

**LEGISLATIVE FISCAL ESTIMATE**  
[First Reprint]  
**SENATE CONCURRENT RESOLUTION No. 133**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: NOVEMBER 13, 2020

**SUMMARY**

- Synopsis:** Amends State Constitution to permit sports wagering through casinos and current or former horse racetracks on any collegiate athletic competitions.
- Type of Impact:** Annual State revenue increase to the Casino Revenue Fund and the General Fund; annual increase in revenue to the Casino Reinvestment Development Authority and certain local government units.
- Agencies Affected:** Department of the Treasury, Casino Reinvestment Development Authority, and certain local government units.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1 and Thereafter</u></b>
<b>State Revenue Increase</b>	Indeterminate
<b>CRDA Revenue Increase</b>	Indeterminate
<b>Local Revenue Increases</b>	Indeterminate

- The Office of Legislative Services (OLS) estimates that the concurrent resolution will annually increase State revenues deposited into the Casino Revenue Fund and the General Fund, as well as the revenues received by the Casino Reinvestment Development Authority (CRDA) and certain local government units.
- These revenue increases would result from the expansion of the sports wagering tax base to include wagers placed on collegiate sporting events that take place in the State or in which a New Jersey college team participates. Currently, the State Constitution prohibits sports wagering on these events. The OLS assumes that the total volume of sports wagers will be increased by this expansion, thereby increasing (1) the sports wagering revenues generated by licensed casinos and racetracks, and (2) the total tax liabilities of those entities.
- Given that the OLS cannot predict the number of collegiate sporting events that will occur in the State annually or the number of events involving New Jersey teams on which people will

wager and in what amounts, the OLS is unable to quantify the magnitude of the anticipated revenue increases that would result from the concurrent resolution.

## **BILL DESCRIPTION**

This concurrent resolution proposes to amend the State Constitution to permit wagering through casinos and current or former racetracks on all collegiate sporting events, including collegiate sporting events that take place in the State or in which a New Jersey college team participates. Currently, the State Constitution prohibits sports wagering on any collegiate sporting or athletic event that is held in New Jersey or in which a New Jersey college team participates. Wagering is permitted only through casinos and current or former racetracks.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the concurrent resolution would annually increase State revenues deposited into the Casino Revenue Fund and General Fund by an indeterminate amount. The concurrent resolution would also increase annual revenues received by the CRDA and, by way of distributions from the State, certain local government units. These revenue increases would result from the expansion of the sports wagering tax base to include collegiate sporting events that take place in the State or in which a New Jersey college team participates (hereinafter referred to collectively as “in-State collegiate sporting events”). However, given that the OLS cannot predict the number of in-State collegiate sporting events that will be held annually, and the amount of wagers on such events, the OLS is unable to quantify the magnitude of the anticipated revenue increases that would result from the concurrent resolution.

#### ***Taxation of Licensed Racetracks – State and Local Revenue Increases***

The concurrent resolution is expected to annually increase State and local revenues through the increased taxation of sports wagering revenues at racetracks.

Under current law, the State imposes three distinct taxes on the revenues realized by licensed racetracks from sports wagering operations, less the amounts paid to patrons as winnings: (1) an 8.5 percent tax on the sums received from sports wagering, paid to the General Fund; (2) a 13 percent tax on the sums received from Internet sports wagering, paid to the General Fund; and (3) a 1.25 percent tax on all sports wagering, disbursed to certain local government units for economic development purposes.

The proceeds of the 1.25 percent tax are distributed by the Department of Community Affairs upon application by qualifying municipalities and counties, as follows: (1) 0.75 percent paid to the municipality in which the majority of the racetrack is located (e.g. the boroughs of Oceanport and Freehold); (2) 0.5 percent paid to the county in which the racetrack is located (e.g. Monmouth County); or (3) an undesignated amount paid to an economic development authority of the municipality and county in which the racetrack is located. However, the proceeds of the 1.25

percent tax generated from the Meadowlands Racetrack are instead used to pay Meadowlands adjustment payments to municipalities in the Meadowlands District.

As noted, the concurrent resolution is expected to increase the number of sporting events on which licensed racetracks may accept wagers. The OLS assumes that this expansion will increase the total volume of sports wagers placed in the State, thereby increasing the sports wagering revenues generated by licensed racetracks, as well as the total sports wagering tax liabilities of those racetracks. Consequently, the OLS expects the concurrent resolution to marginally increase State tax revenues that will be deposited into the General Fund. Similarly, the OLS also expects certain local government units to experience marginal revenue increases associated with the receipt of the 1.25 percent economic development tax.

#### *Taxation of Licensed Casinos – State and CRDA Revenue Increases*

The concurrent resolution is expected to increase annual State and CRDA revenues through the increased taxation of sports wagering revenues at licensed casinos.

Under current law, a licensed casino that realizes revenue from sports wagering is subject to the following State taxes on revenue from sports wagering operations, less the total of all sums actually paid out as winnings to patrons: (1) an 8.5 percent tax on retail sports wagering, paid to the Casino Revenue Fund; (2) a 13 percent tax on online sports wagering, paid to the Casino Revenue Fund; and (3) a 1.25 percent tax on all sports wagering, paid to the CRDA for promoting the City of Atlantic City.

By authorizing sports wagering on in-State collegiate sporting events, the concurrent resolution would increase the number of sporting events on which licensed casinos may accept wagers. As a result, the OLS assumes that licensed casinos will generate increased revenues from sports wagering, thereby increasing the sports wagering tax liabilities of those casinos. The OLS therefore expects the concurrent resolution to marginally increase the amount of State revenues that will be annually deposited into the Casino Revenue Fund and remitted to the CRDA.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).