

[Second Reprint]
SENATE, No. 2992

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED SEPTEMBER 24, 2018

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Assemblywoman Vainieri Huttie, Assemblyman Rooney and

Assemblywoman DiMaso

SYNOPSIS

Provides for horse racing purse subsidies and that portion of sums received by the horse racing permit holder from sports wagering will be paid to horsemen's associations pursuant to agreement with racetrack; makes appropriation.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on January 28, 2019, with amendments.

(Sponsorship Updated As Of: 2/1/2019)

1 AN ACT concerning horse racing purse subsidies ¹**[and]** ¹
 2 supplementing P.L.1940, c.17 (C.5:5-22 et seq.), ¹amending
 3 P.L.2018, c. 33,¹ and making an appropriation.
 4

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

8 1. There shall be appropriated out of the General Fund of the
 9 State in the current fiscal year 2019 and in each of the four fiscal
 10 years thereafter \$20,000,000 annually to the New Jersey Racing
 11 Commission to be used for horse racing purse subsidies. These
 12 amounts shall be allocated by the New Jersey Racing Commission
 13 equally between the thoroughbred industry and the standardbred
 14 industry. Of the funds allocated to the thoroughbred industry, 100
 15 percent shall be allocated to Monmouth Park overnight purses. Of
 16 the funds allocated to the standardbred industry, 60 percent shall be
 17 allocated to Meadowlands overnight purses; 16 percent to Freehold
 18 overnight purses; 12 percent to the New Jersey Sire Stakes purses; 6
 19 percent to purse bonuses for New Jersey sired horses; and 6 percent
 20 for breeders awards purses.
 21

22 2. There is appropriated out of the General Fund of the State
 23 for the 2019 Fiscal Year \$20,000,000 to the New Jersey Racing
 24 Commission to be used for horse racing purse subsidies in the
 25 manner provided by section 1 of this act, P.L. , c. (C.)
 26 (pending before the Legislature as this bill).
 27

28 ¹3. Section 7 of P.L.2018, c.33 (C.5:12A-16) is amended to
 29 read as follows:

30 7. The sums received by the casino from sports wagering or
 31 from a joint sports wagering operation, less only the total of all
 32 sums actually paid out as winnings to patrons, shall not be taxed as
 33 gross revenue as specified under section 24 of P.L.1977, c.110
 34 (C.5:12-24) but shall be subject to an 8.5 percent tax, except that
 35 sums received from Internet wagering on sports events, less only
 36 the total of all sums actually paid out as winnings to patrons, shall
 37 be subject to a 13 percent tax, which shall be paid to the Casino
 38 Revenue Fund, and to an additional tax of 1.25 percent which shall
 39 be remitted by the State Treasurer to the Casino Reinvestment
 40 Development Authority for marketing and promotion of the City of
 41 Atlantic City, provided, however, that the cash equivalent value of
 42 any merchandise or thing of value included in a jackpot or payout
 43 shall not be included in the total of all sums paid out as winnings to
 44 patrons for purposes of determining revenue under this paragraph.

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:

¹Senate SBA committee amendments adopted December 10, 2018.

²Assembly AAP committee amendments adopted January 28, 2019.

1 The net revenues actually received by the horse racing permit
2 holder from any sports wagering operation at the Meadowlands
3 Racetrack, including Internet wagering on sports events, either
4 jointly established with a casino or established independently or
5 with non-casino partners, less the total of all sums actually paid out
6 for any operating expenses and as winnings to patrons, shall be paid
7 by the Meadowlands Racetrack to the Standardbred Breeders and
8 Owners' Association of New Jersey and the New Jersey
9 Thoroughbred Horsemen's Association pursuant to the terms of a
10 written agreement between the Meadowlands Racetrack and each
11 association. A written agreement shall be in effect for as long as a
12 sports wagering operation is conducted at the Meadowlands
13 Racetrack.

14 The net revenues actually received by the horse racing permit
15 holder from any sports wagering operation at the Monmouth Park
16 Racetrack, including Internet wagering on sports events, either
17 jointly established with a casino or established independently or
18 with non-casino partners, less the total of all sums actually paid out
19 for any operating expenses and as winnings to patrons, shall be paid
20 by Monmouth Park Racetrack to the New Jersey Thoroughbred
21 Horsemen's Association pursuant to the terms of a written
22 agreement between Monmouth Park Racetrack and that association.
23 A written agreement shall be in effect for as long as a sports
24 wagering operation is conducted at Monmouth Park Racetrack.

25 The net revenues actually received by the horse racing permit
26 holder from any sports wagering operation at the Freehold
27 Raceway, including Internet wagering on sports events, either
28 jointly established with a casino or established independently or
29 with non-casino partners, less the total of all sums actually paid out
30 for any operating expenses and as winnings to patrons, shall be paid
31 by Freehold Raceway to the Standardbred Breeders and Owners'
32 Association of New Jersey pursuant to the terms of a written
33 agreement between Freehold Raceway and that association. A
34 written agreement shall be in effect for as long as a sports wagering
35 operation is conducted at Freehold Raceway.

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 8.5 percent tax, except that sums
41 received from Internet wagering on sports events, less only the total
42 of all sums actually paid out as winnings to patrons, shall be subject
43 to a 13 percent tax, to be collected by the division and paid to the
44 State General Fund and to an additional tax of 1.25 percent on
45 amounts actually received from a sports wagering operation, less
46 only the total of all sums actually paid out as winnings to patrons,
47 to be paid, except as provided below with respect to amounts
48 generated by the Meadowlands racetrack, to the Department of the

1 Treasury for distribution, upon application by a municipality or
2 county, to the municipality in which the majority of the racetrack is
3 located and to the county in which the racetrack is located or to an
4 economic development authority of that municipality and county
5 with those amounts used for economic development purposes,
6 which shall include, but not be limited to, improvements to:
7 transportation and infrastructure, tourism, public safety, and
8 properties located on or near the racetrack, provided, however, that
9 the cash equivalent value of any merchandise or thing of value
10 included in a jackpot or payout shall not be included in the total of
11 all sums paid out as winnings to patrons for purposes of
12 determining revenue under this paragraph. The Department of the
13 Treasury shall establish an account for each eligible municipality
14 and county and shall ensure that the amounts generated from the
15 racetrack shall only be distributed to the municipality in which the
16 majority of the racetrack is located and county in which the
17 racetrack is located with 0.75 percent paid to the municipality and
18 0.5 percent paid to the county, except that amounts generated from
19 the Meadowlands racetrack shall be paid into the intermunicipal
20 account, established pursuant to section 53 of P.L.2015, c.19
21 (C.5:10A-53), and used to pay Meadowlands adjustment payments
22 to municipalities in the Meadowlands district.

23 A percentage of the fee paid for a license to operate a sports pool
24 shall be deposited into the State General Fund for appropriation by
25 the Legislature to the Department of Health to provide funds for
26 evidence-based prevention, education, and treatment programs for
27 compulsive gambling that meet the criteria developed pursuant to
28 section 2 of P.L.1993, c.229 (C.26:2-169), such as those provided
29 by the Council on Compulsive Gambling of New Jersey, and
30 including the development and implementation of programs that
31 identify and assist problem gamblers. The percentage shall be
32 determined by the division.¹
33 (cf: P.L.2018, c.130, s.1)
34

35 ¹**[3.]** 4. (New section)¹ The recipient of any funds
36 appropriated ¹or allocated¹ pursuant to this act, ¹P.L. , c. (C.)
37 (pending before the Legislature as this bill),¹ as a condition of
38 receiving any such funds in the ¹**[next]** subsequent¹ fiscal year
39 thereafter, shall file an annual report with the ²Governor, the
40 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1,
41 and the² New Jersey Racing Commission that documents the
42 purposes for which those funds were used and the amounts
43 allocated for those purposes. Each annual report shall include, but
44 not be limited to, the following information: impact on the
45 handle/total amount bet; impact on the total number of horses in the
46 races; impact on the number of New Jersey bred horses in the races;
47 impact on the number of New Jersey bred horses winning races;

1 number of brood mares in New Jersey; number of New Jersey bred
2 foals born; and any impact on the New Jersey Sire Stakes program.
3 ²Each annual report shall also include a comparison for each fiscal
4 year during which funds are received with each of the five years
5 immediately preceding the first year in which funds are received of
6 the number of races held each year, the number of horses in each
7 race, the number of bets placed on horse races, the number of
8 horses aged four years or younger stabled for a majority of the year
9 in New Jersey, and gate attendance and revenue at each racetrack.
10 The Legislature may choose not to appropriate the amounts
11 provided by section 1 of P.L. , c. (C.) (pending before the
12 Legislature as this bill) if it determines, based on a review of the
13 reports filed pursuant to this section, that receipt of these funds has
14 not substantially improved the racing industry in New Jersey. If the
15 Legislature chooses to appropriate the amounts provided by section
16 1 of P.L. , c. (C.) (pending before the Legislature as this bill)
17 it shall first pass a concurrent resolution stating that the reports
18 have been reviewed and are satisfactory to the Legislature.²
19
20 ¹**[4.] 5.**¹ This act shall take effect immediately.