

ASSEMBLY, No. 4111

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JUNE 4, 2018

Sponsored by:

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

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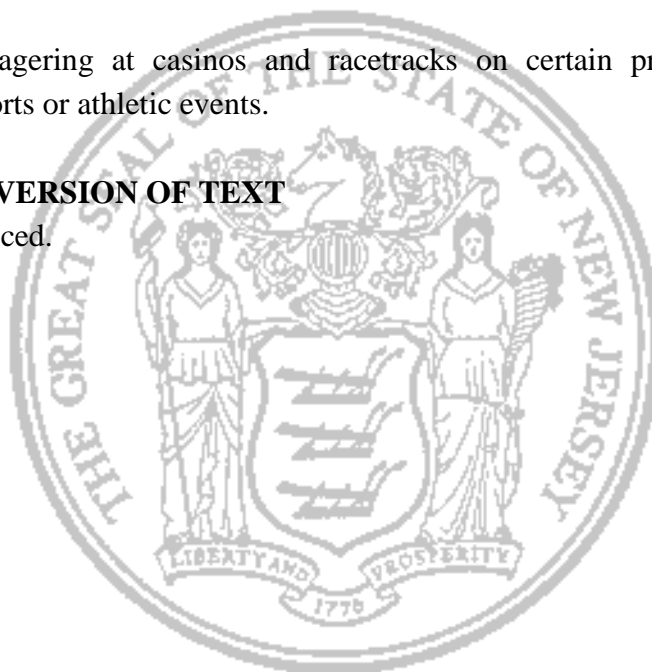
**Assemblywoman Murphy, Assemblymen Holley, Land, DeAngelo,
Andrzejczak, Thomson, Dancer and Assemblywoman Swain**

SYNOPSIS

Allows wagering at casinos and racetracks on certain professional and collegiate sports or athletic events.

CURRENT VERSION OF TEXT

As introduced.



A4111 HOUGHTALING, BURZICHELLI

2

1 AN ACT allowing wagering at casinos and racetracks on the results
2 of certain professional or collegiate sports or athletic events,
3 supplementing Title 5 of the Revised Statutes, amending and
4 repealing various parts of the statutory law.

5

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

8

9 1. (New section) As used in this act:

10 "casino" means a licensed casino or gambling house located in
11 Atlantic City at which casino gambling is conducted pursuant to the
12 provisions of P.L.1977, c.110 (C.5:12-1 et seq.);

13 "commission" means the Casino Control Commission
14 established pursuant to section 50 of P.L.1977, c.110 (C.5:12-50);

15 "collegiate sport or athletic event" means a sport or athletic event
16 offered or sponsored by or played in connection with a public or
17 private institution that offers educational services beyond the
18 secondary level;

19 "division" means the Division of Gaming Enforcement
20 established pursuant to section 55 of P.L.1977, c.110 (C.5:12-55);

21 "former racetrack" means any former racetrack where a horse
22 race meeting was conducted within 15 years prior to the effective
23 date of P.L.2014, c.62 (C.5:12A-7 et seq.), excluding premises
24 other than the land contained within the racecourse oval;

25 "Internet sports pool operator" means an entity that is licensed as
26 a casino service industry enterprise pursuant to section 92 of
27 P.L.1977, c.110 (C.5:12-92) and that holds a permit issued by the
28 division to operate an online sports pool;

29 "online sports pool" means a sports wagering operation in which
30 wagers on sports events are made through computers or mobile or
31 interactive devices and accepted at a sports wagering lounge
32 through an online gaming system which is operating pursuant to a
33 sports wagering permit issued by the division or racing commission
34 pursuant to P.L. , c. (C.) (pending before the Legislature as
35 this bill);

36 "operator" means a casino or a racetrack which has elected to
37 operate a sports pool, either independently or jointly, and any entity
38 with whom a casino or racetrack licensed to operate a sports pool
39 contracts to operate a sports pool or online sports pool, including an
40 Internet sports pool operator, on its behalf;

41 "professional sport or athletic event" means an event at which
42 two or more persons participate in sports or athletic events and
43 receive compensation in excess of actual expenses for their
44 participation in such event;

45 "prohibited sports event" means any collegiate sport or athletic
46 event that takes place in New Jersey or a sport or athletic event in

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 which any New Jersey college team participates regardless of where
2 the event takes place. A “prohibited sports event” does not include
3 the other games of a collegiate sport or athletic tournament in which
4 a New Jersey college team participates, nor does it include any
5 games of a collegiate tournament that occurs outside New Jersey
6 even though some of the individual games or events are held in
7 New Jersey. A prohibited sports event includes all high school
8 sports events, electronic sports, and competitive video games but
9 does not include international sports events in which persons under
10 age 18 make up a minority of the participants;

11 "racetrack" means the physical facility and the land, as of the
12 effective date of P.L. , c. (C.) (pending before the Legislature
13 as this bill), where a permit holder conducts a horse race meeting
14 with wagering under a license issued by the racing commission
15 pursuant to P.L.1940, c.17 (C.5:5-22 et seq.), and includes any
16 former racetrack;

17 "racing commission" means the New Jersey Racing Commission
18 established by section 1 of P.L.1940, c.17 (C.5:5-22);

19 "sports event" means any professional sport or athletic event, any
20 Olympic or international sports competition event and any
21 collegiate sport or athletic event, or any portion thereof, including,
22 but not limited to, the individual performance statistics of athletes
23 in a sports event or combination of sports events, except “sports
24 event” shall not include a prohibited sports event or a fantasy sports
25 activity, as defined in section 2 of P.L.2017, c.231 (C.5:20-2);

26 "sports pool" means the business of accepting wagers on any
27 sports event by any system or method of wagering, including but
28 not limited to single-game bets, teaser bets, parlays, over-under,
29 moneyline, pools, exchange wagering, in-game wagering, in-play
30 bets, proposition bets, and straight bets; and

31 "sports wagering lounge" means an area wherein a licensed
32 sports pool is operated located in a casino hotel or racetrack.

33

34 2. (New section) a. In addition to casino games permitted
35 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a
36 casino which holds a sports wagering license issued by the division
37 may operate a sports pool in accordance with the provisions of this
38 act and applicable regulations promulgated pursuant to this act. A
39 racetrack which holds a sports wagering license issued by the racing
40 commission may operate a sports pool in accordance with the
41 provisions of this act and applicable regulations promulgated
42 pursuant to this act. A casino which holds a sports wagering license
43 and a racetrack which holds a sports wagering license may enter
44 into an agreement to jointly operate a sports pool at the racetrack, in
45 accordance with the provisions of this act and applicable
46 regulations promulgated pursuant to this act. A casino or racetrack
47 that holds a sports wagering license may conduct an online sports
48 pool or may authorize an internet sports pool operator licensed as a

1 casino service industry enterprise pursuant to section 92 of
2 P.L.1977, c.110 (C.5:12-92), or an applicant for such license, to
3 operate an online sports pool on its behalf provided the terms of the
4 agreement are approved by the division, in the case of a casino, or
5 the racing commission, in the case of a racetrack; provided,
6 however, that each sports wagering licensee may provide no more
7 than three individually branded websites, each of which may have
8 an accompanying mobile application bearing the same brand as the
9 website for an online sports pool, those websites and mobile
10 applications, in the case of a casino being in addition to or, in the
11 discretion of the casino, in conjunction with, any websites and
12 mobile applications that also offer other types of Internet gaming
13 pursuant to P.L.2013, c.27 (C.5:12-95.17 et seq.). No online sports
14 pool shall be opened to the public, and no sports wagering, except
15 for test purposes, may be conducted therein, until an Internet sports
16 pool operator receives from the division a permit to conduct an
17 online sports pool. Sports wagering licensees and operators may
18 provide promotional credits, incentives, bonuses, complimentaries,
19 or similar benefits designed to induce sports betters to wager. The
20 division, in consultation with the commission, shall establish by
21 rule standards governing the provision of these measures.

22 With regard to this act, P.L. , c. (C.) (pending before the
23 Legislature as this bill), the duties specified in section 63 of
24 P.L.1977, c.110 (C.5:12-63) of the Casino Control Commission
25 shall apply to the extent not inconsistent with the provisions of this
26 act. In addition to the duties specified in section 76 of P.L.1977,
27 c.110 (C.5:12-76), the division or racing commission, as required
28 pursuant to this act, shall hear and decide promptly and in
29 reasonable order all applications for a license to operate a sports
30 pool. In addition to the duties specified in section 76 of P.L.1977,
31 c.110 (C.5:12-76), the division shall have the general responsibility
32 for the implementation of this act, except with respect to the
33 authority to issue sports wagering licenses to a racetrack as
34 provided by this act, and shall have all other duties specified in that
35 section with regard to the operation of a sports pool.

36 The license to operate a sports pool shall be in addition to any
37 other license required to be issued pursuant to P.L.1977, c.110
38 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
39 (C.5:5-22 et seq.) to conduct horse racing. The division and the
40 racing commission shall each have the authority to charge a casino
41 or a racetrack a fee for the issuance or renewal of a sports wagering
42 license in an amount that is based upon the expense associated with
43 such issuance or renewal. No sports wagering license shall be
44 issued by the division or racing commission to any entity unless it
45 has established its financial stability, integrity and responsibility
46 and its good character, honesty and integrity. No casino or
47 racetrack shall be permitted to operate a sports pool or accept
48 wagers via an online sports pool unless a sports wagering lounge is

1 established and has commenced operation in its facility; provided,
2 however, that an applicant for a sports wagering license may
3 petition the agency issuing the sports wagering license pursuant to
4 this act to commence operation of the sports pool at a temporary
5 facility and/or an online sports pool during the pendency of
6 construction of a sports wagering lounge in its facility. Such
7 temporary facility may include, at the discretion of the agency
8 issuing the sports wagering license pursuant to this act, the
9 utilization of designated windows at the current casino cage or
10 racetrack betting window for purposes of placing sports betting
11 wagers and self-service wagering machines located at the racetrack
12 or casino hotel complex. No license to operate a sports pool shall
13 be issued to any entity which is disqualified under the criteria of
14 section 86 of P.L.1977, c.110 (C.5:12-86) or to any person that
15 operated a sports pool in New Jersey within one year prior to the
16 enactment of this act.

17 No later than five years after the date of the issuance of a license
18 and every five years thereafter or within such lesser periods as the
19 agency issuing the sports wagering license pursuant to this act may
20 direct, a licensee shall submit to the said agency such
21 documentation or information as the division or racing commission
22 may by regulation require, to demonstrate to the satisfaction of the
23 agency that the licensee continues to meet the requirements of the
24 law and regulations.

25 The division and the racing commission following consultation
26 with the sports wagering licensees shall annually cause a report to
27 be prepared and distributed to the Governor on the impact of sports
28 wagering, including Internet wagering on sports events, on problem
29 gamblers and gambling addiction in New Jersey. The report shall
30 be prepared by a private organization or entity with expertise in
31 serving the needs of persons with gambling addictions, which
32 organization or entity shall be selected jointly by the division and
33 the racing commission. The report shall be prepared and distributed
34 under the supervision of, and in coordination with, the division and
35 the racing commission. Any costs associated with the preparation
36 and distribution of the report shall be borne by casino and racetrack
37 licensees who have been authorized by the division or the racing
38 commission to conduct Internet gaming and the division and the
39 racing commission shall be authorized to assess a fee against such
40 licensees for these purposes. The division and the racing
41 commission may also report periodically to the Governor on the
42 effectiveness of the statutory and regulatory controls in place to
43 ensure the integrity of gaming operations through the Internet.

44 b. A sports pool shall be operated in a sports wagering lounge
45 located at a casino or racetrack. A sports wagering lounge may be
46 located at a casino simulcasting facility. The lounge shall conform
47 to all requirements concerning square footage, design, equipment,
48 security measures and related matters which the division shall by

1 regulation prescribe. The space required for the establishment of a
2 lounge shall not reduce the space authorized for casino gaming
3 activities as specified in section 83 of P.L.1977, c.110 (C.5:12-83).

4 c. No sports pool or online sports pool shall be offered or made
5 available for wagering to the public by any entity other than a sports
6 wagering licensee, pursuant to P.L. , c. (C.) (pending before
7 the Legislature as this bill), an applicant for such license, operating
8 such pool on behalf of a licensee, or an Internet sports pool
9 operator, on behalf of a sports wagering licensee. Any person who
10 offers a sports pool or an online sports pool without approval of the
11 division or racing commission to do so is guilty of a crime of the
12 fourth degree and notwithstanding the provisions of N.J.S.2C:43-3,
13 shall be subject to a fine of not more than \$25,000. and in the case
14 of a person other than a natural person, to a fine of not more than
15 \$100,000. and any other appropriate disposition authorized by
16 subsection b. of N.J.S.2C:43-2.

17 d. The operator shall establish or display the odds at which
18 wagers may be placed on sports events.

19 e. An operator shall accept wagers on sports events only from
20 persons physically present in the sports wagering lounge; through
21 self-service wagering machines located in its facility as authorized
22 by the agency issuing the sports wagering license; or through an
23 online sports pool. A person placing a wager on a sports event shall
24 be at least 21 years of age.

25 f. (1) Any person who is an athlete, coach, referee, direct or
26 indirect legal or beneficial owner of 10 percent or greater, or
27 director of a sports governing body or any of its member teams, a
28 sports governing body or any of its member teams, a player or a
29 referee personnel member, in or on any sports event overseen by
30 that person's sports governing body based on publicly available
31 information; a person who holds a position of authority or influence
32 sufficient to exert influence over the participants in a sporting
33 contest, including but not limited to coaches, managers, handlers,
34 athletic trainers, or horse trainers; a person with access to certain
35 types of exclusive information on any sports event overseen by that
36 person's sports governing body based on publicly available
37 information, or a person identified by any lists provided by the
38 sports governing body to the division and the racing commission
39 shall not be permitted to have any ownership interest in, control of,
40 or otherwise be employed by an operator, a sports wagering
41 licensee, or a facility in which a sports wagering lounge is located
42 or place a wager on a sports event that is overseen by that person's
43 sports governing body based on publicly available information.
44 Any employee of a sports governing body or its member teams who
45 is not prohibited from wagering on a sports event shall,
46 nevertheless, provide notice to the division prior to placing a wager
47 on a sports event. Any person who violates this paragraph shall be
48 guilty of a disorderly persons offense and shall be fined not less

1 than \$500. not more than \$1,000.

2 (2) The prohibition set forth in section f (1) shall not apply to
3 any person who is a direct or indirect owner of a specific sports
4 governing body member team and (i) has less than 10 percent direct
5 or indirect ownership interest in a casino or racetrack or (ii) the
6 shares of such person are registered pursuant to section 12 of the
7 Securities Exchange Act of 1934, as amended (15 U.S.C. s.781),
8 and the value of the ownership of such team represents less than
9 one percent of the person's total enterprise value.

10 (3) To the extent a person does not qualify for the exemption set
11 forth in section f (2), the agency issuing the sports wagering license
12 pursuant to this act, may grant a sports wagering license to a person
13 that is a direct or indirect legal or beneficial owner of 10 percent or
14 greater of a sports governing body's member team or teams
15 provided that such person divests of the disqualifying asset within
16 one year of its application for a sports wagering license. Any
17 person who fails to divest of the disqualifying asset shall be
18 required to immediately surrender their sports wagering license and
19 any profits derived from the operation of the sports pool during the
20 period of operation shall be paid to the State.

21 (4) An operator shall adopt procedures to prevent persons from
22 wagering on sports events who are prohibited from placing sports
23 wagers. An operator shall not accept wagers from any person
24 whose identity is known to the operator and:

25 whose name appears on the exclusion list maintained by the
26 division pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);

27 whose name appears on any self-exclusion list maintained by the
28 division pursuant to sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2
29 and C.5:12-71.3, respectively);

30 who is the operator, director, officer, owner, or employee of the
31 operator or any relative thereof living in the same household as the
32 operator;

33 who has access to nonpublic confidential information held by the
34 operator; or

35 who is an agent or proxy for any other person.

36 (5) An operator shall adopt procedures to obtain personally
37 identifiable information from any individual who places any single
38 wager in an amount of \$10,000 or greater on a sports event while
39 physically present in a racetrack facility or a casino.

40 Sections 1 and 2 of P.L.2002, c.89 (C.5:5-65.1 and C.5:5-65.2,
41 respectively) shall apply to the conduct of sports wagering under
42 this act.

43 g. The holder of a sports wagering license may contract with an
44 entity to conduct that operation, in accordance with the regulations
45 of the division. That entity shall obtain a license as a casino service
46 industry enterprise prior to the execution of any such contract, and
47 such license shall be issued pursuant to the provisions of P.L.1977,
48 c.110 (C.5:12-1 et seq.) and in accordance with the regulations

1 promulgated by the division in consultation with the commission.

2 h. If any provision of this act, P.L. , c. (C.) (pending
3 before the Legislature as this bill), or its application to any person
4 or circumstance, is held invalid, the invalidity shall not affect other
5 provisions or applications of this act which can be given effect
6 without the invalid provision or application, and to this end the
7 provisions of this act are severable.

8 i. An operator shall promptly report to the division:

9 any criminal or disciplinary proceedings commenced against the
10 operator or its employees in connection with the operations of the
11 sports pool or online sports pool;

12 any abnormal betting activity or patterns that may indicate a
13 concern about the integrity of a sports event or events;

14 any other conduct with the potential to corrupt a betting outcome
15 of a sports event for purposes of financial gain, including but not
16 limited to match fixing; and

17 suspicious or illegal wagering activities, including the use of
18 funds derived from illegal activity, wagers to conceal or launder
19 funds derived from illegal activity, use of agents to place wagers, or
20 use of false identification.

21 The division is authorized to share any information under this
22 section with any law enforcement entity, team, sports governing
23 body, or regulatory agency the division deems appropriate.

24 j. An operator shall maintain records of sports wagering
25 operations in accordance with regulations promulgated by the
26 division.

27 k. Notwithstanding any law to the contrary or any restrictions,
28 the holder of a sports wagering license, or the operator, at no cost to
29 the entity, shall be entitled to receive a plenary retail consumption
30 license for the sale of alcoholic beverages in, on or about any
31 premises licensed as a sports lounge, pursuant to the provisions of
32 R.S.33:1-12.

33 l. A sports wagering licensee may, in addition to having a
34 sports wagering lounge, conduct wagering on authorized sports
35 events through one or more kiosks or self-service wagering stations
36 located within its facility. Such self-service wagering stations
37 located at a casino may offer any game authorized under rules
38 established by the division. Such self-service wagering stations
39 located at a racetrack may offer wagering only on authorized sports
40 events and horse races.

41 m. All wagers on sports events authorized under this provision
42 shall be initiated, received and otherwise made within this State
43 unless otherwise determined by the division in accordance with
44 applicable federal and state laws. Consistent with the intent of the
45 United States Congress as articulated in the Unlawful Internet
46 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the
47 intermediate routing of electronic data relating to a lawful intrastate
48 wager authorized under this provision shall not determine the

1 location or locations in which such wager is initiated, received or
2 otherwise made.

3
4 3. (New section) a. Corporate applicants for and holders of a
5 sports wagering license shall be required to disclose the identity of
6 the following: each board appointed officer of the corporation; each
7 director of the corporation; each person who directly holds any
8 voting or controlling interest of 5 percent or more of the securities
9 issued by such applicant or holder; each person who directly holds
10 any non-voting or passive ownership interest of 25 percent or more
11 of the securities issued by such applicant or holder; and each
12 holding or intermediary company of an applicant for or holder of an
13 operator.

14 b. As to each holding, intermediary and subsidiary company of
15 an applicant for or holder of a sports wagering license, such
16 applicants and holders shall be required to establish and maintain
17 the qualifications of the following: each board appointed officer of
18 the corporation; each director of the corporation; each person who
19 directly holds any voting or controlling interest of 5 percent or more
20 of the securities issued by such applicant or holder; and each person
21 who directly holds any non-voting or passive ownership interest of
22 25 percent or more in such holding or intermediary company.

23 c. The racing commission or the division shall have the
24 authority to waive any or all of the qualification requirements for
25 any person listed in subsections a. or b. of this section.

26 d. All persons employed directly in wagering-related activities
27 conducted within a casino or a racetrack in a sports wagering
28 lounge and an online sports pool shall be licensed as a casino key
29 employee or registered as a casino employee, as determined by the
30 commission, pursuant to the provisions of P.L.1977, c.110 (C.5:12-
31 1 et seq.). All other employees who are working in the sports
32 wagering lounge may be required to be registered, if appropriate, in
33 accordance with regulations of the division promulgated in
34 consultation with the commission.

35 e. Each operator shall designate one or more casino key
36 employees who shall be responsible for the operation of the sports
37 pool. At least one such casino key employee shall be on the
38 premises whenever sports wagering is conducted.

39
40 4. (New section) a. Except as otherwise provided by this act,
41 the division shall have the authority to regulate sports pools, online
42 sports pools, and the conduct of sports wagering under this act to
43 the same extent that the division regulates casino games. No casino
44 or racetrack shall be authorized to operate a sports pool or online
45 sports pool unless it has produced, to the satisfaction of the agency
46 issuing the sports wagering license, information, documentation,
47 and assurances concerning its financial background and resources,
48 including cash reserves, that are sufficient to demonstrate that it has

1 the financial stability, integrity, and responsibility to operate a
2 sports pool or online sports pool. In developing rules and
3 regulations applicable to sports wagering, the division may examine
4 the regulations implemented in other states where sports wagering
5 is conducted and may, as far as practicable, adopt a similar
6 regulatory framework. The division, in consultation with the
7 commission, shall promulgate regulations necessary to carry out the
8 provisions of this act, including, but not limited to, regulations
9 governing the:

10 (1) amount of cash reserves to be maintained by operators to
11 cover winning wagers;

12 (2) acceptance of wagers on a series of sports events;

13 (3) maximum wagers which may be accepted by an operator
14 from any one patron on any one sports event;

15 (4) type of wagering tickets which may be used;

16 (5) method of issuing tickets;

17 (6) method of accounting to be used by operators;

18 (7) types of records which shall be kept;

19 (8) use of credit and checks by patrons;

20 (9) type of system for wagering;

21 (10) protections for a person placing a wager; and

22 (11) display of the words, "If you or someone you know has a
23 gambling problem and wants help, call 1-800 GAMBLER," or some
24 comparable language approved by the division, which language
25 shall include the words "gambling problem" and "call 1-800
26 GAMBLER," in all print, billboard, sign, online, or broadcast
27 advertisements of a sports pool and online sports pool and in every
28 sports wagering lounge.

29 b. Notwithstanding any other provision of P.L. c. (C.)
30 (pending before the Legislature as this bill) or of the Administrative
31 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
32 contrary, during the 90-day period following the effective date of
33 this act, the division and the racing commission may, after notice
34 provided in accordance with this subsection, summarily adopt,
35 amend, or repeal any order, rule, or regulation for a period not to
36 exceed 270 days for the purpose of ensuring the expeditious and
37 effective implementation of sports wagering at casinos or racetracks
38 in accordance with this act. Any summary rulemaking authorized
39 by this subsection shall be subject to such terms and conditions as
40 the division and the racing commission may deem appropriate.
41 Such rules shall be effective when published by the division and the
42 racing commission on their respective websites and shall allow for
43 the immediate application of ant racetrack licensed by the racing
44 commission, or casino licensed by the division, to the respective
45 agency by which they are currently licensed or permitted, for a
46 transactional waiver to immediately commence sports wagering.
47 Upon the filing of such application, these rules shall further provide
48 that, upon a showing therein that the applicant is presently licensed

1 or permitted by the appropriate agency that a sports wagering
2 license shall immediately be issued to the respective applicant
3 allowing for its immediate commencement of sports wagering
4 subject to the condition that it conform to the entity and individual
5 or other licensing, facility and any other requirements set forth in
6 the respective rules of each within 270 days. In the event such rules
7 are not complied with within such time period, the non-complying
8 racetrack or casino will not thereafter be eligible to conduct sports
9 wagering until such compliance is achieved. Notice of any
10 emergency rulemaking action taken by the division or the racing
11 commission pursuant to this subsection shall be published in the
12 New Jersey Register, and provided to the newspapers designated by
13 the division and racing commission pursuant to subsection d. of
14 section 3 of P.L.1975, c.231 (C.10:4-8), not later than 30 days
15 subsequent to the implementation of the emergency rules. The text
16 of any emergency rule adopted by the division and the racing
17 commission pursuant to this section shall be available in each
18 racetrack, casino, sports wagering lounge, and simulcasting facility
19 implementing the provisions of emergency rulemaking.

20 c. Any person employed on the effective date of this act,
21 P.L. , c. (C.) (pending before the Legislature as this bill), by
22 a permitholder in the admissions department or parimutuel clerk
23 department of a racetrack operated by the permitholder shall be
24 given a one-time right of first refusal offer of employment at the
25 sports pool, including an online sports pool, that opens at that
26 racetrack, for the then available positions of similar employment in
27 that sports pool, or with any vendor contracting with the licensee to
28 operate the sports pool.

29
30 5. (New section) Each operator shall adopt comprehensive house
31 rules governing sports wagering transactions with its patrons which
32 shall be approved by the division. The rules shall specify the amounts
33 to be paid on winning wagers and the effect of schedule changes. The
34 house rules, together with any other information the division deems
35 appropriate, shall be conspicuously displayed in the sports wagering
36 lounge, posted on the operator's Internet website, and included in the
37 terms and conditions of the account wagering system, and copies shall
38 be made readily available to patrons.

39
40 6. (New section) Whenever a casino licensee and a racetrack
41 permit holder enter into an agreement to jointly establish a sports
42 wagering lounge, and to operate and conduct sports wagering under
43 this act, the agreement shall specify the distribution of revenues
44 from the joint sports wagering operation among the parties to the
45 agreement.

46
47 7. (New section) The sums received by the casino from sports
48 wagering or from a joint sports wagering operation, less only the

1 total of all sums actually paid out as winnings to patrons shall not
2 be taxed as gross revenue as specified under section 24 of P.L.1977,
3 c.110 (C.5:12-24) but shall be subject to an 8.5 percent tax, except
4 that sums received from Internet wagering on sports events shall be
5 subject to a 13 percent tax, which shall be paid to the Casino
6 Revenue Fund and the investment alternative tax established by
7 section 3 of P.L.1984, c.218 (C.5:12-144.1) which investment
8 alternative tax funds shall be used exclusively for the Meet Atlantic
9 City marketing program, provided, however, that the cash
10 equivalent value of any merchandise or thing of value included in a
11 jackpot or payout shall not be included in the total of all sums paid
12 out as winnings to patrons for purposes of determining revenue
13 under this paragraph.

14 The sums actually received by the horse racing permit holder
15 from any sports wagering operation, either jointly established with a
16 casino or established independently or with non-casino partners,
17 less only the total of all sums actually paid out as winnings to
18 patrons, shall be subject to an 8.5 percent tax except sums received
19 from Internet wagering on sports events shall be subject to a 13
20 percent tax, to be collected by the division and paid to the State
21 General Fund and to an additional tax of 1.25 percent on amounts
22 actually received from a sports wagering operation with 0.75
23 percent paid to the municipality and 0.5 percent paid to the county
24 in which the sports wagering lounge is located or to an economic
25 development authority of that municipality and county, as
26 determined by the governing body of the municipality or county,
27 with those amounts used for economic development purposes,
28 provided, however, that the cash equivalent value of any
29 merchandise or thing of value included in a jackpot or payout shall
30 not be included in the total of all sums paid out as winnings to
31 patrons for purposes of determining revenue under this paragraph.

32 A percentage of the fee paid for a license to operate a sports pool
33 shall be deposited into the State General Fund for appropriation by
34 the Legislature to the Department of Health and Senior Services to
35 provide funds for evidenced based prevention, education, and
36 treatment programs for compulsive gambling programs that meet
37 the criteria developed pursuant to section 2 of P.L.1993, c.229
38 (C.26:2-169), such as those provided by the Council on Compulsive
39 Gambling of New Jersey, and including the development and
40 implementation of programs that identify and assist problem
41 gamblers. The percentage shall be determined by the division.

42

43 8. (New section) Sports wagering lounges at which a sports
44 pool is operated shall be a permitted use in all commercial, retail,
45 industrial, non-residential and mixed-use zoning districts of a
46 municipality.

1 9. (New section) If a patron does not claim a winning sports
2 pool wager within one year from the time of the event, the
3 obligation of the operator to pay the winnings shall expire and the
4 funds shall be distributed as follows:

5 for wagers placed with a sports pool operated by or on behalf of
6 a casino, the casino shall retain 50 percent and remit the remaining
7 50 percent to the Casino Revenue Fund;

8 for wagers placed with a sports pool operated by or on behalf of
9 a racetrack, the racetrack shall retain 50 percent and remit the
10 remaining 50 percent to the State General Fund; and

11 for wagers placed with a sports pool jointly operated by a casino
12 and a racetrack, the casino and racetrack shall retain a total of 50
13 percent which shall be apportioned among them pursuant to the
14 terms of their operation agreement, and the remaining 50 percent
15 shall be apportioned in the same manner, with the casino percentage
16 being deposited in the Casino Revenue Fund and the racetrack
17 percentage being deposited in the State General Fund.

18

19 10. (New section) Notwithstanding any other provision of
20 P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted
21 thereunder or pooled with wagers from persons who are not
22 physically present in this State if the division determines that such
23 wagering is not inconsistent with federal law or the law of the
24 jurisdiction, including any foreign nation, in which any such person
25 is located, or such wagering is conducted pursuant to a reciprocal
26 agreement to which the State is a party that is not inconsistent with
27 federal law.

28

29 11. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to
30 read as follows:

31 24. "Gross Revenue"-- The total of all sums actually received by
32 a casino licensee from gaming operations, less only the total of all
33 sums actually paid out as winnings to patrons; provided, however,
34 that the cash equivalent value of any merchandise or thing of value
35 included in a jackpot or payout shall not be included in the total of
36 all sums paid out as winnings to patrons for purposes of
37 determining gross revenue. "Gross Revenue" shall not include any
38 amount received by a casino from casino simulcasting pursuant to
39 the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.) or
40 from sports wagering pursuant to P.L. , c. (C.) (pending
41 before the Legislature as this bill).

42 (cf: P.L.2014, c.62, s.3)

43

44 12. Section 104 of P.L.1977, c.110 (C.5:12-104) is amended to
45 read as follows:

46 104. a. Unless otherwise provided in this subsection, no
47 agreement shall be lawful which provides for the payment, however
48 defined, of any direct or indirect interest, percentage or share of:

1 any money or property gambled at a casino or simulcasting facility;
2 any money or property derived from casino gaming activity or
3 wagering at a simulcasting facility; or any revenues, profits or
4 earnings of a casino or simulcasting facility. Notwithstanding the
5 foregoing:

6 (1) Agreements which provide only for the payment of a fixed
7 sum which is in no way affected by the amount of any such money,
8 property, revenues, profits or earnings shall not be subject to the
9 provisions of this subsection; and receipts, rentals or charges for
10 real property, personal property or services shall not lose their
11 character as payments of a fixed sum because of contract, lease, or
12 license provisions for adjustments in charges, rentals or fees on
13 account of changes in taxes or assessments, cost-of-living index
14 escalations, expansion or improvement of facilities, or changes in
15 services supplied.

16 (2) Agreements between a casino licensee and a junket
17 enterprise or junket representative licensed, qualified or registered
18 in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et
19 seq.) and the regulations of the division which provide for the
20 compensation of the junket enterprise or junket representative by
21 the casino licensee based upon the actual casino gaming or
22 simulcast wagering activities of a patron procured or referred by the
23 junket enterprise or junket representative shall be lawful if filed
24 with the division prior to the conduct of any junket that is governed
25 by the agreement.

26 (3) Agreements between a casino licensee and its employees
27 which provide for casino employee or casino key employee profit
28 sharing shall be lawful if the agreement is in writing and filed with
29 the division prior to its effective date. Such agreements may be
30 reviewed by the division under any relevant provision of P.L.1977,
31 c.110 (C.5:12-1 et seq.).

32 (4) Agreements to lease an approved casino hotel or the land
33 thereunder and agreements for the complete management of all
34 casino gaming operations in a casino hotel shall not be subject to
35 the provisions of this subsection but shall rather be subject to the
36 provisions of subsections b. and c. of section 82 of this act.

37 (5) Agreements which provide for percentage charges between
38 the casino licensee and a holding company or intermediary
39 company of the casino licensee shall be in writing and filed with the
40 division but shall not be subject to the provisions of this subsection.

41 (6) Agreements relating to simulcast racing and wagering
42 between a casino licensee and an in-State or out-of-State sending
43 track licensed or exempt from licensure in accordance with section
44 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with
45 the division, and be lawful and effective only if expressly approved
46 as to their terms by the division and the New Jersey Racing
47 Commission, except that any such agreements which provide for a
48 percentage of the parimutuel pool wagered at a simulcasting facility

1 to be paid to the sending track shall not be subject to the provisions
2 of this subsection.

3 (7) Agreements relating to simulcast racing and wagering
4 between a casino licensee and a casino service industry enterprise
5 licensed pursuant to the provisions of subsection a. of section 92 of
6 P.L.1977, c.110 (C.5:12-92) as a hub facility, as defined in joint
7 regulations of the Division of Gaming Enforcement and the New
8 Jersey Racing Commission, shall be in writing, be filed with the
9 commission, and be lawful and effective only if expressly approved
10 as to their terms by the commission and the New Jersey Racing
11 Commission, except that any such agreements which provide for a
12 percentage of the casino licensee's share of the parimutuel pool
13 wagered at a simulcasting facility to be paid to the hub facility shall
14 not be subject to the provisions of this subsection.

15 (8) Agreements relating to simulcast racing and wagering
16 between a casino licensee and a casino service industry enterprise
17 licensed pursuant to the provisions of subsection a. of section 92 of
18 P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a
19 simulcasting facility shall be in writing, be filed with the
20 commission, and be lawful and effective only if expressly approved
21 as to their terms by the commission, except that any such
22 agreements which provide for a percentage of the casino licensee's
23 share of the parimutuel pool wagered at a simulcasting facility to be
24 paid to the casino service industry enterprise shall not be subject to
25 the provisions of this subsection.

26 (9) Written agreements relating to the operation of multi-casino
27 or multi-state progressive slot machine systems between one or
28 more casino licensees and a casino service industry enterprise
29 licensed pursuant to the provisions of subsection a. of section 92 of
30 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such
31 license, which provide for an interest, percentage or share of the
32 casino licensee's revenues, profits or earnings from the operation of
33 such multi-casino or multi-state progressive slot machines to be
34 paid to the casino service industry enterprise licensee or applicant
35 shall not be subject to the provisions of this subsection if the
36 agreements are filed with and approved by the division.

37 (10) A written agreement between a casino licensee and a casino
38 service industry enterprise licensed pursuant to subsection a. of
39 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
40 for such license, relating to the construction, renovation or
41 operation of qualifying sleeping units, as defined in section 27 of
42 P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as
43 defined by the division, within the limits of the city of Atlantic
44 City, regardless of whether such qualifying sleeping units or non-
45 gaming amenities are connected to a casino hotel facility, which
46 provides for an interest, percentage or share of the casino licensee's
47 revenues, profits or earnings, not to exceed 5% of the casino
48 licensee's revenues, to be paid to the casino service industry

1 enterprise licensee or applicant in return for the construction,
2 renovation or operation of such qualifying sleeping units or non-
3 gaming amenities shall not be subject to the provisions of this
4 subsection provided that: (i) the agreement requires a capital
5 investment, at least 10% of which shall be made by the casino
6 service industry enterprise licensee or applicant over the term of the
7 agreement, of not less than \$30 million, which minimum amount
8 shall be adjusted periodically by the division for inflation; (ii) the
9 division finds that the total amount of casino revenues, profits or
10 earnings that can be paid to the casino service industry enterprise
11 licensee or applicant pursuant to this agreement is commercially
12 reasonable under the circumstances; and (iii) the agreement is filed
13 with and approved by the division.

14 (11) A written agreement between a casino licensee holding an
15 Internet gaming permit and a casino service industry enterprise
16 licensed pursuant to subsection a. of section 92 of P.L.1977, c.110
17 (C.5:12-92), or an eligible applicant for such a license, in
18 connection with the conduct of Internet gaming under P.L.2013,
19 c.27 (C.5:12-95.17 et al.), which provides for a percentage of the
20 casino licensee's Internet gaming gross revenue to be paid to the
21 casino service industry enterprise licensee shall not be subject to the
22 provisions of this subsection, provided that the agreement shall be
23 in writing, filed with the division, and shall be lawful and effective
24 only if the terms thereof are expressly approved by the division.

25 (12) A written agreement between a casino licensee and a casino
26 service industry enterprise licensed pursuant to subsection a. of
27 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
28 for such a license, in connection with the conduct of mobile gaming
29 under section 100 of P.L.1977, c.110 (C.5:12-100), or mobile sports
30 pool operations within a casino hotel facility in areas in which
31 mobile gaming under section 100 of P.L.1977, c.110 (5:12-100) is
32 authorized, which provides for a percentage of the casino licensee's
33 gross revenue from mobile gaming to be paid to the casino service
34 industry enterprise licensee shall not be subject to the provisions of
35 this subsection, provided that the agreement shall be in writing,
36 filed with the division, and shall be lawful and effective only if the
37 terms thereof are expressly approved by the division.

38 (13) A written agreement between a casino licensee and a casino
39 service industry enterprise licensed pursuant to subsection a. of
40 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
41 for such a license, in connection with the conduct of a sports pool,
42 including an online sports pool, mobile sports pool operations
43 within a casino hotel facility in areas in which mobile gaming under
44 section 100 of P.L.1977, c.110 (5:12-100) is authorized, or both,
45 which provides for a percentage of the casino licensee's gross
46 revenue from the operations of a sports pool, including online
47 sports pool and mobile operations, to be paid to the casino service
48 industry enterprise licensee shall not be subject to the provisions of

1 this subsection, provided that the agreement shall be in writing,
2 filed with the division, and shall be lawful and effective only if the
3 terms thereof are expressly approved by the division.

4 b. Each casino applicant or licensee shall maintain, in
5 accordance with the rules of the division, a record of each written or
6 unwritten agreement regarding the realty, construction,
7 maintenance, or business of a proposed or existing casino hotel or
8 related facility. The foregoing obligation shall apply regardless of
9 whether the casino applicant or licensee is a party to the agreement.
10 Any such agreement may be reviewed by the division on the basis
11 of the reasonableness of its terms, including the terms of
12 compensation, and of the qualifications of the owners, officers,
13 employees, and directors of any enterprise involved in the
14 agreement, which qualifications shall be reviewed according to the
15 standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86).
16 If the division disapproves such an agreement or the owners,
17 officers, employees, or directors of any enterprise involved therein,
18 the division may require its termination.

19 Every agreement required to be maintained, and every related
20 agreement the performance of which is dependent upon the
21 performance of any such agreement, shall be deemed to include a
22 provision to the effect that, if the commission shall require
23 termination of an agreement pursuant to its authority under
24 P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur
25 without liability on the part of the casino applicant or licensee or
26 any qualified party to the agreement or any related agreement.
27 Failure expressly to include such a provision in the agreement shall
28 not constitute a defense in any action brought to terminate the
29 agreement. If the agreement is not maintained or presented to the
30 commission in accordance with division regulations, or the
31 disapproved agreement is not terminated, the division may pursue
32 any remedy or combination of remedies provided in this act.

33 For the purposes of this subsection, "casino applicant" includes
34 any person required to hold a casino license pursuant to section 82
35 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a
36 casino license or any approval required under P.L.1977, c.110
37 (C.5:12-1 et seq.).

38 c. Nothing in this act shall be deemed to permit the transfer of
39 any license, or any interest in any license, or any certificate of
40 compliance or any commitment or reservation.
41 (cf: P.L.2013, c.27, s.14)

42
43 13. Section 1 of P.L.2008, c.12(C.5:12-38a) is amended to read
44 as follows:

45 1. "Promotional gaming credit" - A slot machine credit, sports
46 wagering credit or other item approved by the division that is issued
47 by a licensee to a patron for the purpose of enabling the placement
48 of a wager at a slot machine or in a sports pool in the licensee's

1 casino or through the licensee's Internet gaming system. No such
2 credit shall be reported as a promotional gaming credit unless the
3 casino licensee can establish that the credit was issued by the casino
4 licensee and received from a patron as a wager at a slot machine or
5 in a sports pool in the licensee's casino or Internet gaming system.
6 (cf: P.L. 2013, c.27, s.34)

7
8 14. Section 3 of P.L.2016, c.5 (C.52:27BBBB-20) is amended to
9 read as follows:

10 3. a. As used in P.L.2016, c.5 (C.52:27BBBB-18 et al.):

11 "Atlantic City" means the City of Atlantic City, in Atlantic
12 County;

13 "Base amount" means the amount of the payment in lieu of taxes
14 as determined by subparagraph (d) of paragraph (3) of subsection c.
15 of this section;

16 "Casino gaming property" means one or more parcels of real
17 property located in Atlantic City, and any adjacent property utilized
18 in connection with such property, upon which there is located a
19 facility licensed to be used for casino gaming in 2014 or thereafter,
20 whether or not in actual operation, which has more than 500 guest
21 hotel rooms, and is not subject to recorded covenants prohibiting
22 casino gaming;

23 "Division" means the Division of Gaming Enforcement in the
24 Department of Law and Public Safety;

25 "Gross gaming revenue" (GGR) means the total amount of
26 revenue raised through casino gaming, including revenue from
27 sports pool operations, from all of the casino gaming properties
28 located in Atlantic City as determined by the division;

29 "Local Finance Board" means the Local Finance Board in the
30 Division of Local Government Services in the Department of
31 Community Affairs; and

32 "Treasury" means the Department of the Treasury.

33 b. Beginning with calendar year 2017, and for the next
34 succeeding nine calendar years, casino gaming properties located in
35 Atlantic City shall be exempt from local property taxation on real
36 property and improvements, including accessory hotels, conference
37 centers, parking garages, and other appurtenant facilities, except
38 that any new improvement developed on a casino gaming property
39 that is made outside of the perimeter footprint of any improvement
40 existing as of the effective date of this act and any real property, not
41 formerly qualified as casino gaming property, acquired after such
42 date by an owner of casino gaming property shall not be exempt
43 from local property taxation in any calendar year and shall be
44 subject to local property taxation annually at Atlantic City's general
45 property tax rate. The provisions of this section shall not apply to
46 any casino property that operates under a small scale casino facility
47 license or a staged casino facility license pursuant to section 1 of
48 P.L.2010, c.115 (C.5:12-80.1).

1 c. (1) In exchange for the property tax exemption granted in
2 subsection b. of this section, each owner of each casino gaming
3 property shall sign a 10-year financial agreement with Atlantic City
4 for each casino gaming property promising to make quarterly
5 payments to the city of its allocated portion of the annual amount of
6 the payment in lieu of taxes as determined by this section. The
7 owner of each casino gaming property shall be responsible for the
8 payments allocated to that property and shall be subject to the lien
9 provisions of R.S.54:5-6 if those payments are not made.

10 (2) Any new owner of a casino gaming property following the
11 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall
12 immediately become responsible for signing a financial agreement
13 with Atlantic City promising to make payments consistent with this
14 section.

15 (3) (a) The total amount of the payment in lieu of property
16 taxes owed to Atlantic City for calendar year 2017 shall be \$120
17 million. To the extent that any owner of a casino gaming property
18 has paid property taxes for calendar year 2017 prior to the date
19 P.L.2016, c.5 (C.52:27BBBB-18 et al.) becomes operative, the
20 amount of property taxes so paid shall be credited toward that
21 owner's allocated share of the \$120 million total payment in lieu of
22 property taxes.

23 (b) For calendar year 2018 and for each calendar year thereafter,
24 the amount of the payment in lieu of property taxes owed to
25 Atlantic City shall increase by two percent per year in every year in
26 which there is no upward adjustment to the base amount of the
27 payment in lieu of taxes from the previous calendar year as
28 determined by subparagraph (d) of this paragraph.

29 (c) For calendar year 2018 and for each calendar year thereafter,
30 the total amount of the payment in lieu of property taxes owed to
31 Atlantic City shall be the base amount as determined by
32 subparagraph (d) of this paragraph and the total amount of the
33 annual increases to date as determined by subparagraph (b) of this
34 paragraph.

35 (d) For calendar year 2018 and for each calendar year thereafter,
36 the base amount of the payment in lieu of taxes shall be determined
37 as follows:

38 If the amount of the GGR in the preceding calendar year is
39 between \$3.4 billion and \$3.8 billion, the base amount shall be \$165
40 million, or in the case of an upward adjustment, \$15 million more
41 than the PILOT in the previous year, whichever is greater;

42 If the amount of the GGR in the preceding calendar year is
43 between \$3.0 billion and \$3.4 billion, the base amount shall be \$150
44 million, or in the case of an upward adjustment, \$20 million more
45 than the PILOT in the previous year, whichever is greater;

46 If the amount of the GGR in the preceding calendar year is
47 between \$2.6 billion and \$3.0 billion, the base amount shall be \$130

1 million, or in the case of an upward adjustment, \$10 million more
2 than the PILOT in the previous year, whichever is greater;

3 If the amount of the GGR in the preceding calendar year is
4 between \$2.2 billion and \$2.6 billion, the base amount shall be \$120
5 million, or in the case of an upward adjustment, \$10 million more
6 than the PILOT in the previous year, whichever is greater;

7 If the amount of the GGR in the preceding calendar year is
8 between \$1.8 billion and \$2.2 billion and the aggregate gross
9 revenues from all of the casino gaming properties located in
10 Atlantic City from all revenue streams, excluding GGR, have not
11 increased compared to the prior calendar year by more than the
12 amount by which GGR is less than \$2.2 billion, as determined by
13 the division, the base amount shall be \$110 million, or in the case of
14 an upward adjustment, \$20 million more than the PILOT in the
15 previous year, whichever is greater;

16 If the amount of the GGR in the preceding calendar year is \$1.8
17 billion or less and the aggregate gross revenue from all of the casino
18 gaming properties located in Atlantic City from all revenue streams,
19 excluding GGR have not increased compared to the prior calendar
20 year by more than the amount by which GGR is less than \$1.8
21 billion as determined by the division, the base amount shall be \$90
22 million.

23 (4) The amount of the payment in lieu of property taxes owed
24 pursuant to this subsection shall be calculated annually each
25 calendar year for each casino gaming property using a formula
26 implemented by the Local Finance Board, in consultation with the
27 division, using the following criteria:

28 The geographic footprint of the real property, expressed in acres,
29 owned by each casino gaming property;

30 The number of hotel guest rooms in each casino gaming
31 property; and

32 The gross gaming revenue of the casino in each casino gaming
33 property from the prior calendar year.

34 Each of these three criteria shall bear equal weight in the formula
35 implemented by the Local Finance Board, in consultation with the
36 division, pursuant to this paragraph, provided that during calendar
37 years 2017, 2018, 2019, 2020, and 2021, if the formula results in
38 any individual casino gaming property being allocated an amount
39 that is in excess of the total real property taxes due and payable by
40 the casino gaming property in calendar year 2015, then that casino
41 gaming property shall receive a credit against the obligation of the
42 operator of that property under paragraph (2) of subsection a. of
43 section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such
44 excess. If, after that credit against the obligation of the operator of
45 that property under paragraph (2) of subsection a. of section 3 of
46 P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would
47 still be liable for a payment in lieu of property taxes in excess of the
48 total real property taxes due and payable by the casino gaming

1 property in calendar year 2015, the casino gaming property shall not
2 be required to make any additional payment in lieu of property tax
3 payment. Instead, any additional amount that would have been
4 owed by that casino gaming property shall be added, by
5 proportional share, to the payment in lieu of property taxes to be
6 paid by every other casino gaming property in order to provide
7 Atlantic City the total amount of the payment in lieu of property
8 taxes due and owing for that calendar year.

9 d. When a new casino gaming property is added or when an
10 existing casino gaming property no longer qualifies as a casino
11 gaming property as defined in subsection a. of this section, Atlantic
12 City's financial agreement with each owner of each casino gaming
13 property shall be amended to reflect the change and the allocation
14 of the payment in lieu of property taxes between the casino gaming
15 properties.

16 e. The provisions of R.S.54:5-6 shall apply to any amount
17 required to be paid under this section, and the municipality shall
18 have the same rights against any casino gaming property for such
19 unpaid amounts relating to that property as if such amounts were
20 unpaid property taxes.

21 (cf: P.L.2016, c. 5, s.3)

22
23 15. Sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7 through
24 C.5:12A-9) are repealed.

25
26 16. This act shall take effect immediately.

27 28 29 STATEMENT

30
31 This bill would allow casinos in Atlantic City and racetracks in
32 this State to conduct wagering on professional and collegiate sports
33 or athletic events.

34 A casino or racetrack may establish a sports wagering lounge
35 independently at the casino or racetrack, or as a partnership between a
36 casino and a racetrack at a racetrack location. Under the bill, a
37 "racetrack" includes the site of any former racetrack. A former
38 racetrack is defined as any former racetrack where a horse race
39 meeting was conducted within 15 years prior to the effective date of
40 N.J.S.A.5:12A-7 et seq., excluding premises other than the land
41 contained within the racecourse oval. Wagering on sports events
42 will not include wagering on any collegiate sport or athletic event that
43 takes place in New Jersey or on a sport or athletic event in which any
44 New Jersey college team participates regardless of where the event
45 takes place. A "prohibited sports event" does not include the other
46 games of a collegiate sport or athletic tournament in which a New
47 Jersey college team participates, nor does it include any games of a
48 collegiate tournament that occurs outside New Jersey even though

1 some of the individual games or events are held in New Jersey. A
2 prohibited sports event includes all high school sports events but
3 does not include international sports events in which persons under
4 age 18 make up a minority of the participants. A licensee or an
5 entity with which the licensee has contracted to conduct a sports
6 wagering operation will be eligible to receive a plenary retail
7 consumption license for the sale of alcoholic beverages in, on, or
8 about any premises licensed as a sports lounge.

9 Wagers on a sports event could be placed in-person in a sports
10 wagering lounge located at a casino or racetrack. An operator may
11 also accept wagers by means of the Internet, including from persons
12 who are not physically present in this State if the division
13 determines that such wagering is not inconsistent with federal law
14 or the law of the jurisdiction, including any foreign nation, in which
15 any such person is located, or such wagering is conducted pursuant
16 to a reciprocal agreement to which the State is a party that is not
17 inconsistent with federal law. Persons placing wagers must be at
18 least 21 years of age. The bill also provides that any person whose
19 name appears on a casino exclusion list or any self-exclusion list of a
20 casino or racetrack would not be permitted to engage in sports
21 wagering. Also excluded from sports wagering would be the
22 operator, director, officer, owner, or employee of the operator or
23 any relative thereof living in the same household, anyone with
24 access to nonpublic confidential information held by the operator,
25 and anyone who is an agent or proxy for any other person.

26 Any person who is an athlete, coach, referee, team owner,
27 employee of a sports governing body or its member teams, a player
28 or referee personnel member, on any sports event overseen by that
29 person's sports governing body based on publicly available
30 information, a person with access to certain types of exclusive
31 information, or a person identified by any lists provided by the
32 sports governing body to the division and the racing commission
33 would not be permitted to place a wager on a sports event or to have
34 any ownership interest in, control of, or otherwise be employed by
35 an operator, a sports wagering licensee, or a facility in which a
36 sports wagering lounge is located that is overseen by that person's
37 sports governing body. Any person who violates this provision will
38 be guilty of a disorderly persons offense and fined not less than
39 \$500 not more than \$1,000.

40 An operator will immediately report to the division any criminal
41 or disciplinary proceedings commenced against the operator in
42 connection with its operations, any abnormal betting activity or
43 patterns that may indicate a concern about the integrity of a sports
44 event, any potential breach of a sports governing body's rules or
45 codes of conduct that pertain to sports wagering, any conduct that
46 corrupts a betting outcome of a sports event for purposes of
47 financial gain, including but not limited to match fixing, and
48 suspicious or illegal wagering activities, including the use of funds

1 derived from illegal activity, using agents to place wagers, or using
2 false identification.

3 An operator will maintain records of sports wagering operations
4 in accordance with regulations promulgated by the division.

5 A casino or racetrack will be required to demonstrate that it has the
6 necessary financial responsibility and good character to operate a
7 sports pool. The division and the racing commission will have
8 responsibility for licensing. The bill provides that, in promulgating
9 rules and regulations, the division may examine the rules and
10 regulations currently in place in states conducting sports wagering, and
11 may model such regulatory frameworks as far as practicable. Persons
12 engaged in wagering activities for a casino or racetrack will be either
13 licensed as casino key employees or registered as casino employees.

14 Under the bill, sports wagering revenue realized by a casino would
15 be subject to a 8.5 percent tax, except that sums received from
16 Internet wagering on sports events will be subject to a 13 percent
17 tax, which will be paid to the Casino Revenue Fund and the
18 investment alternative tax established by section 3 of P.L.1984,
19 c.218 (C.5:12-144.1), which funds will be used exclusively for the
20 Meet Atlantic City market program. The sums actually received by
21 the horse racing permit holder from any sports wagering operation,
22 either jointly established with a casino or established independently
23 or with non-casino partners, less only the total of all sums actually
24 paid out as winnings to patrons, will be subject to an 8.5 percent tax
25 except sums received from Internet wagering on sports events will
26 be subject to a 13 percent tax, to be collected by the division and
27 paid to the State General Fund and to an additional tax of 1.25
28 percent on amounts actually received from a sports wagering
29 operation with 0.75 percent paid to the municipality and 0.5 percent
30 paid to the county in which the sports wagering lounge is located or
31 to an economic development authority of that municipality and
32 county, as determined by the governing body of the municipality or
33 county. Also, a percentage of the fee paid for a license to operate a
34 sports pool will be appropriated by the Legislature to the Department
35 of Health and Senior Services to provide funds for compulsive
36 gambling treatment and prevention programs, with the percentage
37 determined by the division.

38 The bill repeals sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7
39 through C.5:12A-9) which partially repealed certain provisions of a
40 prior law that had authorized sports betting.