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REPORTS: No

HEARINGS: Yes

NEWSPAPER ARTICLES: Yes

974.90 G191 2011 Public hearing before Senate Government, Wagering, Tourism & Historic Preservation Committee: the Committee will receive testimony on the importance of authorizing sports wagering for the gaming industry in New Jersey:[September 26, 2011, Trenton, New Jersey].

"Christie signs 57 bills," The Times, January 18, 2012.

"New Laws & Changes," The Trentonian, January 18, 2012.

"Christie signs law to bring sports betting to New Jersey," The Press, January 18, 2012.

"Sports betting bill signed, but many questions remain," The Record, January 18, 2012

"Christie signs N.J. sports betting bill into law, Asbury Park Press, January 18, 2012.

LAW

1 AN ACT permitting wagering at casinos and racetracks on the
2 results of certain professional or collegiate sports or athletic
3 events, supplementing Title 5 of the Revised Statutes, and
4 amending P.L.1977, c.110 and P.L.1992, c.19.

5

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

8

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

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

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

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

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

21 "operator" means a casino or a racetrack which has elected to
22 operate a sports pool, either independently or jointly;

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

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

31 "racetrack" means the physical facility where a permit holder
32 conducts a horse race meeting with parimutuel wagering under a
33 license by the racing commission pursuant to P.L.1940, c.17 (C.5:5-
34 22 et seq.), and includes the site of any former racetrack;

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

37 "sports event" means any professional sport or athletic event and
38 any collegiate sport or athletic event, except a prohibited sports
39 event;

40 "sports pool" means the business of accepting wagers on any
41 sports event by any system or method of wagering; and

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted December 15, 2011.

1 2. (New section) a. In addition to casino games permitted
2 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a
3 casino may operate a sports pool upon the approval of the '[Casino
4 Control Commission and the]' division '[, in accordance with their
5 respective duties,]' and in accordance with the provisions of this
6 act and applicable regulations promulgated pursuant to this act. In
7 addition to the conduct of parimutuel wagering on horse races under
8 regulation by the racing commission pursuant to chapter 5 of Title 5
9 of the Revised Statutes, a racetrack may operate a sports pool upon
10 the approval of the '[Casino Control Commission and the]'
11 division and the racing commission '[, in accordance with their
12 respective duties]' and in accordance with the provisions of this
13 act and applicable regulations promulgated pursuant to this act.
14 Upon approval of the '[Casino Control Commission and the]'
15 division and racing commission, a casino and a racetrack in this
16 State may enter into an agreement to jointly operate a sports pool at
17 the racetrack, in accordance with the provisions of this act and
18 applicable regulations promulgated pursuant to this act.

19 '[In addition to] With regard to this act, P.L. , c. (C.)
20 (pending before the Legislature as this bill),' the duties specified in
21 section 63 of P.L.1977, c.110 (C.5:12-63) '[,] of' the Casino
22 Control Commission shall '[hear and decide promptly and in
23 reasonable order all applications for a license to operate a sports
24 pool and shall have all other duties specified in that section with
25 regard to the operation of a sports pool] apply to the extent not
26 inconsistent with the provisions of this act' . In addition to the
27 duties specified in section 76 of P.L.1977, c.110 (C.5:12-76), the
28 division shall 'hear and decide promptly and in reasonable order all
29 applications for a license to operate a sports pool, shall' have the
30 general responsibility for the implementation of this act and shall
31 have all other duties specified in that section with regard to the
32 operation of a sports pool.

33 The license to operate a sports pool shall be in addition to any
34 other license required to be issued pursuant to P.L.1977, c.110
35 (C.5:12-1 et seq.) to operate a casino or pursuant to P.L.1940, c. 17
36 (C.5:5-22 et seq.) to conduct horse racing. 'No license to operate a
37 sports pool shall be issued by the division to any entity unless it has
38 established its financial stability, integrity and responsibility and its
39 good character, honesty and integrity. No license to operate a
40 sports pool shall be issued by the division to any entity which is
41 disqualified under the criteria of section 86 of P.L.1977, c.110
42 (C.5:12-86).''

43 No later than five years after the date of the issuance of a license
44 and every five years thereafter or within such lesser periods as the
45 division may direct, a licensee shall submit to the division such
46 documentation or information as the division may by regulation

1 require, to demonstrate to the satisfaction of the director of the
2 division that the licensee continues to meet the requirements of the
3 law and regulations.

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

12 c. The operator of a sports pool shall establish or display the
13 odds at which wagers may be placed on sports events.

14 d. An operator shall accept wagers on sports events from
15 persons physically present in the sports wagering lounge ¹[, or from
16 persons not physically present who wager by means of electronic
17 devices]¹. A person placing a wager shall be at least 21 years of
18 age.

19 e. ¹[An operator may also accept wagers by means of the
20 Internet from a resident of this State who is at least 21 years of age
21 and who is physically present in this State, subject to such rules and
22 regulations as may be necessary to ensure the security of such
23 wagering.

24 f.¹ An operator shall not admit into the sports wagering lounge,
25 or accept wagers from, any person whose name appears on the
26 exclusion list maintained by the division pursuant to section 71 of
27 P.L.1977, c.110 (C.5:12-71) or on any self-exclusion list maintained
28 by the division pursuant to sections 1 and 2 of P.L.2001, c.39
29 (C.5:12-71.2 and C.5:12-71.3, respectively). Sections 1 and 2 of
30 P.L.2002, c.89 (C.5:5-65.1 and C.5:5-65.2, respectively), shall
31 apply to the conduct of sports wagering under this act.

32 ¹[g.] f.¹ The holder of a license to operate a sports pool may
33 contract with an entity to conduct that operation, in accordance with
34 the regulations of the division. That entity shall obtain a license as
35 a casino service industry enterprise prior to the execution of any
36 such contract, and such license shall be issued pursuant to the
37 provisions of P.L.1977, c.110 (C.5:12-1 et seq.) and in accordance
38 with the regulations promulgated by the division ¹in consultation
39 with the commission¹.

40 ¹[h.] g.¹ If any provision of this act, P.L. , c. (C.)
41 (pending before the Legislature as this bill), or its application to any
42 person or circumstance is held invalid, the invalidity shall not affect
43 other provisions or applications of this act which can be given
44 effect without the invalid provision or application, and to this end
45 the provisions of this act are severable.

1 3. (New section) a. All persons **'[engaged] employed'** directly
2 in wagering-related activities conducted within a casino or a
3 racetrack in a sports wagering lounge shall be licensed as a casino
4 key employee or registered as a casino employee, as **'[appropriate]**
5 **determined by the commission'**, pursuant to the provisions of
6 P.L.1977, c.110 (C.5:12-1 et seq.). All other employees who are
7 working in the sports wagering lounge may be required to be
8 registered, if appropriate, in accordance with regulations of the
9 division **'promulgated in consultation with the commission'** .

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

14

15 4. (New section) Except as otherwise provided by this act, the
16 **'[Casino Control Commission and the]'** division shall have the
17 authority to regulate sports pools and the conduct of sports
18 wagering under this act to the same extent that the **'[commission**
19 **and the]'** division **'[regulate] regulates'** other casino games. No
20 casino or racetrack shall be authorized to operate a sports pool
21 unless it has produced information, documentation, and assurances
22 concerning its financial background and resources, including cash
23 reserves, that are sufficient to demonstrate that it has the financial
24 stability, integrity, and responsibility to operate a sports pool. In
25 developing rules and regulations applicable to sports wagering, the
26 division shall examine the regulations implemented in other states
27 where sports wagering is conducted and shall, as far as practicable,
28 adopt a similar regulatory framework. The division **' , in**
29 **consultation with the commission.'** shall promulgate regulations
30 necessary to carry out the provisions of this act, including, but not
31 limited to, regulations governing the:

32 a. amount of cash reserves to be maintained by operators to
33 cover winning wagers;

34 b. acceptance of wagers on a series of sports events;

35 c. maximum wagers which may be accepted by an operator
36 from any one patron on any one sports event;

37 d. type of wagering tickets which may be used;

38 e. method of issuing tickets;

39 f. method of accounting to be used by operators;

40 g. types of records which shall be kept;

41 h. use of credit and checks by patrons;

42 i. type of system for wagering;

43 j. protections for a person placing a wager ; and

44 k. **'[inclusion] display'** of the words, "If you or someone you
45 know has a gambling problem and wants help, call 1-800
46 GAMBLER," or some comparable language approved by the
47 division, which language shall include the words "gambling

1 problem" and "call 1-800 GAMBLER," on in all print, billboard,
2 sign, online, or broadcast advertisements of a sports pool '[,] and'
3 in every sports wagering lounge '[, and on any Internet website at
4 which wagers may be accepted on a sports event]' .

5
6 5. (New section) Each operator shall adopt comprehensive
7 house rules governing sports wagering transactions with its patrons.
8 The rules shall specify the amounts to be paid on winning wagers
9 and the effect of schedule changes. The house rules, together with
10 any other information the division deems appropriate, shall be
11 conspicuously displayed in the sports wagering lounge and included
12 in the terms and conditions of the account wagering system, and
13 copies shall be made readily available to patrons.

14
15 6. (New section) Whenever a casino licensee and a racetrack
16 permit holder enter into an agreement to jointly establish a sports
17 wagering lounge, and to operate and conduct sports wagering under
18 this act, the agreement shall specify the distribution of revenues
19 from the joint sports wagering operation among the parties to the
20 agreement. The sums received by the casino from the joint sports
21 wagering operation shall be considered gross revenue as specified
22 under section 24 of P.L.1977, c.110 (C.5:12-24). The sums actually
23 received by the horse racing permit holder from any sports
24 wagering operation, either jointly established with a casino or
25 established independently or with non-casino partners, less only the
26 total of all sums actually paid out as winnings to patrons, shall be
27 subject to an 8% tax to be collected by the division and paid to the
28 Casino Revenue Fund created under section 145 of P.L.1977, c.110
29 (C.5:12-145) to be used for the funding of programs for senior
30 citizens and disabled residents and to an investment alternative tax
31 in the same amount and for the same purposes as provided in
32 section 3 of P.L.1984, c.218 (C.5:12-144.1).

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

43
44 7. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to
45 read as follows:

46 24. "Gross Revenue"-- The total of all sums actually received by
47 a casino licensee from gaming operations, including operation of a

1 sports pool, less only the total of all sums actually paid out as
2 winnings to patrons; provided, however, that the cash equivalent
3 value of any merchandise or thing of value included in a jackpot or
4 payout shall not be included in the total of all sums paid out as
5 winnings to patrons for purposes of determining gross revenue.
6 "Gross Revenue" shall not include any amount received by a casino
7 from casino simulcasting pursuant to the "Casino Simulcasting
8 Act," P.L.1992, c.19 (C.5:12-191 et al.).
9 (cf: P.L.2009, c.36, s.2)

10
11 **‘[8. (New section) No organization or commercial enterprise,**
12 **other than a casino located in Atlantic City or a racetrack permit**
13 **holder in this State that has been issued a permit to conduct a sports**
14 **pool by means of the Internet and has located all of its equipment**
15 **used to conduct such wagering, including computers, servers,**
16 **monitoring rooms, and hubs, in Atlantic City or at an authorized**
17 **racetrack location in this State, shall knowingly make its premises**
18 **available for placing wagers at casinos or racetracks using the**
19 **Internet or advertise that its premises may be used for such purpose.**
20 **An organization or commercial enterprise that is determined by the**
21 **division to have knowingly violated the provisions of this section**
22 **shall be subject to a penalty of \$1,000 per player per day for making**
23 **its premises available for placing wagers at casinos or racetracks**
24 **using the Internet and of \$10,000 per violation for advertising that**
25 **its premises may be used for such purpose.】’**

26
27 **‘[9.] §.1** Section 4 of P.L.1992, c.19 (C.5:12-194) is amended
28 to read as follows:

29 4. a. (1) A casino licensee which wishes to conduct casino
30 simulcasting shall establish a simulcasting facility as part of the
31 casino hotel. The simulcasting facility may be adjacent to, but shall
32 not be part of, any room or location in which casino gaming is
33 conducted pursuant to the provisions of P.L.1977, c.110 (C.5:12-1
34 et seq.). The simulcasting facility shall conform to all requirements
35 concerning square footage, equipment, security measures and
36 related matters which the Division of Gaming Enforcement shall by
37 regulation prescribe. The space required for the establishment of a
38 simulcasting facility shall not reduce the space authorized for
39 casino gaming activities as specified in section 83 of P.L.1977,
40 c.110 (C.5:12-83). The cost of establishing, maintaining and
41 operating a simulcasting facility shall be the sole responsibility of
42 the casino licensee.

43 (2) Wagering on simulcast horse races shall be conducted only
44 in the simulcasting facility, which shall be open and operated
45 whenever simulcast horse races are being transmitted to the casino
46 hotel during permitted hours of casino operation.

1 (3) Any authorized game, as defined in section 5 of P.L.1977,
2 c.110 (C.5:12-5), other than slot machines may be conducted in a
3 simulcasting facility subject to the rules and regulations of the
4 Division of Gaming Enforcement.

5 (4) The security measures for a simulcasting facility shall
6 include the installation by the casino licensee of a closed circuit
7 television system according to specifications approved by the
8 Division of Gaming Enforcement. The Casino Control Commission
9 and the Division of Gaming Enforcement shall have access to the
10 system or its signal in accordance with regulations of the
11 commission.

12 b. All persons engaged directly in wagering-related activities
13 conducted by a casino licensee in a simulcasting facility, whether
14 employed by the casino licensee or by a person or entity conducting
15 casino simulcasting in the simulcasting facility pursuant to an
16 agreement with the casino licensee and all other employees of the
17 casino licensee or of the person or entity conducting casino
18 simulcasting who are working in the simulcasting facility, shall be
19 licensed or registered in accordance with regulations of the Casino
20 Control Commission or the Division of Gaming Enforcement.

21 Any employee at the Atlantic City Race Course or Garden State
22 Park on or after June 12, 1992, who loses employment with that
23 racetrack as a direct result of the implementation of casino
24 simulcasting and who has been licensed by the New Jersey Racing
25 Commission for five consecutive years immediately preceding the
26 loss of employment shall be given first preference for employment
27 whenever any comparable position becomes available in any casino
28 simulcasting facility, provided the person is qualified pursuant to
29 this subsection. If a casino licensee enters into an agreement with a
30 person or entity for the conduct of casino simulcasting in its
31 simulcasting facility, the agreement shall include the requirement
32 that such first preference in employment shall be given by the
33 person or entity with respect to employment in the simulcasting
34 facility.

35 c. A casino licensee which establishes a simulcasting facility
36 and conducts casino simulcasting shall, as a condition of continued
37 operation of casino simulcasting, receive all live races which are
38 transmitted by in-State sending tracks.

39 d. Agreements between a casino licensee and an in-State or
40 out-of-State sending track for casino simulcasting shall be in
41 writing and shall be filed with the New Jersey Racing Commission
42 and with the Division of Gaming Enforcement in accordance with
43 section 104 of P.L.1977, c.110 (C.5:12-104).

44 [e. If wagering at casinos on sports events is authorized by the
45 voters of this State and by enabling legislation enacted by the
46 Legislature, and if a casino licensee conducts such wagering and
47 casino simulcasting, the two activities shall be conducted in the

1 same area, in accordance with such regulations as the Division of
2 Gaming Enforcement shall prescribe with respect to wagering on
3 sports events and in accordance with this act and such regulations
4 as may be adopted pursuant to section 3 of this act with respect to
5 casino simulcasting.】

6 (cf: P.L.2011, c.19, s.116)

7

8 '【10.】9.' This act shall take effect immediately.

ASSEMBLY REGULATORY OVERSIGHT AND GAMING
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4385

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2011

The Assembly Regulatory Oversight and Gaming Committee reports favorably an Assembly Committee Substitute for Assembly, No. 4385.

This committee substitute permits casinos in Atlantic City and racetracks in this State to conduct wagering on professional and collegiate sport or athletic events. The Casino Control Commission is authorized to grant licenses to operate a sports pool 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. 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 committee substitute a "racetrack" includes the site of any former racetrack. 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.

Wagers on a sports event could be placed in-person in a sports wagering lounge located at a casino or racetrack, or by means of electronic devices, or by means of the Internet by residents of this State who are physically present in this State. Persons placing wagers must be at least 21 years of age. The committee substitute 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.

A casino or racetrack will be required to demonstrate that it has the necessary financial resources to operate a sports pool. The division would promulgate the necessary rules and regulations for the conduct and operation of the sports wagering activities, while 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 committee substitute 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 committee substitute, sports wagering gross revenue realized by a casino would be subject to the existing 8% casino gross revenue tax, the proceeds of which are dedicated to programs for senior citizens and disabled residents, and the investment alternative tax, which results in the investment of 1.25% of gaming revenue in community and economic development projects across the State. Sports wagering gross revenue realized by a racetrack would be subject to an 8% tax, to be collected by the division and paid to the Casino Revenue Fund to be used for the funding of programs for senior citizens and disabled residents, and also to an investment alternative tax identical to the one imposed on casinos. 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.

STATEMENT TO

**ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4385**

with Senate Floor Amendments
(Proposed by Senator Lesniak)

ADOPTED: DECEMBER 15, 2011

These Senate amendments provide that:

a sports pool licensee must establish financial responsibility and good character;

wagers may not be placed by means of electronic devices or the Internet; and

the Division of Gaming Enforcement will have responsibility for licensing and will promulgate regulations in consultation with the Casino Control Commission.

A4385 BURZICHELLI, CAPUTO

2

1 AN ACT permitting wagering at casinos and racetracks on the
2 results of certain professional or collegiate sports or athletic
3 events, supplementing Title 5 of the Revised Statutes, and
4 amending P.L.1977, c.110 (C.5:12-1 et seq.).
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6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
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9 1. (New section) As used in this act:

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11 Atlantic City at which casino gambling is conducted pursuant to the
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13 "Casino Control Commission" means the commission
14 established pursuant to section 50 of P.L.1977, c.110 (C.5:12-50);

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

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

21 "operator" means a casino or a racetrack which has elected to
22 operate a sports pool, either independently or jointly;

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

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

31 "racetrack" means the physical facility where a permit holder
32 conducts a horse race meeting with parimutuel wagering under a
33 license by the racing commission pursuant to P.L.1940, c.17 (C.5:5-
34 22 et seq.), and includes the site of any former racetrack;

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

37 "sports event" means any professional sport or athletic event and
38 any collegiate sport or athletic event, except a prohibited sports
39 event;

40 "sports pool" means the business of accepting wagers on any
41 sports event by any system or method of wagering other than the
42 pari-mutuel method of wagering; and

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

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 2. (New section) a. In addition to casino games permitted
2 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a
3 casino may operate a sports pool upon the approval of the Casino
4 Control Commission and the division, in accordance with their
5 respective duties, and in accordance with the provisions of this act
6 and applicable regulations promulgated pursuant to this act. In
7 addition to the conduct of parimutuel wagering on horse races under
8 regulation by the racing commission pursuant to chapter 5 of Title 5
9 of the Revised Statutes, a racetrack may operate a sports pool upon
10 the approval of the Casino Control Commission and the division
11 and the racing commission, and in accordance with the provisions
12 of this act and applicable regulations promulgated pursuant to this
13 act. Upon approval of the Casino Control Commission and the
14 racing commission, a casino and a racetrack in this State may enter
15 into an agreement to jointly operate a sports pool at the racetrack, in
16 accordance with the provisions of this act and applicable
17 regulations promulgated pursuant to this act.

18 In addition to the duties specified in section 63 of P.L.1977,
19 c.110 (C.5:12-63), the Casino Control Commission shall hear and
20 decide promptly and in reasonable order all applications for a
21 license to operate a sports pool and shall have all other duties
22 specified in that section with regard to the operation of a sports
23 pool. In addition to the duties specified in section 76 of P.L.1977,
24 c.110 (C.5:12-76.1), the division shall have the general
25 responsibility for the implementation of this act and shall have all
26 other duties specified in that section with regard to the operation of
27 a sports pool.

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

35 c. The operator of a sports pool shall establish the odds it will
36 pay on wagers placed on sports events.

37 d. An operator shall accept wagers on sports events from
38 persons physically present in the sports wagering lounge, or from
39 persons not physically present who wager by means of electronic
40 devices. A person placing a wager shall be at least 21 years of age.

41 e. An operator may also accept wagers by means of the Internet
42 from a resident of this State who is at least 21 years of age and who
43 is physically present in this State, subject to such rules and
44 regulations as may be necessary to ensure the security of such
45 wagering.

46 f. An operator shall not admit into the sports wagering lounge,
47 or accept wagers from, any person whose name appears on any self-
48 exclusion list maintained by the division or the commission, and the

A4385 BURZICHELLI, CAPUTO

4

1 provisions of sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2 and
2 C.5:12-71.3, respectively), and sections 1 and 2 of P.L.2002, c.89
3 (C.5:5-65.1 and C.5:5-65.2, respectively), shall apply to the conduct
4 of sports wagering under this act.

5

6 3. (New section) a. All persons engaged directly in wagering-
7 related activities conducted by a casino, a racetrack, or both, in a
8 sports wagering lounge shall be licensed as casino employees or
9 casino key employees, as appropriate, pursuant to the provisions of
10 P.L.1977, c.110 (C.5:12-1 et seq.). All other employees of the
11 casino licensee, the racetrack permit holder, or of the person or
12 entity conducting the sports pool who are working in the sports
13 wagering lounge shall be licensed or registered in accordance with
14 regulations of the division.

15 b. Each licensed casino, racetrack, or both, which operates a
16 sports pool shall designate one or more key employees who shall be
17 responsible for the operation of the sports pool. At least one such
18 key employee shall be on the premises whenever sports wagering is
19 conducted.

20

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

37 a. amount of cash reserves to be maintained by operators to
38 cover winning wagers;

39 b. acceptance of wagers on a series of sports events;

40 c. maximum wagers which may be accepted by an operator
41 from any one patron on any one sports event;

42 d. type of wagering tickets which may be used;

43 e. method of issuing tickets;

44 f. method of accounting to be used by operators;

45 g. types of records which shall be kept; and

46 h. use of credit and checks by patrons.

1 5. (New section) Each operator shall, subject to approval by the
2 division, adopt comprehensive house rules governing sports
3 wagering transactions with its patrons. The rules shall specify the
4 amounts to be paid on winning wagers and the effect of schedule
5 changes. The house rules, together with any other information the
6 division deems appropriate, shall be conspicuously displayed in the
7 sports wagering lounge and included in the terms and conditions of
8 the account wagering system, and copies shall be made readily
9 available to patrons.

10
11 6. (New section) Whenever a casino licensee and a racetrack
12 permit holder enter into an agreement to jointly establish a sports
13 wagering lounge, and to operate and conduct sports wagering under
14 this act, the agreement shall specify the distribution of revenues
15 from the joint sports wagering operation among the parties to the
16 agreement. The sums received by the casino from the joint sports
17 wagering operation shall be considered gross revenue as specified
18 under section 24 of P.L.1977, c.110 (C.5:12-24). The sums actually
19 received by the horse racing permit holder from any sports
20 wagering operation, either jointly established with a casino or
21 established independently or with non-casino partners, less only the
22 total of all sums actually paid out as winnings to patrons, shall be
23 subject to an 8% tax to be collected by the division and paid to the
24 Casino Revenue Fund created under section 145 of P.L.1977, c.110
25 (C.5:12-145) to be used for the funding of programs for senior
26 citizens and disabled residents and to an investment alternative tax
27 in the same amount and for the same purposes as provided in
28 section 3 of P.L.1984, c.218 (C.5:12-144.1).

29 A percentage of the fee paid for a license to operate a sports pool
30 shall be deposited into the State General Fund for appropriation by
31 the Legislature to the Department of Health and Senior Services to
32 provide funds for compulsive gambling treatment and prevention
33 programs. The percentage shall be determined by the Casino
34 Control Commission.

35
36 7. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to
37 read as follows:

38 24. "Gross Revenue"-- The total of all sums actually received by
39 a casino licensee from gaming operations, including operation of a
40 sports pool, less only the total of all sums actually paid out as
41 winnings to patrons; provided, however, that the cash equivalent
42 value of any merchandise or thing of value included in a jackpot or
43 payout shall not be included in the total of all sums paid out as
44 winnings to patrons for purposes of determining gross revenue.
45 "Gross Revenue" shall not include any amount received by a casino
46 from casino simulcasting pursuant to the "Casino Simulcasting
47 Act," P.L.1992, c.19 (C.5:12-191 et al.).
48 (cf: P.L.2009, c.36, s.2)

1 8. This act shall take effect immediately.

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SPONSORS STATEMENT

5

6 This bill would allow licensed casinos in Atlantic City and
7 racetracks in this State to conduct wagering on professional and
8 collegiate sport or athletic events. The Casino Control Commission
9 is authorized to grant licenses to operate a sports pool, and the
10 Division of Gaming Enforcement would regulate those operations,
11 generally in line with the current duties of the commission and
12 division with regard to casinos and their operations.

13 Wagering on sports events, as defined by this bill, would not
14 include wagering on any collegiate sport or athletic event that takes
15 place in New Jersey or on a sport or athletic event in which any
16 New Jersey college team participates regardless of where the event
17 takes place. Wagers on a sports event could be placed in-person in
18 a sports wagering lounge located at a casino or racetrack, or by
19 means of electronic devices, or by means of the Internet by
20 residents of this State who are physically present in this State.
21 Persons placing wagers must be at least 21 years of age. The bill
22 also provides that any person with a compulsive gambling problem
23 whose name appears on any self-exclusion list in this State would
24 be excluded from entering the sports wagering lounge and from
25 placing a wager, subject to all of the limitations and penalties
26 imposed under current law.

27 Under the bill, a casino or racetrack, including an operator at a
28 former racetrack site, may establish a sports wagering lounge
29 independently at the casino or racetrack, or in partnership between a
30 casino and a racetrack at a racetrack location. A casino or racetrack
31 will be required to demonstrate that it has the necessary financial
32 resources to operate a sports pool. The division would promulgate
33 the necessary rules and regulations for the conduct and operation of
34 the sports wagering activities, while the New Jersey Racing
35 Commission would also be involved in approving any partnership
36 agreements with a racetrack operator. The bill provides that, in
37 promulgating rules and regulations, the division would examine the
38 rules and regulations currently in place in states conducting sports
39 wagering, and would model such regulatory frameworks as far as
40 practicable.

41 Under the bill, sports wagering gross revenue realized by a
42 casino would be subject to the existing 8% casino gross revenue
43 tax, the proceeds of which are dedicated to programs for senior
44 citizens and disabled residents, and the investment alternative tax,
45 which results in the investment of 1.25% of gaming revenue in
46 community and economic development projects across the State.
47 Sports wagering gross revenue realized by a racetrack would be
48 subject to an 8% tax, to be collected by the division and paid to the

A4385 BURZICHELLI, CAPUTO

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1 Casino Revenue Fund to be used for the funding of programs for
2 senior citizens and disabled residents, and also to an investment
3 alternative tax identical to the one imposed on casinos. Also, a
4 percentage of the fee paid for a license to operate a sports pool will
5 be appropriated by the Legislature to the Department of Health and
6 Senior Services to provide funds for compulsive gambling treatment
7 and prevention programs, with the percentage determined by the
8 Casino Control Commission.

9 The bill would take effect immediately.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 3113

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 1, 2011

The Senate State Government Committee reports favorably and with committee amendments Senate, No. 3113.

As amended, this bill permits casinos in Atlantic City and racetracks in this State to conduct wagering on professional and collegiate sport or athletic events pursuant to a license issued by the Division of Gaming Enforcement in the Department of Law and Public. 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. 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.

Wagers on a sports event could be placed in-person in a sports wagering lounge located at a casino or racetrack, or by means of electronic devices, or by means of the Internet by residents of this State who are physically present in this State. 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.

A casino or racetrack will be required to demonstrate that it has the necessary financial resources to operate a sports pool. The division would promulgate the necessary rules and regulations for the conduct and operation of the sports wagering activities, while 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 would be subject to the existing 8% casino gross revenue tax, the proceeds of which are dedicated to programs for senior citizens and disabled residents, and the investment alternative tax, which results in the investment of 1.25% of gaming revenue in community and economic development projects across the State. Sports wagering gross revenue realized by a racetrack would be subject to an 8% tax, to be collected by the division and paid to the Casino Revenue Fund to be used for the funding of programs for senior citizens and disabled residents, and also to an investment alternative tax identical to the one imposed on casinos. 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.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- 1) provide that the licensing of a sports pool would be undertaken by the Division of Gaming Enforcement instead of the Casino Control Commission;
- 2) delete former racetrack sites from the definition of racetrack;
- 3) permit the conduct of the sports pool using the parimutuel method of wagering;
- 4) provide that a sports wagering lounge may be located at a casino simulcasting facility;
- 5) permit the holder of a license to operate a sports pool to contract with an entity to conduct that operation, pursuant to regulations adopted by the division, and require the entity to be licensed as a casino service industry enterprise;
- 6) prohibit an unauthorized organization or commercial enterprise from knowingly making its premises available for placing wagers at casinos or racetracks using the Internet, at a penalty of \$1,000 per player per day for wagering, or from advertising that its premises are available for that purpose, at a penalty of \$10,000 per violation for advertising;
- 7) delete a provision of law that requires the sports pool to be conducted in the simulcasting area of a casino;
- 8) provide that a license to operate a sports pool will be in addition to any other license required to operate a casino or to conduct horse racing;
- 9) require certain information to be provided to the division every five years, or more often as the division may decide, by the holder of a license to operate a sports pool;
- 10) provide that the operation of a sports wagering lounge must exclude from wagering any person on the casino exclusion list;

11) clarify the provision concerning the licensing and registration of persons engaged directly in wagering-related activities;

12) remove the provision that would have required the division to approve the comprehensive house rules of the operator of a sports pool;

13) require the division to promulgate regulations on the type of system to be used for sports wagering and for the protection of persons placing wagers; and

14) include a severability clause.

STATEMENT TO
[First Reprint]
SENATE, No. 3113

with Senate Floor Amendments
(Proposed by Senator Lesniak)

ADOPTED: DECEMBER 15, 2011

These Senate amendments provide that:

a sports pool may be operated at the site of a former racetrack, as permitted by the State Constitution;

a sports pool licensee must establish financial responsibility and good character;

wagers may not be placed by means of electronic devices or the Internet;

the Division of Gaming Enforcement will promulgate regulations in consultation with the Casino Control Commission;

the Division of Gaming Enforcement will, by regulation, provide for 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 will include the words "gambling problem" and "call 1-800 GAMBLER," on all print, billboard, sign, online, or broadcast advertisements of a sports pool and in every sports wagering lounge; and

funds appropriated from a percentage of the fee paid for a license to operate a sports pool will be used for prevention, education, and treatment programs for compulsive gambling, such as those provided by the Council on Compulsive Gambling of New Jersey, including programs that identify and assist problem gamblers.

S3113 LESNIAK, VAN DREW

2

1 AN ACT permitting wagering at casinos and racetracks on the
2 results of certain professional or collegiate sports or athletic
3 events, supplementing Title 5 of the Revised Statutes, and
4 amending P.L.1977, c.110 (C.5:12-1 et seq.).
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

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

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

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

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

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

21 "operator" means a casino or a racetrack which has elected to
22 operate a sports pool, either independently or jointly;

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

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

31 "racetrack" means the physical facility where a permit holder
32 conducts a horse race meeting with parimutuel wagering under a
33 license by the racing commission pursuant to P.L.1940, c.17 (C.5:5-
34 22 et seq.), and includes the site of any former racetrack;

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

37 "sports event" means any professional sport or athletic event and
38 any collegiate sport or athletic event, except a prohibited sports
39 event;

40 "sports pool" means the business of accepting wagers on any
41 sports event by any system or method of wagering other than the
42 pari-mutuel method of wagering; and

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

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 2. (New section) a. In addition to casino games permitted
2 pursuant to the provisions of P.L.1977, c.110 (C.5:12-1 et seq.), a
3 casino may operate a sports pool upon the approval of the Casino
4 Control Commission and the division, in accordance with their
5 respective duties, and in accordance with the provisions of this act
6 and applicable regulations promulgated pursuant to this act. In
7 addition to the conduct of parimutuel wagering on horse races under
8 regulation by the racing commission pursuant to chapter 5 of Title 5
9 of the Revised Statutes, a racetrack may operate a sports pool upon
10 the approval of the Casino Control Commission and the division
11 and the racing commission, and in accordance with the provisions
12 of this act and applicable regulations promulgated pursuant to this
13 act. Upon approval of the Casino Control Commission and the
14 racing commission, a casino and a racetrack in this State may enter
15 into an agreement to jointly operate a sports pool at the racetrack, in
16 accordance with the provisions of this act and applicable
17 regulations promulgated pursuant to this act.

18 In addition to the duties specified in section 63 of P.L.1977,
19 c.110 (C.5:12-63), the Casino Control Commission shall hear and
20 decide promptly and in reasonable order all applications for a
21 license to operate a sports pool and shall have all other duties
22 specified in that section with regard to the operation of a sports
23 pool. In addition to the duties specified in section 76 of P.L.1977,
24 c.110 (C.5:12-76.1), the division shall have the general
25 responsibility for the implementation of this act and shall have all
26 other duties specified in that section with regard to the operation of
27 a sports pool.

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

35 c. The operator of a sports pool shall establish the odds it will
36 pay on wagers placed on sports events.

37 d. An operator shall accept wagers on sports events from
38 persons physically present in the sports wagering lounge, or from
39 persons not physically present who wager by means of electronic
40 devices. A person placing a wager shall be at least 21 years of age.

41 e. An operator may also accept wagers by means of the Internet
42 from a resident of this State who is at least 21 years of age and who
43 is physically present in this State, subject to such rules and
44 regulations as may be necessary to ensure the security of such
45 wagering.

46 f. An operator shall not admit into the sports wagering lounge,
47 or accept wagers from, any person whose name appears on any self-
48 exclusion list maintained by the division or the commission, and the

1 provisions of sections 1 and 2 of P.L.2001, c.39 (C.5:12-71.2 and
2 C.5:12-71.3, respectively), and sections 1 and 2 of P.L.2002, c.89
3 (C.5:5-65.1 and C.5:5-65.2, respectively), shall apply to the conduct
4 of sports wagering under this act.

5
6 3. (New section) a. All persons engaged directly in wagering-
7 related activities conducted by a casino, a racetrack, or both, in a
8 sports wagering lounge shall be licensed as casino employees or
9 casino key employees, as appropriate, pursuant to the provisions of
10 P.L.1977, c.110 (C.5:12-1 et seq.). All other employees of the
11 casino licensee, the racetrack permit holder, or of the person or
12 entity conducting the sports pool who are working in the sports
13 wagering lounge shall be licensed or registered in accordance with
14 regulations of the division.

15 b. Each licensed casino, racetrack, or both, which operates a
16 sports pool shall designate one or more key employees who shall be
17 responsible for the operation of the sports pool. At least one such
18 key employee shall be on the premises whenever sports wagering is
19 conducted.

20
21 4. (New section) Except as otherwise provided by this act, the
22 Casino Control Commission and the division shall have the
23 authority to regulate sports pools and the conduct of sports
24 wagering under this act to the same extent that the commission and
25 the division regulate other casino games. No casino or racetrack
26 shall be authorized to operate a sports pool unless it has produced
27 information, documentation, and assurances concerning its financial
28 background and resources, including cash reserves, that are
29 sufficient to demonstrate that it has the financial stability, integrity,
30 and responsibility to operate a sports pool. In developing rules and
31 regulations applicable to sports wagering, the division shall
32 examine the regulations implemented in other states where sports
33 wagering is conducted and shall, as far as practicable, adopt a
34 similar regulatory framework. The division shall promulgate
35 regulations necessary to carry out the provisions of this act,
36 including, but not limited to, regulations governing the:

37 a. amount of cash reserves to be maintained by operators to
38 cover winning wagers;

39 b. acceptance of wagers on a series of sports events;

40 c. maximum wagers which may be accepted by an operator
41 from any one patron on any one sports event;

42 d. type of wagering tickets which may be used;

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46 h. use of credit and checks by patrons.

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48 5. (New section) Each operator shall, subject to approval by the

1 division, adopt comprehensive house rules governing sports
2 wagering transactions with its patrons. The rules shall specify the
3 amounts to be paid on winning wagers and the effect of schedule
4 changes. The house rules, together with any other information the
5 division deems appropriate, shall be conspicuously displayed in the
6 sports wagering lounge and included in the terms and conditions of
7 the account wagering system, and copies shall be made readily
8 available to patrons.

9
10 6. (New section) Whenever a casino licensee and a racetrack
11 permit holder enter into an agreement to jointly establish a sports
12 wagering lounge, and to operate and conduct sports wagering under
13 this act, the agreement shall specify the distribution of revenues
14 from the joint sports wagering operation among the parties to the
15 agreement. The sums received by the casino from the joint sports
16 wagering operation shall be considered gross revenue as specified
17 under section 24 of P.L.1977, c.110 (C.5:12-24). The sums actually
18 received by the horse racing permit holder from any sports
19 wagering operation, either jointly established with a casino or
20 established independently or with non-casino partners, less only the
21 total of all sums actually paid out as winnings to patrons, shall be
22 subject to an 8% tax to be collected by the division and paid to the
23 Casino Revenue Fund created under section 145 of P.L.1977, c.110
24 (C.5:12-145) to be used for the funding of programs for senior
25 citizens and disabled residents and to an investment alternative tax
26 in the same amount and for the same purposes as provided in
27 section 3 of P.L.1984, c.218 (C.5:12-144.1).

28 A percentage of the fee paid for a license to operate a sports pool
29 shall be deposited into the State General Fund for appropriation by
30 the Legislature to the Department of Health and Senior Services to
31 provide funds for compulsive gambling treatment and prevention
32 programs. The percentage shall be determined by the Casino
33 Control Commission.

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35 7. Section 24 of P.L.1977, c.110 (C.5:12-24) is amended to
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38 a casino licensee from gaming operations, including operation of a
39 sports pool, less only the total of all sums actually paid out as
40 winnings to patrons; provided, however, that the cash equivalent
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44 "Gross Revenue" shall not include any amount received by a casino
45 from casino simulcasting pursuant to the "Casino Simulcasting
46 Act," P.L.1992, c.19 (C.5:12-191 et al.).

47 (cf: P.L.2009, c.36, s.2)

1 8. This act shall take effect immediately.

2

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4 *SPONSORS* STATEMENT

5

6 This bill would allow licensed casinos in Atlantic City and
7 racetracks in this State to conduct wagering on professional and
8 collegiate sport or athletic events. The Casino Control Commission
9 is authorized to grant licenses to operate a sports pool, and the
10 Division of Gaming Enforcement would regulate those operations,
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12 division with regard to casinos and their operations.

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14 include wagering on any collegiate sport or athletic event that takes
15 place in New Jersey or on a sport or athletic event in which any
16 New Jersey college team participates regardless of where the event
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18 a sports wagering lounge located at a casino or racetrack, or by
19 means of electronic devices, or by means of the Internet by
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21 Persons placing wagers must be at least 21 years of age. The bill
22 also provides that any person with a compulsive gambling problem
23 whose name appears on any self-exclusion list in this State would
24 be excluded from entering the sports wagering lounge and from
25 placing a wager, subject to all of the limitations and penalties
26 imposed under current law.

27 Under the bill, a casino or racetrack, including an operator at a
28 former racetrack site, may establish a sports wagering lounge
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30 casino and a racetrack at a racetrack location. A casino or racetrack
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37 promulgating rules and regulations, the division would examine the
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