

# ASSEMBLY, No. 3532

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 4, 2016

**Sponsored by:**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Assemblyman RALPH R. CAPUTO**

**District 28 (Essex)**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Cumberland, Gloucester and Salem)**

**Co-Sponsored by:**

**Assemblyman Giblin**

**SYNOPSIS**

Provides for regulation of daily fantasy sports games in New Jersey by DLPS.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/17/2016)**

1 AN ACT providing for the regulation of daily fantasy sports games  
2 and supplementing Title 5 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. a. As used in this section:

8 “daily fantasy sports game” means any fantasy or simulated  
9 game or contest involving athletic events in which a participant  
10 owns or manages an imaginary sports team and competes against  
11 other participants or a target score for a predetermined prize with  
12 the outcome reflecting the relative skill of the participants and  
13 determined by statistics generated based on performance by actual  
14 individuals participating in actual professional or collegiate athletic  
15 events, provided that the outcome shall not be based solely on the  
16 performance of an individual athlete, or on the score, point spread,  
17 or any performance of any single real team or combination of real  
18 teams;

19 “daily fantasy sports gross revenue“ means the total of all sums  
20 actually received by a daily fantasy sports provider from daily  
21 fantasy sports game operations less only the total of all sums  
22 actually paid out as prizes to participants; and

23 “daily fantasy sports provider” means a business entity,  
24 including a casino licensee, that has been issued a permit by the  
25 Department of Law and Public Safety to offer persons the  
26 opportunity to participate in a daily fantasy sports game.

27 b. A daily fantasy sports provider seeking to conduct daily  
28 fantasy sports games shall apply to the department for a permit to  
29 conduct such games on such forms and in such manner as the  
30 department shall require. The department shall promptly  
31 investigate each application, inspect and examine all premises  
32 where daily fantasy sports games are conducted, and oversee the  
33 conduct of games. The department shall charge a permit fee to each  
34 daily fantasy sports provider that applies for a permit in an amount  
35 sufficient to cover the department’s cost in issuing daily fantasy  
36 sports permits and overseeing the conduct of such games, which  
37 permit fee shall be in addition to the annual registration and renewal  
38 fee required pursuant to subsection g. of this section.

39 A provider operating daily fantasy sports games on the date of  
40 enactment of this act, P.L. , c. (C. ) (pending before the  
41 Legislature as this bill) shall be permitted to continue its operations  
42 pending approval of the provider’s application for a permit. A  
43 provider that is not operating daily fantasy sports games on the date  
44 of enactment of this act shall be prohibited from operating daily  
45 fantasy sports games pending approval of the provider’s application  
46 for a permit.

47 Upon the granting of a permit, a provider may continue to  
48 operate daily fantasy sports games pending the renewal of the

1 provider's permit, provided that the provider has applied for the  
2 renewal in a timely manner.

3 c. (1) With respect to a permit holder that is a casino, all  
4 equipment used by the holder of the permit, including computers  
5 and servers, to conduct daily fantasy sports games shall be  
6 physically located within the boundaries of the municipality  
7 specified in section 20 of P.L. 2013, c.27 (C.5:12-95.22) for the  
8 location of Internet gambling equipment.

9 (2) With respect to a daily fantasy sports provider that is not a  
10 casino, at least one server used to conduct daily fantasy sports  
11 games shall be physically located within the boundaries of the  
12 municipality specified in section 20 of P.L. 2013, c.27 (C.5:12-  
13 95.22) on or before January 1, 2018.

14 d. The department shall regulate the conduct of daily fantasy  
15 sports games by daily fantasy sports providers that have been issued  
16 a permit by the department to conduct daily fantasy sports games.

17 e. The department shall permit a daily fantasy sports provider to  
18 conduct daily fantasy sports games subject to the following  
19 conditions:

20 the outcome shall be determined by statistics generated based on  
21 the performance of actual individuals participating in real  
22 professional or collegiate athletic events;

23 all prizes offered to participants shall be established and  
24 disclosed in advance to all participants;

25 the outcome shall not be based solely on the performance of an  
26 individual athlete, or on the score, point spread, or any performance  
27 of a single real team or combination of real teams;

28 a daily fantasy sports provider may permit participants to use a  
29 mobile wagering account or a participant deposit account;

30 a casino licensee may use its facilities to accept entry fees and to  
31 pay prizes;

32 a casino licensee may partner with, or enter into a contract with,  
33 one or more daily fantasy sports providers to offer daily fantasy  
34 sports games, notwithstanding the provisions of section 104 of P.L.  
35 1977, c.110 (C. 5:12-104);

36 a participant in a daily fantasy sports game shall be at least 18  
37 years of age;

38 a person listed on the Division of Gaming Enforcement's self-  
39 exclusion list or Internet gaming self-exclusion list shall not be  
40 allowed to participate in a daily fantasy sports game; and

41 a daily fantasy sports provider shall not market daily fantasy  
42 sports to any person listed on the division's self-exclusion list or  
43 Internet gaming self-exclusion list.

44 f. A daily fantasy sports provider shall:

45 prohibit its employees, and immediate family members thereof  
46 living in the same household, from participating in a daily fantasy  
47 sports game offering a cash prize greater than \$5;

1 prohibit the sharing of statistical information with third parties  
2 that could affect a daily fantasy sports game until that information  
3 is publicly available;

4 not participate in a daily fantasy sports game offered by that  
5 daily fantasy sports provider;

6 adopt procedures to ensure that a daily fantasy sports participant  
7 is at least 18 years of age;

8 ensure that individuals who participate or officiate in a game that  
9 is the subject of a daily fantasy sports game shall not participate in a  
10 daily fantasy sports game that is determined, in whole or in part, on  
11 the accumulated statistical results of a team of individuals in the  
12 game or contest in which that person is a participant or official;

13 offer individuals the ability to restrict themselves from  
14 participating in daily fantasy sports games and take reasonable steps  
15 to prevent any such individual from participating in daily fantasy  
16 sports games;

17 disclose the number of entries a participant may submit to each  
18 daily fantasy sports game and take reasonable steps to prevent a  
19 participant from exceeding that number; and

20 segregate participant's funds from operational funds and  
21 maintain a reserve in cash, cash equivalents, an irrevocable letter of  
22 credit, a bond, or a combination thereof in the amount of the  
23 deposits in participants' accounts for the benefit and protection of  
24 authorized daily fantasy sports games participants funds held in  
25 daily fantasy sports game accounts.

26 g. A daily fantasy sports provider shall pay an annual  
27 registration and renewal fee in an amount equal to 9.25 percent of  
28 daily fantasy sports gross revenue.

29 With respect to a permit holder that is a casino, an entry fee,  
30 management fee, or other revenue generated from a fantasy sports  
31 game shall not be considered "gross revenue" as defined in section  
32 24 of P.L.1977, c.110 (C.5:12-24) or "Internet gaming gross  
33 revenue" as defined in section 6 of P.L.2013, c.27 (C.5:12-28.2),  
34 and no investment alternative tax provided for by any other  
35 provision of law shall apply to daily fantasy sports providers.

36 h. (1) Any person who provides daily fantasy sports games  
37 without approval of the department to do shall be subject to a fine  
38 of not more than \$25,000 and, in the case of a person other than a  
39 natural person, to a fine of not more than \$100,000, and to any other  
40 appropriate disposition authorized by law.

41 (2) Any person who knowingly tampers with software,  
42 computers, or other equipment used to conduct daily fantasy sports  
43 games to alter the odds or the payout of a game or disables the  
44 game from operating according to the rules of the game as  
45 promulgated by the department shall be subject to a fine of not  
46 more than \$50,000 and, in the case of a person other than a natural  
47 person, to a fine of not more than \$200,000, and to any other  
48 appropriate disposition authorized by law.

1 (3) Any person who knowingly offers or allows to be offered  
2 any daily fantasy sports game that has been tampered with in a way  
3 that affects the odds or the payout of a game or disables the game  
4 from operating according to the rules of the game as promulgated  
5 by the department shall be subject to a fine of not more than  
6 \$50,000 and, in the case of a person other than a natural person, to a  
7 fine of not more than \$200,000, and to any other appropriate  
8 disposition authorized by law.

9 (4) Any person who violates any provision of this section shall  
10 be subject to a fine of not more than \$25,000 and, in the case of a  
11 person other than a natural person, to a fine of not more than  
12 \$100,000, and to any other appropriate disposition authorized by  
13 law.

14 (5) Notwithstanding the penalties provided for in this  
15 subsection, the department shall, in accordance with the  
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
17 seq.), adopt and promulgate such rules and regulations as may be  
18 necessary to address additional violations of this section. The  
19 department shall also have the authority to disqualify a provider  
20 when the provider withdraws from the operation of daily fantasy  
21 sports games, by suspending the operations of the provider, or by  
22 revoking the permit to conduct such operations.

23 i. Daily fantasy sports games shall be conducted in New Jersey  
24 only in accordance with the provisions of this section.  
25

26 2. This act shall take effect on the 90th day after the date of  
27 enactment, except that the Department of Law and Public Safety  
28 may take any anticipatory administrative actions in advance as shall  
29 be necessary for the implementation of this act.  
30

31

#### 32 STATEMENT

33

34 This bill provides that the Department of Law and Public Safety  
35 will issue permits to casino licensees and other business entities that  
36 desire to conduct daily fantasy sports games in New Jersey and will  
37 be responsible for regulating that activity. The department will  
38 charge each participating casino or daily fantasy sports provider a  
39 permit fee in an amount sufficient to cover the department's cost in  
40 issuing daily fantasy sports permits and overseeing the conduct of  
41 such games.

42 With respect to a permit holder that is a casino, all equipment  
43 used by the holder of the permit, including computers and servers,  
44 to conduct daily fantasy sports games shall be physically located  
45 within the boundaries of Atlantic City for the location of Internet  
46 gambling equipment.

47 With respect to a daily fantasy sports provider that is not a  
48 casino, at least one server used to conduct daily fantasy sports

1 games shall be physically located within the boundaries of the  
2 Atlantic City on or before January 1, 2018.

3 The bill also provides that:

4 the outcome of a game will be determined by statistics generated  
5 based on the performance of actual individuals participating in real  
6 professional or collegiate athletic events;

7 all prizes offered to participants will be established and disclosed  
8 in advance to all participants;

9 the outcome will not be based solely on the performance of an  
10 individual athlete, or on the score, point spread, or any performance  
11 of a single real team or combination of real teams;

12 a daily fantasy sports provider may permit participant to use a  
13 mobile wagering account or a participant deposit account;

14 a casino licensee may use its facilities to accept entry fees and to  
15 pay prizes;

16 a casino licensee may partner with, or enter into a contract with,  
17 one or more daily fantasy sports providers to offer daily fantasy  
18 sports games;

19 a participant in a daily fantasy sports game must be at least 18  
20 years of age;

21 a person listed on a casino gambling self-exclusion list or  
22 Internet gaming self-exclusion list will not be allowed to participate  
23 in a daily fantasy sports game; and

24 a casino or a daily fantasy sports provider will not market daily  
25 fantasy sports to any person listed on a casino gambling self-  
26 exclusion list or Internet gaming self-exclusion list.

27 In addition, the bill contains provisions to address ethical issues  
28 that may confront casinos and daily fantasy sports providers. A  
29 casino or provider must:

30 prohibit its employees, and immediate family members thereof  
31 living in the same household, from participating in a daily fantasy  
32 sports game offering a cash prize greater than \$5;

33 prohibit the sharing of statistical information with third parties  
34 that could affect a daily fantasy sports game until that information  
35 is publicly available;

36 not participate in a daily fantasy sports game offered by that  
37 casino or daily fantasy sports provider;

38 adopt procedures to ensure that a daily fantasy sports participant  
39 is at least 18 years of age;

40 ensure that individuals who participate or officiate in a game that  
41 is the subject of a daily fantasy sports game shall not participate in a  
42 daily fantasy sports game that is determined, in whole or in part, on  
43 the accumulated statistical results of a team of individuals in the  
44 game or contest in which that person is a participant or official;

45 offer individuals the ability to restrict themselves from  
46 participating in daily fantasy sports games and take reasonable steps  
47 to prevent any such individual from participating in daily fantasy  
48 sports games;

1 disclose the number of entries a participant may submit to each  
2 daily fantasy sports game and take reasonable steps to prevent a  
3 participant from exceeding that number; and

4 segregate participant's funds from operational funds and  
5 maintain a reserve in cash, cash equivalents, an irrevocable letter of  
6 credit, a bond, or a combination thereof in the amount of the  
7 deposits in participant accounts for the benefit and protection of  
8 authorized daily fantasy sports games participants funds held in  
9 daily fantasy sports game accounts.

10 The bill imposes an annual registration and renewal fee for all  
11 daily fantasy sports providers in an amount equal to 9.25% of daily  
12 fantasy sports gross revenue. Also, the bill sets forth penalties for  
13 violations of the provisions of the bill and regulations.

14 Daily fantasy sports games will be conducted in New Jersey only  
15 in accordance with the bill's provisions.

16 The bill will take effect on the 90th day after the date of  
17 enactment, but the Department of Law and Public Safety may take  
18 any anticipatory administrative actions in advance as may be  
19 necessary for the bill's implementation.