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AN ACT allowing wagering at casinos and racetracks on the results of certain professional or collegiate sports or athletic events, supplementing Title 5 of the Revised Statutes, amending P.L.1977, c.110, and repealing parts of the statutory law.

Allows wagering at casinos and racetracks on certain professional and collegiate sports or athletic events.

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Same as _____ 16/17 Same as _____ 18/19

Suggested allocation: Sec. 1 through 10 to C.5:12B-1 et seq.; sec. 13 to repealer

AN ACT allowing wagering at casinos and racetracks on the results of certain professional or collegiate sports or athletic events, supplementing Title 5 of the Revised Statutes, amending P.L.1977, c.110, and repealing parts of the statutory law.

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

1. (New section) As used in this act:

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

"commission" means the Casino Control Commission established pursuant to section 50 of P.L.1977, c.110 (C.5:12-50);

"collegiate sport or athletic event" means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level;

"division" means the Division of Gaming Enforcement established pursuant to section 55 of P.L.1977, c.110 (C.5:12-55);

"former racetrack" means any former racetrack where a horse race meeting was conducted within 15 years prior to the effective date of P.L.2014, c.62 (C.5:12-1 et seq.), excluding premises other than the physical location of the racecourse oval and the land contained within such racecourse oval.

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

"online sports pool" means a sports wagering operation in which wagers on sports events are made through computers or mobile or interactive devices and accepted at a sports wagering lounge through an online gaming system which is operating pursuant to a sports wagering permit issued by the division or racing commission pursuant to P.L. , c. (C.) (pending before the Legislature as this bill);

"operator" means a casino or a racetrack which has elected to operate a sports pool, either independently or jointly, and any entity with whom a casino or racetrack licensed to operate a sports pool contracts to operate a sports pool or online sports pool, including an Internet sports pool operator, on its behalf;

"professional sport or athletic event" means an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event;

"prohibited sports event" means any collegiate sport or athletic event that takes place in New Jersey or a sport or athletic event in which any New Jersey college team participates regardless of where

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.

the event takes place. A “prohibited sports event” does not include the other games of a collegiate sport or athletic tournament in which a New Jersey college team participates, nor does it include any games of a collegiate tournament that occurs outside New Jersey even though some of the individual games or events are held in New Jersey. A prohibited sports event includes all high school sports events but does not include international sports events in which persons under age 18 make up a minority of the participants;

"racetrack" means the physical facility where a permit holder conducts a horse race meeting with wagering under a license issued by the racing commission pursuant to P.L.1940, c.17 (C.5:5-22 et seq.), and includes any former racetrack;

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

"sports event" means any professional sport or athletic event and any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events, except “sports event” shall not include a prohibited sports event or a fantasy sports activity, as defined in section 2 of P.L.2017, c.231 (C.5:20-2);

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

"sports wagering lounge" means an area wherein a licensed sports pool is operated.

2. (New section) a. In addition to casino games permitted pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a casino which holds a sports wagering license issued by the division may operate a sports pool in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. In addition to the conduct of wagering on horse races under regulation by the racing commission pursuant to chapter 5 of Title 5 of the Revised Statutes, a racetrack which holds a sports wagering license issued by the racing commission pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) may operate a sports pool in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. A casino which holds a sports wagering license and a racetrack which holds a sports wagering license may enter into an agreement to jointly operate a sports pool at the racetrack, in accordance with the provisions of this act and applicable regulations promulgated pursuant to this act. A casino or racetrack that holds a sports wagering license may conduct an online sports pool or may authorize an internet sports pool operator licensed as a casino service industry enterprise pursuant to section 92 of P.L.1977, c.110

(C.5:12-92), or an applicant for such license, to operate an online sports pool on its behalf provided the terms of the agreement are approved by the division, in the case of a casino, or the racing commission, in the case of a racetrack; provided, however, that each sports wagering lounge shall provide no more than two individually branded websites. No online sports pool shall be opened to the public, and no sports wagering, except for test purposes, may be conducted therein, until an Internet sports pool operator receives from the division a permit to conduct an online sports pool.

With regard to this act, P.L. , c. (C.) (pending before the Legislature as this bill), the duties specified in section 63 of P.L.1977, c.110 (C.5:12-63) of the Casino Control Commission shall apply to the extent not inconsistent with the provisions of this act. In addition to the duties specified in section 76 of P.L.1977, c.110 (C.5:12-76), the division or racing commission, as required pursuant to this act, shall hear and decide promptly and in reasonable order all applications for a license to operate a sports pool. In addition to the duties specified in section 76 of P.L.1977, c.110 (C.5:12-76), the division shall have the general responsibility for the implementation of this act, except with respect to the authority to issue sports wagering licenses to a racetrack as provided by this act, and shall have all other duties specified in that section with regard to the operation of a sports pool.

The license to operate a sports pool shall be in addition to any other license required to be issued pursuant to P.L.1977, c.110 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17 (C.5:5-22 et seq.) to conduct horse racing. No sports wagering license shall be issued by the division or racing commission to any entity unless it has established its financial stability, integrity and responsibility and its good character, honesty and integrity. No casino or racetrack shall be permitted to operate a sports pool or accept wagers via an online sports pool unless a sports wagering lounge is established and has commenced operation in its facility; provided, however, that an applicant for a sports wagering license may petition the agency issuing the sports wagering license pursuant to this act to commence operation of the sports pool at a temporary facility and/or an online sports pool during the pendency of construction of a sports wagering lounge in its facility. No license to operate a sports pool shall be issued by the racing commission to any entity which is disqualified under the criteria of section 86 of P.L.1977, c.110 (C.5:12-86) or to any person that operated a sports pool within one year prior to the enactment of this act.

No later than five years after the date of the issuance of a license and every five years thereafter or within such lesser periods as the agency issuing the sports wagering license pursuant to this act may direct, a licensee shall submit to the said agency such documentation or information as the division or racing commission may by regulation require, to demonstrate to the satisfaction of the

agency that the licensee continues to meet the requirements of the law and regulations.

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

c. No sports pool or online sports pool shall be offered or made available for wagering to the public by any entity other than a sports wagering licensee, pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), or an applicant for such license, operating such pool on behalf of a licensee. Any person who offers a sports pool or an online sports pool without approval of the division or racing commission to do so is guilty of a crime of the fourth degree and notwithstanding the provisions of N.J.S.2C:43-3, shall be subject to a fine of not more than \$25,000. and in the case of a person other than a natural person, to a fine of not more than \$100,000. and any other appropriate disposition authorized by subsection b. of N.J.S.2C:43-2.

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

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

f. (1) Any person who is an athlete, coach, referee, team owner, employee of a sports governing body or its member teams, or a player or referee personnel member, on any sports event overseen by that person's sports governing body based on publicly available information, a person with access to certain types of exclusive information, or a person identified by any lists provided by the sports governing body to the division and the racing commission shall not be permitted to have any ownership interest in, control of, or otherwise be employed by an operator or a facility in which a sports wagering lounge is located or place a wager on a sports event. Any person who violates this paragraph shall be guilty of a disorderly persons offense and shall be fined not less than \$500 not more than \$1,000.

(2) An operator shall adopt procedures to prevent persons from wagering on sports events who are prohibited from placing sports wagers. An operator shall not accept wagers from, any person:

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

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

and C.5:12-71.3, respectively);

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

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

who is an agent or proxy for any other person.

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

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

h. If any provision of this act, P.L. , c. (C.) (pending before the Legislature as this bill), or its application to any person or circumstance, is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

i. An operator shall immediately report to the division:

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

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

any potential breach of a sports governing body's rules or codes of conduct that pertain to sports wagering;

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

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

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

j. An operator shall maintain records of all wagers, including personally identifiable information of the bettor, the amount and type of bet, the time and date that the bet was placed, the location where the bet was made, including an IP address if applicable, the outcome of the bet, records of abnormal betting activity, and video camera recordings in the case of in-person wagers for a period of not less than three years from the date of the sports event on which the wager was placed. Records shall be confidential but shall be

made available to the division upon request or to any party pursuant to a court order. If a sports governing body notifies the division that real-time information sharing for wagers placed on its sports events is necessary, an operator shall share in real time the information required by this subsection, other than video files, with the governing body or its designee

k. Notwithstanding any law to the contrary or any restrictions, the holder of a sports wagering license, or the operator, at no cost to the entity, shall be entitled to receive a plenary retail consumption license for the sale of alcoholic beverages in, on or about any premises licensed as a sports lounge, pursuant to the provisions of R.S.33:1-12.

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

3. (New section) a. Corporate applicants for and holders of a sports wagering license shall be required to disclose the identity of the following: each board appointed officer of the corporation; each director of the corporation; each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder; each person who directly holds any non-voting or passive ownership interest of 25 percent or more of the securities issued by such applicant or holder; and each holding or intermediary company of an applicant for or holder of an operator.

b. As to each holding, intermediary and subsidiary company of an applicant for or holder of a sports wagering license, such applicants and holders shall be required to establish and maintain the qualifications of the following: each board appointed officer of the corporation; each director of the corporation; each person who directly holds any voting or controlling interest of 5 percent or more of the securities issued by such applicant or holder; and each person who directly holds any non-voting or passive ownership interest of 25 percent or more in such holding or intermediary company.

c. The racing commission or the division shall have the authority to waive any or all of the qualification requirements for any person listed in subsections a. or b. of this section.

d. All persons employed directly in wagering-related activities conducted within a casino or a racetrack in a sports wagering lounge and an online sports pool shall be licensed as a casino key employee or registered as a casino employee, as determined by the commission, pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.). All other employees who are working in the sports

wagering lounge may be required to be registered, if appropriate, in accordance with regulations of the division promulgated in consultation with the commission.

e. Each operator shall designate one or more casino key employees who shall be responsible for the operation of the sports pool. At least one such casino key employee shall be on the premises whenever sports wagering is conducted.

4. (New section) Except as otherwise provided by this act, the division shall have the authority to regulate sports pools, online sports pools, and the conduct of sports wagering under this act to the same extent that the division regulates casino games. No casino or racetrack shall be authorized to operate a sports pool or online sports pool unless it has produced information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool or online sports pool. In developing rules and regulations applicable to sports wagering, the division shall examine the regulations implemented in other states where sports wagering is conducted and shall, as far as practicable, adopt a similar regulatory framework. The division, in consultation with the commission, shall promulgate regulations necessary to carry out the provisions of this act, including, but not limited to, regulations governing the:

- a. amount of cash reserves to be maintained by operators to cover winning wagers;
- b. acceptance of wagers on a series of sports events;
- c. maximum wagers which may be accepted by an operator from any one patron on any one sports event;
- d. type of wagering tickets which may be used;
- e. method of issuing tickets;
- f. method of accounting to be used by operators;
- g. types of records which shall be kept;
- h. use of credit and checks by patrons;
- i. type of system for wagering;
- j. protections for a person placing a wager; and
- k. display of the words, "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the division, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," in all print, billboard, sign, online, or broadcast advertisements of a sports pool and online sports pool and in every sports wagering lounge.

5. (New section) Each operator shall adopt comprehensive house rules governing sports wagering transactions with its patrons. The rules shall specify the amounts to be paid on winning wagers and the effect of schedule changes. The house rules, together with

any other information the division deems appropriate, shall be conspicuously displayed in the sports wagering lounge, posted on the operator's Internet website, and included in the terms and conditions of the account wagering system, and copies shall be made readily available to patrons.

6. (New section) Whenever a casino licensee and a racetrack permit holder enter into an agreement to jointly establish a sports wagering lounge, and to operate and conduct sports wagering under this act, the agreement shall specify the distribution of revenues from the joint sports wagering operation among the parties to the agreement.

7. (New section) The sums received by the casino from sports wagering or from a joint sports wagering operation less only the total of all sums actually paid out as winnings to patrons shall be gross revenue as specified under section 24 of P.L.1977, c.110 (C.5:12-24) and subject to the 8 percent tax on gross revenues pursuant to section 144 of P.L.1977, c.110 (C.5:12-144) and to the investment alternative tax established by section 3 of P.L.1984, c.218 (C.5:12-144.1), except that sums received from Internet wagering on sports events shall be taxed as provided in section 17 of P.L.2013, c.27 (C.5:12-95.19); provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining gross revenue.

The sums actually received by the horse racing permit holder from any sports wagering operation, either jointly established with a casino or established independently or with non-casino partners, less only the total of all sums actually paid out as winnings to patrons, shall be subject to an 8 percent tax to be collected by the division and paid to the Casino Revenue Fund created under section 145 of P.L.1977, c.110 (C.5:12-145) to be used for the funding of programs for senior citizens and disabled residents and to an additional tax of 1.25 percent on amounts actually received from a sports wagering operation with 0.75 percent paid to the municipality and 0.5 percent paid to the county in which the sports wagering lounge is located or to an economic development authority of that municipality and county, as determined by the governing body of the municipality or county, with those amounts used for economic development purposes, except that sums received from Internet wagering on sports events shall be taxed as provided in section 17 of P.L.2013, c.27 (C.5:12-95.19); provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining gross revenue.

A percentage of the fee paid for a license to operate a sports pool shall be deposited into the State General Fund for appropriation by the Legislature to the Department of Health and Senior Services to provide funds for prevention, education, and treatment programs for compulsive gambling programs that meet the criteria developed pursuant to section 2 of P.L.1993, c.229 (C.26:2-169), such as those provided by the Council on Compulsive Gambling of New Jersey, and including the development and implementation of programs that identify and assist problem gamblers. The percentage shall be determined by the division.

8. (New section) Sports wagering lounges at which a sports pool is operated shall be a permitted use in all commercial, retail, industrial, non-residential and mixed-use zoning districts of a municipality.

9. (New section) If a patron does not claim a winning sports pool wager within one year from the time of the event, the obligation of the operator to pay the winnings shall expire and the funds shall be distributed as follows:

for wagers placed with a sports pool operated by or on behalf of a casino, the casino shall retain 50 percent and remit the remaining 50 percent to the Casino Revenue Fund;

for wagers placed with a sports pool operated by or on behalf of a racetrack, the racetrack shall retain 50 percent and remit the remaining 50 percent to the State General Fund; and

for wagers placed with a sports pool jointly operated by a casino and a racetrack, the casino and racetrack shall retain a total of 50 percent which shall be apportioned among them pursuant to the terms of their operation agreement, and the remaining 50 percent shall be apportioned in the same manner, with the casino percentage being deposited in the Casino Revenue Fund and the racetrack percentage being deposited in the State General Fund.

10 (New section) Notwithstanding any other provision of P.L.2013, c.27 (C.5:12-95.17 et al.), wagers may be accepted thereunder or pooled with wagers from persons who are not physically present in this State if the division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law.

11. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to read as follows:

24. "Gross Revenue"-- The total of all sums actually received by a casino licensee from gaming operations, including operation of a sports pool, less only the total of all sums actually paid out as

winnings to patrons; provided, however, that the cash equivalent value of any merchandise or thing of value included in a jackpot or payout shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining gross revenue. "Gross Revenue" shall not include any amount received by a casino from casino simulcasting pursuant to the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-191 et al.).
(cf: P.L.2014, c.62, s.3)

12. Section 104 of P.L.1977, c.110 (C.5:12-104) is amended to read as follows:

104. a. Unless otherwise provided in this subsection, no agreement shall be lawful which provides for the payment, however defined, of any direct or indirect interest, percentage or share of: any money or property gambled at a casino or simulcasting facility; any money or property derived from casino gaming activity or wagering at a simulcasting facility; or any revenues, profits or earnings of a casino or simulcasting facility. Notwithstanding the foregoing:

(1) Agreements which provide only for the payment of a fixed sum which is in no way affected by the amount of any such money, property, revenues, profits or earnings shall not be subject to the provisions of this subsection; and receipts, rentals or charges for real property, personal property or services shall not lose their character as payments of a fixed sum because of contract, lease, or license provisions for adjustments in charges, rentals or fees on account of changes in taxes or assessments, cost-of-living index escalations, expansion or improvement of facilities, or changes in services supplied.

(2) Agreements between a casino licensee and a junket enterprise or junket representative licensed, qualified or registered in accordance with the provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and the regulations of the division which provide for the compensation of the junket enterprise or junket representative by the casino licensee based upon the actual casino gaming or simulcast wagering activities of a patron procured or referred by the junket enterprise or junket representative shall be lawful if filed with the division prior to the conduct of any junket that is governed by the agreement.

(3) Agreements between a casino licensee and its employees which provide for casino employee or casino key employee profit sharing shall be lawful if the agreement is in writing and filed with the division prior to its effective date. Such agreements may be reviewed by the division under any relevant provision of P.L.1977, c.110 (C.5:12-1 et seq.).

(4) Agreements to lease an approved casino hotel or the land thereunder and agreements for the complete management of all casino gaming operations in a casino hotel shall not be subject to

the provisions of this subsection but shall rather be subject to the provisions of subsections b. and c. of section 82 of this act.

(5) Agreements which provide for percentage charges between the casino licensee and a holding company or intermediary company of the casino licensee shall be in writing and filed with the division but shall not be subject to the provisions of this subsection.

(6) Agreements relating to simulcast racing and wagering between a casino licensee and an in-State or out-of-State sending track licensed or exempt from licensure in accordance with section 92 of P.L.1977, c.110 (C.5:12-92) shall be in writing, be filed with the division, and be lawful and effective only if expressly approved as to their terms by the division and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the parimutuel pool wagered at a simulcasting facility to be paid to the sending track shall not be subject to the provisions of this subsection.

(7) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) as a hub facility, as defined in joint regulations of the Division of Gaming Enforcement and the New Jersey Racing Commission, shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission and the New Jersey Racing Commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the hub facility shall not be subject to the provisions of this subsection.

(8) Agreements relating to simulcast racing and wagering between a casino licensee and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92) to conduct casino simulcasting in a simulcasting facility shall be in writing, be filed with the commission, and be lawful and effective only if expressly approved as to their terms by the commission, except that any such agreements which provide for a percentage of the casino licensee's share of the parimutuel pool wagered at a simulcasting facility to be paid to the casino service industry enterprise shall not be subject to the provisions of this subsection.

(9) Written agreements relating to the operation of multi-casino or multi-state progressive slot machine systems between one or more casino licensees and a casino service industry enterprise licensed pursuant to the provisions of subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, which provide for an interest, percentage or share of the casino licensee's revenues, profits or earnings from the operation of such multi-casino or multi-state progressive slot machines to be paid to the casino service industry enterprise licensee or applicant

shall not be subject to the provisions of this subsection if the agreements are filed with and approved by the division.

(10) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such license, relating to the construction, renovation or operation of qualifying sleeping units, as defined in section 27 of P.L.1977, c.110 (C.5:12-27), or of non-gaming amenities, as defined by the division, within the limits of the city of Atlantic City, regardless of whether such qualifying sleeping units or non-gaming amenities are connected to a casino hotel facility, which provides for an interest, percentage or share of the casino licensee's revenues, profits or earnings, not to exceed 5% of the casino licensee's revenues, to be paid to the casino service industry enterprise licensee or applicant in return for the construction, renovation or operation of such qualifying sleeping units or non-gaming amenities shall not be subject to the provisions of this subsection provided that: (i) the agreement requires a capital investment, at least 10% of which shall be made by the casino service industry enterprise licensee or applicant over the term of the agreement, of not less than \$30 million, which minimum amount shall be adjusted periodically by the division for inflation; (ii) the division finds that the total amount of casino revenues, profits or earnings that can be paid to the casino service industry enterprise licensee or applicant pursuant to this agreement is commercially reasonable under the circumstances; and (iii) the agreement is filed with and approved by the division.

(11) A written agreement between a casino licensee holding an Internet gaming permit and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of Internet gaming under P.L.2013, c.27 (C.5:12-95.17 et al.), which provides for a percentage of the casino licensee's Internet gaming gross revenue to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

(12) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant to subsection a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of mobile gaming under section 100 of P.L.1977, c.110 (C.5:12-100), or mobile sports pool operations within a casino hotel facility in areas in which mobile gaming under section 100 of P.L.1977, c.110 (5:12-100) is authorized, which provides for a percentage of the casino licensee's gross revenue from mobile gaming to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing,

filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

(13) A written agreement between a casino licensee and a casino service industry enterprise licensed pursuant a. of section 92 of P.L.1977, c.110 (C.5:12-92), or an eligible applicant for such a license, in connection with the conduct of a sports pool, including an online sports pool, mobile sports pool operations within a casino hotel facility in areas in which mobile gaming under section 100 of P.L.1977, c.110 (5:12-100) is authorized, or both, which provides for a percentage of the casino licensee's gross revenue from the operations of a sports pool, including online sports pool and mobile operations, to be paid to the casino service industry enterprise licensee shall not be subject to the provisions of this subsection, provided that the agreement shall be in writing, filed with the division, and shall be lawful and effective only if the terms thereof are expressly approved by the division.

b. Each casino applicant or licensee shall maintain, in accordance with the rules of the division, a record of each written or unwritten agreement regarding the realty, construction, maintenance, or business of a proposed or existing casino hotel or related facility. The foregoing obligation shall apply regardless of whether the casino applicant or licensee is a party to the agreement. Any such agreement may be reviewed by the division on the basis of the reasonableness of its terms, including the terms of compensation, and of the qualifications of the owners, officers, employees, and directors of any enterprise involved in the agreement, which qualifications shall be reviewed according to the standards enumerated in section 86 of P.L.1977, c.110 (C.5:12-86). If the division disapproves such an agreement or the owners, officers, employees, or directors of any enterprise involved therein, the division may require its termination.

Every agreement required to be maintained, and every related agreement the performance of which is dependent upon the performance of any such agreement, shall be deemed to include a provision to the effect that, if the commission shall require termination of an agreement pursuant to its authority under P.L.1977, c.110 (C.5:12-1 et seq.), such termination shall occur without liability on the part of the casino applicant or licensee or any qualified party to the agreement or any related agreement. Failure expressly to include such a provision in the agreement shall not constitute a defense in any action brought to terminate the agreement. If the agreement is not maintained or presented to the commission in accordance with division regulations, or the disapproved agreement is not terminated, the division may pursue any remedy or combination of remedies provided in this act.

For the purposes of this subsection, "casino applicant" includes any person required to hold a casino license pursuant to section 82 of P.L.1977, c.110 (C.5:12-82) who has applied to the division for a

casino license or any approval required under P.L.1977, c.110 (C.5:12-1 et seq.).

c. Nothing in this act shall be deemed to permit the transfer of any license, or any interest in any license, or any certificate of compliance or any commitment or reservation.
(cf: P.L.2013, c.27, s.14)

13. Sections 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7 through C.5:12A-9) are repealed.

14. This act shall take effect immediately.

STATEMENT

This bill would allow casinos in Atlantic City and racetracks in this State to conduct wagering on professional and collegiate sport or athletic events. The Casino Control Commission and the Division of Gaming Enforcement would regulate those operations, generally in line with the current duties of the commission and the division with regard to casinos and their operations. The New Jersey Racing Commission would be involved in approving the operation of a sports pool at a racetrack and any agreement between a casino and a racetrack to jointly operate a sports pool.

A casino or racetrack may establish a sports wagering lounge independently at the casino or racetrack, or as a partnership between a casino and a racetrack at a racetrack location. Under the bill, a “racetrack” includes the site of any former racetrack. A former racetrack is defined as any former racetrack where a horse race meeting was conducted within 15 years prior to the effective date of N.J.S.A.5:12-1 et seq., excluding premises other than the physical location of the racecourse oval and the land contained within such racecourse oval. Wagering on sports events will not include wagering on any collegiate sport or athletic event that takes place in New Jersey or on a sport or athletic event in which any New Jersey college team participates regardless of where the event takes place. A “prohibited sports event” does not include the other games of a collegiate sport or athletic tournament in which a New Jersey college team participates, nor does it include any games of a collegiate tournament that occurs outside New Jersey even though some of the individual games or events are held in New Jersey. A prohibited sports event includes all high school sports events but does not include international sports events in which persons under age 18 make up a minority of the participants. A licensee or an entity with which the licensee has contracted to conduct a sports wagering operation will be eligible to receive a plenary retail consumption license for the sale of alcoholic beverages in, on or about any premises licensed as a sports lounge.

Wagers on a sports event could be placed in-person in a sports

wagering lounge located at a casino or racetrack. An operator may also accept wagers by means of the Internet from persons who are not physically present in this State if the division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the State is a party that is not inconsistent with federal law. Persons placing wagers must be at least 21 years of age. The bill also provides that any person whose name appears on a casino exclusion list or any self-exclusion list of a casino or racetrack would not be permitted to engage in sports wagering. Also excluded from sports wagering would be officers and employees of an operator, or any relative thereof living in the same household as the operator, anyone with access to nonpublic confidential information held by the operator, and anyone who is an agent or proxy for any other person.

Any person who is an athlete, coach, referee, team owner, employee of a sports governing body or its member teams, a player or referee personnel member, on any sports event overseen by that person's sports governing body based on publicly available information, a person with access to certain types of exclusive information, or a person identified by any lists provided by the sports governing body to the division and the racing commission would not be permitted to have any ownership interest in, control of, or otherwise be employed by an operator or a facility in which a sports wagering lounge is located or to place a wager on a sports event. Any person who violates this provision will be guilty of a disorderly persons offense and fined not less than \$500 not more than \$1,000.

An operator will immediately report to the division any criminal or disciplinary proceedings commenced against the operator in connection with its operations, any abnormal betting activity or patterns that may indicate a concern about the integrity of a sports event, any potential breach of a sports governing body's rules or codes of conduct that pertain to sports wagering, any conduct that corrupts a betting outcome of a sports event for purposes of financial gain, including but not limited to match fixing, and suspicious or illegal wagering activities, including the use of funds derived from illegal activity, using agents to place wagers, or using false identification.

An operator will maintain records of all wagers, including personally identifiable information of the bettor, the amount and type of bet, the time and date that the bet was placed, the location where the bet was made, including an IP address if applicable, the outcome of the bet, records of abnormal betting activity, and video camera recordings in the case of in-person wagers, for a period of not less than three years from the date of the sports event on which the wager was placed. Records will be confidential but made available to the division upon request or to any party pursuant to a

court order. If a sports governing body notifies the division that real-time information sharing for wagers placed on its sports events is necessary, an operator will share in real time the information required by this subsection, other than video files, with the governing body or its designee

A casino or racetrack will be required to demonstrate that it has the necessary financial responsibility and good character to operate a sports pool. The Division of Gaming Enforcement and the New Jersey Racing Commission will have responsibility for licensing and will promulgate regulations for the conduct and operation of the sports wagering activities. The New Jersey Racing Commission would also be involved in approving the operation of a sports pool at a racetrack and any agreement between a casino and a racetrack to jointly operate a sports pool. The bill provides that, in promulgating rules and regulations, the division would examine the rules and regulations currently in place in states conducting sports wagering, and would model such regulatory frameworks as far as practicable. Persons engaged in wagering activities for a casino or racetrack will be either licensed as casino key employees or registered as casino employees.

Under the bill, sports wagering gross revenue realized by a casino or a racetrack would be subject to an 8 percent gross revenue tax, the proceeds of which are dedicated to programs for senior citizens and disabled residents. An investment alternative tax rate of 2.5 percent with an investment alternative of 1.25 percent will apply to a casino, except that sums received from Internet wagering on sports events shall be taxed as provided in N.J.S.A.5:12-95.19. Sports wagering gross revenue realized by a racetrack will be subject to an additional tax of 1.25 percent on amounts actually received from a sports wagering operation with 0.75 percent paid to the municipality and 0.5 percent paid to the county in which the sports wagering lounge is located or to an economic development authority of that municipality and county, as determined by the governing body of the municipality or county, with those amounts used for economic development purposes, except that sums received from Internet wagering on sports events shall be taxed as provided in N.J.S.A.5:12-95.19. Also, a percentage of the fee paid for a license to operate a sports pool will be appropriated by the Legislature to the Department of Health and Senior Services to provide funds for compulsive gambling treatment and prevention programs, with the percentage determined by the division.

The bill repeals 1, 2, and 4 of P.L.2014, c.62 (C.5:12A-7 through C.5:12A-9) which partially repealed certain provisions of a prior law that had authorized sports betting.

Allows wagering at casinos and racetracks on certain professional and collegiate sports or athletic events.

