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LAW/KR

P.L.2014, CHAPTER 23, *approved August 1, 2014*
Senate, No. 185 (*First Reprint*)

1 AN ACT permitting Internet gaming equipment to be located at
2 certain secure facilities in Atlantic City and amending ¹and
3 supplementing¹ P.L.2013, c.27 ¹(C.5:12-95.17 et al.)¹ and
4 amending¹ P.L.1977, c.110.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. Section 1 of P.L.2013, c.27 (C.5:12-95.17) is amended to
10 read as follows:

11 1. The Legislature finds and declares that:

12 a. The 1976 amendment to the New Jersey Constitution that
13 amended Article IV, Section VII, paragraph 2 thereof, and the
14 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), that
15 authorized casino gaming in Atlantic City casinos clearly
16 demonstrate, both through their text and their legislative history,
17 that a fundamental goal of these enactments was to achieve the
18 rehabilitation of Atlantic City as a tourist and resort destination; and

19 b. As recognized in the July 2010 Report of the Governor's
20 Advisory Commission on New Jersey Gaming, Sports, and
21 Entertainment, and as confirmed in subsequent legislative hearings
22 held in Trenton and throughout the State culminating in the
23 enactment of significant bipartisan reform legislation in February of
24 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming
25 in New Jersey presently stands at a crossroads, facing critical
26 regional and global challenges that jeopardize its important role in
27 the State's economy; and

28 c. The State and New Jersey's general public possess a vital
29 interest in the success of tourism and casino gaming in Atlantic
30 City, having established a limited exception to the general policy of
31 the State concerning gaming for private gain under Article IV,
32 Section VII, paragraph 2 of the New Jersey Constitution within
33 Atlantic City, which by reason of its location, natural resources, and
34 historical prominence and reputation as a noteworthy tourist
35 destination, has been determined by the people of this State, the
36 Legislature, and the Governor to be a unique and valuable asset that
37 must be preserved, restored, and revitalized; and

38 d. The tourist, resort, and convention industry in Atlantic City
39 constitutes a critical component of our State's economic

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:

¹Senate SSG committee amendments adopted January 30, 2014.

- 1 infrastructure that, if properly regulated, developed, and fostered, is
2 capable of providing a substantial contribution to the general health,
3 welfare, and prosperity of the State and its residents; and
- 4 e. As recognized in the State Constitution and the Casino
5 Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an
6 important component of the State's historical and ongoing
7 commitment to Atlantic City involves creating and maintaining a
8 robust casino gaming industry that is capable of competing
9 regionally, nationally, and internationally at the highest levels of
10 quality while, at the same time, fully retaining strict State
11 regulatory oversight to ensure the integrity of all casino gaming
12 operations conducted in this State; and
- 13 f. Since the development of the Internet, millions of people
14 have chosen to gamble online through illegal off-shore operators,
15 and such gambling is conducted without oversight, regulation,
16 enforcement, or consumer protections, all of which raise significant
17 concerns for the protection of individuals and consumers in this
18 State; and
- 19 g. In October 2006, the United States Congress passed the
20 Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et
21 seq., which generally prohibits the use of banking instruments,
22 including credit cards, checks, and fund transfers, for interstate
23 Internet gambling, essentially prohibiting online gambling by
24 United States citizens, but which includes exceptions that permit
25 individual states to create a regulatory framework to enable
26 intrastate Internet gambling, provided that the bets or wagers are
27 made exclusively within a single state under certain circumstances;
28 and
- 29 h. An effective State regulatory and licensing system for
30 participating in online gaming would increase public trust and
31 confidence in legalized gambling, inhibit wagering by underage or
32 otherwise vulnerable individuals, ensure that any games offered
33 through the Internet are fair and safe, end the practice of sending
34 much-needed jobs and tax revenue overseas to illegal operators
35 while creating jobs and economic development in Atlantic City, and
36 ensure that only those of good character and fitness who meet strict
37 criteria may participate in Internet gaming operations in New
38 Jersey; and
- 39 i. Moreover, providing regulators and law enforcement with
40 the tools to restrict and stop the illegal Internet gambling market
41 that takes place via the Internet in foreign jurisdictions and
42 authorizing strict controls over how Atlantic City casinos may
43 accept wagers placed over the Internet for games conducted in
44 Atlantic City casinos will assist and enhance the rehabilitation and
45 redevelopment of existing tourist and convention facilities in
46 Atlantic City consistent with the original intent of the Casino
47 Control Act and will further assist in marketing Atlantic City to

1 customers that now have the convenience of gambling in
2 jurisdictions closer to their homes through the legalization of
3 gambling in states throughout the United States over the past three
4 decades; and

5 j. Internet gaming, as defined and strictly limited in P.L.2013,
6 c.27 (C.5:12-95.17 et al.), is unlike pari-mutuel wagering and other
7 forms of remote gambling and will take place entirely on the servers
8 and computer equipment located in the casino based in Atlantic City
9 or in another facility in Atlantic City ¹owned or leased by the
10 casino licensee and thereby considered to be part of the casino hotel
11 facility¹ that is secure, inaccessible to the public, and specifically
12 designed to house that equipment, and where the equipment will be
13 under the complete control of a casino licensee or its Internet
14 gaming affiliate. By contrast, in off-track pari-mutuel simulcast
15 wagering, the customer places a wager at an off-track facility, the
16 wager is accepted by the off-track facility, as evidenced by issuance
17 of a ticket, and any amounts paid on a winning wager are paid out
18 and received at the off-track facility. Any rights on the part of a
19 customer in the event of a dishonored, misdirected or other
20 frustrated pari-mutuel wager arise against the off-track facility
21 where the wager is placed and received, not against the remote track
22 at which the race is run; and

23 k. Internet gaming as authorized and limited under this act, on
24 the other hand, requires that all hardware, software, and other
25 equipment that is involved with Internet gaming will be located in
26 casino facilities in Atlantic City or in other facilities in Atlantic
27 City ¹owned or leased by a casino licensee and thereby considered
28 to be part of a casino hotel facility¹ that are secure, inaccessible to
29 the public, and specifically designed to house that equipment, and
30 where the equipment will be under the complete control of a casino
31 licensee or its Internet gaming affiliate. All that is needed by a
32 customer is a computing or similar device of general application
33 and a communications connection through a common carriage or
34 similar medium. For example, in an online poker or other card
35 game, the "table" is the server hosted by the operator in the casino
36 premises in Atlantic City. The "cards" are played on that table in
37 Atlantic City, and the wager is placed on and accepted at that table.
38 No activity other than the transmission of information to and from
39 the players along common carriage lines takes place outside of **【**the
40 casino premises**】** Atlantic City; and

41 l. Pursuant to the 1976 amendment to the New Jersey State
42 Constitution and the express authorization to the Legislature to
43 determine the type of gambling games that may be conducted in
44 casinos under regulation and control by the State, the Legislature
45 hereby declares that in furtherance of the goals of the Casino
46 Control Act and in recognition that the technologies necessary to
47 support Internet gaming can be prescribed and implemented in a

1 manner that ensures all such gambling activity occurs within
2 casinos located in Atlantic City or in other facilities in Atlantic City
3 ¹owned or leased by a casino licensee and thereby considered to be
4 part of a casino hotel facility¹ that are secure, inaccessible to the
5 public, and specifically designed to house Internet gaming
6 equipment, and where that equipment will be under the complete
7 control of a casino licensee or its Internet gaming affiliate, it is
8 appropriate that the Casino Control Act be amended and
9 supplemented to authorize licensed casino operators to conduct such
10 games within the casino premises with all wagering to be conducted
11 solely within the casinos.

12 (cf: P.L.2013, c.27, s.1)

13

14 2. Section 20 of P.L.2013, c.27 (C.5:12-95.22) is amended to
15 read as follows:

16 20. a. A casino's primary Internet gaming operation, including
17 facilities, equipment and personnel who are directly engaged in the
18 conduct of Internet gaming activity, shall be located within a
19 restricted area on the premises of the casino hotel or in another
20 facility ¹owned or leased by the casino licensee¹ that is secure,
21 inaccessible to the public, and specifically designed to house that
22 equipment, and where the equipment shall be under the complete
23 control of the casino licensee or its Internet gaming affiliate, within
24 the territorial limits of Atlantic City, New Jersey. Backup
25 equipment used on a temporary basis pursuant to rules established
26 by the division to conduct Internet gaming may, with the approval
27 of the division, be located outside the territorial limits of Atlantic
28 City, provided no internet gaming shall occur unless a wager is
29 accepted by a casino within the territorial limits of Atlantic City,
30 New Jersey. ¹For the purposes of this section, a secure facility
31 within Atlantic City that is owned or leased by the casino licensee
32 to house Internet gaming equipment shall be considered to be part
33 of the casino hotel facility notwithstanding that the facility may not
34 be contiguous with the premises of the casino hotel.¹

35 b. Facilities used to conduct and support Internet gaming shall:

36 (1) be arranged in a manner promoting optimum security for
37 Internet gaming;

38 (2) include a closed circuit visual monitoring system according
39 to specifications approved by the division, with access on the
40 licensed premises to the system or its signal provided to the
41 division;

42 (3) not be designed in any way that might interfere with the
43 ability of the division to supervise Internet gaming operations; and

44 (4) comply in all respects with regulations of the division
45 pertaining thereto.

46 (cf: P.L.2013, c.27, s.20)

1 3. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
2 read as follows:

3 100. a. This act shall not be construed to permit any gaming
4 except the conduct of authorized games in a casino room or through
5 Internet gaming in accordance with this act and the regulations
6 promulgated hereunder and in a simulcasting facility to the extent
7 provided by the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-
8 191 et al.). Notwithstanding the foregoing, if the division approves
9 the game of keno as an authorized game pursuant to section 5 of
10 P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold
11 or redeemed in accordance with division regulations.

12 b. Gaming equipment shall not be possessed, maintained or
13 exhibited by any person on the premises of a casino hotel except in
14 a casino room, in the simulcasting facility, or in restricted casino
15 areas used for the inspection, repair or storage of such equipment
16 and specifically designated for that purpose by the casino licensee
17 with the approval of the division. Gaming equipment which
18 supports the conduct of gaming in a casino or simulcasting facility
19 or through Internet gaming but does not permit or require patron
20 access, such as computers, or gaming software or other gaming
21 equipment used to conduct Internet gaming may be possessed and
22 maintained by a casino licensee or a qualified holding or
23 intermediary company of a casino licensee in restricted areas
24 specifically approved by the division. No gaming equipment shall
25 be possessed, maintained, exhibited, brought into or removed from
26 a casino room or simulcasting facility by any person unless such
27 equipment is necessary to the conduct of an authorized game, has
28 permanently affixed, imprinted, impressed or engraved thereon an
29 identification number or symbol authorized by the division, is under
30 the exclusive control of a casino licensee or casino licensee's
31 employees, or of any individually qualified employee of a holding
32 company or casino licensee and is brought into or removed from the
33 casino room or simulcasting facility following 24-hour prior notice
34 given to an authorized agent of the division.

35 Notwithstanding any other provision of this section, computer
36 equipment used by the slot system operator of a multi-casino
37 progressive slot system to link and communicate with the slot
38 machines of two or more casino licensees for the purpose of
39 calculating and displaying the amount of a progressive jackpot,
40 monitoring the operation of the system, and any other purpose that
41 the division deems necessary and appropriate to the operation or
42 maintenance of the multi-casino progressive slot machine system
43 may, with the prior approval of the division, be possessed,
44 maintained and operated by the slot system operator either in a
45 restricted area on the premises of a casino hotel or in a secure
46 facility inaccessible to the public and specifically designed for that

1 purpose off the premises of a casino hotel but within the territorial
2 limits of Atlantic County, New Jersey.

3 Notwithstanding the foregoing, a person may, with the prior
4 approval of the division and under such terms and conditions as
5 may be required by the division, possess, maintain or exhibit
6 gaming equipment in any other area of the casino hotel, provided
7 that such equipment is used for nongaming purposes.

8 Notwithstanding any other provision of this act to the contrary,
9 the division may, by regulation, authorize the linking of slot
10 machines of one or more casino licensees and slot machines located
11 in casinos licensed by another state of the United States. Wagering
12 and account information for a multi-state slot system shall be
13 transmitted by the operator of such multi-state slot system to either
14 a restricted area on the premises of a casino hotel or to a secure
15 facility inaccessible to the public and specifically designed for that
16 purpose off the premises of a casino hotel but within the territorial
17 limits of Atlantic County, New Jersey, and from there to slot
18 machines of New Jersey casino licensees, provided all locations are
19 approved by the division.

20 Notwithstanding any other provision of this act to the contrary,
21 the division may authorize electronic versions of authorized games
22 to be played within an approved hotel facility on mobile gaming
23 devices to be approved by the division, provided the player has
24 established an account with the casino licensee, the wager is placed
25 by and the winnings are paid to the patron in person within the
26 approved hotel facility, the mobile gaming device is inoperable
27 outside the approved hotel facility, and the division authorizes the
28 device for mobile gaming; provided that the division may establish
29 any additional or more stringent licensing and other regulatory
30 requirements necessary for the proper implementation and conduct
31 of mobile gaming as authorized herein. For the purposes of this
32 provision, the approved hotel facility shall include any area located
33 within the property boundaries of the casino hotel facility, including
34 the swimming pool area and an outdoor recreation area, where
35 mobile gaming devices may be used by patrons in accordance with
36 this provision, but excluding parking garages or parking areas of a
37 casino hotel facility, provided that the division shall ascertain and
38 ensure, pursuant to rules and regulations issued by it to implement
39 mobile gaming pursuant to this provision, that mobile gaming shall
40 not extend outside of the property boundaries of the casino hotel
41 facility.

42 c. Each casino hotel shall contain a count room and such other
43 secure facilities as may be required by the division for the counting
44 and storage of cash, coins, tokens, checks, plaques, gaming
45 vouchers, coupons, and other devices or items of value used in
46 wagering and approved by the division that are received in the
47 conduct of gaming and for the inspection, counting and storage of

1 dice, cards, chips and other representatives of value. The division
2 shall promulgate regulations for the security of drop boxes and
3 other devices in which the foregoing items are deposited at the
4 gaming tables or in slot machines, and all areas wherein such boxes
5 and devices are kept while in use, which regulations may include
6 certain locking devices. Said drop boxes and other devices shall not
7 be brought into or removed from a casino room or simulcasting
8 facility, or locked or unlocked, except at such times, in such places,
9 and according to such procedures as the division may require.

10 d. All chips used in gaming shall be of such size and uniform
11 color by denomination as the division shall require by regulation.

12 e. All gaming shall be conducted according to rules
13 promulgated by the division. All wagers and pay-offs of winning
14 wagers shall be made according to rules promulgated by the
15 division, which shall establish such limitations as may be necessary
16 to assure the vitality of casino operations and fair odds to patrons.
17 Each slot machine shall have a minimum payout of 83%.

18 f. Each casino licensee shall make available in printed form to
19 any patron upon request the complete text of the rules of the
20 division regarding games and the conduct of gaming, pay-offs of
21 winning wagers, an approximation of the odds of winning for each
22 wager, and such other advice to the player as the division shall
23 require. Each casino licensee shall prominently post within a casino
24 room and simulcasting facility, as appropriate, according to
25 regulations of the division such information about gaming rules,
26 pay-offs of winning wagers, the odds of winning for each wager,
27 and such other advice to the player as the division shall require.

28 g. Each gaming table shall be equipped with a sign indicating
29 the permissible minimum and maximum wagers pertaining thereto.
30 All gaming and wagering offered through Internet gaming shall
31 display online the permissible minimum and maximum wagers
32 pertaining thereto. It shall be unlawful for a casino licensee to
33 require any wager to be greater than the stated minimum or less
34 than the stated maximum; provided, however, that any wager
35 actually made by a patron and not rejected by a casino licensee
36 prior to the commencement of play shall be treated as a valid wager.

37 h. (1) Except as herein provided, no slot machine shall be used
38 to conduct gaming unless it is identical in all electrical, mechanical
39 and other aspects to a model thereof which has been specifically
40 tested and licensed for use by the division. The division shall also
41 test any other gaming device, gaming equipment, gaming-related
42 device, hardware and software by which authorized gambling
43 games are offered through the Internet, or gross-revenue related
44 device, such as a slot management system, electronic transfer credit
45 system or gaming voucher system as it deems appropriate. In its
46 discretion and for the purpose of expediting the approval process,
47 the division may utilize the services of a private testing laboratory

1 that has obtained a plenary license as a casino service industry
2 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
3 (C.5:12-92) to perform the testing, and may also utilize applicable
4 data from any such private testing laboratory or from a
5 governmental agency of a state other than New Jersey authorized to
6 regulate slot machines and other gaming devices, gaming
7 equipment, gaming-related devices and gross-revenue related
8 devices used in casino gaming, if the private testing laboratory or
9 governmental agency uses a testing methodology substantially
10 similar to the methodology utilized by the division. The division, in
11 its discretion, may rely upon the data provided by the private testing
12 laboratory or governmental agency and adopt the conclusions of
13 such private testing laboratory or governmental agency regarding
14 any submitted device.

15 (2) Except as otherwise provided in paragraph (5) of subsection
16 h. of this section, the division shall, within 60 days of its receipt of
17 a complete application for the testing of a slot machine or other
18 gaming equipment model, approve or reject the slot machine or
19 other gaming equipment model. In so doing, the division shall
20 specify whether and to what extent any data from a private testing
21 laboratory or governmental agency of a state other than New Jersey
22 was used in reaching its conclusions and recommendation. If the
23 division is unable to complete the testing of a slot machine or other
24 gaming equipment model within this 60-day period, the division
25 may conditionally approve the slot machine or other gaming
26 equipment model for test use by a casino licensee provided that the
27 division represents that the use of the slot machine or other gaming
28 equipment model will not have a direct and materially adverse
29 impact on the integrity of gaming or the control of gross revenue.
30 The division shall give priority to the testing of slot machines or
31 other gaming equipment which a casino licensee has certified it will
32 use in its casino in this State.

33 (3) The division shall, by regulation, establish such technical
34 standards for licensure of slot machines, including mechanical and
35 electrical reliability, security against tampering, the
36 comprehensibility of wagering, and noise and light levels, as it may
37 deem necessary to protect the player from fraud or deception and to
38 insure the integrity of gaming. The denominations of such machines
39 shall be set by the licensee; the licensee shall simultaneously notify
40 the division of the settings.

41 (4) The division shall, by regulation, determine the permissible
42 number and density of slot machines in a licensed casino so as to:

- 43 (a) promote optimum security for casino operations;
- 44 (b) avoid deception or frequent distraction to players at gaming
45 tables;
- 46 (c) promote the comfort of patrons;

1 (d) create and maintain a gracious playing environment in the
2 casino; and

3 (e) encourage and preserve competition in casino operations by
4 assuring that a variety of gaming opportunities is offered to the
5 public.

6 Any such regulation promulgated by the division which
7 determines the permissible number and density of slot machines in a
8 licensed casino shall provide that all casino floor space and all
9 space within a casino licensee's casino simulcasting facility shall be
10 included in any calculation of the permissible number and density
11 of slot machines in a licensed casino.

12 (5) Any new gaming equipment or simulcast wagering
13 equipment that is submitted for testing to the division or to an
14 independent testing laboratory licensed pursuant to subsection a. of
15 section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously
16 with submission of such new equipment for testing in a jurisdiction
17 other than New Jersey, may, consistent with regulations
18 promulgated by the division, be deployed by a casino licensee on
19 the casino floor 14 days after submission of such equipment for
20 testing. If the casino or casino service industry enterprise licensee
21 has not received approval for the equipment 14 days after
22 submission for testing, any interested casino licensee may,
23 consistent with division regulations, deploy the equipment on a
24 field test basis, unless otherwise directed by the director.

25 (6) A casino's primary equipment used to conduct Internet
26 gaming shall be located, with the prior approval of the division, in a
27 restricted area on the premises of the casino hotel or in another
28 facility¹ owned or leased by the casino licensee¹ that is secure,
29 inaccessible to the public, and specifically designed to house that
30 equipment, and where the equipment shall be under the complete
31 control of the casino licensee or its Internet gaming affiliate, within
32 the territorial limits of Atlantic City, New Jersey. Backup
33 equipment used on a temporary basis pursuant to rules established
34 by the division to conduct Internet gaming may be located outside
35 the territorial limits of Atlantic City, provided no Internet gaming
36 shall occur unless a wager is accepted by a casino within the
37 territorial limits of Atlantic City, New Jersey. All Internet wagers
38 shall be deemed to be placed when received in Atlantic City by the
39 licensee. Any intermediate routing of electronic data in connection
40 with a wager shall not affect the fact that the wager is placed in
41 Atlantic City¹. For the purposes of this section, a secure facility
42 within Atlantic City that is owned or leased by the casino licensee
43 to house Internet gaming equipment shall be considered to be part
44 of the casino hotel facility notwithstanding that the facility may not
45 be contiguous with the premises of the casino hotel.¹

46 No software, computer or other gaming equipment shall be used
47 to conduct Internet gaming unless it has been specifically tested by

1 the division. The division may, in its discretion, and for the
2 purpose of expediting the approval process, refer testing to any
3 testing laboratory with a plenary license as a casino service industry
4 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
5 (C.5:12-92). The division shall give priority to the testing of
6 software, computers or other gaming equipment which a casino
7 licensee has certified it will use to conduct Internet gaming in this
8 State. The division shall, by regulation, establish such technical
9 standards for approval of software, computers and other gaming
10 equipment used to conduct Internet gaming, including mechanical,
11 electrical or program reliability, security against tampering, the
12 comprehensibility of wagering, and noise and light levels, as it may
13 deem necessary to protect the player from fraud or deception and to
14 insure the integrity of gaming. When appropriate, the licensee shall
15 set the denominations of Internet games and shall simultaneously
16 notify the division of the settings.

17 No software, computer or other gaming equipment shall be used
18 to conduct Internet gaming unless it is able to verify that a player
19 placing a wager is physically present in this State. The division
20 shall require by regulation that the equipment used by every
21 licensee to conduct Internet gaming is, in fact, verifying every
22 player's physical presence in this State each time a player logs onto
23 a new playing session.

24 i. (Deleted by amendment, P.L.1991, c.182).

25 j. (Deleted by amendment, P.L.1991, c.182).

26 k. It shall be unlawful for any person to exchange or redeem
27 chips for anything whatsoever, except for currency, negotiable
28 personal checks, negotiable counter checks, other chips, coupons,
29 slot vouchers or complimentary vouchers distributed by the casino
30 licensee, or, if authorized by regulation of the division, a valid
31 charge to a credit or debit card account. A casino licensee shall,
32 upon the request of any person, redeem that licensee's gaming chips
33 surrendered by that person in any amount over \$100 with a check
34 drawn upon the licensee's account at any banking institution in this
35 State and made payable to that person.

36 l. It shall be unlawful for any casino licensee or its agents or
37 employees to employ, contract with, or use any shill or barker to
38 induce any person to enter a casino or simulcasting facility or play
39 at any game or for any purpose whatsoever.

40 m. It shall be unlawful for a dealer in any authorized game in
41 which cards are dealt to deal cards by hand or other than from a
42 device specifically designed for that purpose, unless otherwise
43 permitted by the rules of the division.

44 n. (1) It shall be unlawful for any casino key employee licensee
45 to wager in any casino or simulcasting facility in this State.

46 (2) It shall be unlawful for any other employee of a casino
47 licensee who, in the judgment of the division, is directly involved

1 with the conduct of gaming operations, including but not limited to
2 dealers, floor persons, box persons, security and surveillance
3 employees, to wager in any casino or simulcasting facility in the
4 casino hotel in which the employee is employed or in any other
5 casino or simulcasting facility in this State which is owned or
6 operated by an affiliated licensee.

7 (3) The prohibition against wagering set forth in paragraphs (1)
8 and (2) of this subsection shall continue for a period of 30 days
9 commencing upon the date that the employee either leaves
10 employment with a casino licensee or is terminated from
11 employment with a casino licensee.

12 o. (1) It shall be unlawful for any casino key employee or
13 boxman, floorman, or any other casino employee who shall serve in
14 a supervisory position to solicit or accept, and for any other casino
15 employee to solicit, any tip or gratuity from any player or patron at
16 the casino hotel or simulcasting facility where he is employed.

17 (2) A dealer may accept tips or gratuities from a patron at the
18 table at which such dealer is conducting play, subject to the
19 provisions of this subsection. All such tips or gratuities shall be
20 immediately deposited in a lockbox reserved for that purpose,
21 unless the tip or gratuity is authorized by a patron utilizing an
22 automated wagering system approved by the division. All tips or
23 gratuities shall be accounted for, and placed in a pool for
24 distribution pro rata among the dealers, with the distribution based
25 upon the number of hours each dealer has worked, except that the
26 division may, by regulation, permit a separate pool to be established
27 for dealers in the game of poker, or may permit tips or gratuities to
28 be retained by individual dealers in the game of poker.

29 (3) Notwithstanding the provisions of paragraph (1) of this
30 subsection, a casino licensee may require that a percentage of the
31 prize pool offered to participants pursuant to an authorized poker
32 tournament be withheld for distribution to the tournament dealers as
33 tips or gratuities as the division by regulation may approve.

34 p. Any slot system operator that offers an annuity jackpot shall
35 secure the payment of such jackpot by establishing an annuity
36 jackpot guarantee in accordance with the requirements of P.L.1977,
37 c.110 (C.5:12-1 et seq.), and the rules of the division.

38 (cf: P.L.2013, c.27, s.13)

39
40 14. (New section) If any provision of this act, P.L. _____,
41 c. (pending before the Legislature as this bill), amending section 1
42 of P.L.2013, c.27 (C.5:12-95.17), section 20 of P.L.2013, c.27
43 (C.5:12-95.22), and section 100 of P.L.1977, c.110 (C.5:12-100), or
44 its application to any person or circumstance is held
45 unconstitutional or invalid, the unconstitutionality or invalidity
46 shall not affect other provisions or applications of this act which
47 can be given effect without the unconstitutional or invalid provision

1 or application, and to this end the provisions of this act shall be
2 severable.¹

3

4 ¹~~4.~~ 5.¹ This act shall take effect immediately.

5

6

7

8

9 Permits Internet gaming equipment to be located at certain
10 secure facilities in Atlantic City.

SENATE, No. 185

STATE OF NEW JERSEY 216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:

Senator JIM WHELAN

District 2 (Atlantic)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Co-Sponsored by:

Assemblyman C.A.Brown and Assemblywoman Mosquera

SYNOPSIS

Permits Internet gaming equipment to be located at certain secure facilities in Atlantic City.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 6/17/2014)

1 AN ACT permitting Internet gaming equipment to be located at
2 certain secure facilities in Atlantic City and amending P.L.2013,
3 c.27 and P.L.1977, c.110.
4

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

8 1. Section 1 of P.L.2013, c.27 (C.5:12-95.17) is amended to
9 read as follows:

10 1. The Legislature finds and declares that:

11 a. The 1976 amendment to the New Jersey Constitution that
12 amended Article IV, Section VII, paragraph 2 thereof, and the
13 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), that
14 authorized casino gaming in Atlantic City casinos clearly
15 demonstrate, both through their text and their legislative history,
16 that a fundamental goal of these enactments was to achieve the
17 rehabilitation of Atlantic City as a tourist and resort destination; and

18 b. As recognized in the July 2010 Report of the Governor's
19 Advisory Commission on New Jersey Gaming, Sports, and
20 Entertainment, and as confirmed in subsequent legislative hearings
21 held in Trenton and throughout the State culminating in the
22 enactment of significant bipartisan reform legislation in February of
23 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming
24 in New Jersey presently stands at a crossroads, facing critical
25 regional and global challenges that jeopardize its important role in
26 the State's economy; and

27 c. The State and New Jersey's general public possess a vital
28 interest in the success of tourism and casino gaming in Atlantic
29 City, having established a limited exception to the general policy of
30 the State concerning gaming for private gain under Article IV,
31 Section VII, paragraph 2 of the New Jersey Constitution within
32 Atlantic City, which by reason of its location, natural resources, and
33 historical prominence and reputation as a noteworthy tourist
34 destination, has been determined by the people of this State, the
35 Legislature, and the Governor to be a unique and valuable asset that
36 must be preserved, restored, and revitalized; and

37 d. The tourist, resort, and convention industry in Atlantic City
38 constitutes a critical component of our State's economic
39 infrastructure that, if properly regulated, developed, and fostered, is
40 capable of providing a substantial contribution to the general health,
41 welfare, and prosperity of the State and its residents; and

42 e. As recognized in the State Constitution and the Casino
43 Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an
44 important component of the State's historical and ongoing
45 commitment to Atlantic City involves creating and maintaining a

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 robust casino gaming industry that is capable of competing
2 regionally, nationally, and internationally at the highest levels of
3 quality while, at the same time, fully retaining strict State
4 regulatory oversight to ensure the integrity of all casino gaming
5 operations conducted in this State; and

6 f. Since the development of the Internet, millions of people
7 have chosen to gamble online through illegal off-shore operators,
8 and such gambling is conducted without oversight, regulation,
9 enforcement, or consumer protections, all of which raise significant
10 concerns for the protection of individuals and consumers in this
11 State; and

12 g. In October 2006, the United States Congress passed the
13 Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et
14 seq., which generally prohibits the use of banking instruments,
15 including credit cards, checks, and fund transfers, for interstate
16 Internet gambling, essentially prohibiting online gambling by
17 United States citizens, but which includes exceptions that permit
18 individual states to create a regulatory framework to enable
19 intrastate Internet gambling, provided that the bets or wagers are
20 made exclusively within a single state under certain circumstances;
21 and

22 h. An effective State regulatory and licensing system for
23 participating in online gaming would increase public trust and
24 confidence in legalized gambling, inhibit wagering by underage or
25 otherwise vulnerable individuals, ensure that any games offered
26 through the Internet are fair and safe, end the practice of sending
27 much-needed jobs and tax revenue overseas to illegal operators
28 while creating jobs and economic development in Atlantic City, and
29 ensure that only those of good character and fitness who meet strict
30 criteria may participate in Internet gaming operations in New
31 Jersey; and

32 i. Moreover, providing regulators and law enforcement with
33 the tools to restrict and stop the illegal Internet gambling market
34 that takes place via the Internet in foreign jurisdictions and
35 authorizing strict controls over how Atlantic City casinos may
36 accept wagers placed over the Internet for games conducted in
37 Atlantic City casinos will assist and enhance the rehabilitation and
38 redevelopment of existing tourist and convention facilities in
39 Atlantic City consistent with the original intent of the Casino
40 Control Act and will further assist in marketing Atlantic City to
41 customers that now have the convenience of gambling in
42 jurisdictions closer to their homes through the legalization of
43 gambling in states throughout the United States over the past three
44 decades; and

45 j. Internet gaming, as defined and strictly limited in
46 P.L.2013, c.27 (C.5:12-95.17 et al.), is unlike pari-mutuel wagering
47 and other forms of remote gambling and will take place entirely on

1 the servers and computer equipment located in the casino based in
2 Atlantic City or in another facility in Atlantic City that is secure,
3 inaccessible to the public, and specifically designed to house that
4 equipment, and where the equipment will be under the complete
5 control of a casino licensee or its Internet gaming affiliate. By
6 contrast, in off-track pari-mutuel simulcast wagering, the customer
7 places a wager at an off-track facility, the wager is accepted by the
8 off-track facility, as evidenced by issuance of a ticket, and any
9 amounts paid on a winning wager are paid out and received at the
10 off-track facility. Any rights on the part of a customer in the event
11 of a dishonored, misdirected or other frustrated pari-mutuel wager
12 arise against the off-track facility where the wager is placed and
13 received, not against the remote track at which the race is run; and

14 k. Internet gaming as authorized and limited under this act, on
15 the other hand, requires that all hardware, software, and other
16 equipment that is involved with Internet gaming will be located in
17 casino facilities in Atlantic City or in other facilities in Atlantic
18 City that are secure, inaccessible to the public, and specifically
19 designed to house that equipment, and where the equipment will be
20 under the complete control of a casino licensee or its Internet
21 gaming affiliate. All that is needed by a customer is a computing or
22 similar device of general application and a communications
23 connection through a common carriage or similar medium. For
24 example, in an online poker or other card game, the "table" is the
25 server hosted by the operator in the casino premises in Atlantic
26 City. The "cards" are played on that table in Atlantic City, and the
27 wager is placed on and accepted at that table. No activity other than
28 the transmission of information to and from the players along
29 common carriage lines takes place outside of **【the casino premises】**
30 Atlantic City; and

31 l. Pursuant to the 1976 amendment to the New Jersey State
32 Constitution and the express authorization to the Legislature to
33 determine the type of gambling games that may be conducted in
34 casinos under regulation and control by the State, the Legislature
35 hereby declares that in furtherance of the goals of the Casino
36 Control Act and in recognition that the technologies necessary to
37 support Internet gaming can be prescribed and implemented in a
38 manner that ensures all such gambling activity occurs within
39 casinos located in Atlantic City or in other facilities in Atlantic City
40 that are secure, inaccessible to the public, and specifically designed
41 to house Internet gaming equipment, and where that equipment will
42 be under the complete control of a casino licensee or its Internet
43 gaming affiliate, it is appropriate that the Casino Control Act be
44 amended and supplemented to authorize licensed casino operators
45 to conduct such games within the casino premises with all wagering
46 to be conducted solely within the casinos.

47 (cf: P.L.2013, c.27, s.1)

1 2. Section 20 of P.L.2013, c.27 (C.5:12-95.22) is amended to
2 read as follows:

3 20. a. A casino's primary Internet gaming operation, including
4 facilities, equipment and personnel who are directly engaged in the
5 conduct of Internet gaming activity, shall be located within a
6 restricted area on the premises of the casino hotel or in another
7 facility that is secure, inaccessible to the public, and specifically
8 designed to house that equipment, and where the equipment shall be
9 under the complete control of the casino licensee or its Internet
10 gaming affiliate, within the territorial limits of Atlantic City, New
11 Jersey. Backup equipment used on a temporary basis pursuant to
12 rules established by the division to conduct Internet gaming may,
13 with the approval of the division, be located outside the territorial
14 limits of Atlantic City, provided no internet gaming shall occur
15 unless a wager is accepted by a casino within the territorial limits of
16 Atlantic City, New Jersey.

17 b. Facilities used to conduct and support Internet gaming shall:
18 (1) be arranged in a manner promoting optimum security for
19 Internet gaming;
20 (2) include a closed circuit visual monitoring system according
21 to specifications approved by the division, with access on the
22 licensed premises to the system or its signal provided to the
23 division;
24 (3) not be designed in any way that might interfere with the
25 ability of the division to supervise Internet gaming operations; and
26 (4) comply in all respects with regulations of the division
27 pertaining thereto.

28 (cf: P.L.2013, c.27, s.20)

29

30 3. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
31 read as follows:

32 100. a. This act shall not be construed to permit any gaming
33 except the conduct of authorized games in a casino room or through
34 Internet gaming in accordance with this act and the regulations
35 promulgated hereunder and in a simulcasting facility to the extent
36 provided by the "Casino Simulcasting Act," P.L.1992, c.19
37 (C.5:12-191 et al.). Notwithstanding the foregoing, if the division
38 approves the game of keno as an authorized game pursuant to
39 section 5 of P.L.1977, c.110 (C.5:12-5), as amended, keno tickets
40 may be sold or redeemed in accordance with division regulations.

41 b. Gaming equipment shall not be possessed, maintained or
42 exhibited by any person on the premises of a casino hotel except in
43 a casino room, in the simulcasting facility, or in restricted casino
44 areas used for the inspection, repair or storage of such equipment
45 and specifically designated for that purpose by the casino licensee
46 with the approval of the division. Gaming equipment which
47 supports the conduct of gaming in a casino or simulcasting facility

1 or through Internet gaming but does not permit or require patron
2 access, such as computers, or gaming software or other gaming
3 equipment used to conduct Internet gaming may be possessed and
4 maintained by a casino licensee or a qualified holding or
5 intermediary company of a casino licensee in restricted areas
6 specifically approved by the division. No gaming equipment shall
7 be possessed, maintained, exhibited, brought into or removed from
8 a casino room or simulcasting facility by any person unless such
9 equipment is necessary to the conduct of an authorized game, has
10 permanently affixed, imprinted, impressed or engraved thereon an
11 identification number or symbol authorized by the division, is under
12 the exclusive control of a casino licensee or casino licensee's
13 employees, or of any individually qualified employee of a holding
14 company or casino licensee and is brought into or removed from the
15 casino room or simulcasting facility following 24-hour prior notice
16 given to an authorized agent of the division.

17 Notwithstanding any other provision of this section, computer
18 equipment used by the slot system operator of a multi-casino
19 progressive slot system to link and communicate with the slot
20 machines of two or more casino licensees for the purpose of
21 calculating and displaying the amount of a progressive jackpot,
22 monitoring the operation of the system, and any other purpose that
23 the division deems necessary and appropriate to the operation or
24 maintenance of the multi-casino progressive slot machine system
25 may, with the prior approval of the division, be possessed,
26 maintained and operated by the slot system operator either in a
27 restricted area on the premises of a casino hotel or in a secure
28 facility inaccessible to the public and specifically designed for that
29 purpose off the premises of a casino hotel but within the territorial
30 limits of Atlantic County, New Jersey.

31 Notwithstanding the foregoing, a person may, with the prior
32 approval of the division and under such terms and conditions as
33 may be required by the division, possess, maintain or exhibit
34 gaming equipment in any other area of the casino hotel, provided
35 that such equipment is used for nongaming purposes.

36 Notwithstanding any other provision of this act to the contrary,
37 the division may, by regulation, authorize the linking of slot
38 machines of one or more casino licensees and slot machines located
39 in casinos licensed by another state of the United States. Wagering
40 and account information for a multi-state slot system shall be
41 transmitted by the operator of such multi-state slot system to either
42 a restricted area on the premises of a casino hotel or to a secure
43 facility inaccessible to the public and specifically designed for that
44 purpose off the premises of a casino hotel but within the territorial
45 limits of Atlantic County, New Jersey, and from there to slot
46 machines of New Jersey casino licensees, provided all locations are
47 approved by the division.

1 Notwithstanding any other provision of this act to the contrary,
2 the division may authorize electronic versions of authorized games
3 to be played within an approved hotel facility on mobile gaming
4 devices to be approved by the division, provided the player has
5 established an account with the casino licensee, the wager is placed
6 by and the winnings are paid to the patron in person within the
7 approved hotel facility, the mobile gaming device is inoperable
8 outside the approved hotel facility, and the division authorizes the
9 device for mobile gaming; provided that the division may establish
10 any additional or more stringent licensing and other regulatory
11 requirements necessary for the proper implementation and conduct
12 of mobile gaming as authorized herein. For the purposes of this
13 provision, the approved hotel facility shall include any area located
14 within the property boundaries of the casino hotel facility, including
15 the swimming pool area and an outdoor recreation area, where
16 mobile gaming devices may be used by patrons in accordance with
17 this provision, but excluding parking garages or parking areas of a
18 casino hotel facility, provided that the division shall ascertain and
19 ensure, pursuant to rules and regulations issued by it to implement
20 mobile gaming pursuant to this provision, that mobile gaming shall
21 not extend outside of the property boundaries of the casino hotel
22 facility.

23 c. Each casino hotel shall contain a count room and such other
24 secure facilities as may be required by the division for the counting
25 and storage of cash, coins, tokens, checks, plaques, gaming
26 vouchers, coupons, and other devices or items of value used in
27 wagering and approved by the division that are received in the
28 conduct of gaming and for the inspection, counting and storage of
29 dice, cards, chips and other representatives of value. The division
30 shall promulgate regulations for the security of drop boxes and
31 other devices in which the foregoing items are deposited at the
32 gaming tables or in slot machines, and all areas wherein such boxes
33 and devices are kept while in use, which regulations may include
34 certain locking devices. Said drop boxes and other devices shall not
35 be brought into or removed from a casino room or simulcasting
36 facility, or locked or unlocked, except at such times, in such places,
37 and according to such procedures as the division may require.

38 d. All chips used in gaming shall be of such size and uniform
39 color by denomination as the division shall require by regulation.

40 e. All gaming shall be conducted according to rules
41 promulgated by the division. All wagers and pay-offs of winning
42 wagers shall be made according to rules promulgated by the
43 division, which shall establish such limitations as may be necessary
44 to assure the vitality of casino operations and fair odds to patrons.
45 Each slot machine shall have a minimum payout of 83%.

46 f. Each casino licensee shall make available in printed form to
47 any patron upon request the complete text of the rules of the

1 division regarding games and the conduct of gaming, pay-offs of
2 winning wagers, an approximation of the odds of winning for each
3 wager, and such other advice to the player as the division shall
4 require. Each casino licensee shall prominently post within a casino
5 room and simulcasting facility, as appropriate, according to
6 regulations of the division such information about gaming rules,
7 pay-offs of winning wagers, the odds of winning for each wager,
8 and such other advice to the player as the division shall require.

9 g. Each gaming table shall be equipped with a sign indicating
10 the permissible minimum and maximum wagers pertaining thereto.
11 All gaming and wagering offered through Internet gaming shall
12 display online the permissible minimum and maximum wagers
13 pertaining thereto. It shall be unlawful for a casino licensee to
14 require any wager to be greater than the stated minimum or less
15 than the stated maximum; provided, however, that any wager
16 actually made by a patron and not rejected by a casino licensee
17 prior to the commencement of play shall be treated as a valid wager.

18 h. (1) Except as herein provided, no slot machine shall be used to
19 conduct gaming unless it is identical in all electrical, mechanical
20 and other aspects to a model thereof which has been specifically
21 tested and licensed for use by the division. The division shall also
22 test any other gaming device, gaming equipment, gaming-related
23 device, hardware and software by which authorized gambling
24 games are offered through the Internet, or gross-revenue related
25 device, such as a slot management system, electronic transfer credit
26 system or gaming voucher system as it deems appropriate. In its
27 discretion and for the purpose of expediting the approval process,
28 the division may utilize the services of a private testing laboratory
29 that has obtained a plenary license as a casino service industry
30 enterprise pursuant to subsection a. of section 92 of
31 P.L.1977, c.110 (C.5:12-92) to perform the testing, and may also
32 utilize applicable data from any such private testing laboratory or
33 from a governmental agency of a state other than New Jersey
34 authorized to regulate slot machines and other gaming devices,
35 gaming equipment, gaming-related devices and gross-revenue
36 related devices used in casino gaming, if the private testing
37 laboratory or governmental agency uses a testing methodology
38 substantially similar to the methodology utilized by the division.
39 The division, in its discretion, may rely upon the data provided by
40 the private testing laboratory or governmental agency and adopt the
41 conclusions of such private testing laboratory or governmental
42 agency regarding any submitted device.

43 (2) Except as otherwise provided in paragraph (5) of subsection
44 h. of this section, the division shall, within 60 days of its receipt of
45 a complete application for the testing of a slot machine or other
46 gaming equipment model, approve or reject the slot machine or
47 other gaming equipment model. In so doing, the division shall

1 specify whether and to what extent any data from a private testing
2 laboratory or governmental agency of a state other than New Jersey
3 was used in reaching its conclusions and recommendation. If the
4 division is unable to complete the testing of a slot machine or other
5 gaming equipment model within this 60-day period, the division
6 may conditionally approve the slot machine or other gaming
7 equipment model for test use by a casino licensee provided that the
8 division represents that the use of the slot machine or other gaming
9 equipment model will not have a direct and materially adverse
10 impact on the integrity of gaming or the control of gross revenue.
11 The division shall give priority to the testing of slot machines or
12 other gaming equipment which a casino licensee has certified it will
13 use in its casino in this State.

14 (3) The division shall, by regulation, establish such technical
15 standards for licensure of slot machines, including mechanical and
16 electrical reliability, security against tampering, the
17 comprehensibility of wagering, and noise and light levels, as it may
18 deem necessary to protect the player from fraud or deception and to
19 insure the integrity of gaming. The denominations of such machines
20 shall be set by the licensee; the licensee shall simultaneously notify
21 the division of the settings.

22 (4) The division shall, by regulation, determine the permissible
23 number and density of slot machines in a licensed casino so as to:

- 24 (a) promote optimum security for casino operations;
25 (b) avoid deception or frequent distraction to players at gaming
26 tables;
27 (c) promote the comfort of patrons;
28 (d) create and maintain a gracious playing environment in the
29 casino; and
30 (e) encourage and preserve competition in casino operations by
31 assuring that a variety of gaming opportunities is offered to the
32 public.

33 Any such regulation promulgated by the division which
34 determines the permissible number and density of slot machines in a
35 licensed casino shall provide that all casino floor space and all
36 space within a casino licensee's casino simulcasting facility shall be
37 included in any calculation of the permissible number and density
38 of slot machines in a licensed casino.

39 (5) Any new gaming equipment or simulcast wagering
40 equipment that is submitted for testing to the division or to an
41 independent testing laboratory licensed pursuant to subsection a. of
42 section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously
43 with submission of such new equipment for testing in a jurisdiction
44 other than New Jersey, may, consistent with regulations
45 promulgated by the division, be deployed by a casino licensee on
46 the casino floor 14 days after submission of such equipment for
47 testing. If the casino or casino service industry enterprise licensee

1 has not received approval for the equipment 14 days after
2 submission for testing, any interested casino licensee may,
3 consistent with division regulations, deploy the equipment on a
4 field test basis, unless otherwise directed by the director.

5 (6) A casino's primary equipment used to conduct Internet
6 gaming shall be located, with the prior approval of the division, in a
7 restricted area on the premises of the casino hotel or in another
8 facility that is secure, inaccessible to the public, and specifically
9 designed to house that equipment, and where the equipment shall be
10 under the complete control of the casino licensee or its Internet
11 gaming affiliate, within the territorial limits of Atlantic City, New
12 Jersey. Backup equipment used on a temporary basis pursuant to
13 rules established by the division to conduct Internet gaming may be
14 located outside the territorial limits of Atlantic City, provided no
15 Internet gaming shall occur unless a wager is accepted by a casino
16 within the territorial limits of Atlantic City, New Jersey. All
17 Internet wagers shall be deemed to be placed when received in
18 Atlantic City by the licensee. Any intermediate routing of
19 electronic data in connection with a wager shall not affect the fact
20 that the wager is placed in Atlantic City

21 No software, computer or other gaming equipment shall be used
22 to conduct Internet gaming unless it has been specifically tested by
23 the division. The division may, in its discretion, and for the
24 purpose of expediting the approval process, refer testing to any
25 testing laboratory with a plenary license as a casino service industry
26 enterprise pursuant to subsection a. of section 92
27 of P.L.1977, c.110 (C.5:12-92). The division shall give priority to
28 the testing of software, computers or other gaming equipment which
29 a casino licensee has certified it will use to conduct Internet gaming
30 in this State. The division shall, by regulation, establish such
31 technical standards for approval of software, computers and other
32 gaming equipment used to conduct Internet gaming, including
33 mechanical, electrical or program reliability, security against
34 tampering, the comprehensibility of wagering, and noise and light
35 levels, as it may deem necessary to protect the player from fraud or
36 deception and to insure the integrity of gaming. When appropriate,
37 the licensee shall set the denominations of Internet games and shall
38 simultaneously notify the division of the settings.

39 No software, computer or other gaming equipment shall be used
40 to conduct Internet gaming unless it is able to verify that a player
41 placing a wager is physically present in this State. The division
42 shall require by regulation that the equipment used by every
43 licensee to conduct Internet gaming is, in fact, verifying every
44 player's physical presence in this State each time a player logs onto
45 a new playing session.

46 i. (Deleted by amendment, P.L.1991, c.182).

47 j. (Deleted by amendment, P.L.1991, c.182).

1 k. It shall be unlawful for any person to exchange or redeem
2 chips for anything whatsoever, except for currency, negotiable
3 personal checks, negotiable counter checks, other chips, coupons,
4 slot vouchers or complimentary vouchers distributed by the casino
5 licensee, or, if authorized by regulation of the division, a valid
6 charge to a credit or debit card account. A casino licensee shall,
7 upon the request of any person, redeem that licensee's gaming chips
8 surrendered by that person in any amount over \$100 with a check
9 drawn upon the licensee's account at any banking institution in this
10 State and made payable to that person.

11 l. It shall be unlawful for any casino licensee or its agents or
12 employees to employ, contract with, or use any skill or barker to
13 induce any person to enter a casino or simulcasting facility or play
14 at any game or for any purpose whatsoever.

15 m. It shall be unlawful for a dealer in any authorized game in
16 which cards are dealt to deal cards by hand or other than from a
17 device specifically designed for that purpose, unless otherwise
18 permitted by the rules of the division.

19 n. (1) It shall be unlawful for any casino key employee licensee
20 to wager in any casino or simulcasting facility in this State.

21 (2) It shall be unlawful for any other employee of a casino
22 licensee who, in the judgment of the division, is directly involved
23 with the conduct of gaming operations, including but not limited to
24 dealers, floor persons, box persons, security and surveillance
25 employees, to wager in any casino or simulcasting facility in the
26 casino hotel in which the employee is employed or in any other
27 casino or simulcasting facility in this State which is owned or
28 operated by an affiliated licensee.

29 (3) The prohibition against wagering set forth in paragraphs (1)
30 and (2) of this subsection shall continue for a period of 30 days
31 commencing upon the date that the employee either leaves
32 employment with a casino licensee or is terminated from
33 employment with a casino licensee.

34 o. (1) It shall be unlawful for any casino key employee or
35 boxman, floorman, or any other casino employee who shall serve in
36 a supervisory position to solicit or accept, and for any other casino
37 employee to solicit, any tip or gratuity from any player or patron at
38 the casino hotel or simulcasting facility where he is employed.

39 (2) A dealer may accept tips or gratuities from a patron at the
40 table at which such dealer is conducting play, subject to the
41 provisions of this subsection. All such tips or gratuities shall be
42 immediately deposited in a lockbox reserved for that purpose,
43 unless the tip or gratuity is authorized by a patron utilizing an
44 automated wagering system approved by the division. All tips or
45 gratuities shall be accounted for, and placed in a pool for
46 distribution pro rata among the dealers, with the distribution based
47 upon the number of hours each dealer has worked, except that the

1 division may, by regulation, permit a separate pool to be established
2 for dealers in the game of poker, or may permit tips or gratuities to
3 be retained by individual dealers in the game of poker.

4 (3) Notwithstanding the provisions of paragraph (1) of this
5 subsection, a casino licensee may require that a percentage of the
6 prize pool offered to participants pursuant to an authorized poker
7 tournament be withheld for distribution to the tournament dealers as
8 tips or gratuities as the division by regulation may approve.

9 p. Any slot system operator that offers an annuity jackpot shall
10 secure the payment of such jackpot by establishing an annuity
11 jackpot guarantee in accordance with the requirements of
12 P.L.1977, c.110 (C.5:12-1 et seq.), and the rules of the division.
13 (cf: P.L.2013, c.27, s.13)

14

15 4. This act shall take effect immediately.

16

17

18

STATEMENT

19

20 Existing law provides that equipment used in connection with the
21 conduct of Internet gaming at Atlantic City casinos must be located
22 at those casinos. This bill would permit such equipment to also be
23 located at a facility in Atlantic City, other than a casino, that is
24 secure, inaccessible to the public, and specifically designed to
25 house that equipment, and where the equipment must be under the
26 complete control of the casino licensee or its Internet gaming
27 affiliate.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 185

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 30, 2014

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably and with committee amendments Senate Bill No. 185.

Existing law provides that equipment used in connection with the conduct of Internet gaming at Atlantic City casinos must be located at those casinos. This bill would permit such equipment to also be located at a facility in Atlantic City, other than a casino, that is secure, inaccessible to the public, and specifically designed to house that equipment, and where the equipment must be under the complete control of the casino licensee or its Internet gaming affiliate. Under the bill, as amended by the committee, the facility must be owned or leased by the casino licensee, and would thereby be considered as part of the casino hotel facility, even if not contiguous with the casino hotel premises.

This bill was pre-filed for introduction in the 2014-2015 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to specify that the secure facilities in Atlantic City that would be used to house a casino licensee's Internet gaming equipment must be owned or leased by the casino licensee, and would thereby be considered as part of the casino hotel facility, even if not contiguous with the casino hotel premises. The amendments also insert a severability clause.

ASSEMBLY, No. 1903

STATE OF NEW JERSEY 216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:

Assemblyman **JOHN J. BURZICHELLI**
District 3 (Cumberland, Gloucester and Salem)
Assemblyman **VINCENT MAZZEO**
District 2 (Atlantic)
Assemblyman **TROY SINGLETON**
District 7 (Burlington)

Co-Sponsored by:

Assemblyman **C.A.Brown**

SYNOPSIS

Permits Internet gaming equipment to be located at certain secure facilities in Atlantic City.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 2/21/2014)

1 AN ACT permitting Internet gaming equipment to be located at
2 certain secure facilities in Atlantic City and amending P.L.2013,
3 c.27 and P.L.1977, c.110.
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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9 read as follows:

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12 amended Article IV, Section VII, paragraph 2 thereof, and the
13 "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.), that
14 authorized casino gaming in Atlantic City casinos clearly
15 demonstrate, both through their text and their legislative history,
16 that a fundamental goal of these enactments was to achieve the
17 rehabilitation of Atlantic City as a tourist and resort destination; and

18 b. As recognized in the July 2010 Report of the Governor's
19 Advisory Commission on New Jersey Gaming, Sports, and
20 Entertainment, and as confirmed in subsequent legislative hearings
21 held in Trenton and throughout the State culminating in the
22 enactment of significant bipartisan reform legislation in February of
23 2011 (P.L.2011, c.18 and P.L.2011, c.19), legalized casino gaming
24 in New Jersey presently stands at a crossroads, facing critical
25 regional and global challenges that jeopardize its important role in
26 the State's economy; and

27 c. The State and New Jersey's general public possess a vital
28 interest in the success of tourism and casino gaming in Atlantic
29 City, having established a limited exception to the general policy of
30 the State concerning gaming for private gain under Article IV,
31 Section VII, paragraph 2 of the New Jersey Constitution within
32 Atlantic City, which by reason of its location, natural resources, and
33 historical prominence and reputation as a noteworthy tourist
34 destination, has been determined by the people of this State, the
35 Legislature, and the Governor to be a unique and valuable asset that
36 must be preserved, restored, and revitalized; and

37 d. The tourist, resort, and convention industry in Atlantic City
38 constitutes a critical component of our State's economic
39 infrastructure that, if properly regulated, developed, and fostered, is
40 capable of providing a substantial contribution to the general health,
41 welfare, and prosperity of the State and its residents; and

42 e. As recognized in the State Constitution and the Casino
43 Control Act, as well as in P.L.2011, c.18 and P.L.2011, c.19, an
44 important component of the State's historical and ongoing
45 commitment to Atlantic City involves creating and maintaining a

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 robust casino gaming industry that is capable of competing
2 regionally, nationally, and internationally at the highest levels of
3 quality while, at the same time, fully retaining strict State
4 regulatory oversight to ensure the integrity of all casino gaming
5 operations conducted in this State; and

6 f. Since the development of the Internet, millions of people
7 have chosen to gamble online through illegal off-shore operators,
8 and such gambling is conducted without oversight, regulation,
9 enforcement, or consumer protections, all of which raise significant
10 concerns for the protection of individuals and consumers in this
11 State; and

12 g. In October 2006, the United States Congress passed the
13 Unlawful Internet Gambling Enforcement Act, 31 U.S.C. 5361 et
14 seq., which generally prohibits the use of banking instruments,
15 including credit cards, checks, and fund transfers, for interstate
16 Internet gambling, essentially prohibiting online gambling by
17 United States citizens, but which includes exceptions that permit
18 individual states to create a regulatory framework to enable
19 intrastate Internet gambling, provided that the bets or wagers are
20 made exclusively within a single state under certain circumstances;
21 and

22 h. An effective State regulatory and licensing system for
23 participating in online gaming would increase public trust and
24 confidence in legalized gambling, inhibit wagering by underage or
25 otherwise vulnerable individuals, ensure that any games offered
26 through the Internet are fair and safe, end the practice of sending
27 much-needed jobs and tax revenue overseas to illegal operators
28 while creating jobs and economic development in Atlantic City, and
29 ensure that only those of good character and fitness who meet strict
30 criteria may participate in Internet gaming operations in New
31 Jersey; and

32 i. Moreover, providing regulators and law enforcement with
33 the tools to restrict and stop the illegal Internet gambling market
34 that takes place via the Internet in foreign jurisdictions and
35 authorizing strict controls over how Atlantic City casinos may
36 accept wagers placed over the Internet for games conducted in
37 Atlantic City casinos will assist and enhance the rehabilitation and
38 redevelopment of existing tourist and convention facilities in
39 Atlantic City consistent with the original intent of the Casino
40 Control Act and will further assist in marketing Atlantic City to
41 customers that now have the convenience of gambling in
42 jurisdictions closer to their homes through the legalization of
43 gambling in states throughout the United States over the past three
44 decades; and

45 j. Internet gaming, as defined and strictly limited in P.L.2013,
46 c.27 (C.5:12-95.17 et al.), is unlike pari-mutuel wagering and other
47 forms of remote gambling and will take place entirely on the servers

1 and computer equipment located in the casino based in Atlantic City
2 or in another facility in Atlantic City that is secure, inaccessible to
3 the public, and specifically designed to house that equipment, and
4 where the equipment will be under the complete control of a casino
5 licensee or its Internet gaming affiliate. By contrast, in off-track
6 pari-mutuel simulcast wagering, the customer places a wager at an
7 off-track facility, the wager is accepted by the off-track facility, as
8 evidenced by issuance of a ticket, and any amounts paid on a
9 winning wager are paid out and received at the off-track facility.
10 Any rights on the part of a customer in the event of a dishonored,
11 misdirected or other frustrated pari-mutuel wager arise against the
12 off-track facility where the wager is placed and received, not
13 against the remote track at which the race is run; and

14 k. Internet gaming as authorized and limited under this act, on
15 the other hand, requires that all hardware, software, and other
16 equipment that is involved with Internet gaming will be located in
17 casino facilities in Atlantic City or in other facilities in Atlantic
18 City that are secure, inaccessible to the public, and specifically
19 designed to house that equipment, and where the equipment will be
20 under the complete control of a casino licensee or its Internet
21 gaming affiliate . All that is needed by a customer is a computing
22 or similar device of general application and a communications
23 connection through a common carriage or similar medium. For
24 example, in an online poker or other card game, the "table" is the
25 server hosted by the operator in the casino premises in Atlantic
26 City. The "cards" are played on that table in Atlantic City, and the
27 wager is placed on and accepted at that table. No activity other than
28 the transmission of information to and from the players along
29 common carriage lines takes place outside of **【the casino premises】**
30 Atlantic City; and

31 l. Pursuant to the 1976 amendment to the New Jersey State
32 Constitution and the express authorization to the Legislature to
33 determine the type of gambling games that may be conducted in
34 casinos under regulation and control by the State, the Legislature
35 hereby declares that in furtherance of the goals of the Casino
36 Control Act and in recognition that the technologies necessary to
37 support Internet gaming can be prescribed and implemented in a
38 manner that ensures all such gambling activity occurs within
39 casinos located in Atlantic City or in other facilities in Atlantic City
40 that are secure, inaccessible to the public, and specifically designed
41 to house Internet gaming equipment, and where that equipment will
42 be under the complete control of a casino licensee or its Internet
43 gaming affiliate, it is appropriate that the Casino Control Act be
44 amended and supplemented to authorize licensed casino operators
45 to conduct such games within the casino premises with all wagering
46 to be conducted solely within the casinos.

47 (cf: P.L.2013, c.27, s.1)

1 2. Section 20 of P.L.2013, c.27 (C.5:12-95.22) is amended to
2 read as follows:

3 20. a. A casino's primary Internet gaming operation, including
4 facilities, equipment and personnel who are directly engaged in the
5 conduct of Internet gaming activity, shall be located within a
6 restricted area on the premises of the casino hotel or in another
7 facility that is secure, inaccessible to the public, and specifically
8 designed to house that equipment, and where the equipment shall be
9 under the complete control of the casino licensee or its Internet
10 gaming affiliate, within the territorial limits of Atlantic City, New
11 Jersey. Backup equipment used on a temporary basis pursuant to
12 rules established by the division to conduct Internet gaming may,
13 with the approval of the division, be located outside the territorial
14 limits of Atlantic City, provided no internet gaming shall occur
15 unless a wager is accepted by a casino within the territorial limits of
16 Atlantic City, New Jersey.

17 b. Facilities used to conduct and support Internet gaming shall:

18 (1) be arranged in a manner promoting optimum security for
19 Internet gaming;

20 (2) include a closed circuit visual monitoring system according
21 to specifications approved by the division, with access on the
22 licensed premises to the system or its signal provided to the
23 division;

24 (3) not be designed in any way that might interfere with the
25 ability of the division to supervise Internet gaming operations; and

26 (4) comply in all respects with regulations of the division
27 pertaining thereto.

28 (cf: P.L.2013, c.27, s.20)

29

30 3. Section 100 of P.L.1977, c.110 (C.5:12-100) is amended to
31 read as follows:

32 100. a. This act shall not be construed to permit any gaming
33 except the conduct of authorized games in a casino room or through
34 Internet gaming in accordance with this act and the regulations
35 promulgated hereunder and in a simulcasting facility to the extent
36 provided by the "Casino Simulcasting Act," P.L.1992, c.19 (C.5:12-
37 191 et al.). Notwithstanding the foregoing, if the division approves
38 the game of keno as an authorized game pursuant to section 5 of
39 P.L.1977, c.110 (C.5:12-5), as amended, keno tickets may be sold
40 or redeemed in accordance with division regulations.

41 b. Gaming equipment shall not be possessed, maintained or
42 exhibited by any person on the premises of a casino hotel except in
43 a casino room, in the simulcasting facility, or in restricted casino
44 areas used for the inspection, repair or storage of such equipment
45 and specifically designated for that purpose by the casino licensee
46 with the approval of the division. Gaming equipment which
47 supports the conduct of gaming in a casino or simulcasting facility

1 or through Internet gaming but does not permit or require patron
2 access, such as computers, or gaming software or other gaming
3 equipment used to conduct Internet gaming may be possessed and
4 maintained by a casino licensee or a qualified holding or
5 intermediary company of a casino licensee in restricted areas
6 specifically approved by the division. No gaming equipment shall
7 be possessed, maintained, exhibited, brought into or removed from
8 a casino room or simulcasting facility by any person unless such
9 equipment is necessary to the conduct of an authorized game, has
10 permanently affixed, imprinted, impressed or engraved thereon an
11 identification number or symbol authorized by the division, is under
12 the exclusive control of a casino licensee or casino licensee's
13 employees, or of any individually qualified employee of a holding
14 company or casino licensee and is brought into or removed from the
15 casino room or simulcasting facility following 24-hour prior notice
16 given to an authorized agent of the division.

17 Notwithstanding any other provision of this section, computer
18 equipment used by the slot system operator of a multi-casino
19 progressive slot system to link and communicate with the slot
20 machines of two or more casino licensees for the purpose of
21 calculating and displaying the amount of a progressive jackpot,
22 monitoring the operation of the system, and any other purpose that
23 the division deems necessary and appropriate to the operation or
24 maintenance of the multi-casino progressive slot machine system
25 may, with the prior approval of the division, be possessed,
26 maintained and operated by the slot system operator either in a
27 restricted area on the premises of a casino hotel or in a secure
28 facility inaccessible to the public and specifically designed for that
29 purpose off the premises of a casino hotel but within the territorial
30 limits of Atlantic County, New Jersey.

31 Notwithstanding the foregoing, a person may, with the prior
32 approval of the division and under such terms and conditions as
33 may be required by the division, possess, maintain or exhibit
34 gaming equipment in any other area of the casino hotel, provided
35 that such equipment is used for nongaming purposes.

36 Notwithstanding any other provision of this act to the contrary,
37 the division may, by regulation, authorize the linking of slot
38 machines of one or more casino licensees and slot machines located
39 in casinos licensed by another state of the United States. Wagering
40 and account information for a multi-state slot system shall be
41 transmitted by the operator of such multi-state slot system to either
42 a restricted area on the premises of a casino hotel or to a secure
43 facility inaccessible to the public and specifically designed for that
44 purpose off the premises of a casino hotel but within the territorial
45 limits of Atlantic County, New Jersey, and from there to slot
46 machines of New Jersey casino licensees, provided all locations are
47 approved by the division.

1 Notwithstanding any other provision of this act to the contrary,
2 the division may authorize electronic versions of authorized games
3 to be played within an approved hotel facility on mobile gaming
4 devices to be approved by the division, provided the player has
5 established an account with the casino licensee, the wager is placed
6 by and the winnings are paid to the patron in person within the
7 approved hotel facility, the mobile gaming device is inoperable
8 outside the approved hotel facility, and the division authorizes the
9 device for mobile gaming; provided that the division may establish
10 any additional or more stringent licensing and other regulatory
11 requirements necessary for the proper implementation and conduct
12 of mobile gaming as authorized herein. For the purposes of this
13 provision, the approved hotel facility shall include any area located
14 within the property boundaries of the casino hotel facility, including
15 the swimming pool area and an outdoor recreation area, where
16 mobile gaming devices may be used by patrons in accordance with
17 this provision, but excluding parking garages or parking areas of a
18 casino hotel facility, provided that the division shall ascertain and
19 ensure, pursuant to rules and regulations issued by it to implement
20 mobile gaming pursuant to this provision, that mobile gaming shall
21 not extend outside of the property boundaries of the casino hotel
22 facility.

23 c. Each casino hotel shall contain a count room and such other
24 secure facilities as may be required by the division for the counting
25 and storage of cash, coins, tokens, checks, plaques, gaming
26 vouchers, coupons, and other devices or items of value used in
27 wagering and approved by the division that are received in the
28 conduct of gaming and for the inspection, counting and storage of
29 dice, cards, chips and other representatives of value. The division
30 shall promulgate regulations for the security of drop boxes and
31 other devices in which the foregoing items are deposited at the
32 gaming tables or in slot machines, and all areas wherein such boxes
33 and devices are kept while in use, which regulations may include
34 certain locking devices. Said drop boxes and other devices shall not
35 be brought into or removed from a casino room or simulcasting
36 facility, or locked or unlocked, except at such times, in such places,
37 and according to such procedures as the division may require.

38 d. All chips used in gaming shall be of such size and uniform
39 color by denomination as the division shall require by regulation.

40 e. All gaming shall be conducted according to rules
41 promulgated by the division. All wagers and pay-offs of winning
42 wagers shall be made according to rules promulgated by the
43 division, which shall establish such limitations as may be necessary
44 to assure the vitality of casino operations and fair odds to patrons.
45 Each slot machine shall have a minimum payout of 83%.

46 f. Each casino licensee shall make available in printed form to
47 any patron upon request the complete text of the rules of the

1 division regarding games and the conduct of gaming, pay-offs of
2 winning wagers, an approximation of the odds of winning for each
3 wager, and such other advice to the player as the division shall
4 require. Each casino licensee shall prominently post within a casino
5 room and simulcasting facility, as appropriate, according to
6 regulations of the division such information about gaming rules,
7 pay-offs of winning wagers, the odds of winning for each wager,
8 and such other advice to the player as the division shall require.

9 g. Each gaming table shall be equipped with a sign indicating
10 the permissible minimum and maximum wagers pertaining thereto.
11 All gaming and wagering offered through Internet gaming shall
12 display online the permissible minimum and maximum wagers
13 pertaining thereto. It shall be unlawful for a casino licensee to
14 require any wager to be greater than the stated minimum or less
15 than the stated maximum; provided, however, that any wager
16 actually made by a patron and not rejected by a casino licensee
17 prior to the commencement of play shall be treated as a valid wager.

18 h. (1) Except as herein provided, no slot machine shall be used to
19 conduct gaming unless it is identical in all electrical, mechanical
20 and other aspects to a model thereof which has been specifically
21 tested and licensed for use by the division. The division shall also
22 test any other gaming device, gaming equipment, gaming-related
23 device, hardware and software by which authorized gambling
24 games are offered through the Internet, or gross-revenue related
25 device, such as a slot management system, electronic transfer credit
26 system or gaming voucher system as it deems appropriate. In its
27 discretion and for the purpose of expediting the approval process,
28 the division may utilize the services of a private testing laboratory
29 that has obtained a plenary license as a casino service industry
30 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
31 (C.5:12-92) to perform the testing, and may also utilize applicable
32 data from any such private testing laboratory or from a
33 governmental agency of a state other than New Jersey authorized to
34 regulate slot machines and other gaming devices, gaming
35 equipment, gaming-related devices and gross-revenue related
36 devices used in casino gaming, if the private testing laboratory or
37 governmental agency uses a testing methodology substantially
38 similar to the methodology utilized by the division. The division, in
39 its discretion, may rely upon the data provided by the private testing
40 laboratory or governmental agency and adopt the conclusions of
41 such private testing laboratory or governmental agency regarding
42 any submitted device.

43 (2) Except as otherwise provided in paragraph (5) of subsection
44 h. of this section, the division shall, within 60 days of its receipt of
45 a complete application for the testing of a slot machine or other
46 gaming equipment model, approve or reject the slot machine or
47 other gaming equipment model. In so doing, the division shall

1 specify whether and to what extent any data from a private testing
2 laboratory or governmental agency of a state other than New Jersey
3 was used in reaching its conclusions and recommendation. If the
4 division is unable to complete the testing of a slot machine or other
5 gaming equipment model within this 60-day period, the division
6 may conditionally approve the slot machine or other gaming
7 equipment model for test use by a casino licensee provided that the
8 division represents that the use of the slot machine or other gaming
9 equipment model will not have a direct and materially adverse
10 impact on the integrity of gaming or the control of gross revenue.
11 The division shall give priority to the testing of slot machines or
12 other gaming equipment which a casino licensee has certified it will
13 use in its casino in this State.

14 (3) The division shall, by regulation, establish such technical
15 standards for licensure of slot machines, including mechanical and
16 electrical reliability, security against tampering, the
17 comprehensibility of wagering, and noise and light levels, as it may
18 deem necessary to protect the player from fraud or deception and to
19 insure the integrity of gaming. The denominations of such machines
20 shall be set by the licensee; the licensee shall simultaneously notify
21 the division of the settings.

22 (4) The division shall, by regulation, determine the permissible
23 number and density of slot machines in a licensed casino so as to:

- 24 (a) promote optimum security for casino operations;
25 (b) avoid deception or frequent distraction to players at gaming
26 tables;
27 (c) promote the comfort of patrons;
28 (d) create and maintain a gracious playing environment in the
29 casino; and
30 (e) encourage and preserve competition in casino operations by
31 assuring that a variety of gaming opportunities is offered to the
32 public.

33 Any such regulation promulgated by the division which
34 determines the permissible number and density of slot machines in a
35 licensed casino shall provide that all casino floor space and all
36 space within a casino licensee's casino simulcasting facility shall be
37 included in any calculation of the permissible number and density
38 of slot machines in a licensed casino.

39 (5) Any new gaming equipment or simulcast wagering
40 equipment that is submitted for testing to the division or to an
41 independent testing laboratory licensed pursuant to subsection a. of
42 section 92 of P.L.1977, c.110 (C.5:12-92) prior to or simultaneously
43 with submission of such new equipment for testing in a jurisdiction
44 other than New Jersey, may, consistent with regulations
45 promulgated by the division, be deployed by a casino licensee on
46 the casino floor 14 days after submission of such equipment for
47 testing. If the casino or casino service industry enterprise licensee

1 has not received approval for the equipment 14 days after
2 submission for testing, any interested casino licensee may,
3 consistent with division regulations, deploy the equipment on a
4 field test basis, unless otherwise directed by the director.

5 (6) A casino's primary equipment used to conduct Internet
6 gaming shall be located, with the prior approval of the division, in a
7 restricted area on the premises of the casino hotel or in another
8 facility that is secure, inaccessible to the public, and specifically
9 designed to house that equipment, and where the equipment shall be
10 under the complete control of the casino licensee or its Internet
11 gaming affiliate, within the territorial limits of Atlantic City, New
12 Jersey. Backup equipment used on a temporary basis pursuant to
13 rules established by the division to conduct Internet gaming may be
14 located outside the territorial limits of Atlantic City, provided no
15 Internet gaming shall occur unless a wager is accepted by a casino
16 within the territorial limits of Atlantic City, New Jersey. All
17 Internet wagers shall be deemed to be placed when received in
18 Atlantic City by the licensee. Any intermediate routing of
19 electronic data in connection with a wager shall not affect the fact
20 that the wager is placed in Atlantic City

21 No software, computer or other gaming equipment shall be used
22 to conduct Internet gaming unless it has been specifically tested by
23 the division. The division may, in its discretion, and for the
24 purpose of expediting the approval process, refer testing to any
25 testing laboratory with a plenary license as a casino service industry
26 enterprise pursuant to subsection a. of section 92 of P.L.1977, c.110
27 (C.5:12-92). The division shall give priority to the testing of
28 software, computers or other gaming equipment which a casino
29 licensee has certified it will use to conduct Internet gaming in this
30 State. The division shall, by regulation, establish such technical
31 standards for approval of software, computers and other gaming
32 equipment used to conduct Internet gaming, including mechanical,
33 electrical or program reliability, security against tampering, the
34 comprehensibility of wagering, and noise and light levels, as it may
35 deem necessary to protect the player from fraud or deception and to
36 insure the integrity of gaming. When appropriate, the licensee shall
37 set the denominations of Internet games and shall simultaneously
38 notify the division of the settings.

39 No software, computer or other gaming equipment shall be used
40 to conduct Internet gaming unless it is able to verify that a player
41 placing a wager is physically present in this State. The division
42 shall require by regulation that the equipment used by every
43 licensee to conduct Internet gaming is, in fact, verifying every
44 player's physical presence in this State each time a player logs onto
45 a new playing session.

46 i. (Deleted by amendment, P.L.1991, c.182).

47 j. (Deleted by amendment, P.L.1991, c.182).

1 k. It shall be unlawful for any person to exchange or redeem
2 chips for anything whatsoever, except for currency, negotiable
3 personal checks, negotiable counter checks, other chips, coupons,
4 slot vouchers or complimentary vouchers distributed by the casino
5 licensee, or, if authorized by regulation of the division, a valid
6 charge to a credit or debit card account. A casino licensee shall,
7 upon the request of any person, redeem that licensee's gaming chips
8 surrendered by that person in any amount over \$100 with a check
9 drawn upon the licensee's account at any banking institution in this
10 State and made payable to that person.

11 l. It shall be unlawful for any casino licensee or its agents or
12 employees to employ, contract with, or use any skill or barker to
13 induce any person to enter a casino or simulcasting facility or play
14 at any game or for any purpose whatsoever.

15 m. It shall be unlawful for a dealer in any authorized game in
16 which cards are dealt to deal cards by hand or other than from a
17 device specifically designed for that purpose, unless otherwise
18 permitted by the rules of the division.

19 n. (1) It shall be unlawful for any casino key employee licensee
20 to wager in any casino or simulcasting facility in this State.

21 (2) It shall be unlawful for any other employee of a casino
22 licensee who, in the judgment of the division, is directly involved
23 with the conduct of gaming operations, including but not limited to
24 dealers, floor persons, box persons, security and surveillance
25 employees, to wager in any casino or simulcasting facility in the
26 casino hotel in which the employee is employed or in any other
27 casino or simulcasting facility in this State which is owned or
28 operated by an affiliated licensee.

29 (3) The prohibition against wagering set forth in paragraphs (1)
30 and (2) of this subsection shall continue for a period of 30 days
31 commencing upon the date that the employee either leaves
32 employment with a casino licensee or is terminated from
33 employment with a casino licensee.

34 o. (1) It shall be unlawful for any casino key employee or
35 boxman, floorman, or any other casino employee who shall serve in
36 a supervisory position to solicit or accept, and for any other casino
37 employee to solicit, any tip or gratuity from any player or patron at
38 the casino hotel or simulcasting facility where he is employed.

39 (2) A dealer may accept tips or gratuities from a patron at the
40 table at which such dealer is conducting play, subject to the
41 provisions of this subsection. All such tips or gratuities shall be
42 immediately deposited in a lockbox reserved for that purpose,
43 unless the tip or gratuity is authorized by a patron utilizing an
44 automated wagering system approved by the division. All tips or
45 gratuities shall be accounted for, and placed in a pool for
46 distribution pro rata among the dealers, with the distribution based
47 upon the number of hours each dealer has worked, except that the

1 division may, by regulation, permit a separate pool to be established
2 for dealers in the game of poker, or may permit tips or gratuities to
3 be retained by individual dealers in the game of poker.

4 (3) Notwithstanding the provisions of paragraph (1) of this
5 subsection, a casino licensee may require that a percentage of the
6 prize pool offered to participants pursuant to an authorized poker
7 tournament be withheld for distribution to the tournament dealers as
8 tips or gratuities as the division by regulation may approve.

9 p. Any slot system operator that offers an annuity jackpot shall
10 secure the payment of such jackpot by establishing an annuity
11 jackpot guarantee in accordance with the requirements of P.L.1977,
12 c.110 (C.5:12-1 et seq.), and the rules of the division.
13 (cf: P.L.2013, c.27, s.13)

14

15 4. This act shall take effect immediately.

16

17

18

STATEMENT

19

20 Existing law provides that equipment used in connection with the
21 conduct of Internet gaming at Atlantic City casinos must be located
22 at those casinos. This bill would permit such equipment to also be
23 located at a facility in Atlantic City, other than a casino, that is
24 secure, inaccessible to the public, and specifically designed to
25 house that equipment, and where the equipment must be under the
26 complete control of the casino licensee or its Internet gaming
27 affiliate.

ASSEMBLY TOURISM, GAMING AND THE ARTS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1903

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 5, 2014

The Assembly Tourism, Gaming and the Arts Committee reports favorably and with committee amendments Assembly Bill No. 1903.

Existing law provides that equipment used in connection with the conduct of Internet gaming at Atlantic City casinos must be located at those casinos. This bill would permit such equipment to also be located at a facility in Atlantic City, other than a casino, that is secure, inaccessible to the public, and specifically designed to house that equipment, and where the equipment must be under the complete control of the casino licensee or its Internet gaming affiliate. Under the bill, as amended by the committee, the facility must be owned or leased by the casino licensee, and would thereby be considered as part of the casino hotel facility, even if not contiguous with the casino hotel premises.

This bill was pre-filed for introduction in the 2014-2015 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee amended the bill to specify that the secure facilities in Atlantic City that would be used to house a casino licensee's Internet gaming equipment must be owned or leased by the casino licensee, and would thereby be considered as part of the casino hotel facility, even if not contiguous with the casino hotel premises. The amendments also insert a severability clause.

The amendments make this bill identical to Senate Bill No. 185 (1R).