

SENATE, No. 2602

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 14, 2018

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator JEFF VAN DREW

District 1 (Atlantic, Cape May and Cumberland)

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senators Brown, A.R.Bucco and O'Scanlon

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/22/2018)

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
4 P.L.1977, c.110, and repealing 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.5:12-1 et seq.), excluding premises other
24 than the physical location of the racecourse oval and the land
25 contained within such racecourse oval.

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

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

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

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

46 "prohibited sports event" means any collegiate sport or athletic

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

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

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

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

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

29 "sports wagering lounge" means an area wherein a licensed
30 sports pool is operated.

31

32 2. (New section) a. In addition to casino games permitted
33 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a
34 casino which holds a sports wagering license issued by the division
35 may operate a sports pool in accordance with the provisions of this
36 act and applicable regulations promulgated pursuant to this act. In
37 addition to the conduct of wagering on horse races under regulation
38 by the racing commission pursuant to chapter 5 of Title 5 of the
39 Revised Statutes, a racetrack which holds a sports wagering license
40 issued by the racing commission pursuant to section 3 of
41 P.L. , c. (C.) (pending before the Legislature as this bill)
42 may operate a sports pool in accordance with the provisions of this
43 act and applicable regulations promulgated pursuant to this act. A
44 casino which holds a sports wagering license and a racetrack which
45 holds a sports wagering license may enter into an agreement to
46 jointly operate a sports pool at the racetrack, in accordance with the
47 provisions of this act and applicable regulations promulgated
48 pursuant to this act. A casino or racetrack that holds a sports

1 wagering license may conduct an online sports pool or may
2 authorize an internet sports pool operator licensed as a casino
3 service industry enterprise pursuant to section 92 of P.L.1977, c.110
4 (C.5:12-92), or an applicant for such license, to operate an online
5 sports pool on its behalf provided the terms of the agreement are
6 approved by the division, in the case of a casino, or the racing
7 commission, in the case of a racetrack; provided, however, that each
8 sports wagering lounge shall provide no more than two individually
9 branded websites. No online sports pool shall be opened to the
10 public, and no sports wagering, except for test purposes, may be
11 conducted therein, until an Internet sports pool operator receives
12 from the division a permit to conduct an online sports pool.

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

27 The license to operate a sports pool shall be in addition to any
28 other license required to be issued pursuant to P.L.1977, c.110
29 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
30 (C.5:5-22 et seq.) to conduct horse racing. No sports wagering
31 license shall be issued by the division or racing commission to any
32 entity unless it has established its financial stability, integrity and
33 responsibility and its good character, honesty and integrity. No
34 casino or racetrack shall be permitted to operate a sports pool or
35 accept wagers via an online sports pool unless a sports wagering
36 lounge is established and has commenced operation in its facility;
37 provided, however, that an applicant for a sports wagering license
38 may petition the agency issuing the sports wagering license
39 pursuant to this act to commence operation of the sports pool at a
40 temporary facility and/or an online sports pool during the pendency
41 of construction of a sports wagering lounge in its facility. No
42 license to operate a sports pool shall be issued by the racing
43 commission to any entity which is disqualified under the criteria of
44 section 86 of P.L.1977, c.110 (C.5:12-86) or to any person that
45 operated a sports pool within one year prior to the enactment of this
46 act.

47 No later than five years after the date of the issuance of a license
48 and every five years thereafter or within such lesser periods as the

1 agency issuing the sports wagering license pursuant to this act may
2 direct, a licensee shall submit to the said agency such
3 documentation or information as the division or racing commission
4 may by regulation require, to demonstrate to the satisfaction of the
5 agency that the licensee continues to meet the requirements of the
6 law and regulations.

7 b. A sports pool shall be operated in a sports wagering lounge
8 located at a casino or racetrack. A sports wagering lounge may be
9 located at a casino simulcasting facility. The lounge shall conform
10 to all requirements concerning square footage, design, equipment,
11 security measures and related matters which the division shall by
12 regulation prescribe. The space required for the establishment of a
13 lounge shall not reduce the space authorized for casino gaming
14 activities as specified in section 83 of P.L.1977, c.110 (C.5:12-83).

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

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

29 e. An operator shall accept wagers on sports events only from
30 persons physically present in the sports wagering lounge; through
31 self-service wagering machines located in its facility as authorized
32 by the division; or through an online sports pool. A person placing
33 a wager shall be at least 21 years of age.

34 f. (1) Any person who is an athlete, coach, referee, team
35 owner, employee of a sports governing body or its member teams,
36 or a player or referee personnel member, on any sports event
37 overseen by that person's sports governing body based on publicly
38 available information, a person with access to certain types of
39 exclusive information, or a person identified by any lists provided
40 by the sports governing body to the division and the racing
41 commission shall not be permitted to have any ownership interest
42 in, control of, or otherwise be employed by an operator or a facility
43 in which a sports wagering lounge is located or place a wager on a
44 sports event. Any person who violates this paragraph shall be
45 guilty of a disorderly persons offense and shall be fined not less
46 than \$500 not more than \$1,000.

47 (2) An operator shall adopt procedures to prevent persons from
48 wagering on sports events who are prohibited from placing sports

- 1 wagers. An operator shall not accept wagers from, any person:
2 whose name appears on the exclusion list maintained by the
3 division pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);
4 whose name appears on any self-exclusion list maintained by the
5 division pursuant to sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2
6 and C.5:12-71.3, respectively);
7 who is the operator, director, officer, owner, or employee of the
8 operator or any relative thereof living in the same household as the
9 operator;
10 who has access to nonpublic confidential information held by the
11 operator; or
12 who is an agent or proxy for any other person.

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

16 g. The holder of a sports wagering license may contract with an
17 entity to conduct that operation, in accordance with the regulations
18 of the division. That entity shall obtain a license as a casino service
19 industry enterprise prior to the execution of any such contract, and
20 such license shall be issued pursuant to the provisions of P.L.1977,
21 c.110 (C.5:12-1 et seq.) and in accordance with the regulations
22 promulgated by the division in consultation with the commission.

23 h. If any provision of this act, P.L. , c. (C.) (pending
24 before the Legislature as this bill), or its application to any person
25 or circumstance, is held invalid, the invalidity shall not affect other
26 provisions or applications of this act which can be given effect
27 without the invalid provision or application, and to this end the
28 provisions of this act are severable.

- 29 i. An operator shall immediately report to the division:
30 any criminal or disciplinary proceedings commenced against the
31 operator or its employees in connection with the operations of the
32 sports pool or online sports pool;
33 any abnormal betting activity or patterns that may indicate a
34 concern about the integrity of a sports event or events;
35 any potential breach of a sports governing body's rules or codes
36 of conduct that pertain to sports wagering;
37 any other conduct with the potential to corrupt a betting outcome
38 of a sports event for purposes of financial gain, including but not
39 limited to match fixing; and
40 suspicious or illegal wagering activities, including the use of
41 funds derived from illegal activity, wagers to conceal or launder
42 funds derived from illegal activity, use of agents to place wagers, or
43 use of false identification.

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

- 47 j. An operator shall maintain records of all wagers, including
48 personally identifiable information of the bettor, the amount and

1 type of bet, the time and date that the bet was placed, the location
2 where the bet was made, including an IP address if applicable, the
3 outcome of the bet, records of abnormal betting activity, and video
4 camera recordings in the case of in-person wagers for a period of
5 not less than three years from the date of the sports event on which
6 the wager was placed. Records shall be confidential but shall be
7 made available to the division upon request or to any party pursuant
8 to a court order. If a sports governing body notifies the division
9 that real-time information sharing for wagers placed on its sports
10 events is necessary, an operator shall share in real time the
11 information required by this subsection, other than video files, with
12 the governing body or its designee

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

19 l. A sports wagering licensee may, in addition to having a
20 sports wagering lounge, conduct wagering on authorized sports
21 events through one or more kiosks or self-service wagering stations
22 located within its facility. Such self-service wagering stations
23 located at a casino may offer any game authorized under rules
24 established by the division. Such self-service wagering stations
25 located at a racetrack may offer wagering only on authorized sports
26 events and horse races.

27
28 3. (New section) a. Corporate applicants for and holders of a
29 sports wagering license shall be required to disclose the identity of
30 the following: each board appointed officer of the corporation; each
31 director of the corporation; each person who directly holds any
32 voting or controlling interest of 5 percent or more of the securities
33 issued by such applicant or holder; each person who directly holds
34 any non-voting or passive ownership interest of 25 percent or more
35 of the securities issued by such applicant or holder; and each
36 holding or intermediary company of an applicant for or holder of an
37 operator.

38 b. As to each holding, intermediary and subsidiary company of
39 an applicant for or holder of a sports wagering license, such
40 applicants and holders shall be required to establish and maintain
41 the qualifications of the following: each board appointed officer of
42 the corporation; each director of the corporation; each person who
43 directly holds any voting or controlling interest of 5 percent or more
44 of the securities issued by such applicant or holder; and each person
45 who directly holds any non-voting or passive ownership interest of
46 25 percent or more in such holding or intermediary company.

47 c. The racing commission or the division shall have the
48 authority to waive any or all of the qualification requirements for

1 any person listed in subsections a. or b. of this section.

2 d. All persons employed directly in wagering-related activities
3 conducted within a casino or a racetrack in a sports wagering
4 lounge and an online sports pool shall be licensed as a casino key
5 employee or registered as a casino employee, as determined by the
6 commission, pursuant to the provisions of P.L.1977, c.110 (C.5:12-
7 1 et seq.). All other employees who are working in the sports
8 wagering lounge may be required to be registered, if appropriate, in
9 accordance with regulations of the division promulgated in
10 consultation with the commission.

11 e. Each operator shall designate one or more casino key
12 employees who shall be responsible for the operation of the sports
13 pool. At least one such casino key employee shall be on the
14 premises whenever sports wagering is conducted.

15

16 4. (New section) Except as otherwise provided by this act, the
17 division shall have the authority to regulate sports pools, online
18 sports pools, and the conduct of sports wagering under this act to
19 the same extent that the division regulates casino games. No casino
20 or racetrack shall be authorized to operate a sports pool or online
21 sports pool unless it has produced information, documentation, and
22 assurances concerning its financial background and resources,
23 including cash reserves, that are sufficient to demonstrate that it has
24 the financial stability, integrity, and responsibility to operate a
25 sports pool or online sports pool. In developing rules and
26 regulations applicable to sports wagering, the division shall
27 examine the regulations implemented in other states where sports
28 wagering is conducted and shall, as far as practicable, adopt a
29 similar regulatory framework. The division, in consultation with
30 the commission, shall promulgate regulations necessary to carry out
31 the provisions of this act, including, but not limited to, regulations
32 governing the:

33 a. amount of cash reserves to be maintained by operators to
34 cover winning wagers;

35 b. acceptance of wagers on a series of sports events;

36 c. maximum wagers which may be accepted by an operator
37 from any one patron on any one sports event;

38 d. type of wagering tickets which may be used;

39 e. method of issuing tickets;

40 f. method of accounting to be used by operators;

41 g. types of records which shall be kept;

42 h. use of credit and checks by patrons;

43 i. type of system for wagering;

44 j. protections for a person placing a wager; and

45 k. display of the words, "If you or someone you know has a
46 gambling problem and wants help, call 1-800 GAMBLER," or some
47 comparable language approved by the division, which language
48 shall include the words "gambling problem" and "call 1-800

1 GAMBLER," in all print, billboard, sign, online, or broadcast
2 advertisements of a sports pool and online sports pool and in every
3 sports wagering lounge.

4
5 5. (New section) Each operator shall adopt comprehensive
6 house rules governing sports wagering transactions with its patrons.
7 The rules shall specify the amounts to be paid on winning wagers
8 and the effect of schedule changes. The house rules, together with
9 any other information the division deems appropriate, shall be
10 conspicuously displayed in the sports wagering lounge, posted on
11 the operator's Internet website, and included in the terms and
12 conditions of the account wagering system, and copies shall be
13 made readily available to patrons.

14
15 6. (New section) Whenever a casino licensee and a racetrack
16 permit holder enter into an agreement to jointly establish a sports
17 wagering lounge, and to operate and conduct sports wagering under
18 this act, the agreement shall specify the distribution of revenues
19 from the joint sports wagering operation among the parties to the
20 agreement.

21
22 7. (New section) The sums received by the casino from sports
23 wagering or from a joint sports wagering operation less only the
24 total of all sums actually paid out as winnings to patrons shall be
25 gross revenue as specified under section 24 of P.L.1977, c.110
26 (C.5:12-24) and subject to the 8 percent tax on gross revenues
27 pursuant to section 144 of P.L.1977, c.110 (C.5:12-144) and to the
28 investment alternative tax established by section 3 of P.L.1984,
29 c.218 (C.5:12-144.1), except that sums received from Internet
30 wagering on sports events shall be taxed as provided in section 17
31 of P.L.2013, c.27 (C.5:12-95.19); provided, however, that the cash
32 equivalent value of any merchandise or thing of value included in a
33 jackpot or payout shall not be included in the total of all sums paid
34 out as winnings to patrons for purposes of determining gross
35 revenue.

36 The sums actually received by the horse racing permit holder
37 from any sports wagering operation, either jointly established with a
38 casino or established independently or with non-casino partners,
39 less only the total of all sums actually paid out as winnings to
40 patrons, shall be subject to an 8 percent tax to be collected by the
41 division and paid to the Casino Revenue Fund created under section
42 145 of P.L.1977, c.110 (C.5:12-145) to be used for the funding of
43 programs for senior citizens and disabled residents and to an
44 additional tax of 1.25 percent on amounts actually received from a
45 sports wagering operation with 0.75 percent paid to the
46 municipality and 0.5 percent paid to the county in which the sports
47 wagering lounge is located or to an economic development
48 authority of that municipality and county, as determined by the

1 governing body of the municipality or county, with those amounts
2 used for economic development purposes, except that sums received
3 from Internet wagering on sports events shall be taxed as provided
4 in section 17 of P.L.2013, c.27 (C.5:12-95.19); provided, however,
5 that the cash equivalent value of any merchandise or thing of value
6 included in a jackpot or payout shall not be included in the total of
7 all sums paid out as winnings to patrons for purposes of
8 determining revenue under this paragraph.

9 A percentage of the fee paid for a license to operate a sports pool
10 shall be deposited into the State General Fund for appropriation by
11 the Legislature to the Department of Health and Senior Services to
12 provide funds for prevention, education, and treatment programs for
13 compulsive gambling programs that meet the criteria developed
14 pursuant to section 2 of P.L.1993, c.229 (C.26:2-169), such as those
15 provided by the Council on Compulsive Gambling of New Jersey,
16 and including the development and implementation of programs
17 that identify and assist problem gamblers. The percentage shall be
18 determined by the division.

19

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

24

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

29 for wagers placed with a sports pool operated by or on behalf of
30 a casino, the casino shall retain 50 percent and remit the remaining
31 50 percent to the Casino Revenue Fund;

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

35 for wagers placed with a sports pool jointly operated by a casino
36 and a racetrack, the casino and racetrack shall retain a total of 50
37 percent which shall be apportioned among them pursuant to the
38 terms of their operation agreement, and the remaining 50 percent
39 shall be apportioned in the same manner, with the casino percentage
40 being deposited in the Casino Revenue Fund and the racetrack
41 percentage being deposited in the State General Fund.

42

43 10 (New section) Notwithstanding any other provision of
44 P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted
45 thereunder or pooled with wagers from persons who are not
46 physically present in this State if the division determines that such
47 wagering is not inconsistent with federal law or the law of the
48 jurisdiction, including any foreign nation, in which any such person

1 is located, or such wagering is conducted pursuant to a reciprocal
2 agreement to which the State is a party that is not inconsistent with
3 federal law.

4

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

7 24. "Gross Revenue"-- The total of all sums actually received by
8 a casino licensee from gaming operations, including operation of a
9 sports pool, less only the total of all sums actually paid out as
10 winnings to patrons; provided, however, that the cash equivalent
11 value of any merchandise or thing of value included in a jackpot or
12 payout shall not be included in the total of all sums paid out as
13 winnings to patrons for purposes of determining gross revenue.
14 "Gross Revenue" shall not include any amount received by a casino
15 from casino simulcasting pursuant to the "Casino Simulcasting
16 Act," P.L.1992, c.19 (C.5:12-191 et al.).

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

18

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

21 104. a. Unless otherwise provided in this subsection, no
22 agreement shall be lawful which provides for the payment, however
23 defined, of any direct or indirect interest, percentage or share of:
24 any money or property gambled at a casino or simulcasting facility;
25 any money or property derived from casino gaming activity or
26 wagering at a simulcasting facility; or any revenues, profits or
27 earnings of a casino or simulcasting facility. Notwithstanding the
28 foregoing:

29 (1) Agreements which provide only for the payment of a fixed
30 sum which is in no way affected by the amount of any such money,
31 property, revenues, profits or earnings shall not be subject to the
32 provisions of this subsection; and receipts, rentals or charges for
33 real property, personal property or services shall not lose their
34 character as payments of a fixed sum because of contract, lease, or
35 license provisions for adjustments in charges, rentals or fees on
36 account of changes in taxes or assessments, cost-of-living index
37 escalations, expansion or improvement of facilities, or changes in
38 services supplied.

39 (2) Agreements between a casino licensee and a junket
40 enterprise or junket representative licensed, qualified or registered
41 in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et
42 seq.) and the regulations of the division which provide for the
43 compensation of the junket enterprise or junket representative by
44 the casino licensee based upon the actual casino gaming or
45 simulcast wagering activities of a patron procured or referred by the
46 junket enterprise or junket representative shall be lawful if filed
47 with the division prior to the conduct of any junket that is governed
48 by the agreement.

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

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

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

16 (6) Agreements relating to simulcast racing and wagering
17 between a casino licensee and an in-State or out-of-State sending
18 track licensed or exempt from licensure in accordance with section
19 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with
20 the division, and be lawful and effective only if expressly approved
21 as to their terms by the division and the New Jersey Racing
22 Commission, except that any such agreements which provide for a
23 percentage of the parimutuel pool wagered at a simulcasting facility
24 to be paid to the sending track shall not be subject to the provisions
25 of this subsection.

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

38 (8) Agreements relating to simulcast racing and wagering
39 between a casino licensee and a casino service industry enterprise
40 licensed pursuant to the provisions of subsection a. of section 92 of
41 P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a
42 simulcasting facility shall be in writing, be filed with the
43 commission, and be lawful and effective only if expressly approved
44 as to their terms by the commission, except that any such
45 agreements which provide for a percentage of the casino licensee's
46 share of the parimutuel pool wagered at a simulcasting facility to be
47 paid to the casino service industry enterprise shall not be subject to
48 the provisions of this subsection.

1 (9) Written agreements relating to the operation of multi-casino
2 or multi-state progressive slot machine systems between one or
3 more casino licensees and a casino service industry enterprise
4 licensed pursuant to the provisions of subsection a. of section 92 of
5 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such
6 license, which provide for an interest, percentage or share of the
7 casino licensee's revenues, profits or earnings from the operation of
8 such multi-casino or multi-state progressive slot machines to be
9 paid to the casino service industry enterprise licensee or applicant
10 shall not be subject to the provisions of this subsection if the
11 agreements are filed with and approved by the division.

12 (10) A written agreement between a casino licensee and a casino
13 service industry enterprise licensed pursuant to subsection a. of
14 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
15 for such license, relating to the construction, renovation or
16 operation of qualifying sleeping units, as defined in section 27 of
17 P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as
18 defined by the division, within the limits of the city of Atlantic
19 City, regardless of whether such qualifying sleeping units or non-
20 gaming amenities are connected to a casino hotel facility, which
21 provides for an interest, percentage or share of the casino licensee's
22 revenues, profits or earnings, not to exceed 5% of the casino
23 licensee's revenues, to be paid to the casino service industry
24 enterprise licensee or applicant in return for the construction,
25 renovation or operation of such qualifying sleeping units or non-
26 gaming amenities shall not be subject to the provisions of this
27 subsection provided that: (i) the agreement requires a capital
28 investment, at least 10% of which shall be made by the casino
29 service industry enterprise licensee or applicant over the term of the
30 agreement, of not less than \$30 million, which minimum amount
31 shall be adjusted periodically by the division for inflation; (ii) the
32 division finds that the total amount of casino revenues, profits or
33 earnings that can be paid to the casino service industry enterprise
34 licensee or applicant pursuant to this agreement is commercially
35 reasonable under the circumstances; and (iii) the agreement is filed
36 with and approved by the division.

37 (11) A written agreement between a casino licensee holding an
38 Internet gaming permit and a casino service industry enterprise
39 licensed pursuant to subsection a. of section 92 of P.L.1977, c.110
40 (C.5:12-92), or an eligible applicant for such a license, in
41 connection with the conduct of Internet gaming under P.L.2013,
42 c.27 (C.5:12-95.17 et al.), which provides for a percentage of the
43 casino licensee's Internet gaming gross revenue to be paid to the
44 casino service industry enterprise licensee shall not be subject to the
45 provisions of this subsection, provided that the agreement shall be
46 in writing, filed with the division, and shall be lawful and effective
47 only if the terms thereof are expressly approved by the division.

1 (12) A written agreement between a casino licensee and a casino
2 service industry enterprise licensed pursuant to subsection a. of
3 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
4 for such a license, in connection with the conduct of mobile gaming
5 under section 100 of P.L.1977, c.110 (C.5:12-100), or mobile sports
6 pool operations within a casino hotel facility in areas in which
7 mobile gaming under section 100 of P.L.1977, c.110 (5:12-100) is
8 authorized, which provides for a percentage of the casino licensee's
9 gross revenue from mobile gaming to be paid to the casino service
10 industry enterprise licensee shall not be subject to the provisions of
11 this subsection, provided that the agreement shall be in writing,
12 filed with the division, and shall be lawful and effective only if the
13 terms thereof are expressly approved by the division.

14 (13) A written agreement between a casino licensee and a casino
15 service industry enterprise licensed pursuant to subsection a. of
16 section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant
17 for such a license, in connection with the conduct of a sports pool,
18 including an online sports pool, mobile sports pool operations
19 within a casino hotel facility in areas in which mobile gaming under
20 section 100 of P.L.1977, c.110 (5:12-100) is authorized, or both,
21 which provides for a percentage of the casino licensee's gross
22 revenue from the operations of a sports pool, including online
23 sports pool and mobile operations, to be paid to the casino service
24 industry enterprise licensee shall not be subject to the provisions of
25 this subsection, provided that the agreement shall be in writing,
26 filed with the division, and shall be lawful and effective only if the
27 terms thereof are expressly approved by the division.

28 b. Each casino applicant or licensee shall maintain, in
29 accordance with the rules of the division, a record of each written or
30 unwritten agreement regarding the realty, construction,
31 maintenance, or business of a proposed or existing casino hotel or
32 related facility. The foregoing obligation shall apply regardless of
33 whether the casino applicant or licensee is a party to the agreement.
34 Any such agreement may be reviewed by the division on the basis
35 of the reasonableness of its terms, including the terms of
36 compensation, and of the qualifications of the owners, officers,
37 employees, and directors of any enterprise involved in the
38 agreement, which qualifications shall be reviewed according to the
39 standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86).
40 If the division disapproves such an agreement or the owners,
41 officers, employees, or directors of any enterprise involved therein,
42 the division may require its termination.

43 Every agreement required to be maintained, and every related
44 agreement the performance of which is dependent upon the
45 performance of any such agreement, shall be deemed to include a
46 provision to the effect that, if the commission shall require
47 termination of an agreement pursuant to its authority under
48 P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur

1 without liability on the part of the casino applicant or licensee or
2 any qualified party to the agreement or any related agreement.
3 Failure expressly to include such a provision in the agreement shall
4 not constitute a defense in any action brought to terminate the
5 agreement. If the agreement is not maintained or presented to the
6 commission in accordance with division regulations, or the
7 disapproved agreement is not terminated, the division may pursue
8 any remedy or combination of remedies provided in this act.

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

14 c. Nothing in this act shall be deemed to permit the transfer of
15 any license, or any interest in any license, or any certificate of
16 compliance or any commitment or reservation.

17 (cf: P.L.2013, c.27, s.14)

18

19 13. Sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7 through
20 C.5:12A-9) are repealed.

21

22 14. This act shall take effect immediately.

23

24

25 STATEMENT

26

27 This bill would allow casinos in Atlantic City and racetracks in
28 this State to conduct wagering on professional and collegiate sport
29 or athletic events. The Casino Control Commission and the Division
30 of Gaming Enforcement would regulate those operations, generally in
31 line with the current duties of the commission and the division with
32 regard to casinos and their operations. The New Jersey Racing
33 Commission would be involved in approving the operation of a sports
34 pool at a racetrack and any agreement between a casino and a
35 racetrack to jointly operate a sports pool.

36 A casino or racetrack may establish a sports wagering lounge
37 independently at the casino or racetrack, or as a partnership between a
38 casino and a racetrack at a racetrack location. Under the bill, a
39 "racetrack" includes the site of any former racetrack. A former
40 racetrack is defined as any former racetrack where a horse race
41 meeting was conducted within 15 years prior to the effective date of
42 N.J.S.A.5:12-1 et seq., excluding premises other than the physical
43 location of the racecourse oval and the land contained within such
44 racecourse oval. Wagering on sports events will not include wagering
45 on any collegiate sport or athletic event that takes place in New Jersey
46 or on a sport or athletic event in which any New Jersey college team
47 participates regardless of where the event takes place. A "prohibited
48 sports event" does not include the other games of a collegiate sport

1 or athletic tournament in which a New Jersey college team
2 participates, nor does it include any games of a collegiate
3 tournament that occurs outside New Jersey even though some of the
4 individual games or events are held in New Jersey. A prohibited
5 sports event includes all high school sports events but does not
6 include international sports events in which persons under age 18
7 make up a minority of the participants. A licensee or an entity with
8 which the licensee has contracted to conduct a sports wagering
9 operation will be eligible to receive a plenary retail consumption
10 license for the sale of alcoholic beverages in, on or about any
11 premises licensed as a sports lounge.

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

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

42 An operator will immediately report to the division any criminal
43 or disciplinary proceedings commenced against the operator in
44 connection with its operations, any abnormal betting activity or
45 patterns that may indicate a concern about the integrity of a sports
46 event, any potential breach of a sports governing body's rules or
47 codes of conduct that pertain to sports wagering, any conduct that
48 corrupts a betting outcome of a sports event for purposes of

1 financial gain, including but not limited to match fixing, and
2 suspicious or illegal wagering activities, including the use of funds
3 derived from illegal activity, using agents to place wagers, or using
4 false identification.

5 An operator will maintain records of all wagers, including
6 personally identifiable information of the bettor, the amount and
7 type of bet, the time and date that the bet was placed, the location
8 where the bet was made, including an IP address if applicable, the
9 outcome of the bet, records of abnormal betting activity, and video
10 camera recordings in the case of in-person wagers, for a period of
11 not less than three years from the date of the sports event on which
12 the wager was placed. Records will be confidential but made
13 available to the division upon request or to any party pursuant to a
14 court order. If a sports governing body notifies the division that
15 real-time information sharing for wagers placed on its sports events
16 is necessary, an operator will share in real time the information
17 required by this subsection, other than video files, with the
18 governing body or its designee

19 A casino or racetrack will be required to demonstrate that it has the
20 necessary financial responsibility and good character to operate a
21 sports pool. The Division of Gaming Enforcement and the New Jersey
22 Racing Commission will have responsibility for licensing and will
23 promulgate regulations for the conduct and operation of the sports
24 wagering activities. The New Jersey Racing Commission would also
25 be involved in approving the operation of a sports pool at a racetrack
26 and any agreement between a casino and a racetrack to jointly operate
27 a sports pool. The bill provides that, in promulgating rules and
28 regulations, the division would examine the rules and regulations
29 currently in place in states conducting sports wagering, and would
30 model such regulatory frameworks as far as practicable. Persons
31 engaged in wagering activities for a casino or racetrack will be either
32 licensed as casino key employees or registered as casino employees.

33 Under the bill, sports wagering gross revenue realized by a casino
34 or a racetrack would be subject to an 8 percent gross revenue tax, the
35 proceeds of which are dedicated to programs for senior citizens and
36 disabled residents. An investment alternative tax rate of 2.5 percent
37 with an investment alternative of 1.25 percent will apply to a casino,
38 except that sums received from Internet wagering on sports events
39 shall be taxed as provided in N.J.S.A.5:12-95.19. Sports wagering
40 gross revenue realized by a racetrack will be subject to an
41 additional tax of 1.25 percent on amounts actually received from a
42 sports wagering operation with 0.75 percent paid to the
43 municipality and 0.5 percent paid to the county in which the sports
44 wagering lounge is located or to an economic development
45 authority of that municipality and county, as determined by the
46 governing body of the municipality or county, with those amounts
47 used for economic development purposes, except that sums received
48 from Internet wagering on sports events shall be taxed as provided

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18

1 in N.J.S.A.5:12-95.19. Also, a percentage of the fee paid for a license
2 to operate a sports pool will be appropriated by the Legislature to the
3 Department of Health and Senior Services to provide funds for
4 compulsive gambling treatment and prevention programs, with the
5 percentage determined by the division.

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