

RESOLUTION OF THE NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES

A Resolution Opposing the Expansion of Unregulated Prediction Markets and Urging Federal and State Action to Protect Consumers and Regulated Gaming Markets

WHEREAS, prediction markets have rapidly expanded in the United States, allowing participants to wager on the outcomes of political elections, economic indicators, sporting events, and other real-world occurrences;

WHEREAS, these platforms choose largely to operate outside the established regulatory frameworks governing licensed sports betting, casino gaming, and other forms of legalized gambling;

WHEREAS, prediction markets are particularly susceptible to cheating by insiders, and such cheating cannot easily be prevented, and examples abound in which those who possess the ability to affect an outcome are making predictive wagers;

WHEREAS, examples in which such vulnerabilities have surfaced include an allegedly rigged UFC fight as well as the federal indictments of two Major League Baseball pitchers accused of rigging pitches, along with other instances of alleged bet-rigging;

WHEREAS, the ability of state legislators and regulators to prevent fraudulent activity in prediction markets is largely non-existent; the only preventive measure readily available is to not authorize this betting activity and to outlaw participation;

WHEREAS, state and tribal governments have been granted authority to determine the parameters of what forms of gaming are legal within their jurisdictions – and have traditionally exercised such authority with care and wisdom;

WHEREAS, the Commodity Futures Trading Commission (CFTC) has taken inconsistent and insufficient action to clarify the legal status of prediction markets, creating regulatory ambiguity that undermines consumer protection;

WHEREAS, because prediction markets have largely not been authorized as legal gaming in such jurisdictions, and therefore may be considered illegal;

WHEREAS, prediction markets expose consumers to the same harms associated with gambling – including addiction, financial loss, and exploitation of vulnerable populations – without the safeguards required of licensed gaming operators;

WHEREAS, licensed gaming operators are subject to rigorous state and tribal regulatory oversight, responsible gaming mandates, anti-money-laundering requirements, and consumer protection standards that prediction market platforms largely avoid;

WHEREAS, prediction markets and their qualifying officers and other personnel have largely avoided the necessary scrutiny that accompanies applications for casino licensure, their continued operation undermines and threatens the reputation of legal gaming as a licensed, reputable industry;

WHEREAS, the unchecked growth of prediction markets threatens to undermine the integrity of elections, financial markets, and sporting competitions by creating direct financial incentives tied to their outcomes;

WHEREAS, the expansion of unregulated prediction markets erodes the tax revenue and economic benefits that licensed, regulated gaming generates for states, tribes, and local communities;

WHEREAS, NCLGS has long championed the principle that gambling and wagering activities must be conducted within transparent, accountable, and state-sovereign regulatory frameworks;

NOW, THEREFORE, BE IT RESOLVED that the National Council of Legislators from Gaming States hereby:

1. **Opposes** the expansion of unregulated and unlicensed prediction markets that allow wagering on political, economic, sporting, as well as other real-world event outcomes outside of established state and tribal gaming regulatory frameworks;
2. **Calls upon** the United States Congress to clarify the legal status of prediction markets and establish clear federal guidelines that prevent regulatory arbitrage and protect consumers, and to further clarify that such markets are a form of illegal gambling, and that regulatory and licensing issues related to such markets must be addressed and governed by the respective state and tribal governments;
3. **Urges** the Commodity Futures Trading Commission to cease treating politically and sports-oriented prediction markets as legitimate financial instruments exempt from gaming regulation;
4. **Encourages** member states to examine their existing gaming statutes and, where appropriate, assert licensing and regulatory jurisdiction over prediction market activity occurring within their borders;

5. **Affirms** the sovereign authority of states and tribes to regulate gambling within their jurisdictions and opposes any federal action that would preempt that authority in favor of unregulated prediction market platforms;
6. **Directs** NCLGS leadership to communicate this resolution to the United States Congress, the CFTC, the National Governors Association, and other relevant federal and state bodies.