

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4909
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 24, 2021

SUMMARY

Synopsis: Authorizes fixed odds wagering on horse races through fixed odds wagering system.

Type of Impact: State expenditure and revenue increases.

Agencies Affected: Division of Gaming Enforcement and the New Jersey Racing Commission in the Department of Law and Public Safety; New Jersey Sports and Exposition Authority.

Office of Legislative Services Estimate

| Fiscal Impact | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|-------------------------------|----------------------|----------------------|----------------------|
| State Cost Increase | | Indeterminate | |
| State Revenue Increase | | Indeterminate | |

- The Office of Legislative Services anticipates that the bill will increase annual State administrative expenditures by an indeterminate amount ascribable to the oversight and regulation of fixed odds wagering, including the licensing of operators and employees of fixed odds wagering systems.
- Furthermore, annual State revenue will rise by an indeterminate amount from application fees collected for one-year licenses for operators and employees of fixed odds wagering systems and the distribution of gamblers’ dormant fixed odds wagering account balances as well as expired tickets.
- Depending on circumstances, the State share of dormant account and expired ticket distributions may be credited to the General Fund or the off-budget New Jersey Racing Industry Special Fund.
- The New Jersey Sports and Exposition Authority will incur costs to develop and operate the fixed odds wagering system in accordance with the rules and regulations established by the division or to contract for those services as approved by the division and the Attorney General.

BILL DESCRIPTION

This bill authorizes fixed odds wagering on horse races and provides that the New Jersey Division of Gaming Enforcement may issue a license to the New Jersey Sports and Exposition Authority to establish a system. Under the bill, fixed odds wagering may be conducted through a fixed odds wagering system by fixed odds wagering account holders.

Under the bill, “fixed odds wagering” is defined as a form of horse racing wagering against odds offered by a bookmaker in which account holders may lock in their odds when the bet is first placed and no fluctuation in potential payout may occur. Once the outcome of the race or races is determined, funds would be transferred from the fixed odds wagering licensee to the bettor or bettors that won wagers, and applicable transaction or other fees would be levied by the fixed odds wagering licensee for use and distribution as provided by the division’s rules and regulations.

The bill authorizes the division to consider an application by the authority to establish the system. The division is to issue the license if it determines that the authority has demonstrated, by clear and convincing evidence, that wagers placed through the proposed system will be accurately processed, and that the fixed odds wagering system would contain sufficient safeguards to maintain the integrity of the horse racing industry in this State. The issuance of the license is subject to the approval of the New Jersey Attorney General. The bill further provides that the authority may enter into a contract or agreement with a person or entity to conduct or operate the system, and may transfer the license to a successor in interest upon approval of the division and the Attorney General.

The bill also prescribes certain conditions for the establishment of the system, including, but not limited to, the requirement for: (a) a fixed odds wagering account holder to be at least 18 years of age, and physically present in this State; (b) necessary documentation to be submitted by an applicant for a fixed odds wagering account in order to open the fixed odds wagering account and place wagers through the fixed odds wagering system; (c) the types of credits and debits that may be made to a fixed odds wagering account by the authority and the fixed odds wagering account holder; and (d) the manner in which wagers may be placed, in person, by direct telephone call, or by communication through other electronic media.

The bill further provides that the division would promulgate the necessary rules and regulations with respect to fixed odds wagering, including, but not limited to, the manner in which fixed odds wagers may be accepted; the requirements for any person to participate in fixed odds wagering; conditions under which the fixed odds wagering license is issued or renewed in this State; performance of an annual audit of the fixed odds wagering licensee's books and records pertaining to fixed odds wagering; and the licensing of employees engaged in conducting wagering related activities. The division will have 90 days from the effective date of the bill to promulgate the rules and regulations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS anticipates that the bill will increase annual State administrative expenditures by an indeterminate amount ascribable to the oversight and regulation of fixed odds wagering, including the

licensing of operators and employees of fixed odds wagering systems. Furthermore, annual State revenue will rise by an indeterminate amount from application fees collected for one-year licenses for operators and employees of fixed odds wagering systems and the distribution of gamblers' dormant fixed odds wagering account balances as well as expired tickets. Depending on circumstances, the State share of dormant account and expired ticket distributions may be credited to the General Fund or the off-budget New Jersey Racing Industry Special Fund. The New Jersey Sports and Exposition Authority will incur costs to develop and operate the fixed odds wagering system in accordance with the rules and regulations established by the division or to contract for those services as approved by the division and the Attorney General

Section: State Government

*Analyst: Kimberly M. Clemmensen
Lead Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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.).