

[First Reprint]

**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:**

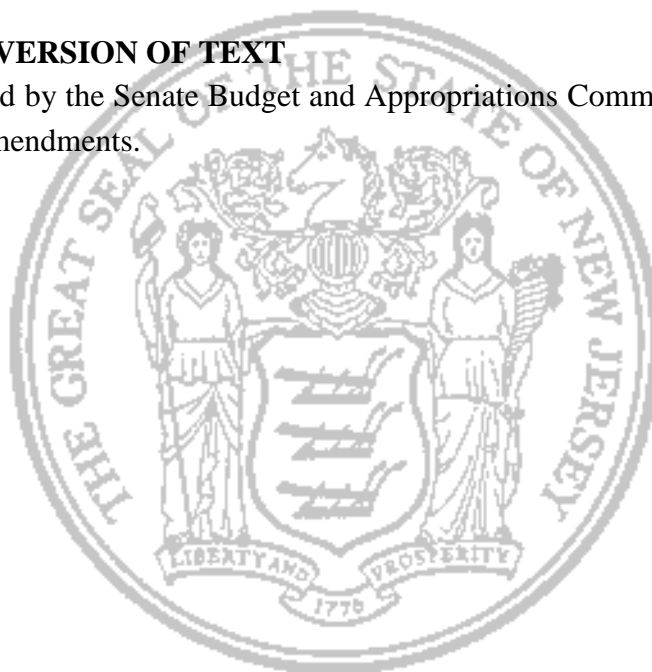
**Senators Brown, A.R.Bucco, O'Scanlon and Bateman**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on June 4, 2018, with amendments.



**(Sponsorship Updated As Of: 6/8/2018)**

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 <sup>1</sup>[P.L.1977, c.110,]<sup>1</sup> and repealing <sup>1</sup>various<sup>1</sup> parts of the  
 5 statutory law.

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

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

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

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

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

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

22 "former racetrack" means any former racetrack where a horse  
 23 race meeting was conducted within 15 years prior to the effective  
 24 date of P.L.2014, c.62 <sup>1</sup>[(C.5:12-1 et seq.)] (C.5:12A-7 et seq.)<sup>1</sup>,  
 25 excluding premises other than <sup>1</sup>[the physical location of the  
 26 racecourse oval and]<sup>1</sup> the land contained within <sup>1</sup>[such] the<sup>1</sup>  
 27 racecourse oval <sup>1</sup>[.]<sup>1</sup>

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

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

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

44 "professional sport or athletic event" means an event at which  
 45 two or more persons participate in sports or athletic events and

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SBA committee amendments adopted June 4, 2018.

1 receive compensation in excess of actual expenses for their  
2 participation in such event;

3 "prohibited sports event" means any collegiate sport or athletic  
4 event that takes place in New Jersey or a sport or athletic event in  
5 which any New Jersey college team participates regardless of where  
6 the event takes place. A "prohibited sports event" does not include  
7 the other games of a collegiate sport or athletic tournament in which  
8 a New Jersey college team participates, nor does it include any  
9 games of a collegiate tournament that occurs outside New Jersey  
10 even though some of the individual games or events are held in  
11 New Jersey. A prohibited sports event includes all high school  
12 sports events<sup>1</sup>, electronic sports, and competitive video games<sup>1</sup> but  
13 does not include international sports events in which persons under  
14 age 18 make up a minority of the participants;

15 "racetrack" means the physical facility <sup>1</sup>and the land, as of the  
16 effective date of P.L. , c. (C. ) (pending before the Legislature  
17 as this bill),<sup>1</sup> where a permit holder conducts a horse race meeting  
18 with wagering under a license issued by the racing commission  
19 pursuant to P.L.1940, c.17 (C.5:5-22 et seq.), and includes any  
20 former racetrack;

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

23 "sports event" means any professional sport or athletic event <sup>1</sup>,  
24 any Olympic or international sports competition event<sup>1</sup> and any  
25 collegiate sport or athletic event, or any portion thereof, including,  
26 but not limited to, the individual performance statistics of athletes  
27 in a sports event or combination of sports events, except "sports  
28 event" shall not include a prohibited sports event or a fantasy sports  
29 activity, as defined in section 2 of P.L.2017, c.231 (C.5:20-2);

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

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

37

38 2. (New section) a. In addition to casino games permitted  
39 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a  
40 casino which holds a sports wagering license issued by the division  
41 may operate a sports pool in accordance with the provisions of this  
42 act and applicable regulations promulgated pursuant to this act.

43 <sup>1</sup>[In addition to the conduct of wagering on horse races under  
44 regulation by the racing commission pursuant to chapter 5 of Title 5  
45 of the Revised Statutes, a] A<sup>1</sup> racetrack which holds a sports  
46 wagering license issued by the racing commission <sup>1</sup>[pursuant to  
47 section 3 of P.L. , c. (C. ) (pending before the Legislature as

1 this bill)]<sup>1</sup> may operate a sports pool in accordance with the  
2 provisions of this act and applicable regulations promulgated  
3 pursuant to this act. A casino which holds a sports wagering license  
4 and a racetrack which holds a sports wagering license may enter  
5 into an agreement to jointly operate a sports pool at the racetrack, in  
6 accordance with the provisions of this act and applicable  
7 regulations promulgated pursuant to this act. A casino or racetrack  
8 that holds a sports wagering license may conduct an online sports  
9 pool or may authorize an internet sports pool operator licensed as a  
10 casino service industry enterprise pursuant to section 92 of  
11 P.L.1977, c.110 (C.5:12-92), or an applicant for such license, to  
12 operate an online sports pool on its behalf provided the terms of the  
13 agreement are approved by the division, in the case of a casino, or  
14 the racing commission, in the case of a racetrack; provided,  
15 however, that each sports wagering <sup>1</sup>~~lounge shall~~ licensee may<sup>1</sup>  
16 provide no more than <sup>1</sup>~~two~~ three<sup>1</sup> individually branded websites  
17 <sup>1</sup>, each of which may have an accompanying mobile application  
18 bearing the same brand as the website for an online sports pool,  
19 those websites and mobile applications, in the case of a casino  
20 being in addition to or, in the discretion of the casino, in  
21 conjunction with, any websites and mobile applications that also  
22 offer other types of Internet gaming pursuant to P.L.2013, c.27  
23 (C.5:12-95.17 et seq.)<sup>1</sup>. No online sports pool shall be opened to  
24 the public, and no sports wagering, except for test purposes, may be  
25 conducted therein, until an Internet sports pool operator receives  
26 from the division a permit to conduct an online sports pool. <sup>1</sup>Sports  
27 wagering licensees and operators may provide promotional credits,  
28 incentives, bonuses, complimentaries, or similar benefits designed  
29 to induce sports betters to wager. The division, in consultation with  
30 the commission, shall establish by rule standards governing the  
31 provision of these measures. The server or other equipment used by  
32 a racetrack to accept wagers at a sports pool or online sports pool  
33 shall be located in that racetrack or in any location in Atlantic City  
34 which conforms to the requirements of section 20 of P.L.2013, c.27  
35 (C.5:12-95.22) and any additional requirements which the division  
36 may impose by regulation. The server or other equipment used by a  
37 casino to accept wagers at a sports pool or online sports pool shall  
38 conform to the requirements of section 20 of P.L.2013, c.27  
39 (C.5:12-95.22) and any additional requirements which the division  
40 may impose by regulation.<sup>1</sup>

41 With regard to this act, P.L. , c. (C. ) (pending before the  
42 Legislature as this bill), the duties specified in section 63 of  
43 P.L.1977, c.110 (C.5:12-63) of the Casino Control Commission  
44 shall apply to the extent not inconsistent with the provisions of this  
45 act. In addition to the duties specified in section 76 of P.L.1977,  
46 c.110 (C.5:12-76), the division or racing commission, as required  
47 pursuant to this act, shall hear and decide promptly and in

1 reasonable order all applications for a license to operate a sports  
2 pool. In addition to the duties specified in section 76 of P.L.1977,  
3 c.110 (C.5:12-76), the division shall have the general responsibility  
4 for the implementation of this act, except with respect to the  
5 authority to issue sports wagering licenses to a racetrack as  
6 provided by this act, and shall have all other duties specified in that  
7 section with regard to the operation of a sports pool.

8 The license to operate a sports pool shall be in addition to any  
9 other license required to be issued pursuant to P.L.1977, c.110  
10 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17  
11 (C.5:5-22 et seq.) to conduct horse racing. <sup>1</sup>The division and the  
12 racing commission shall each have the authority to charge a casino  
13 or a racetrack a fee for the issuance or renewal of a sports wagering  
14 license in an amount that is based upon the expense associated with  
15 such issuance or renewal.<sup>1</sup> No sports wagering license shall be  
16 issued by the division or racing commission to any entity unless it  
17 has established its financial stability, integrity and responsibility  
18 and its good character, honesty and integrity. No casino or  
19 racetrack shall be permitted to operate a sports pool or accept  
20 wagers via an online sports pool unless a sports wagering lounge is  
21 established and has commenced operation in its facility; provided,  
22 however, that an applicant for a sports wagering license may  
23 petition the agency issuing the sports wagering license pursuant to  
24 this act to commence operation of the sports pool at a temporary  
25 facility and/or an online sports pool during the pendency of  
26 construction of a sports wagering lounge in its facility. <sup>1</sup>**[No**  
27 **license to operate a sports pool shall be issued by the racing**  
28 **commission]** Such temporary facility may include, at the discretion  
29 of the agency issuing the sports wagering license pursuant to this  
30 act, the utilization of designated windows at the current casino cage  
31 or racetrack betting window for purposes of placing sports betting  
32 wagers and self-service wagering machines located at the racetrack  
33 or casino hotel complex. No license to operate a sports pool shall  
34 be issued<sup>1</sup> to any entity which is disqualified under the criteria of  
35 section 86 of P.L.1977, c.110 (C.5:12-86) or to any person that  
36 operated a sports pool <sup>1</sup>in New Jersey<sup>1</sup> within one year prior to the  
37 enactment of this act.

38 No later than five years after the date of the issuance of a license  
39 and every five years thereafter or within such lesser periods as the  
40 agency issuing the sports wagering license pursuant to this act may  
41 direct, a licensee shall submit to the said agency such  
42 documentation or information as the division or racing commission  
43 may by regulation require, to demonstrate to the satisfaction of the  
44 agency that the licensee continues to meet the requirements of the  
45 law and regulations.

46 <sup>1</sup>The division and the racing commission following consultation  
47 with the sports wagering licensees shall annually cause a report to

1 be prepared and distributed to the Governor on the impact of sports  
2 wagering, including Internet wagering on sports events, on problem  
3 gamblers and gambling addiction in New Jersey. The report shall  
4 be prepared by a private organization or entity with expertise in  
5 servicing the needs of persons with gambling addictions, which  
6 organization or entity shall be selected jointly by the division and  
7 the racing commission. The report shall be prepared and distributed  
8 under the supervision of, and in coordination with, the division and  
9 the racing commission. Any costs associated with the preparation  
10 and distribution of the report shall be borne by casino and racetrack  
11 licensees who have been authorized by the division or the racing  
12 commission to conduct Internet gaming and the division and the  
13 racing commission shall be authorized to assess a fee against such  
14 licensees for these purposes. The division and the racing  
15 commission may also report periodically to the Governor on the  
16 effectiveness of the statutory and regulatory controls in place to  
17 ensure the integrity of gaming operations through the Internet.<sup>1</sup>

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

26 c. No sports pool or online sports pool shall be offered or made  
27 available for wagering to the public by any entity other than a sports  
28 wagering licensee, pursuant to P.L. , c. (C. ) (pending before  
29 the Legislature as this bill), **1[or]**<sup>1</sup> an applicant for such license,  
30 operating such pool on behalf of a licensee<sup>1</sup>, or an Internet sports  
31 pool operator, on behalf of a sports wagering licensee<sup>1</sup>. Any person  
32 who offers a sports pool or an online sports pool without approval  
33 of the division or racing commission to do so is guilty of a crime of  
34 the fourth degree and notwithstanding the provisions of  
35 N.J.S.2C:43-3, shall be subject to a fine of not more than \$25,000.  
36 and in the case of a person other than a natural person, to a fine of  
37 not more than \$100,000. and any other appropriate disposition  
38 authorized by subsection b. of N.J.S.2C:43-2.

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

41 e. An operator shall accept wagers on sports events only from  
42 persons physically present in the sports wagering lounge; through  
43 self-service wagering machines located in its facility as authorized  
44 by the **1[division]** agency issuing the sports wagering license<sup>1</sup>; or  
45 through an online sports pool. A person placing a wager <sup>1</sup>on a  
46 sports event<sup>1</sup> shall be at least 21 years of age.

47 f. (1) Any person who is an athlete, coach, referee, **1[team]**

1 direct or indirect legal or beneficial<sup>1</sup> owner <sup>1</sup>**【employee】** of 10  
2 percent or greater, or director<sup>1</sup> of a sports governing body or <sup>1</sup>any  
3 of<sup>1</sup> its member teams, <sup>1</sup>**【or】** a sports governing body or any of its  
4 member teams,<sup>1</sup> a player or <sup>1</sup>a<sup>1</sup> referee personnel member, <sup>1</sup>in or<sup>1</sup>  
5 on any sports event overseen by that person's sports governing  
6 body based on publicly available information, <sup>1</sup>a person who holds  
7 a position of authority or influence sufficient to exert influence over  
8 the participants in a sporting contest, including but not limited to  
9 coaches, managers, handlers, athletic trainers, or horse trainers,<sup>1</sup> a  
10 person with access to certain types of exclusive information <sup>1</sup>**【,】** on  
11 any sports event overseen by that person's sports governing body  
12 based on publicly available information,<sup>1</sup> or a person identified by  
13 any lists provided by the sports governing body to the division and  
14 the racing commission shall not be permitted to have any ownership  
15 interest in, control of, or otherwise be employed by an operator <sup>1</sup>, a  
16 sports wagering licensee,<sup>1</sup> or a facility in which a sports wagering  
17 lounge is located or place a wager on a sports event <sup>1</sup>that is  
18 overseen by that person's sports governing body based on publicly  
19 available information. Any employee of a sports governing body or  
20 its member teams who is not prohibited from wagering on a sports  
21 event shall, nevertheless, provide notice to the division prior to  
22 placing a wager on a sports event<sup>1</sup>. Any person who violates this  
23 paragraph shall be guilty of a disorderly persons offense and shall  
24 be fined not less than \$500 <sup>1</sup>and<sup>1</sup> not more than \$1,000.

25 <sup>1</sup>(2) The prohibition set forth in paragraph (1) of this subsection  
26 shall not apply to any person who is a direct or indirect owner of a  
27 specific sports governing body member team and (i) has less than  
28 10 percent direct or indirect ownership interest in a casino or  
29 racetrack or (ii) the shares of such person are registered pursuant to  
30 section 12 of the Securities Exchange Act of 1934, as amended (15  
31 U.S.C. s.781), and the value of the ownership of such team  
32 represents less than one percent of the person's total enterprise  
33 value.

34 (3) To the extent a person does not qualify for the exemption set  
35 forth in paragraph (2) of this subsection, the agency issuing the  
36 sports wagering license pursuant to this act may grant a sports  
37 wagering license to a person that is a direct or indirect legal or  
38 beneficial owner of 10 percent or greater of a sports governing  
39 body's member team or teams provided that such person divests of  
40 the disqualifying asset within one year of its application for a sports  
41 wagering license. Any person who fails to divest of the  
42 disqualifying asset shall be required to immediately surrender their  
43 sports wagering license and any profits derived from the operation  
44 of the sports pool during the period of operation shall be paid to the  
45 State.<sup>1</sup>

46 <sup>1</sup>**【(2)】** (4)<sup>1</sup> An operator shall adopt procedures to prevent  
47 persons from wagering on sports events who are prohibited from

1 placing sports wagers. An operator shall not accept wagers from  
2 any person whose identity is known to the operator <sup>1</sup>and<sup>1</sup>:

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

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

8 who is the operator, director, officer, owner, or employee of the  
9 operator or any relative thereof living in the same household as the  
10 operator;

11 who has access to nonpublic confidential information held by the  
12 operator; or

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

14 <sup>1</sup>(5) An operator shall adopt procedures to obtain personally  
15 identifiable information from any individual who places any single  
16 wager in an amount of \$10,000 or greater on a sports event while  
17 physically present in a racetrack facility or a casino. <sup>1</sup>

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

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

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

34 i. An operator shall <sup>1</sup>**【immediately】 promptly**<sup>1</sup> report to the  
35 division:

36 any criminal or disciplinary proceedings commenced against the  
37 operator or its employees in connection with the operations of the  
38 sports pool or online sports pool;

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

41 <sup>1</sup>**【any potential breach of a sports governing body's rules or**  
42 **codes of conduct that pertain to sports wagering;】**<sup>1</sup>

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

46 suspicious or illegal wagering activities, including the use of  
47 funds derived from illegal activity, wagers to conceal or launder  
48 funds derived from illegal activity, use of agents to place wagers, or



1 use of false identification.

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

5 j. An operator shall maintain records of <sup>1</sup>~~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 shall be confidential but shall be  
13 made available to the division upon request or to any party pursuant  
14 to a court order. If a sports governing body notifies the division  
15 that real-time information sharing for wagers placed on its sports  
16 events is necessary, an operator shall share in real time the  
17 information required by this subsection, other than video files, with  
18 the governing body or its designee **】** sports wagering operations in  
19 accordance with regulations promulgated by the division.<sup>1</sup>

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

26 l. A sports wagering licensee may, in addition to having a  
27 sports wagering lounge, conduct wagering on authorized sports  
28 events through one or more kiosks or self-service wagering stations  
29 located within its facility. Such self-service wagering stations  
30 located at a casino may offer any game authorized under rules  
31 established by the division. Such self-service wagering stations  
32 located at a racetrack may offer wagering only on authorized sports  
33 events and horse races.

34 <sup>1</sup>m. All wagers on sports events authorized under this provision  
35 shall be initiated, received and otherwise made within this State  
36 unless otherwise determined by the division in accordance with  
37 applicable federal and state laws. Consistent with the intent of the  
38 United States Congress as articulated in the Unlawful Internet  
39 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the  
40 intermediate routing of electronic data relating to a lawful intrastate  
41 wager authorized under this provision shall not determine the  
42 location or locations in which such wager is initiated, received or  
43 otherwise made.<sup>1</sup>

44

45 3. (New section) a. Corporate applicants for and holders of a  
46 sports wagering license shall be required to disclose the identity of  
47 the following: each board appointed officer of the corporation; each  
48 director of the corporation; each person who directly holds any

1 voting or controlling interest of 5 percent or more of the securities  
2 issued by such applicant or holder; each person who directly holds  
3 any non-voting or passive ownership interest of 25 percent or more  
4 of the securities issued by such applicant or holder; and each  
5 holding or intermediary company of an applicant for or holder of an  
6 operator.

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

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

19 d. All persons employed directly in wagering-related activities  
20 conducted within a casino or a racetrack in a sports wagering  
21 lounge and an online sports pool shall be licensed as a casino key  
22 employee or registered as a casino employee, as determined by the  
23 commission, pursuant to the provisions of P.L.1977, c.110 (C.5:12-  
24 1 et seq.). All other employees who are working in the sports  
25 wagering lounge may be required to be registered, if appropriate, in  
26 accordance with regulations of the division promulgated in  
27 consultation with the commission.

28 e. Each operator shall designate one or more casino key  
29 employees who shall be responsible for the operation of the sports  
30 pool. At least one such casino key employee shall be on the  
31 premises whenever sports wagering is conducted.

32

33 4. (New section) <sup>1</sup>a.<sup>1</sup> Except as otherwise provided by this  
34 act, the division shall have the authority to regulate sports pools,  
35 online sports pools, and the conduct of sports wagering under this  
36 act to the same extent that the division regulates casino games. No  
37 casino or racetrack shall be authorized to operate a sports pool or  
38 online sports pool unless it has produced <sup>1</sup>, to the satisfaction of the  
39 agency issuing the sports wagering license,<sup>1</sup> information,  
40 documentation, and assurances concerning its financial background  
41 and resources, including cash reserves, that are sufficient to  
42 demonstrate that it has the financial stability, integrity, and  
43 responsibility to operate a sports pool or online sports pool. In  
44 developing rules and regulations applicable to sports wagering, the  
45 division <sup>1</sup>~~shall~~ may<sup>1</sup> examine the regulations implemented in  
46 other states where sports wagering is conducted and <sup>1</sup>~~shall~~ may<sup>1</sup>,  
47 as far as practicable, adopt a similar regulatory framework. The  
48 division, in consultation with the commission, shall promulgate

1 regulations necessary to carry out the provisions of this act,  
2 including, but not limited to, regulations governing the:

3 <sup>1</sup>[a.] (1)<sup>1</sup> amount of cash reserves to be maintained by  
4 operators to cover winning wagers;

5 <sup>1</sup>[b.] (2)<sup>1</sup> acceptance of wagers on a series of sports events;

6 <sup>1</sup>[c.] (3)<sup>1</sup> maximum wagers which may be accepted by an  
7 operator from any one patron on any one sports event;

8 <sup>1</sup>[d.] (4)<sup>1</sup> type of wagering tickets which may be used;

9 <sup>1</sup>[e.] (5)<sup>1</sup> method of issuing tickets;

10 <sup>1</sup>[f.] (6)<sup>1</sup> method of accounting to be used by operators;

11 <sup>1</sup>[g.] (7)<sup>1</sup> types of records which shall be kept;

12 <sup>1</sup>[h.] (8)<sup>1</sup> use of credit and checks by patrons;

13 <sup>1</sup>[i.] (9)<sup>1</sup> type of system for wagering;

14 <sup>1</sup>[j.] (10)<sup>1</sup> protections for a person placing a wager; and

15 <sup>1</sup>[k.] (11)<sup>1</sup> display of the words, "If you or someone you know  
16 has a gambling problem and wants help, call 1-800 GAMBLER," or  
17 some comparable language approved by the division, which  
18 language shall include the words "gambling problem" and "call 1-  
19 800 GAMBLER," in all print, billboard, sign, online, or broadcast  
20 advertisements of a sports pool and online sports pool and in every  
21 sports wagering lounge.

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

1 within such time period, the non-complying racetrack or casino will  
2 not thereafter be eligible to conduct sports wagering until such  
3 compliance is achieved. Notice of any emergency rulemaking action  
4 taken by the division or the racing commission pursuant to this  
5 subsection shall be published in the New Jersey Register, and  
6 provided to the newspapers designated by the division and racing  
7 commission pursuant to subsection d. of section 3 of P.L.1975,  
8 c.231 (C.10:4-8), not later than 30 days subsequent to the  
9 implementation of the emergency rules. The text of any emergency  
10 rule adopted by the division and the racing commission pursuant to  
11 this section shall be available in each racetrack, casino, sports  
12 wagering lounge, and simulcasting facility implementing the  
13 provisions of emergency rulemaking.

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

23  
24 5. (New section) Each operator shall adopt comprehensive house  
25 rules governing sports wagering transactions with its patrons <sup>1</sup>which  
26 shall be approved by the division<sup>1</sup> . The rules shall specify the  
27 amounts to be paid on winning wagers and the effect of schedule  
28 changes. The house rules, together with any other information the  
29 division deems appropriate, shall be conspicuously displayed in the  
30 sports wagering lounge, posted on the operator's Internet website, and  
31 included in the terms and conditions of the account wagering system,  
32 and copies shall be made readily available to patrons.

33  
34 6. (New section) Whenever a casino licensee and a racetrack  
35 permit holder enter into an agreement to jointly establish a sports  
36 wagering lounge, and to operate and conduct sports wagering under  
37 this act, the agreement shall specify the distribution of revenues  
38 from the joint sports wagering operation among the parties to the  
39 agreement.

40  
41 7. (New section) The sums received by the casino from sports  
42 wagering or from a joint sports wagering operation, less only the  
43 total of all sums actually paid out as winnings to patrons<sup>1,1</sup> shall  
44 <sup>1</sup>not be <sup>1</sup>taxed as<sup>1</sup> gross revenue as specified under section 24 of  
45 P.L.1977, c.110 (C.5:12-24) <sup>1</sup>**【and】** <sup>1</sup>but shall be<sup>1</sup> subject to <sup>1</sup>**【the 8**  
46 **percent tax on gross revenues pursuant to section 144 of P.L.1977,**  
47 **c.110 (C.5:12-144) and to】** an 8.5 percent tax, except that sums  
48 received from Internet wagering on sports events, less only the total

1 of all sums actually paid out as winnings to patrons, shall be subject  
2 to a 13 percent tax, which shall be paid to the Casino Revenue Fund  
3 and<sup>1</sup> the investment alternative tax established by section 3 of  
4 P.L.1984, c.218 (C.5:12-144.1) <sup>1</sup>【, except that sums received from  
5 Internet wagering on sports events shall be taxed as provided in  
6 section 17 of P.L.2013, c.27 (C.5:12-95.19),】 which investment  
7 alternative tax funds shall be used exclusively for the Meet Atlantic  
8 City marketing program,<sup>1</sup> provided, however, that the cash  
9 equivalent value of any merchandise or thing of value included in a  
10 jackpot or payout shall not be included in the total of all sums paid  
11 out as winnings to patrons for purposes of determining <sup>1</sup>【gross】<sup>1</sup>  
12 revenue under this paragraph<sup>1</sup> .

13 The sums actually received by the horse racing permit holder  
14 from any sports wagering operation, either jointly established with a  
15 casino or established independently or with non-casino partners,  
16 less only the total of all sums actually paid out as winnings to  
17 patrons, shall be subject to <sup>1</sup>【an 8】 an 8.5<sup>1</sup> percent tax <sup>1</sup>, except that  
18 sums received from Internet wagering on sports events, less only  
19 the total of all sums actually paid out as winnings to patrons, shall  
20 be subject to a 13 percent tax,<sup>1</sup> to be collected by the division and  
21 paid to the <sup>1</sup>【Casino Revenue】 State General<sup>1</sup> Fund <sup>1</sup>【created under  
22 section 145 of P.L.1977, c.110 (C.5:12-145) to be used for the  
23 funding of programs for senior citizens and disabled residents】<sup>1</sup> and  
24 to an additional tax of 1.25 percent on amounts actually received  
25 from a sports wagering operation <sup>1</sup>【with 0.75 percent paid】 , less  
26 only the total of all sums actually paid out as winnings to patrons,  
27 to be paid to the Division of Local Government Services in the  
28 Department of Community Affairs for distribution, upon application  
29 by a municipality or county,<sup>1</sup> to the municipality and <sup>1</sup>【0.5 percent  
30 paid】<sup>1</sup> to the county in which the sports wagering lounge is located  
31 or to an economic development authority of that municipality and  
32 county <sup>1</sup>【, as determined by the governing body of the municipality  
33 or county,】<sup>1</sup> with those amounts used for economic development  
34 purposes, <sup>1</sup>【except that sums received from Internet wagering on  
35 sports events shall be taxed as provided in section 17 of P.L.2013,  
36 c.27 (C.5:12-95.19),】<sup>1</sup> provided, however, that the cash equivalent  
37 value of any merchandise or thing of value included in a jackpot or  
38 payout shall not be included in the total of all sums paid out as  
39 winnings to patrons for purposes of determining revenue under this  
40 paragraph.

41 A percentage of the fee paid for a license to operate a sports pool  
42 shall be deposited into the State General Fund for appropriation by  
43 the Legislature to the Department of Health <sup>1</sup>【and Senior  
44 Services】<sup>1</sup> to provide funds for <sup>1</sup>【evidence-based】<sup>1</sup> prevention,  
45 education, and treatment programs for compulsive gambling  
46 <sup>1</sup>【programs】<sup>1</sup> that meet the criteria developed pursuant to section 2

1 of P.L.1993, c.229 (C.26:2-169), such as those provided by the  
2 Council on Compulsive Gambling of New Jersey, and including the  
3 development and implementation of programs that identify and  
4 assist problem gamblers. The percentage shall be determined by the  
5 division.

6  
7 8. (New section) Sports wagering lounges at which a sports  
8 pool is operated shall be a permitted use in all commercial, retail,  
9 industrial, non-residential and mixed-use zoning districts of a  
10 municipality.

11  
12 9. (New section) If a patron does not claim a winning sports  
13 pool wager within one year from the time of the event, the  
14 obligation of the operator to pay the winnings shall expire and the  
15 funds shall be distributed as follows:

16 for wagers placed with a sports pool operated by or on behalf of  
17 a casino, the casino shall retain 50 percent and remit the remaining  
18 50 percent to the Casino Revenue Fund;

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

22 for wagers placed with a sports pool jointly operated by a casino  
23 and a racetrack, the casino and racetrack shall retain a total of 50  
24 percent which shall be apportioned among them pursuant to the  
25 terms of their operation agreement, and the remaining 50 percent  
26 shall be apportioned in the same manner, with the casino percentage  
27 being deposited in the Casino Revenue Fund and the racetrack  
28 percentage being deposited in the State General Fund.

29  
30 10 (New section) Notwithstanding any other provision of  
31 P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted  
32 thereunder or pooled with wagers from persons who are not  
33 physically present in this State if the division determines that such  
34 wagering is not inconsistent with federal law or the law of the  
35 jurisdiction, including any foreign nation, in which any such person  
36 is located, or such wagering is conducted pursuant to a reciprocal  
37 agreement to which the State is a party that is not inconsistent with  
38 federal law.

39  
40 11. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to  
41 read as follows:

42 24. "Gross Revenue"-- The total of all sums actually received by  
43 a casino licensee from gaming operations, <sup>1</sup>including operation of  
44 a sports pool.<sup>1</sup> less only the total of all sums actually paid out as  
45 winnings to patrons; provided, however, that the cash equivalent  
46 value of any merchandise or thing of value included in a jackpot or  
47 payout shall not be included in the total of all sums paid out as  
48 winnings to patrons for purposes of determining gross revenue.

1 "Gross Revenue" shall not include any amount received by a casino  
2 from casino simulcasting pursuant to the "Casino Simulcasting  
3 Act," P.L.1992, c.19 (C.5:12-191 et al.) or from sports wagering  
4 pursuant to P.L. , c. (C. ) (pending before the Legislature as  
5 this bill)<sup>1</sup>  
6 (cf: P.L.2014, c.62, s.3)  
7

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

10 104. a. Unless otherwise provided in this subsection, no  
11 agreement shall be lawful which provides for the payment, however  
12 defined, of any direct or indirect interest, percentage or share of:  
13 any money or property gambled at a casino or simulcasting facility;  
14 any money or property derived from casino gaming activity or  
15 wagering at a simulcasting facility; or any revenues, profits or  
16 earnings of a casino or simulcasting facility. Notwithstanding the  
17 foregoing:

18 (1) Agreements which provide only for the payment of a fixed  
19 sum which is in no way affected by the amount of any such money,  
20 property, revenues, profits or earnings shall not be subject to the  
21 provisions of this subsection; and receipts, rentals or charges for  
22 real property, personal property or services shall not lose their  
23 character as payments of a fixed sum because of contract, lease, or  
24 license provisions for adjustments in charges, rentals or fees on  
25 account of changes in taxes or assessments, cost-of-living index  
26 escalations, expansion or improvement of facilities, or changes in  
27 services supplied.

28 (2) Agreements between a casino licensee and a junket  
29 enterprise or junket representative licensed, qualified or registered  
30 in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et  
31 seq.) and the regulations of the division which provide for the  
32 compensation of the junket enterprise or junket representative by  
33 the casino licensee based upon the actual casino gaming or  
34 simulcast wagering activities of a patron procured or referred by the  
35 junket enterprise or junket representative shall be lawful if filed  
36 with the division prior to the conduct of any junket that is governed  
37 by the agreement.

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

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

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

5 (6) Agreements relating to simulcast racing and wagering  
6 between a casino licensee and an in-State or out-of-State sending  
7 track licensed or exempt from licensure in accordance with section  
8 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with  
9 the division, and be lawful and effective only if expressly approved  
10 as to their terms by the division and the New Jersey Racing  
11 Commission, except that any such agreements which provide for a  
12 percentage of the parimutuel pool wagered at a simulcasting facility  
13 to be paid to the sending track shall not be subject to the provisions  
14 of this subsection.

15 (7) 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) as a hub facility, as defined in joint  
19 regulations of the Division of Gaming Enforcement and the New  
20 Jersey Racing Commission, shall be in writing, be filed with the  
21 commission, and be lawful and effective only if expressly approved  
22 as to their terms by the commission and the New Jersey Racing  
23 Commission, except that any such agreements which provide for a  
24 percentage of the casino licensee's share of the parimutuel pool  
25 wagered at a simulcasting facility to be paid to the hub facility shall  
26 not be subject to the provisions of this subsection.

27 (8) Agreements relating to simulcast racing and wagering  
28 between a casino licensee 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) to conduct casino simulcasting in a  
31 simulcasting facility 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, except that any such  
34 agreements which provide for a percentage of the casino licensee's  
35 share of the parimutuel pool wagered at a simulcasting facility to be  
36 paid to the casino service industry enterprise shall not be subject to  
37 the provisions of this subsection.

38 (9) Written agreements relating to the operation of multi-casino  
39 or multi-state progressive slot machine systems between one or  
40 more casino licensees and a casino service industry enterprise  
41 licensed pursuant to the provisions of subsection a. of section 92 of  
42 P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such  
43 license, which provide for an interest, percentage or share of the  
44 casino licensee's revenues, profits or earnings from the operation of  
45 such multi-casino or multi-state progressive slot machines to be  
46 paid to the casino service industry enterprise licensee or applicant  
47 shall not be subject to the provisions of this subsection if the  
48 agreements are filed with and approved by the division.



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

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

37 (12) 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 a license, in connection with the conduct of mobile gaming  
41 under section 100 of P.L.1977, c.110 (C.5:12-100), or mobile sports  
42 pool operations within a casino hotel facility in areas in which  
43 mobile gaming under section 100 of P.L.1977, c.110 (5:12-100) is  
44 authorized, which provides for a percentage of the casino licensee's  
45 gross revenue from mobile gaming to be paid to the casino service  
46 industry enterprise licensee shall not be subject to the provisions of  
47 this subsection, provided that the agreement shall be in writing,

1 filed with the division, and shall be lawful and effective only if the  
2 terms thereof are expressly approved by the division.

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

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

32 Every agreement required to be maintained, and every related  
33 agreement the performance of which is dependent upon the  
34 performance of any such agreement, shall be deemed to include a  
35 provision to the effect that, if the commission shall require  
36 termination of an agreement pursuant to its authority under  
37 P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur  
38 without liability on the part of the casino applicant or licensee or  
39 any qualified party to the agreement or any related agreement.  
40 Failure expressly to include such a provision in the agreement shall  
41 not constitute a defense in any action brought to terminate the  
42 agreement. If the agreement is not maintained or presented to the  
43 commission in accordance with division regulations, or the  
44 disapproved agreement is not terminated, the division may pursue  
45 any remedy or combination of remedies provided in this act.

46 For the purposes of this subsection, "casino applicant" includes  
47 any person required to hold a casino license pursuant to section 82  
48 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a

1 casino license or any approval required under P.L.1977, c.110  
2 (C.5:12-1 et seq.).

3 c. Nothing in this act shall be deemed to permit the transfer of  
4 any license, or any interest in any license, or any certificate of  
5 compliance or any commitment or reservation.

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

7

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

10 1. "Promotional gaming credit" - A slot machine credit <sup>1</sup>, sports  
11 wagering credit<sup>1</sup> or other item approved by the division that is  
12 issued by a licensee to a patron for the purpose of enabling the  
13 placement of a wager at a slot machine <sup>1</sup>or in a sports pool<sup>1</sup> in the  
14 licensee's casino or through the licensee's Internet gaming system.  
15 No such credit shall be reported as a promotional gaming credit  
16 unless the casino licensee can establish that the credit was issued by  
17 the casino licensee and received from a patron as a wager at a slot  
18 machine <sup>1</sup>or in a sports pool<sup>1</sup> in the licensee's casino or Internet  
19 gaming system.

20 (cf: P.L. 2013, c.27, s.34)

21

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

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

25 "Atlantic City" means the City of Atlantic City, in Atlantic  
26 County;

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

30 "Casino gaming property" means one or more parcels of real  
31 property located in Atlantic City, and any adjacent property utilized  
32 in connection with such property, upon which there is located a  
33 facility licensed to be used for casino gaming in 2014 or thereafter,  
34 whether or not in actual operation, which has more than 500 guest  
35 hotel rooms, and is not subject to recorded covenants prohibiting  
36 casino gaming;

37 "Division" means the Division of Gaming Enforcement in the  
38 Department of Law and Public Safety;

39 "Gross gaming revenue" (GGR) means the total amount of  
40 revenue raised through casino gaming <sup>1</sup>, including revenue from  
41 sports pool operations,<sup>1</sup> from all of the casino gaming properties  
42 located in Atlantic City as determined by the division;

43 "Local Finance Board" means the Local Finance Board in the  
44 Division of Local Government Services in the Department of  
45 Community Affairs; and

46 "Treasury" means the Department of the Treasury.

1       b. Beginning with calendar year 2017, and for the next  
2 succeeding nine calendar years, casino gaming properties located in  
3 Atlantic City shall be exempt from local property taxation on real  
4 property and improvements, including accessory hotels, conference  
5 centers, parking garages, and other appurtenant facilities, except  
6 that any new improvement developed on a casino gaming property  
7 that is made outside of the perimeter footprint of any improvement  
8 existing as of the effective date of this act and any real property, not  
9 formerly qualified as casino gaming property, acquired after such  
10 date by an owner of casino gaming property shall not be exempt  
11 from local property taxation in any calendar year and shall be  
12 subject to local property taxation annually at Atlantic City's general  
13 property tax rate. The provisions of this section shall not apply to  
14 any casino property that operates under a small scale casino facility  
15 license or a staged casino facility license pursuant to section 1 of  
16 P.L.2010, c.115 (C.5:12-80.1).

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

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

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

39       (b) For calendar year 2018 and for each calendar year thereafter,  
40 the amount of the payment in lieu of property taxes owed to  
41 Atlantic City shall increase by two percent per year in every year in  
42 which there is no upward adjustment to the base amount of the  
43 payment in lieu of taxes from the previous calendar year as  
44 determined by subparagraph (d) of this paragraph.

45       (c) For calendar year 2018 and for each calendar year thereafter,  
46 the total amount of the payment in lieu of property taxes owed to  
47 Atlantic City shall be the base amount as determined by  
48 subparagraph (d) of this paragraph and the total amount of the

1 annual increases to date as determined by subparagraph (b) of this  
2 paragraph.

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

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

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

14 If the amount of the GGR in the preceding calendar year is  
15 between \$2.6 billion and \$3.0 billion, the base amount shall be \$130  
16 million, or in the case of an upward adjustment, \$10 million more  
17 than the PILOT in the previous year, whichever is greater;

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

22 If the amount of the GGR in the preceding calendar year is  
23 between \$1.8 billion and \$2.2 billion and the aggregate gross  
24 revenues from all of the casino gaming properties located in  
25 Atlantic City from all revenue streams, excluding GGR, have not  
26 increased compared to the prior calendar year by more than the  
27 amount by which GGR is less than \$2.2 billion, as determined by  
28 the division, the base amount shall be \$110 million, or in the case of  
29 an upward adjustment, \$20 million more than the PILOT in the  
30 previous year, whichever is greater;

31 If the amount of the GGR in the preceding calendar year is \$1.8  
32 billion or less and the aggregate gross revenue from all of the casino  
33 gaming properties located in Atlantic City from all revenue streams,  
34 excluding GGR have not increased compared to the prior calendar  
35 year by more than the amount by which GGR is less than \$1.8  
36 billion as determined by the division, the base amount shall be \$90  
37 million.

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

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

45 The number of hotel guest rooms in each casino gaming  
46 property; and

47 The gross gaming revenue of the casino in each casino gaming  
48 property from the prior calendar year.

1 Each of these three criteria shall bear equal weight in the formula  
2 implemented by the Local Finance Board, in consultation with the  
3 division, pursuant to this paragraph, provided that during calendar  
4 years 2017, 2018, 2019, 2020, and 2021, if the formula results in  
5 any individual casino gaming property being allocated an amount  
6 that is in excess of the total real property taxes due and payable by  
7 the casino gaming property in calendar year 2015, then that casino  
8 gaming property shall receive a credit against the obligation of the  
9 operator of that property under paragraph (2) of subsection a. of  
10 section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such  
11 excess. If, after that credit against the obligation of the operator of  
12 that property under paragraph (2) of subsection a. of section 3 of  
13 P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would  
14 still be liable for a payment in lieu of property taxes in excess of the  
15 total real property taxes due and payable by the casino gaming  
16 property in calendar year 2015, the casino gaming property shall not  
17 be required to make any additional payment in lieu of property tax  
18 payment. Instead, any additional amount that would have been  
19 owed by that casino gaming property shall be added, by  
20 proportional share, to the payment in lieu of property taxes to be  
21 paid by every other casino gaming property in order to provide  
22 Atlantic City the total amount of the payment in lieu of property  
23 taxes due and owing for that calendar year.

24 d. When a new casino gaming property is added or when an  
25 existing casino gaming property no longer qualifies as a casino  
26 gaming property as defined in subsection a. of this section, Atlantic  
27 City's financial agreement with each owner of each casino gaming  
28 property shall be amended to reflect the change and the allocation  
29 of the payment in lieu of property taxes between the casino gaming  
30 properties.

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

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

37

38 <sup>1</sup>~~13.~~ 15.<sup>1</sup> Sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7  
39 through C.5:12A-9) are repealed.

40

41 <sup>1</sup>~~14.~~ 16.<sup>1</sup> This act shall take effect immediately <sup>1</sup>, except  
42 that provisions allowing online or Internet sports wagering shall  
43 take effect 30 days thereafter<sup>1</sup>