

SENATE, No. 3536

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED NOVEMBER 30, 2017

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Allows Internet gaming equipment to be located outside Atlantic City for certain international gaming purposes, subject to Division of Gaming Enforcement approval.

CURRENT VERSION OF TEXT

As introduced.



S3536 LESNIAK

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1 AN ACT allowing location of Internet gaming equipment outside of
2 Atlantic City under certain circumstances and amending
3 P.L.2013, c.27.

4

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

7

8 1. Section 1 of P.L.2013, c.27 (5:12-95.17) is amended to read
9 as follows:

10 1. The Legislature finds and declares that:

11 a. The 1976 amendment to the New Jersey Constitution that
12 amended Article IV, Section VII, paragraph 2 thereof, and the
13 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), that
14 authorized casino gaming in Atlantic City casinos clearly
15 demonstrate, both through their text and their legislative history,
16 that a fundamental goal of these enactments was to achieve the
17 rehabilitation of Atlantic City as a tourist and resort destination; and

18 b. As recognized in the July 2010 Report of the Governor's
19 Advisory Commission on New Jersey Gaming, Sports, and
20 Entertainment, and as confirmed in subsequent legislative hearings
21 held in Trenton and throughout the State culminating in the
22 enactment of significant bipartisan reform legislation in February of
23 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming
24 in New Jersey presently stands at a crossroads, facing critical
25 regional and global challenges that jeopardize its important role in
26 the State's economy; and

27 c. The State and New Jersey's general public possess a vital
28 interest in the success of tourism and casino gaming in Atlantic
29 City, having established a limited exception to the general policy of
30 the State concerning gaming for private gain under Article IV,
31 Section VII, paragraph 2 of the New Jersey Constitution within
32 Atlantic City, which by reason of its location, natural resources, and
33 historical prominence and reputation as a noteworthy tourist
34 destination, has been determined by the people of this State, the
35 Legislature, and the Governor to be a unique and valuable asset that
36 must be preserved, restored, and revitalized; and

37 d. The tourist, resort, and convention industry in Atlantic City
38 constitutes a critical component of our State's economic
39 infrastructure that, if properly regulated, developed, and fostered, is
40 capable of providing a substantial contribution to the general health,
41 welfare, and prosperity of the State and its residents; and

42 e. As recognized in the State Constitution and the Casino
43 Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an
44 important component of the State's historical and ongoing
45 commitment to Atlantic City involves creating and maintaining a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 robust casino gaming industry that is capable of competing
2 regionally, nationally, and internationally at the highest levels of
3 quality while, at the same time, fully retaining strict State
4 regulatory oversight to ensure the integrity of all casino gaming
5 operations conducted in this State; and

6 f. Since the development of the Internet, millions of people
7 have chosen to gamble online through illegal off-shore operators,
8 and such gambling is conducted without oversight, regulation,
9 enforcement, or consumer protections, all of which raise significant
10 concerns for the protection of individuals and consumers in this
11 State; and

12 g. In October 2006, the United States Congress passed the
13 Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et
14 seq., which generally prohibits the use of banking instruments,
15 including credit cards, checks, and fund transfers, for interstate
16 Internet gambling, essentially prohibiting online gambling by
17 United States citizens, but which includes exceptions that permit
18 individual states to create a regulatory framework to enable
19 intrastate Internet gambling, provided that the bets or wagers are
20 made exclusively within a single state under certain circumstances;
21 and

22 h. An effective State regulatory and licensing system for
23 participating in online gaming would increase public trust and
24 confidence in legalized gambling, inhibit wagering by underage or
25 otherwise vulnerable individuals, ensure that any games offered
26 through the Internet are fair and safe, end the practice of sending
27 much-needed jobs and tax revenue overseas to illegal operators
28 while creating jobs and economic development in Atlantic City, and
29 ensure that only those of good character and fitness who meet strict
30 criteria may participate in Internet gaming operations in New
31 Jersey; and

32 i. Moreover, providing regulators and law enforcement with
33 the tools to restrict and stop the illegal Internet gambling market
34 that takes place via the Internet in foreign jurisdictions and
35 authorizing strict controls over how Atlantic City casinos may
36 accept wagers placed over the Internet for games conducted in
37 Atlantic City casinos will assist and enhance the rehabilitation and
38 redevelopment of existing tourist and convention facilities in
39 Atlantic City consistent with the original intent of the Casino
40 Control Act and will further assist in marketing Atlantic City to
41 customers that now have the convenience of gambling in
42 jurisdictions closer to their homes through the legalization of
43 gambling in states throughout the United States over the past three
44 decades; and

45 j. Internet gaming, as defined and strictly limited in P.L.2013,
46 c.27 (C.5:12-95.17 et al.), is unlike pari-mutuel wagering and other
47 forms of remote gambling and will take place entirely on the servers
48 and computer equipment located in the casino based in Atlantic City

1 or in another facility in Atlantic City owned or leased by the casino
2 licensee and thereby considered to be part of the casino hotel
3 facility that is secure, inaccessible to the public, and specifically
4 designed to house that equipment, and where the equipment will be
5 under the complete control of a casino licensee or its Internet
6 gaming affiliate. By contrast, in off-track pari-mutuel simulcast
7 wagering, the customer places a wager at an off-track facility, the
8 wager is accepted by the off-track facility, as evidenced by issuance
9 of a ticket, and any amounts paid on a winning wager are paid out
10 and received at the off-track facility. Any rights on the part of a
11 customer in the event of a dishonored, misdirected or other
12 frustrated pari-mutuel wager arise against the off-track facility
13 where the wager is placed and received, not against the remote track
14 at which the race is run; and

15 k. [Internet gaming as authorized and limited under this act, on
16 the other hand, requires that all hardware, software, and other
17 equipment that is involved with Internet gaming will be located in
18 casino facilities in Atlantic City or in other facilities in Atlantic
19 City owned or leased by a casino licensee and thereby considered to
20 be part of a casino hotel facility that are secure, inaccessible to the
21 public, and specifically designed to house that equipment, and
22 where the equipment will be under the complete control of a casino
23 licensee or its Internet gaming affiliate. All that is needed by a
24 customer is a computing or similar device of general application
25 and a communications connection through a common carriage or
26 similar medium. For example, in an online poker or other card
27 game, the "table" is the server hosted by the operator in the casino
28 premises in Atlantic City. The "cards" are played on that table in
29 Atlantic City, and the wager is placed on and accepted at that table.
30 No activity other than the transmission of information to and from
31 the players along common carriage lines takes place outside of
32 Atlantic City; and

33 l. Pursuant to the 1976 amendment to the New Jersey State
34 Constitution and the express authorization to the Legislature to
35 determine the type of gambling games that may be conducted in
36 casinos under regulation and control by the State, the Legislature
37 hereby declares that in furtherance of the goals of the Casino
38 Control Act and in recognition that the technologies necessary to
39 support Internet gaming can be prescribed and implemented in a
40 manner that ensures all such gambling activity occurs within
41 casinos located in Atlantic City or in other facilities in Atlantic City
42 owned or leased by a casino licensee and thereby considered to be
43 part of a casino hotel facility that are secure, inaccessible to the
44 public, and specifically designed to house Internet gaming
45 equipment, and where that equipment will be under the complete
46 control of a casino licensee or its Internet gaming affiliate, it is
47 appropriate that the Casino Control Act be amended and
48 supplemented to authorize licensed casino operators to conduct such

1 games within the casino premises with all wagering to be conducted
2 solely within the casinos. In the coming years, the global online
3 gambling market is expected to see a compound annual growth rate,
4 and the largest share of online gambling revenue comes from
5 Europe totaling nearly \$15 billion a year and growing at a faster
6 rate than the rest of the world; and

7 1. Since its inception under P.L.2013, c.27 (C.5:12-95.17 et
8 al.), Internet gaming has resulted in economic benefits to Atlantic
9 City and to this State, and is estimated to have produced, within the
10 first three years of implementation, approximately \$998 million in
11 economic output, over 3,000 jobs, \$219 million in employee wages,
12 and \$124 million in tax revenues, of which \$84 million derive from
13 Internet gaming revenue alone. The provisions in this act,
14 P.L. c. (C.) (pending before the Legislature as this bill),
15 permitting Internet gaming equipment to be located outside of the
16 territorial boundaries of Atlantic City if necessary to facilitate the
17 conduct of international wagering, would increase the economic
18 benefit of Internet gaming to Atlantic City and to this State.

19 (cf: P.L.2014, c.23, s.1)

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21 2. Section 29 of P.L.2013, c.27 (C.5:12-95.31) is amended to
22 read as follows:

23 29. Notwithstanding any other provision of P.L.2013, c.27
24 (C.5:12-95.17 et al.), wagers may be accepted thereunder from
25 persons who are not physically present in this State if the Division
26 of Gaming Enforcement in the Department of Law and Public
27 Safety determines that such wagering is not inconsistent with
28 federal law or the law of the jurisdiction, including any foreign
29 nation, in which any such person is located, or such wagering is
30 conducted pursuant to a reciprocal agreement to which this State is
31 a party that is not inconsistent with federal law. The division may
32 permit Internet gaming equipment to be located outside of the
33 territorial boundaries of Atlantic City if the division deems it
34 necessary to facilitate the conduct of international wagering
35 permitted under this section.

36 (cf: P.L.2013, c.27, s.29)

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38 3. This act shall take effect immediately.

41 STATEMENT

42
43 Under current law, Internet gaming equipment is required to be
44 located within the territorial boundaries of Atlantic City. Current
45 law also permits the Division of Gaming Enforcement in the
46 Department of Law and Public Safety to allow the acceptance of
47 wagers from persons outside of this State if the division determines
48 that such wagering is not inconsistent with federal law or the law of

S3536 LESNIAK

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1 the jurisdiction, including any foreign nation, in which any such
2 person is located, or such wagering is conducted pursuant to a
3 reciprocal agreement to which this State is a party that is not
4 inconsistent with federal law.

5 This bill allows the division to permit Internet gaming equipment
6 to be located outside of Atlantic City if the division deems it
7 necessary to facilitate the conduct of international Internet
8 wagering.