

ASSEMBLY, No. 637

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Co-Sponsored by:

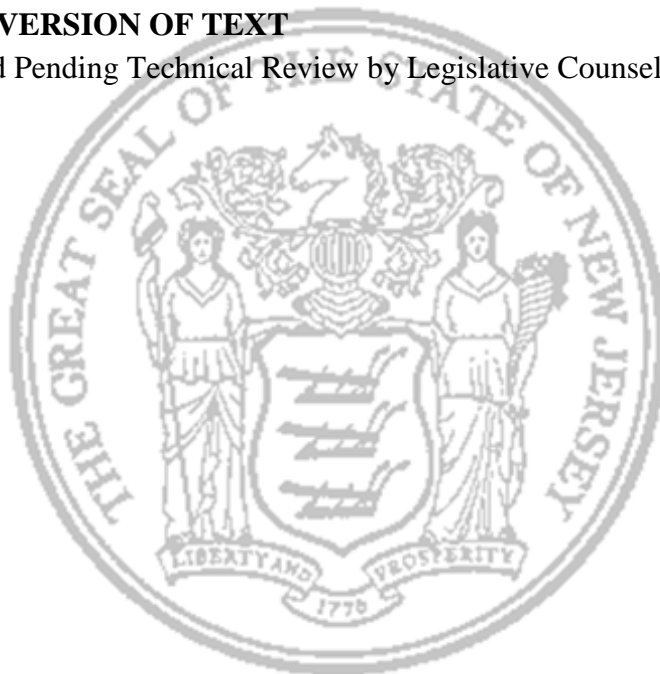
Assemblymen Armato and Mazzeo

SYNOPSIS

Revises permit and license processes for sports pools operators and online sports pool operators; revises definitions of certain sports events; allows for transactional waiver for sports wagering lounge.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 2/3/2020)

1 AN ACT concerning sports pool operators and wagering on sports,
2 and amending P.L.1977, c.110 and P.L.2018, c.33.

3

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

6

7 1. Section 92 of P.L.1977, c.110 (C.5:12-92) is amended to
8 read as follows:

9 92. Licensing of casino service industry enterprises. a. (1) Any
10 business to be conducted with a casino applicant, racetrack, or
11 licensee by a vendor offering goods or services which directly relate
12 to casino, racetrack, sports wagering, or gaming activity, or Internet
13 gaming activity, including gaming equipment and simulcast
14 wagering equipment manufacturers, suppliers, repairers, and
15 independent testing laboratories, and companies that supply sports
16 wagering equipment or services, shall require licensure as a casino
17 service industry enterprise in accordance with the provisions of this
18 act prior to conducting any business whatsoever with a casino
19 applicant, racetrack, or licensee, its employees or agents; provided,
20 however, that upon a showing of good cause by a casino applicant,
21 racetrack, or licensee, the director may permit an applicant for a
22 casino service industry enterprise license to conduct business
23 transactions with such casino applicant, racetrack, or licensee prior
24 to the licensure of that casino service industry enterprise applicant
25 under this subsection for such periods as the division may establish
26 by regulation. Companies providing services to casino licensees
27 regarding Internet gaming shall, notwithstanding any other
28 provision of P.L.1977, c.110 (C.5:12-1 et seq.), be responsible for
29 the full cost of their licensure, including any investigative costs.

30 In the case of conducting an online sports pool, as that term is
31 defined in section 1 of P.L.2018, c.33 (C.5:12A-10), a vendor that
32 holds an existing casino service industry enterprise license shall,
33 upon the approval of the division, expand on any initial license
34 granted by the division prior to offering goods or services directly
35 related to sports wagering or online sports wagering activities or
36 operations. The approval shall be in accordance with the terms and
37 conditions set forth by the division.

38 (2) In addition to the requirements of paragraph (1) of this
39 subsection, any casino service industry enterprise intending to
40 manufacture, sell, distribute, test or repair slot machines within
41 New Jersey, other than antique slot machines as defined in
42 N.J.S.2C:37-7, shall be licensed in accordance with the provisions
43 of this act prior to engaging in any such activities; provided,
44 however, that upon a showing of good cause by a casino applicant
45 or licensee, the director may permit an applicant for a casino service

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 industry enterprise license to conduct business transactions with the
2 casino applicant or licensee prior to the licensure of that casino
3 service industry enterprise applicant under this subsection for such
4 periods as the division may establish by regulation; and provided
5 further, however, that upon a showing of good cause by an
6 applicant required to be licensed as a casino service industry
7 enterprise pursuant to this paragraph, the director may permit the
8 casino service industry enterprise applicant to initiate the
9 manufacture of slot machines or engage in the sale, distribution,
10 testing or repair of slot machines with any person other than a
11 casino applicant or licensee, its employees or agents, prior to the
12 licensure of that casino service industry enterprise applicant under
13 this subsection.

14 (3) Vendors providing goods and services to casino licensees or
15 applicants ancillary to gaming, including, without limitation, junket
16 enterprises and junket representatives, and any person employed by
17 a junket enterprise or junket representative in a managerial or
18 supervisory position, non-casino applicants or licensees required to
19 hold a casino hotel alcoholic beverage license pursuant to section
20 103 of P.L.1977, c.110 (C.5:12-103), lessors of casino property not
21 required to hold a casino license pursuant to section 82 of P.L.1977,
22 c.110 (C.5:12-82), and licensors of authorized games shall be
23 required to be licensed as an ancillary casino service industry
24 enterprise and shall comply with the standards set forth in
25 paragraph (4) of subsection c. of this section.

26 b. Each casino service industry enterprise required to be
27 licensed pursuant to paragraph (1) of subsection a. of this section,
28 as well as its owners; management and supervisory personnel; and
29 employees if such employees have responsibility for services to a
30 casino applicant or licensee, must qualify under the standards,
31 except residency, established for qualification of a casino key
32 employee under this act, P.L.1977, c.110 (C.5:12-1 et seq.).

33 c. (1) Any vendor that offers goods or services to a casino
34 applicant or licensee that is not included in subsection a. of this
35 section including, but not limited to casino site contractors and
36 subcontractors, shopkeepers located within the approved hotels,
37 gaming schools that possess slot machines for the purpose of
38 instruction, and any non-supervisory employee of a junket
39 enterprise licensed under paragraph (3) of subsection a. of this
40 section, shall be required to register with the division in accordance
41 with the regulations promulgated under this act, P.L.1977, c.110
42 (C.5:12-1 et seq.).

43 (2) Notwithstanding the provisions of paragraph (1) of this
44 subsection, the director may, consistent with the public interest and
45 the policies of this act, direct that individual vendors registered
46 pursuant to paragraph (1) of this subsection be required to apply for
47 either a casino service industry enterprise license pursuant to
48 paragraph (1) of subsection a. of this section, or an ancillary casino
49 service industry enterprise license pursuant to paragraph (3) of

1 subsection a. of this section, as directed by the division, including,
2 without limitation, in-State and out-of-State sending tracks as
3 defined in section 2 of the "Casino Simulcasting Act," P.L.1992,
4 c.19 (C.5:12-192); shopkeepers located within the approved hotels;
5 and gaming schools that possess slot machines for the purpose of
6 instruction. The director may also order that any enterprise licensed
7 as or required to be licensed as an ancillary casino service industry
8 enterprise pursuant to paragraph (3) of subsection a. of this section
9 be required to apply for a casino service industry enterprise license
10 pursuant to paragraph (1) of subsection a. of this section. The
11 director may also, in his discretion, order that an independent
12 software contractor not otherwise required to be registered be either
13 registered as a vendor pursuant to subsection c. of this section or be
14 licensed pursuant to either paragraph (1) or (3) of subsection a. of
15 this section.

16 (3) (Deleted by amendment, P.L.2011, c.19)

17 (4) Each ancillary casino service industry enterprise required to
18 be licensed pursuant to paragraph (3) of subsection a. of this
19 section, as well as its owners, management and supervisory
20 personnel, and employees if such employees have responsibility for
21 services to a casino applicant or licensee, shall establish their good
22 character, honesty and integrity by clear and convincing evidence
23 and shall provide such financial information as may be required by
24 the division. Any enterprise required to be licensed as an ancillary
25 casino service industry enterprise pursuant to this section shall be
26 permitted to transact business with a casino licensee upon filing of
27 the appropriate vendor registration form and application for such
28 licensure.

29 d. Any applicant, licensee or qualifier of a casino service
30 industry enterprise license or of an ancillary casino service industry
31 enterprise license under subsection a. of this section, and any
32 vendor registrant under subsection c. of this section shall be
33 disqualified in accordance with the criteria contained in section 86
34 of **[this act]** P.L.1977, c.110 (C.5:12-86), except that no such
35 ancillary casino service industry enterprise license under paragraph
36 (3) of subsection a. of this section or vendor registration under
37 subsection c. of this section shall be denied or revoked if such
38 vendor registrant can affirmatively demonstrate rehabilitation as
39 provided in subsection d. of section 91 of P.L.1977, c.110 (C.5:12-
40 91).

41 e. No casino service industry enterprise license or ancillary
42 casino service industry enterprise license shall be issued pursuant to
43 subsection a. of this section to any person unless that person shall
44 provide proof of valid business registration with the Division of
45 Revenue in the Department of the Treasury.

46 f. (Deleted by amendment, P.L.2011, c.19)

47 g. For the purposes of this section, each applicant shall submit
48 to the division the name, address, fingerprints and a written consent

1 for a criminal history record background check to be performed, for
2 each person required to qualify as part of the application. The
3 division is hereby authorized to exchange fingerprint data with and
4 receive criminal history record information from the State Bureau
5 of Identification in the Division of State Police and the Federal
6 Bureau of Investigation consistent with applicable State and federal
7 laws, rules and regulations. The applicant shall bear the cost for the
8 criminal history record background check, including all costs of
9 administering and processing the check. The Division of State
10 Police shall promptly notify the division in the event a current or
11 prospective qualifier, who was the subject of a criminal history
12 record background check pursuant to this section, is arrested for a
13 crime or offense in this State after the date the background check
14 was performed.

15 h. (1) Subsequent to the licensure of any entity pursuant to
16 subsection a. of this section, including any finding of qualification
17 as may be required as a condition of licensure, or the registration of
18 any vendor pursuant to subsection c. of this section, the director
19 may revoke, suspend, limit, or otherwise restrict the license,
20 registration or qualification status upon a finding that the licensee,
21 registrant or qualifier is disqualified on the basis of the criteria set
22 forth in section 86 of P.L.1977, c.110 (C.5:12-86).

23 (2) A hearing prior to the suspension of any license, registration
24 or qualification issued pursuant to this section shall be a limited
25 proceeding at which the division shall have the affirmative
26 obligation to demonstrate that there is a reasonable possibility that
27 the licensee, registrant or qualifier is disqualified on the basis of the
28 criteria set forth in section 86 of P.L.1977, c.110 (C.5:12-86).
29 (cf: P.L.2013, c.27, s.12)

30
31 2. Section 1 of P.L.2018, c.33 (C.5:12A-10) is amended to read
32 as follows:

33 1. As used in this act:

34 **["casino"]** “Casino” means a licensed casino or gambling house
35 located in Atlantic City at which casino gambling is conducted
36 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.)**;**

37 **["commission"]** “Commission” means the Casino Control
38 Commission established pursuant to section 50 of P.L.1977, c.110
39 (C.5:12-50)**;**

40 **["collegiate sport or athletic event"]** “Collegiate sport or athletic
41 event” means a sport or athletic event offered or sponsored by or
42 played in connection with a public or private institution that offers
43 educational services beyond the secondary level**;**

44 **["division"]** “Division” means the Division of Gaming
45 Enforcement established pursuant to section 55 of P.L.1977, c.110
46 (C.5:12-55)**;**

47 **["former racetrack"]** “Former racetrack” means any former
48 racetrack where a horse race meeting was conducted within 15

1 years prior to the effective date of P.L.2014, c.62 (C.5:12A-7 et
2 seq.), excluding premises other than the land contained within the
3 racecourse oval[;] .

4 **["Internet sports pool operator"]** “Internet sports pool operator”
5 means an entity that is licensed as a casino service industry
6 enterprise pursuant to section 92 of P.L.1977, c.110 (C.5:12-92)
7 **[and that holds a permit issued by the division to operate an online**
8 **sports pool;]** .

9 **["online sports pool"]** “Online sports pool” means a sports
10 wagering operation in which wagers on sports events are made
11 through computers or mobile or interactive devices and accepted at
12 a sports wagering lounge through an online gaming system which is
13 operating pursuant to a sports wagering **[permit] license** issued by
14 the division or racing commission pursuant to P.L.2018, c.33
15 (C.5:12A-10 et al.)[;] .

16 **["operator"]** “Operator” means a casino or a racetrack which has
17 elected to operate a sports pool, either independently or jointly, and
18 any entity with whom a casino or racetrack licensed to operate a
19 sports pool contracts to operate a sports pool or online sports pool,
20 including an Internet sports pool operator, on its behalf[;] .

21 **["professional sport or athletic event"]** “Professional sport or
22 athletic event” means an event at which two or more persons
23 participate in sports or athletic events and receive compensation in
24 excess of actual expenses for their participation in such event[;] .

25 **["prohibited sports event"]** “Prohibited sports event” means any
26 collegiate sport or athletic event that takes place in New Jersey or a
27 sport or athletic event in which any New Jersey college team
28 participates regardless of where the event takes place. A
29 "prohibited sports event" does not include the other games of a
30 collegiate sport or athletic tournament in which a New Jersey
31 college team participates, nor does it include any games of a
32 collegiate tournament that occurs outside New Jersey even though
33 some of the individual games or events are held in New Jersey. A
34 **[prohibited sports event]** “prohibited sports event” includes all high
35 school sports events **[, electronic]**. A “prohibited sports event”
36 includes electronic sports[,] and competitive video games **[but]**
37 that are sponsored by or affiliated with a high school or electronic
38 sports and competitive video games and tournaments in which a
39 majority of the competitors are under 18 years of age. A
40 “prohibited sports event” does not include **[international]** sports,
41 electronic sports, or competitive video game events in which
42 persons under age 18 make up a minority of the participants[;] .

43 **["racetrack"]** “Racetrack” means the physical facility and the
44 land, as of the effective date of P.L.2018, c.33 (C.5:12A-10 et al.),
45 where a permit holder conducts a horse race meeting with wagering
46 under a license issued by the racing commission pursuant to

1 P.L.1940, c.17 (C.5:5-22 et seq.), and includes any former
2 racetrack【;】.

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

6 【"sports event"】 "Sports event" means any professional sport or
7 athletic event, any Olympic or international sports competition
8 event and any collegiate sport or athletic event, or any portion
9 thereof, including, but not limited to, the individual performance
10 statistics of athletes in a sports event or combination of sports
11 events, except "sports event" shall not include a prohibited sports
12 event or a fantasy sports activity, as defined in section 2 of
13 P.L.2017, c.231 (C.5:20-2)【;】. A "sports event" shall include any
14 live competition or talent contest, including awards competitions
15 and competitive eating contests.

16 【"sports pool"】 "Sports pool" means the business of accepting
17 wagers on any sports event by any system or method of wagering,
18 including but not limited to single-game bets, teaser bets, parlays,
19 over-under, moneyline, pools, exchange wagering, in-game
20 wagering, in-play bets, proposition bets, and straight bets【; and】.

21 【"sports wagering lounge"】 "Sports wagering lounge" means an
22 area wherein a licensed sports pool is operated located in a casino
23 hotel or racetrack.

24 (cf: P.L.2018, c.33, s.1)

25

26 3. Section 2 of P.L.2018, c.33 (C.5:12A-11) is amended to read
27 as follows:

28 2. a. The division shall issue all sports wagering licenses and
29 renewals thereof to casinos. The racing commission shall issue all
30 initial sports wagering licenses to racetracks but the division shall
31 have responsibility for the renewal thereof. In addition to casino
32 games permitted pursuant to the provisions of P.L.1977, c.110
33 (C.5:12-1 et seq.), a casino which holds a sports wagering license
34 issued by the division may operate a sports pool in accordance with
35 the provisions of this act and applicable regulations promulgated
36 pursuant to this act. A racetrack which holds an initial sports
37 wagering license issued by the racing commission or a sports
38 wagering license that has been renewed by the division may operate
39 a sports pool in accordance with the provisions of this act and
40 applicable regulations promulgated pursuant to this act.

41 The division may issue a transactional waiver to allow the
42 continued operation of an established sports wagering lounge and
43 authorization to conduct up to three online sports wagering
44 operations when a racetrack that holds a license issued by the racing
45 commission pursuant to P.L.1940, c.17 (C.5:5-22, et seq.)
46 undergoes a material change in ownership to a degree such that it
47 would be required to file a new application with the racing
48 commission in order to continue to operate pursuant to P.L.1940,

1 c.17 (C.5:5-22 et seq.). A transactional waiver issued pursuant to
2 this section shall be for an initial period of up to six months and
3 may be renewed during the pendency of the racing commission's
4 consideration of a new application for up to three one-year periods,
5 but the division shall have the right to reexamine and rescind the
6 grant of the waiver at any time.

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

46 With regard to this act, P.L.2018, c.33 (C.5:12A-10 et al.), the
47 duties specified in section 63 of P.L.1977, c.110 (C.5:12-63) of the
48 Casino Control Commission shall apply to the extent not

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

12 The license to operate a sports pool shall be in addition to any
13 other license required to be issued pursuant to P.L.1977, c.110
14 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
15 (C.5:5-22 et seq.) to conduct horse racing. The division and the
16 racing commission shall each have the authority to charge a casino
17 or a racetrack a fee for the issuance or, in the case of the division
18 renewal, of a sports wagering license in an amount of \$100,000 for
19 initial issuance and in the case of a renewal a reasonable fee that is
20 based upon the expense associated with renewal, enforcement, and
21 gambling addiction programs. No sports wagering license shall be
22 issued by the division or racing commission to any entity unless it
23 has established its financial stability, integrity and responsibility
24 and its good character, honesty and integrity. No casino or
25 racetrack shall be permitted to operate a sports pool or accept
26 wagers via an online sports pool unless a sports wagering lounge is
27 established and has commenced operation in its facility; provided,
28 however, that an applicant for a sports wagering license may
29 petition the agency issuing the sports wagering license pursuant to
30 this act to commence operation of the sports pool at a temporary
31 facility and/or an online sports pool during the pendency of
32 construction of a sports wagering lounge in its facility. Such
33 temporary facility may include, at the discretion of the agency
34 issuing the sports wagering license pursuant to this act, the
35 utilization of designated windows at the current casino cage or
36 racetrack betting window for purposes of placing sports betting
37 wagers and self-service wagering machines located at the racetrack
38 or casino hotel complex. No license to operate a sports pool shall
39 be issued to any entity which is disqualified under the criteria of
40 section 86 of P.L.1977, c.110 (C.5:12-86).

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

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

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

28 c. No sports pool or online sports pool shall be offered or made
29 available for wagering to the public by any entity other than a sports
30 wagering licensee, pursuant to P.L.2018, c.33 (C.5:12A-10 et al.),
31 an applicant for such license, operating such pool on behalf of a
32 licensee, or an Internet sports pool operator, on behalf of a sports
33 wagering licensee. Any person who offers a sports pool or an
34 online sports pool without approval of the division or racing
35 commission to do so is guilty of a crime of the fourth degree and
36 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to
37 a fine of not more than \$25,000 and in the case of a person other
38 than a natural person, to a fine of not more than \$100,000 and any
39 other appropriate disposition authorized by subsection b. of
40 N.J.S.2C:43-2.

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

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

49 f. (1) Any person who is:

1 an athlete, coach, referee, or director of a sports governing body
2 or any of its member teams;
3 a sports governing body or any of its member teams;
4 a player or a referee personnel member, in or on any sports event
5 overseen by that person's sports governing body based on publicly
6 available information;
7 a person who holds a position of authority or influence sufficient
8 to exert influence over the participants in a sporting contest,
9 including but not limited to coaches, managers, handlers, athletic
10 trainers, or horse trainers;
11 a person with access to certain types of exclusive information on
12 any sports event overseen by that person's sports governing body
13 based on publicly available information; or
14 a person identified by any lists provided by the sports governing
15 body to the division and the racing commission,
16 shall not be permitted to have any ownership interest in, control
17 of, or otherwise be employed by an operator, a sports wagering
18 licensee, or a facility in which a sports wagering lounge is located
19 or place a wager on a sports event that is overseen by that person's
20 sports governing body based on publicly available information.
21 Any employee of a sports governing body or its member teams
22 who is not prohibited from wagering on a sports event shall,
23 nevertheless, provide notice to the division prior to placing a wager
24 on a sports event. The direct or indirect legal or beneficial owner of
25 10 percent or more of a sports governing body shall not place or
26 accept any wager on a sports event in which any member team of
27 that sports governing body participates. The direct or indirect legal
28 or beneficial owner of 10 percent or more of a member team of a
29 sports governing body shall not place or accept any wager on a
30 sports event in which that member team participates. Any person
31 who violates this paragraph shall be guilty of a disorderly persons
32 offense and shall be fined not less than \$500 and not more than
33 \$1,000.
34 (2) The prohibition set forth in paragraph (1) of this subsection
35 shall not apply to any person who is a direct or indirect owner of a
36 specific sports governing body member team and (i) has less than
37 10 percent direct or indirect ownership interest in a casino or
38 racetrack or (ii) the shares of such person are registered pursuant to
39 section 12 of the Securities Exchange Act of 1934, as amended (15
40 U.S.C. s.781), and the value of the ownership of such team
41 represents less than one percent of the person's total enterprise
42 value.
43 (3) An operator shall adopt procedures to prevent persons from
44 wagering on sports events who are prohibited from placing sports
45 wagers. An operator shall not accept wagers from any person
46 whose identity is known to the operator and:
47 whose name appears on the exclusion list maintained by the
48 division pursuant to section 71 of P.L.1977, c.110 (C.5:12-71);

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

4 who is the operator, director, officer, owner, or employee of the
5 operator or any relative thereof living in the same household as the
6 operator;

7 who has access to nonpublic confidential information held by the
8 operator; or

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

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

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

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

28 h. If any provision of this act, P.L.2018, c.33 (C.5:12A-10 et
29 al.), or its application to any person or circumstance, is held invalid,
30 the invalidity shall not affect other provisions or applications of this
31 act which can be given effect without the invalid provision or
32 application, and to this end the provisions of this act are severable.

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

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

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

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

42 suspicious or illegal wagering activities, including the use of
43 funds derived from illegal activity, wagers to conceal or launder
44 funds derived from illegal activity, use of agents to place wagers, or
45 use of false identification.

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

1 j. An operator shall maintain records of sports wagering
2 operations in accordance with regulations promulgated by the
3 division.

4 k. A sports wagering licensee may, in addition to having a
5 sports wagering lounge, conduct wagering on authorized sports
6 events through one or more kiosks or self-service wagering stations
7 located within its facility. Such self-service wagering stations
8 located at a casino may offer any game authorized under rules
9 established by the division. Such self-service wagering stations
10 located at a racetrack may offer wagering only on authorized sports
11 events and horse races.

12 l. All wagers on sports events authorized under this provision
13 shall be initiated, received and otherwise made within this State
14 unless otherwise determined by the division in accordance with
15 applicable federal and **[state]** State laws. Consistent with the intent
16 of the United States Congress as articulated in the Unlawful Internet
17 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the
18 intermediate routing of electronic data relating to a lawful intrastate
19 wager authorized under this provision shall not determine the
20 location or locations in which such wager is initiated, received or
21 otherwise made.

22 m. A sports wagering licensee shall not accept any wager on
23 any sports event unless the sports event has been approved for
24 wagering by the director. Except as otherwise provided in this
25 subsection, no sports event shall be approved for wagering unless
26 the director has certified that the sports event has appropriate
27 policies and procedures to monitor the integrity of the athletes or
28 competitors. In the absence of such certification, the director shall
29 impose a wager limit of not more than \$100 or a win limit of \$500,
30 whichever is greater, on the amount permitted to be wagered or won
31 on such competitions or contests by any individual.

32 (cf: P.L.2019, c.266, s.1)

33
34 4. This act shall take effect immediately.
35

36
37 STATEMENT
38

39 This bill revises the definitions of certain sports events, revises
40 the license processes for sports pools operators and online sports
41 pool operators, allows for a transactional waiver for a sports
42 wagering lounge.

43 This bill requires companies that supply sports wagering
44 equipment or services to casinos, racetracks, or online sports
45 wagering operators to obtain a license as a casino service industry
46 enterprise prior to conducting any business. The bill establishes a
47 process for vendors to expand on the initial casino service industry

1 enterprise license to supply sports wagering equipment and
2 services.

3 Under existing law, the term “sports event” includes a wide
4 variety of events. This bill expands the list of sporting events to
5 include any skill-based attraction, including awards competitions
6 and competitive eating contests. The director of the Division of
7 Gaming Enforcement is required to certify that any sporting event
8 approved for wagering has the appropriate policies and procedures
9 in place to monitor the integrity of the sporting event. In the
10 absence of such policies and procedures, the director will impose a
11 wager limit not more than \$100 or a win limit of \$500, whichever is
12 greater.

13 Under existing law, certain events, such as high school sporting
14 events, are considered “prohibited sports events” and cannot be
15 wagered on. This bill expands on “prohibited sports events” to
16 include electronic sports competitions sponsored by or affiliated
17 with high schools or competitions in which the majority of
18 competitors are under the age of 18. The bill also clarifies the age
19 limit regarding certain sports events to accommodate the growing
20 trend of younger competitors in the video gaming community.

21 In response to the growing online sports wagering industry, this
22 bill allows for a transactional waiver period of six months for
23 racetracks with a sports wagering lounge to continue accepting bets.
24 This allows the racetracks to continue normal operations while
25 adding online sports wagering operations and obtaining the
26 additional licenses from the racing commission and the Division of
27 Gaming Enforcement. The bill allows for a renewal of the
28 transactional waiver up to three one-year periods following the
29 initial waiver, at the discretion of the division.