions of sports gambling. Understanding the legal issues surrounding sports betting, the key legal cases that have shaped its current state, and potential reforms will help illuminate the ongoing development of sports gambling laws in the United States. Sports betting, the act of wagering money on the outcome of sports events, has been a longstanding part of the global entertainment landscape. In the United States, sports betting has evolved from a largely underground activity to a multi-billion-dollar industry regulated by individual states. The relationship between sports and betting is complex, intertwining with aspects of fan culture, media, economics, and even the integrity of the games themselves. For decades, sports betting was largely illegal in most parts of the U.S. due to federal and state regulations. The 1992 Professional and Amateur Sports Protection Act (PASPA) restricted sports gambling except in a few select states, most notably Nevada. However, in 2018, the U.S. Supreme Court ruled in Murphy v. NCAA that PASPA was unconstitutional, thus opening the door for states to legalize sports betting within their borders. This moment marked the beginning of a significant shift in how sports and betting would coexist, with nearly 30 states and Washington, D.C. legalizing some form of sports betting by 2025.

The rise in sports betting has created a new and complicated relationship between sports and gambling. From the perspective of the sports world, the revenue generated through legalized betting is undeniable. Major professional sports leagues like the NFL, NBA, MLB, and the NHL have partnered with sports books, gaining substantial financial support and new fan engagement opportunities. Sports betting provides additional revenue streams for these organizations through sponsorships, media rights, and partnerships with online sports books, creating a lucrative relationship between the gaming industry and traditional sports leagues. However, this new era of sports betting also brings with it concerns about the integrity of the games, the potential for match-fixing, and the societal impact of gambling addiction. These concerns have led to greater scrutiny from regulators, sports organizations, and advocacy groups.

In addition to the financial and regulatory implications, sports betting also reshapes the fan experience. Bettors are no longer passive spectators of sports but active participants in the action, with the outcome of games often having a direct financial impact. This shift has led to changes in how fans engage with sports, influencing their preferences for teams, players, and games. It has also spurred the growth of fantasy sports and daily fantasy leagues, which are sometimes considered forms of betting themselves. As more states pass legislation permitting sports betting, the intersection between the two industries grows deeper and more entrenched, presenting both opportunities and challenges.

This paper seeks to explore the evolution of sports betting laws in the United States, focusing on how changes in legal frameworks have impacted the sports world. Explain the Legal Issue Surrounding Sports Betting and Its Effects on the Sports World**:** The paper will begin by explaining the legal complexities surrounding sports betting, particularly how laws and regulations have changed over the years. The repeal of PASPA in 2018 and the subsequent legalization of sports betting in many states has significantly affected how sports organizations operate. This includes the financial benefits for leagues, increased fan engagement, and the potential risks related to match-fixing, gambling addiction, and the impact on the integrity of sports. Review of the Legal Cases Impacting Sports Betting Laws: This paper will provide a detailed analysis of key legal cases that have shaped the sports betting landscape, most notably Murphy v. NCAA (2018), which struck down PASPA. By reviewing landmark legal battles and their outcomes, the paper will help highlight the shifts in legal thinking and the evolving role of states versus the federal government in regulating sports betting. Suggest Changes or Modifications to Strengthen Current Laws: Given the rapidly changing landscape of legalized sports betting, the paper will propose potential reforms that might improve the regulatory environment. These reforms will focus on creating a more uniform approach across states, addressing integrity concerns, and enhancing responsible gambling measures to ensure that sports betting remains a healthy and regulated industry.

The subject of sports betting was chosen for this paper because it lies at the intersection of law, economics, and culture, making it a highly relevant and contemporary topic. As sports betting continues to expand across the United States, it raises important questions about the relationship between gambling and sports. With billions of dollars in potential revenue, sports betting presents both immense opportunities and serious challenges for sports organizations, regulators, and society at large. The topic also invites an examination of the evolving nature of federalism, as the states increasingly take the lead in determining their approach to gambling laws.

Furthermore, the topic has significant societal implications. As sports betting becomes more integrated into the sports experience, it is crucial to understand how it affects not only the financial aspects of the industry but also the personal and ethical concerns of athletes, fans, and other stakeholders. Given the surge in online sports betting and mobile apps, this subject matter is timelier than ever.

This paper will provide an in-depth analysis of the evolution of sports betting laws, focusing on the legal, economic, and societal impacts of this rapidly growing industry. Through exploring the history, case law, and potential future reforms, this paper aims to contribute to the broader conversation about the responsible regulation of sports betting in the U.S.

Historically, sports betting in the United States was heavily restricted. The primary law prohibiting most forms of sports gambling was the Professional and Amateur Sports Protection Act of 1992 (PASPA). PASPA was enacted with the intent of preserving the integrity of professional and amateur sports by banning sports betting in most states, except for Nevada, and a few other exceptions. The federal law was aimed at curbing the widespread expansion of gambling on sports by prohibiting state-sanctioned sports betting across the majority of the U.S.

However, attitudes toward sports betting began to change in the early 21st century, driven by increasing public interest, the growth of fantasy sports, and the development of more accessible betting platforms, especially online sports books. A growing recognition that states should have the autonomy to regulate their gambling industries led to calls for the repeal or modification of PASPA. Laws governing sports betting are crucial for a variety of reasons, as they help shape the integrity, fairness, and safety of the industry. Below are some of the most important aspects of why these laws matter. Several important case studies have shaped the landscape of sports betting, illustrating the various challenges and successes related to its regulation, ethical concerns, and societal impacts. Below are a few notable case studies that provide insights into the dynamics of sports betting

The Professional and Amateur Sports Protection Act (PASPA), passed in 1992, made it illegal for most states to legalize sports betting. This law was challenged for years, and in 2018, the U.S. Supreme Court ruled in a landmark decision (Murphy v. National Collegiate Athletic Association) that PASPA was unconstitutional. The decision allowed individual states to decide whether to legalize sports betting. Since the ruling, several states (such as New Jersey, Pennsylvania, and Michigan) have embraced legalized sports betting, generating significant tax revenue and offering more consumer protection. Economic and Social Implications: While sports betting brought in new revenues and jobs, it also raised concerns about gambling addiction, match-fixing, and underage gambling. The decision to repeal PASPA highlighted the need for effective state-level regulations to address these issues. Current Trends: The case has led to a boom in sports betting across the U.S., with billions of dollars wagered annually. It also sparked debates on the regulation of online betting and the role of federal oversight.

**Review of Literature:**

The following will be a break down of three legal cases that helped shaped the way to legalize sports betting across the United States. I will be breaking down each case detailing what the lawsuit was about, who was involved and what the outcome was. Then I will give my reasoning as to why these court cases were important to sports betting.

The Murphy v. NCAA case (2018) is a landmark decision by the U.S. Supreme Court that significantly changed the landscape of sports betting in the United States. This case led to the repeal of the Professional and Amateur Sports Protection Act (PASPA), a federal law that effectively banned state-sponsored sports betting outside of Nevada. The Professional and Amateur Sports Protection Act was passed to restrict sports betting across the U.S. and maintain the integrity of professional and amateur sports. Under PASPA, only Nevada, Delaware, Montana, and Oregon were allowed to operate legal sports betting, as they had already established such activities before the law was enacted. The Challenge: New Jersey, facing budgetary challenges, sought to legalize sports betting to generate tax revenue and create jobs. In 2011, New Jersey voters approved a referendum to legalize sports betting in the state, but this initiative was blocked by PASPA. The state then challenged the law, arguing that PASPA infringed upon states' rights to make their own policy decisions. Murphy's Role: Governor Chris Christie of New Jersey was a key figure in the legal battle. He spearheaded the state's efforts to challenge PASPA by filing a lawsuit against the National Collegiate Athletic Association (NCAA) and other professional sports leagues (NBA, NFL, NHL, and Major League Baseball), arguing that PASPA violated the Tenth Amendment, which reserves powers not delegated to the federal government to the states.

New Jersey's Argument: New Jersey contended that PASPA's prohibition on state-authorized sports betting was an unconstitutional violation of the Tenth Amendment, which grants states the power to regulate matters not covered by federal law. The state argued that PASPA effectively commandeered state legislatures by forcing them to maintain a ban on sports betting, rather than allowing states the autonomy to decide the issue for themselves.

The NCAA's Argument: The NCAA and other sports leagues, on the other hand, argued that sports betting would undermine the integrity of sports, lead to corruption, and encourage illegal gambling. They contended that PASPA was a valid exercise of federal power to regulate interstate commerce and protect the integrity of sports.

In a 6-3 decision, the Supreme Court ruled in favor of New Jersey, striking down PASPA as unconstitutional. The Court held that PASPA violated the Tenth Amendment because it commandeered states into enforcing a federal regulatory scheme and prohibited them from making their own policy decisions on the issue of sports betting (Murphy v. NCAA. Ballotpedia).

The ruling effectively ended the federal ban on sports betting, paving the way for individual states to legalize and regulate sports betting according to their own preferences. Following the decision, states were free to legalize sports betting without the restrictions imposed by PASPA. New Jersey was one of the first states to implement legalized sports betting, and other states quickly followed suit, including Pennsylvania, Michigan, Illinois, Colorado, and many others. States that legalized sports betting also recognized the need for strong regulation to prevent fraud, match-fixing, and problem gambling. As a result, many states implemented consumer protections and measures to maintain the integrity of sports events (Murphy v. NCAA. Ballotpedia).

The Murphy v. NCAA case fundamentally transformed the sports betting landscape in the United States by striking down PASPA and allowing states to regulate sports betting as they see fit. This decision has had widespread economic, social, and regulatory effects, with new opportunities for state revenue generation and increased consumer access to legal sports betting, but also challenges related to integrity, responsible gambling, and varying state regulations.

Christie v. NCAA (2014) is the precursor to the Murphy v. NCAA (2018) case. This case involved New Jersey's legal battle to overturn the Professional and Amateur Sports Protection Act (PASPA) and was central to the fight for legalized sports betting in the United States.

In 2011, New Jersey voters approved a state referendum to legalize sports betting at casinos and racetracks. This move was intended to boost the state's economy and provide additional tax revenue. However, PASPA prohibited New Jersey from allowing legal sports betting, which led to the state challenging the law. Governor Chris Christie played a leading role in this legal challenge. He argued that PASPA was unconstitutional because it violated the Tenth Amendment, which grants states’ rights not explicitly covered by the federal government. He claimed that PASPA infringed on New Jersey's ability to regulate gambling within its own borders. Governor Christie and his legal team argued that PASPA unlawfully prevented the state from making its own policy decisions about sports betting, violating the Tenth Amendment. They claimed that PASPA's federal ban effectively forced states to maintain laws that prohibited sports betting, rather than allowing them to decide the issue independently (Schamis, A., & Bramer, K. V).

In 2014, the U.S. Court of Appeals for the Third Circuit ruled against New Jersey. The court concluded that PASPA was constitutional and that the state could not legally authorize sports betting. The ruling upheld the federal ban and reinforced the idea that Congress had the authority to regulate sports betting in the interest of maintaining the integrity of sports. The court found that PASPA did not violate the Tenth Amendment, as it did not directly force states to enforce a ban on sports betting but instead prohibited states from repealing or allowing sports betting laws.

New Jersey, led by Governor Christie, appealed the Third Circuit's decision to the U.S. Supreme Court. The key issue was whether PASPA violated the Tenth Amendment by prohibiting states from regulating sports betting as they saw fit. Various stakeholders, including lawmakers, state governments, and interest groups, filed amicus briefs (friend-of-the-court briefs) in support of New Jersey’s position, arguing that PASPA unlawfully restricted states' rights to regulate gambling within their own borders.

In October 2014, the U.S. Supreme Court declined to hear the appeal, effectively upholding the Third Circuit’s decision against New Jersey. As a result, the state's attempt to legalize sports betting was blocked by federal law, and PASPA remained in effect (Schamis, A., & Bramer, K. V).

Although Christie v. NCAA did not result in a favorable outcome for New Jersey, the case was crucial in setting the stage for the later success in Murphy v. NCAA. It highlighted the tension between federal power and states’ rights and illuminated the legal strategies that would eventually lead to the successful challenge of PASPA. The legal battle raised public awareness about the regulation of sports betting, especially in the context of a changing landscape where online betting was becoming increasingly popular.

Christie v. NCAA (2014) was a significant part of the legal journey that ultimately led to the Murphy v. NCAA decision in 2018, where the Supreme Court ruled that PASPA was unconstitutional. Although New Jersey lost in 2014, the case was a crucial step in challenging PASPA, advocating for states’ rights, and setting the groundwork for the eventual expansion of legalized sports betting across the U.S.

The last court case discussed will be O’Bannon v. NCAA (2014). While not directly related to sports betting, this case explored the NCAA’s role in amateurism and the use of athletes’ likenesses. It provided insights into how revenue from college sports, which now includes legalized sports betting, is shared and regulated.

The case arose from a lawsuit filed by former UCLA basketball player Ed O'Bannon against the National Collegiate Athletic Association (NCAA) in 2009. O'Bannon alleged that the NCAA and its member schools were violating antitrust laws by preventing college athletes from being compensated for the use of their names, images, and likenesses in video games and other commercial uses. O'Bannon’s lawsuit claimed that the NCAA's amateurism rules, which prohibited college athletes from receiving compensation beyond their scholarships, were anti-competitive and violated federal antitrust laws. O'Bannon argued that athletes should be entitled to receive a share of the revenue generated from the use of their likenesses in video games, television broadcasts, and other commercial endeavors (Mcleod, A).

In 2014, the U.S. District Court for the Northern District of California ruled in favor of O'Bannon, stating that the NCAA’s rules on amateurism were indeed a violation of antitrust laws. The court found that the NCAA’s restrictions on compensating college athletes for their NIL (name, image, and likeness) were not justifiable under the Sherman Antitrust Act. While *O'Bannon v. NCAA* does not deal directly with sports betting, its impact on the financial structure of college sports is notable in the broader context of the sports business. The rise in NIL opportunities for college athletes, along with the increase in media revenue for college sports, has created a more lucrative environment around college sports. As sports betting becomes increasingly legalized in the U.S., college sports are now a major focus of betting markets, and the financial landscape of college athletics has become more intertwined with the sports betting industry. As college athletes gain the right to earn money through their NIL, and as states continue to legalize sports betting, the commercialization of college sports (which includes betting on college games) is expected to grow. This raises questions about the integrity of the games, potential conflicts of interest, and how athletes' involvement in sports betting (through NIL deals, sponsorships, etc.) might impact the regulatory landscape of both college sports and sports betting (Mcleod, A).

In conclusion, *O'Bannon v. NCAA* marked a turning point in the legal framework of college athletics, setting precedents that influence not only athlete compensation but also the commercialization of college sports in relation to sports betting. The case was a precursor to the more recent discussions and changes regarding NIL rights and their connection to sports business, including gambling.

The legal battles surrounding O'Bannon v. NCAA, Christie v. NCAA, and Murphy v. NCAA each played significant roles in shaping the legal landscape that ultimately led to the legalization of sports betting in the United States. While O'Bannon v. NCAA (2014) was primarily about college athletes' rights to profit from their names, images, and likenesses (NIL), its impact on the business side of college sports created broader debates about the commercialization of college athletics. The case highlighted how lucrative the college sports market had become, with billions in media and sponsorship revenues, raising questions about fairness and the financial exploitation of athletes. This heightened focus on the business of college sports contributed to the growing momentum for reforms, including the eventual acknowledgment of college athletes' rights to NIL compensation, which in turn paved the way for more discussions on how sports, including betting markets, could be better regulated.

On the other hand, Christie v. NCAA (2011) and Murphy v. NCAA (2018) were directly pivotal in the legalization of sports betting. In Christie v. NCAA, New Jersey's legal challenge to PASPA (Professional and Amateur Sports Protection Act) in 2011 marked the beginning of a decade-long legal battle over states' rights to regulate sports betting. This case laid the groundwork for Murphy v. NCAA, where the U.S. Supreme Court struck down PASPA in 2018, declaring it unconstitutional. This landmark decision cleared the path for states to individually decide whether to legalize sports betting within their borders. The combined outcomes of these cases shifted the legal balance toward states' rights, empowering individual states to regulate sports betting as they saw fit and ultimately opening the floodgates for the expansion of legalized sports betting across the country. These three cases, each addressing key issues in the intersection of sports law and economics, helped pave the way for the explosive growth of legal sports betting in the U.S.

**Managerial Application:**

The legal issues in O'Bannon v. NCAA, Christie v. NCAA, and Murphy v. NCAA have far-reaching implications for managerial practices within the sports industry, particularly in the areas of financial management, athlete compensation, and regulatory compliance. In O'Bannon v. NCAA, the legal challenge regarding athletes’ rights to profit from their names, images, and likenesses (NIL) directly impacts how college athletic departments and sports managers approach revenue generation and athlete relations. Managers in college sports programs must now navigate the complexities of NIL agreements, ensuring compliance with new laws while managing sponsorships, endorsements, and marketing deals that were previously restricted. This shift has introduced a new financial dimension to college athletics, requiring managers to develop strategies for balancing the financial interests of their institutions with the rights of student athletes. As NIL deals continue to proliferate, sports managers must carefully assess the impact of these agreements on their teams’ dynamics and ensure that they do not compromise the integrity or fairness of the sports environment. The introduction of Name, Image, and Likeness (NIL) rights has dramatically altered the business landscape of college sports, particularly in high-profile areas like college football. As Dr. Shollenberger explains in his 2024 article, NIL has allowed college athletes to leverage their personal brands and capitalize on sponsorships, social media influence, and endorsement deals that were previously unavailable to them. This shift has created new revenue streams for athletes, with football players in particular securing deals with major brands and companies, often earning substantial sums from advertisements, merchandise, and social media collaborations. For universities and athletic programs, this change has resulted in a redefined financial model, where managing NIL rights is now a central focus of athletic departments. They must now navigate complex contracts, negotiate partnerships with businesses, and ensure compliance with evolving regulations. As college football programs compete to attract top talent, NIL agreements have become a key element in recruitment, with players often making decisions based not just on athletic opportunities, but on potential financial gains. This new business dimension has reshaped the relationship between colleges, athletes, and commercial partners, further integrating sports into the broader entertainment and business industries.

Similarly, Christie v. NCAA and Murphy v. NCAA have substantial managerial implications, particularly regarding how sports organizations and state governments regulate sports betting. The legal battles culminating in Murphy v. NCAA paved the way for states to legalize and regulate sports betting, creating new revenue streams for sports teams, casinos, and media companies. Managers in sports organizations must now contend with the complex regulatory landscape surrounding sports betting, ensuring that their operations are compliant with state laws and federal guidelines while exploring opportunities to capitalize on the growing market. The implications for sports marketing and sponsorships are profound, as teams and leagues are increasingly involved in partnerships with gambling operators, which may introduce new ethical and integrity challenges. For managers, this means fostering transparent relationships with betting companies and ensuring that all stakeholders maintain the integrity of the sport. To strengthen the current legal framework, several modifications could be considered. First, establishing a uniform federal regulation for sports betting, including uniform age restrictions, tax rates, and advertising standards, could reduce the patchwork system that currently exists across states. Second, creating more stringent oversight mechanisms to monitor potential conflicts of interest and match-fixing risks in sports betting would further safeguard the integrity of sports. Finally, increasing education and resources for both athletes and managers on the ethical and legal implications of NIL deals and sports betting would help ensure that these new revenue streams are managed responsibly and transparently. Managers of sporting organizations are increasingly confronted with the complexities of navigating the legal landscape of sports betting, especially as its legalization continues to expand across the United States. As de Borja (2023) outlines, the evolving legal framework surrounding sports betting requires managers to remain vigilant and adaptable to varying state regulations, ensuring compliance with both state and federal laws. In the past, sports organizations were largely focused on maintaining a strict stance against gambling, but the repeal of PASPA in 2018 and the subsequent state-level legalization of sports betting have shifted this dynamic. Managers must now oversee the integration of sports betting into their business models, including forging partnerships with betting operators, managing advertising and sponsorships related to betting, and addressing concerns over integrity and transparency in sports. As de Borja notes, this includes implementing strict internal controls to prevent match-fixing and betting-related corruption, while also developing new revenue streams from legalized betting. These responsibilities have placed additional pressure on managers, who must balance maximizing profits from sports betting with maintaining the credibility and ethical standards of their leagues and teams. In response, many organizations have hired dedicated compliance officers and legal teams to address these emerging issues, ensuring that their operations are legally sound and that they avoid the risks associated with illegal gambling.

To strengthen the current laws surrounding sports betting, several modifications could be implemented. First, a standardized federal regulatory framework should be established to ensure uniformity across states, particularly in areas like age restrictions, tax rates, and advertising standards. This would help mitigate the current patchwork system, where each state has its own rules, creating confusion for bettors and operators alike. Second, stronger oversight mechanisms should be put in place to monitor and prevent illegal activities such as match-fixing, money laundering, and underage betting. This could include the creation of a centralized monitoring body to track betting patterns and ensure transparency in sports betting transactions. Third, the integrity of sports should be prioritized through strict guidelines on how leagues and teams interact with betting operators, including clear rules to prevent conflicts of interest and corruption. Finally, the introduction of mandatory educational programs for athletes, managers, and bettors about the ethical and legal risks associated with sports betting could reduce the likelihood of misconduct and ensure responsible participation in the betting ecosystem. These changes would help create a safer, more transparent, and sustainable sports betting industry.

**Conclusion:**

The legalization of sports betting in the United States represents a major shift in both the legal and economic landscape of the sports world. The Supreme Court’s decision in Murphy v. NCAA catalyzed this transformation, allowing states to regulate sports betting as they see fit. While this has brought significant financial benefits, it has also raised concerns about integrity and addiction, requiring careful and thoughtful regulations moving forward.

By establishing a uniform federal framework, strengthening integrity measures, and ensuring responsible gambling practices, lawmakers and industry leaders can create a sports betting environment that is both lucrative and fair. The continued evolution of sports betting laws will shape the future of the industry and its impact on the broader sports world.

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