

SENATE, No. 3771

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 11, 2021

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator JAMES BEACH

District 6 (Burlington and Camden)

Co-Sponsored by:

Senators Thompson, Codey and O'Scanlon

SYNOPSIS

Requires continuation of live horse racing for standardbred racetracks holding sports wagering license.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2021)

S3771 OROHO, BEACH

2

1 AN ACT concerning sports wagering licenses held by standardbred
2 racetracks and amending 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 2 of P.L.2018, c.33 (C.5:12A-11) is amended to read
8 as follows:

9 2. a. The division shall issue all sports wagering licenses and
10 renewals thereof to casinos. The racing commission shall issue all
11 initial sports wagering licenses to racetracks but the division shall
12 have responsibility for the renewal thereof. In addition to casino
13 games permitted pursuant to the provisions of P.L.1977, c.110
14 (C.5:12-1 et seq.), a casino which holds a sports wagering license
15 issued by the division may operate a sports pool in accordance with
16 the provisions of this act and applicable regulations promulgated
17 pursuant to this act. A racetrack which holds an initial sports
18 wagering license issued by the racing commission or a sports
19 wagering license that has been renewed by the division may operate
20 a sports pool in accordance with the provisions of this act and
21 applicable regulations promulgated pursuant to this act.

22 A racetrack at which a permit holder has scheduled a
23 standardbred horse race meeting within one year preceding the
24 effective date of P.L.2018, c.33 (C.5:12A-10 et al.) and that met the
25 definition of a racetrack under P.L.2018, c.33 (C.5:12A-10 et al.) on
26 the effective date thereof:

27 shall not be permitted to hold a sports wagering license as a
28 former racetrack on or after the effective date of P.L. _____,
29 c. (C. _____) (pending before the Legislature as this bill), and

30 shall, as a condition of holding a sports wagering license after
31 the effective date of P.L. _____, c. (C. _____), schedule annually no
32 fewer than 151 standardbred race dates, except that the annual
33 number of scheduled standardbred race dates may be decreased to
34 no fewer than 75 standardbred race dates upon written consent from
35 the Standardbred Breeders' and Owners' Association of New
36 Jersey.

37 A casino which holds a sports wagering license and a racetrack
38 which holds a sports wagering license may enter into an agreement
39 to jointly operate a sports pool at the racetrack, in accordance with
40 the provisions of this act and applicable regulations promulgated
41 pursuant to this act. A casino or racetrack that holds a sports
42 wagering license may conduct an online sports pool or may
43 authorize an internet sports pool operator licensed as a casino
44 service industry enterprise pursuant to section 92 of P.L.1977, c.110
45 (C.5:12-92), or an applicant for such license, to operate an online

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.

S3771 OROHO, BEACH

1 sports pool on its behalf provided the terms of the agreement are
2 approved by the division, in the case of a casino, or the racing
3 commission, in the case of a racetrack; provided, however, that each
4 sports wagering licensee may provide no more than three
5 individually branded websites, each of which may have an
6 accompanying mobile application bearing the same brand as the
7 website for an online sports pool, those websites and mobile
8 applications, in the case of a casino being in addition to or, in the
9 discretion of the casino, in conjunction with, any websites and
10 mobile applications that also offer other types of Internet gaming
11 pursuant to P.L.2013, c.27 (C.5:12-95.17 et seq.). No online sports
12 pool shall be opened to the public, and no sports wagering, except
13 for test purposes, may be conducted therein, until an Internet sports
14 pool operator receives from the division a permit to conduct an
15 online sports pool. Sports wagering licensees and operators may
16 provide promotional credits, incentives, bonuses, complimentaries,
17 or similar benefits designed to induce sports betters to wager. The
18 division, in consultation with the commission, shall establish by
19 rule standards governing the provision of these measures. The
20 server or other equipment used by a racetrack to accept wagers at a
21 sports pool or online sports pool shall be located in that racetrack or
22 in any location in Atlantic City which conforms to the requirements
23 of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional
24 requirements which the division may impose by regulation. The
25 server or other equipment used by a casino to accept wagers at a
26 sports pool or online sports pool shall conform to the requirements
27 of section 20 of P.L.2013, c.27 (C.5:12-95.22) and any additional
28 requirements which the division may impose by regulation.

29 With regard to this act, P.L.2018, c.33 (C.5:12A-10 et al.), the
30 duties specified in section 63 of P.L.1977, c.110 (C.5:12-63) of the
31 Casino Control Commission shall apply to the extent not
32 inconsistent with the provisions of this act. In addition to the duties
33 specified in section 76 of P.L.1977, c.110 (C.5:12-76), the division
34 or racing commission, as required pursuant to this act, shall hear
35 and decide promptly and in reasonable order all applications for a
36 license to operate a sports pool. In addition to the duties specified
37 in section 76 of P.L.1977, c.110 (C.5:12-76), the division shall have
38 the general responsibility for the implementation of this act, except
39 with respect to the authority to issue sports wagering licenses to a
40 racetrack as provided by this act, and shall have all other duties
41 specified in that section with regard to the operation of a sports
42 pool.

43 The license to operate a sports pool shall be in addition to any
44 other license required to be issued pursuant to P.L.1977, c.110
45 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c.17
46 (C.5:5-22 et seq.) to conduct horse racing. The division and the
47 racing commission shall each have the authority to charge a casino
48 or a racetrack a fee for the issuance or, in the case of the division

S3771 OROHO, BEACH

1 renewal, of a sports wagering license in an amount of \$100,000 for
2 initial issuance and in the case of a renewal a reasonable fee that is
3 based upon the expense associated with renewal, enforcement, and
4 gambling addiction programs. No sports wagering license shall be
5 issued by the division or racing commission to any entity unless it
6 has established its financial stability, integrity and responsibility
7 and its good character, honesty and integrity. No casino or
8 racetrack shall be permitted to operate a sports pool or accept
9 wagers via an online sports pool unless a sports wagering lounge is
10 established and has commenced operation in its facility; provided,
11 however, that an applicant for a sports wagering license may
12 petition the agency issuing the sports wagering license pursuant to
13 this act to commence operation of the sports pool at a temporary
14 facility and/or an online sports pool during the pendency of
15 construction of a sports wagering lounge in its facility. Such
16 temporary facility may include, at the discretion of the agency
17 issuing the sports wagering license pursuant to this act, the
18 utilization of designated windows at the current casino cage or
19 racetrack betting window for purposes of placing sports betting
20 wagers and self-service wagering machines located at the racetrack
21 or casino hotel complex. No license to operate a sports pool shall
22 be issued to any entity which is disqualified under the criteria of
23 section 86 of P.L.1977, c.110 (C.5:12-86).

24 No later than five years after the date of the issuance of a license
25 and every five years thereafter or within such lesser periods as the
26 agency issuing the sports wagering license pursuant to this act may
27 direct, a licensee shall submit to the said agency such
28 documentation or information as the division or racing commission
29 may by regulation require, to demonstrate to the satisfaction of the
30 agency that the licensee continues to meet the requirements of the
31 law and regulations.

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

S3771 OROHO, BEACH

1 effectiveness of the statutory and regulatory controls in place to
2 ensure the integrity of gaming operations through the Internet.

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

11 c. No sports pool or online sports pool shall be offered or made
12 available for wagering to the public by any entity other than a sports
13 wagering licensee, pursuant to P.L.2018, c.33 (C.5:12A-10 et al.),
14 an applicant for such license, operating such pool on behalf of a
15 licensee, or an Internet sports pool operator, on behalf of a sports
16 wagering licensee. Any person who offers a sports pool or an
17 online sports pool without approval of the division or racing
18 commission to do so is guilty of a crime of the fourth degree and
19 notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to
20 a fine of not more than \$25,000 and in the case of a person other
21 than a natural person, to a fine of not more than \$100,000 and any
22 other appropriate disposition authorized by subsection b. of
23 N.J.S.2C:43-2.

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

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

32 f. (1) Any person who is:

33 an athlete, coach, referee, or director of a sports governing body
34 or any of its member teams;

35 a sports governing body or any of its member teams;

36 a player or a referee personnel member, in or on any sports event
37 overseen by that person's sports governing body based on publicly
38 available information;

39 a person who holds a position of authority or influence sufficient
40 to exert influence over the participants in a sporting contest,
41 including but not limited to coaches, managers, handlers, athletic
42 trainers, or horse trainers;

43 a person with access to certain types of exclusive information on
44 any sports event overseen by that person's sports governing body
45 based on publicly available information; or

46 a person identified by any lists provided by the sports governing
47 body to the division and the racing commission,

S3771 OROHO, BEACH

6

1 shall not be permitted to have any ownership interest in, control
2 of, or otherwise be employed by an operator, a sports wagering
3 licensee, or a facility in which a sports wagering lounge is located
4 or place a wager on a sports event that is overseen by that person's
5 sports governing body based on publicly available information.

6 Any employee of a sports governing body or its member teams
7 who is not prohibited from wagering on a sports event shall,
8 nevertheless, provide notice to the division prior to placing a wager
9 on a sports event. The direct or indirect legal or beneficial owner of
10 10 percent or more of a sports governing body shall not place or
11 accept any wager on a sports event in which any member team of
12 that sports governing body participates. The direct or indirect legal
13 or beneficial owner of 10 percent or more of a member team of a
14 sports governing body shall not place or accept any wager on a
15 sports event in which that member team participates. Any person
16 who violates this paragraph shall be guilty of a disorderly persons
17 offense and shall be fined not less than \$500 and not more than
18 \$1,000.

19 (2) The prohibition set forth in paragraph (1) of this subsection
20 shall not apply to any person who is a direct or indirect owner of a
21 specific sports governing body member team and (i) has less than
22 10 percent direct or indirect ownership interest in a casino or
23 racetrack or (ii) the shares of such person are registered pursuant to
24 section 12 of the Securities Exchange Act of 1934, as amended (15
25 U.S.C. s.781), and the value of the ownership of such team
26 represents less than one percent of the person's total enterprise
27 value.

28 (3) An operator shall adopt procedures to prevent persons from
29 wagering on sports events who are prohibited from placing sports
30 wagers. An operator shall not accept wagers from any person
31 whose identity is known to the operator and:

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

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

37 who is the operator, director, officer, owner, or employee of the
38 operator or any relative thereof living in the same household as the
39 operator;

40 who has access to nonpublic confidential information held by the
41 operator; or

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

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

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

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

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

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

17 any criminal or disciplinary proceedings commenced against the
18 operator or its employees in connection with the operations of the
19 sports pool or online sports pool;

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

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

25 suspicious or illegal wagering activities, including the use of
26 funds derived from illegal activity, wagers to conceal or launder
27 funds derived from illegal activity, use of agents to place wagers, or
28 use of false identification.

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

32 j. An operator shall maintain records of sports wagering
33 operations in accordance with regulations promulgated by the
34 division.

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

43 l. All wagers on sports events authorized under this provision
44 shall be initiated, received and otherwise made within this State
45 unless otherwise determined by the division in accordance with
46 applicable federal and state laws. Consistent with the intent of the
47 United States Congress as articulated in the Unlawful Internet
48 Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.), the

1 intermediate routing of electronic data relating to a lawful intrastate
2 wager authorized under this provision shall not determine the
3 location or locations in which such wager is initiated, received or
4 otherwise made.

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

6

7 2. This act shall take effect immediately.

8

9

10 STATEMENT

11

12 This bill prohibits a racetrack that qualified as a “racetrack”
13 under N.J.S.A.5:12A-10 on June 11, 2018, and at which a
14 standardbred horse race meeting was held within one year before
15 that date, from holding a sports wagering license as former
16 racetrack after the effective date of this bill. As a result, racetracks
17 that currently or previously conducted live standardbred horse race
18 meetings must continue to do so as a condition of operating a sports
19 pool. The bill also requires those racetracks to schedule at least 151
20 live standardbred race meetings per year in order to be eligible to
21 hold a sports wagering license after the effective date of this bill,
22 but that number may be decreased to 75 or more race dates upon
23 written consent from the Standardbred Breeders’ and Owners’
24 Association of New Jersey.

25 The Legislature recognizes the importance of the horse racing
26 industry to this State, which includes generating millions of dollars
27 in agribusiness and tax revenue, thousands of jobs, and support for
28 thousands of acres of productive agricultural open space. This bill
29 seeks to protect this industry and the benefits to the State of racing-
30 related training and breeding farms by ensuring the continuation of
31 live horse racing for racetracks that operate sports pools. The bill is
32 limited to standardbred racetracks only, in recognition of the
33 inherent incentive to continue live horse racing that exists when a
34 horsemen’s association operates the racetrack, as is currently the
35 case with thoroughbred racetracks.

36 A similar statutory requirement to conduct live horse racing was
37 enacted when the Legislature permitted racetracks to accept
38 wagering on televised horse races, known as simulcasting. These
39 measures ensure the continuation of live horse racing and its
40 economic, agribusiness, and environmental benefits to the State.